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Why Illinois Should Enhance its Investment in Higher Education

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Why Illinois Should Enhance its Investment in Higher Education

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1. Introduction

A high school diploma used to be a ticket to a good job with a decent wage and benefits. This is no longer the case. Over the last few decades, the economic benefits of attaining a post-secondary degree have grown significantly. Not only do individuals with college degrees have lower rates of unemployment and higher incomes than those who do not complete college, but communities with more college-educated individuals exhibit lower crime rates, better overall health, and higher wages for *all* workers—not just those with advanced degrees.[1] Which means one way Illinois can utilize public policy to promote private sector economic growth is to ensure the state is making an adequate General Fund investment in Higher Education.

Yet, despite the growing body of evidence that greater educational attainment benefits both individuals and communities, Illinois' General Fund support for Higher Education has declined significantly in real, inflation-adjusted terms over time. In fact, after adjusting for inflation, the aggregate General Fund appropriation for Higher Education in Fiscal Year ("**FY**") 2023 is 46 percent less in real terms than it was in FY 2000.[2] So, rather than promoting enhanced economic competitiveness for the state and its citizens by investing adequate resources in Higher Education, Illinois has instead cut General Fund support for Higher Education almost in half since FY 2000.

The primary reason for this significant disinvestment in Higher Education has been the long-term structural deficit in the state's General Fund. A "**structural deficit**" exists when revenue growth is not sufficient to cover the inflation-adjusted cost of providing the same level of public services from one fiscal year into the next, even if no public service programs are added or increased (For more information about the state's structural deficit, please see CTBA's "Analysis of Illinois' FY 2023 Enacted General Fund Budget").

That said, Illinois' General Fund is in the best fiscal condition it has been for decades, in large part due to the Pritzker Administration's responsible stewardship of the state's finances. Over the past four years, the Pritzker Administration has been able to leverage significant—as in over $3.5 billion worth—of financial assistance provided by the federal government during the pandemic, and unexpected revenue growth of some $10.4 billion over the last two fiscal years (FY 2022 and FY 2023), to help pay down the state's bill backlog, pay-off state loans, pre-pay some pension debt, and invest in creating a much healthier Rainy Day Fund.[3]

The improvement in the state's short-term fiscal condition has allowed the governor to propose enhancing General Fund appropriations in FY 2024 for a number of core services, including his proposal to increase the state's appropriations for public institutions of higher education by $219 million, a 9.74 percent increase in nominal, non-inflation-adjusted dollars on a year-to-year basis. If that proposal passes the General Assembly, it would constitute a meaningful step forward for Higher Education. It also would not come close to covering the $1.8 billion real, inflation-adjusted cut in General Fund appropriations imposed on Higher Education since FY-2000.[4]

To make up for the significant loss of General Fund support that occurred over the FY 2000 through FY 2023 sequence, public colleges and universities in Illinois have increased student tuition and fees substantially. Indeed, after accounting for the impact of inflation, between FY 2000 and FY 2021, average in-state tuition at Illinois' four-year public universities has more than doubled—increasing by 115 percent.[5] This in turn has made it increasingly difficult for students from low- and middle-income families to afford public colleges and universities in Illinois, especially since real, inflation-adjusted median household income in Illinois increased by only 15.1 percent over the same sequence that tuition costs were more than doubling.[6]

Compounding this problem, funding for the Monetary Award Program ("**MAP**"), which is Illinois' financial aid program for low-income students, has not come close to covering the rapid growth in tuition at the state's public institutions of higher learning. Consider that, in FY 2000, the average MAP award Illinois provided to public university students covered 66 percent of the average tuition and fee cost of attending one of the state's public universities.[7] By FY 2021, however, after two decades of tuition costs rapidly increasing in Illinois, the average MAP grant covered just 26 percent of the average annual cost of tuition and fees for a four-year public university in Illinois, a significant decline in value of nearly 60 percent.[8]

The good news is the Governor has proposed increasing the MAP grant in FY 2024 by $100 million—or 16.6 percent—over FY 2023 levels.[9] Hopefully this proposal will pass into law. The bad news is that even if that MAP grant increase were effective two years ago, in FY 2021, it would still cover just 27 percent of the average annual cost of tuition and fees at a four-year public university in Illinois.[10]

Not surprisingly, as tuition costs have surged and the value and scope of financial aid available through MAP grants has diminished, enrollment in Illinois public colleges and universities has plummeted. Between 2011 and 2021, total enrollment in Illinois' public institutions of higher learning declined by 21 percent. Meanwhile between 2000 and 2021, the net outmigration of freshman students from Illinois into other states nearly doubled.[11]

In 2008, Illinois adopted a ten-year education policy blueprint, known as the "**Public Agenda for College and Career Success**" ("**Public Agenda**"). As part of the Public Agenda, the state committed to the goal of having 60 percent of adults in Illinois earn a college degree or post-secondary credential by the year 2025 (the "**60% by 2025 Goal**").[12] To reach that Goal, the state would have to have 4,400 more individuals attaining post-secondary credentials annually through 2025. Given the trends cited previously, it is not surprising that the state was not on track to reach the 60% by 2025 Goal, falling well below needed annual degree attainment over the 2014 through 2018 sequence.[13]

Then in 2019, the state opted to increase the type of degrees and certificates which counted for meeting the 60% by 2025 Goal. Not surprisingly, that artificially bumped up the percentage of adults with "qualified" post-secondary degrees from 48.7 percent to 55 percent—without increasing the overall number of adults gaining degrees.

Then in February of 2022, the 60% by 2025 Goal was replaced altogether with a new initiative, dubbed the "**Illinois Education and Career Success Network**" ("**Success Network**"). The focus of this new initiative is on ensuring traditionally underrepresented student groups are attaining degrees at similar rates to white students in Illinois.[14]

In any event, research indicates boosting state General Fund appropriations for Higher Education could actually help stimulate additional degree completion in Illinois—both overall and for underrepresented student groups.[15] This is because enhancing state General Fund support for Higher Education can also help reduce the spike in tuition costs Illinois has realized over the last two decades, and thereby help make college more affordable for low- and middle-income families.

Given that Black and Latinx students are disproportionately overrepresented in lower income families, reduction in tuition and fee costs should have a disproportionately positive effect on enhancing their enrollment in public institutions of higher learning.

A note on data sorted by year in this Report. All enrollment data is calculated for Fall through Spring of the applicable school year. For example, student enrollment in "Fall 2022" indicates enrollment data for the 2022-

2023 school year. Because the State of Illinois' fiscal years begin on July 1st and run through the immediately following June 30, the state General Fund budget that would appropriate funding for the 2022-2023 school year would be FY 2023.

2. Key Findings

2.1. Higher Education Creates Economic Benefits for Individuals and Communities

- At the national level, a full-time worker who had completed at least a bachelor's degree in 1979 had median weekly earnings that were 38 percent greater than a worker whose highest level of education was a high school diploma. By 2020, that wage gap had nearly doubled to 85 percent.[16]
- In 2021, the unemployment rate in Illinois for high school graduates without a college degree was more than double the unemployment rate for individuals who went on to attain a four-year college degree.[17]
- The median lifetime earnings of an individual with a bachelor's degree is almost $3 million, which is 24 percent more than the average associate's degree holder and 34 percent more than those with just a high school diploma.[18]
- Those who obtain a graduate degree—which about 37 percent of bachelor's degree holders do—can expect lifetime earnings 41 percent more than those with just a high school diploma.[19]
- For every dollar spent by an institution of Higher Education in Illinois, an average multiplier of $2.28 is generated in private sector economic activity statewide.[20]
- Between FY 2008 and FY 2021, Illinois underfunded the aggregate Illinois Board of Higher Education ("**IBHE**") budget recommendation for Higher Education by a total of $3.142 billion in nominal dollars. **If instead that $3.142 billion had been invested in Illinois institutions of Higher Education, the state could have generated an additional $7.164 billion in economic activity over the FY 2008—FY 2023 sequence, utilizing the statewide economic multiplier from the "Impact Study" delineated in Section 3.2 of this Report.**[21]
- The wages of all workers, regardless of level of education, are higher in communities with high concentrations of college-educated adults.[22]

2.2. Higher Education Attainment Enhances Upward Mobility

- Only 13 percent of the individuals who were both born into families with earnings in the bottom quintile of the income distribution, and who did not obtain a postsecondary degree, were able to attain earnings in one of the top two income quintiles by age 40.[23]
- In contrast, 40 percent of the individuals who were both born into families with earnings in the bottom quintile of the income distribution, and who did obtain a college degree, were able to attain earnings in one of the top two income quintiles by age 40.[24]

2.3. Illinois Has Been Decreasing its General Fund Support of Higher Education for Decades

- The FY 2023 General Fund appropriation for Higher Education is $2.242 billion, which does represent a nominal dollar increase of $117 million, or almost 5 percent from FY 2022 appropriation levels.[25]
- Despite that year-to-year nominal dollar increase, the FY 2023 General Fund appropriation for Higher Education remains nearly 46 percent less in real, inflation-adjusted terms than it was in FY 2000.[26]

- Though most core service categories also experienced real cuts in funding over this sequence, Higher Education was the only service area that was cut so dramatically that its current appropriation is virtually the same in nominal, non-inflation-adjusted dollars as it was over two decades ago in FY 2000.
- Meanwhile, as appropriations for current Higher Education services have declined in real terms over time, General Fund pension contributions to the Illinois State University Retirement System ("**SURS**") have increased substantially over the last few years. In 2023, 41.9 percent of all Higher Education appropriations in Illinois went to the state retirement pension system.[27]
- This growth in General Fund pension contributions to SURS is not being caused by the benefits being earned by university professors and workers who are members of that system. Instead, the driver of these increased contributions is the back-loaded debt service structure created under the 1995 "Pension Ramp."
- In fact, 77.9 percent of the total pension contribution to SURS in FY 2023 is for paying debt service in the form of unfunded liabilities, while only 22.1 percent is for the normal cost of benefits being earned.[28]

2.4. Decreasing State Support for Public Institutions of Higher Learning Has Caused Tuition to Skyrocket

- In FY 2002, Illinois General Fund appropriations accounted for 72 percent of total revenue at the state's public universities, with the remaining 28 percent derived from University Income Funds ("**UIF**"). UIF is primarily comprised of tuition and fees paid by students.[29]
- As a result of the decades long disinvestment in Higher Education that occurred thereafter, this ratio substantially reversed. By FY 2021, General Fund appropriations covered just 35.7 percent of public university revenue, while the remaining 64.3 percent was made up of UIF.[30]
- Nationally, Illinois had the 13th highest total, in-state public university tuition and fee cost in FY 2000, with an average annual cost of $4,040 in nominal dollars, or $7,088 in 2022 dollars.[31]
- By FY 2021, average in-state tuition and fees were $14,579 to attend a four-year public university in Illinois—the third highest price tag in the nation.[32] This means that, after adjusting for inflation, average in-state tuition at Illinois' four-year public universities more than doubled—an increase of 115 percent—between FY 2000 and FY 2021.[33]
- In Illinois, middle-income families would need to set aside nearly 20 percent their total annual earnings to pay the average cost of attending a public university in-state, while low-income families would need to set aside fully 63 percent—or almost two-thirds—of their annual income to do so.[34]
- ***Worse, families in the lowest income quintile in Illinois simply do not have the financial capacity to afford to pay even one year of the average cost of tuition and fees at a public university in the state, because doing so would consume 101 percent—or more than all of their income.***[35]
- ***Conversely, to cover one year of tuition and fees at a public university in Illinois, the top quintile of families only need to set aside 6 percent of their household incomes.***[36]
- Initially, community colleges were funded based on the principle that costs would be evenly split among the state, tuition, and property taxes.[37] However, the portion of community college costs covered by state revenue has fallen from 26.3 percent in FY 2003 to just 13.7 percent in FY 2021, a decline of nearly 50 percent.[38]
- During that sequence, the share of costs covered by property tax revenue increased slightly, from 42 to 43.8 percent. Meanwhile, the share covered by tuition jumped from 21.1 percent in FY 2003, to 33.2 percent in FY 2021.[39] In FY 2016, the first year of the budget impasse under former Governor Bruce

Rauner, property taxes covered most community college costs—52.2 percent—while tuition covered 43.7 percent and state funds covered just 4.1 percent.[40]

2.5. The Jump in Tuition Costs for Public Universities In Illinois Has Had Disparate Impacts Along Racial and Ethnic Lines

- In 2020, the average cost of in-state tuition and fees at a public four-year university in Illinois equated to 35 percent of the median income for a Black household in the state, and 24 percent of the median income for a Latinx household in the state.
- For comparison, in 2020 the average cost of in-state tuition and fees at a public four-year university in Illinois equated to 19 percent of the median income for a white household in the state.[41] This demonstrates how the cost of attending college is more prohibitive for students of color and their families—which in turn helps contribute to the continuation of racial and ethnic inequities in the labor market.[42]
- It should be no surprise, then, that low-income and minority students are disproportionately over-burdened with student debt. For instance, 78 percent of Black students who began college in the 2003-2004 school year took out federal student loans, compared to 57 percent of white students, and 60 percent of all students.
- According to data from the National Center for Education Statistics, ("**NCES**"), 12 years after starting college, the median white borrower still owed 65 percent of the principal amount of the college loans amount originally borrowed. By comparison, after 12 years, the median Black borrower actually owed 13 percent ***more*** than the principal amount of what was originally borrowed.[43]
- Another example of the disproportionate impact of rising college costs on low-income students and students of color can be observed in college completion rates. While 72.5 percent of all students who enroll in public university in Illinois graduate in six years, just 47 percent of low-income students do, compared to 71.5 percent of non-low-income students.[44]
- College completion rates also vary by race and ethnicity. Of all students enrolled in four-year public Illinois universities, 70 percent of white students graduate in six years, compared to just 38 percent of Black students and 53 percent of Latinx students. The three-year community college completion rate for white students is 38 percent, compared to 14 percent for Black students and 26 percent for Latinx students.[45]

2.6. Increases in Tuition in Illinois Have Coincided With Decreases in Funding for Monetary Award Program (MAP) Grants

- In FY 2000, the average MAP award Illinois provided to public university students covered 66 percent of the total, annual, average public university tuition and fee cost.[46]
- From FY 2000 to FY 2021, the average four-year tuition cost for students attending public universities in Illinois jumped 127 percent in real, inflation-adjusted dollars. MAP grant awards did not keep pace with this tuition spike—and instead actually decreased by 9 percent in real, inflation-adjusted dollars over the same period.
- Consequently, the average public university MAP award granted in FY 2021 covered just 26 percent of the total, average, annual cost of tuition and fees for a four-year public university, a significant decline in value of nearly 60 percent from FY 2000.[47]
- Between FY 2000 and FY 2021, Illinois community college tuition and fees grew by 192 percent in nominal dollars, while the average MAP award increased by just 21 percent in nominal dollars. And

while that spread is significant, the preceding nominal dollar comparison does not accurately reveal the dramatic extent of the state's disinvestment in MAP grants for community college.

- That is because after adjusting for inflation, the total, average, annual tuition and fee cost of attending a community college in Illinois jumped by 69 percent over the FY 2000-FY 2021 sequence. Meanwhile, the average MAP awarded to a student attending community college in Illinois actually decreased by 20 percent in real terms over this twenty-one-year period.
- The net result: in FY 2021, the average MAP award for a student attending community college in Illinois covered just 21 percent of the total, average annual cost of community college tuition and fees. That is a significant decline from the 53 percent of total, average, annual community college tuition and fee costs that the average MAP grant covered in FY 2000.[48]
- The highest MAP grant currently awarded covers only 33 percent of the average tuition and fee cost at a public university in Illinois, and only 36 percent of the average tuition and fee cost at a community college in the state.[49] That means a low-income student who qualifies for financial aid will have to foot around three quarters the cost of attaining a post-secondary degree at a public institution of higher learning in Illinois—a prohibitive cost for many.
- By underfunding need-based MAP grants, Illinois hinders economic mobility for low-income families in general, and families of color in particular. Over half of MAP grant recipients are first generation students, and more than half of the undergraduates at Illinois' public universities who identify as Black or Latinx receive a MAP grant.[50]

2.7. As State Investment in Public Higher Education Has Fallen and Net Tuition Costs Have Grown, Enrollment in Illinois Has Declined

- Between FY 2010 and FY 2021, Full-Time Equivalent ("**FTE**") enrollment in public institutions of Higher Education decreased nationally by four percent. During that same sequence, however, the decline in FTE enrollment for Illinois' public colleges and universities was 21 percent, or over five times worse.[51]
- Moreover since 2001, Illinois has experienced "**net outmigration**" of first-time undergraduates. That simply means the number of first-time undergraduates who left Illinois to attend public universities in other states exceeded the number of first-time undergraduates from other states who chose to enroll in Illinois' public universities.
- This net outmigration from Illinois worsened following the Great Recession and was particularly acute during the state's budget impasse of FY 2016-FY 2017.[52] For instance, in Fall 2001, the net loss of all Illinois high school graduates to colleges in other states was 9,773.[53] By Fall 2021, the net loss of all Illinois high school graduates to colleges in other states grew by 84 percent to nearly 18,000.[54]

2.8. Moving Forward

- The data shows that funding Higher Education in Illinois should include an equity incentive to create proportionality in college credentialing along racial and ethnic lines. Consider that, as of 2019, while 47 percent of all Illinoisans between the ages of 25-64 have a postsecondary degree, 52.8 percent of all white Illinois residents had attained a postsecondary degree, while only 31.7 percent of all Black and 22.5 percent of all Latinx residents had attained a postsecondary degree.[55]
- Doing so in Illinois is especially crucial, given that, as of 2022, eight out of every 10 Illinois employers indicated they need employees with at least some postsecondary education.[56]

- Research shows that if Illinois increases General Fund appropriations for Higher Education so that Illinois ranks in the top 75th percentile of state support for Higher Education nationally, Illinois decision makers could both expect enrollment in the state's public universities and colleges to increase and fewer dropouts with more degrees completed.[57]
- Hence, by enhancing state-level General Fund support for public institutions of higher learning, Illinois can help drive down tuition costs, and simultaneously make college more affordable for low-income students. And given that minorities are disproportionately low income, reducing tuition costs should have a disproportionately positive impact on Black and Latinx students. This in turn should help Illinois begin to reduce the discrepancies in the rates of postsecondary degree completion by race and ethnicity.[58]

3. Adequate Investment in Higher Education Makes Economic and Fiscal Sense

3.1. Greater Educational Attainment Correlates to Higher Wages, Lower Unemployment, and Contributes to State-Level Economic Growth

The economic well-being of individuals, as well as the economic health of the state, are both strongly correlated with higher levels of educational attainment. Consider the importance of educational attainment for individuals first. As shown in **Figure 1**, unemployment rates decrease as educational attainment rises, regardless of geographical location. For instance, in 2021, the unemployment rate in Illinois for high school graduates without a college degree was more than double the unemployment rate for individuals who went on to attain a four-year college degree.[59]

FIGURE 1

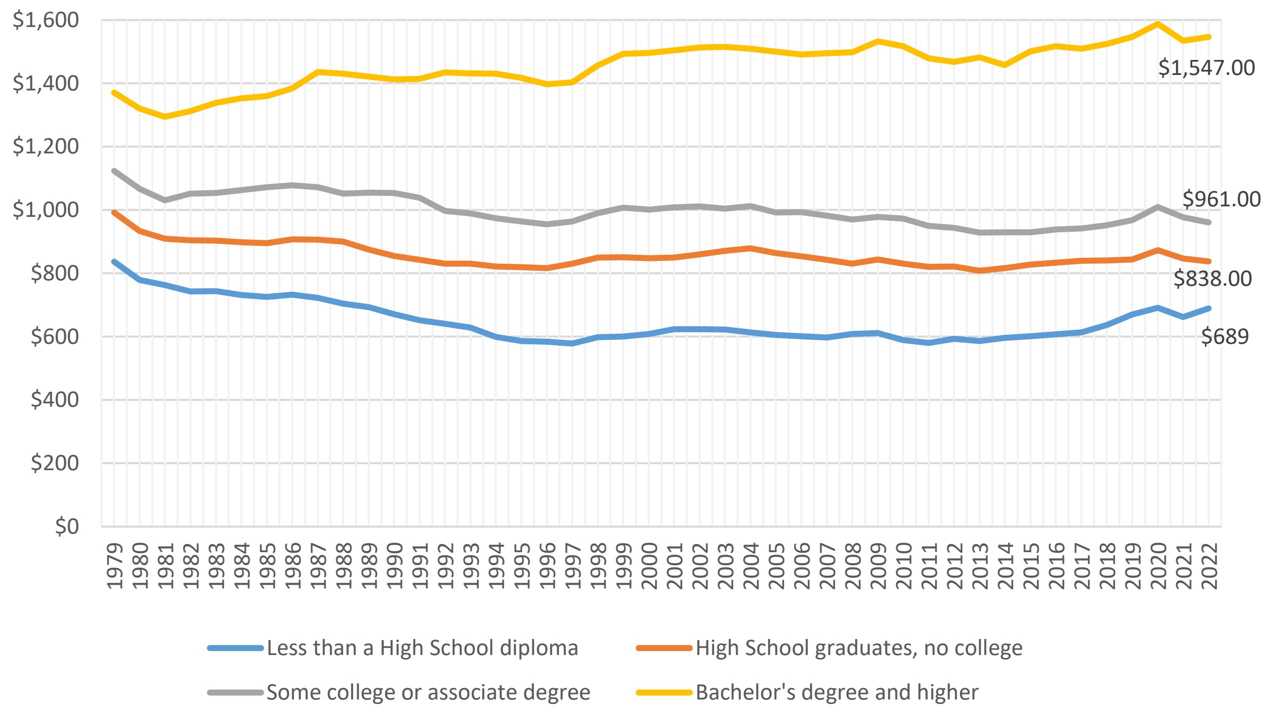
2021 UNEMPLOYMENT RATES BY EDUCATIONAL ATTAINMENT AND GEOGRAPHICAL LOCATION

	Illinois	Midwest Region	Nation
Less than a high school diploma	8.3%	8.1%	8.3%
High school graduates, no college	8.1%	5.6%	6.2%
Some college or associate's degree	6.0%	4.3%	5.5%/4.6%*
Bachelor's degree and higher	3.3%	2.3%	3.1%

*Sources: U.S. Bureau of Labor Statistics, Current Population Survey, 2021; *The national data separates these categories, while state and regional data sets combine them. For those with an associate's degree, the national unemployment rate was 4.6 percent, while for those with some college it was 5.5 percent.*

Meanwhile, over the last three decades, the correlation between obtaining a post-high school degree on the one hand, and wage levels on the other, grew significantly. In fact, as shown in **Figure 2**, since 1979 the only cohort of workers in America who have seen their incomes grow at a faster rate than inflation—i.e., have seen real growth in purchasing power—are those with a bachelor's degree or higher.[60]

FIGURE 2
AVERAGE WEEKLY EARNINGS BY EDUCATIONAL ATTAINMENT, IN 2022 DOLLARS



Source: CTBA analysis of Labor Force Statistics from the Current Population Survey; adjusted for inflation using historical CPI-U data

Figure 3 shows the real change in average weekly earnings between 1979 and 2022, by both dollar amount and percentage.

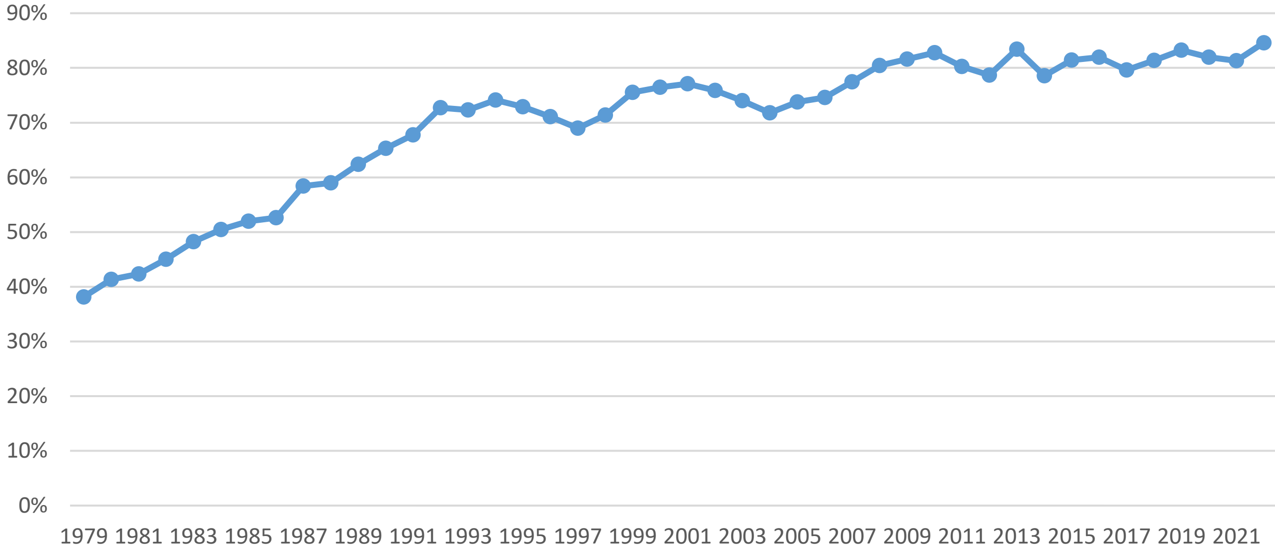
FIGURE 3
AVERAGE WEEKLY EARNING, 1979 TO 2022, INFLATION-ADJUSTED TO 2022 DOLLARS

	Less than a High School Diploma	High School graduates, no college	Some college or associate degree	Bachelor's degree and higher
1979	$837	$992	$1,124	$1,371
2022	$689	$838	$961	$1,547
$ Change	($148)	($154)	($163)	$176
% Change	-18%	-16%	-14%	13%

Source: CTBA analysis of Labor Force Statistics from the Current Population Survey; adjusted for inflation using historical CPI-U data

Not surprisingly then, over that 40-year sequence, the difference in earning power between individuals with and without a college degree widened substantially. Consider that, at the national level in 1979, full-time workers with a bachelor's degree or higher had median weekly earnings that were 38 percent greater than workers whose highest level of education was a high school diploma. By 2022, that wage gap had more than doubled to 85 percent, as shown in **Figure 4**.[61]

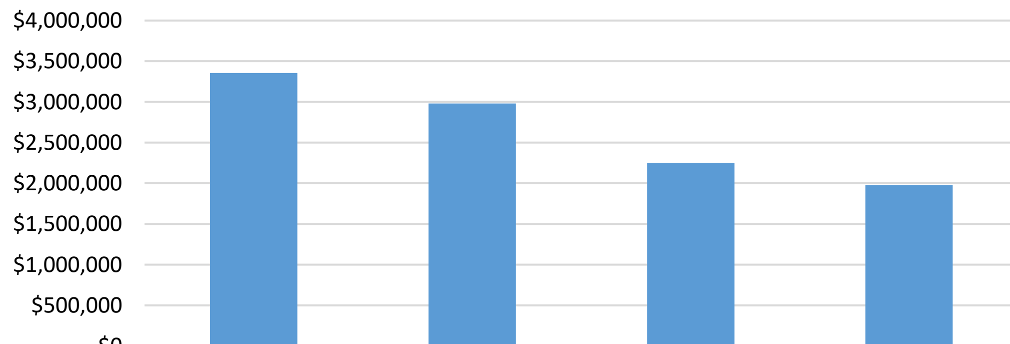
FIGURE 4
MEDIAN WAGE GAP BETWEEN FULL-TIME WORKERS WITH BACHELOR'S DEGREE OR HIGHER VERSUS WORKERS WITH A HIGH SCHOOL DIPLOMA, 1979-2022 (IN 2022 DOLLARS)



Source: CTBA analysis of Labor Force Statistics from the Current Population Survey; adjusted for inflation using historical CPI-U data

As shown in **Figure 5**, an individual with a bachelor's degree attains median lifetime earnings of nearly $3 million, which is 24 percent greater than the median lifetime earnings for a worker with an associate's degree, and 34 percent more than the median lifetime earnings for those with just a high school diploma.[62] Workers who obtain a graduate degree—which about 37 percent of bachelor's degree holders do—can expect lifetime earnings that are 41 percent greater than those with just a high school diploma.[63]

FIGURE 5
LIFETIME EARNINGS COMPARISON BY EDUCATIONAL ATTAINMENT



	Master's degree	Bachelor's degree	Associate degree	High School Diploma, No College
Lifetime earnings	$3,355,768	$2,982,824	$2,253,420	$1,977,196
% Earnings compared to Bachelor's Degree			-24%	-34%
% Earnings compared to Master's degree		-11%	-33%	-41%

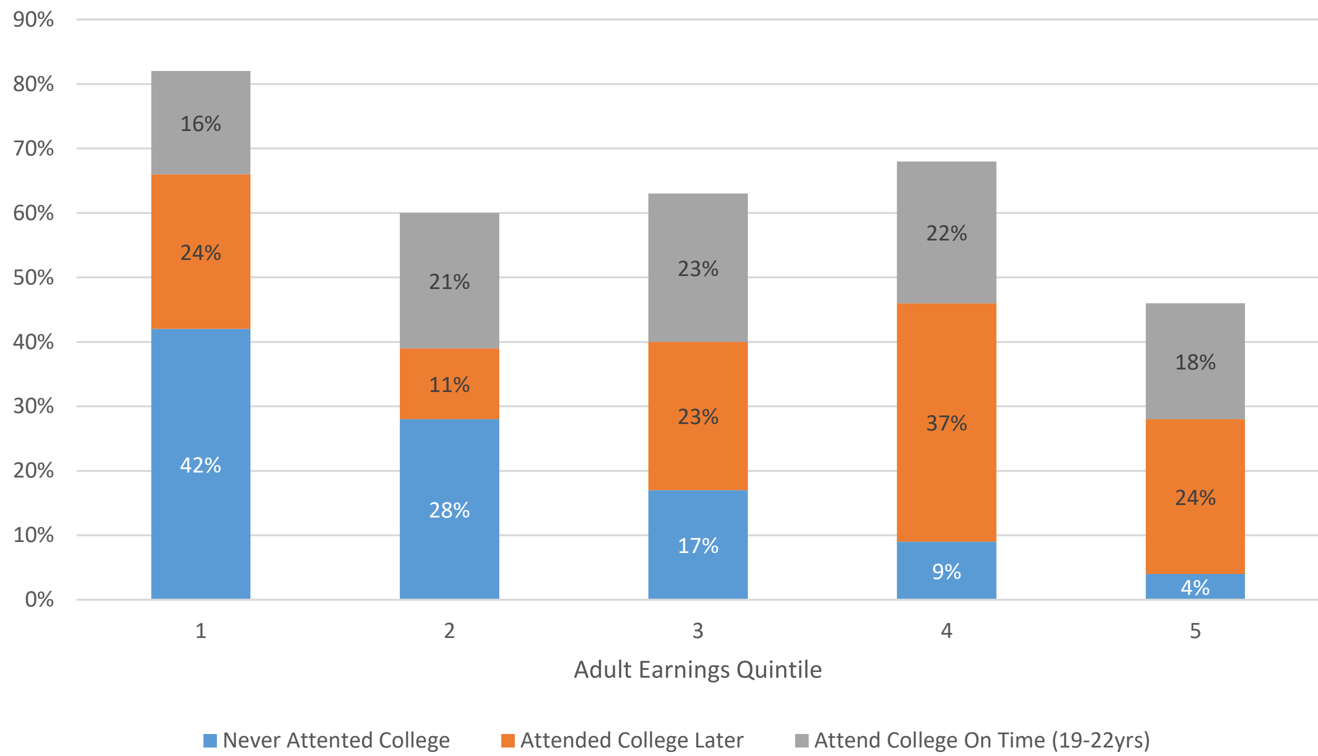
Source: CTBA analysis of U.S. Bureau of Labor Statistics, Current Population Survey, 2021

Given the discrepancies in pay by educational attainment, it should also be no surprise that a college degree is a valuable tool for upward mobility. For instance, the Brookings Institute did a study that analyzed how educational attainment impacted the income mobility of individuals born into the bottom income quintile, by the time those individuals reached the age of 40.

As shown in **Figure 6**, Brookings found that only 13 percent of the individuals who were both born into families with annual earnings in the bottom quintile of the income distribution, and who **did not** obtain a postsecondary degree, were able to attain earnings in one of the top two income quintiles by age 40.

In contrast, 40 percent of the individuals who were born into families with earnings in the lowest income quintile, and who **did** obtain a college degree, were able to attain earnings in one of the top two income quintiles by the time they reached age 40.[64] This powerfully demonstrates how a college degree can impact upward mobility for individuals born into lower income classes.

FIGURE 6
PERCENTAGE OF INDIVIDUALS WHO WERE BORN INTO THE BOTTOM INCOME QUINTILE AND BY AGE 40 EITHER MOVED INTO A HIGHER QUINTILE OR STAYED AT THE BOTTOM, BY EDUCATIONAL ATTAINMENT



Source: Brookings Institute, "Opportunity Engines: Middle-Class Mobility in Higher Education," May 2020

College completion not only benefits individuals, but also state economies as a whole. For instance, a study conducted by Noah Berger and Peter Fisher found that states with the greatest increases in productivity, as measured by gross state product per hour worked, also had the largest share of adults with a college degree.[65] Moreover, that same study found that states with the highest high school and college completion rates also had the highest per capita incomes.[66]

Meanwhile, a different study conducted by Ph.D. Economist Eric Hanushek of Stanford University found a strong relationship between the academic achievement of a state's adult workers and economic growth in that state, with states like Massachusetts and Minnesota having both significantly greater levels of academic achievement and rates of economic growth, while states like Alabama and Nevada lagged the nation in both achievement and rate of economic expansion.[67]

3.2. Taxpayer Investments in Higher Education Generate a Positive Rate of Return

A 2016 study of the economic impact of higher education in McClean County (the **"Impact Study"**), concluded that investments in Higher Education create meaningful, positive economic multipliers across the state.[68] For instance, the Impact Study found that in McClean County—home of both Illinois State University and Illinois Wesleyan—the aggregate impact of those institutions of Higher Education on the local economy was $394.6 million of activity.

This total economic impact resulted from both institution payrolls and student spending. Overall, the Impact Study found that for every dollar of direct economic activity generated by a college or university, an additional $0.36 in indirect or induced private sector economic activity was created.[69]

The reason for this is simple: when a state funds postsecondary institutions, those institutions use that funding to pay salaries for staff and to boost enrollment. Those staff members and students then spend money on economic transactions in the local community—such as renting apartments, buying food, or purchasing school supplies. The businesses patronized by those staff members and students in turn spend the money earned from their new customers, generating additional economic activity.[70]

Peoria and Champaign County colleges and universities had economic impacts on their respective communities relatively similar to what McClean County realized. The Chicagoland area and the State of Illinois overall, however, had economic multipliers nearly double the order of magnitude found in McClean County. This is because of limited "leakage" of economic activity out of larger geographical areas. For example, spending on textbooks in McClean might "leak" into other communities because there are no textbook publishers physically present in McClean County, while spending on textbooks in Chicago generates additional economic activity in the city because of the publishing industry presence located there.[71]

So, while McClean County realized $1.36 of private sector economic activity for every dollar spent on things like institutional payroll, the statewide economic multiplier is 2.28. This means that for every dollar spent by an institution of Higher Education in Illinois, $2.28 is generated in economic activity.[72] In FY 2023, Illinois' General Fund appropriation for public colleges and universities is scheduled to be $2.29 billion.[73] Applying the statewide multiplier to that investment in Higher Education translates to $5.22 billion in direct, indirect, and induced economic activity.

The Impact Study also found that the labor multiplier for Higher Education in McClean County is 1.22, meaning that for every 100 college and university employees, 22 additional individuals are employed in the region's private sector.[74] Based on the positive multiplier associated with Higher Education, increased state General Fund investment in Illinois' institutions of Higher Education can be expected to boost employment and earnings for individuals, as well as contribute significantly to the vitality of state and local economies.

3.3. Individuals with Higher Educational Attainment Pay More in Taxes

Increases in personal income for individuals translate into increases in tax revenue for the state. Over a lifetime, the average bachelor's degree holder in the nation spends $278,000 more on local goods and services than the average high school graduate, and hence contributes $43,888 more in state and local taxes.[75] According to Illinois Board of Higher Education ("**IBHE"**) calculations, if Illinois were to increase the percentage of its workforce with a postsecondary credential or college degree from the current 55 percent to 60 percent (the state's goal for 2025), Illinois would collect over $800 million more in tax revenue annually in nominal dollars.[76] Additionally, research has found that savings estimates to state and local governments for each individual who completes a college degree beyond a high school diploma to be roughly $34,773.[77] That is because when higher education levels are attained, social welfare costs are often averted. In other words, there is less reliance on programs such as Medicaid, food stamps, or other public assistance.[78] Which means, in addition to the approximately $800 million in increased tax revenue each year, the state could save nearly $900 million annually from prevented social welfare costs.

4. Even Before the Budget Impasse, Illinois' General Fund Investment in Higher Education Had Been Inadequate

Higher Education funding cuts did not begin with the budget impasse under former Governor Rauner over the FY 2016-FY 2017 sequence. In fact, the scheduled General Fund appropriation for Higher Education in FY 2023 remains nearly 46 percent less in real, inflation-adjusted terms than it was in FY 2000.[79] Though Healthcare, Human Services, and Public Safety are also core service categories that experienced real cuts in funding over this sequence, as shown in **Figure 7,** Higher Education has realized the most dramatic funding cut by far.[80]

FIGURE 7
ILLINOIS GENERAL FUND SPENDING ON CORE SERVICES:
FY 2023 ENACTED COMPARED TO FY 2000 ENACTED ($ MILLIONS)

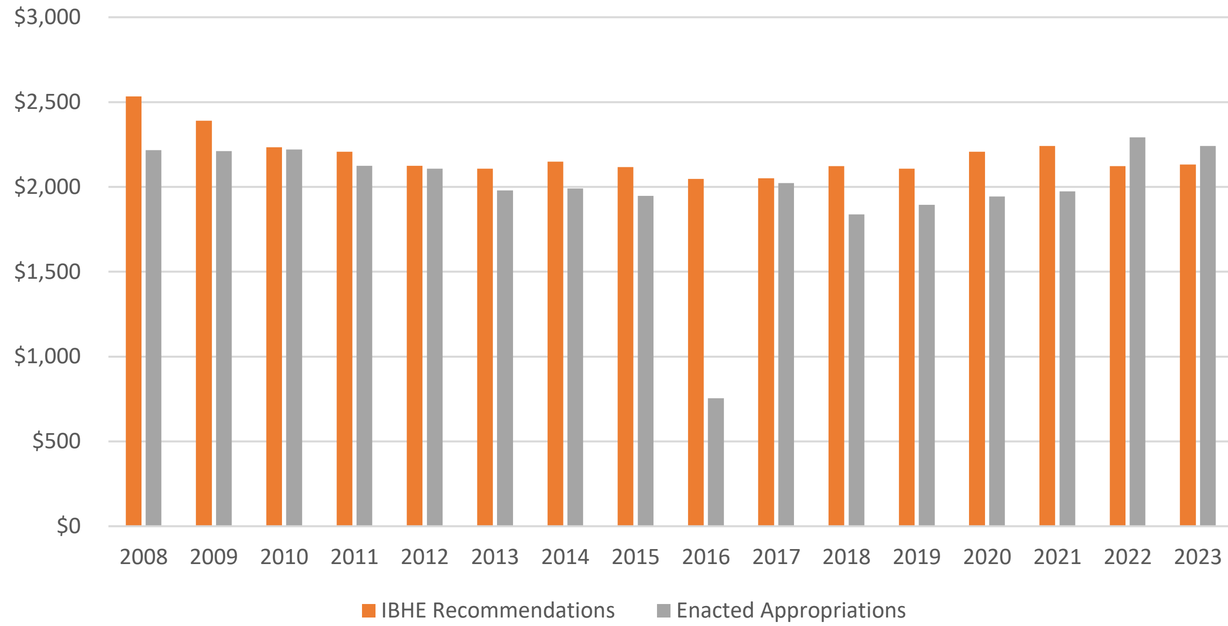
Category	FY 2000 Enacted (Nominal)	FY 2000 Enacted (inf. adj.)	FY 2023 Enacted	$ Change (inf. adj.)	% Change (inf. adj.)
Healthcare	$5,022	$10,881	$8,462	($2,419)	-22.23%
Human Services	$4,599	$8,831	$8,539	($292)	-3.30%
K-12 Education	$4,674	$8,975	$9,160	$185	2.07%
Higher Education	$2,152	$4,132	$2,242	($1,891)	-45.75%
Early Childhood Education	$170	$326	$598	$272	83.24%
Public Safety	$1,350	$2,592	$2,210	($383)	-14.76%
Total Net General Fund Service Appropriations	**$20,064**	**$38,526**	**$32,388**	**($6,139)**	**-15.93%**

Sources: FY 2000 unadjusted appropriations from Governor's final budget summary for FY 2000; and CTBA analysis Illinois Public Act 102-0698; Healthcare appropriations inflation-adjusted using Medical Care CPI; all other appropriations adjusted using ECI-C from the BLS as of March 2022 and population growth from the Census Bureau as of July 2021

Moreover, each year, IBHE is required to submit to the Governor and the General Assembly a Higher Education budget recommendation for the ensuing fiscal year. As shown in **Figure 8**, despite the demonstrable economic importance of Higher Education, from FY 2008 through FY 2021, the General Fund appropriation for Higher Education was less than the IBHE recommended amount.[81]

It was not until FY 2022 that this streak was broken, when the General Assembly enacted a supplemental appropriation to the state budget that finally got the state appropriation to not only meet, but actually to exceed, the IBHE recommendation.[82] That supplemental appropriation included a one-time lump sum payment of $230 million to College Illinois! prepaid tuition program, which covered all amounts the state had previously owed to, but failed to fund for said program.[83] The FY 2023 enacted General Fund budget, as well as the FY 2024 proposed General Fund budget both exceed the IBHE recommended funded levels for those years.[84]

FIGURE 8
IBHE GENERAL FUND BUDGET RECOMMENDATIONS VERSUS
ENACTED GENERAL FUND APPROPRIATIONS FY 2008-FY 2023 ($ MILLIONS)



Source: IBHE FY 2008-FY 2023 Budget Recommendations and Final Appropriations, includes supplemental appropriations allocated for FY 2017 and FY 2023

Between FY 2008 and FY 2021, Illinois underfunded the aggregate IBHE budget recommendation for Higher Education by a total of $3.142 billion in nominal dollars. **If instead that $3.142 billion had been invested in Illinois institutions of Higher Education, the state could have generated an additional $7.164 billion in economic activity over the FY 2008—FY 2023 sequence, utilizing the statewide economic multiplier determined under the Impact Study identified previously in Section 3.2 of this Report**.[85]

Meanwhile, as appropriations for current Higher Education services have declined in real terms over time, General Fund pension contributions to the Illinois State University Retirement System ("**SURS**") have increased. So much so that in FY 2023, 41.9 percent of all enacted appropriations for Higher Education are scheduled to go to SURS.[86]

This significant General Fund appropriation for the pension contribution to SURS is not to fund benefits being earned by university professors and workers who are members of that system currently. Instead, the driver of these high pension contributions is the statutorily created, back-loaded, debt service repayment structure implemented under the 1995 "Pension Ramp." [87]

To understand why SURS appropriations are so high but the money is not funding current members of the system, a little context is necessary. To start with, the aggregate pension contribution the state makes to SURS is comprised of two items. First is the "normal cost," which is the dollar amount actuaries determine has to be contributed in the current fiscal year, to cover benefits that will ultimately be paid to existing workers who are members of SURS when those workers retire. Second is the amount needed to amortize the repayment of accumulated "unfunded liabilities"—which means the debt—the state owes to SURS, which currently stands at $27.3 billion.[88] The state ran-up that $27.3 billion in debt by intentionally under-funding SURS, as well as its four other public employee pension systems in the past.[89]

Illinois so materially underfunded its five state pension systems that it more than doubled the aggregate debt it owed them between 1989 and 1994.[90] This led to the passage of the Pension Ramp in 1995, which created a 50-year schedule for repaying the unfunded liability debt the state had been incurring. Unfortunately, the repayment plan implemented under the Pension Ramp was backloaded, and actually grew the aggregate amount of unfunded liability the state owed to its pension system for well over a decade, and then "ramped" payments up on an annual basis thereafter at an unaffordable rate. As things stand now, these ramped up annual debt service payments are scheduled to continue to grow materially through 2045.[91]

Based on the 1995 Pension Ramp—which both identifies the amount of normal cost each year, as well as the amortization schedule for repaying unfunded liabilities—77.9 percent of the total pension contribution to SURS in FY 2023 is for paying debt service in the form of unfunded liabilities, while only 22.1 percent is for the normal cost of benefits being earned.[92]

Unfortunately, until the repayment of the state's pension debt is re-amortized into an affordable and responsible schedule, state contributions to SURS will continue to grow and compete for available state resources that could otherwise go to current Higher Education programs and operations. (For more information on how to create a responsible approach to funding the pensions, see CTBA's report "Update: Addressing Illinois' Pension Debt Crisis with Re-amortization").

5. State Divestment in Higher Education Makes Postsecondary Public Education Unaffordable for Many Illinoisans

5.1. Reduced General Fund Support for Higher Education Has Driven Up Tuition Costs

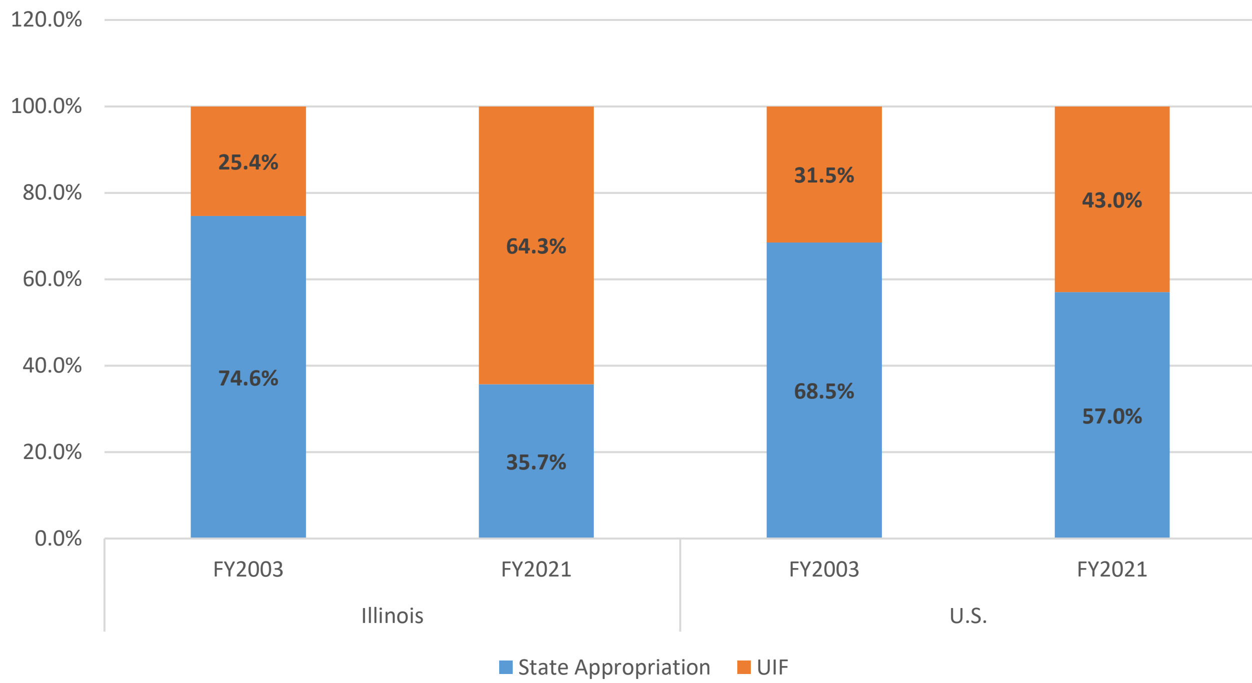
The ongoing disinvestment in Higher Education documented previously in this Report has had many negative consequences. Among the most concerning is it makes attending public university in Illinois increasingly less affordable for low- and middle-income families over time.

Consider that General Fund appropriations for Higher Education hit their prior peak in FY 2002 at $2.4 billion in nominal dollars—or the equivalent of $4.01 billion in today's dollars after adjusting for inflation.[93] To reach FY 2002 levels again, Illinois would have to invest $1.768 billion more into Higher Education than what was appropriated for in FY 2023—or 79 percent more than the FY 2023 General Fund appropriation of $2.242 billion for Higher Education.[94]

At the peak level of state funding for Higher Education that was reached in FY 2002, General Fund appropriations accounted for 72 percent of total revenue for Illinois' public universities, with the remaining 28 percent derived from UIF.[95] UIF are primarily the tuition and fees paid by students.[96] As a result of the decades long disinvestment in Higher Education that occurred thereafter, however, this ratio substantially reversed. By FY 2021, General Fund appropriations covered just 35.7 percent of public university revenue, while the remaining 64.3 percent was made up of UIF, or tuition and fees.[97]

While it is true that nationally tuition and fees have also accounted for an increasing percentage of total public university revenue over this time period, the shift in Illinois is significantly more drastic than the national shift, as shown in **Figure 9**.[98]

FIGURE 9
PUBLIC UNIVERSITY REVENUE BY SOURCE, FY 2003 AND FY 2021



Sources: IBHE Annual Report on Public University Revenues and Expenditures: FY 2021; SHEEOA State Higher Education Finance: FY 2021

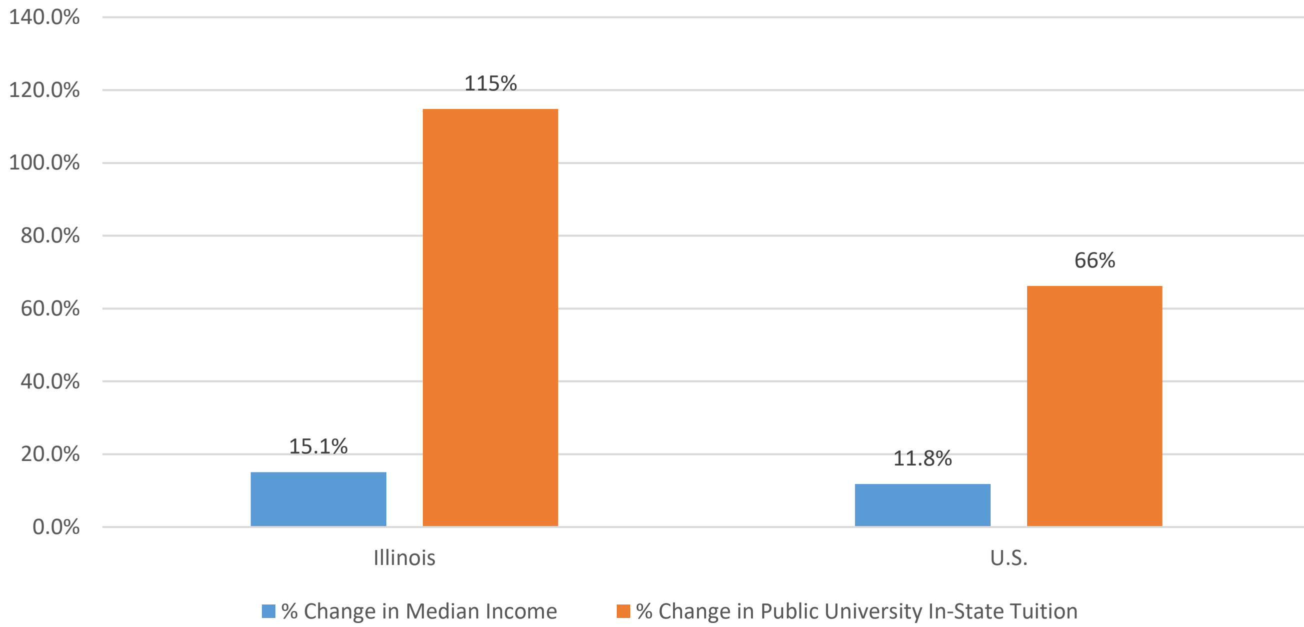
Over the FY 2003-FY 2021 time period, community college support also shifted away from the state, but this time it shifted not just onto students and their families, but also local property taxes. Initially, community colleges were funded based on the principle that costs would be evenly split among the state, tuition, and property taxes.[99] However, the portion of community college costs covered by state revenue has fallen from 26.3 percent in FY 2003 to just 13.7 percent in FY 2021, a decline of nearly 50 percent.[100]

During that sequence, the share of costs covered by property tax revenue increased slightly, from 42 to 43.8 percent. Meanwhile, the share covered by tuition jumped from 21.1 percent in FY 2003, to 33.2 percent in FY 2021.[101] In FY 2016, the first year of the budget impasse under former Governor Rauner, property taxes covered most community college costs—52.2 percent—while tuition covered 43.7 percent and state funds covered just 4.1 percent.[102]

Cuts in Illinois state-level funding for Higher Education over the last two decades have directly led to an increased tuition burden placed on students and their families. Nationally in the year 2000, Illinois had the 13th highest total, average, annual in-state public university tuition and fee cost of $4,040 in nominal dollars, which translates to $7,088 in 2022 inflation-adjusted dollars.[103]

By 2021, the average annual cost of in-state tuition and fees at a four-year public university in Illinois was $14,579—the third highest price tag in the nation.[104] This means that, after adjusting for inflation, average in-state tuition at Illinois' four-year public universities has more than doubled—an increase of 115 percent—between FY 2000 and FY 2021, as shown in **Figure 10**.[105]

Figure 10
Percentage Change in Median Income and Public University In-State Tuition, FY 2000-FY 2021



Sources: CTBA analysis of FRED St. Louis Fed Median Income data and NCES Digest of Education Statistics Table 330.20

This creates a real economic challenge for most Illinois families, given that the median household income in Illinois increased by only 15.1 percent over the same sequence.[106] As shown in **Figure 10**, national trends are similar to but not as extreme as in Illinois. Between FY 2000 and FY 2021, national median income rose by just 11.8 percent, while average in-state public university tuition went up 66 percent.[107]

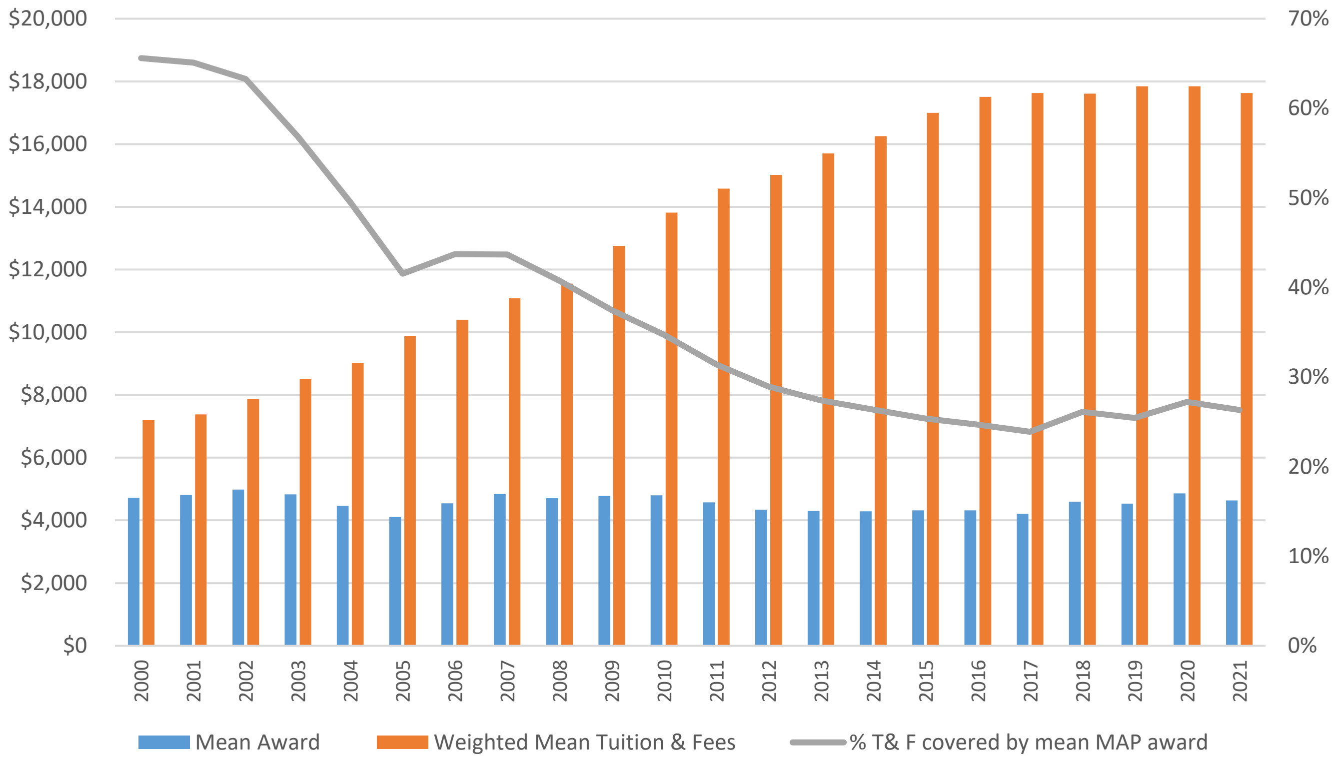
5.2. As Tuition Costs Increase, Underfunded MAP Grants Make College Even Less Affordable For Low-income Families

The Monetary Award Program—or "**MAP**"—is a financial aid grant program administered by the Illinois Student Assistance Commission ("**ISAC**") and funded by the State of Illinois. Eligibility for MAP is based on financial need as determined under the Free Application for Federal Student Aid ("**FAFSA**"). Because it is a grant program, MAP awards do not have to be repaid. MAP grants are awarded on a first-come, first-served basis, with eligible applicants who are not initially awarded a grant being added to a waitlist.[108]

The average MAP award granted to public university students in FY 2000 covered 66 percent of the then average annual tuition and fee cost of attending a four-year public university in Illinois.[109] Then came the spike in tuition at public universities in Illinois. From FY 2000 to FY 2021, the average four-year tuition cost for students attending public universities in Illinois jumped 127 percent in real, inflation-adjusted dollars. Unfortunately, MAP grant awards did not keep pace with this tuition spike—decreasing by 9 percent in real, inflation-adjusted dollars over the same period. This of course meant that the real value of the MAP grant declined significantly over this sequence.

In 2000, MAP grants covered 66 percent of the weighted mean annual tuition and fee cost of attending a public university in the state. However, after the aforesaid real spike in tuition costs and concomitant decline in real value of MAP grants that followed, by FY 2021 the average MAP grant awarded covered just 26 percent of the average annual cost of tuition and fees of attending a four-year public university in Illinois, a significant decline of nearly 60 percent, as shown in **Figure 11**.[110]

FIGURE 11
COMPARISON OF PUBLIC UNIVERSITY TUITION AND FEES TO MEAN MAP AWARDS, FY 2000-FY 2021



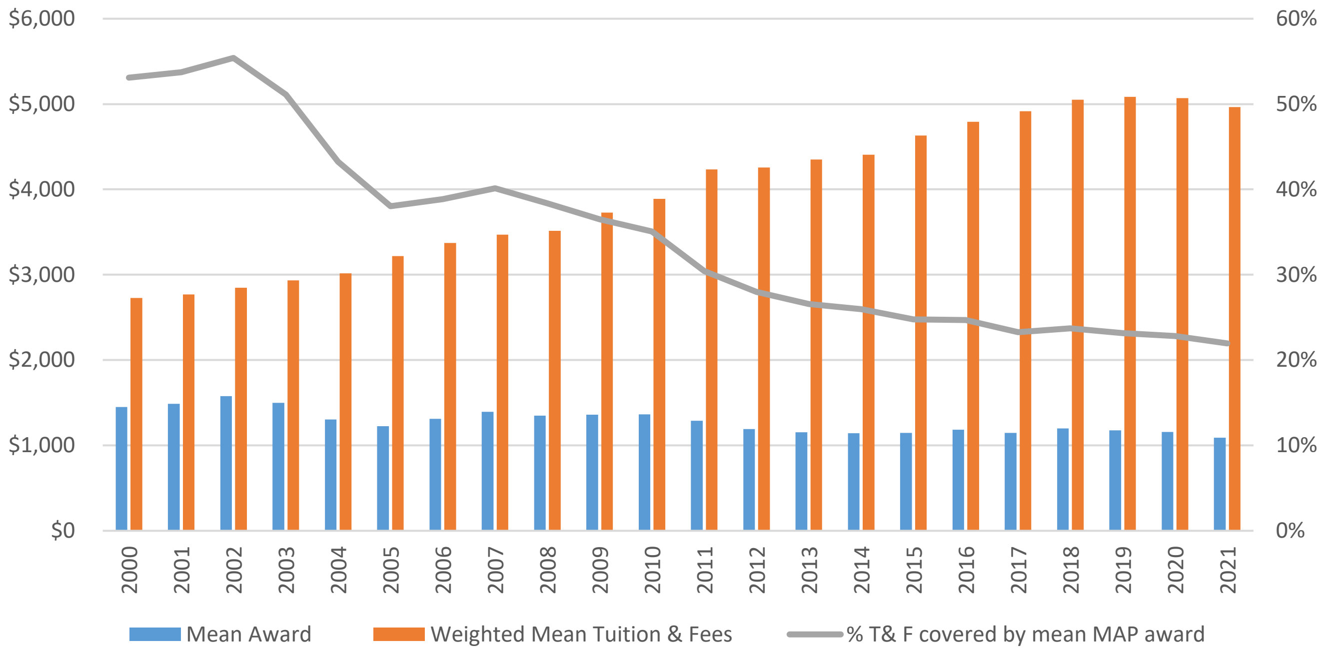
Source: Illinois Student Assistance Commission, FY 2021 Databook

The good news is the Governor has proposed increasing the MAP grant in FY 2024 by $100 million—or 16.6 percent—over FY 2023 levels.[111] Hopefully this proposal will pass into law. The bad news is that even if that MAP grant increase were effective two years ago in FY 2021, it would still cover just 27 percent of the average annual cost of tuition and fees at a four-year public university in Illinois.[112]

The amount of average, annual, community college tuition and fees covered by MAP grant awards followed a similar downward trajectory over the same time sequence. In FY 2000, the average community college MAP award covered 53 percent of the average annual tuition and fee cost of attending a community college. Between FY 2000 and FY 2021, the average annual cost of community college tuition and fees in Illinois grew by 192 percent in nominal dollars, while the average MAP award increased by just 21 percent in nominal dollars. Clearly the growth in nominal MAP grant value over that period of time fell well below the nominal growth in community college tuition and fees. That said, the preceding nominal dollar comparison does not fully convey the dramatic extent of the state's disinvestment in MAP grants for community college students.

That is because after adjusting for inflation, the average tuition and fee cost of attending a community college in Illinois jumped by 69 percent over the FY 2000-FY 2021 sequence. Meanwhile, the average MAP grant awarded to a student attending community college in Illinois decreased by 20 percent in real terms over this twenty-one-year period. The net result: in FY 2021, the average MAP award for a student attending community college in Illinois covered just 21 percent of the average, annual cost of community college tuition and fees, which is a material decline from 53 percent of average, annual, community college tuition and fees covered in FY 2000, as shown in **Figure 12**.[113]

FIGURE 12
COMMUNITY COLLEGE TUITION AND FEES AND MEAN MAP AWARD, FY 2000-FY 2021



Source: Illinois Student Assistance Commission, FY 2021 Databook

The good news is that since FY 2020, General Fund appropriations for MAP grants have increased in nominal dollars each year, growing from $446 million in FY 2020 to $605 million in FY 2023.[114] That $605 million appropriation for MAP grants scheduled for FY 2023 marks a new nominal dollar peak in MAP grant funding, surpassing the previous high point reached in FY 2022 by 24.5 percent.[115] And as indicated previously, the Governor has proposed increasing the MAP grant in FY 2024 by $100 million—or 16 percent—over FY 2023 levels.

The bad news is despite these recent increases, support for MAP grants in the FY 2023 enacted General Fund budget is still insufficient to satisfy existing demand. This is a problem, because for many low-income high school graduates who otherwise would not have sufficient resources to afford tuition and fees, MAP can be a deciding factor in whether to attend college. Consider that, in 2020-2021, 89 percent of all eligible applicants were offered a MAP grant, but only 63 percent of those eligible applicants actually enrolled in college and received a grant.[116] If, however, the General Assembly approves the $100 million year-to-year increase in MAP grant appropriations the Governor has proposed for FY 2024, the Governor's Office of Management and Budget estimates that may be sufficient to satisfy existing demand.[117]

Be that as it may, it appears as if the significant decline in the value of MAP grants Illinois has been awarding over the last two decades may be dissuading many low-income students from attending college—as indicated by the differential between the percentage of students who were awarded MAP grants in the 2020-2021 school years—89 percent, versus the significantly lower percentage of those students who actually enrolled in college and received a grant—63 percent. That is a real negative outcome, given the significant and growing correlations between attaining a college credential and economic viability in the modern economy.

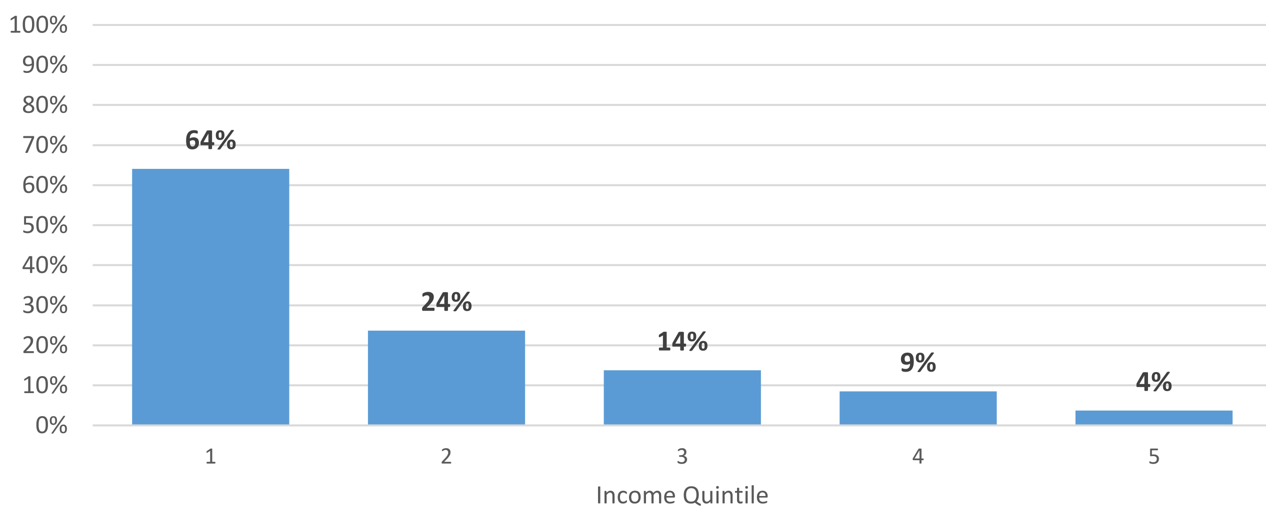
Moreover, the highest MAP grant currently awarded covers only 33 percent of the average tuition and fee cost at a public university in Illinois, and only 36 percent of the average tuition and fee cost at a community college in the state.[118] That means a low-income student who qualifies for financial aid will have to foot around two thirds of the cost of attaining a post-secondary degree at a public institution of higher learning in Illinois—a cost that is exorbitant for many.

By underfunding need-based MAP grants, Illinois hinders economic mobility for low-income families in general, and families of color in particular. Over half of MAP grant recipients are first generation students, and more than half of the undergraduates at Illinois' public universities who identify themselves as Black or Latinx receive a MAP grant.[119]

6. Increases in Tuition and Fees Have a Disproportionately Negative Impact on Low-Income Students Generally and Students of Color Specifically

Though the drastic increase in the net price of attending a public university—that is, total tuition and fees minus average financial aid—has made Higher Education less affordable for most families, the impact has of course disproportionately affected low-income students. As shown in **Figure 13**, nationally, households in the lowest income quintile must set aside a full 64 percent of their income each year to afford average in-state tuition.[120] Comparatively, the top income quintile only needs to set aside 4 percent of household income to afford the same average in-state tuition cost, demonstrating how increases in tuition and fees make attending university much more burdensome for low-income students and families.[121]

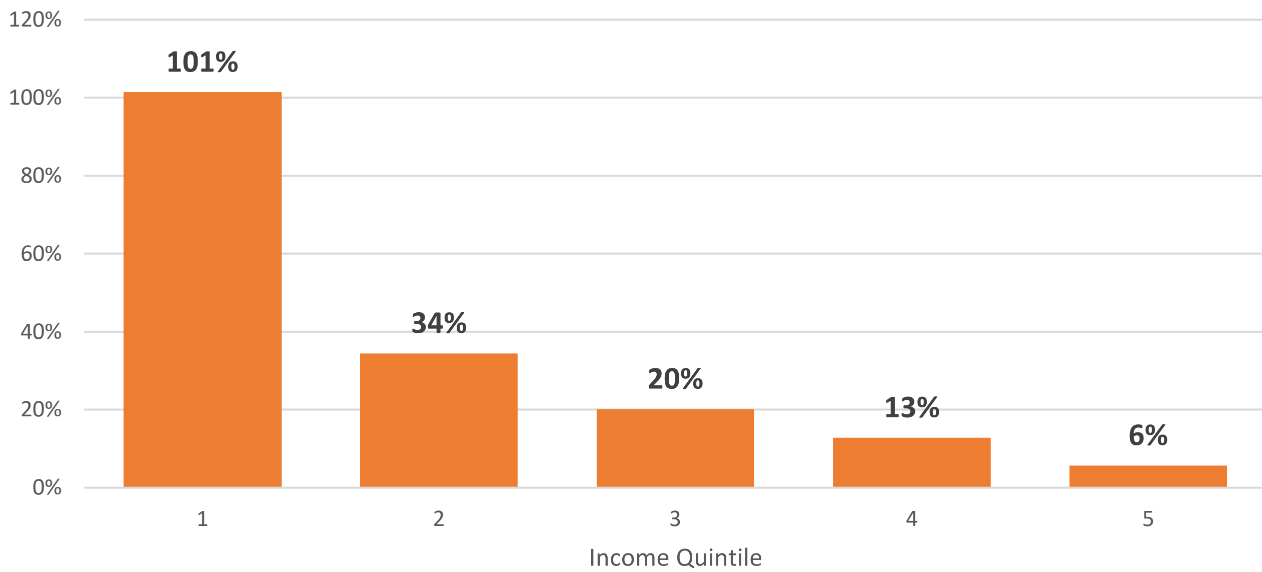
FIGURE 13
AVERAGE IN-STATE TUITION AND FEES AT A PUBLIC FOUR-YEAR UNIVERSITY AS A SHARE OF HOUSEHOLD INCOME NATIONALLY, BY QUINTILE, 2020



Source(s): U.S. Census Bureau, Income and Poverty in the United States: 2020; U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Table 330.20

In Illinois, the trend is more extreme than what is happening at the national level. **Figure 14** shows that families in the lowest income quintile in Illinois simply do not have the financial capacity to afford to pay even one year of the average cost of tuition and fees at a public university in the state, because doing so would consume 101 percent—or more than all of their income.[122] Conversely, to cover one year of tuition and fees at a public university in Illinois, the top quintile of families only need to set aside 6 percent of their household incomes.

FIGURE 14
AVERAGE IN-STATE TUITION AND FEES AT A PUBLIC 4-YEAR UNIVERSITY AS A SHARE OF HOUSEHOLD INCOME IN ILLINOIS, BY QUINTILE, 2020

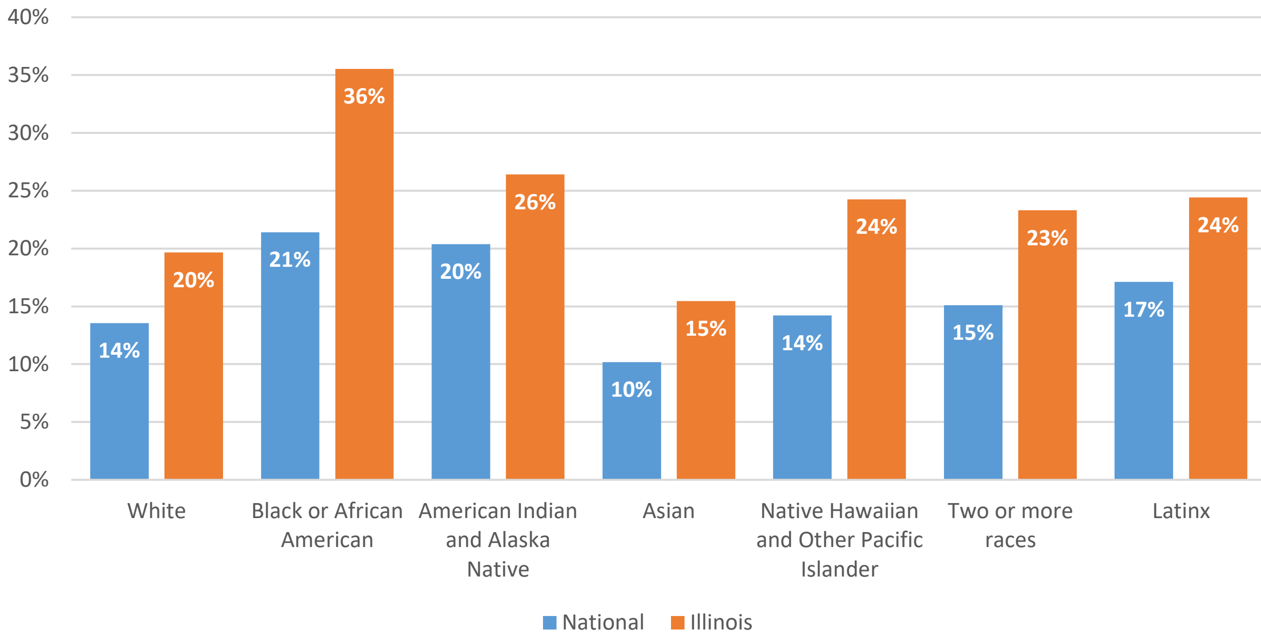


Source(s): U.S. Census Bureau, Mean Household Income of Quintiles, Illinois; and U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Table 330.20

Moreover, the trend of increasing tuition and fee costs at public institutions of higher learning has also had a disproportionate impact on students of color. As shown in **Figure 15**, nationally, the cost of paying the average annual tuition and fee expenses of attending an in-state public university would take 21 percent of the median income of a Black household and 17 percent of the median income of a Latinx household, as compared to just 14 percent of the median income of a white household.[123] Note that this assumes families only have one student attending an in-state university. Obviously, the cost burden would increase if a household had multiple children attending college at the same time.

Figure 15 also reveals that trends are, yet again, more extreme in Illinois. So much so that in 2020, the average, annual, tuition and fee cost of attending an in-state public four-year university in Illinois would consume 35 percent of the median income of a Black household, and 24 percent of the median income of a Latinx household, as compared to 19 percent of median income for a white household, as shown in **Figure 15.** This demonstrates how the cost of attending college is more prohibitive for students of color and their families—which in turn helps contribute to the continuation of racial and ethnic inequities in the labor market.[124]

FIGURE 15
AVERAGE IN-STATE TUITION AND FEES AT A PUBLIC 4-YEAR UNIVERSITY AS A SHARE OF MEDIAN HOUSEHOLD INCOME IN ILLINOIS AND NATIONALLY, BY RACE/ETHNICITY, 2020

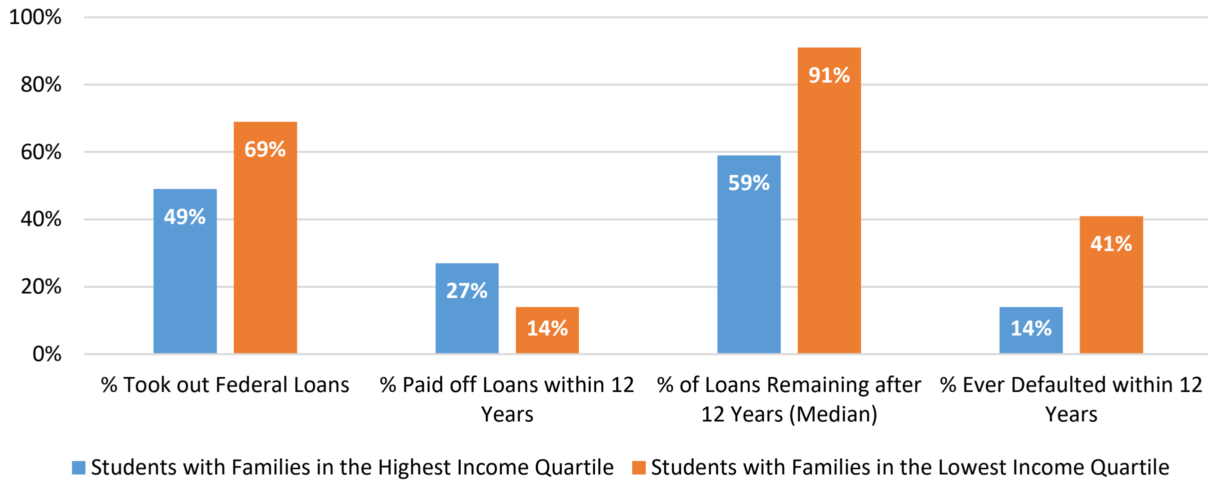


Source(s): U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates; U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Table 330.20

Because tuition costs consume so much more of the annual earnings of low-income families generally, and minority families specifically, low-income and minority students are disproportionately over-burdened with student debt. According to the most recent report from the National Center of Education Statistics ("**NCES**"), postsecondary students with a family income in the lowest quartile not only take out loans for school at higher rates than other income classes, but also still owe a much larger percentage of the amount borrowed 12 years after initially incurring their student debt.

As shown in **Figure 16,** only 14 percent of low-income students pay off all of their federal loans within 12 years, while 41 percent have defaulted on their loans within those 12 years. Compare that to the 27 percent of high-income students who pay off all of their loans within 12 years, and the 14 percent who have defaulted within 12 years.[125]

FIGURE 16
STUDENT DEBT AND REPAYMENT, BY FAMILY INCOME QUARTILE

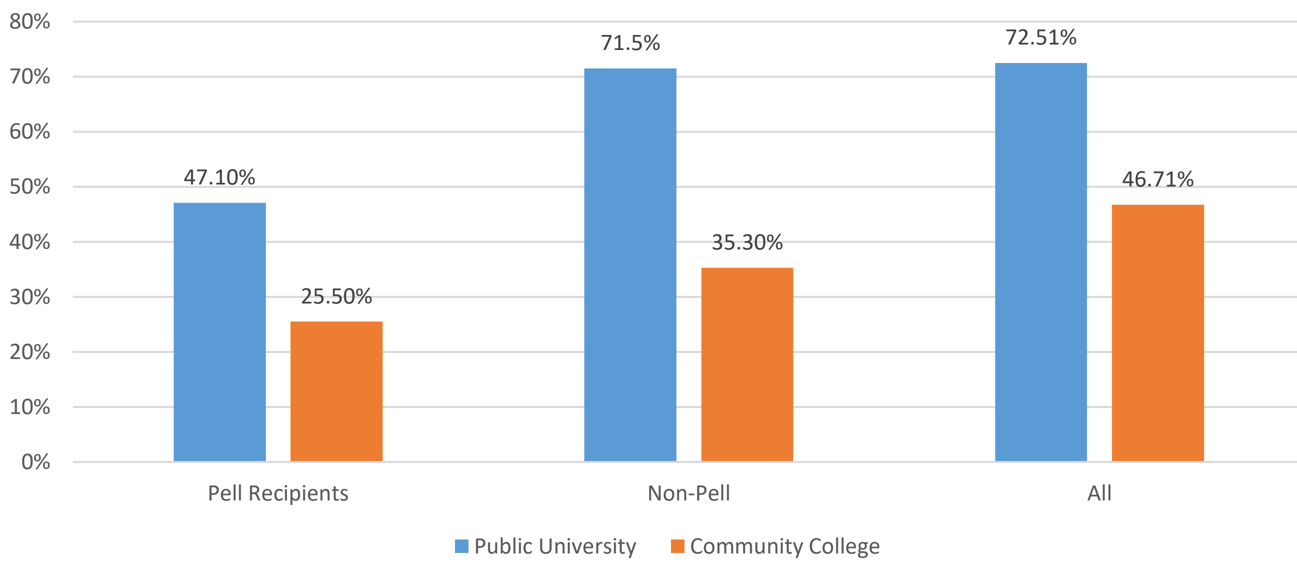


Source: NCES, Repayment of Student Loans as of 2015 among 2003-04 First-Time Beginning Students, 2017

As a sub-group, Black students are particularly hard hit by student debt. For instance, 78 percent of Black students who began college in the 2003-2004 school year took out federal student loans, compared to 57 percent of white students, and 60 percent of all students. Twelve years after beginning school, the median white borrower still owed 65 percent of the amount that was originally borrowed. By comparison, after 12 years, the median Black borrower owed 13 percent ***more*** than what was originally borrowed.[126]

Another example of the disproportionate impact of rising college costs on low-income students and students of color can be observed in college completion rates, which are shown in **Figure 17**. While 72.5 percent of all students who enroll in public university in Illinois graduate in six years, just 47 percent of low-income students do, compared to 71.5 percent of non-low-income students.[127]

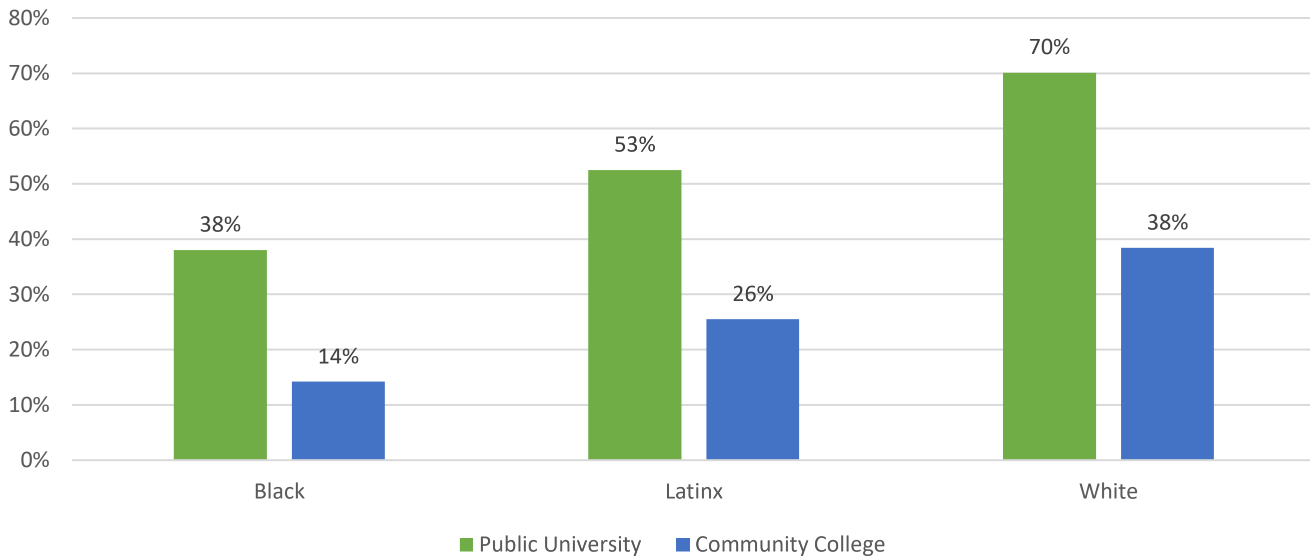
FIGURE 17
SIX-YEAR POSTSECONDARY COMPLETION RATE FOR STUDENTS ENROLLED IN COLLEGE IN ILLINOIS



Source: Illinois State Board of Higher Education, "Assessing Equity in Illinois Higher Education: Part 2," September 15, 2020

College completion rates also vary by race and ethnicity. Of all students enrolled in four-year public Illinois universities, 70 percent of white students graduate in six years, compared to just 38 percent of Black students and 53 percent of Latinx students. The three-year community college completion rate for white students is 38 percent, compared to 14 percent for Black students and 26 percent for Latinx students, as shown in **Figure 18**.[128]

FIGURE 18
COLLEGE COMPLETION BY RACE/ETHNICITY IN ILLINOIS, 2019



Source: IBHE, "A Thriving Illinois: Higher Education Paths to Equity, Sustainability, and Growth." 2021

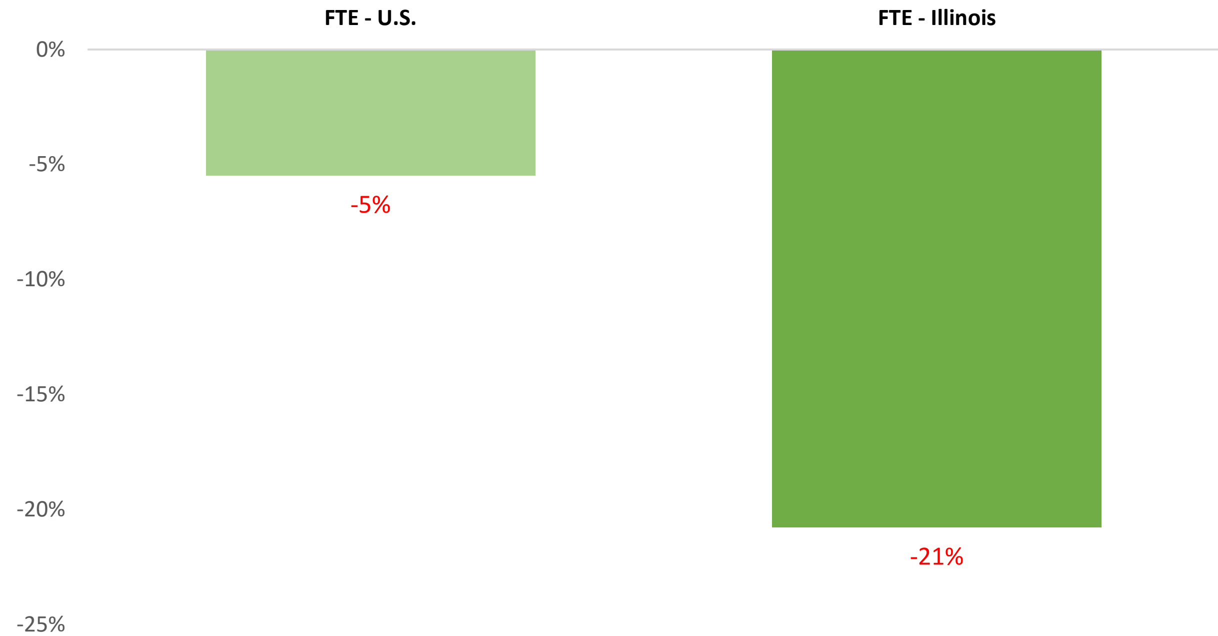
Moreover, a significantly greater proportion of individuals who matriculate to, but do not graduate from college or university end up defaulting on their student loans. For instance, 45 percent of the students who began their college careers in 2005-2006 but did not graduate, defaulted on their student loans within 12 years. However, only 22 percent of the students entered college in 2005-2006 and attained an associate's degree defaulted on their loans within 12 years, while just eight percent of those students who attained a bachelor's degree defaulted within 12 years.[129]

7. As Tuition Costs Skyrocket, Enrollment in Illinois' Public Universities and Colleges Has Declined

7.1. The Decline in Enrollment in Illinois Outpaces the National Decline

Between FY 2010 and FY 2021, Full-Time Equivalent ("**FTE**") enrollment in public institutions of Higher Education decreased nationally by 5 percent. During that same sequence, however, the decline in FTE enrollment for Illinois' public colleges and universities was 21 percent, or over four times worse, as shown in **Figure 19**.[130]

FIGURE 19
PERCENT CHANGES IN ENROLLMENT IN PUBLIC HIGHER EDUCATION, FY 2010-FY 2021



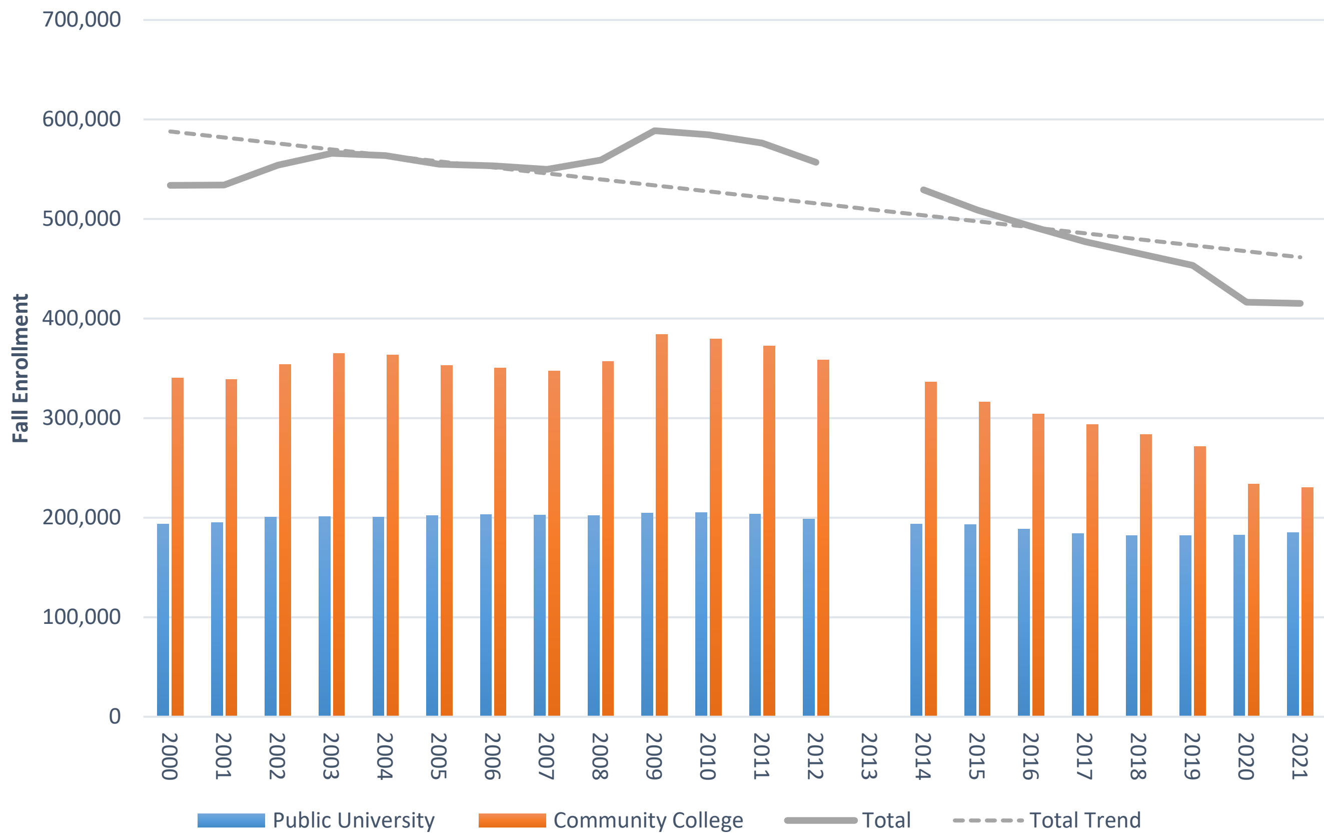
Source: State Higher Education Executive Officers Association, FY 2021 State Higher Education Finance Report

On a year-to-year basis, net FTE enrollment declined 3.0% nationally in 2021, a loss of 323,952 FTE students, the largest year-to-year FTE decline on record.[131] Between FY 2020 and FY 2021, 47 states and Washington, D.C. realized FTE enrollment declines, which also set a record for the number of states realizing a year-to-year decline.[132] Moreover, fully 16 states and Washington, D.C., had year-to-year enrollment declines that were greater than 5 percent in FY 2021, while only three states (Delaware, Illinois, and Utah) had FTE enrollment increases from 2020 to 2021.[133]

Even though, unlike the vast majority of states, Illinois actually realized a 1.2 percent year-to-year FTE enrollment increase in FY 2021, that small increase did little to offset the consistent decrease in FTE enrollment Illinois saw every single year commencing in FY 2011 and continuing through and including FY 2020.[134] Hence, the overall trend of losing FTE enrollment remained significantly worse in Illinois than in the nation, as shown in **Figure 20**.

As it turns out, combined total enrollment for public universities and community colleges in Illinois peaked in Fall 2009 and has been declining ever since, except for Fall 2021, as shown in **Figure 20**.[135]

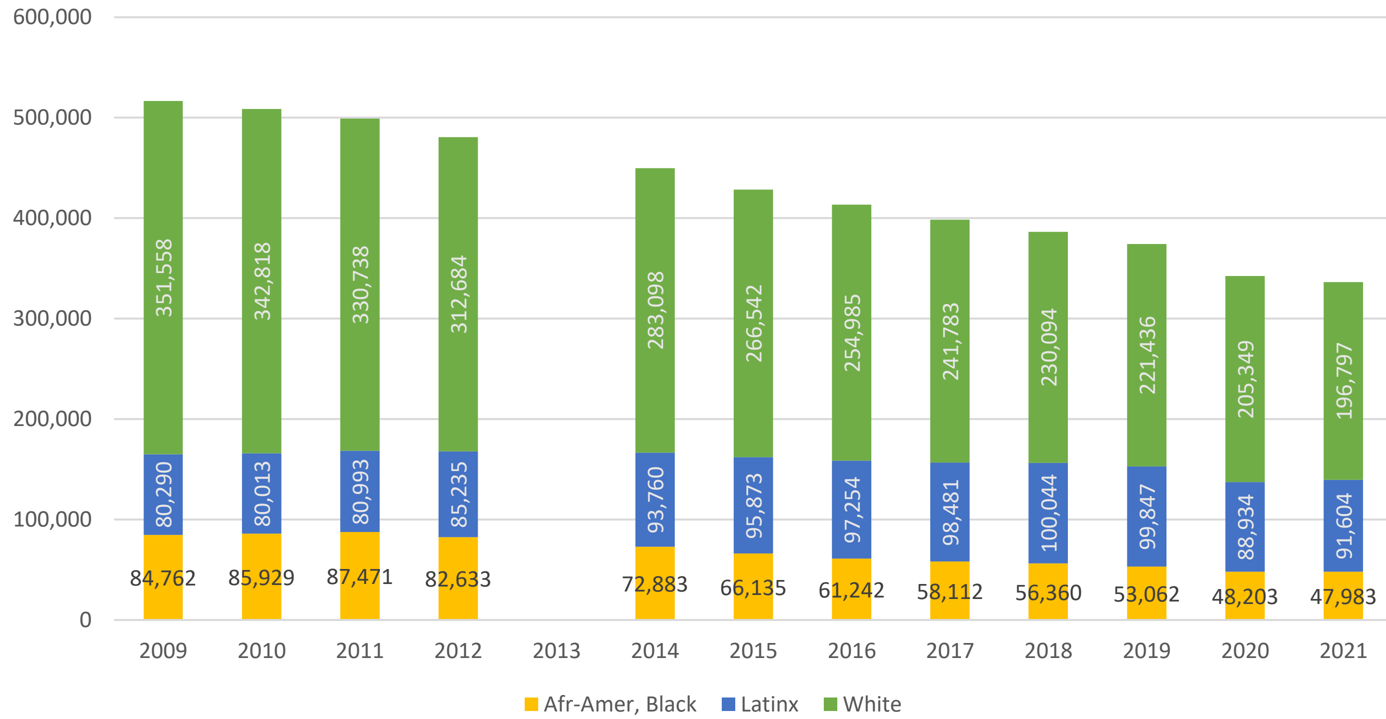
FIGURE 20
PUBLIC UNIVERSITY AND COMMUNITY COLLEGE TOTAL FALL ENROLLMENT IN ILLINOIS, FALL 2001-2021



Source: IBHE Illinois Higher Education Enrollment & Degrees System, "Fall Enrollment", 2000-2021; IBHE had no available data for Fall 2013 enrollment

The decline in FTE enrollment in Illinois' public colleges and universities has spanned most racial and ethnic groups but has been most extreme for students who identify as Black or white. For instance, between Fall 2009 and Fall 2021, total enrollment of white students in Illinois' public institutions saw the greatest decrease of 154,761 students, or 44 percent, followed closely by Black enrollment, which decreased by 36,779 students, or 43 percent, as shown in **Figure 21.**

IGURE 21
TOTAL FALL ENROLLMENT IN ALL ILLINOIS PUBLIC INSTITUTIONS AND PERCENTAGE OF RACE/ETHNICITY OF TOTAL ENROLLMENT, FALL 2009–2021



Source: IBHE Illinois Higher Education Enrollment & Degrees System, all public institutions by Race, Fall 2009–Fall 2021; IBHE has no available data for Fall 2013

Asian enrollment also declined slightly over this time period, by 213 students, or one percent. Latinx enrollment on the other hand went up, **increasing by 11,314 students, or 14 percent**.[136] One factor that may have contributed to the rise in Latinx college enrollment is the concomitant increase in Illinois' Latinx population. Between Fall 2009 and Fall 2021, Illinois' Latinx population over the age of 18 increased by 24 percent, while the state's Black population over 18 grew by just 3 percent and its white population over 18 declined by six percent.[137]

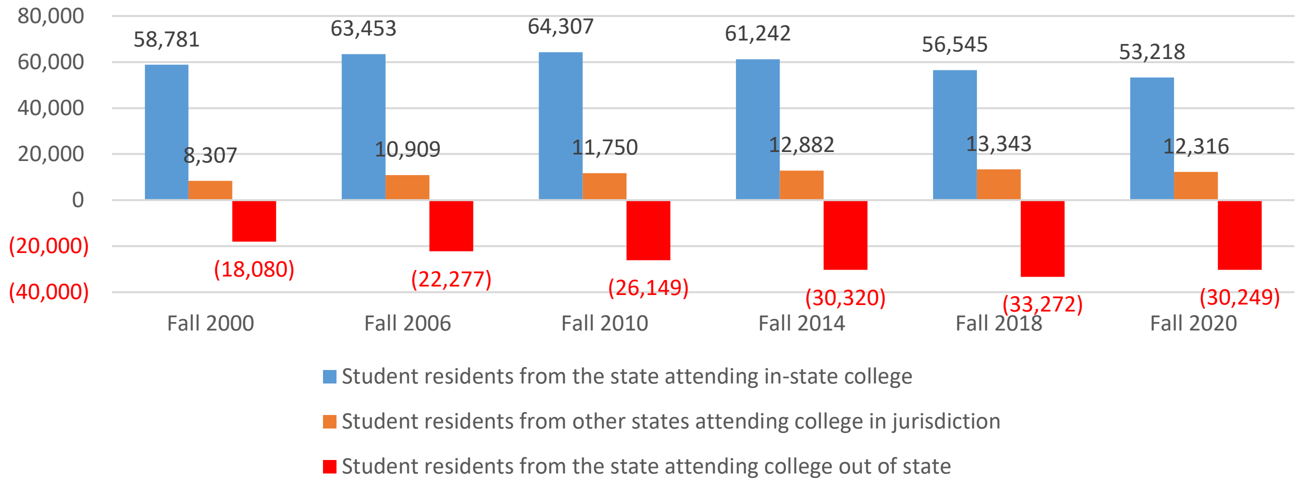
7.2. The Decline in Enrollment in Illinois Is Partially Due to Net Outmigration of Students

Some of the decline in college enrollment in Illinois is because, over time, the number of the state's high school graduates who opt to leave Illinois to attend college in other states is exceeding the number of high school graduates from other states who choose to attend college in Illinois. Illinois has experienced net out-migration of first-time undergraduates dating back to FY 2001.[138] Unfortunately for Illinois, this trend worsened following the Great Recession, and then was exacerbated during the budget impasse under former Governor Rauner over the FY 2016-FY 2017 sequence.[139]

For instance, from FY 2001 to FY 2020, the number of Illinois high school graduates who attended Illinois' public colleges or universities decreased by over 5,000, or 9.5 percent.[140] Meanwhile during that same time period the number of Illinois high school graduates who attended public colleges or universities in other states increased by 12,169, or 67 percent.[141] That outmigration was somewhat offset by an increase of 48 percent in the number of out-of-state students who chose to attend one of Illinois' public universities or colleges during that sequence.

However, while the percentage increase in out-of-state students coming to Illinois for college during this period was high, the actual numeric increase in such students only amounted to 4,000 in total, a significantly lesser amount than the over 12,000 Illinois high school graduates who left the state to attend college elsewhere.[142] Hence overall Illinois still realized a net out-migration of college students over this period, as shown in **Figure 22**.

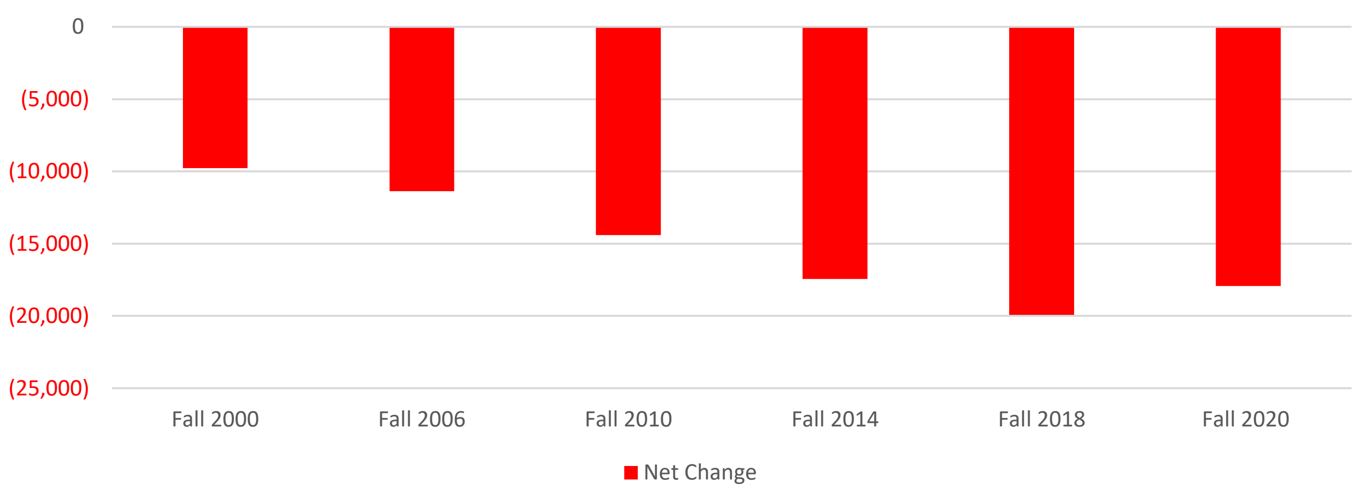
FIGURE 22
MIGRATION OF FRESHMEN STUDENTS INTO AND FROM ILLINOIS, FALL 2001-2020



Source: NCES Digest of Education Statistics, Chapter 3: Postsecondary Education, Residence and migration of all freshmen students in degree-granting institutions graduating from high school in the past 12 months, by state, Fall 2000, Fall 2006, Fall 2010, Fall 2014, Fall 2018, Fall 2020

The growth in outmigration of Illinois students to other states has been significant over time. In FY 2001, the net loss of all Illinois high school graduates to colleges in other states was 9,773.[143] By FY 2021, the net loss of all Illinois high school graduates to colleges in other states grew by 84 percent to 17,933. There is some positive news, however, because the net loss of 17,933 students in FY 2021 is some 1,996 less than the net loss of 19,929 students Illinois realized in FY 2018, as shown in **Figure 23.**

FIGURE 23
NET MIGRATION OF FRESHMEN STUDENTS, FALL 2000 (FY 2001)-FALL 2020 (FY 2021)



Source: NCES Digest of Education Statistics, Chapter 3: Postsecondary Education, Residence and migration of all freshmen students in degree-granting institutions graduating from high school in the past 12 months, by state, Fall 2000, Fall 2006, Fall 2010, Fall 2014, Fall 2018, Fall 2020

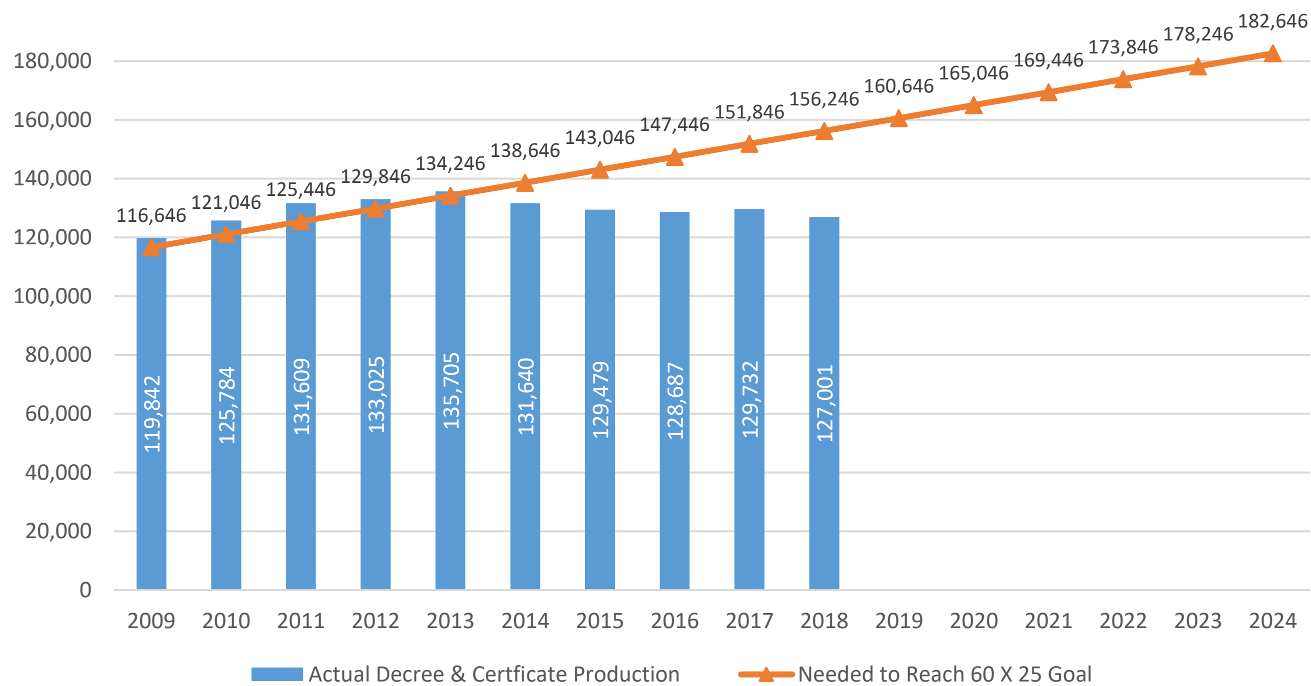
8. What Would Adequate Investment in Higher Education Look Like in Illinois?

8.1. Illinois Education and Career Success Network

To "foster its economic vitality," in 2008 Illinois committed to the goal of having 60 percent of adults in the state earn a college degree or post-secondary credential by the year 2025 (the previously defined "**60% By 2025 Goal**").[144] After reviewing the state's extant population with such degrees, as well as the rate at which such degrees were being earned annually, the Illinois P-20 Council determined that to satisfy the 60% By 2025 Goal, beginning in 2009 and continuing thereafter, the state's residents had to attain 4,400 more degrees and certificates each year than in the prior year.[145]

As shown in **Figure 24,** after FY 2013, degree production began to decline. Between FY 2014 and FY 2018, Illinois produced just 88 percent of the degrees needed to stay on track toward meeting the 60% By 2025 Goal.[146]

FIGURE 24
ILLINOIS 60 PERCENT BY 2025 GOAL PROGRESS



Source: Illinois State Board of Higher Education FY 2021 Higher Education Budget Recommendations, pg. 20

Given Illinois' disinvestment in Higher Education and the concomitant increases in tuition costs and drops in college enrollment, it's no wonder that the number of degrees conferred each year failed to keep pace with what was needed to meet the state's 60% By 2025 Goal.

In 2018 the Lumina Foundation expanded the definition of what constituted a "high quality credential" to include certifications and certificates. Before making that change in what qualified as a "high quality credential," 47 percent of the adults in Illinois aged 25-64 met the post-secondary credential attainment standard created for the 60% By 2025 Goal.

However, after the standard was changed to include additional credentials, the percentage of adults aged 25-64 meeting the new standard in 2019 jumped by just over eight points, to 55.2 percent, as shown in **Figure 25**.[147]

Under this new, greatly broadened standard, Illinois is slightly ahead of the national average in total postsecondary degree attainment, which is also shown in **Figure 25**.

FIGURE 25
DEGREE, CERTIFICATION, AND CERTIFICATE ATTAINMENT FOR AGES 25-64, 2019

	9-12th Grade, No Diploma	High School Graduate	Some College	Certification	Certificate	Associate Degree	Bachelor's Degree	2019 Total Attainment
Illinois	5.3%	23.9%	11.7%	3.4%	4.8%	8.7%	23.7%	**55.2%**
National	6.3%	25.7%	11.9%	3.8%	4.3%	9.2%	21.8%	**51.9%**

Source: Lumina Foundation, "A Stronger Nation," Progress for the Nation and Progress for Illinois

Then in February of 2022, the 60% By 2025 Goal was jettisoned altogether and replaced with a new initiative, dubbed the "**Illinois Education and Career Success Network**" (the "**Success Network**"). The Success Network initiative utilizes an equity lens to evaluate postsecondary degree attainment, with a focus on ensuring traditionally underrepresented student groups in Illinois are attaining postsecondary degrees at a rate that corresponds to white students.[148]

As shown in **Figure 26**, this equity lens is needed, given that, while 47 percent of all Illinoisans between the ages of 25-64 have a postsecondary degree, attainment thereof—and hence the corresponding economic and social benefits associated therewith—have not been realized proportionally across racial and ethnic lines. In fact, as of 2019, 52.8 percent of all white Illinois residents had attained a postsecondary degree, while only 31.7 percent of all Black and 22.5 percent of all Latinx residents had attained a postsecondary degree.[149]

FIGURE 26
POST-SECONDARY ATTAINMENT BY RACE FOR AGES 25-64, 2019

	All Races	White	Black	Latinx	American Indian and Alaska Native	Asian	Other
Illinois	47.0%	52.8%	31.7%	22.5%	32.6%	74.3%	53.3%
National	45.8%	52.0%	31.8%	27.9%	21.2%	72.3%	48.3%

Source: Lumina Foundation, "A Stronger Nation," Progress for the Nation and Progress for Illinois. Note that certifications are not included in the totals

Moreover, while the rates of postsecondary degree attainment for Black and white Illinois residents are relatively comparable with national rates, Latinx residents in Illinois lag the national Latinx population in degree attainment by a full 5.4 percent.[150]

Unfortunately, **the inadequate and inequitable levels of postsecondary degree attainment that are revealed in Figure 25 are not surprising, given: (i) the disinvestment in General Fund support for Higher Education over the last two decades that has occurred both nationally and in Illinois; (ii) the concomitant increases in tuition costs over that period; (iii) the disproportionate impact those increases in tuition have had along racial and ethnic lines based on median income; and (iv) the associated decline in FTE enrollment in public colleges and universities.**

To begin to redress some of these inequities, both the nation generally, and Illinois specifically, have a compelling interest in rectifying the discrepancy by race and ethnicity in postsecondary degree attainment shown in **Figure 26.** Doing so in Illinois is especially crucial, given that, as of 2022 eight out of every 10 Illinois employers indicated they need employees with at least some postsecondary education.[151]

Since Illinois' disinvestment in Higher Education has been even more significant than the disinvestment realized at the national level, it is now incumbent on state decision makers to enhance General Fund support for Higher Education, with the goal of both adequately—and equitably—funding the system. And if Illinois does in fact move down that path, the research shows it can expect to generate positive outcomes.

In particular, a 2018 study completed by researchers at Harvard University and the University of California Berkeley (the "**2018 Funding Study**"), examined whether, among other things, the level of state General Fund support for Higher Education correlated to college attendance and completion. The researchers found that state General Fund budget cuts often result in reduced spending at the university and/or college level on academic supports—like tutoring and advising.[152] That is problematic because previous research has shown that these types of academic support programs have a significant impact on student persistence and degree completion.[153] Not surprisingly then, the 2018 Funding Study also found that General Fund budget cuts do in fact correlate with higher dropout rates and a slowdown in postsecondary attainment.[154]

The good news is the 2018 Funding Study also suggests that boosting General Fund appropriations for Higher Education can help reverse the slowdown in postsecondary attainment in a state.[155] The study analyzed institution enrollment and financial data, total state General Fund appropriations, and state employment data. The study specifically found that if a state increased the amount of its General Fund appropriation for Higher Education in a given year from the 25th percentile nationally to the 75th percentile, that increase in funding would generate an increase in enrollment of up to three percent. The 2018 Funding Study also found that an additional benefit of increasing General Fund support for Higher Education was a positive and statistically significant increase in degree completion of approximately five percent in the year following said increase appropriation.[156]

Hence, if Illinois increased General Fund appropriations for Higher Education so that Illinois ranked in the top 75th percentile of state support for Higher Education nationally, Illinois decision makers could expect enrollment in the state's public universities and colleges to increase and could also expect fewer dropouts and more degrees completed. That would have the spillover impact of enhancing the state's private sector economy.

In addition to helping increase enrollment and degree completion, enhanced General Fund support for Higher Education in Illinois will also help reduce—or at least slow down the rate of increases in—the cost of attending public colleges and universities in the state. This is not only a good outcome for virtually every Illinois family that sends a student to college but will be particularly helpful for increasing both the enrollment in and completion of college by low-income students generally, and students of color specifically.

That is because research found that states with the largest tuition hikes between 1980 and the early 1990's saw wider gaps in enrollment between high- and low-income young people than those state's that did a better job of holding the line on tuition costs.[157] Moreover, the research also shows that increases in net tuition prices reduce the diversity of students that enroll in college.[158]

Hence, by enhancing state-level General Fund support for public institutions of higher learning, Illinois can help drive down tuition costs, and simultaneously make college more affordable for low-income students. And given minorities are disproportionately low-income, reducing tuition costs should have a disproportionately positive impact on Black and Latinx students. This in turn should help Illinois begin to reduce the discrepancy in the rate of postsecondary degree completion by race and ethnicity, which is one of the key goals of the Success Network initiative.

A much-needed increase in state General Fund support for Higher Education will also help in-state colleges and universities adequately fund the staff, programs, and infrastructure improvements that will make them competitive with out-of-state universities. That in turn should encourage more students from other states to attend public colleges and universities in Illinois, and thereby help mitigate the net outmigration of high school graduates from Illinois to other states.

8.2. Commission on Equitable University Funding

In August of 2021, Illinois decision makers took a significant step towards developing an adequate and equitable approach to investing in Higher Education when the Commission on Equitable Public University Funding (the "**Commission**") was created under PA 102-0570. By statute, the Commission is charged with recommending "specific data-driven criteria and approaches to the General Assembly to adequately, equitably, and stably fund public universities in this State and to evaluate existing funding methods."[159] Under PA 102-0570, the Commission is required to provide a report of its findings to the General Assembly no later than July 1, 2023.[160]

Key among its charges is the requirement that the Commission's recommendations include an "equity-centered funding model" for distributing General Fund appropriations to public universities.[161] The Commission's recommendations must specifically address how "historic and continued systemic racism has created significant disparities in college access, affordability, and completion for Black, Latinx, and other underrepresented and historically underserved students" in Illinois' four-year public universities.[162] The Commission's purview does not include recommendations involving the funding of community colleges.[163]

The Commission membership consists of state legislators, representation from administrative leadership of Illinois' public universities, and advocacy organizations.[164] Recognizing that public universities are in essence public assets that contribute to the long-term economic vitality of Illinois, the Commission has to determine what overall percentage of a given universities operating costs and programming should be covered by General Fund appropriations, versus a university's own resources.

Moreover, any formula also must address funding stability over time, and include a "hold harmless" to ensure no public university loses its current level of state support—especially given how significantly Illinois has disinvested in Higher education over the last two decades—when General Fund appropriations have declined by 46 percent in real, inflation-adjusted terms since FY 2000.[165]

To date, the Commission has created separate working groups on funding adequacy, university resources, and technical modeling, to help it develop its recommendations. The Commission is hopeful that the funding adequacy and university resources working groups can reach consensus on a framework for building an adequate and equitable approach to funding public universities in the state that fairly and rationally accounts for differentials in university resources, mission, type and function.

Once such a consensus is reached, the technical modeling group will recommend to the full Commission, various formulae that could be used to implement the aforesaid framework.

The Commission hopes to develop a final funding mechanism that ensures all universities have adequate resources to, among other things:

- support core operating functions such as administration, as well as various different academic programs and degrees;
- fund essential student services;
- implement programs proven to attract more traditionally underrepresented student populations—such as Black, Latinx, first generation, special needs, rural, low-income, and Native American students—to matriculate at, as well as successfully attain their degrees from, public universities in Illinois;
- reduce student costs; and

- serve the specific student populations already enrolled in said universities.

Given its express charge from the General Assembly, it is incumbent on the Commission to ensure the final funding formula it recommends include adjustments needed to counter historic discrimination—as well as current inequities such as implicit bias, in access to, as well as experienced by students during attendance at, institutions of higher learning.

If successful, the Commission's work would be groundbreaking in two ways. First, no state in the nation currently has a true, adequacy-based funding formula for Higher Education. Second, it would represent a welcome departure from the current approach used for Higher Education funding in Illinois—which is predicated primarily on what state lawmakers believe Illinois' fiscal system can afford, rather than covering any of the actual costs of successfully attracting diverse students from all walks of life to, and graduating them from, four-year public universities in the state.

9. Higher Education and the COVID-19 Pandemic

Both nationally and in Illinois, as Higher Education shifted to remote learning in March of 2020, the decision of whether to enroll in postsecondary education became a pressing question for many. After reviewing the data from that era, it becomes clear that the pandemic had a disproportionately negative impact on enrollment, and minority populations specifically. According to the Census Bureau's Household Pulse Survey (the "**Pulse Survey**"), prospective or current students who are low-income, Black, Latinx, unemployed, or single parents, were more likely to cancel college plans than were students who come from higher income families or are white.[166]

As of the start of the 2020-2021 school year, six months after COVID-19 was declared a global pandemic and a National Emergency was declared in the United States, overall enrollment in all Illinois public universities decreased by one percent compared to the prior year, and first time and full-time enrollment of undergraduates at public universities decreased by 1,258 students, or 5.4 percent, from 2019-2020 school year levels.[167] In FY 2021, which includes Fall 2020 enrollment, Illinois public community colleges saw a much more significant decrease of 116,498 students, or 19 percent.[168]

However, on a positive note, now that more than two years have passed since the onset of the COVID-19 pandemic, Illinois public universities are experiencing enrollment growth. As noted previously in this Report, in the 2021-2022 school year, Illinois saw a year-to-year growth in FTE at its public universities of 2,162 or 1.2 percent.[169] Illinois is an outlier in this respect: Forty-seven states and Washington, D.C., saw FTE enrollment declines for 2021-2022, more than in any previous year and only three states (Delaware, Illinois, and Utah) had an FTE enrollment increase from 2020 to 2021.[170]

Even though overall public university enrollment in Illinois for the 2021-2022 school year shows that Illinois public universities had an overall enrollment increase of 1.2 percent over Fall 2020 levels—which includes graduate and professional enrollment—undergraduate enrollment at Illinois public universities was down by -0.9 percent, or 1,218 fewer undergraduates year over year.[171] However, Illinois public university undergraduate enrollment decline for Fall 2021 was less than the national average of a 2.5 percent decline.[172]

Again, on a positive note, Illinois public universities saw an increase of 7.8 percent in freshman undergraduates at public universities, or an increase of 1,710 students for the 2021-2022 school year.[173] The number of freshmen can increase while the overall number of undergraduates in the state can decrease due to students dropping out or transferring. The growth in freshman enrollment in was led by double digit enrollment percentage increases at public universities in Illinois for the 2021-2022 school year.[174] Of those, the University of

Illinois Urbana-Champaign ("**UIUC**") had the largest year-over-year growth in number of freshmen of 799 students, a 10.7 percent increase. The University of Illinois Chicago ("**UIC**") had the second largest year-to-year growth in incoming freshmen of 567 more students or 16.4 percent. Southern Illinois Carbondale ("**SIU**") also experienced a large increase in year-to-year freshmen enrollment of 427, a 29.3 percent jump.[175]

Conversely, Western Illinois University and Eastern Illinois University saw double digit decreases in year-to-year incoming freshman enrollment, with decreases of 147 students, or 14 percent, and 120 students, or 14.5 percent, respectively.[176]

It is certainly good news that freshman enrollment in Illinois public universities for the 2021-2022 school year increased on a year-to-year basis. Yet despite that increase in freshman, again, overall undergraduate enrollment declined on a year-to-year basis in 2021-2022.[177] By university, Chicago State University ("**CSU**") realized the largest year-to-year decrease in undergraduate enrollment of 11.2 percent, followed by Northeastern Illinois University at 11.7 percent.[178]

The decline in enrollment at CSU raises equity concerns, given that Black students account for fully **72 percent** of CSU's total enrollment**.**[179] No other public university in Illinois enrolls a greater percentage of Black students. The next closest is Governors State University ("**GSU**") where 39 percent of the student population is Black.[180] Similarly, GSU saw a 5.5 decrease in overall enrollment from the 2020-2021 to the 2021-2022 school years.[181]

Latinx students have fared slightly better than Black students when it comes to enrollment over the same time period: Black undergraduate enrollment was down 2 percent in Illinois public universities, while Latinx undergraduate enrollment remained relatively flat at a .5 percent increase over Fall 2020.[182]

Overall, three out of the four Illinois public universities with the highest decreases in overall enrollment are institutions with 50 percent or more Black and Latinx student enrollment: CSU (10.9 percent decrease, 82 percent Black and Latinx, Northeastern Illinois University ("**NEIU**") (9.5 percent decrease, 56 percent Black and Latinx), and GSU (5.5 percent decrease, 56 percent Black or Latinx).[183]

These 2021-2022 school year enrollment decreases track with the 2020-2021 enrollment decreases at the height of the COVID-19 pandemic. The same public universities with the highest decreases in enrollments were institutions with 50 percent or more Black and Latinx student enrollment: CSU (20.4 percent decrease), GSU (4.9 percent decrease), NEIU (7.8 percent decrease).[184]

The racially disparate enrollment differentials realized at public universities during the height of the COVID pandemic and continued through the 2021-2022 school year are similar to the racially disparate employment outcomes that materialized over the height of the COVID-19 pandemic. For instance, in the first quarter of 2021 (January through March), the respective unemployment rates for Black and Latinx workers were far greater than white workers, both nationally—1.9 and 1.7 times greater, respectively—and in Illinois—2.2 and 1.5 times greater, respectively.[185]

On the positive side of the ledger, federal pandemic relief has helped. For instance, through federal aid packages and various Presidential Executive Orders, federal student loans were deferred for most borrowers through January 31, 2022. This was initially made possible through the Coronavirus Aid, Relief and Economic Security Act of 2020 ("**CARES Act**"), which paused student loan payments and indirect collections of student loan repayments during the pandemic.[186]

The deferment program applied to approximately 90 percent of student loans, though Federal Student Loan repayment is scheduled to begin again in 2023 post President Biden's student loan cancelation executive order, which will be detailed in the next section.[187]

10. President Biden's Student Loan Forgiveness Executive Order

In August 2022, President Biden issued an executive order cancelling $10,000 of student debt for low- to middle-income borrowers, to put a dent in the accumulated $1.6 trillion and rising debt for more than 45 million Americans.[188] This executive order has three components: (i) the Department of Education will provide up to $20,000 in debt cancellation to Pell Grant recipients with loans held by the Department of Education, and up to $10,000 in debt cancellation to non-Pell Grant recipients for borrowers with individual incomes less than $125,000 or $250,000 for married couples; (ii) a proposal to cut monthly payments in half for undergraduate loans based on an income-driven repayment plan that protects more low-income borrowers from making any payments and caps monthly payments for undergraduate loans at 5% of a borrower's discretionary income—half of the rate that borrowers must pay now under most existing plans; and (iii) modifying the broken Public Service Loan Forgiveness ("**PSLF**") program by proposing a rule that borrowers who have worked at a nonprofit, in the military, or in federal, state, tribal, or local government, receive appropriate credit toward loan forgiveness.[189] The White House estimates that this executive order will provide relief to up to 43 million borrowers, including cancelling the full remaining balance for roughly 20 million people if all borrowers claim the relief they are entitled to.[190]

Student loan cancelation will benefit low-income students, who are more likely to borrow to cover the cost of Higher Education than are their high-income peers.[191] The Department of Education estimates that, among borrowers who are no longer in school, nearly 90% of relief dollars will go to those earning less than $75,000 a year.[192]

It will also benefit students of color, specifically Black students, who are more likely to borrow to pay for college than are their white peers. This executive order's focus on targeted relief to borrowers who received Pell Grants will disproportionally benefit Black borrowers since the percentage of students who received Pell Grants was highest for Black students at 72 percent, according to 2015-2016 data.[193] Indeed, 85 percent of Black students who graduated from any institution of higher learning had student loans, compared to 69 percent of their white peers.[194]

The Department of Education estimates that 1,486,600 Illinois borrowers are eligible for student debt relief, and 863,600 of those borrowers received a Pell Grant.[195] Recall that Pell Grant recipients are eligible for up $20,000 in loan forgiveness instead of the $10,000 for those who have a federal student loan and meet the income qualifications.

11. Conclusion

Given the body of research showing how post-secondary educational attainment benefits both individuals and society, Illinois' decades long decision to cut Higher Education appropriations as a means of dealing with its General Fund deficit cannot be justified.

Underfunding Higher Education makes it harder for many Illinois students to attend college at a time when a college degree is more important than ever for success in the labor market. But underfunding Higher Education is still Illinois state policy. Despite exceeding IBHE's recommendation for Higher Education funding in FY 2022 and FY 2023, the state's General Fund appropriation for Higher Education in FY 2023 is still 46 percent less in real terms than it was two decades ago in FY 2000.[196]

Based on the research, enhancing state support for public institutions of Higher Education and the MAP program can be expected to generate numerous positive outcomes. For instance, public universities and community colleges could rebuild staff and program capacity while reducing overreliance on tuition and fee revenue.

Reducing reliance on tuition and fee revenues—combined with an enhanced investment in the MAP program—would go a long way to help making attending college more affordable for low- and middle-income students.

That in turn would likely result in more students attending Illinois universities and colleges and create a real impetus for countering the long-term trend of declining enrollment in Illinois. Moreover, if the Commission's work is successful and state lawmakers ultimately adopt an adequacy and equity-based funding formula for Higher Education, it is not only likely that more degrees will be conferred in the state, but also that the distribution of said degree conferrals will be more equitable than has historically pertained. All of which will help stimulate the state's private sector economy over both the short and long terms. Simply put, making an adequate General Fund investment in Higher Education is not only the right thing to do from a public policy standpoint, but also from an economic and social justice standpoint.

Endnotes

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17 CTBA analysis of U.S. Bureau of Labor Statistics, Current Population Survey, 2020; The national data separates these categories, while state and regional data sets combine them. For those with an associate's degree, the national unemployment rate was 7.1 percent, while for those with some college it was 8.3 percent

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