3-2010

Higher Education Funding in Illinois: 1997-2010

John S. Jackson
Southern Illinois University Carbondale

Carol Bedar
Southern Illinois University Carbondale

The Simon Review

Higher Education Funding in Illinois: 1997-2010

By

John S. Jackson, Visiting Professor

and

Carol Bedar, Graduate Research Assistant

A Publication of The Paul Simon Public Policy Institute

Southern Illinois University Carbondale

Paper #18

March 2010

The authors would like to thank John Foster, Subhash Sharma, Kazi Amed and Don Wilson for their assistance.

Higher Education Funding in Illinois: 1997-2010

Introduction

This paper examines the recent history of state appropriated funding for higher education in Illinois. It covers the fourteen years from Fiscal Year 1997 through 2010. It also reviews some of the most important literature on public budgeting and relates that academic literature to the recent record of how the State of Illinois has handled its budgets over the past few years and what this has meant to the agencies of the state in terms of planning and decision making. The paper takes some of the abstract and theoretical literature and applies it to the very real case study of education's struggle with recent budgeting decisions in Illinois. The state budget as well as funding for education in general and higher education in particular have been very much in the news in Illinois over the past several years, and it has been mostly in a negative way. Because of the economic recession of 2008-2009 state revenues declined precipitously while demands for state services continued unabated or even increased as a result of the deep recession. As a result, the state was running a significant and growing deficit while struggling to pay its bills. Human services providers including services for children, the handicapped and the aged and various state agencies including conservation, corrections, state parks and historic sites, and public transportation have all been cut and threatened with even greater cuts. All of those public service agencies have raised a cry to the state trying to explain what they do, the clients they serve, what they contribute to the common good and to the quality of life in Illinois and why their budgets needed to be maintained. In addition, they have tried to explain how much devastation the state budget cuts and the uncertainty surrounding the budget cause their agencies and the people they serve. So far, those cries have gone unheeded as the state has continued to sink deeper and deeper into debt and the public discourse has not yielded much of a consensus on what is to be done. This paper attempts to add to the public discourse at least in the area of funding for higher education in Illinois.

The most recent year, i.e. Fiscal Year 2010, has seen the accumulation of a total state deficit in the general operating fund of approximately 13 billion dollars. One authoritative source has calculated the total accumulated debt of the state as nearing $130 billion (Illinoisisbroke.com). Almost all states have experienced budget shortfalls in the recent recession; however, the problem in Illinois has been accumulating for years. While it has been exacerbated by the recent recession, the Illinois shortfall is also the product of bad budget decisions made in good economic times as well. In other words Illinois already had what economists call a "structural deficit" which was then exacerbated by the more immediate or short term deficit generated by the recession. In short, the state faced the situation year after year where the state's natural revenue growth was consistently below its expenditure increases, or put simply, the income did not match the outgo. Illinois is often ranked as second only to California's budget disaster in terms of its scope and severity and at minimum Illinois is in the top five states in terms of the size of its budget deficit (Illinoisisbroke.com). Illinois has been borrowing money, considering the sale of assets, stretching out payment time for vendors and otherwise temporizing with its budget problems for several years now; however, the negative trends seem to have all come together in a highly volatile mixture in Fiscal Year 2010. One of the biggest sources of the annual deficit and the largest item in the accumulated debt is the state's obligations to its five public employee pension systems. Yet the state has used its current assets in the pension systems as if it were a bottomless piggy bank to borrow from. In January of 2010 the state of Illinois sold $3.5 billion in "pension obligation notes" which means it borrowed money to pay for the state's obligations to the public employee retirement systems. In 2003, the first year of the Rod Blagojevich Administration, Illinois borrowed $10 billion to make its required payments to the pension funds. In fact Illinois has been very seriously underfunding its required contributions to the pension funds since the year 2000 (Illinoisisbroke.com). The accumulated deficit in the state pension systems was over $61 billion, or almost half of the total debt, according to the State Pension Modernization Task Force study of the problem. A recent study of all fifty state pension systems by the respected Pew Center on the States ranked two states, Illinois and Kansas, as having the worst funded state pension systems in the entire nation, and it actually ranked Illinois as the "most troubled" during their study period (Pew Center, February 19, 2010; Scolforo, February 19, 2010, 1). The option of borrowing money to get through the crisis may be of very limited value and duration. The big national credit rating services have taken note of Illinois' problems, and Moody's Investor Services has recently downgraded the state's credit rating to the lowest in the nation except for California (Dunn, March, 2010, 18). More importantly, paying back the money requires a cash flow that does not exist.

The pension system is not the only problem. Just meeting daily operating expenses has become a constant challenge for the state. At the beginning of calendar year 2010 Illinois faced a total backlog of unpaid bills in the range of almost $4 billion. The state's daily cash flow operations, its checking account balance, was so far in the red the Comptroller constantly shuffled bank balances and bills in an attempt to continue to satisfy the state's creditors. For the past several fiscal years the state has been constantly behind in payments to the major vendors who provide goods and services to the public. This means that doctors, dentists, hospitals, drug stores, nursing homes for the elderly, foster care providers for children, drug and alcohol counselors, job search agencies, and a host of other state service providers have been forced to wait for months for their promised state payments. In many cases the payments were so delayed, and so uncertain that the agencies have significantly reduced staff, or have closed entirely (Dunn, March 2010, 17-19). The fact that these human service agencies have stopped or severely curtailed their services to the clients and populations which they previously served had a ripple effect in the private sector. In February of 2010 the Center for Tax and Budget Accountability studied the human services agencies in Illinois closely and reported that most of the human services are not provided directly by the state. Instead around 75% are provided by private businesses many of which are non-profit organizations (Center for Tax and Budget Accountability, February, 2010, 2). They further reported the following: "The United Way of Metropolitan Chicago conducted a survey of private sector human service providers to determine what impact the state's FY 2010 fiscal woes had on their businesses. As of December 1, 2009, over 500 providers responded to this survey. Of the respondents, 60 percent reported they have already reduced or frozen the number of clients served due to funding cuts by and delayed payments from the state in FY 2010, while 13 percent reported temporarily or permanently closing facilities" (Ibid, 3). In addition, "AARP Illinois recently said that the State owes $200 million to 175 social service agencies that provide critical home and community-based services to 60,000 seniors, many of whom might be forced to go into nursing homes if the agencies have to lay off workers or close their doors" (The Institute for Illinois' Fiscal Sustainability, January 22, 2010, 6). Because the state is now so slow and uncertain in remitting payment on bills medical doctors are now requiring state employees to pay for services up front even though the state's medical insurance plan theoretically covers their visit. Many doctors will not take new Medicaid or Medicare patients at all. There are many other examples of the negative effect of the budget crisis, but we will concentrate on education in this paper.

Since education is such a big part of the total state budget, not surprisingly it has been hit hard by the budgetary crisis. The state universities and community colleges, like K-12 schools and like social service providers statewide shouldered their part in the pain which has afflicted the other state agencies during the 2009-2010 budget crisis. Initially institutions of higher education in Illinois took numerous steps to try to cope with the slow payments from the state and the reductions in funding they were facing. The community colleges and the universities reduced faculty and staff and went through their budgets carefully seeking places where savings could be realized and where the cuts would do the most minimum damage to their programs. News story after news story on television, radio, and in the print media documented the story of educators struggling to meet the challenge of a state budget that was stressed and a political system that appeared to be broken in the sense that it simply could not or would not rise to the challenge of providing for a public sector of a scope that could be afforded and then raise the revenues necessary to fund that public sector out of current dollars rather than out of borrowing against future revenues and deficit financing.

Out of the many stories which illustrates this state of crisis which pervades the educational community perhaps none is more cogent than the story in the second week of February 2010 when the presidents of the twelve state supported universities, the senior institutions in the state's system of higher education, all banded together and wrote a letter to the Governor and the Comptroller asking that their institutions simply be funded at the level of dollars the state had appropriated for Fiscal Year 2010. At that time the press reports on this letter indicated that the state owed the universities and the community colleges a combined total of $775 million on their Fiscal Year 2010 appropriations. Ordinarily it would go without saying that the universities could plan their budgets based on the state appropriated amounts. Ordinarily the state appropriates the dollars and the agencies plan to spend them at a monthly rate which will ensure that they have not gone into the red by the end of the year. The annual appropriation is in effect a promissory note to the agencies backed by the "full faith and credit" of the state of Illinois. This is the way rational planning and orderly implementation of a budget is assured in the state agencies. Nevertheless, this is not what happened in F Y 2010. There had been prior appeals from the presidents. Southern Illinois University President Glenn Poshard had first sounded the alarm late in the fall semester of 2009. At that point the university had received none of the funds promised from the annual state appropriation. The state was more than $100 million behind in payments from the general revenue fund which SIU had expected based on the appropriated budget for fiscal year 2010. Since the new fiscal year began (July 1, 2009) the university had been operating off the "income fund" which is mostly composed of the tuition the students paid in the fall semester. That money was about exhausted and Poshard said that meeting the payroll in subsequent months was in jeopardy. He desperately pleaded with the state to send some payment on the appropriated accounts. The President of the University of Illinois, Stanley Ikenberry, soon joined the chorus. The University of Illinois is so large that their combined deficit from the state dwarfed the totals at the other state universities. Ikenberry ordered unpaid furlough days for faculty and staff at all three of the campuses of the state's most recognized university. He also stated that some of the most accomplished and most mobile of the university's faculty were starting to look for jobs elsewhere. Other university and community college presidents soon joined Presidents Poshard and Ikenberry in their call for action from the state.

At the early February marker when the university presidents went public with their plea to the authorities to send the state's promised appropriated amounts, the amounts were truly impressive. The statewide total owed to the twelve universities and the 48 community colleges was $775 million (Long and Manchir, January 11, 2010, 1). The amounts owed to the various state universities were formidable. At the University of Illinois the total accumulated debt the state owed to the university for fiscal year 2010 was $430 million; at SIU at the time it was over $100 million; at Northern Illinois University it was approximately $60 million; at Illinois State it was $53 million; at Western Illinois University the amount owed by the state was $38 million. All the other state schools had similar and proportionate shortfalls (Peoria Journal Star, February 7, 2010). Of course the universities were not alone in feeling this financial pain. The state reportedly was behind over $1 billion in payments to local school districts. Each community college was going public with the amount that the state was in arrears to it, and each one had a large bill to present to the state. For example, John A. Logan College was reported to be behind $7 million in receipt of its budgeted amounts from the state (Fitzgerald, Scott, 2010, The Southern Illinoisan, March 3, 1-B). Shawnee Community College reported a debt owed to it by the state of $2 million. When placed in the context of their total budget being $14 million this debt constituted one-seventh of their annual budget (Barker, Tom. 2010, Southern Illinoisan, March 3, 2-B). In late February the universities and community colleges received some state funds to address their immediate needs; however, the source of those funds was the federal stimulus money that Illinois had received for education and there was still a substantial unpaid balance on what the state owed (Southern Illinoisan, 2010, February 25, 1). The cities and towns were reported to be waiting on $478 million in funds due to them. All of this was in addition to the private vendors who were pleading for payments on the accounts owed to them (Long and Manchir, 2010, The Chicago Tribune, January 11, 1). In short, the state was in a budgetary crisis and the late payment and non- payment of its bills was wreaking havoc on every facet of state government. Education, including K-12, the community colleges, and the universities was disrupted as were all other state agencies. Since Governor Richard Ogilvie ensured his place in history by taking the lead on introducing the state income tax in the late 1960s, Illinois has not faced such an unprecedented and toxic mixture of political and budgetary uncertainty. The next section of this paper attempts to set the current crisis into a larger academic context.

Public Budgeting in Normal Times

In this section we will review some of the seminal literature on public budgeting and the various theoretical models that are designed to capture how people make decisions in bureaucracies. This literature will also be applied to the recent history of budgeting in higher education in Illinois to see how the literature illuminates what has happened to budgeting in Illinois over the past decade and a half. We start by postulating that no state agency can deal rationally with the kind of budgetary chaos, the level of total unpredictability and constant uncertainty introduced into their planning and decision-making that has faced educators and other state agency leaders in Illinois at least since F Y 2008 if not before. The people who lead our universities and community colleges are generally intelligent and well educated people. They ordinarily hold their positions because of their professional achievements, the support and respect they enjoy from their colleagues and their dedication to advancing their institutions. They also usually attempt to realize the ideal of rationality in their decision making (for a definition of rationality as it is being used here see: Dye, 1978, chapter 2). After all one of the basic pillars on which the whole edifice of education is built is the assertion that rationality, i.e. the setting of long term goals and the gathering and analysis of facts, information and empirical evidence on how best to reach those goals can prevail over ignorance, superstition, and misinformation. One of the leading experts on public budgeting, Donald Kettl, has written: "The search for a rational approach to budgeting, in fact, has come to resemble the quest for the Holy Grail" (Kettl, 2003, 79). Most decision makers in complex organizations and certainly most educational administrators aspire to achieve the tenants of the rational model in their decision-making. No matter how dedicated, how smart and how rational these people are however, they cannot be expected to deal successfully with the level of uncertainty that the state budget crisis has created recently. They must have some stability and some level of confidence in what the full faith and credit of the state is supposed to mean. In order to be good stewards of the public's money, those who operate the public agencies must have some known and dependable parameters within which they operate their agencies. Budgetary chaos destroys those rational parameters. In reality even in the most stable of times, most bureaucratic decision makers do the best they can with the information and the time they have available. They make what the literature calls "satisficing decisions" and then they move on (Simon, 1957). That is they make a decision that fits the parameters of the day as the decision maker understands them and a decision which will allow the organization to continue to operate and meet its objectives. This is another form of what Charles E. Lindbloom called in a classic article, "the science of muddling through" (Lindbloom, 1959, 79-88). However, when the agencies and the crucial decision-makers who manage them do not have any idea what their budget will be, and when the fiscal year unfolds month after month with no payments received from their major sources of funds, the ability even to make satisficing decisions is hindered and the demand for muddling thorough is even harder to fulfill. Uncertainty in the budget creates chaos in the rest of the organization. Uncertainty in the budget makes it difficult, if not impossible, for the organization to accomplish its mission and serve the public. In order to illustrate the kinds of approximation to rational decisions and compromises with the ideal requirements of rationality that most state agencies are accustomed to operating under we will provide a quick primer on how public budgeting ordinarily works in large public agencies.

Budgets are critical management tools and they should guide the agenda of any public agency. Budgets are blueprints showing what the agency plans to do for the year and how it plans to realize its major objectives. Budgets are the best and most practical reflection of the priorities of the agency. If an activity or program is included in the budget it is a priority, and the level of funding it receives reflects where the priorities of the agency lie. No amount of rhetoric can cover the fact that if a function or program is not funded, or is funded at a very low level, it is not a very high priority for the agency, and ultimately for the state. Most public leaders, for example, are elected to office claiming allegiance to the importance of public education. Most recognize that in the modern global economy the United

States is competing with the best minds in the rest of the world. It takes a well educated and highly trained work force to compete in what the author, Tom Friedman, has called the “flat earth” economy to indicate the interconnected nature of the major economies of the world (Friedman, 2005). It is a truism that nations which spend the most on education and on the development of human capital also have the strongest economies and the most prosperous people. The same applies to the individual states of the United States. What most Americans do not know or don’t appreciate is the fact that in most of Europe, Great Britain, and much of Asia higher education is either free or delivered to the students who qualify at a very low cost. Tuition is either non-existent or very low and extra fees are kept to a bare minimum. Students who graduate from their universities are generally not saddled with large amounts of long term debt resulting from accumulated student loans. Their philosophy is that those students who qualify for admission to the universities should have their education paid for as a public good and that it is an investment which will pay dividends to the entire society. Laying aside all the rhetoric about the importance of education in the United States and in Illinois, an examination of the budgets provided to the universities by the state produces a decidedly more mixed picture of the real priorities demonstrated in recent years by the public officials who make these decisions. In this segment of the paper we discuss how public budgeting in higher education normally works and in the next section we will examine the empirical data indicating the longitudinal trends and highlighting the recent record of spending on higher education in Illinois.

Ordinarily this issue of how budgeting process for higher education works might be a rather esoteric question of interest mostly to the administrators who manage the major public universities and the community colleges in the state. Those leaders would be generally familiar with the overall patterns of budgetary allocations for higher education each year and would be keenly aware of how their own home institution has fared recently. Most of them would also be sophisticated in the realities of public budgeting and would recognize that incremental budgeting for public agencies is the norm and they would view the budgetary process and their expectations of it through that lens (Wildavsky, 1984; Kettl, 2003). It is almost impossible to think about budgeting without basic reference to what came before, i.e. to last year’s base. The base represents in a very tangible way the sunk costs of the institution in terms of the personnel already on board (many of whom have tenure in the universities or are protected by state civil service systems and union contracts). It also represents the costs of providing for the programs and serving the clients of the institution, i.e. the students and the surrounding communities in the case of the universities. It also represents the demands of operating and keeping up with the maintenance and energy costs of the buildings and grounds which are the basic infrastructure of the institution. These needs are constant and enduring and change only at the margins from year to year. Wildavsky in his classic book on public budgeting wrote the following: “The largest determining factor of the size and content of this year’s budget is last year’s budget. Most of the budget is a product of previous decisions….Many items in the budget are standard and are simply reenacted every year unless there is a special reason to challenge them. Long range commitments have been made and this year’s share is scooped out of the total and included as part of the total and included as part of the annual budget. There are mandatory programs such as price supports or veterans’ pensions whose expenses must be met….There are programs which appear to be satisfactory and which no one challenges any more” (Wildavsky, 1984, 13).

Incremental decision making is just one of several decision making models that have been used by public officials to try to achieve predictability and order in budgeting, but it is the most widely recognized and the most widely practiced. In his classic book on deficit politics, Donald Kettl expounds on the rational decision making model, and on the various ways in which the leaders of large organizations try to achieve the ideal of rationality, or simply try to make the best decision possible under the circumstances. The most prominent alternative to the pure rational model is the application of the incremental decision making model. It can be the foundation for the real world application of satisficing decisions and muddling through (Simon, 1957; Lindbloom, 1959). While it falls short of the grand aspirations of the pure rational model, it does allow for the orderly making of decisions under the constraints of the information gathering and information processing abilities of most people. It also recognizes and honors the implied or real contracts between the state government's political authorities and the agencies, mostly in the executive branch, which are charged with carrying out the programmatic directives and achieving the policy goals stipulated or implied in the budget and in the constitutional and statutory missions of the agencies.

Other competing decision making tools include Programming-Planning-Budgeting Systems (PPBS), Management by Objectives (MBO), Zero Based Budgeting (ZBB), The Government Performance and Results Act (GPRAM), and Performance Budgeting (Kettl, 2003, 83; Wildavsky, 1984, Chapters 4-6). All of these are interesting innovations in public planning and budgeting, but each falls far short of being the "Holy Grail" which guarantees meeting the challenges of the rational model. Each has been adopted from time to time by politicians running for office on a platform which includes the advocacy of one of these methods as the key to such benefits as more efficient government, lower taxes and a balanced budget. Each has been tried, sometimes repeatedly, in various state, local and federal governmental agencies. For example, Zero Based Budgeting (ZBB) frequently pops up in the campaigns of various office-seekers who tout its advantages. ZBB originated in private industry at Texas Instruments in the late 1960s. Kettl defines it as follows: "ZBB had, at its core, the idea of never assuming that agencies were entitled to continued funding for their programs simply because they had received funds the year before. In theory, budgeting would begin from a 'zero base,' and any increases over past funding would have to be won in an analytical competition with other proposals" (Kettl, 2003, 91). Jimmy Carter brought a deep faith in Zero Based Budgeting to the federal government when he moved from his former job as Governor of Georgia where he had implemented a version of it there with mixed success according to the critics (Wildavsky, 1984, 203-216). Carter issued a directive that all federal agencies implement ZBB for their F. Y. 1979 budget planning; however, the implementation proved to be too complicated, the calculations necessary were too demanding, and the agency heads were incapable or unwilling to comply with the decision rules. As a result the program was never fully implemented. Then Carter was defeated for a second term in 1980 and ZBB was abandoned. It has been tried in several other states including Illinois at one time but with no greater success.

According to Wildavsky, when it has been tried in the states, the base is usually not literally set at zero, but in effect at 90% of the previous year. Anything above the 90% marker must be justified and fought over in the political process (Wildavsky, 1984, 209). Most states which have tried ZBB ultimately abandon it because of the weight of the required data gathering and calculations necessary as well as the imperatives of the prior commitments and sunk costs problems discussed earlier. Few people know that each of these budgeting and decision making plans has been found to be impractical in application and/or disappointing in results in their real world application. Ultimately, each has been abandoned and relegated to the status of budgetary fads that come and go with various administrations. Each lives on in the lore of campaign rhetoric where candidate after candidate and campaign after campaign resurrects one or the other of these decision making models as the magic key which will unlock the elixir of effective and efficient delivery of public goods and services while saving millions of tax dollars. Each is a slightly re-labeled and repackaged edition of the classic rational decision making model. Since the public does not know exactly what the label means, the plan has a kind of surface plausibility, and it sounds reasonable. Each ultimately fails to achieve its promised results.

Wildavsky and Kettl stress that in any public agency, practical politics is very likely to intervene and to make the theoretically pure models much more difficult to apply in the real world. Thus, most agencies turn back to incrementalism after the other fads have come and gone. ZBB, for example, turned out to be a variation on the theme when the practical application resulted in setting the base at 90% of last year rather than zero. Incrementalism undoubtedly includes its own political bias, i.e. it is clearly biased in favor of what has gone before and in favor of the programs and policies which already exist. It recognizes the implications of organizational obligations to sunk costs. Thus, it is easier to defend the status quo than to try innovative new changes. Incrementalism will also allow the decision maker to cut budgets, at the margin, as well as increase them; however, it will not help a great deal when it becomes necessary to fundamentally re-order priorities. For that, one must turn to another model like Zero-Based budgeting; however, organizations and real human decision makers can only accommodate the information processing requirements and live with the political conflict engendered by a method like ZBB in times of extreme stress and only periodically rather than routinely. In other words, you simply cannot do those fundamental budgetary exercises every fiscal year. Most organizations also cannot process the conflict engendered by fundamentally re-ordering their priorities and considering the basic viability of their entire inventory of programs and the continuation or termination of each of their employees each year. Real world decision-makers might be able to do the extensive data gathering and decision making required in some of the other models if the time frame is extended over several years. For example, the Illinois Board of Higher Education requires that every program in the state be reviewed extensively on a six year cycle. Each state university must review each academic and non-academic program on that cycle. The reviews are very thorough and require a great deal of data collection and analysis, extensive internal and external reviews by peer experts outside the department or program being reviewed, and an evaluation by the students and alumni of the program. One of the possible outcomes of such a review is the finding that the program is no longer, "academically or economically justified". Programs can be reduced in size and scope, enhanced, or recommended to remain the same. In effect, this constitutes a limited form of Zero Based Budgeting stretched over the state's entire program review cycle. However, in most instances, programs are recommended for enhancement or maintenance rather than for elimination. Experience has proved that it is really difficult to eliminate a program of any size and importance in most universities as is true in other state agencies as well.

The wide spread prevalence of Incrementalism simply means that in most budget years most educators, like other managers in state government, have optimistically expected to receive last year's base budget plus, hopefully, a modest increase. Ordinarily these increases are expected to be in the range of two to four percent, and also hopefully would be approximately in line with the national rate of inflation. The state's income from new tax revenues each year, those revenues simply generated by growth in the economy and inflationary increases would normally be adequate to maintain that pace. A bad year would be a year with no new increases or a flat budget from the year before. This type of budget year actually would mean, at a minimum, no new growth and the loss of ground in real income (or constant dollars) since inflationary increases in the cost of doing business would eat up some of last year's base. This can constitute a bad year because expenditure adjustments must be made, and those adjustments must be downward, and virtually all administrators prefer growth over contraction. Thus, personnel cannot be given raises, some may have to be let go, some placed on leave or furloughs, and the budget for operations outside the personnel lines must be squeezed. A really bad budget year is one when real reductions are made in last year's base in addition to those imposed by inflation. A truly horrible budget year is when there are mid-year retractions (rescissions) and money which was appropriated and budgeted for that year has to be sent back to the state. Ordinarily decision makers expect budgets to last for a year and to control their decisions for a year. If that is not the case, and the budget keeps changing during the fiscal year, then it is difficult to make strategic decisions and to even make semi-rational decisions which can last for several months. Wildavsky calls this "annualarity". He writes, "Annualarity signifies predictability; this norm is not only desirable but feasible; the budget <u>will</u> last a year. With this common expectation, agencies are impelled to make accommodation with central controllers, like the Office of Management and Budget (OMB). Though not spelled out, this is the mutual understanding: because the Treasury promises to pay the amount passed in the budget, agencies will exercise restraint in requests and try to stay within the allotted amounts. To break that implied contract is to court a number of [bad] consequences" (Wildavsky, 1984, xviii; italics in the original). Quite obviously, we have not had annualarity in recent budgets in Illinois. There are some very negative consequences which follow from that loss of stability and predictability.

If the base budget shrinks from one fiscal year to the next, or worst still within the fiscal year via give-backs, this means that those cuts in the base must be absorbed and the rate of inflation must also be absorbed. State appropriations usually must be spent down to zero at the end of the fiscal year and there are only minimum allowances made for carrying over funds into the next fiscal year. Not many state agencies have the kind of flexible money to make a very significant magnitude of adjustment without imposing some notable bureaucratic pain. While it may be comforting to call such adjustments "bureaucratic pain", it is also true that such pain is usually visited rather quickly on real people, who may be bureaucrats, in the most bloodless sense, but who are also people who teach the classes, do the research, deliver the maintenance to buildings, operate the offices, serve the area extension and business development programs and house and feed the students in a university setting. Those are the people who are ultimately involved and who must also figure how to "do the same or more with less" as the shibboleth usually advocates. There is rarely enough other than salaries dollars to absorb which are adequate to the task of meeting a substantial reduction in the real base budget. Thus people and their salaries ordinarily have to be hit and hurt in the years when the base is reduced.

The other university constituency which feels the impact in good times and bad is the students. They are the ultimate audience, and the most important audience or the consumers of what the universities are producing. The faculty and staff would not have jobs, the area businesses would not have customers and renters and service contracts with the universities if the student body did not come to town to be educated. Thus, the students have perhaps the largest stake of all in the state budgetary process although they rarely recognize that fact in any direct sense. It is their careers which are being planned, and their credentials which are being gained, and their minds which are being developed and stretched. It is the students to whom the state has turned in dealing with the universities' budgetary problems over the past decade or so in Illinois. Commensurate with the whole "user fee" mentality which is rampant nationally, the students have faced a steady escalation of increases in the price they have to pay for their educations. Put simply tuition and fee increases in the state universities in Illinois have been on a very steep and steady incline for over a decade. The universities have simply decided to pass along an ever increasing share of the costs of higher education to the students and to those who support them, i.e. their families and the grants and student loan agencies. The state has been complicit in this decision without much real public debate or input. (See Appendix A for recent tuition rates at Southern Illinois University and the other state universities). In fact the data show that the rate of increase in tuition has substantially outstripped the increase in the rate of inflation (See Appendix B for the increases translated in terms of real dollars to take into the account the impact of inflation). This is a trend which has also been evident throughout the nation. Indeed, steady reductions in support for higher education is certainly not limited to Illinois although our problems are among the worst (Hebel, 2010. 1). SIU recently announced that the university would not continue this steady escalation of tuition increases for next year's entering classes of freshmen. The rationale provided for this decision to hold the tuition line is cogent:

> According to the October 2009 College Board's Annual Survey of Tuition and Fee Rates for Public Four Year Institutions, Illinois has the highest tuition and fees of all Midwestern states and the fifth-highest rates among all states. The highly respected National Center for Public Policy for Higher Education gave Illinois an F on the issue of affordability in its 2008 National Report Card on Higher Education. SIU's tuition rates have risen 135 percent over the last nine years, while state support for public universities next year is expected to drop to 1999 levels without legislative action on Gov. Pat Quinn's proposed 1 percent income tax increase (University Communications, March 22, 2010).

From the Morrill Act of 1862 through the G. I. Bill after World War II through various student grants and loans programs like the Pell grants, the Federal Direct Student Loan Program at the national level and the MAP grants at the state level, American leaders and the people alike have recognized that spending on public education was a good investment in the future prosperity of the nation. The teaching, research and service which took place in the colleges and universities and the long line of well educated graduates produced a rising economic tide which ultimately benefitted the entire nation. Ideally also the public university systems took pride in providing an affordable education for most of those willing to go to school and with the talent and ability necessary to benefit from such an education. This commitment produced public education for a mass democracy and it recognized and honored the intrinsic and material benefits of gaining a good education. Advancing the cause of public education became one of the most important missions of state, local and national governments. An excellent education was good for the individual who received it, and it was also good for the overall economy of the state and the health of the society which supported it through tax revenues. Empirical studies have consistently demonstrated that those nations and those states which invested the most in human capital, i.e. in education, were also the most prosperous. They were the places people wanted to live and work. They were the places where new immigrants came to be educated and to find economic opportunity. They were the places were business and industry wanted to locate in order to find an educated and skilled workforce. They were the places like Silicon Valley in California, Research Triangle in North Carolina, and the high tech suburbs of northern Virginia and Boston where creative people and entrepreneurs congregated and dreamed up new ideas and products and new start ups fueled by venture capital. In addition, these were the places where modern business and industry wanted to locate so their executives and their workers alike could enjoy a high quality of life and be stimulated by their creative competitors (Florida. 2002 and 2008; Shaffer and Wright. 2010). We now live in a knowledge based world where economic success and social stability alike depend on the availability of education for everyone who can benefit from it. Many public officials pay lip service to this vision of what good educational systems, highly trained workforces and modern infrastructures can do for the public wheal. The commitment to public education in general and higher education in particular has wilted in the face of economic stress and the widespread phobia against taxes which are so deeply engrained in the American political culture.

Public budgeting is still ultimately a political question of how to raise the resources and where to place those resources. Spending resources on education, infrastructure, and jobs training programs is a form of spending on what the economists call “public goods”. We do not give much attention in the American culture to the importance of public goods since ours is such an individualistic political culture which celebrates personal prerogatives and achievement rather than the needs and advantages of life in the community.

Elected public officials often have a private good much more immediately in mind, and it is a private good which affects them very personally. As David Mayhew has demonstrated quite conclusively, their first consideration is what any decision will mean to their re-election chances and the advancement of their careers (Mayhew, 1974). Thus politics usually gets in the way of realizing the ideal and some would say utopian desire to realize the common good even if it means personal sacrifice. Most American taxpayers are not much different and demand the lowest tax bill possible. It is not surprising that their leaders are eager to accommodate their demands especially if the public official firmly believes that it will help them win re-election. In Illinois, as in most states, it is often said that the elected officials will not act on anything controversial if an election is pending. In Illinois, there is almost always another election just around the corner. We have two year terms for the House and petitions for the next primary election must be filed in the fall of the year before the election takes place. The upshot has been that in Illinois we have descended into the budgetary chaos which has marked the last several budgetary cycles, but which got much more severe in Fiscal Years 2009 and 2010 because of the massive recession the entire nation endured and past spending decisions made by the state government. In the next segment we will provide the data for the 14 fiscal years from 1997 through 2010. This will set the current crisis of 2009-2010 into a larger longitudinal perspective.

The Longitudinal Data

This section of the paper provides an overview of the state of Illinois' appropriations from the general fund to the twelve public universities for their operating budgets. We recognize that this is a somewhat limited view of all the state funds provided to education and there are other important markers, e.g. funds provided to the Illinois MAP grant program and significant funds provided by the state's new $31billion capital program; however, it is the largest and most important single expenditure by the state on its universities. The empirical data cover Fiscal Year 1997through Fiscal Year 2010. This is a fourteen year period that is sufficient to providing a good long term view of recent budgetary history in Illinois. One of the themes of this paper is that the budgetary process at its core is the most central reflection of the priorities and the political system of the state. In short, making the budget is a very political process. In light of that theme it is useful to note that the period included here covers the last two budgets under Governor Jim Edgar, all four budgets produced by George Ryan, all of the seven budgets produced under Governor Rod Blagojevich, and the first budget under Governor Pat Quinn. This period includes two Republican governors and two Democratic Governors. It also includes a period when the House was entirely controlled by the Democrats as the majority party, although the size of the Democratic majority varied somewhat during this period. On the Senate side the Republicans had the controlling majority from 1997 through 2002. Since this was the end of the Edgar administration and includes the entire tenure of Governor George Ryan, Illinois had divided government with the governor and one body of the general assembly controlled by the Republicans and the other controlled by the Democrats during that period. Then starting in 2003 after the remap required by reapportionment, the Democrats also took control of the Senate and thus control of both the legislative and executive branches of state government.

(Table 1 and Figure 1 here)

The data in Table 1 provide the long term picture in a succinct form. Figure 1 provides the same information in more graphic form which is easily grasped at a glance. As is evident from this data set, taking Fiscal Year 1997 as a base, the total state appropriated amount for the senior universities was $1.162 billion. This base constantly increased in modest increments from $1.205 billion in Fiscal Year 1998 to $1.496 billion in Fiscal Year 2002. In terms of the administrations involved, this period included the last of Jim Edgar's years, and all of George Ryan's single term. It is interesting to note that George Ryan's last year in office (Calendar Year 2002) was the best year higher education enjoyed in recent years in terms of total revenue from state appropriations. It is also clear that the downturn started in Fiscal Year 2003, which was Governor Blagojevich's first budget, when there was an actual decrease in base budgets from $1.496 billion down to $1.411 billion. This marks one of the few times in recent state history when the base was decreased and was something the universities had not been accustomed to dealing with; however, they made the necessary incremental adjustments and waited for better times.

It is also clear from these longitudinal data that better times were very slow in coming, and indeed harder times were ahead. The next fiscal year (2004) produced another steep downturn to $1.303 billion and the cutbacks and belt tightening continued. Then the next two fiscal years (2005 and 2006) were marked by essentially flat budgets although there was a tiny additional increment each year. In addition, 2007-2009 showed modest incremental adjustments upward, but when inflation is considered they also were essentially flat budgets. 2010 was simply a repeat of 2009. It reflected a flat budget from the previous year despite the state's financial crisis being quite real by that point. The federal government supplied the state of Illinois with $4.8 billion under its stimulus program, or the American Recovery and Reinvestment Act of 2009 (The Civic Federation, January 22, 2010, 4). The federal government through this act provided significant new federal funds for the universities to subsidize their F. Y. 2010 budgets. This assistance provided a temporary shelter to higher education because the federal government under the rules of the stimulus package demanded that state's total F. Y 2010 educational budget be "held harmless", i.e. could not be reduced from the year before. The big question, of course, is what happens in 2011 when these funds run out and the state's budget crisis grows worse unless the political leadership in Springfield decides finally to address the problem.

One area where there has been some good news on the budget front is in the state's subsidy of tuition for low income students who qualify for the Monetary Award Program or the MAP grants. As tuition has increased steadily each year the state has kept pace by providing more student aid. Indeed, as the total appropriations to the state universities have decline in the decade since 2000, the state's contributions to the MAP grants have increased or held steady. Table 2 and Figure 2 provide that trend in graphic detail.

(Table 2 and Figure 2 here)

It is again evident that F Y 2001 was the best year in its era when the MAP grants topped out at just over $357 million in state dollars. Funding then fell substantially in Fiscal Year 2002 which was Governor George Ryan's last budget year. The funding for MAP grants then stayed approximately level from FY 2002 through FY 2005 and it notched a notable increase in FY2006 when it returned to the $350 million mark. Then in FY 2007 the increase is notable as the MAP grant funds reached the $384 million mark where it stayed steady from 2007 through 2009. While this is a steady level for the base budget in current dollars, when the effects of inflation and the rapid increases in tuition at the universities are considered, this trend represents a steady decline in the purchasing power of the MAP grant funds or the numbers of students who can take advantage of that program as we will demonstrate below. The amount of funding budgeted originally for the MAP grants then declined by almost half in the original FY2010 budget which started with $198 million appropriated for MAP grants. This prospective cut led to the crisis in MAP grant funding that was evident on all the state university campuses in the fall semester of 2009. In addition, many of the private universities felt the threat keenly since their students are also eligible for MAP grants and many of the private school students in Illinois take advantage of this generous state funding. When the students and their parents finally became aware of the fact that the MAP grants were only funded for half of the year and that they could be zeroed out for the spring term in 2010, there was a genuine political firestorm that developed throughout the state. The students and their supporters organized loud protests on their campuses which then culminated in a mass demonstration in Springfield in October. The Governor and the General Assembly immediately responded by agreeing to increase the MAP grant funding by a total of $205 million for the spring semester of 2010. This would push the total to $403 million for FY2010. The students and university leaders were greatly relieved and the political pressure subsided. The prospect that tens of thousands of students would not have enough funds to return to school for the spring term was averted at least temporarily. Unfortunately, the Governor and the General Assembly refused to provide any funding mechanism for the promised MAP grants, and thus the costs of this mandate were just added to the state's debt total.

(Figures 5- 13 here)

Figures 5 through 13 provide the longitudinal data for the individual universities. We will focus on the two systems, i. e. the University of Illinois and Southern Illinois University. Essentially the data tell the same story as that provided above. That is, each system and each individual university's allocations went up steadily and incrementally from 1997 through 2002 and then declined precipitously. Each one has then lived with a flat budget with minor variations since Fiscal Year 2004. For example, the University of Illinois system started with $625 million in F. Y. 1997; went up steadily and incrementally to $801 million in F. Y. 2002; and then it declined markedly to $755 million in F. Y. 2003. It is important to note that the University of Illinois (and the other universities as well), has not rebounded as of 2010 to the level of current dollars achieved in F. Y. 2002. The same pattern holds for the Southern Illinois University system. SIU started at $194 million in F. Y. 1997, went up steadily and incrementally to $249 million in F. Y. 2002 and then declined dramatically. As of F Y 2010 SIU had not regained the level of nominal or current dollars funding it had achieved as of FY 2002. Some individual universities show minor variations and exceptions on the pattern of incremental percentage increase or decrease; however, the overall trend is the same for each school.   So far we have dealt with nominal or current dollars, i.e. the budgetary allocations are not adjusted for inflation. In Tables 3 and 4 and Figures 3 and 4 we make those adjustments and translate the budgetary figures into real or constant dollars by adjusting them for the rate of inflation in the Consumer Price Index. This adjustment is made for both the overall budget for each state institution and then for the MAP grants.

(Tables 3 and 4 and Figures 3 and 4 here)

The pattern we discerned before is even more graphically displayed here in these inflation adjusted data. First, it is evident that the universities and to a lesser extent the MAP grant funds alike have suffered dramatic losses in their buying power when inflation is factored into the equation. The total state allocations for the universities have declined from $1,162,492,700 in FY 1997 to $1,025,227,180 in FY 2010. This is a loss of approximately $137 million in the buying power of the dollars provided to higher education in Illinois during this period. It is also evident that the big dip occurred in the transition from FY2002 to FY2003 (Governor Blagojevich's first fiscal year in charge). The difference in those two years represented a loss of approximately $103 million in buying power in that one year span.   Each individual institution has taken a proportionate cut in its base budget funding. SIU, for example, has declined from approximately $194 million base in FY 1997 to $171 million in inflation adjusted dollars. This represents a $23 million loss from the base during this period. The University of Illinois has suffered a decline from a $625 million base in FY 1997 to a $546 million base in FY 2010. This represents a $79 million loss to the base which had to be absorbed internally. The picture is somewhat more complicated for the MAP grants. There the changes are from a $265million base in FY1997 to a $285 million base in FY2009 in real or constant dollars. The MAP grants increased steadily from FY1997 through FY 2001. The big transition year was from FY 2001 to FY 2002 (George Ryan's last year) when the decline in real and nominal dollars set in and that decline was not reversed until FY2007. Then it started again in FY2008. Given that tuition has increased substantially in every state university over this period, the buying power of the total MAP grant dollars has declined markedly some years and increased modestly in others. Either fewer students have been served or the proportion of their total university expenses provided by the MAP grants has declined, or both. The same is true for the operating budgets for each of the universities in the state. The period between 2002 and 2010 has not been kind to higher education in Illinois.

The Illinois Board of Higher Education, as well as the state's political process, ensures that each university will be treated approximately the same as the others. The general absence of much notable variation in these budgetary patterns from institution to institution indicates that the IBHE has succeeded admirably in this objective. The budgetary pain has been spread rather evenly across all of the state institutions. Little did the universities or anyone else realize at the time that FY 2003 would be their best year in the first decade of the new century. The decline and the budgetary chaos were not specifically planned and the costs were not calculated. These declines have taken place with very little public discussion and debate about the role of education in the long term prosperity of the state and the implications of shifting the burden of paying for education from the state to the students. It just happened because of the politics of the state. It happened because politics in the short run took precedence over every other consideration. It happened because the political leaders refused to deal with the problem on anything like a long term basis and because the people, the voters, who supported them and elected them did not know or understand what was happening to the state. Or they did not care enough to demand action. It is that knowing and caring obligation that we address this paper to, and we hope this paper will contribute to that very necessary public dialogue. We conclude with summary remarks about the role of public opinion, taxes, and budgets in 21st Century America.

Conclusion

In his seminal book entitled Public Opinion published in 1922 Walter Lippmann raised a fundamental question about the role of public opinion in mass democracies. That question was whether democracies, particularly the American democracy, would support the hard choices he felt had to be made in the field of foreign policy. To him this meant standing up to authoritarian regimes and avoiding the slide into isolationism which prevailed in the United States in the entire decade of the 1920s and into most of the decade of the 1930s when Adolph Hitler and Nazi Germany were taking power and threatening all of Europe and the rest of the world with their authoritarian regime. We now know that the United States did rise to that challenge and what Tom Brokaw has called "The Greatest Generation" proved the mettle of not only the American military, but also of all the citizens on the home-front who unequivocally supported the war effort with bravery, sacrifice, and equanimity. In many subsequent crises, public opinion has been on the side of freedom and democracy and American foreign policy has been a bulwark of support for western values.

A different version of Lippman's question is in order today. The fundamental answer is in grave doubt. The nation is deeply divided in partisan and ideological camps and no one wants to give an inch in order to enact public policy which is less than 99 percent pure in reflecting their own beliefs and the values and interests of those groups and powers they represent. There is political gridlock in Washington and in many state capitals today, and deep polarization in the mass public. The level of partisanship among office holders and the political elites has never been more compelling. Certainly Illinois represents one of the worst case forms of that gridlock and partisanship. There is a constant demand that no new taxes be enacted, and indeed a constant refrain that taxes should be reduced no matter what the demonstrable revenue needs of the state seem to be. On the other hand, there is virtually no support for any major reduction in specific programs. There is a vague support for reduction in the ever ubiquitous and ever convenient hobgoblin hiding under the "waste and fraud" blanket; however, when one gets to defining waste and fraud and identifying it with specific examples of programs which should be cut, the consensus quickly breaks down. Or alternatively, the title of some program which the advocate claims should be a candidate for reduction is trotted out and while the title superficially sounds unusual or outrageous on its face, closer examination often shows that the program represents a minor budgetary commitment and a tiny fraction of the state's budget deficit. There is public support for and clients for virtually every major program that the state is currently doing. Certainly there is broadly shared support for public education among other programs. The Paul Simon Public Policy Institute conducted two polls in 2009 which illustrate this dilemma. The poll conducted most recently in the fall of 2009 found that only 9.5 percent of the respondents unambiguously supported the need for a state tax increase to deal with the budget crisis, and another 27 percent said that a combination of both tax increases and budget cuts would be necessary to deal with the challenge. This left well over a majority (56.5 %) who claimed that cutting waste and fraud would be adequate to the task. Never mind that cutting the $13 billion necessary from the current state budget would represent a total cut of well over forty percent of the state's general revenue budget. When presented with a long list of the largest and most important state service functions, more than a majority rejected the idea of cutting each of those programs. While the functions varied in the public's support, all were widely viewed as important enough to continue to fund at their current level (Leonard, <u>The Simon Review</u>, February, 2010). In short, the public wants their services kept at about the current level but they do not want to pay for them. In summarizing these incongruous findings, the Institute's Director, David Yepsen stated, "People say they want to cut state services, but they can't seem to point to things that should be trimmed" (Fitton, <u>The Southern Illinoisan</u>, February 15, 2010). A translation of these findings is that those political elites who have constantly told the public that they can have their services and not pay for them have been heard and believed by the voters. This is both a failure of leadership and a failure of followership. It is also a failure in public education for which both the mass media and the public schools and universities bear some responsibility. Civic education is simply not high on the society's agenda in this era of mass entertainment, and the results of polls like this one indicate that we need to do much to raise the level of awareness of the responsibilities of citizenship. The poll's Director, Dr. Charles Leonard, summarized the findings: "As a matter of public policy, something's got to give. State spending either has to be cut something like one-third, in areas that the majority of voters don't want to see cuts, or revenues will have to be raised in ways that the majority of voters don't want to see revenues raised" (Ibid).

Even achieving a combination of budget cuts and tax increases which is at all realistic will require a great deal of sacrifice and plans that entail real political costs. Making minor adjustments at the margin is no longer feasible. The scale has simply grown too large. Continuing to borrow money, putting off paying the state's bills, and selling major assets is no longer adequate to a deficit which is approaching $14 billion annually and an accumulated debt of $130 billion. It is time for serious people to get serious. It is time for the political leaders and the mass media to get busy and inform the public and the taxpayers about the fiscal facts of life. It is time for the universities and the public schools to make these financial facts of life a part of their curriculum and to teach their students the realities of public budgeting. Otherwise the students can expect to see a continued escalation of their tuition and fees and continued reduction and constriction of the academic programs available to them and increasing threats to student funding programs like the MAP grants in Illinois. This paper is a modest attempt to address that latter assignment. So, the real question for mass democracy today is whether the public will support the leaders who tell them the truth and who try to find practical solutions for the financial crisis that is facing the United States and so many states, especially the State of Illinois. Will we the voters support the people who support dealing realistically with the very tangible revenue needs of the state while at the same time defining a realistic level of public goods and services which we need and want, and which we are then willing to pay for? That is the challenge of mass democracy today. There is no obvious sign that the public has reached that level of realism and clarity with regard to the necessity of achieving balance between the need and desire for public services on the one hand and the demand to pay for them through tax revenues on the other. Ultimately mass democracy may not survive if we cannot overcome the political gridlock, the pandering and the rhetorical dishonesty that have marked so much of American politics in recent decades. We need to consider the budget facts and then march on to a more rational and more honest appraisal of the proper size of the public sector and the size of the tax stream necessary to pay for that level of goods and services.

Bibliography

Barker, Tom. 2010. "SCC tenure-track faculty to be rehired for 2010-11 academic year". The Southern Illinoisan. March 3. 2-B.

Center for Tax and Budget Accountability. 2010. Special Report: Illinois State Funding for Human Services in Context. February. www.ctbaononline.org. (Accessed: March 1, 2010).

"Deadbeat Illinois Still at It," 2010. Editorial in Peoria Journal Star. February 7; reproduced in Carbondale Times, February 17-23, 5.

Dunn, Jamey. 2010. "Unpaid Bills". Illinois Issues. March. 17-19.

Dye, Thomas R. 1978. Understanding Public Policy. 3rd ed. Englewood Cliffs, N. J.: Prentice-Hall. Chapter 2.

Dye, Richard F., Nancy Hudspeth, and Daniel P. McMillen. 2010. "Fiscal Condition Critical: the Budget Crisis in Illinois". The Illinois Report 2010. Urbana-Champaign, University of Illinois. Institute of Government and Public Affairs, 14-27.

Fitton, Mark. 2010. “Citizens Say Cut, but from Where?” The Southern Illinoisan. February 15. 1-A.

Fitzgerald, Scott. 2010. “John A. Logan college not ready to make big cuts,” The Southern Illinoisan. March 3, 1-B.

Florida, Richard. 2008. Who’s Your City? How the Creative Economy is Making Where to Live the Most Important Decision of Your Life. New York: Basic Books.

Florida. Richard. 2002. The Rise of the Creative Class. New York: Basic Books.

Friedman, Thomas. 2005 The World is Flat: A Brief History of the Twenty-First Century. New York: Farrar, Straus and Giroux.

Hebel, Sara. 2010. “State Cuts Are Pushing Public Colleges Into Peril”. The Chronicle of Higher Education. March 14. 1.

Illinois General Assembly. Commission on Government Forecasting and Accountability. State of Illinois Budget Summary Fiscal Year 2010. November 2009. http://www2.illinois.gov/budget/Documents/FY2010OperatingBudget.

Kettl, Donald, 2003. Deficit Politics: The Search for Balance in American Politics. Second Edition. New York: Longman.

Leonard, Charles. 2010. “Ethical Reforms, the Budget Crisis, and Perceptions of Quality of Life in Illinois”. The Simon Review. Paper #17. February.

Lindbloom, Charles E. 1959. “The Science of Muddling Through,” Public Administration Review. 19 , Spring, 79-88.

Long, Ray and Michelle Manchir, 2010. “Illinois Budget Woes: State’s Unpaid Bills Hit a Record $5 Billion, and the Cries of Pain are Getting Louder”. Chicago Tribune, January 11, 1-A.

Mayhew, David. 1974. Congress: the Electoral Connection. New Haven: Yale University Press.

Pew Center on the States. 2010. “The Trillion Dollar Gap: Underfunded State Retirement Systems and the Road to Reform.” http://www.pewcenteronthestates.org/report_detail.aspx?id+56695. (Accessed February 19, 2010).

Savage, Terry. 2010. “The Emperor Has No Clothes: Pensions are Short Cash”. Chicago Sun-Times. February 15, 1-A.

Scolford, Mark. 2010. “Study: States Must Fill $1 Trillion Pension Gap,” The State Journal-Register, Springfield, February 19, 1-A.

Simon, Herbert A. 1957. Administrative Behavior. Second Edition. New York: Macmillian Company.

Simon, Herbert A. 1957. Models of Man. New York: Macmillian Company

Shaffer, David F. and David J. Wright. 2010. "A New Paradigm for Economic Development". Higher Education. New York: The Rockefeller Institute. March. www.rockinst.org. (Accessed March 19).

The Institute for Illinois' Fiscal Sustainability. 2010. State of Illinois Enacted FY2010 Budget. Chicago: The Civic Federation, January 22, 1.

The Pew Center on the States. 2009. Beyond California: States in Fiscal Peril. November. http://downloads.pewcenteronthe states.org/BeyondCalifornia.

The Southern. 2010. "University borrowing bill advances". The Southern Illinoisan. March 3. 1-B.

University News Service. 2010. "SIU Plans Tuition Freeze for Incoming Freshmen". University News Service. March 22.

Wildavsky, Aaron, 1984. The Politics of the Budgetary Process. Fourth Edition. Boston: Little, Brown

www.IllinoisisBroke.com. (Accessed: February 18, 2010)
http://civicfed.org. www2.illinois.gov/budget/Documents (Accessed: February 18, 2010).
http://igpa.uillinois.edu/IR 2010/PDF/pg14-27z Fiscal Condition.pdf (Accessed: February 18, 2010).

Table 1

STATE APPROPRIATIONS TO PUBLIC UNIVERSITIES FOR OPERATIONS
BY INSTITUTION, FY1997 TO FY2010

Institution	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003
Chicago State University	30,299.10	34,110.80	36,990.60	38,246.00	40,933.70	43,167.40	41,531.20
Eastern Illinois University	39,677.60	41,870.40	44,957.80	47,628.40	50,908.70	54,583.90	51,883.00
Governors State University	20,831.70	21,990.10	23,319.90	24,854.50	26,384.20	27,825.90	26,350.60
Illinois State University	72,640.30	75,540.10	79,724.80	82,971.20	87,761.80	93,019.70	87,673.50
Northeastern Illinois University	34,398.40	36,024.10	38,189.00	40,330.40	42,610.10	44,996.80	42,585.40
Northern Illinois University	94,466.70	96,971.10	101,459.80	105,933.80	111,286.10	117,866.20	110,936.60
Western Illinois University	50,305.50	52,442.70	54,859.50	58,151.90	61,407.40	64,763.80	61,126.00
SIU Total	194,075.90	199,903.40	210,018.90	218,742.70	234,150.00	249,203.10	234,716.60
U of I Total	625,797.50	646,835.80	684,020.70	712,541.90	754,440.70	801,412.70	754,917.40
Total	$ 1,162,492.7	$ 1,205,688.5	$ 1,273,541.0	$ 1,329,400.8	$ 1,409,882.7	$ 1,496,839.5	$ 1,411,720.3

Institution	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 200	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Chicago State University	40,450.70	38,760.30	38,660.30	41,160.00	$ 42,857.2	$ 42,112.0	42,112.00
Eastern Illinois University	47,609.50	47,609.50	47,609.50	48,282.80	49,189.2	50,566.5	50,566.50
Governors State University	24,180.10	24,280.10	25,986.10	27,673.80	27,659.4	28,324.4	28,324.40
Illinois State University	80,452.00	80,452.00	80,452.00	81,457.50	82,986.8	85,096.4	85,096.40
Northeastern Illinois University	39,077.70	39,227.70	39,247.70	40,026.30	40,770.7	43,401.9	43,401.90
Northern Illinois University	101,798.90	102,274.90	102,974.90	103,927.10	105,867.7	107,431.1	107,431.10
Western Illinois University	56,091.10	56,391.10	56,391.10	57,213.40	58,287.5	59,919.6	59,919.60
SIU Total	217,203.70	217,428.70	217,653.70	223,159.20	227,192.30	233,567.00	233,567.00
U of I Total	696,901.10	698,451.10	697,901.10	710,630.50	722,256.50	743,419.70	743,419.70
Total	$ 1,303,764.8	$ 1,304,875.4	$ 1,306,876.4	$ 1,333,530.6	$ 1,357,067.3	$ 1,393,838.6	$ 1,393,838.6

*(Dollars in thousands)
1 Includes General Revenue Fund and Education Assistance Fund.

2 Funds for Southern Illinois University and the University of Illinois are not appropriated by campus. This table displays the universities' allocation of funds. FY2010 allocations by campus are not available.

3 Universities Income Funds are not appropriated by the General Assembly. Amounts shown are based on Illinois Board of Higher Education budget recommendations.

Table 2

MAP Grant Budgets: FY 1997-FY 2010

	Monetary Award Program	
Fiscal Year 1997	265,007.50	
Fiscal Year 1998	283,085.00	
Fiscal Year 1999	310,085.00	
Fiscal Year 2000	338,835.80	
Fiscal Year 2001	357,440.80	
Fiscal Year 2002	342,399.80	
Fiscal Year 2003	339,899.80	
Fiscal Year 2004	342,399.80	
Fiscal Year 2005	338,699.80	
Fiscal Year 2006	350,399.80	
Fiscal Year 2007	384,799.80	
Fiscal Year 2008	384,799.80	
Fiscal Year 2009	385,299.80	
Fiscal Year 2010	198,146.10	***

* Source: Illinois Board of Higher Education

** dollars in thousands

***Note: The state later authorized the expenditure of an additional $205 million for the Spring Semester of 2010.
This brings the FY 2010 total to $403 million.

Table 3

State Appropriations to Public Universities for Operations By Institutions, FY 1997 to FY 2010 Adjusted for Inflation

	Chicago State University	Eastern Illinois University	Governors State University	Illinois State University	Northeastern Illinois University	Northern Illinois University	Western Illinois University	Southern Illinois University	University of Illinois	Total	CPI (1997=100)
FY 1997	30299.10	39677.60	20831.70	72640.30	34398.40	94466.70	50305.50	194075.90	625797.50	1162492.70	100.00
FY 1998	33513.26	41136.93	21604.89	74216.82	35393.04	95272.39	51524.03	196401.56	635504.76	1184567.68	101.78
FY 1999	35724.17	43418.60	22521.51	76995.30	36881.54	97986.17	52981.30	202828.58	660602.21	1229939.39	103.55
FY 2000	35900.22	44707.16	23330.07	77882.25	37856.78	99436.46	54585.21	205326.34	668838.86	1247863.35	106.53
FY 2001	37150.29	46203.32	23945.57	79650.17	38671.74	101000.17	55731.65	212508.04	684709.42	1279570.38	110.18
FY 2002	38495.96	48677.00	24814.67	82953.41	40127.39	105111.10	57755.27	222235.14	714686.38	1334856.31	112.13
FY 2003	36240.26	45273.28	22993.62	76504.19	37160.16	96803.64	53338.75	204814.48	658743.42	1231871.80	114.60
FY 2004	34541.87	40654.94	20647.99	68699.98	33369.43	86928.63	47897.59	185475.68	595101.30	1113317.41	117.11
FY 2005	32131.47	39467.27	20127.69	66693.00	32518.93	84783.73	46747.03	180243.79	579001.17	1081714.08	120.63
FY 2006	30872.87	38019.41	20751.66	64246.37	31341.95	82232.44	45032.12	173811.23	557321.33	1043629.38	125.22
FY 2007	32040.44	37585.09	21542.30	63409.49	31157.93	80900.64	44537.00	173715.26	553180.69	1038068.85	128.46
FY 2008	32169.56	36922.50	20761.76	62291.73	30603.39	79466.64	43751.89	170535.57	542141.72	1018644.76	133.22
FY 2009	31174.96	37433.72	20968.18	62995.76	32129.86	79529.84	44357.70	172906.60	550343.91	1031840.54	135.08
FY 2010	30975.16	37193.80	20833.79	62592.00	31923.93	79020.11	44073.40	171798.40	546816.60	1025227.18	135.95

Source: Computed from Illinois Board of Higher Education
Data in real dollar terms, i.e. adjusted for inflation.

Table 4

MAP Grant Budgets: FY 1997 to FY 2010 Adjusted for Inflation

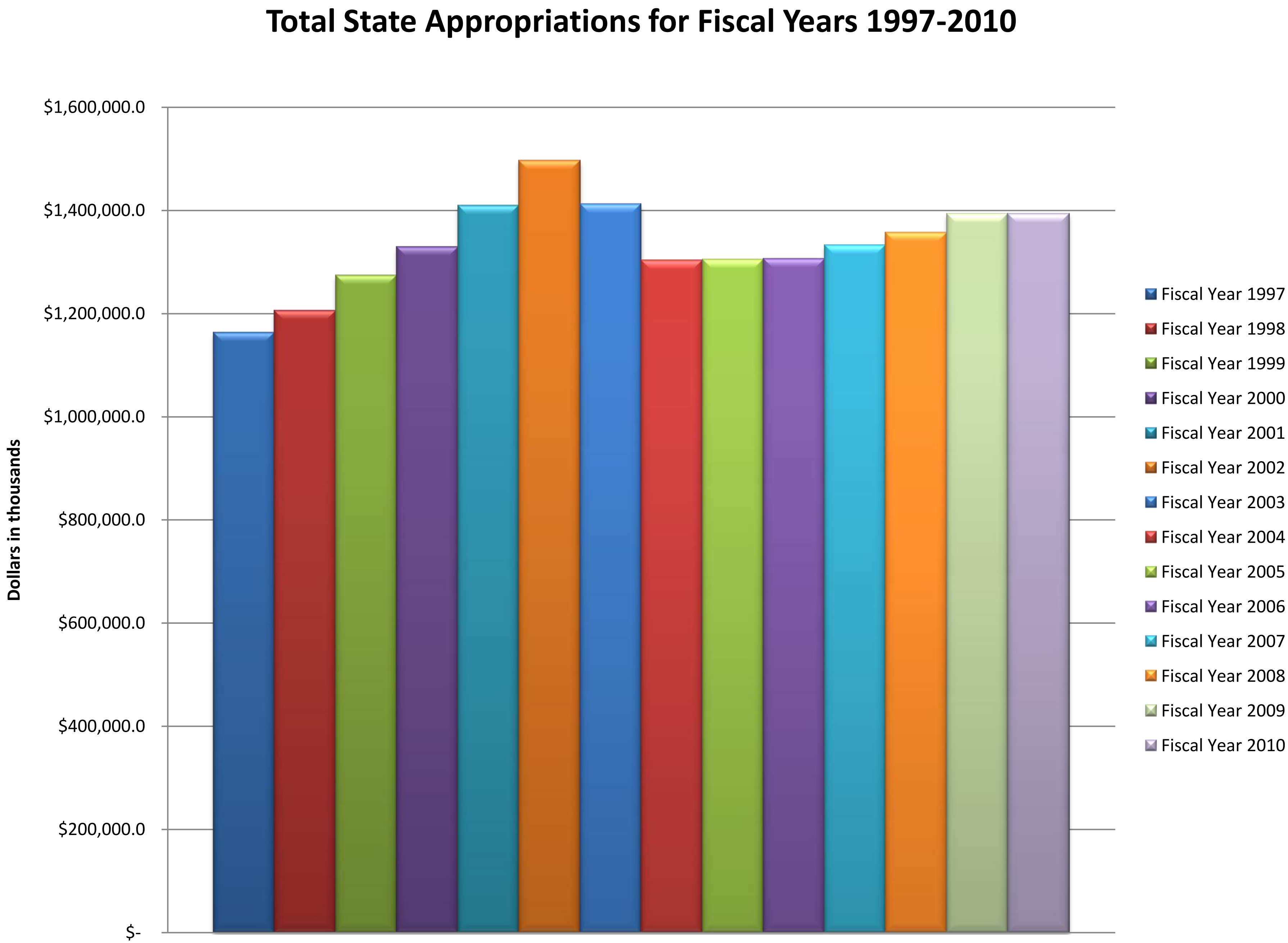
	Monetary Award Program	CPI (1997 = 100)	Real (1997 = 100)
FY 1996	255,949.60	97.23	263,252.58
FY 1997	265,007.50	100.00	265,007.50
FY 1998	283,085.00	101.78	278,126.02
FY 1999	310,085.00	103.55	299,468.77
FY 2000	338,835.80	106.53	318,053.65
FY 2001	357,440.80	110.18	324,403.34
FY 2002	342,399.80	112.13	305,346.39
FY 2003	339,899.80	114.60	296,597.69
FY 2004	342,399.80	117.11	292,383.76
FY 2005	338,699.80	120.63	280,774.96
FY 2006	350,399.80	125.22	279,817.99
FY 2007	384,799.80	128.46	299,542.20
FY 2008	384,799.80	133.22	288,839.25
FY 2009	385,299.80	135.08	285,232.42
FY 2010	198,146.10	135.95	145,744.83

* Source: Illinois Board of Higher Education

** dollars in thousands

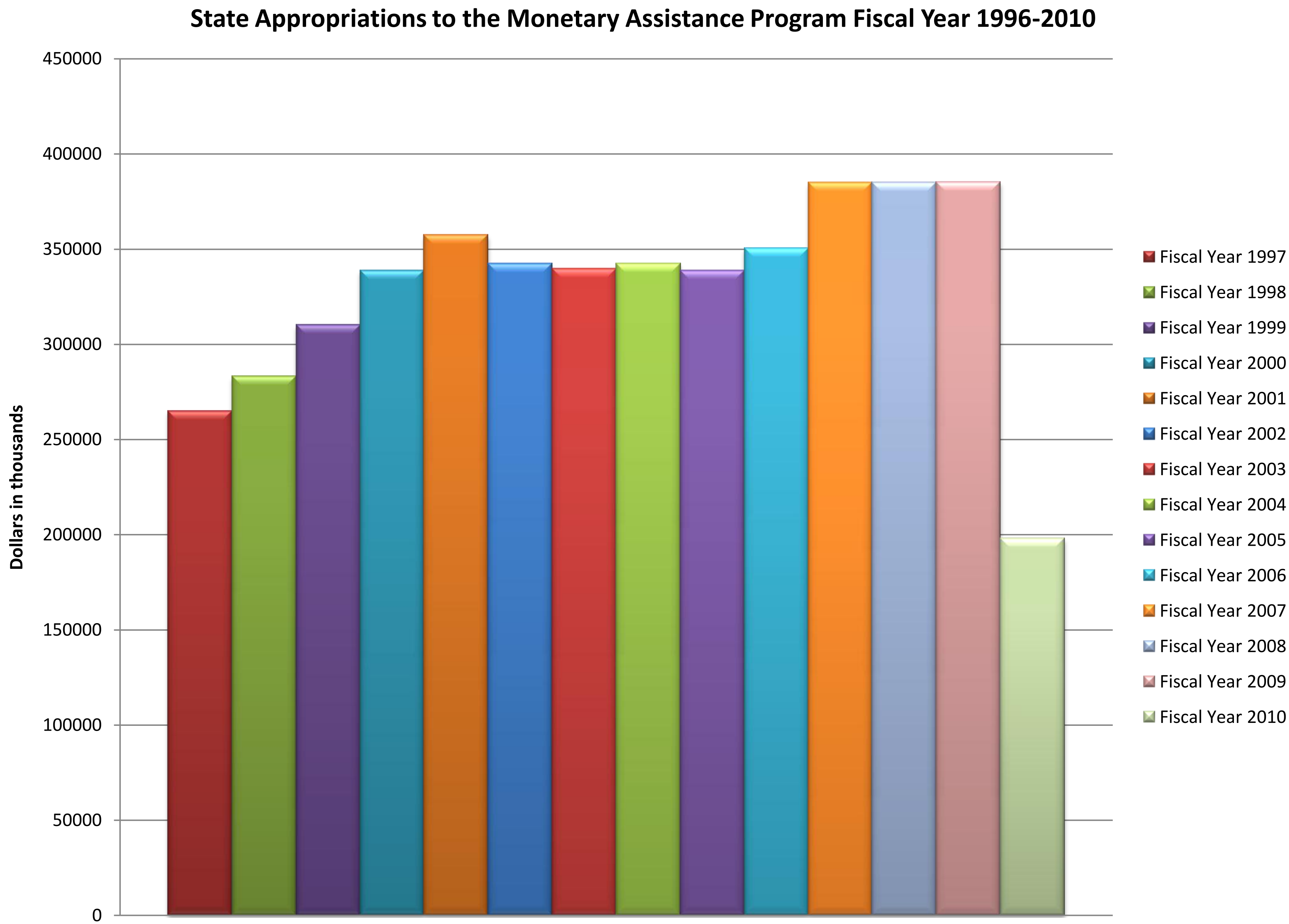
*** CPI is calculated from monthly BLS data

Figure 1



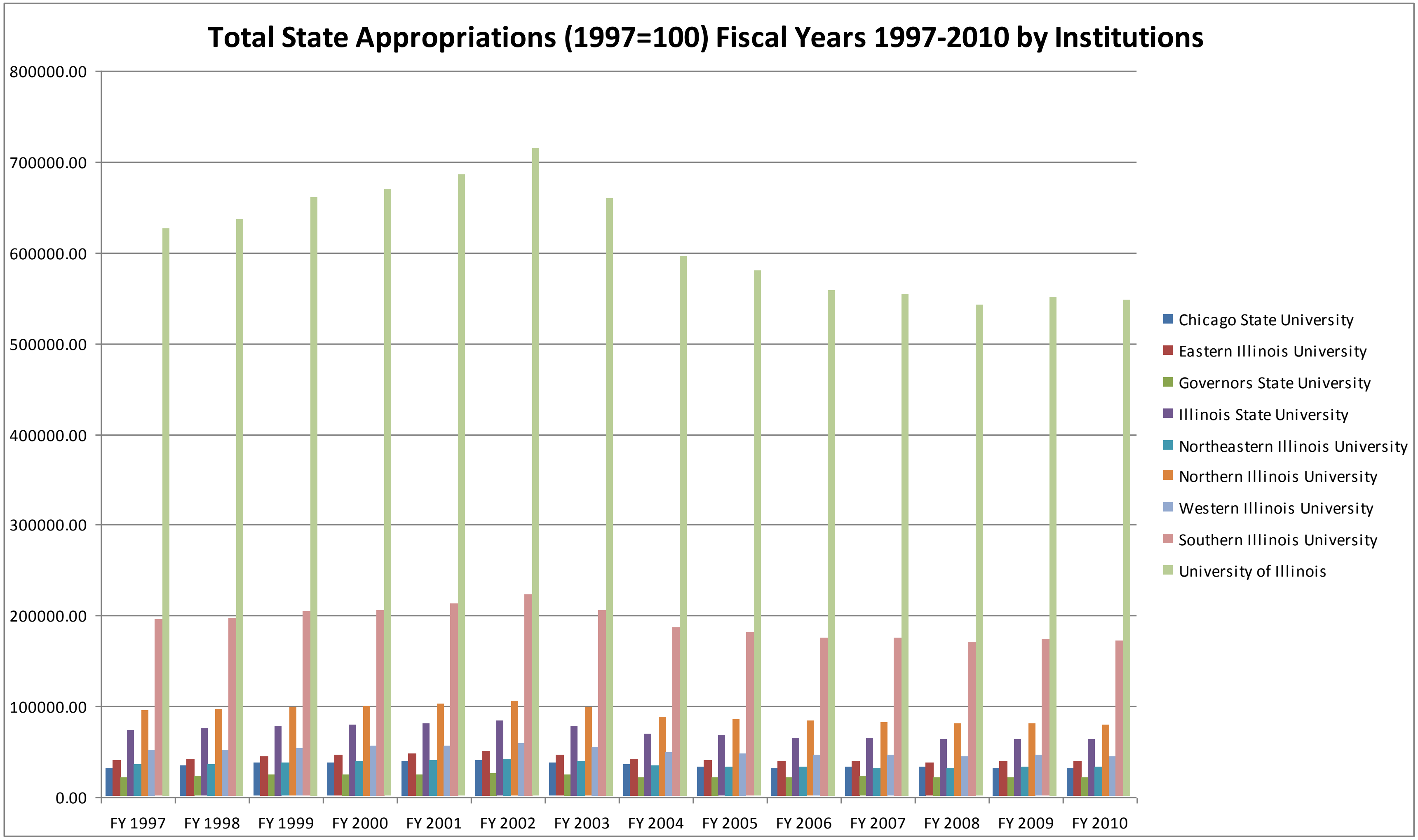
*Source: Illinois Board of Higher Education

Figure 2



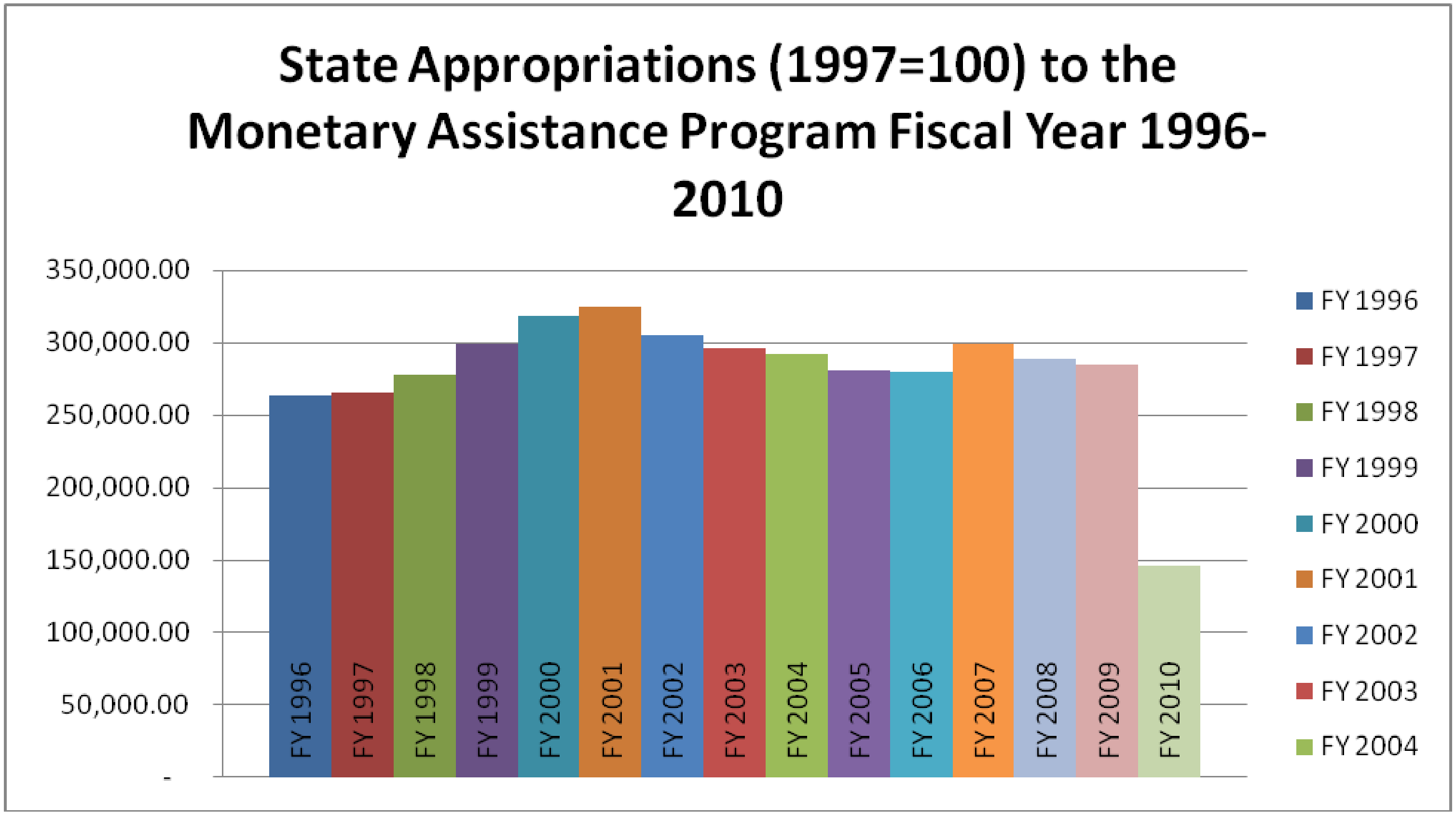
*Source: Illinois Board of Higher Education

Figure 3



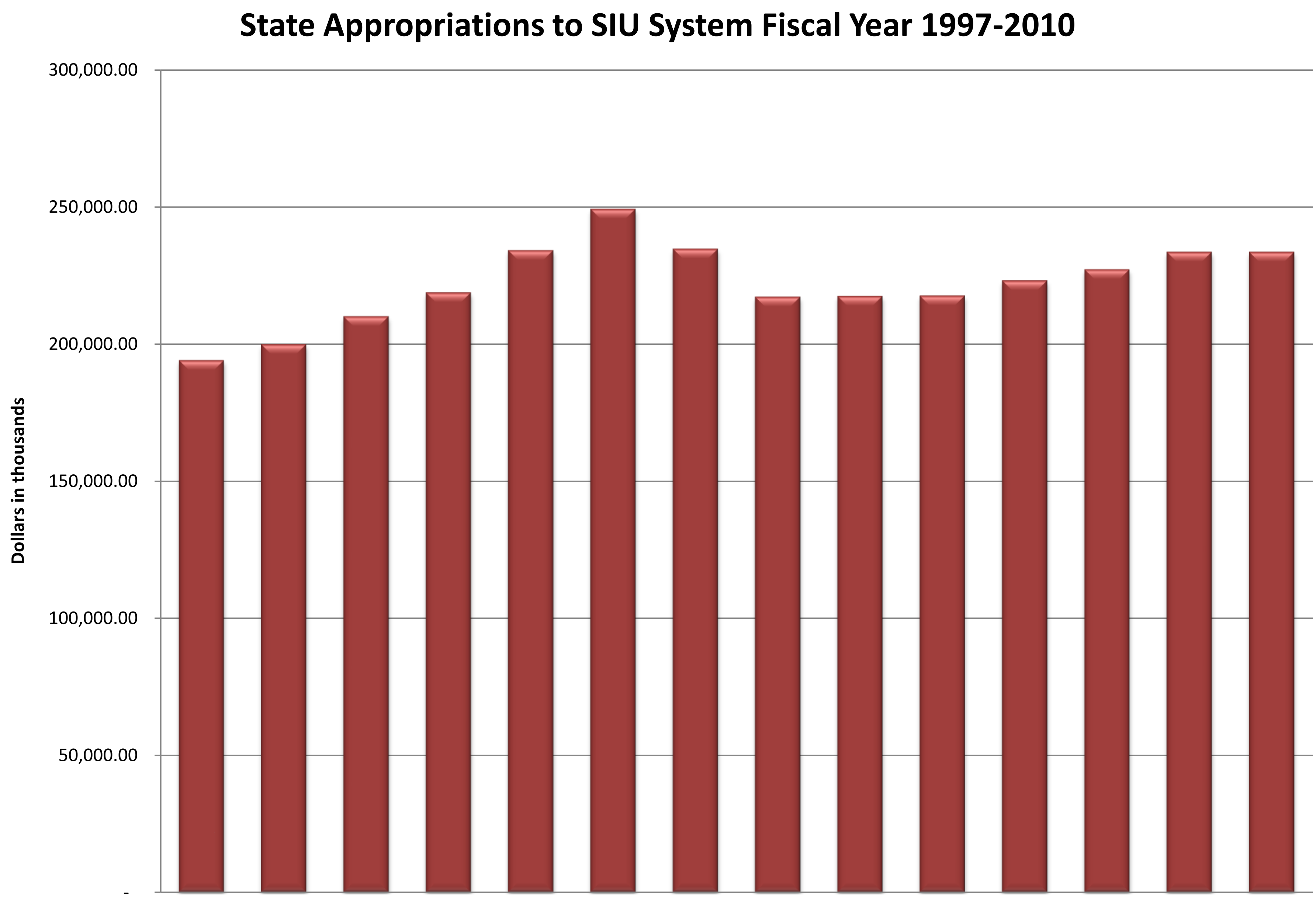
Source: Illinois Board of Higher Education
Dollars in thousands

Figure 4



*Source: Illinois Board of Higher Education
**dollars in thousands

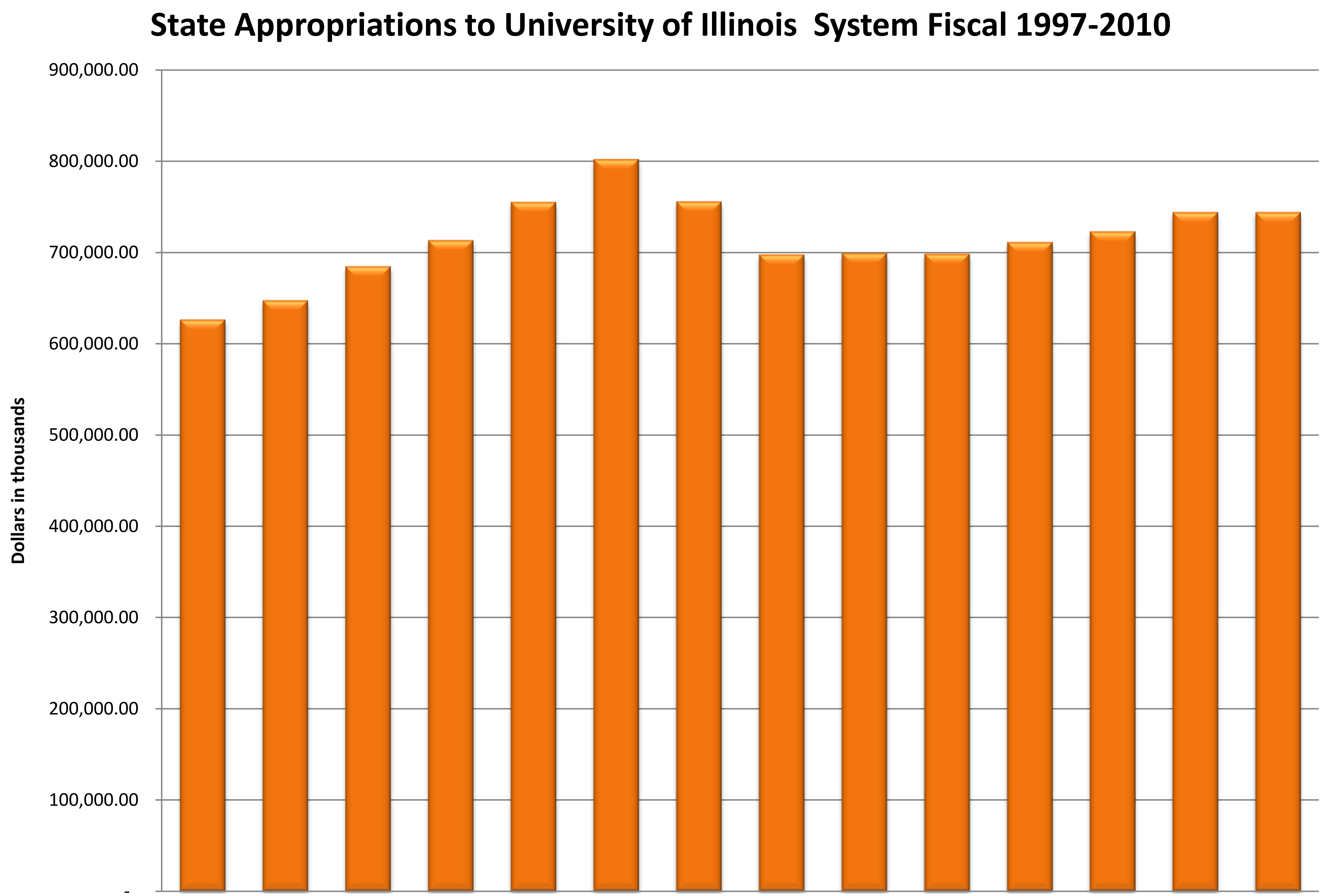
Figure 5



*Source: Illinois Board of Higher Education

**FY2010 allocations by campus were not available

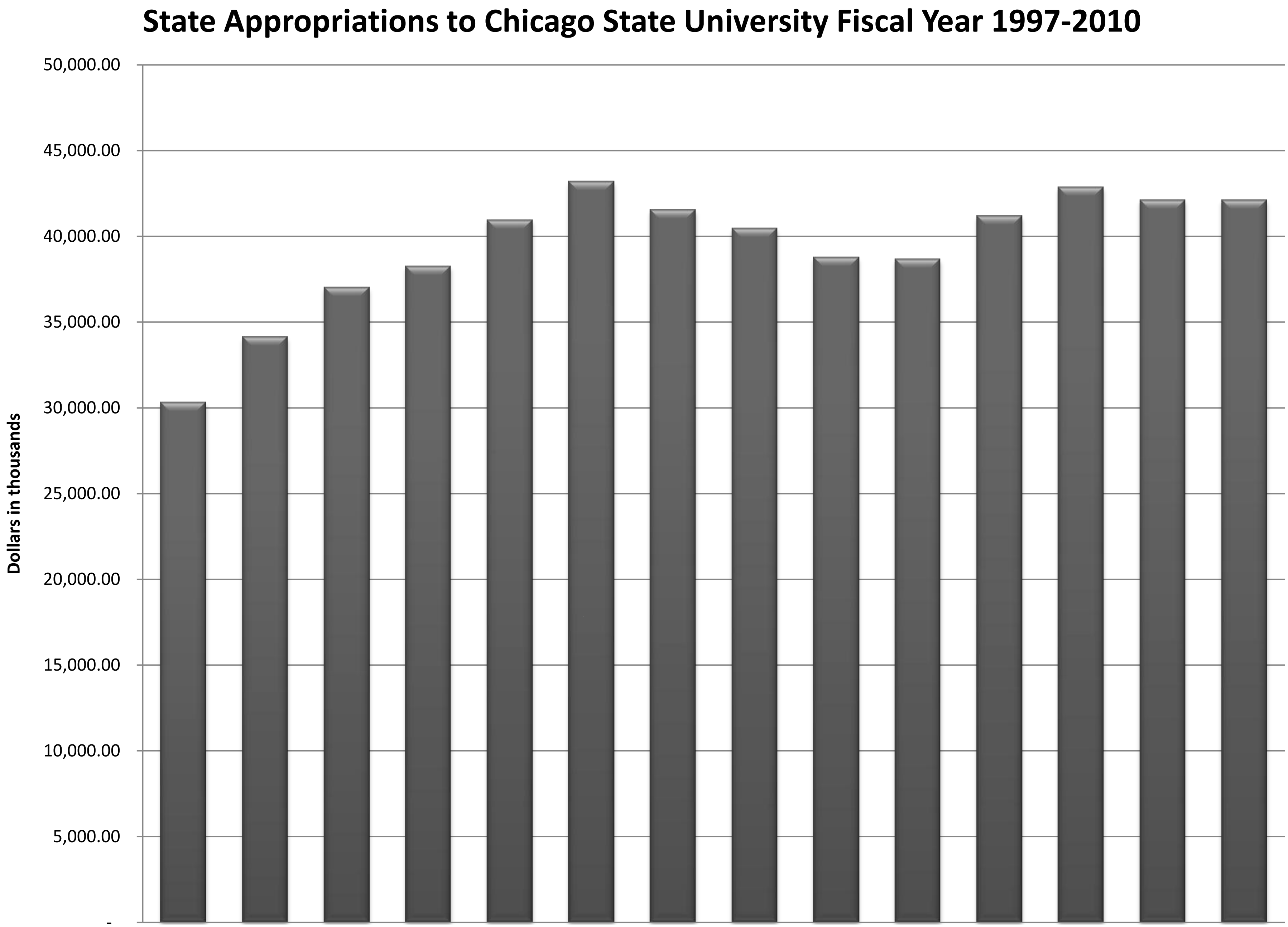
Figure 6



*Source: Illinois Board of Higher Education

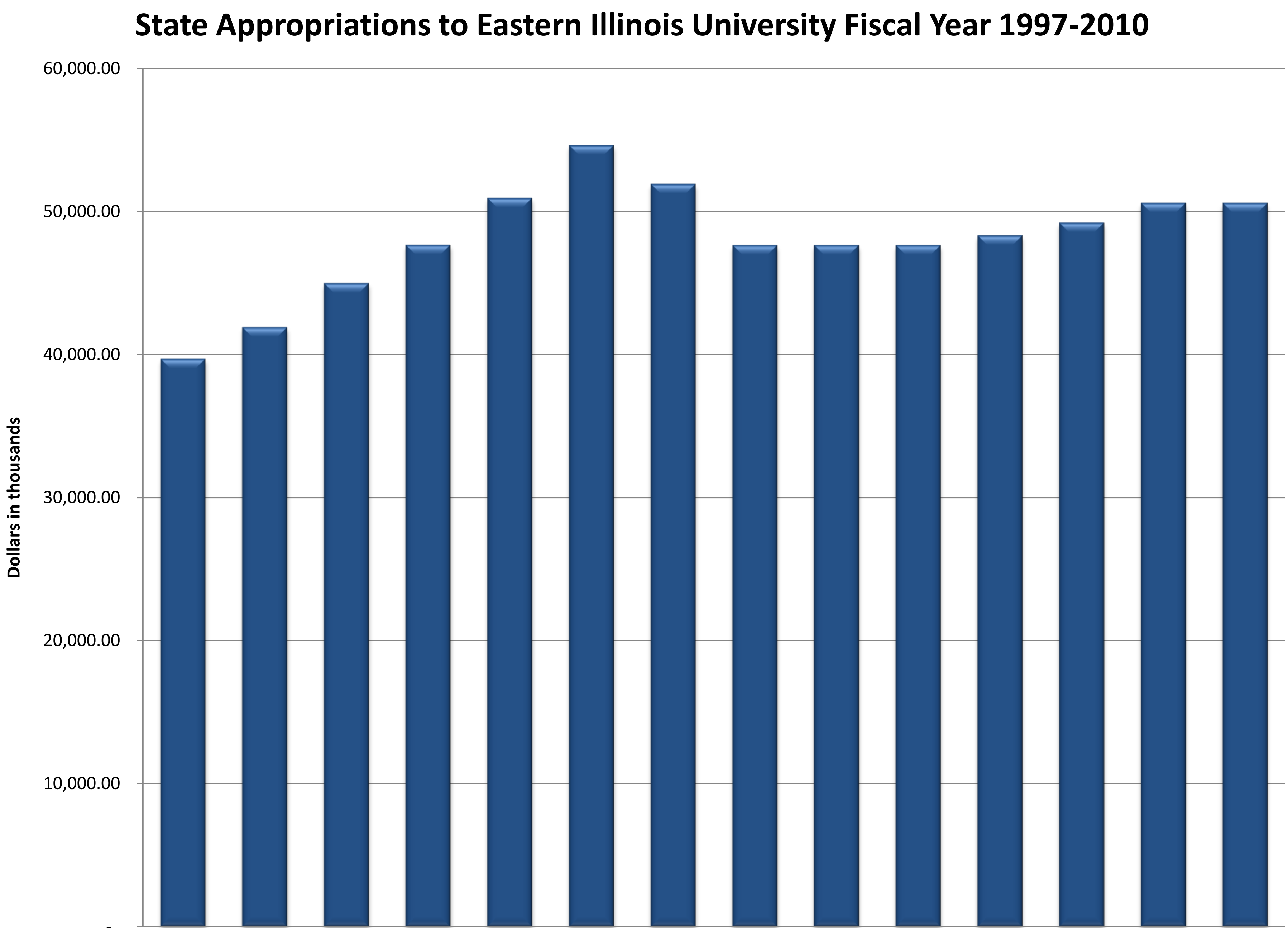
**FY2010 allocations by campus were not available

Figure 7



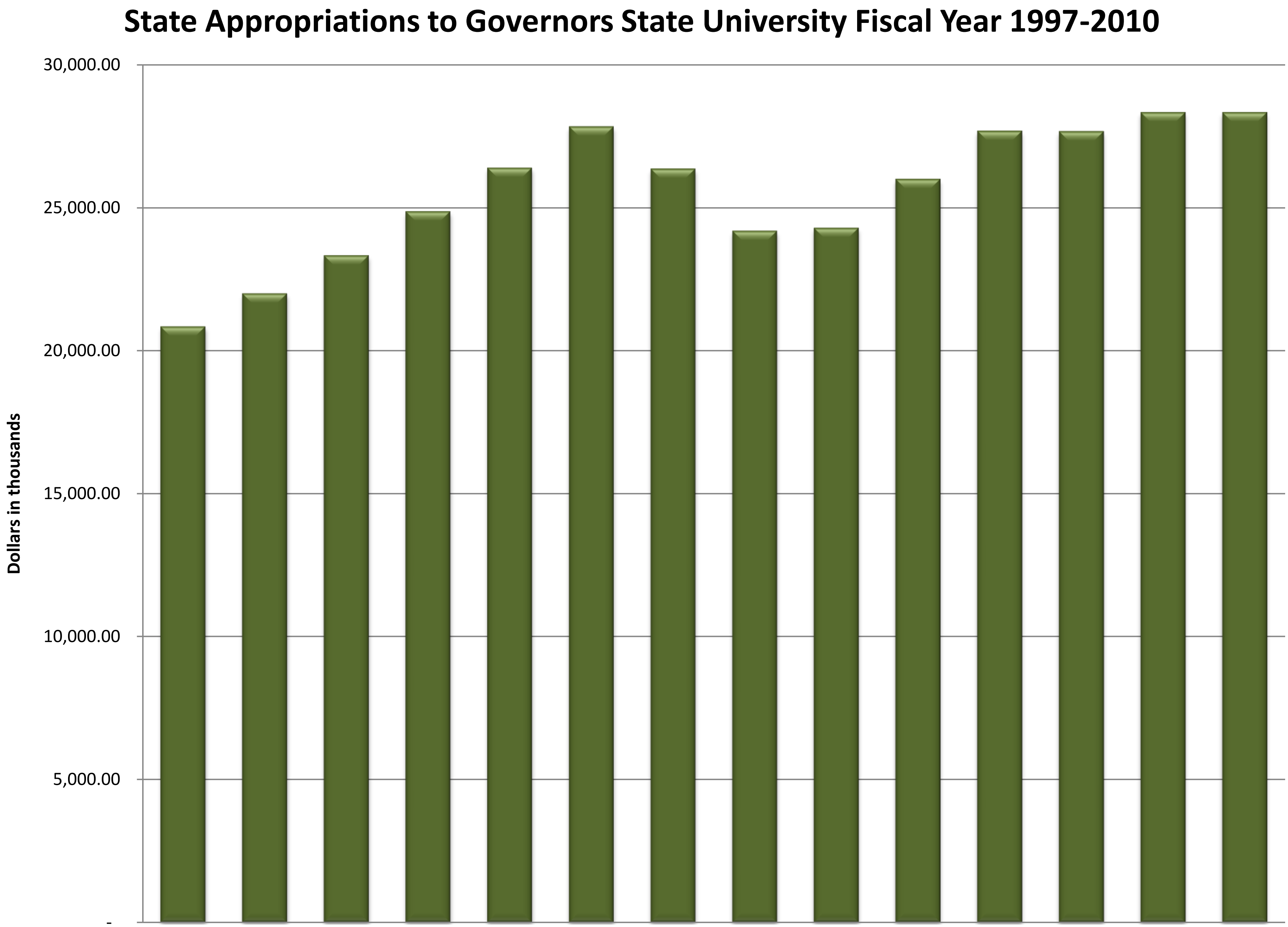
*Source: Illinois Board of Higher Education

Figure 8



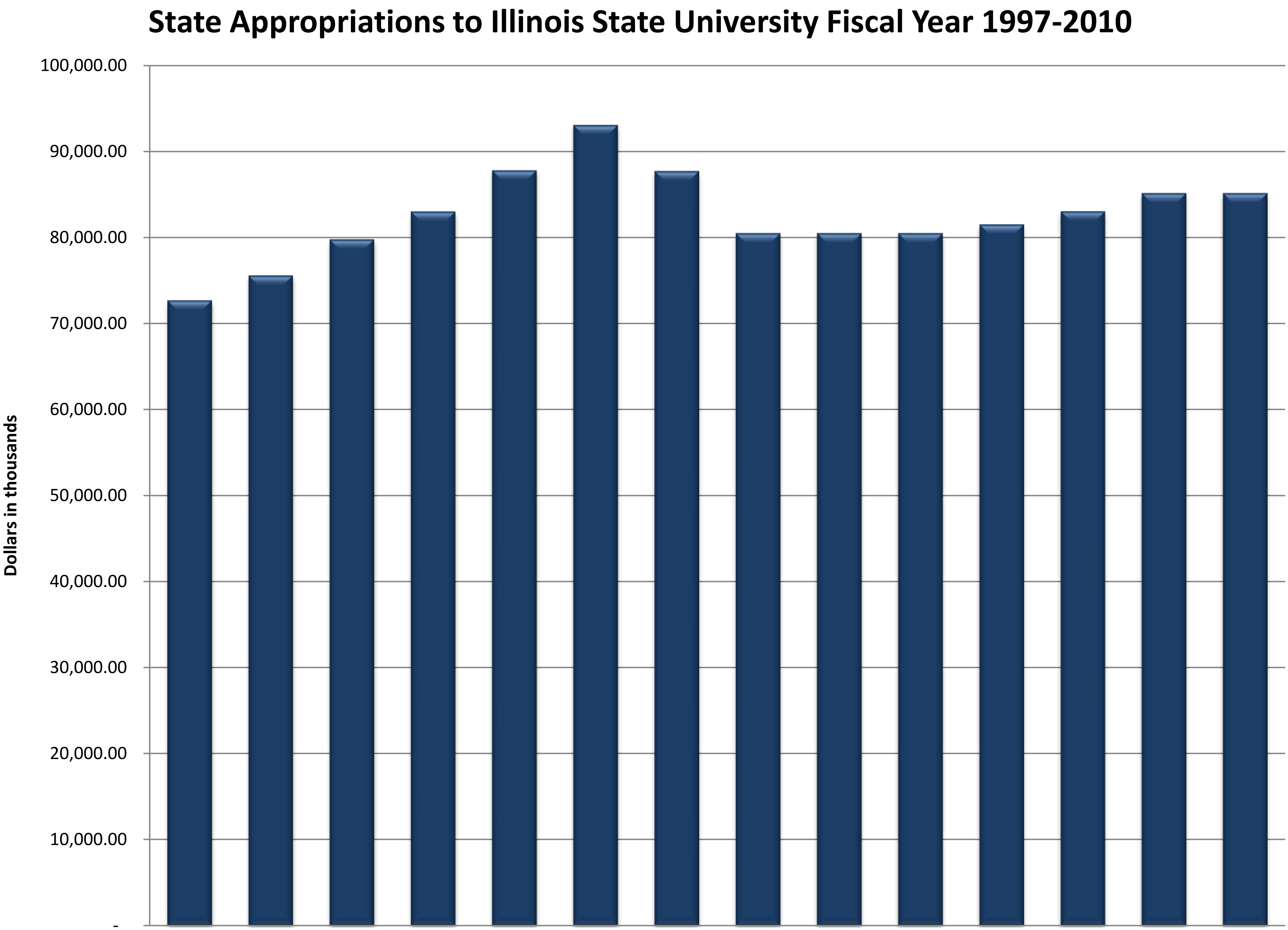
*Source: Illinois Board of Higher Education

Figure 9



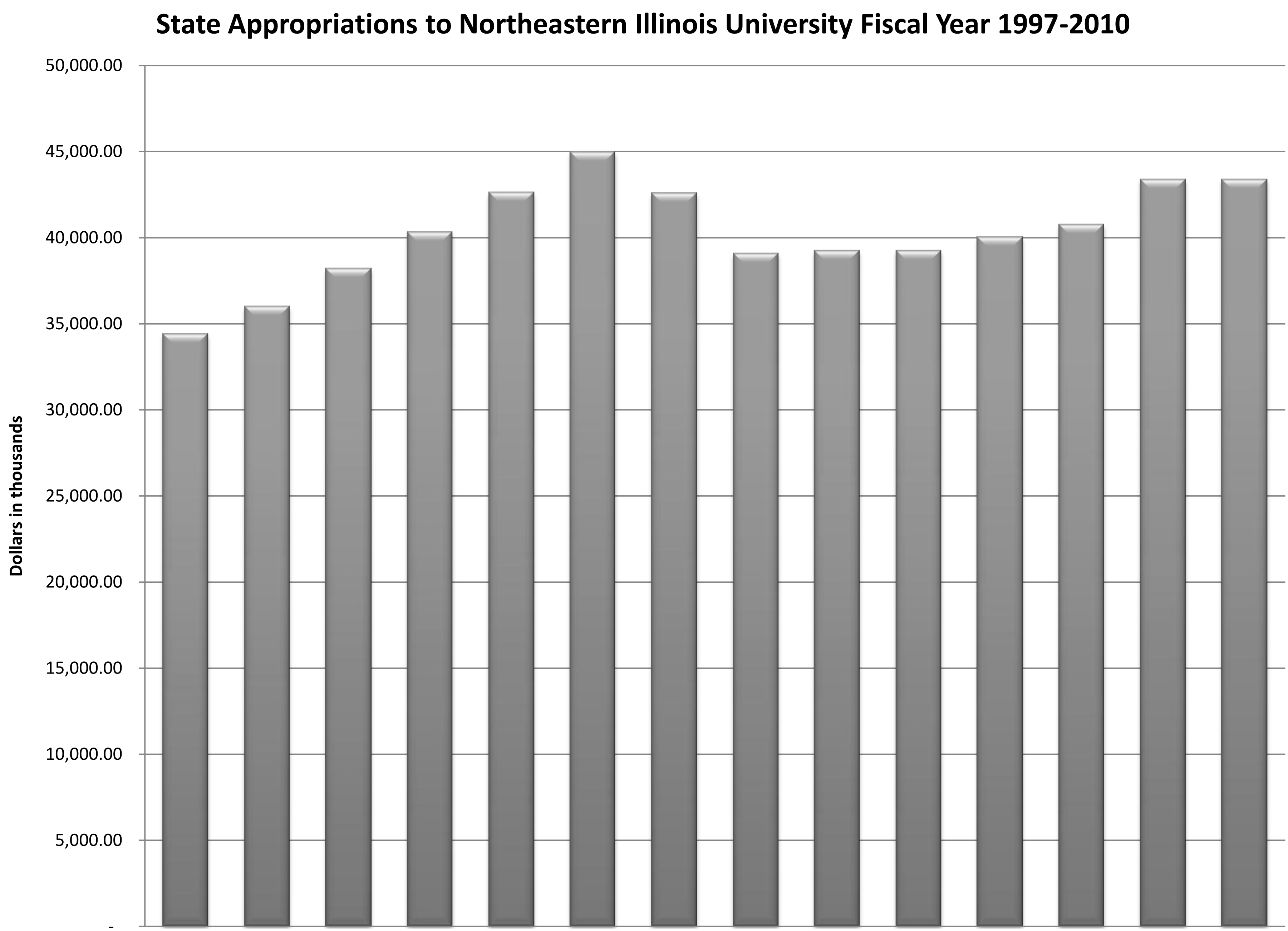
*Source: Illinois Board of Higher Education

Figure 10



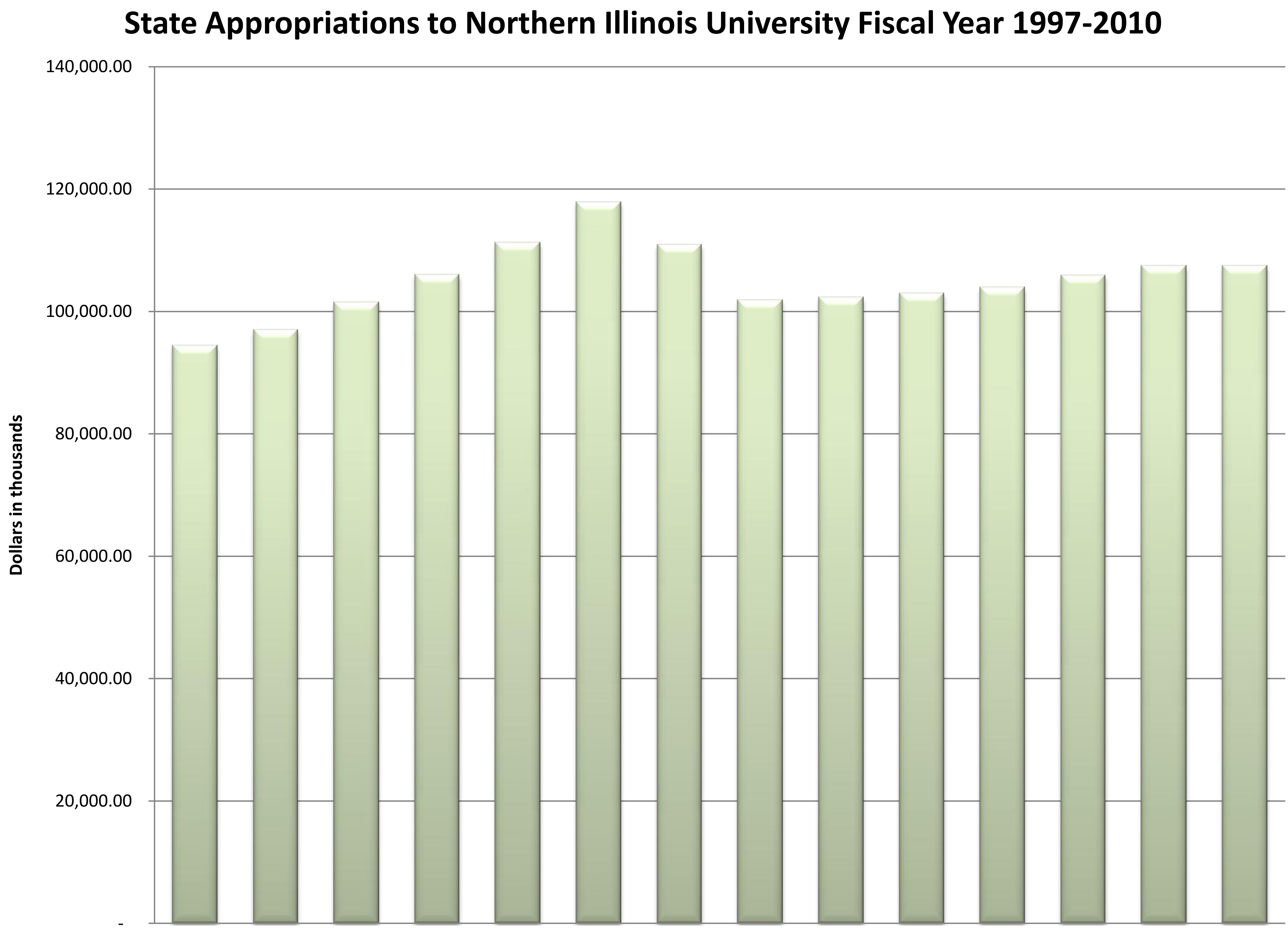
*Source: Illinois Board of Higher Education

Figure 11



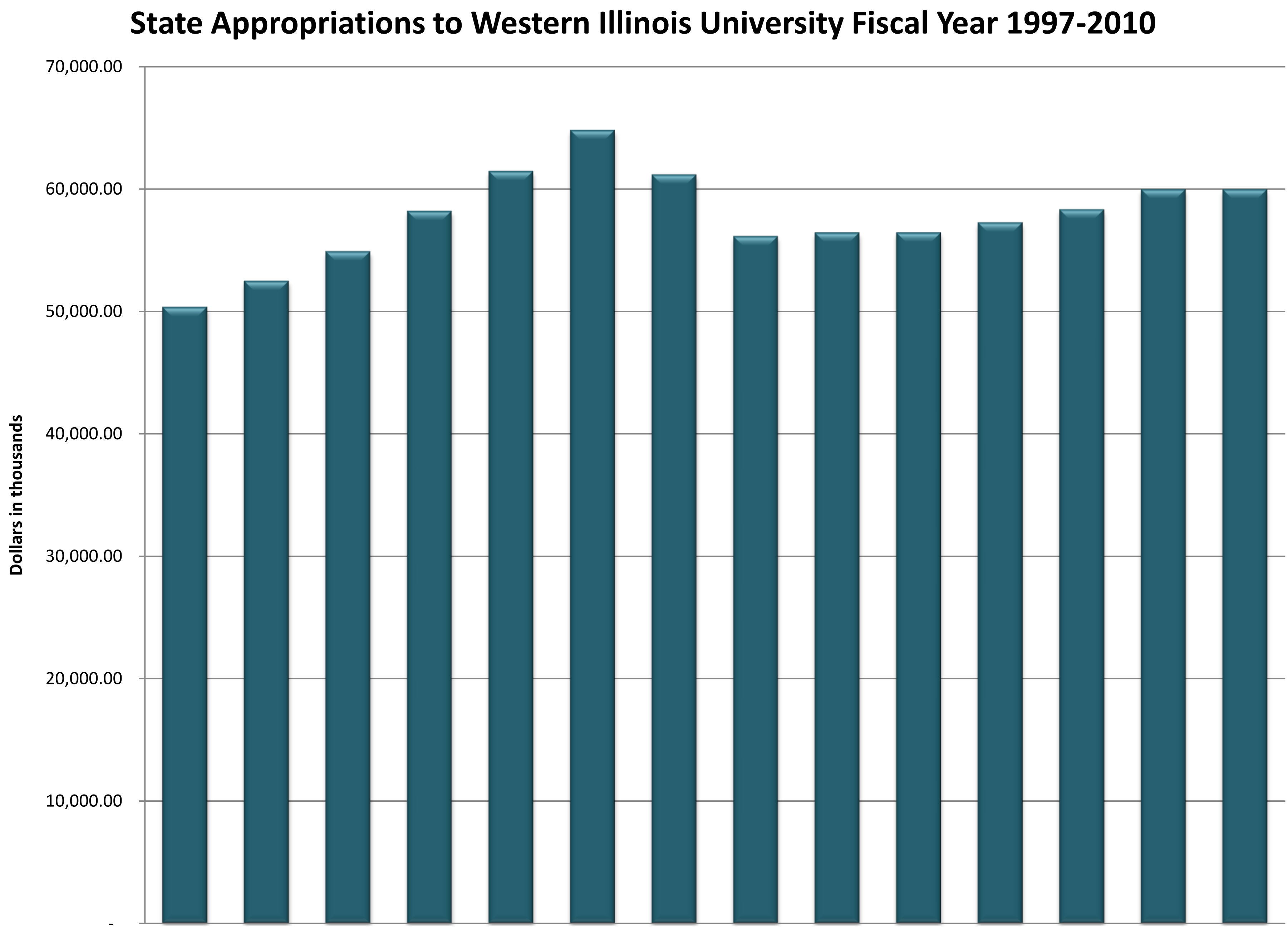
*Source: Illinois Board of Higher Education

Figure 12



*Source: Illinois Board of Higher Education

Figure 13



*Source: Illinois Board of Higher Education

Appendix A

Tuition and Required Fees for Full-Time, In-State Students Academic Year 1997-2009

Public Universities	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Chicago State University	2846	2957	3151	3255	3474	3779	4,551	6,143	6,626	7,138	7,730	8,878
Eastern Illinois University	3078	3232	3651	3818	4301	4648	5,149	5,782	6,339	7,035	7,990	8,783
Governors State University	2258	2318	2378	2454	2526	3054	4,010	4,622	5,050	5,478	5,966	7,542
Illinois State University	3969	4086	4210	4340	4478	5037	5,530	6,328	7,091	8,040	9,019	9,814
Northeastern Illinois University	2752	2789	2858	2946	2898	3326	4,331	4,931	6,306	7,166	7,998	8,964
Northern Illinois University	4122	4210	4384	4583	4815	5175	5,800	6,618	7,229	7,871	8,589	9,403
Southern Illinois University Carbondale	3694	3821	3936	4114	3634	4865	5,521	6,341	6,831	7,795	8,899	9,813
Southern Illinois University Edwardsville	2587	2665	2744	3007	3291	3709	4,183	4,859	5,209	5,938	7,033	7,831
U of I at Chicago	4364	4498	4654	4800	5620	6592	6,964	7,824	8,498	9,748	10,546	11,716
U of I at Urbana/Champaign	4406	4554	4802	4994	5754	6704	7,054	7,990	8,688	9,966	11,244	12,240
U of I Springfield	3045	3150	3300	3395	3611	4009	4,318	5,247	5,965	7,252	8,108	9,077
Western Illinois University	3037	3185	3337	3973	4282	4351	5,431	6,183	6,899	7,411	8,079	8,862

* Source: Illinois Board of Higher Education

Appendix B

Illinois Public Universities Annual Undergraduate Tuition and Fees, Fiscal Years 2005-2010

Nominal

Annual based on 30 credit hours	2005-06	2006-07	2007-08	2008-09	2009-10
Chicago State University					
Entry Level	6,626	7,138	7,730	8,878	9,500
Continuing Students	5,966	6,178	6,785	7,639	8,134
Eastern Illinois University					
Entry Level	6,373	7,069	7,990	8,783	9,429
Continuing Students	5,828	6,289	6,814	7,367	8,161
Governor State University					
Entry Level	5,050	5,478	5,966	7,542	8,352
Continuing Students	4,660	4,908	5,240	6,623	7,558
Illinois State University					
Entry Level	7,091	8,040	9,019	9,814	10,310
Continuing Students	5,630	6,013	7,359	8,219	9,082
Northeastern Illinois University					
Entry Level	6,306	6,921	7,998	8,964	9,908
Continuing Students	5,286	5,751	6,785	7,599	8,501
Northern Illinois University					
Entry Level	7,229	7,871	8,589	9,278	10,180
Continuing Students	6,781	7,271	7,590	8,142	8,962
Western Illinois University					
Entry Level	6,899	7,411	8,079	8,862	9,617
Continuing Students	5,360	6,051	7,225	7,632	8,378
Southern Illinois University Carbondale					
Entry Level	6,831	7,789	8,899	9,813	10,509
Continuing Students	6,441	7,321	7,777	8,514	9,602
Southern Illinois University Edwardsville					
Entry Level	5,209	5,938	7,033	7,831	8,336
Continuing Students	4,759	5,446	6,453	6,543	7,308
University of Illinois Chicago					
Entry Level	8,498	9,742	10,546	11,716	12,895
Continuing Students	7,964	9,208	9,788	10,328	11,505
University of Illinois Springfield					
Entry Level	5,965	7,244	8,108	9,077	9,541
Continuing Students	5,343	6,622	7,249	7,600	8,676
University of Illinois Urbana-Champaign					
Entry Level	8,634	9,882	11,130	12,240	14,272
Continuing Students	8,028	9,276	10,454	11,405	13,001

Appendix B

Illinois Public Universities Annual Undergraduate Tuition and Fees, Fiscal Years 2005-2010

Real Dollars

Annual based on 30 credit hours	2005-06	2006-07	2007-08	2008-09	2009-10
Chicago State University					
Entry Level	5,291	5,556	5,802	6,572	6,988
Continuing Students	4,764	4,809	5,093	5,655	5,983
Eastern Illinois University					
Entry Level	5,089	5,503	5,997	6,502	6,935
Continuing Students	4,654	4,896	5,115	5,454	6,003
Governor State University					
Entry Level	4,033	4,264	4,478	5,583	6,143
Continuing Students	3,721	3,821	3,933	4,903	5,559
Illinois State University					
Entry Level	5,663	6,259	6,770	7,265	7,583
Continuing Students	4,496	4,681	5,524	6,084	6,680
Northeastern Illinois University					
Entry Level	5,036	5,388	6,003	6,636	7,288
Continuing Students	4,221	4,477	5,093	5,625	6,253
Northern Illinois University					
Entry Level	5,773	6,127	6,447	6,868	7,488
Continuing Students	5,415	5,660	5,697	6,027	6,592
Western Illinois University					
Entry Level	5,509	5,769	6,064	6,560	7,074
Continuing Students	4,280	4,710	5,423	5,650	6,162
Southern Illinois University Carbondale					
Entry Level	5,455	6,063	6,680	7,264	7,730
Continuing Students	5,144	5,699	5,838	6,303	7,063
Southern Illinois University Edwardsville					
Entry Level	4,160	4,622	5,279	5,797	6,131
Continuing Students	3,800	4,239	4,844	4,844	5,375
University of Illinois Chicago					
Entry Level	6,786	7,584	7,916	8,673	9,485
Continuing Students	6,360	7,168	7,347	7,646	8,462
University of Illinois Springfield					
Entry Level	4,763	5,639	6,086	6,720	7,018
Continuing Students	4,267	5,155	5,441	5,626	6,382
University of Illinois Urbana-Champaign					
Entry Level	6,895	7,693	8,354	9,061	10,498
Continuing Students	6,411	7,221	7,847	8,443	9,563

Appendix B

1997	2005-06	2006-07	2007-08	2008-09	2009-10
100.00	125.22	128.46	133.22	135.08	135.95

Base: 1997