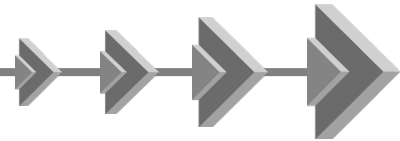
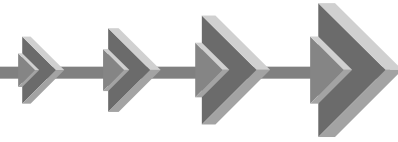


STATE TAX SUPPORT



STATE TAX SUPPORT



- ▶ The University of Illinois has seen sharp fluctuations in direct State funding over the past two decades, particularly since FY 2002. In FY 1990 the State provided strong support to the University as part of general tax increase actions and between FY 1990 and FY 2001, the University enjoyed a period of moderate and stable increases in tax support.
- ▶ Direct state appropriations to the University declined from \$803.6 million in FY 2002 to \$646.7 million in FY 2015 (excluding the transfer of the State Scientific Surveys). In FY 2016 and to date for FY 2017, the State had a budget impasse that significantly impacted the University. In FY 2016, the University received only \$180.1 million or approximately 27% of its state budget. In FY 2017, the State appropriated \$350.6 million in bridge funding which represents approximately 54% of the final FY 2015 funding level. In addition to the outright reductions in direct support, beginning in FY 2002, the University annually has \$24.9 million of its appropriation redirected back to the State to cover a portion of health insurance costs as well as mid-year cash rescissions in FY 2002, FY 2003, FY 2004, FY2009 and FY 2015 and fully passed a budget in FY2018 that also included additional funds for FY 2017 expenses. Even with the return of the annual budgets, funding to the University, while adjusting for inflation, is still well below FY 2015. The cumulative loss in spending authority from rescissions, reductions, and redirections from FY 2002 to FY 2021 is over \$3.6 billion. In addition to the declining direct state support, the State has had, and continues to have significant cash flow delays beginning in FY 2009. At any one time, the State has owed the University as much as \$500 million and has ended each fiscal year owing the University between \$100 million and \$300 million.
- ▶ Inconsistent State support to the University makes long term fiscal planning difficult. The key variable in achieving moderate and predictable tuition increases is adequate and stable State tax support.
- ▶ The University is more dependent upon tuition revenue today than it was in FY 2002. A decade ago, State tax funds represented 41.8% of the University's total appropriated funds budget, and tuition revenue (income fund) represented 57.9% of the total.
- ▶ The State spent approximately \$9,310 less per University of Illinois student in FY 2022 than it did in FY 2000 when accounting for the impact of inflation and for changes in the mix of students enrolled.
- ▶ In a one-year comparison from FY 2020 - FY 2021 Illinois ranked 6th in changes in tax appropriations for higher education among the fifty states. Over a ten-year period, Illinois ranks 37th in changes in tax support.
- ▶ The state continues to provide indirect support in the form of payments made for pensions and benefits on our behalf. A large portion of the funding for pensions is related to the past underfunding, or legacy costs, and does not represent the normal pension costs.

FIGURE 8
STATE APPROPRIATIONS - U OF I SYSTEM

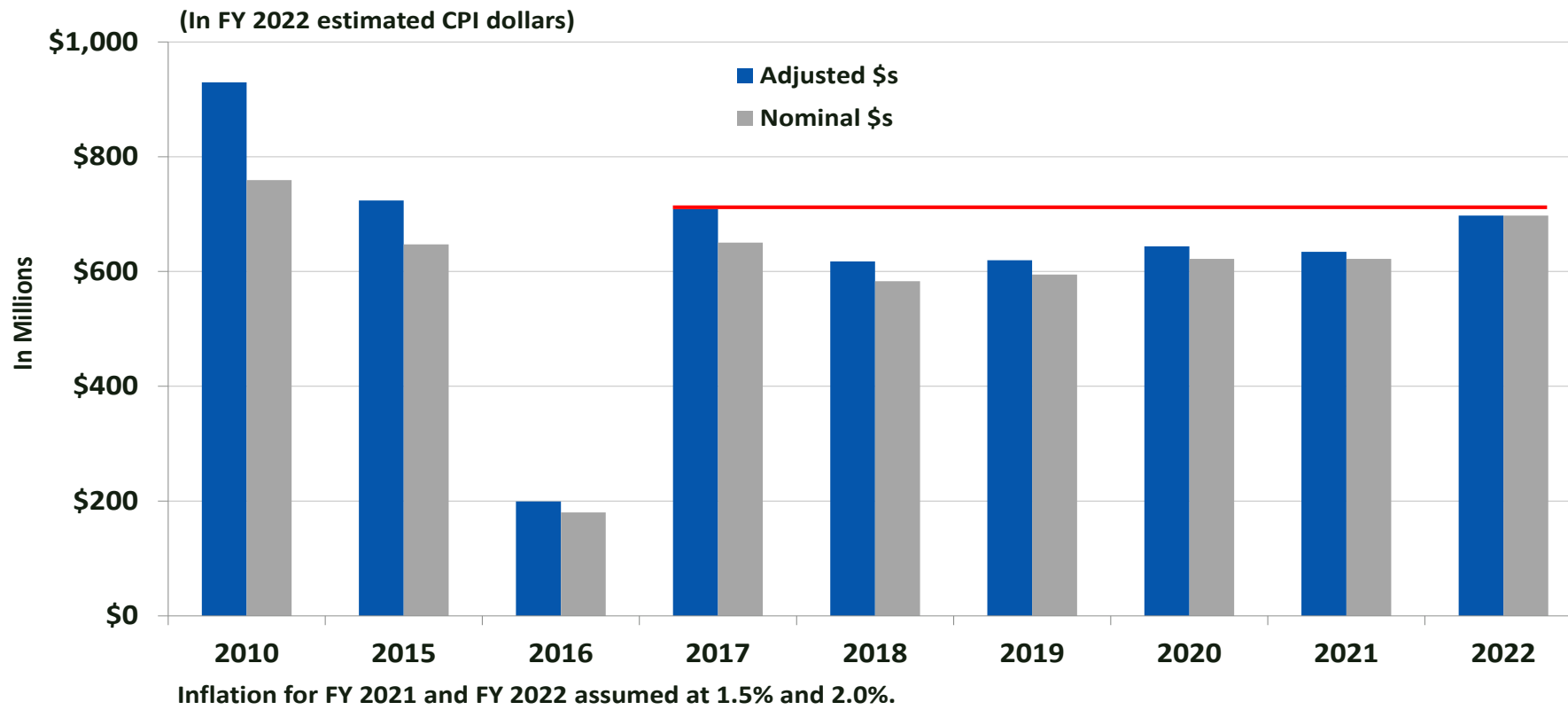


FIGURE 9
STATE APPROPRIATED AND INCOME FUND
FY 2012 vs. FY 2022

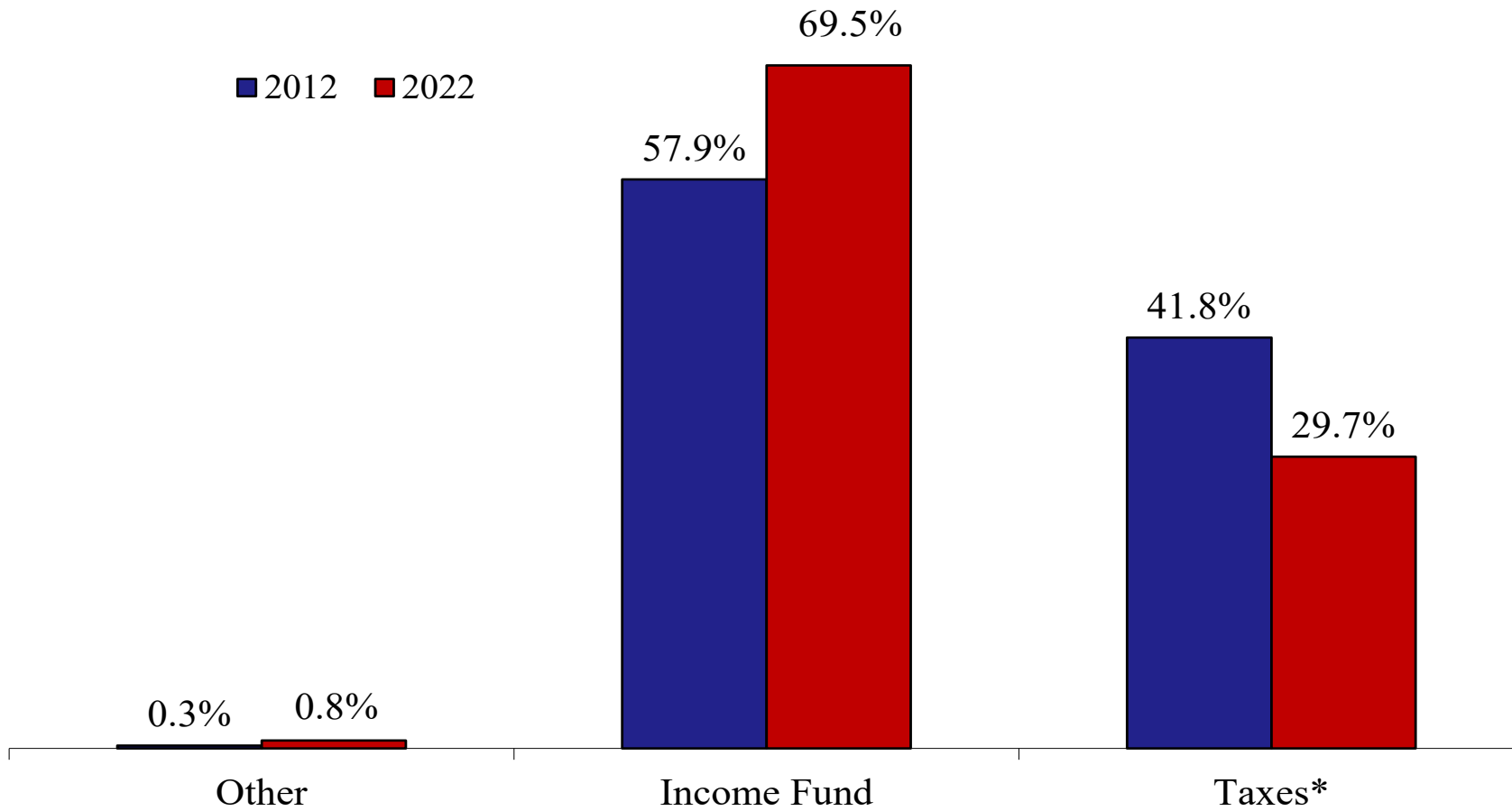
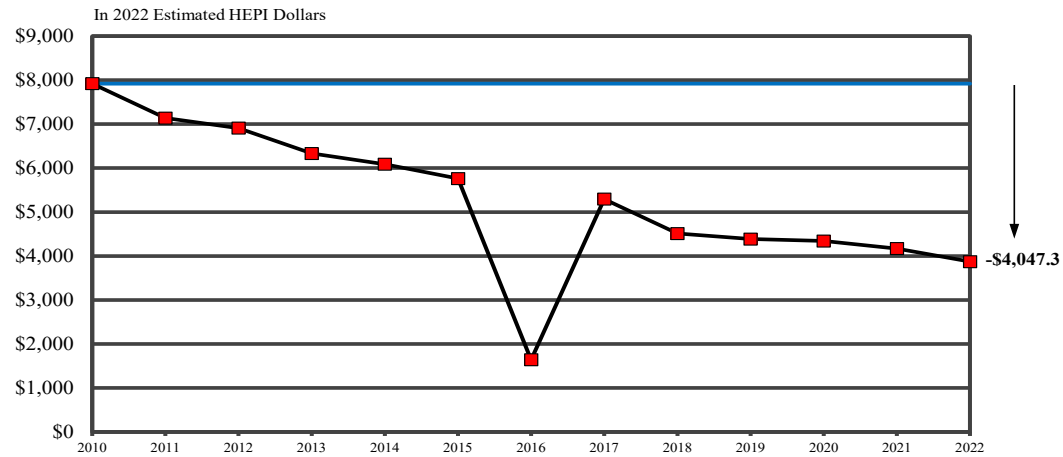
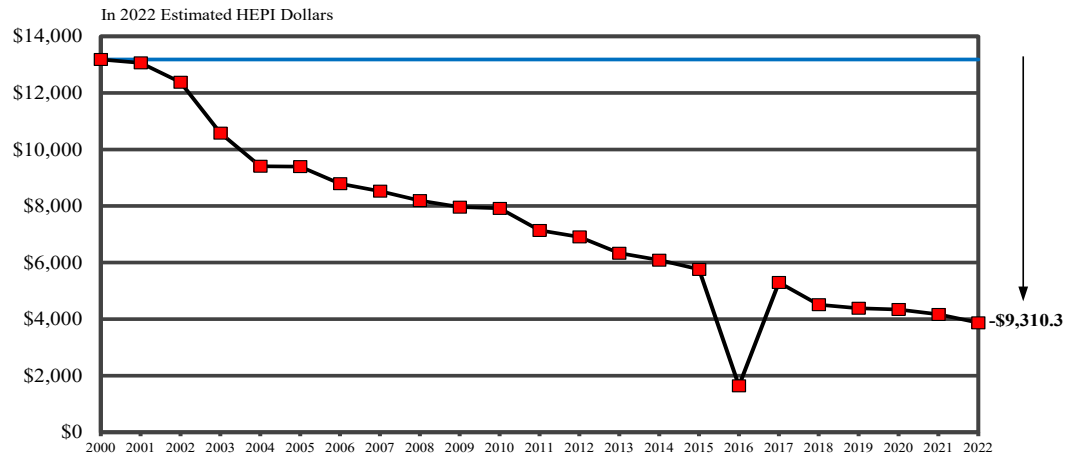


FIGURE 10
**DIRECT GENERAL REVENUE EXPENDITURES
 PER WEIGHTED STUDENT
 FY 2000 - FY 2021**



FY02-FY22 adjusted to exclude all rescissions and health insurance redirections. FY09 – FY22 excludes transfer of State Surveys.
 FY22 HEPI estimated at 2.7%.

TABLE 49
STATE OF ILLINOIS PAYMENTS ON BEHALF OF THE UNIVERSITY
FY 2000 THROUGH 2022
(Dollars in Thousands)

	Retirement	Fringe Benefits	Health Insurance	Total
2000	\$ 90,606.5	\$ 127,261.8		\$ 217,868.3
2001	94,267.3	154,420.1		248,687.4
2002	99,014.4	157,024.2	\$ 24,893.2	280,931.8
2003	112,980.6	169,170.4	24,893.2	307,044.2
2004	727,269.3	210,084.4	24,893.2	962,246.9
2005	114,279.8	232,952.6	24,893.2	372,125.6
2006	70,462.8	257,464.0	24,893.2	352,820.0
2007	107,981.7	268,675.0	24,893.2	401,549.9
2008	144,642.4	296,838.0	24,893.2	466,373.6
2009	191,959.8	294,061.8	24,893.2	510,914.8
2010	291,255.1	343,490.0	24,893.2	659,638.3
2011	321,272.4	361,929.0	24,893.2	708,094.6
2012	403,628.5	414,456.0	24,893.2	842,977.7
2013	588,267.0	495,399.0	24,893.2	1,108,559.2
2014	644,332.0	430,581.0	24,893.2	1,099,806.2
2015	681,677.0	491,054.0	24,893.2	1,197,624.2
2016	836,040.0	500,451.0	24,893.2	1,361,384.2
2017	1,086,799.0	524,665.0	24,893.2	1,636,357.2
2018	1,040,721.0	669,767.0	24,893.2	1,735,381.2
2019	1,194,362.0	(148,878.0)	24,893.2	1,070,377.2
2020	1,373,809.0	(186,149.0)	24,894.2	1,212,554.2
2021	1,518,692.0	374,731.0	24,894.2	1,918,317.2
2022*	1,670,561.2	400,000.0	24,894.2	2,095,455.4
INCREASE				\$ 1,877,587.1

FY2004 reflects sale of pension obligation funds. Portion from bonds \$597,245.0 thousand.

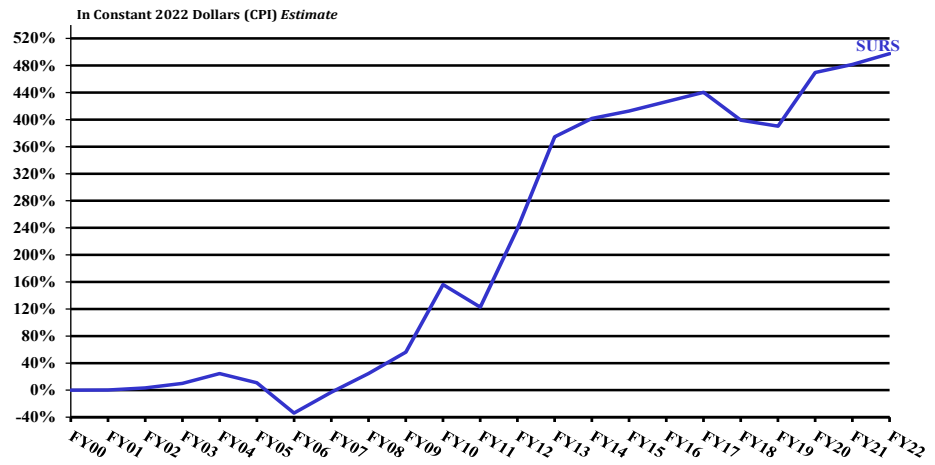
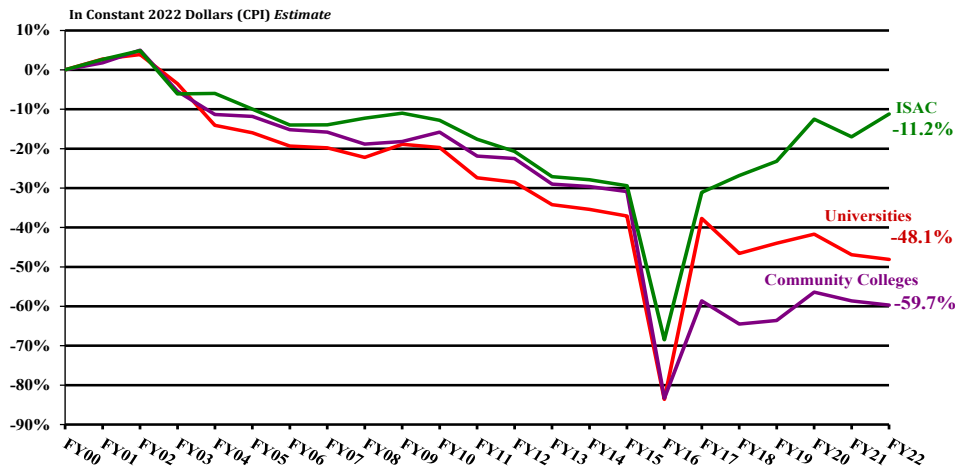
FY 2016 SURS reflects GASB 68 changes and reflects "pension revenue recognized" and not actual payment

FY 2018 began GASB accounting for OPEB - no longer represents amount paid for benefits.

FY 2019 - FY 2021 reflects OPEB adjustment for over assessment of universities, and using actual data and r

*Retirement estimate based on the University's actual percentage of total SURS from prior year and fringe benefits based on 5 year average increase.

FIGURE 11
 CUMULATIVE CHANGE IN STATE TAX APPROPRIATION
 BY HIGHER EDUCATION SECTOR



Note: FY02 –FY22 exclude \$45 million from higher education for Health Insurance payment to CMS.
 SURS: FY05 – FY22 include State Pension Fund; FY10 & FY11 SURS includes full funding from pension bonds.
 FY13-FY22 higher education includes funding for state surveys. FY 2017 based on Bridge Appropriation.
 FY2022 CPI estimate based on a projected 2.5% CPI increase.