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Reaffirming the Commitment: Illinois Should Enhance Its Investment in Higher Education

Volume II in the Higher Ed Series

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Reaffirming the Commitment: Why Illinois Must Deepen Its Investment in Higher Education, Volume II of the Higher Ed Series

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1. Introduction

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

Yet despite the growing body of evidence that greater educational attainment benefits both individuals and communities, Illinois' General Fund support for Higher Education has declined significantly in real, inflation-adjusted terms over time. In fact, after adjusting for inflation, aggregate General Fund appropriations for Higher Education at the end of the current fiscal year (FY 2025) will be 42 percent less in real terms than in FY 2000, under Republican Governor George Ryan.[2]

The primary reason for this significant disinvestment in Higher Education has been the long-term structural deficit in the state's General Fund. A "**structural deficit**" exists when revenue growth is not sufficient to cover the inflation-adjusted cost of covering scheduled debt service payments, and providing the same level of public services from one fiscal year into the next, even if no public service programs are added or increased, and even if the economy is expanding normally. (For more information about the state's structural deficit, please see CTBA's report "Analysis of Illinois' FY 2025 Enacted General Fund Budget".

That said, Illinois' General Fund is in the best fiscal condition it has been for decades, in large part due to the Pritzker Administration's responsible stewardship of the state's finances. Over the past four years, the Pritzker Administration has been able to leverage the $6.359 billion in financial assistance the federal government provided during the pandemic, as well as unexpected revenue growth totaling some $7.1 billion from FY 2021 to FY 2025 sequence, that have helped pay down the state's bill backlog, pay-off state loans, pre-pay some pension debt, and invest in rebuilding a healthy Rainy Day Fund.[3]

The recent improvement in the state's short-term fiscal health allowed Illinois to increase General Fund appropriations for Higher Education in FY 2024 to $2.539 billion, which represented a nominal, year-to-year bump of $297 million or 13 percent, and again in FY 2025 up to $2.615 billion, a more modest nominal, year-to-year bump of $76 million or 2.3 percent.[4] Yet despite these increases, in real, inflation-adjusted terms General Fund appropriations for Higher Education will nonetheless still be $1.88 billion less at the end of FY 2025 than in FY 2000.[5]

To make up for the significant loss of General Fund support that has transpired over the FY 2000 through FY 2023 sequence, public colleges and universities in Illinois have increased student tuition and fees substantially. Indeed, after accounting for the impact of inflation, between FY 2000 and FY 2023, average in-state tuition at Illinois' four-year public universities has more than doubled—increasing by 103 percent.[6] This in turn has made it increasingly difficult for students from low- and middle-income families to afford public colleges and universities in Illinois, especially since real, inflation-adjusted median household income in Illinois increased by just 26 percent over the same sequence that tuition costs were more than doubling.[7]

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Compounding this problem, funding for the Monetary Award Program ("**MAP**"), which is Illinois' financial aid program for low-income students, has not come close to covering the rapid growth in tuition at the state's public institutions of higher learning. Consider that in FY 2000, the average MAP award Illinois provided to public university students covered 66 percent of the average tuition and fee cost of attending one of the state's public universities.[8] By FY 2021, however, after two decades of tuition costs rapidly increasing in Illinois, the average MAP grant covered just 26 percent of the average annual cost tuition and fee cost of attending a four-year public university in Illinois, a significant decline in value of nearly 60 percent.[9]

Like General Fund support for Higher Education, there have been some gains in MAP funding recently. The state budget in FY 2024 included an increase of $100 million to MAP and the portion of the average public university tuition and fees covered by the average MAP grant rose to 41 percent in FY 2024.[10] Notably, this figure still falls substantially short of where it did back in FY 2000.

Not surprisingly, as tuition costs have surged and the value and scope of financial aid available through MAP grants has diminished, enrollment in Illinois public colleges and universities has plummeted. Between 2011 and 2023, total enrollment in Illinois' public institutions of higher learning declined by 29 percent.[11] Meanwhile between 2000 and 2023, the net outmigration of freshman students from Illinois into other states nearly doubled.[12]

The good news is, research indicates boosting state General Fund appropriations for Higher Education could actually help stimulate additional degree completion in Illinois—both overall and for traditionally underrepresented student groups.[13] One key reason for this is enhancing state General Fund support for Higher Education helps reduce the spike in tuition costs realized in Illinois over the last two decades, and thereby help make college more affordable for low- and middle-income families.

Given Black and Latinx students are disproportionately overrepresented in lower income families, reducing tuition and fee costs could help reduce the enrollment and graduation gaps between minority students on the one hand and their white peers on the other.

The even better news is Senate Majority Leader Kim Lightford and State Representative Carol Ammons have provided some real visionary leadership on this issue. A couple of years ago, they co-chaired the legislatively established Commission on Equitable Public University Funding (the "**Commission**"), which was created under PA 102-0570.[14] Among other things, the Commission was charged with recommending "specific data-driven criteria and approaches to the General Assembly to adequately, equitably, and stably fund public universities in this State."[15]

The Commission finished its work in February of 2024, and recommended a formula for funding in-state public universities that is research based, helps eliminate barriers to higher-ed access and completion based on income, race and ethnicity, and would for the first time in state history create some predictability and stability in higher-ed funding. The formula supports core university operating functions, funds programs proven to attract and graduate traditionally underrepresented students, and over time should reduce the cost of attending public universities for all students. Senator Lightford and Representative Ammons are now advancing legislation to turn the Commission's recommendations into law.

A note on data sorted by year in this Report. All enrollment data is calculated for Fall through Spring of the applicable school year. For example, student enrollment in "Fall 2022" indicates enrollment data for the 2022-2023 school year. Because the State of Illinois' fiscal years begin on July 1st and run through the immediately following June 30, the state General Fund budget that would appropriate funding for the 2022-2023 school year would be FY 2023.

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2. Key Findings

2.1. Higher Education Creates Economic Benefits for Individuals and Communities

- At the national level, a full-time worker who had completed at least a bachelor's degree in 1979 had median weekly earnings that were 38 percent greater on average than a worker whose highest level of education was a high school diploma. By 2024, that wage gap has increased to 84 percent.[16]
- In 2023, the unemployment rate in Illinois for high school graduates without a college degree was more than double the unemployment rate for individuals who went on to attain a four-year college degree: 5.9 percent for high school graduates and 2.1 percent for those with a bachelor's degree.[17]
- The median lifetime earnings of an individual with a bachelor's degree is about $3.3 million, which is 26 percent more than the average associate's degree holder and 34 percent more than a worker with just a high school diploma.[18]
- Those who obtain a graduate degree—which about 38 percent of bachelor's degree holders do—can expect lifetime earnings that on average are 41 percent more than those with just a high school diploma.[19]
- For every dollar spent by an institution of Higher Education in Illinois, an average multiplier of $2.28 is generated in private sector economic activity statewide.[20]
- Between FY 2008 and FY 2025, Illinois underfunded the aggregate Illinois Board of Higher Education ("**IBHE**") budget recommendation for Higher Education by a total of $4.36 billion in nominal dollars. **If instead that $4.36 billion had been invested in Illinois institutions of Higher Education, the based on the aforesaid multiplier, the state could have generated an additional $9.94 billion in economic activity over the FY 2008—FY 2025 sequence.**[21]
- The wages of all workers, regardless of level of education, are higher in communities with high concentrations of college-educated adults.[22]
- The average bachelor's degree holder will, over their lifetime, spend $278,000 more on local goods and services than the average high school graduate, and will contribute $43,888 more in state and local taxes.[23]
- If Illinois were to increase the percentage of its workforce with a postsecondary credential or college degree from the current 55 percent to 60 percent, Illinois would collect over $800 million more in tax revenue annually in nominal dollars.[24]

2.2. Higher Education Attainment Enhances Upward Mobility

- Only 13 percent of the individuals who were both born into families with earnings in the bottom quintile of the income distribution, and who did not obtain a postsecondary degree, were able to attain earnings in one of the top two income quintiles by age 40.[25]
- In contrast, 40 percent of the individuals who were both born into families with earnings in the bottom quintile of the income distribution, and who did obtain a college degree, were able to attain earnings in one of the top two income quintiles by age 40.[26]

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

- Beginning in FY 2023, General Fund appropriations for Higher Education have increased each year after almost two decades of year-over-year cuts. The FY 2025 General Fund appropriation for Higher

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Education is $2.615 billion, which represents a nominal dollar increase of $76 million, or a 3 percent from FY 2024 appropriation levels.[27]

- Despite the past three consecutive years of nominal dollar increases, the FY 2025 General Fund appropriation for Higher Education remains nearly 42 percent less in real, inflation-adjusted terms than it was in FY 2000.[28]
- Higher Education is the only core service area financed by the General Fund that was cut so dramatically over the past 25 years that its current appropriation is virtually the same in nominal, non-inflation-adjusted dollars as it was back in FY 2000.
- Meanwhile, as appropriations for current Higher Education services have declined in real terms over time, General Fund pension contributions to the Illinois State University Retirement System ("**SURS**") have increased substantially. In FY 2025, 43 percent of all Higher Education appropriations in Illinois went to the state retirement pension system.[29]
- This growth in General Fund pension contributions to SURS is not being caused by the benefits being earned by university professors and workers who are members of that system. Instead, the driver of these increased contributions is the back-loaded debt service structure created under the 1995 "**Pension Ramp."**[30]
- In fact, 77.3 percent of the total pension contribution to SURS in FY 2025 is dedicated to paying debt service in the form of unfunded liabilities, while only 22.7 percent covers the normal cost of benefits being earned.[31]

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

- In FY 2002, Illinois General Fund appropriations accounted for 72 percent of total revenue at the state's public universities, with the remaining 28 percent derived from University Income Funds ("**UIF**"). UIF is primarily comprised of tuition and fees paid by students.[32]
- As a result of the decades long disinvestment in Higher Education that occurred thereafter, this ratio substantially reversed. By FY 2023, General Fund appropriations covered just 35.1 percent of public university revenue, while the remaining 64.9 percent was made up of UIF.[33]
- Nationally, Illinois had the 13th highest total, in-state public university tuition and fee cost in FY 2000, with an average annual cost of $4,040 in nominal dollars, or $7,088 in 2022 dollars.[34]
- By FY 2023, average in-state tuition and fees were $14,921 to attend a four-year public university in Illinois—the sixth highest price tag in the nation.[35] This means that, after adjusting for inflation, average in-state tuition at Illinois' four-year public universities more than doubled—an increase of 103 percent—between FY 2000 and FY 2023.[36]
- In Illinois, families in the middle-income quintile would need to set aside nearly 20 percent their total annual earnings to pay the average cost of attending a public university in-state, while those in the bottom quintile would need to set aside fully 92 percent of their annual income—essentially all of their income—to do so.[37]
- Conversely, to cover one year of tuition and fees at a public university in Illinois, the top quintile of families only need to set aside 5 percent of their household incomes.[38]
- Initially, community colleges were funded based on the principle that costs would be evenly split among the state, tuition, and property taxes.[39] However, the portion of community college costs covered by state revenue has fallen from 26.3 percent in FY 2003 to just 14 percent in FY 2023, a decline of 46 percent.[40]

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- During that sequence, the share of costs covered by property tax revenue increased, from 28.5 percent to 44 percent. Meanwhile, the share covered by tuition jumped from 21.1 percent in FY 2003, to 30 percent in FY 2023.[41]
- In FY 2016, the first year of the budget impasse under former Governor Bruce Rauner, property taxes covered most community college costs—52.2 percent—while tuition covered 43.7 percent and state funds covered just 4.1 percent.[42]
- The increase in tuition costs for Illinois' public universities has had disparate impacts along income, racial and ethnic lines.
- In 2023, the average cost of in-state tuition and fees at a public four-year university in Illinois equated to 33 percent of the median income for a Black household in the state, and 20 percent of the median income for a Latinx household in the state.[43]
- For comparison, in 2023 the average cost of in-state tuition and fees at a public four-year university in Illinois equated to 17 percent of the median income for a white household in the state.[44] This demonstrates how the cost of attending college is more prohibitive for students of color and their families—which in turn helps contribute to the continuation of racial and ethnic inequities in the labor market.
- It should be no surprise, then, that low-income and minority students are disproportionately over-burdened with student debt. For instance, 83 percent of Black students who completed college in the 2019-2020 school year took out federal student loans, compared to 60 percent of white students.[45]
- According to data from the National Center for Education Statistics, ("**NCES**"), of students that completed college in 2016, the median white borrower still owed 85 percent of the principal amount of the college loan amount originally borrowed four years later in 2020. By comparison, after 4 years, the median Black borrower actually owed 13 percent ***more*** than the principal amount of what was originally borrowed.[46]
- Another example of the disproportionate impact of rising college costs on low-income students and students of color can be observed in college completion rates. Just 50.5 percent of low-income students who enroll in a public university in Illinois graduate in six years, compared to 73.6 percent of non-low-income students.[47]
- College completion rates also vary by race and ethnicity. Of all students enrolled in four-year public Illinois universities, 70 percent of white students graduate in six years, compared to just 37 percent of Black students and 53 percent of Latinx students.[48] The three-year community college completion rate for white students is 43 percent, compared to 15 percent for Black students and 28 percent for Latinx students.[49]

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

- In FY 2000, the average MAP award Illinois provided to public university students covered 66 percent of the total, annual, average public university tuition and fee cost**.**[50]
- From FY 2000 to FY 2023, the average four-year tuition cost for students attending public universities in Illinois jumped 103 percent in real, inflation-adjusted dollars. MAP grant awards did not keep pace with this tuition spike—and instead actually decreased by 9 percent in real, inflation-adjusted dollars over the same period.
- This increase in tuition is especially consequential given that the median household income in Illinois increased by only 26 percent over the same sequence.[51]

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- Consequently, the average public university MAP award granted in FY 2024 covered just 41 percent of the total, average, annual cost of tuition and fees for a four-year public university, a significant decline in value of nearly 60 percent from FY 2000.[52]
- Between FY 2000 and FY 2024, Illinois community college tuition and fees grew by 214 percent in nominal dollars, while the average MAP award increased by just 91 percent in nominal dollars.[53] And while that spread is significant, the preceding nominal dollar comparison does not accurately reveal the dramatic extent of the state's disinvestment in MAP grants for community college.
- That is because after adjusting for inflation, the total, average, annual tuition and fee cost of attending a community college in Illinois jumped by 71 percent over the FY 2000-FY 2024 sequence. Meanwhile, the average MAP grant awarded to a student attending community college in Illinois increased by just 16 percent over this twenty-three-year period.[54]
- The net result: in FY 2024, the average MAP award for a student attending community college in Illinois covered just 32 percent of the total, average, annual cost of community college tuition and fees. That is a significant decline from the 53 percent of total, average, annual community college tuition and fee costs that the average MAP grant covered in FY 2000.[55]
- The highest MAP grant currently awarded covers only 48 percent of the average tuition and fee cost at a public university in Illinois.[56] That means a low-income student who qualifies for financial aid will have to foot just over half of the cost of attaining a post-secondary degree at a public institution of higher learning in Illinois—a prohibitive cost for many.
- By underfunding need-based MAP grants, Illinois hinders economic mobility for low-income families in general, and families of color in particular. Over half of MAP grant recipients are first generation students, and more than half of the undergraduates at Illinois' public universities who identify as Black or Latinx receive a MAP grant.[57]

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

- Between FY 2010 and FY 2024, Full-Time Equivalent ("**FTE**") enrollment in public institutions of Higher Education decreased nationally by ten percent. During that same sequence, however, the decline in FTE enrollment for Illinois' public colleges and universities was 29 percent, or practically three times worse.[58]
- Moreover since 2001, Illinois has experienced "**net outmigration**" of first-time undergraduates. That simply means the number of first-time undergraduates who left Illinois to attend public universities in other states exceeded the number of first-time undergraduates from other states who chose to enroll in Illinois' public universities.
- This net outmigration from Illinois worsened following the Great Recession and was particularly acute during the state's budget impasse of FY 2016-FY 2017.[59] For instance, in Fall 2001, the net loss of all Illinois high school graduates to colleges in other states was 9,773.[60] By Fall 2022, the net loss of all Illinois high school graduates to colleges in other states grew by 86 percent to nearly 18,200.[61]

2.7. Moving Forward

- The data confirm that any new formula for funding Higher Education in Illinois should include an equity incentive to redress historic disproportionality along racial and ethnic lines in college attendance and graduation. Consider that in 2023, while 45 percent of all Illinoisans between the ages of 25-64 held a postsecondary degree, 49 percent of all white Illinois residents had attained a postsecondary degree, while only 31 percent of all Black and 23 percent of all Latinx residents had done so.[62]

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- Ensuring historic inequities in college attendance and completion are redressed is especially crucial in Illinois, given that as of 2022, eight out of every 10 Illinois employers indicated they need employees with at least some post-secondary education.[63]
- Research shows that if Illinois increases General Fund appropriations for Higher Education so that Illinois ranks in the top 75th percentile of state support for Higher Education nationally, Illinois decision makers should expect enrollment in the state's public universities and colleges to increase, fewer students will drop out, and ultimately more degrees will be completed.[64]
- Based on the data, enhancing state-level General Fund support for public institutions of higher learning can be expected to generate numerous positive outcomes, which include, among other things (i) lower tuition costs over time, thereby making college more affordable for all students generally, and low income students specifically, (ii) given minorities are disproportionately low income, reducing tuition costs should also help begin to reduce discrepancies in the rates of postsecondary degree completion by race and ethnicity in addition to income status, and (iii) the state's private sector economic activity should be boosted.[65]

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

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

The economic well-being of individuals, as well as the economic health of the state, are both strongly correlated with higher levels of educational attainment. Consider the importance of educational attainment for individuals first. As shown in **Figure 1**, unemployment rates decrease as educational attainment rises, regardless of geographical location. For instance, in 2023, the unemployment rate in Illinois for high school graduates without a college degree was more than double the unemployment rate for individuals who went on to attain a four-year college degree.[66]

FIGURE 1
2023 UNEMPLOYMENT RATES BY EDUCATIONAL ATTAINMENT AND GEOGRAPHICAL LOCATION

	Illinois	Midwest Region	Nation
Less than a high school diploma	7.1%	6.6%	5.6%
High school graduates, no college	5.9%	3.9%	3.9%
Some college or associate's degree	4.1%	2.9*	3.3/2.7*
Bachelor's degree and higher	2.1%	1.7%	2.2%

*Sources: U.S. Bureau of Labor Statistics, Current Population Survey, 2023; *The national data separates these categories, while state and regional data sets combine them. For those with an associate's degree, the national unemployment rate was 2.7 percent, while for those with some college it was 3.3 percent.*

Meanwhile, over the last three decades, the correlation between obtaining a post-high school degree on the one hand, and wage levels on the other, grew significantly. In fact, as shown in **Figure 2**, since 1979 the only cohort of workers in America who have seen their incomes grow at a faster rate than inflation—i.e., have seen real growth in purchasing power—are those with a bachelor's degree or higher.[67]

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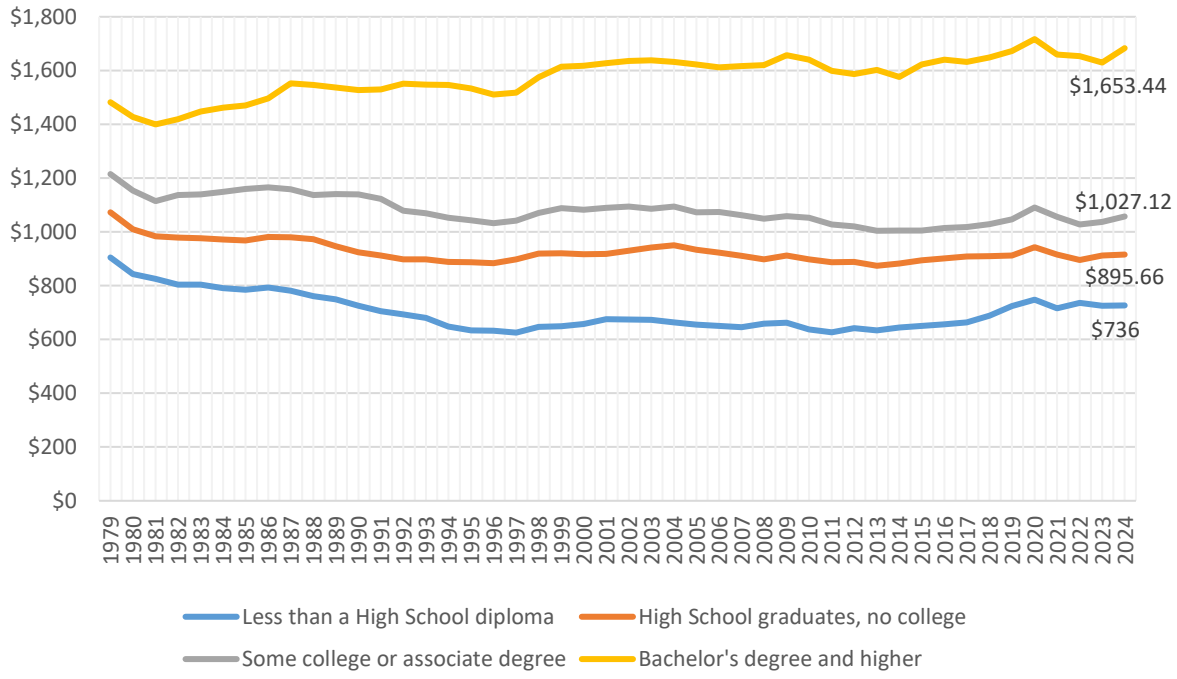
FIGURE 2
AVERAGE WEEKLY EARNINGS BY EDUCATIONAL ATTAINMENT, IN 2024 DOLLARS



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

Figure 3 shows the real change in average weekly earnings between 1979 and 2024, by both dollar amount and percentage.

FIGURE 3
AVERAGE WEEKLY EARNING, 1979 TO 2024, INFLATION-ADJUSTED TO 2024 DOLLARS

	Less than a High School Diploma	High School graduates, no college	Some college or associate degree	Bachelor's degree and higher
1979	$905	$1,073	$1,215	$1,482
2024	$726	$916	$1,057	$1,684
$ Change	($179)	($157)	($158)	$202
% Change	-20%	-15%	-13%	14%

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

Over the 45-year sequence from 1979 through 2024, the difference in earning power between individuals with and without a college degree widened substantially. Consider that, at the national level in 1979, full-time workers with a bachelor's degree or higher had median weekly earnings that were 38 percent greater than workers whose highest level of education was a high school diploma. By 2024, that wage gap had more than doubled to 84 percent, as shown in **Figure 4**.[68]

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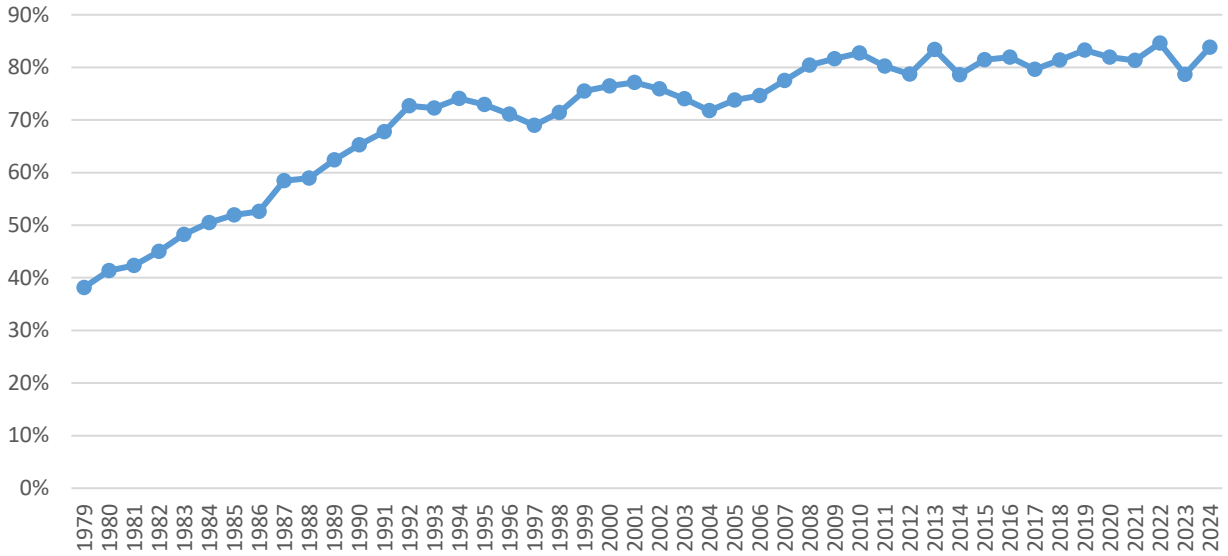
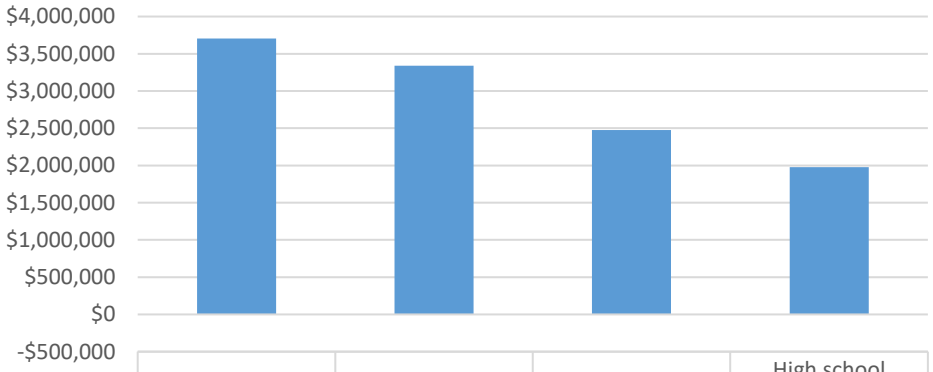
FIGURE 4
MEDIAN WAGE GAP BETWEEN FULL-TIME WORKERS WITH BACHELOR'S DEGREE OR HIGHER VERSUS WORKERS WITH A HIGH SCHOOL DIPLOMA, 1979-2024 (IN 2024 DOLLARS)



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

As shown in **Figure 5**, an individual with a bachelor's degree attains median lifetime earnings of over $3 million, which is 26 percent greater than the median lifetime earnings for a worker with an associate's degree, and 41 percent more than the median lifetime earnings for those with just a high school diploma.[69] Workers who obtain a graduate degree—which about 38 percent of bachelor's degree holders do—can expect lifetime earnings that are 47 percent greater than those with just a high school diploma.[70]

FIGURE 5
LIFETIME EARNINGS COMPARISON BY EDUCATIONAL ATTAINMENT



	Master's degree	Bachelor's degree	Associate degree	High school diploma, no college
Lifetime earnings	$3,703,284	$3,338,348	$2,475,720	$1,977,196
% Earnings compared to Bachelor's Degree			-26%	-41%
% Earnings compared to Master's degree		-10%	-33%	-47%

Source: CTBA analysis of U.S. Bureau of Labor Statistics, Current Population Survey, 2023

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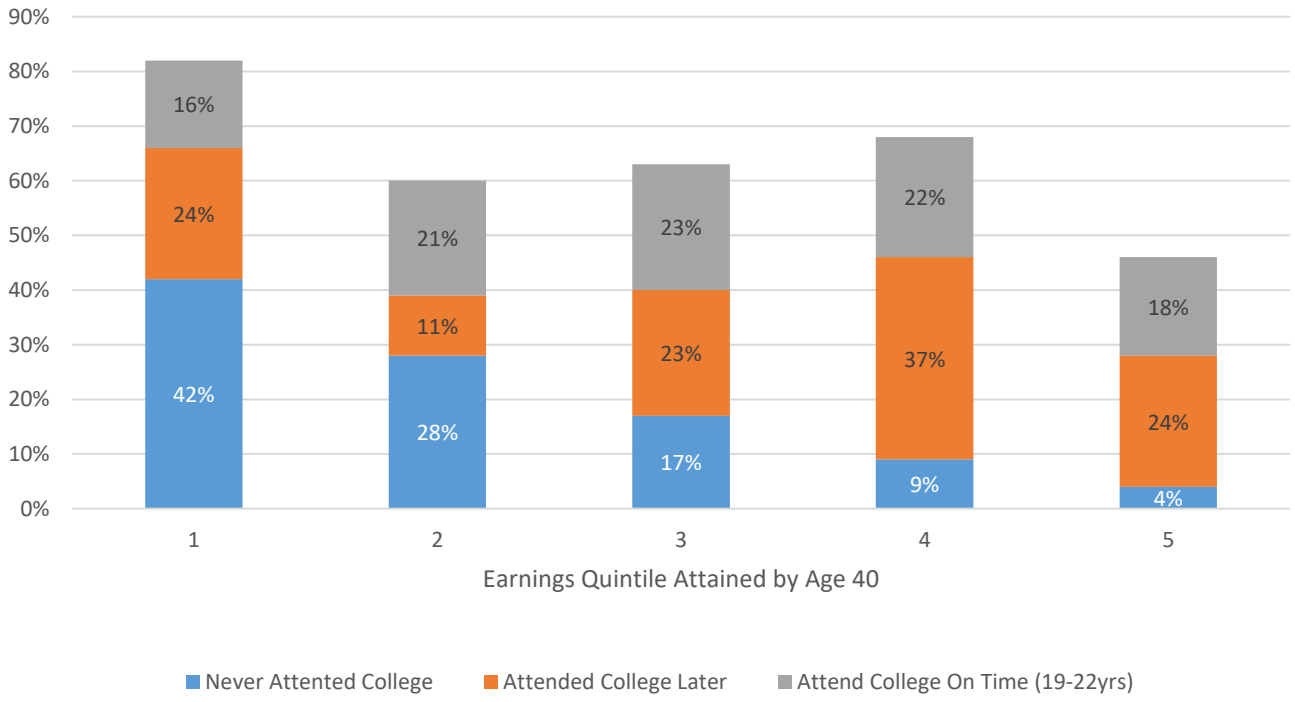
Attaining a college degree is expected to become even more important over time. A recent Georgetown University study found that by 2031, 72 percent of all jobs will require a college degree or other post-secondary credential, as will 85 percent of high-paying jobs. As for those jobs available for high school graduates, the Georgetown study acknowledged they would of course still exist but would offer a paycheck that would not cover the costs of maintaining a home or raising a family.[71]

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

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

In contrast, 40 percent of the college graduates who were born into families with earnings in the lowest income quintile, and attended college "on time" (between ages 19 and 22), as well as 61 percent of those who attained a college degree later in life, were able to realize earnings in one of the top two income quintiles by the time they reached age 40.[72] This powerfully demonstrates how a college degree can impact upward mobility for individuals born into lower income classes.

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



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

College completion not only benefits individuals, but also state economies as a whole. For instance, a study conducted by Noah Berger and Peter Fisher found that states with the greatest increases in productivity, as measured by gross state product per hour worked, also had the largest share of adults with a college degree.[73]

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Moreover, that same study found that states with the highest high school and college completion rates also had the highest per capita incomes.[74]

Meanwhile, a different study conducted by Ph.D. Economist Eric Hanushek of Stanford University found a strong relationship between the academic achievement of a state's adult workers and economic growth in that state, with states like Massachusetts and Minnesota having both significantly greater levels of academic achievement and rates of economic growth, while states like Alabama and Nevada lagged the nation in both achievement and rate of economic expansion.[75]

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

A 2016 study of the economic impact of higher education in McClean County (the **"Impact Study"**), concluded that investments in Higher Education create meaningful, positive economic multipliers across the state.[76] For instance, the Impact Study found that in McClean County—home of both Illinois State University and Illinois Wesleyan University—the aggregate impact of those institutions on the local economy was $394.6 million of activity.

This total economic impact resulted from both institution payrolls and student spending. Overall, the Impact Study found that for every dollar of direct economic activity generated by a college or university, an additional $0.36 in indirect or induced private sector economic activity was created.[77]

The reason for this is simple: when a state funds postsecondary institutions, those institutions use that funding to pay salaries for staff and to boost enrollment. Those staff members and students then spend money on economic transactions in the local community—such as renting apartments, buying food, or purchasing school supplies. The businesses patronized by those staff members and students in turn spend the money earned from their new customers, generating additional economic activity.[78]

Peoria and Champaign County colleges and universities had economic impacts on their respective communities relatively similar to what McClean County realized. The Chicagoland area and the State of Illinois overall, however, had economic multipliers nearly double the order of magnitude found in McClean County. This is because of limited "leakage" of economic activity out of larger geographical areas. For example, spending on textbooks in McClean might "leak" into other communities because there are no textbook publishers physically present in McClean County, while spending on textbooks in Chicago generates additional economic activity in the city because of the publishing industry presence located there.[79]

So, while McClean County realized $1.36 of private sector economic activity for every dollar spent on things like institutional payroll, the statewide economic multiplier is 2.28. This means that for every dollar spent by an institution of Higher Education in Illinois, $2.28 is generated in economic activity.[80] In FY 2025, Illinois' General Fund appropriation for public colleges and universities is scheduled to be $2.615 billion.[81] Applying the statewide multiplier to that investment in Higher Education translates to $5.96 billion in direct, indirect, and induced economic activity.

The Impact Study also found that the labor multiplier for Higher Education in McClean County is 1.22, meaning that for every 100 college and university employees, 22 additional individuals are employed in the region's private sector.[82] Based on the positive multiplier associated with Higher Education, increased state General Fund investment in Illinois' institutions of Higher Education can be expected to boost employment and earnings for individuals, as well as contribute significantly to the vitality of state and local economies.

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3.3. Individuals with Higher Educational Attainment Pay More in Taxes

Increases in personal income for individuals translate into increases in tax revenue for the state. Over a lifetime, the average bachelor's degree holder in the nation spends $278,000 more on local goods and services than the average high school graduate, and hence contributes $43,888 more in state and local taxes.[83] According to Illinois Board of Higher Education ("**IBHE"**) calculations, if Illinois were to increase the percentage of its workforce with a postsecondary credential or college degree from the current 55 percent to 60 percent (the state's goal for 2025), Illinois would collect over $800 million more in tax revenue annually in nominal dollars.[84] Additionally, research has found that savings estimates to state and local governments for each individual who completes a degree beyond a high school diploma to be roughly $34,773.[85] That is because when higher education levels are attained, social welfare costs are often averted. In other words, there is less reliance on programs such as Medicaid, food stamps, or other public assistance.[86] Which means, in addition to the approximately $800 million in increased tax revenue each year, the state could save nearly $900 million annually from prevented social welfare costs. That is a combined positive impact on the state's General Fund budget of $1.7 billion, which approximates the adjusted General Fund deficit the Governor's Office of Management and the Budget has forecasted for FY 2026, the state's next fiscal year.[87]

4. Even Before the Two-Year Budget Impasse Under Former Governor Rauner, Illinois' General Fund Investment in Higher Education Had Been Inadequate

Higher Education funding cuts did not begin with the budget impasse under former Governor Rauner over the FY 2016-FY 2017 sequence. In fact, the scheduled General Fund appropriation for Higher Education in FY 2025 remains nearly 42 percent less in real, inflation-adjusted terms than it was in FY 2000.[88] Though Healthcare and Public Safety are also core service categories that experienced real cuts in funding over this sequence, as shown in **Figure 7,** Higher Education has realized the most dramatic funding cuts by far.[89]

FIGURE 7
ILLINOIS GENERAL FUND SPENDING ON CORE SERVICES:
FY 2025 ENACTED COMPARED TO FY 2000 ENACTED ($ MILLIONS)

Category	FY 2000 Enacted (Nominal)	FY 2000 Enacted (inf. adj.)	FY 2025 Enacted	$ Change (inf. adj.)	% Change (inf. adj.)
Healthcare	$5,022	$11,549	$8,961	($2,588)	-22%
Human Services	$4,599	$9,602	$11,520	$1,918	20%
K-12 Education	$4,674	$9,758	$10,135	$377	4%
Higher Education	**$2,152**	**$4,493**	**$2,615**	($1,878)	**-42%**
Early Childhood Education	$170	$355	$762	$407	115%
Public Safety	$1,350	$2,818	$2,523	($295)	-10%
Total Net General Fund Service Appropriations	**$20,064**	**$40,190**	**$35,516**	($4,674)	**-12%**

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

Moreover, each year, IBHE is required to submit to the Governor and the General Assembly a Higher Education budget recommendation for the ensuing fiscal year. As shown in **Figure 8**, despite the demonstrable economic

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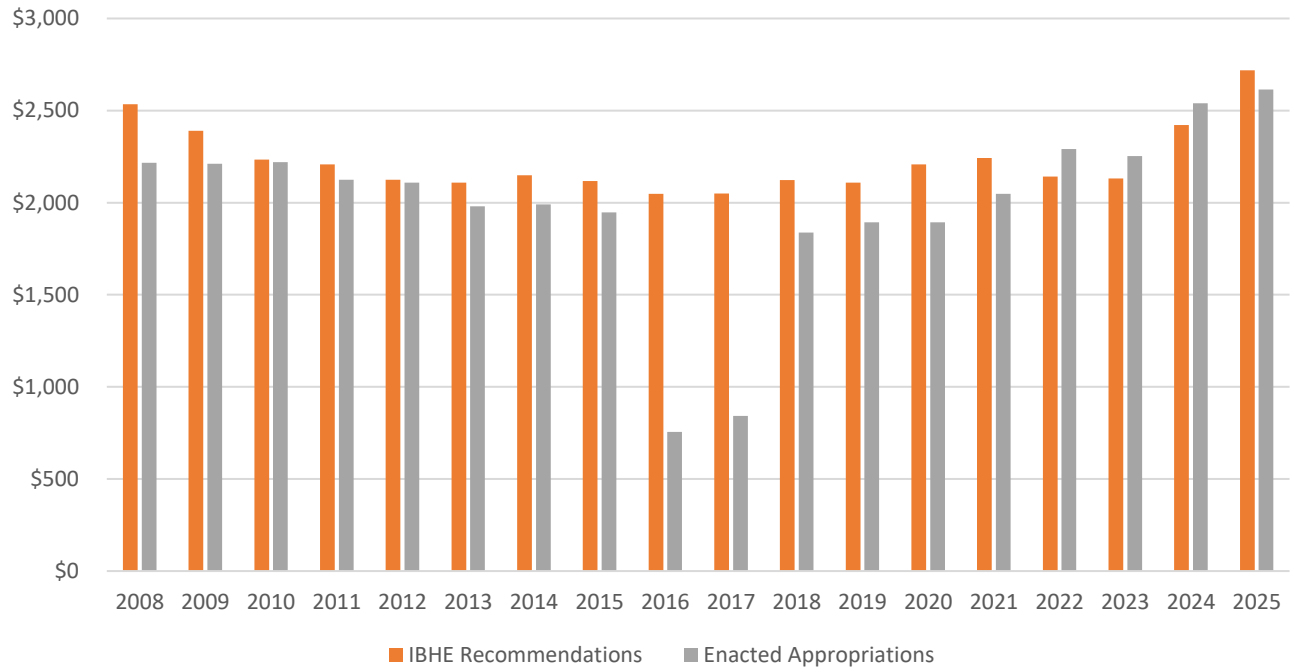
importance of Higher Education, from FY 2008 through FY 2021 the General Fund appropriation for Higher Education was less than the IBHE recommended amount.[90]

It was not until FY 2022 that this streak was broken, when the General Assembly enacted a supplemental appropriation to the state budget that finally got the state appropriation to not only meet, but actually to exceed, the IBHE recommendation.[91] From FY 2022 to FY 2024 the state's Higher Education General Fund appropriation exceeded the IBHE recommended funded levels.[92] In FY 2025, however, the final General Fund appropriation for Higher Education again fell short of the IBHE's recommendation by $103 million.[93]

FIGURE 8
IBHE GENERAL FUND BUDGET RECOMMENDATIONS VERSUS ENACTED GENERAL FUND APPROPRIATIONS FY 2008-FY 2025 ($ MILLIONS)



Source: IBHE FY 2008-FY 2025 Budget Recommendations and Final Appropriations, includes supplemental appropriations allocated for FY 2017 and FY 2023

Between FY 2008 and FY 2021, Illinois underfunded the aggregate IBHE budget recommendation for Higher Education by a total of $4.48 billion in nominal dollars. **If instead that $4.48 billion had been invested in Illinois institutions of Higher Education, the state could have generated an additional $10.22 billion in economic activity over the FY 2008—FY 2021 sequence, utilizing the statewide economic multiplier determined under the Impact Study identified previously in Section 3.2 of this Report**.[94]

Meanwhile, as appropriations for current Higher Education services have declined in real terms over time, General Fund pension contributions to the Illinois State University Retirement System ("**SURS**") have increased. So much so that in FY 2023 36.8 percent of all enacted appropriations for Higher Education are scheduled to go to SURS.[95]

This significant General Fund appropriation for the pension contribution to SURS is not to fund benefits being earned by university professors and workers who are members of that system currently. Instead, the driver of these high pension contributions is the statutorily created, back-loaded, debt service repayment structure implemented under the 1995 "Pension Ramp."[96]

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To understand why SURS appropriations are so high but the money is not funding current members of the system, a little context is necessary. To start with, the aggregate pension contribution the state makes to SURS is comprised of two items. First is the "normal cost," which is the dollar amount actuaries determine has to be contributed in the current fiscal year to cover benefits that will ultimately be paid to existing workers who are members of SURS when those workers retire. Second is the amount needed to amortize the repayment of accumulated "unfunded liabilities"—which means the debt—the state owes to SURS, which currently stands at $28.5 billion.[97]

Overly generous benefits are not the reason for this $28.5 billion in debt the state owes to SURS. The data show that the state ran-up this significant unfunded liability primarily because it intentionally decided to make inadequate annual contributions into SURS, as well as its four other public employee pension systems in the past.[98] (For more information on how Illinois decision makers created the pension funding issues the state currently faces, see CTBA's report "Update: Addressing Illinois' Pension Debt Crisis with Re-amortization").

In fact, Illinois so materially underfunded its five state pension systems that it more than doubled the aggregate debt it owed them between 1989 and 1994.[99] This led to the passage of the Pension Ramp in 1995, which created a 50-year schedule for repaying the unfunded liability debt the state had been incurring. Unfortunately, the repayment plan implemented under the Pension Ramp was back-loaded, and actually grew the aggregate amount of unfunded liability the state owed to its pension system for well over a decade, and then "ramped" payments up on an annual basis thereafter at an unaffordable rate. As things stand now, these ramped up annual debt service payments are scheduled to continue to grow materially through 2045.[100]

Based on the 1995 Pension Ramp—which both identifies the amount of normal cost each year, as well as the amortization schedule for repaying unfunded liabilities—77.3 percent of the total pension contribution to SURS in FY 2025 is for paying debt service in the form of unfunded liabilities, while only 22.7 percent is for the normal cost of benefits being earned.[101]

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

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

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

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

Consider that General Fund appropriations for Higher Education hit a peak in FY 2002 at $2.4 billion in nominal dollars—which is the equivalent of $4.19 billion in today's dollars after adjusting for inflation.[102] To reach FY 2002 levels again, Illinois would have to invest $1.56 billion more into Higher Education than what was appropriated in FY 2025—which is fully 60 percent greater than the FY 2025 General Fund appropriation of $2.615 billion for Higher Education.[103]

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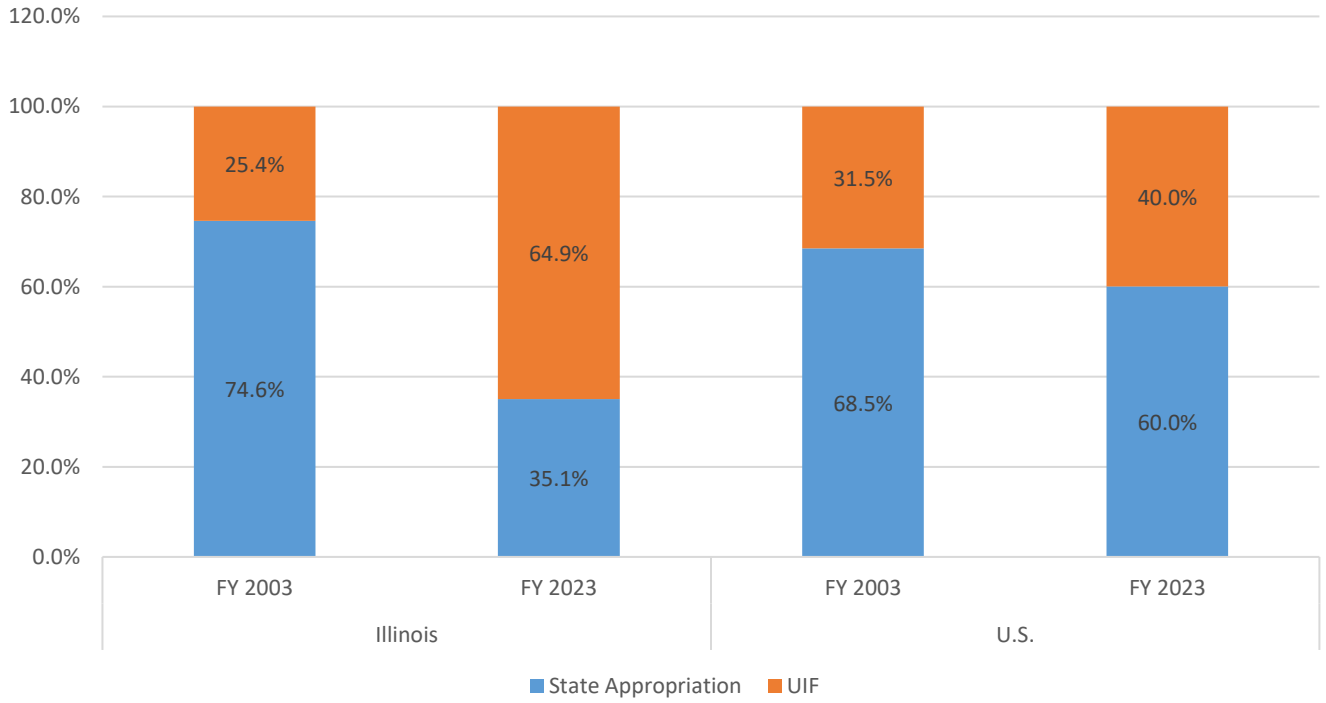
In FY 2003, directly following the peak level of state funding for Higher Education, General Fund appropriations accounted for 74.6 percent of the total revenue collected by Illinois' public universities, with the remaining 25.4 percent derived from "**University Income Funds**," or "**UIF**," which are primarily comprised of tuition and fees paid by students. [104] As a result of the decades long disinvestment in Higher Education that occurred thereafter, however, this ratio almost completely reversed. By FY 2023, General Fund appropriations covered just 40 percent of public university revenue, while the remaining 60 percent was made up of UIF, or tuition and fees.[105]

While it is true that nationally tuition and fees have also accounted for an increasing percentage of total public university revenue over this time period, the shift in Illinois is significantly more drastic than the national shift, as shown in **Figure 9**.[106]

FIGURE 9
PUBLIC UNIVERSITY REVENUE BY SOURCE, FY 2003 AND FY 2023



Sources: IBHE Annual Report on Public University Revenues and Expenditures: FY 2023; SHEEOA State Higher Education Finance: FY 2023

Cuts in Illinois state-level funding for Higher Education over the last two decades have directly led to an increased tuition burden placed on students and their families that has made the state's public universities more expensive than most of their peer institutions in other states. For instance in the year 2000, Illinois had the 13th highest total, average, annual in-state public university tuition and fee cost of $4,040 in nominal dollars, which translates to $7,428 in 2025 inflation-adjusted dollars.[107]

By 2023, the average annual cost of in-state tuition and fees at a four-year public university in Illinois was $14,921—the sixth highest price tag in the nation.[108] This means that, ***after adjusting for inflation, average in-state tuition at Illinois' four-year public universities has more than doubled—an increase of 103 percent—between FY 2000 and FY 2023***, as shown in Figure 10.[109] The data in **Figure 10** reveal that, while national trends on state support are similar to what has transpired in Illinois, they are not as extreme.

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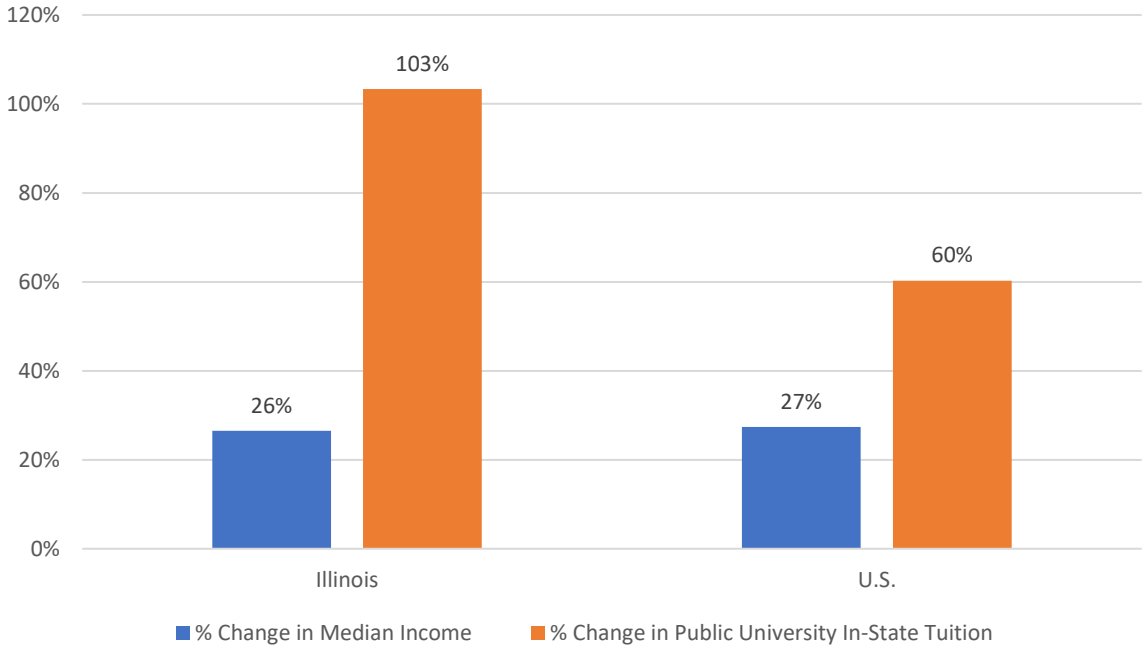
FIGURE 10
PERCENTAGE CHANGE IN MEDIAN INCOME AND PUBLIC UNIVERSITY IN-STATE TUITION, FY 2000-FY 2023



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

This creates a real economic challenge for most Illinois families, given that the median household income in Illinois increased by only 26 percent over the same sequence.[110]

Over the FY 2003-FY 2023 time period, community college funding also shifted away from the state, but this time it shifted not just onto students and their families, but also local property taxes. Initially, community colleges were funded based on the principle that costs would be evenly split among the state, tuition, and property taxes.[111] However, the portion of community college costs covered by state revenue has fallen from 26.3 percent in FY 2003 to just 14 percent in FY 2023, a decline of nearly 46 percent.[112]

During that sequence, the share of costs covered by property tax revenue increased from 28.2 to 44 percent.[113] Meanwhile, the share covered by tuition fell from 21.1 percent in FY 2003, to 30 percent in FY 2021.[114] In FY 2016, the first year of the budget impasse under former Governor Rauner, property taxes covered most community college costs—52.2 percent—while tuition covered 43.7 percent and state funds covered just 4.1 percent.[115]

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

The Monetary Award Program—or "**MAP**"—is a financial aid program administered by the Illinois Student Assistance Commission ("**ISAC**") and funded by the State of Illinois. Eligibility for MAP is based on financial need as determined under the Free Application for Federal Student Aid ("**FAFSA**"). Because it is a grant program, MAP awards do not have to be repaid. MAP grants are awarded on a first-come, first-served basis, with eligible applicants who are not initially awarded a grant being added to a waitlist.[116]

The average MAP award granted to public university students in FY 2000 covered 66 percent of the then average annual tuition and fee cost of attending a four-year public university in Illinois.[117] Then came the spike in tuition

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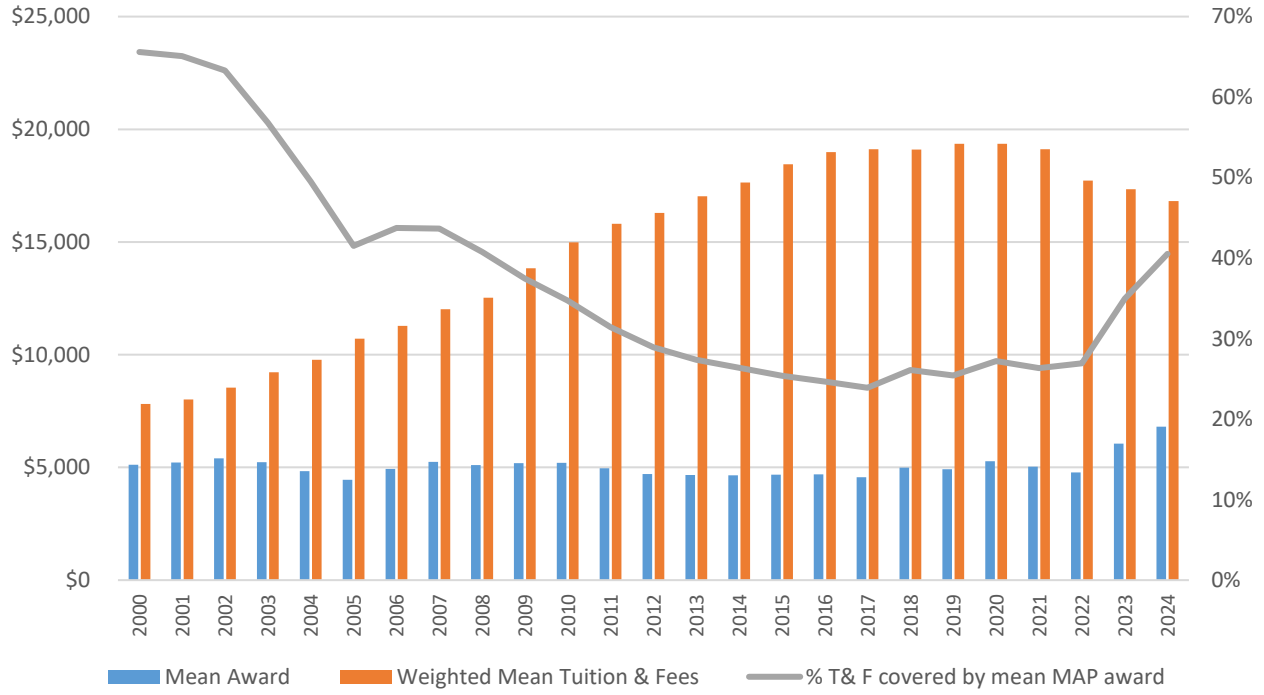
at public universities that occurred in Illinois over the ensuing two decades. From FY 2000 to FY 2021, the average four-year tuition cost for students attending public universities in Illinois jumped 127 percent in real, inflation-adjusted dollars. Unfortunately, MAP grant awards did not keep pace with this tuition spike—decreasing by 9 percent in real, inflation-adjusted dollars over the same period. This of course meant that the real value of the MAP grant declined significantly over this sequence, going from covering 66 percent of the average tuition and fees of attending a public university in the state in FY 2000, to covering just 26 percent in FY 2021, a significant decline of nearly 60 percent.[118]

However, since FY 2022, increased state appropriations to MAP have improved this ratio. In FY 2024, the state's General Fund included a year-to-year $100 million funding increase for MAP grants, which brought the average MAP award up to 41 percent of the average tuition and fees at an in-state public university in Illinois, as shown in **Figure 11**. While that improvement is certainly welcome, it must be noted that the average MAP grant still funds a lesser percentage of public university tuition and fee costs now than it did back in FY 2000.[119]

FIGURE 11
COMPARISON OF PUBLIC UNIVERSITY TUITION AND FEES TO MEAN MAP AWARDS, FY 2000-FY 2024



Source: Illinois Student Assistance Commission, FY 2024 Databook

The amount of average, annual, community college tuition and fees covered by MAP grant awards has followed a similar downward trajectory over the FY 2000 to FY 2021 sequence. In FY 2000, the average community college MAP award covered 53 percent of the average annual tuition and fee cost of attending a community college.[120] Between FY 2000 and FY 2021, the average annual cost of community college tuition and fees in Illinois grew by 192 percent in nominal dollars, while the average MAP award increased by just 21 percent in nominal dollars. Clearly the growth in nominal MAP grant value over that period of time fell well below the nominal growth in community college tuition and fees. That said, the preceding nominal dollar comparison does not fully convey the dramatic extent of the state's disinvestment in MAP grants for community college students.

That is because after adjusting for inflation, the average tuition and fee cost of attending a community college in Illinois jumped by 69 percent over the FY 2000-FY 2021 sequence. Meanwhile, the average MAP grant awarded

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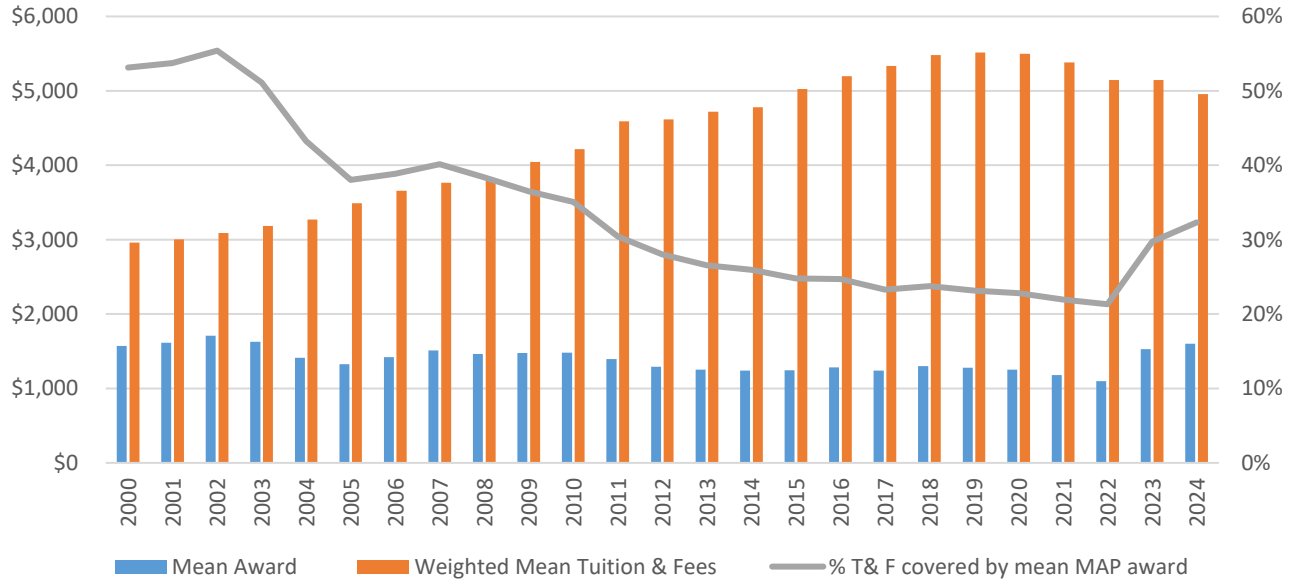
to a student attending community college in Illinois decreased by 20 percent in real terms over this twenty-one-year period. The net result: in FY 2021, the average MAP award for a student attending community college in Illinois covered just 21 percent of the average, annual cost of community college tuition and fees, which is a material decline from 53 percent of average, annual, community college tuition and fees covered in FY 2000.

Similar to the relative value of MAP grant awards for four-year university students, the portion of tuition and fees covered by the average MAP grant awarded to community college students increased in both FY 2023 and FY 2024, as shown in **Figure 12**.[121] In FY 2024, the average MAP grant award covered 32 percent of the average tuition and fees at an in-state community college in Illinois, as shown in **Figure 12.**[122] Certainly that is an improvement, but it is still well below FY 2000 levels.

FIGURE 12
COMMUNITY COLLEGE TUITION AND FEES AND MEAN MAP AWARD, FY 2000-FY 2024



Source: Illinois Student Assistance Commission, FY 2024 Databook

Despite recent increases in General Fund appropriations for MAP grants, from $446 million in FY 2020 to $711 million in FY 2025,[123] total MAP grant appropriations in the FY 2025 enacted General Fund budget remain insufficient to satisfy existing demand. This is a problem, because for many low-income high school graduates who otherwise would not have sufficient resources to afford tuition and fees, MAP can be a deciding factor in whether to attend college. Consider that, in 2023-2024, 88 percent of all eligible applicants were offered a MAP grant, but only 63 percent of those eligible applicants actually enrolled in college and received a grant, indicating that the decline in the value of MAP grants may be dissuading many low-income students from attending college.[124] That is a real negative outcome, given the significant and growing correlations between attaining a college credential and economic viability in the modern economy. Moreover, given the assault on Higher Education funding being made by the current administration of President Trump, state support of grant-based financial aid is likely to be more crucial economically for low-income students over the next four years.

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Moreover, the highest MAP grant currently awarded covers just 50 percent of the average tuition and fee cost at a public university in Illinois and 61 percent of tuition and fees at a community college.[125] That means a low-income student who qualifies for the maximum amount of financial aid will have to foot half or slightly less than half of the cost of attaining a post-secondary degree at a public institution of higher learning in Illinois—a cost that is exorbitant for many.

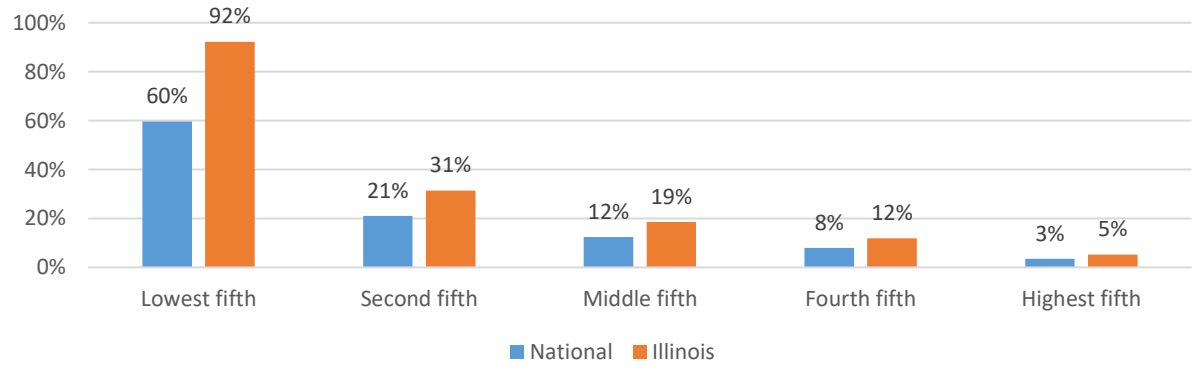
By underfunding need-based MAP grants, Illinois hinders economic mobility for low-income families in general, and families of color in particular. Over half of MAP grant recipients are first generation students, and more than half of the undergraduates at Illinois' public universities who self-identify as Black or Latinx receive a MAP grant.[126]

6. Escalating Tuition and Fees Have Had a Disproportionately Negative Impact on Low-Income Students and Students of Color in Everything from Affordability, to Student Loan Debt and College Completion Rates

6.1. Affordability Issues

Though the increase in the price of attending a public university has made Higher Education less affordable for most families, the impact has of course disproportionately affected low-income students. As shown in **Figure 13**, households in the lowest income quintile in the U.S. must set aside a full 60 percent of their income each year to cover the average one-year cost of in-state tuition at a public university.[127] For comparison, the top income quintile only needs to set aside 3 percent of household income each year to cover the average one-year cost of in-state tuition at a public university.[128] This differential starkly demonstrates how the cost of attending university is significantly more burdensome for low-income students and families across America.

FIGURE 13
AVERAGE IN-STATE TUITION AND FEES AT A PUBLIC FOUR-YEAR UNIVERSITY AS A SHARE OF HOUSEHOLD INCOME NATIONALLY AND IN ILLINOIS, BY QUINTILE, 2023



Source(s): U.S. Census Bureau, Income and Poverty in the United States: 2023; U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Table 330.20

But as bad as things are nationally, in Illinois they are worse. **Figure 13** shows that families in the lowest income quintile in Illinois simply do not have the financial capacity to afford to cover even one year of the average cost of tuition and fees at an in-state public university, because doing so would consume 92 percent—or essentially all—of their income for the year.[129] Conversely, to cover one year of tuition and fees at a public university in Illinois, the top quintile of families only needs to set aside 5 percent of their household income, which is slightly

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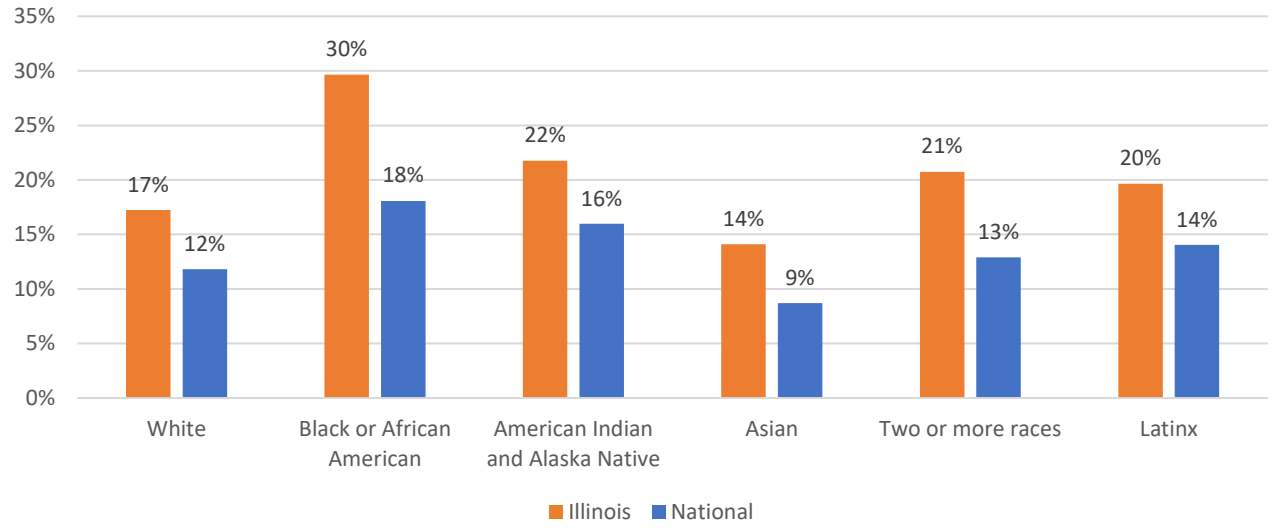
greater than the national average but significantly lesser than the financial challenge attending university in-state presents for lower to more moderate income families in Illinois.

Moreover, the trend of increasing tuition and fee costs at public institutions of higher learning has also had a disproportionately negative impact on students of color. As shown in **Figure 14**, covering the average tuition and fee cost of attending one-year at an in-state public university in the U.S. would take 18 percent of the median income of a Black household and 14 percent of the median income of a Latinx household, as compared to 12 percent of the median income of a white household.[130] Note that this assumes families only have one student attending an in-state university. The cost burden would of course increase if a household had multiple children attending college at the same time.

But as was the case with income differentials, the racial differentials in financial capacity to cover the cost of attending one year at a public university are worse in Illinois than they are on average nationally. So much so that in 2023, the average, annual, tuition and fee cost of attending an in-state public four-year university in Illinois would consume 30 percent of the median income of a Black household, and 20 percent of the median income of a Latinx household, as compared to 17 percent of median income for a white household, as shown in **Figure 14.** This demonstrates how in Illinois the cost of attending college is particularly more prohibitive for students of color and their families than for white families—which in turn helps contribute to the continuation of racial and ethnic inequities in the labor market.[131]

FIGURE 14
AVERAGE IN-STATE TUITION AND FEES AT A PUBLIC 4-YEAR UNIVERSITY AS A SHARE OF MEDIAN HOUSEHOLD INCOME IN ILLINOIS AND NATIONALLY, BY RACE/ETHNICITY, 2023



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

6.2. Student Loan Debt Burden

Because tuition costs consume so much more of the annual earnings of low-income families generally, and minority families specifically, low-income and minority students are disproportionately over-burdened with student debt. According to a 2015 report from the National Center of Education Statistics ("**NCES**"), low-income postsecondary students not only take out loans for school at higher rates than other income classes, but also still owe a much greater percentage of the amount borrowed 12 years after initially incurring their student debt.[132]

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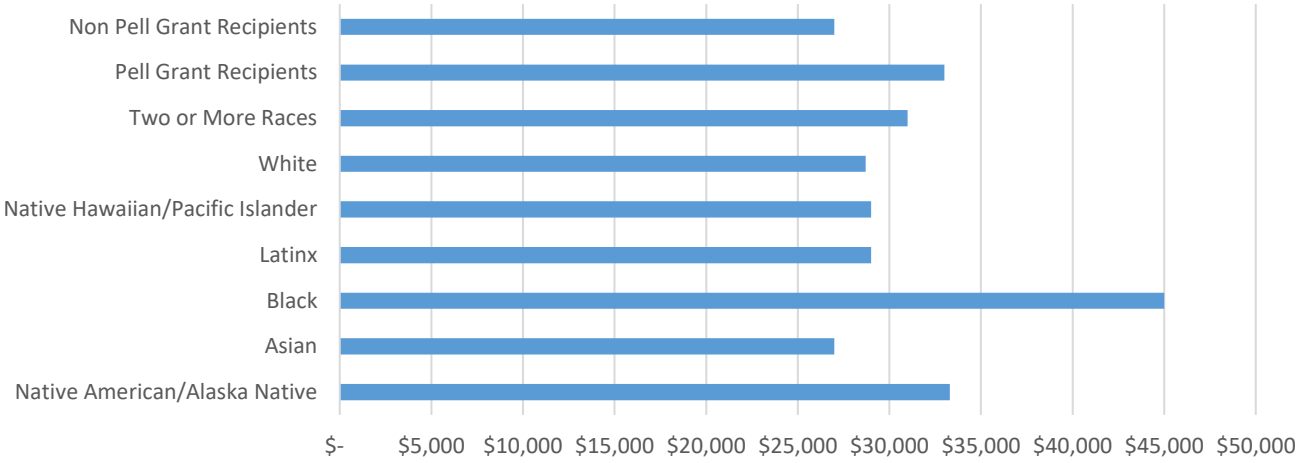
A subsequent NCES report issued in 2020 found that of students who graduated with a bachelor's degree in 2016, low-income students (those who qualified for Pell Grants) both took out loans with higher principal balances than non-Pell recipients, and still owed a greater percentage of the amount borrowed four years after graduation than did non-Pell recipients.[133]

Figure 15 shows the median principal amount of federal student loans incurred by 2016 bachelor's degree graduates that still remained unpaid in calendar year 2000, broken down by Pell status, race, and ethnicity.

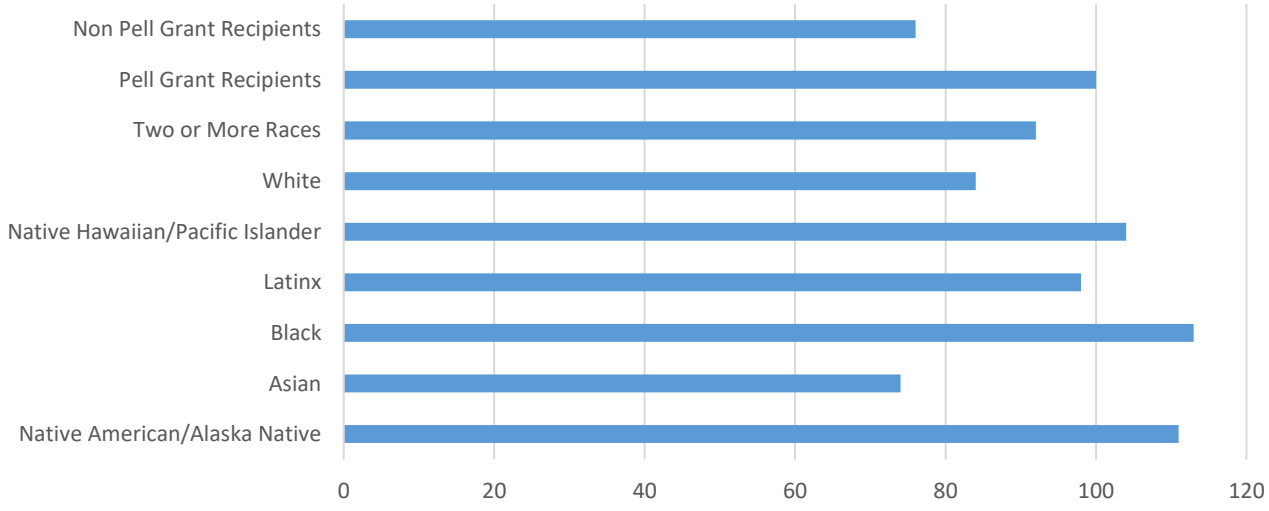
FIGURE 15
MEDIAN FEDERAL STUDENT LOAN PRINCIPAL AMOUNT INCURRED BY 2016 BACHELOR'S DEGREE GRADS STILL REMAINING UNPAID IN 2020, BY RACE, ETHNICITY AND PELL GRANT STATUS



Source: Institute of Education Sciences, Baccalaureate and Beyond (B&B:16/20), Table A-3

Figure 16 shows the percentage of the principal amount of federal student loans incurred by 2016 bachelor's degree graduates that still remained unpaid in calendar year 2020, also broken down by Pell status, race and ethnicity.

FIGURE 16
MEDIAN PERCENTAGE OF FEDERAL STUDENT LOAN PRINCIPAL AMOUNT INCURRED BY 2016 BACHELOR'S DEGREE GRADS STILL REMAINING UNPAID IN 2020, BY RACE, ETHNICITY AND PELL GRANT RECIPIENT STATUS



Source: Institute of Education Sciences, Baccalaureate and Beyond (B&B:16/20), Table A-3

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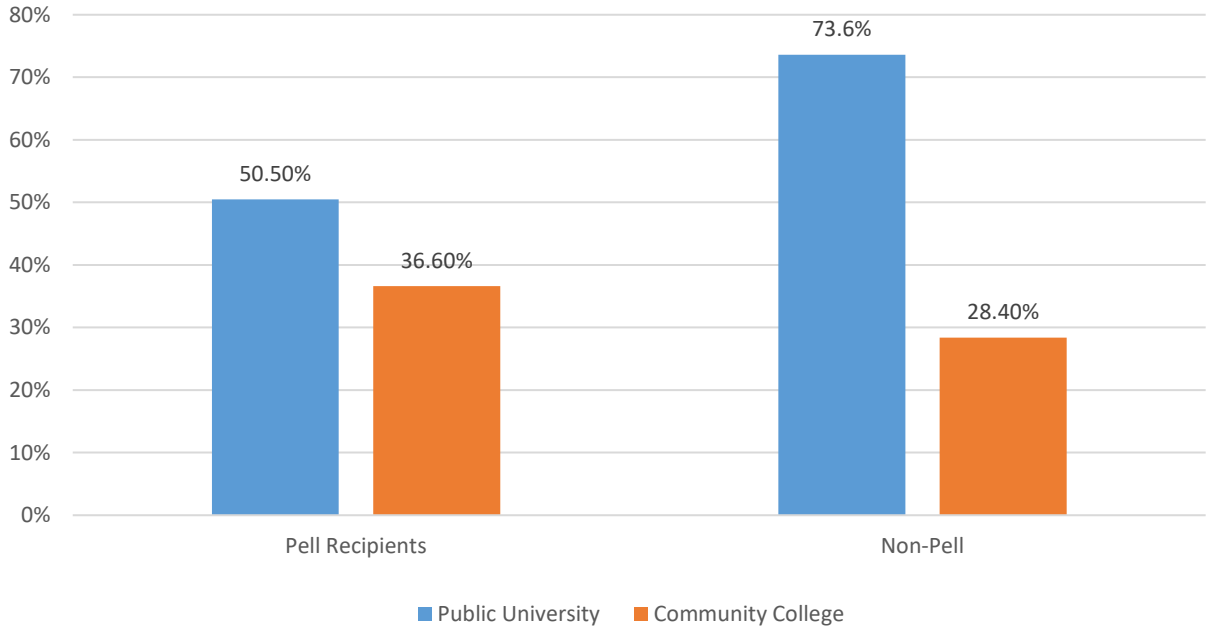
As a sub-group, Black students are particularly hard hit by student debt. For instance, the median amount of student loan principal borrowed by Black 2016 bachelor's degree graduates was $45,000—which is 57 percent greater than the $28,000 median amount borrowed by white 2016 bachelor's degree graduates. **Figure 16** illustrates that, four years after graduating college, 2016 bachelor's degree graduates who were Pell Grant recipients not only owed a greater portion of the principal amount borrowed than non-low-income graduates, but in fact still owed fully 100 percent of the principal amount they borrowed in federal student loans, compared to the 76 percent then owed by non-Pell Grant Recipients. The data also show that in addition to low-income students, students who are Black, Latinx, or Native American/Alaska Native were also disproportionately burdened with student debt. In fact, four years after graduating college Latinx 2016 bachelor's degree graduates still owed 98 percent of the principal amount they borrowed in federal student loans, while Black 2016 bachelor's degree graduates still owed 113 percent of the principal amount they borrowed in federal student loans—which incredibly is 13 percent *more* than the initial amount borrowed.[134]

Moreover, a significantly greater proportion of individuals who matriculate to, but do not graduate from college or university end up defaulting on their student loans. For instance, 45 percent of the students who began their college careers in 2005-2006 but did not graduate, defaulted on their student loans within 12 years. However, only 22 percent of the students entered college in 2005-2006 and attained an associate's degree defaulted on their loans within 12 years, while just eight percent of those students who attained a bachelor's degree defaulted within 12 years.[135]

6.3. College Completion Rates

Another example of the disproportionate impact of rising college costs on low-income students and students of color can be observed in college completion rates, which are shown in **Figure 17**. While 63.3 percent of all students who enroll in public university in Illinois graduate in six years, just 50.5 percent of low-income students do, compared to 73.6 percent of non-low-income students.[136]

FIGURE 17
SIX-YEAR POSTSECONDARY COMPLETION RATE FOR STUDENTS ENROLLED IN COLLEGE IN ILLINOIS, 2023



Source: Illinois State Board of Higher Education, Underrepresented Groups Report, 2023

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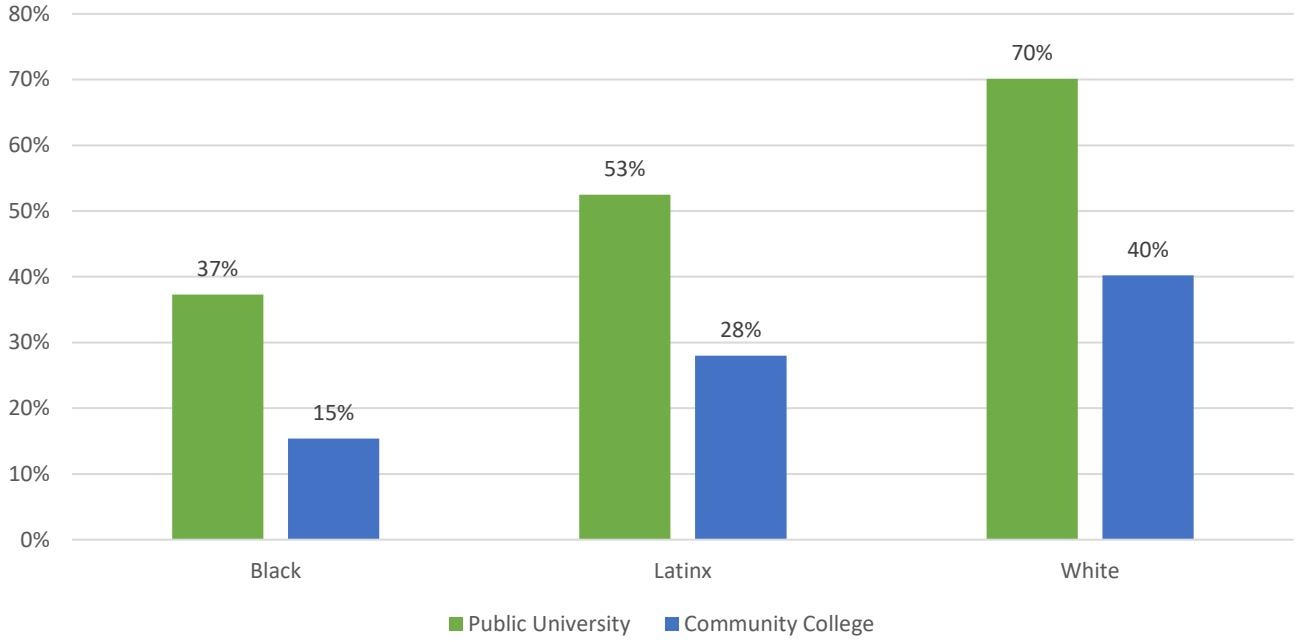
College completion rates also vary by race and ethnicity. Of all students enrolled in four-year public Illinois universities, 70 percent of white students graduate in six years, compared to just 37 percent of Black students and 53 percent of Latinx students.[137] Similarly, the three-year community college completion rate for white students is 40 percent, compared to just 15 percent for Black students and 28 percent for Latinx students, as shown in **Figure 18.**[138]

FIGURE 18
COLLEGE COMPLETION BY RACE/ETHNICITY IN ILLINOIS, 2023



Source: IBHE, Underrepresented Groups Report, 2023

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

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

Between FY 2010 and FY 2023, Full-Time Equivalent ("**FTE"**) enrollment in public institutions of Higher Education decreased nationally by 10 percent. During that same sequence, however, the decline in FTE enrollment for Illinois' public colleges and universities was 29 percent, or roughly three times worse, as shown in **Figure 19**.[139] Much of that decline happened in the past two years. In FY 2022 alone, national FTE enrollment fell by four percent on a year-to-year basis, while FTE enrollment in Illinois' public universities and colleges fell by 10 percent.[140] This enrollment cliff is caused by not only a decline in the college-aged population, but also by a decline in the perceived value of a college degree.[141]

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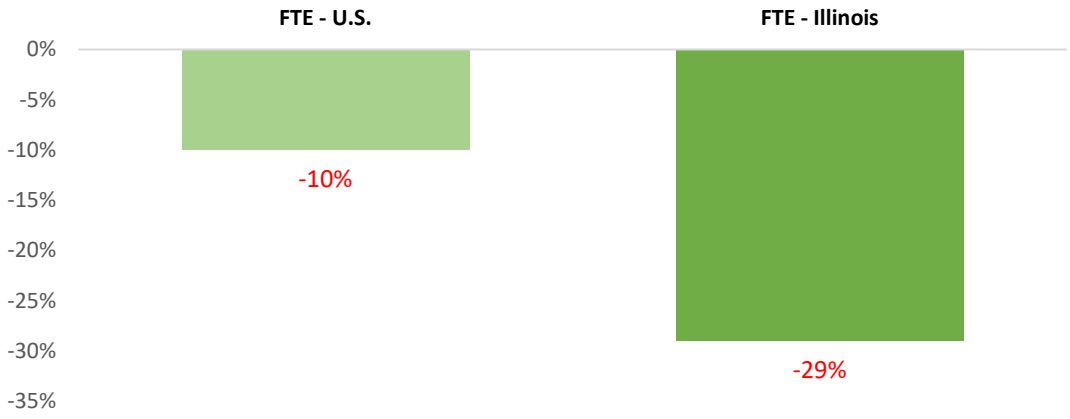
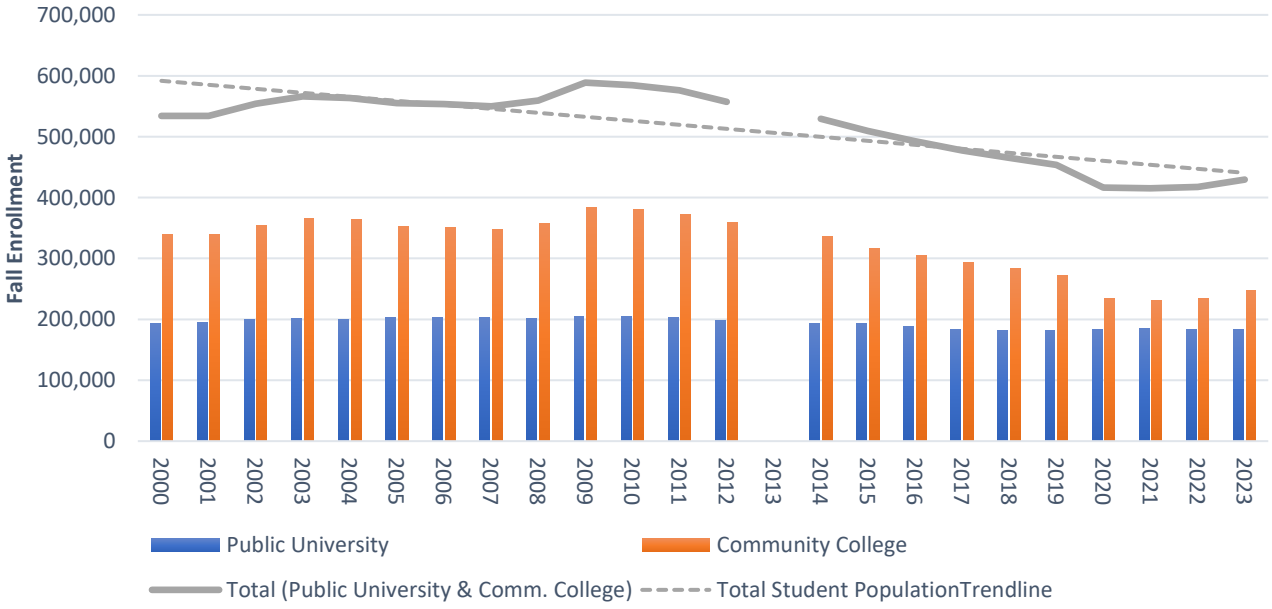
FIGURE 19
PERCENT CHANGES IN ENROLLMENT IN PUBLIC HIGHER EDUCATION, FY 2010-FY 2023



Source: State Higher Education Executive Officers Association, FY 2023 State Higher Education Finance Report

Between FY 2022 and FY 2023, 34 states realized FTE enrollment declines, and between FY 2018 and FY 2023, 45 experienced declines, including 18 that experienced declines of 10 percent or more in that time sequence.[142] During this negative national trend, FTE enrollment remained significantly worse in Illinois than elsewhere in the nation, as shown in **Figure 20** where the combined total enrollment for public universities and community colleges in Illinois peaked in Fall 2009 and has been declining ever since, except for Fall 2021.[143]

FIGURE 20
PUBLIC UNIVERSITY AND COMMUNITY COLLEGE TOTAL FALL ENROLLMENT IN ILLINOIS, FALL 2001-2023



Source: IBHE Illinois Higher Education Enrollment & Degrees System, "Fall Enrollment", 2000-2023; IBHE had no available data for Fall 2013 enrollment

The decline in FTE enrollment in Illinois' public colleges and universities has included most racial and ethnic groups, but has been most extreme for students who identify as Black or white. For instance, between Fall 2009 and Fall 2023, total FTE enrollment of white students in Illinois' public institutions saw the greatest decrease of 162,418 students, or 46 percent, followed closely by the decline in total FTE Black enrollment, which decreased by 33,814 students, or 40 percent, as shown in **Figure 21.**

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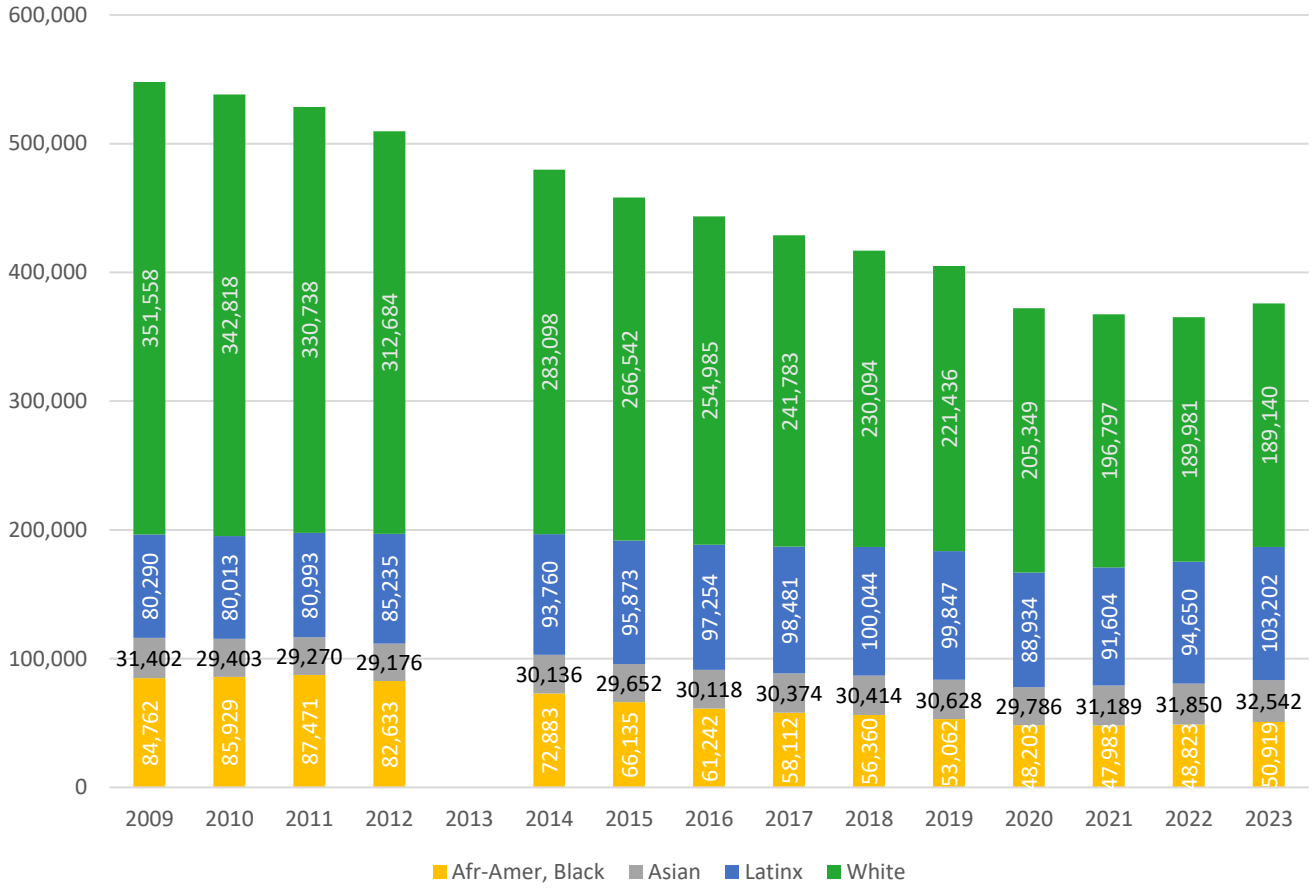
FIGURE 21
TOTAL FALL ENROLLMENT IN ALL ILLINOIS PUBLIC INSTITUTIONS, FALL 2009–2023



Source: IBHE Illinois Higher Education Enrollment & Degrees System, all public institutions by Race, Fall 2009–Fall 2023; IBHE has no available data for Fall 2013

Asian FTE enrollment increased slightly over this time period, by 1,140 students, or four percent. Latinx FTE enrollment on the other hand increased significantly, **jumping by 22,912 students, or 29 percent**.[144] One factor that may have contributed to the rise in Latinx FTE enrollment is the concomitant increase in Illinois' Latinx population. Between Fall 2009 and Fall 2023, Illinois' Latinx population over the age of 18 increased by 30 percent, while the state's Black population over 18 shrank by two percent and its white population over 18 declined by five percent.[145]

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

Some of the decline in college enrollment in Illinois is because, over time, the number of the state's high school graduates who opt to leave Illinois to attend college in other states is exceeding the number of high school graduates from other states who choose to attend college in Illinois. Illinois has experienced net out-migration of first-time undergraduates dating back to FY 2001.[146] Unfortunately for Illinois, this trend worsened following the Great Recession, and then was exacerbated during the budget impasse under former Governor Rauner over the FY 2016-FY 2017 sequence.[147]

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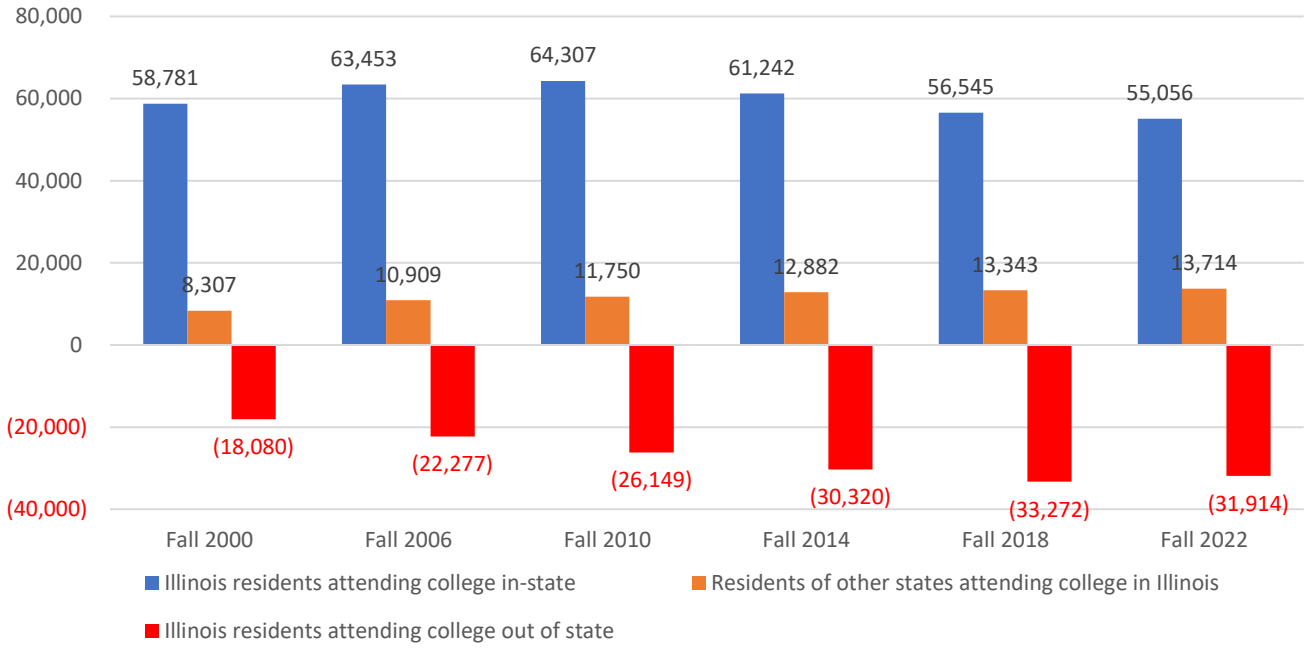
For instance, from FY 2001 to FY 2023, the number of Illinois high school graduates who attended Illinois' public colleges or universities decreased by over 3,700, or 6.3 percent.[148] Meanwhile during that same time period, the number of Illinois high school graduates who attended public colleges or universities in other states increased by over 13,800, or 77 percent.[149]

That outmigration of Illinois residents was somewhat offset by an increase of 65 percent in the number of out-of-state students who chose to attend one of Illinois' public universities or colleges during that sequence. However, while the percentage increase in out-of-state students coming to Illinois for college during this period was high, the actual numeric increase in such students only amounted to 5,407 in total, a significantly lesser amount than the over 13,800 Illinois high school graduates who left the state to attend college elsewhere.[150]

FIGURE 22
MIGRATION OF FRESHMEN STUDENTS INTO AND FROM ILLINOIS, FALL 2000 (FY 2001)- FALL 2022 (FY 2023)



Source: NCES Digest of Education Statistics, Chapter 3: Postsecondary Education, Residence and migration of all freshmen students in degree-granting institutions graduating from high school in the past 12 months, by state, Fall 2000, Fall 2006, Fall 2010, Fall 2014, Fall 2018, Fall 2022

The growth in outmigration of Illinois students to other states has been significant over time. In FY 2001, the net loss of all Illinois high school graduates to colleges in other states was 9,773.[151] By FY 2023, the net loss of all Illinois high school graduates to colleges in other states grew by 84 percent to 18,200.

There is some positive news, however, because Illinois' net loss of students in FY 2023 of 18,200 was 1,729 less than the net loss of 19,929 students Illinois realized in FY 2018, as shown in **Figure 23.**

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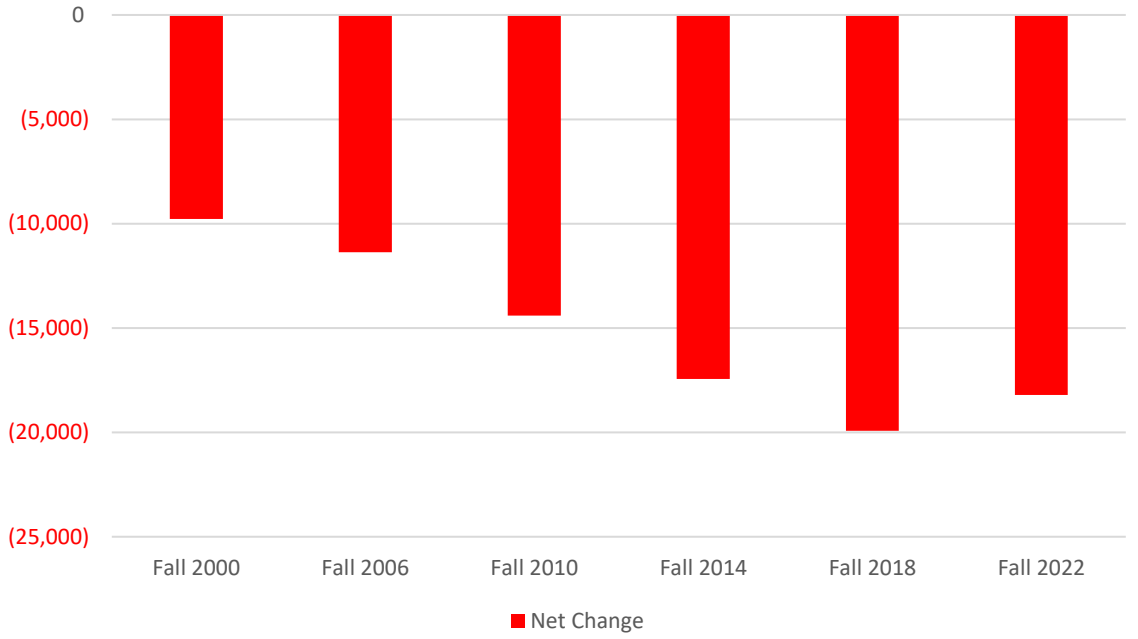
FIGURE 23
NET OUT-MIGRATION OF FRESHMEN STUDENTS FROM ILLINOIS TO OTHER STATES, FALL 2000 (FY 2001)-FALL 2022 (FY 2023)



Source: NCES Digest of Education Statistics, Chapter 3: Postsecondary Education, Residence and migration of all freshmen students in degree-granting institutions graduating from high school in the past 12 months, by state, Fall 2000, Fall 2006, Fall 2010, Fall 2014, Fall 2018, Fall 2022

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

8.1. Illinois Education and Career Success Network

To "foster its economic vitality," in 2008, Illinois adopted a ten-year education policy blueprint, known as the "**Public Agenda for College and Career Success**" (the "**Public Agenda**"). As part of the Public Agenda, the state committed to the goal of having 60 percent of adults in Illinois earn a college degree or other post-secondary credential by the year 2025 (the previously defined "**60% by 2025 Goal**").[152] To reach that Goal, 4,400 more Illinois residents would have had to have attained post-secondary credentials each year from 2008 through 2025.

Given Illinois' disinvestment in Higher Education and the concomitant increases in tuition costs and drops in college enrollment, it's no wonder that the number of degrees conferred each year failed to keep pace with what was needed to meet the state's 60% By 2025 Goal over the 2014 through 2018 sequence.[153] As shown in **Figure 24,** after FY 2013, degree attainment in Illinois actually began to decline. Between FY 2014 and FY 2018, Illinois produced just 88 percent of the degrees needed to stay on track toward meeting the 60% By 2025 Goal.[154]

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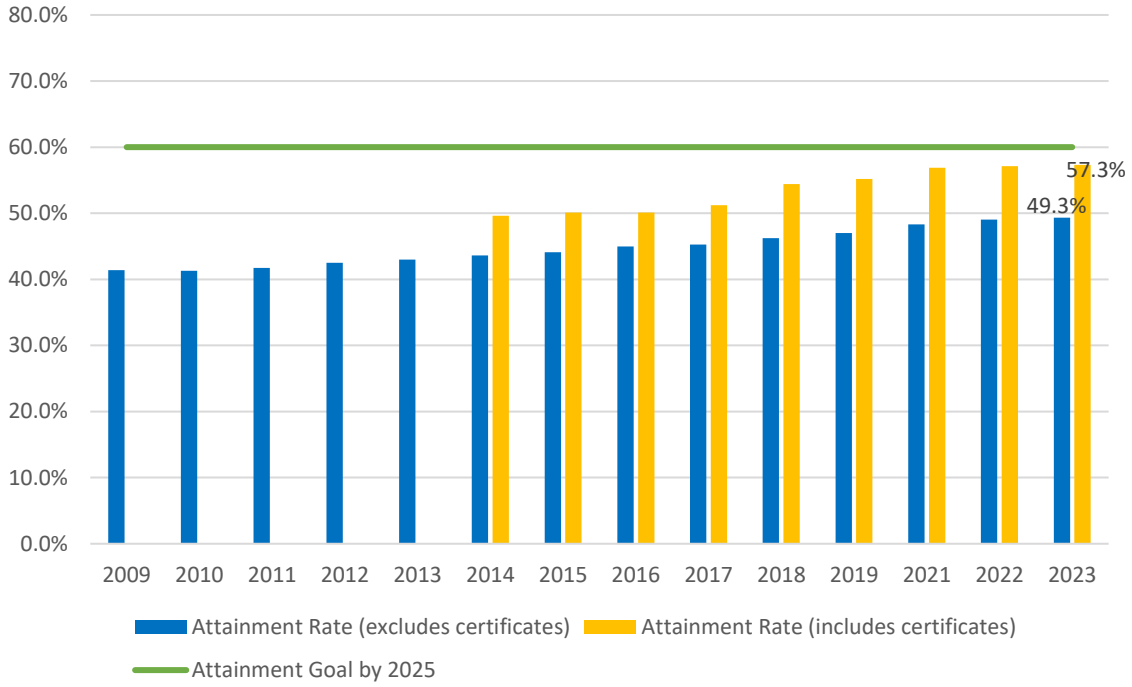
FIGURE 24
ILLINOIS 60 PERCENT BY 2025 GOAL PROGRESS



Source: Lumina Foundation, "A Stronger Nation," Progress for the Nation and Progress for Illinois, includes ages 25-64

Recognizing the state was not on track to meet its degree attainment goals, in 2019 Illinois decision makers opted to increase the types of certificate which counted for meeting the 60% by 2025 Goal. Not surprisingly, that artificially bumped up the percentage of adults aged 25-64 with "qualified" post-secondary degrees from 48.7 percent to 55 percent—without actually increasing the overall number of adults gaining degrees.[155] Under this new, greatly broadened standard, Illinois was able to claim it was slightly ahead of the national average in total postsecondary degree attainment, as shown in **Figure 25**.

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

	9-12th Grade, No Diploma	High School Graduate	Some College	Certification	Certificate	Associate Degree	Bachelor's Degree	2019 Total Attainment
Illinois	4.4%	21.8%	17.1%	3.1%	4.3%	7.7%	23.0%	**53.1%**
National	5.1%	22.9%	17.2%	3.3%	3.9%	8.5%	21.8%	**50.9%**

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

This, however, was tantamount to political sleight of hand—not improved educational outcomes.

Then in February of 2022, the 60% By 2025 Goal was jettisoned altogether and replaced with a new initiative, dubbed the "**Illinois Education and Career Success Network**" (the "**Success Network**"). The Success Network initiative utilizes an equity lens to evaluate postsecondary degree attainment, with a focus on ensuring traditionally underrepresented student groups in Illinois are attaining postsecondary degrees at a rate that corresponds to white students.[156]

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As shown in **Figure 26**, this equity lens is needed, given that, while 47 percent of all Illinoisans between the ages of 25-64 have a postsecondary degree, attainment thereof—and hence the corresponding economic and social benefits associated therewith—have not been realized proportionally across racial and ethnic lines. In fact, as of 2023, 55.7 percent of all white Illinois residents had attained a postsecondary degree, while only 34.6 percent of all Black and 27.7 percent of all Latinx residents had attained a postsecondary degree.[157]

FIGURE 26
POST-SECONDARY ATTAINMENT BY RACE FOR AGES 25-64, 2023

	All Races	White	Black	Latinx	American Indian and Alaska Native	Asian	Other
Illinois	49.3%	55.7%	34.6%	27.7%	26.3%	75.4%	52.0%
National	46.5%	52.0%	36.1%	29.7%	26.3%	67.0%	48.4%

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

Moreover, while the rates of postsecondary degree attainment for white Illinois residents are higher than the national rates by almost three percent, Black and Latinx residents in Illinois both lag their corresponding national population in degree attainment by 1.5 and two percent respectively.[158]

Unfortunately, **the inadequate and inequitable levels of postsecondary degree attainment that are revealed in Figure 26 are not surprising, given: (i) the disinvestment in General Fund support for Higher Education over the last two decades that has occurred both nationally and in Illinois; (ii) the concomitant increases in tuition costs over that period; (iii) the disproportionate impact those increases in tuition have had along racial and ethnic lines based on median income; and (iv) the associated decline in FTE enrollment in public colleges and universities.**

To begin to redress some of these inequities, both the nation generally, and Illinois specifically, have a compelling interest in rectifying the discrepancy by race and ethnicity in postsecondary degree attainment shown in **Figure 26**. Doing so in Illinois is especially crucial, given that, as of 2022 eight out of every 10 Illinois employers indicated they need employees with at least some postsecondary education.[159]

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

In particular, a 2018 study completed by researchers at Harvard University and the University of California Berkeley (the "**2018 Funding Study**"), examined whether, among other things, the level of state General Fund support for Higher Education correlated to college attendance and completion. The researchers found that state General Fund budget cuts often result in reduced spending at the university and/or college level on academic supports—like tutoring and advising.[160] That is problematic because previous research has shown that these types of academic support programs have a significant impact on student persistence and degree completion.[161] Not surprisingly then, the 2018 Funding Study also found that General Fund budget cuts do in fact correlate with higher dropout rates and a slowdown in postsecondary attainment.[162]

The good news is the 2018 Funding Study also suggests that boosting General Fund appropriations for Higher Education can help reverse the slowdown in postsecondary attainment in a state.[163] The study analyzed institution enrollment and financial data, total state General Fund appropriations, and state employment data.

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The study specifically found that if a state increased the amount of its General Fund appropriations for Higher Education in a given year from the 25th percentile nationally to the 75th percentile, that increase in funding would generate a concomitant bump in enrollment of up to three percent. The 2018 Funding Study also found that an additional benefit of increasing General Fund support for Higher Education was a positive and statistically significant increase in degree completion of approximately five percent in the year following said increase appropriation.[164]

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

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

That is because the research reveals that states with the greatest tuition hikes between 1980 and the early 1990's saw wider gaps in enrollment between high- and low-income young people than those state's that did a better job of holding the line on tuition costs.[165] Moreover, the research also shows that increases in net tuition prices reduce the diversity of students that enroll in college.[166]

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

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

8.2. The Adequate and Equitable Funding Formula for Public Universities

In August of 2021, Illinois decision makers took a significant step towards developing an adequate and equitable approach to investing in Higher Education when the Commission on Equitable Public University Funding (the "**Commission**") was created under PA 102-0570. By statute, the Commission was charged with recommending "specific data-driven criteria and approaches to the General Assembly to adequately, equitably, and stably fund public universities in this State and to evaluate existing funding methods."[167] The Commission's purview did not include recommendations involving the funding of community colleges.[168]

Key among its charges is the requirement that the Commission's recommendations include an "equity-centered funding model" for distributing General Fund appropriations to public universities.[169] The Commission's findings and recommendations were published in March of 2024 and address how "historic and continued systemic

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racism has created significant disparities in college access, affordability, and completion for Black, Latinx, and other underrepresented and historically underserved students" in Illinois' four-year public universities.[170]

The Commission membership consisted of state legislators, representation from administrative leadership of Illinois' public universities, and advocacy organizations.[171] Recognizing that public universities are in essence public assets that contribute to the long-term economic vitality of Illinois, the Commission had to determine what overall percentage of a given university's operating and programming costs should be covered by General Fund appropriations, versus a university's own resources.

Out of the Commission's report, first came Illinois Senate Bill 3965 which was introduced in 2024, and then successor legislation introduced in 2025 as Senate Bill 0013, otherwise known as the "Adequate and Equitable Funding Formula for Public Universities Bill," sponsored by Senate Majority Leader Kim Lightford and Representative Carol Ammons. The Adequate and Equitable Funding **("AEF")** Formula for Public Universities uses as adequacy-based approach, like the Evidence-Based Funding Formula for K-12 Education, except tailored to the specific needs and resources of universities.

The formula calculates an "Adequacy Target" for each university, which represents the dollar amount that university needs to serve its student population based on its demographic makeup, and to attract and successfully graduate more students generally and underrepresented students specifically over time. Then, based on resources such as current state appropriations and what it receives in net tuition revenue, the formula identifies an Adequacy Gap, or the dollar amount by which a university is underfunded. By focusing new investments into higher education on the universities that are the farthest away from their Adequacy Targets, by both dollar gap and percentage gap, the formula addresses the general lack of funding across all universities as well as prioritizes equity.

Moreover, the formula also addresses funding stability over time, and includes a "hold harmless" to ensure no public university loses its current level of state support.[172] This is especially important in Illinois, given how significantly the state has disinvested in Higher Education over the last two and a half decades—during which time General Fund appropriations declined by 42 percent in real, inflation-adjusted terms.[173]

The AEF formula seeks to ensure all universities have adequate resources to, among other things:

- support core operating functions such as administration, as well as various different academic programs and degrees;
- fund essential student services;
- implement programs proven to attract more traditionally underrepresented student populations—such as Black, Latinx, first generation, and low-income students—to matriculate at, as well as successfully attain their degrees from, public universities in Illinois;
- reduce student costs; and
- serve the specific student populations already enrolled in said universities.[174]

The components of the Adequacy Target all begin with a base cost per student, except for Physical Plant which uses a base cost per square footage, shown in **Figure 27**. These base costs were determined by a three-year average expenditure across all Illinois public universities for each of the categories.[175] However, because no university is fully funded by their current Resource Profile, simply using the current average expenditures would not address the issue of underfunding all universities have faced in the last two and a half decades and would set the baseline for costs too low. To adjust the per student base costs, the formula adds an additional amount needed to adequately fund the categories.[176]

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FIGURE 27
COMPONENTS OF THE UNIVERSITY ADEQUACY TARGET UNDER THE ADEQUATE AND EQUITABLE FUNDING FORMULA FOR PUBLIC UNIVERSITIES

Adequacy Component		Base Cost	Adjustment 1	Adjustment 2
Instruction and Student Services	Student-Centered Access	All Students	Access Equity Adjustment (Medium, Low)	
	Academic and Non-Academic Supports	All Students	Support Equity Adjustment (Intensive, High, Medium, Low)	Concentration Factor (>75% of students in Int/High, 60-75%, 50-60%)
	Core Instructional Program Costs	All Students	High-Cost Programs Factor (High Cost, Health Professional, Medical)	Diversity in High-Cost Programs Adjustment (High-Cost, Health Professional, Medical)
Research & Public Service Mission	Research	All Students	Research Factor (Research, High Research, Very High Research)	
	Public Service & Artistry	All Students		
Operations & Maintenance	Institutional Support	All Students	School Size Factor (sliding scale up to 45% capped at 20K students)	
	Physical Plant	Square Footage	Lab Space Adjustment	

Source: Illinois Commission on Equitable Public University Funding, Report on the Commission's Findings, 2024

On top of the base cost, the formula adds adjustments based on student demographics, high-cost programs, and school size factors. The adjustments based on student demographics, or "**Equity Adjustments**" as they are known in the formula, exist to improve equity in higher education, after the decades of cuts that the data show have disadvantaged low-income students generally, and specifically Black and Latinx students specifically. These

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Equity Adjustments, which are identified in **Figure 28**, are predicated on supporting students populations who have greater enrollment gaps and lower retention rates than the statewide average of all students.[177]

FIGURE 28
ACCESS AND SUPPORT EQUITY ADJUSTMENTS IN THE ADEQUATE AND EQUITABLE FUNDING FORMULA FOR PUBLIC UNIVERSITIES

	Student Characteristic	Tier	Equity Adjustment Amount
Student Access Adjustment	Disparity of 1-10% in enrollment rates	Low	$500
	Disparity of 11%+ in enrollment rates	Medium	$1,000
Holistic Support Adjustment	Disparity of 1-6% in retention rates	Low	$2,000
	Disparity of 6-10% in rentention rates	Medium	$4,000
	Disparity of 11%+ in rentention rates	High	$6,000
	Belonging to 2 other categories of holistic support, one of which is high holistic support	Intensive	$8,000

Source: Illinois Senate Bill 3965, Sections 25(g) and 25(h)

The first category of Equity Adjustments applies to Student Centered Access and sorts demographic groups with below average enrollment gaps into two tiers: Low, with a disparity of one percent to ten percent and Medium, with a disparity of 11 percent plus.[178] The equity dollar amount adjustments were derived from the middle range of costs of the evidence-based practices that have been shown to increase enrollment among underrepresented student groups.[179]

The Holistic Adjustment applies to Academic and Non-Academic Supports, and sorts demographic groups with below average retainment gaps into four tiers: Low, with a disparity of one to six percent, Medium, with a disparity of six to ten percent, High, with a disparity of 11 percent plus, and Intensive, for any student who falls into two categories of holistic support, one of which is considered a High category.[180] These groups are dynamic, and can change as disparity rates change or disappear, making the formula responsive to the needs of each student group.

Academic and Non-Academic Supports includes a second Equity Adjustment for concentration of students in High and Intensive tiers, pursuant to which a public university with over 75 percent of its students qualifying for either High or Intensive Equity Adjustments would receive an additional 50 percent per student funding increase over the per student base amount, while a public university with 60 percent to 75 percent would receive a 30 percent per student increase over the per student base amount, and a university with 50 percent to 60 percent would receive a 10 percent increase per student increase over the per student base amount.[181]

Core Instructional Program Costs are adjusted for high-cost programs (the "**High-Cost Program Adjustment**"), to account for certain academic programs which are more expensive to offer than typical academic programs.[182] The High-Cost Program Adjustment varies in amount, and specifies a 20 percent increase to the per student base amount for Engineering, Fine Arts, and Nursing programs, a 100 percent increase to the per student base amount for health professional programs (excluding medical doctor, dentistry, and pharmacy programs), a 610

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percent increase to the per student base amount for dentistry and pharmacy programs, and a 1,400 percent increase to the per student base amount to medical programs.[183]

The High-Cost Program Adjustments are predicated on actual expenditure data. In 2012, 2015, and 2020 Engineering, Fine Arts, and Nursing were found to be at least 20 percent more costly than most other programs at the Illinois state universities that offered them.[184]

Operations and Maintenance ("**O&M**") costs are calculated slightly differently. The formula uses the a three-year rolling average of actual expenditures per student on O&M (or square footage in the case of costs associated with a Physical Plant) made solely from a public university's state General Fund appropriations and/or its University Income Fund, instead of from all revenue sources like in the case of Instruction and Student Services and Research and Mission. This is because O&M costs are less directly related to student outcomes, as well as because the majority of the funds going towards Instruction and Student Services are from state funds, around 74 percent in FY 2022.[185]

Adjustments to O&M funding are made using a sliding scale based on school size, because smaller universities make a greater O&M expenditure per student due to economies of scale.[186] The formula also provides universities with greater funding per square foot for lab space under the Physical Plant cost category.

Other adjustments are made based on a public university's research and school size categories. The adjustment made for the research portion of the Adequacy Target is based on Carnegie Classification, a system used to sort institutions both by degree type and emphasis on research.[187]

On the resources side, the formula would include current state appropriations and Adjusted Net Tuition Revenue—the average net tuition revenue from the past three years when the first year's formula calculations are made, which is adjusted with a reduction weight of 10 percent to the per student base amount for in-state undergrad FTE students and a 45 percent reduction weight to the per student base amount for FTE students that qualify for either a high or intensive Holistic Support Adjustment, as shown in **Figure 28**. These adjustments create an equity-based figure of what a university can reasonably expect from its student population without imposing any tuition structure on any university. Also, rather than baking in current inequities and high tuition, which simply using the current amount of tuition and fees without adjustment would do, the formula uses a discounted student share figure that incentivizes universities to lower tuition for all students, specifically in-state students and students from underrepresented minority groups.

Once a university's Adequacy Target and Resources are identified, the Adequacy Dollar Gap is calculated by subtracting the Resources from the Adequacy Target. Each university's Adequacy Percentage Gap is then calculated by dividing the Adequacy Dollar Gap by the Adequacy Target.

The AEF bill calls for an additional investment of $135 million to be made each year to be distributed through the formula, which takes into account Adequacy Gaps in both the percent terms and dollar terms.[188] When considering that from FY 2015 to FY 2023, the average nominal increase to all public universities was $7.2 million, this formula would greatly benefit all public universities in Illinois, even those relatively closer to their respective Adequacy Targets.[189]

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

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9. Higher Education and the COVID-19 Pandemic

Both nationally and in Illinois, as Higher Education shifted to remote learning in March of 2020, the decision of whether to enroll in postsecondary education became a pressing question for many. After reviewing the data from that era, it becomes clear that the pandemic had a disproportionately negative impact on enrollment generally, and on enrollment by minority populations specifically. According to the Census Bureau's Household Pulse Survey (the "**Pulse Survey**"), prospective or current students who are low-income, Black, Latinx, unemployed, or single parents, were more likely to cancel college plans than were students who come from higher income families or are white.[190]

As of the start of the 2020-2021 school year, six months after COVID-19 was declared a global pandemic and a National Emergency was declared in the United States, overall enrollment in all Illinois public universities decreased by one percent compared to the prior year, and first-time and full-time enrollment of undergraduates at public universities decreased by 1,258 students, or 5.4 percent, from 2019-2020 school year levels.[191] In FY 2021, which includes Fall 2020 enrollment, Illinois public community colleges saw a much more significant decrease of 116,498 students, or 19 percent.[192]

However, on a positive note, now that more than four years have passed since the onset of the COVID-19 pandemic, Illinois public universities are experiencing enrollment growth, as noted previously in this Report. In the 2022-2023 school year, Illinois saw growth in FTE at its public universities of 24,833 or 56.5 percent over where enrollment levels in the 2020-2021 school year, two years earlier.[193] Illinois is an outlier in this respect: Forty-seven states and Washington, D.C., saw FTE enrollment declines for 2021-2022, more than in any previous year, and 16 states and Washington, D.C. saw FTE enrollment declines for 2022-2023.[194] Only three states (Delaware, Illinois, and Utah) had an FTE enrollment increase from 2020 to 2021.[195]

Illinois public universities saw an increase of 1.5 percent in FTE freshman undergraduates at public universities for the 2023-2024 school year, notably better than the nation-wide decrease of 1.6 percent.[196] And even though the number of freshmen can increase while the overall number of undergraduates in the state is decreasing due to students dropping out or transferring (something Illinois public universities have been experiencing over the past several years), the 2023-2024 school year marked a reversal in that trend, with an overall undergraduate increase of 0.3 percent.[197]

Across specific Illinois public universities enrollment changes varied. While the University of Illinois Urbana-Champaign ("**UIUC**"), the University of Illinois Chicago ("**UIC**"), Illinois State University (**"ISU"**), Northeastern Illinois University (**"NEIU"**), and Southern Illinois University Carbondale (**"SIUC"**) all experienced year-to-year growth in enrollment in the 2023-2024 school year, each of Governor's State University ("**GSU**"), Eastern Illinois University ("**EIU**"), Northern Illinois University ("**NIU**"), Southern Illinois University Edwardsville ("**SIUE**"), and Western Illinois ("**WIU**") experienced decreases, while Chicago State University ("**CSU**") remained relatively constant.[198]

The decline in enrollment due to the COVID-19 pandemic that occurred during the 2020-2021 school year raises equity concerns. CSU, where Black students represent 72 percent of total enrollment—no other public university in Illinois enrolled a greater percentage of Black students—realized an FTE enrollment decrease of 20 percent.[199] Meanwhile NEIU, where 56 percent of all students are either Black or Latinx, realized an FTE decrease of 18.5 percent.[200] The drop in FTE enrollment at both of those universities was much greater than the statewide decrease of 5.4 percent.[201]

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The racially disparate enrollment differentials realized at public universities during the height of the COVID pandemic and which continued through the 2021-2022 school year are similar to the racially disparate employment outcomes that materialized over the height of the COVID-19 pandemic. For instance, in the first quarter of 2021 (January through March), the respective unemployment rates for Black and Latinx workers were far greater than white workers, both nationally—1.9 and 1.7 times greater, respectively—and in Illinois—2.2 and 1.5 times greater, respectively.[202]

After the decimated enrollment figures in the 2020-2021 school year, four years later things began to turn around. In the 2023-2024 school year, the Black student enrollment increased by 2.9 percent for freshmen and 0.5 percent for overall undergraduates.[203] Latinx student enrollment had increases even higher: 6.9 percent for freshmen and 4.1 percent for overall undergraduates.[204] However, there is still the issue of retaining minority students: while white students at Illinois public universities have fall-to-fall retention rates of 86.5 percent, Black students have a retention rate of 59.2 percent—over a 27 percentage point gap.[205]

10. Conclusion

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

Underfunding Higher Education makes it harder for many Illinois students to attend college at a time when a college degree is more important than ever for success in the labor market. Unfortunately, underfunding Higher Education is still Illinois state policy. Despite incremental increases to Higher Education starting in FY 2022, the state's General Fund appropriation for Higher Education in FY 2025 remains at a level which is 42 percent less in real terms than it was two decades ago in FY 2000.[206]

Based on the research, enhancing state support for public institutions of Higher Education and the MAP program can be expected to generate numerous positive outcomes. For instance, public universities and community colleges could rebuild staff and program capacity while reducing overreliance on tuition and fee revenue. Reducing reliance on tuition and fee revenues—combined with an enhanced investment in the MAP program—would go a long way to help making attending college more affordable for low- and middle-income students.

That in turn would likely result in more students attending Illinois universities and colleges and create a real impetus for countering the long-term trend of declining enrollment in Illinois. Moreover, if the passage of SB0013 is successful and state lawmakers adopt the Adequate and Equitable Funding Formula for Public Universities, it is not only likely that more degrees will be conferred in the state, but also that the distribution of said degree conferrals will be more equitable than has historically pertained. All of which will help stimulate the state's private sector economy over both the short and long terms. Simply put, making an adequate General Fund investment in Higher Education is not only the right thing to do from a public policy standpoint, but also from an economic and social justice standpoint.

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