

The Federation of Independent Illinois Colleges and Universities

Comments of David Tretter, President

Delivered to the Illinois Senate Committee on Deficit Reduction

March 4, 2009

Chairman Trotter, Chairman Murphy, and Honorable members of the committee, my name is David Tretter and I am the President of the Federation of Independent Illinois Colleges and Universities. Our organization represents the public policy interests of 58 non-profit private colleges and universities. The private colleges in Illinois now educate more students and a more diverse student population than do our public universities. The private colleges all over our great state continue to meet the higher education needs of our citizens, and are especially important in these tough economic times by leveraging the capacity of our institutions to educate nurses, teachers, and engineers.

I will briefly present some comments to you this morning related specifically to areas of the state operations budget that are most vital to college students and the higher education institutions our organization represents. Secondly, I will address the questions you face regarding revenue enhancements to support the state budget's priorities.

Monetary Award Program (MAP)

Since its creation in the 1970's the Monetary Award Program, administered by the Illinois Student Assistance Commission has been a national leader among need-based student aid programs. Unfortunately, since this current state budget crisis began in 2001, funding for the MAP program has dramatically fallen off of the pace previously established.

After 2 years of flat-funding, last year the General Assembly appropriated an increase of \$18 million, which was unfortunately vetoed by former Governor Rod Blagojevich.

According to an Illinois Student Assistance Commission report issued just last week, demand for financial aid is rising dramatically for this current year and for the fall of 2009 as well. This report shows 77 percent of students receiving MAP grant assistance have a household income of less than \$40,000 per year, and 48 percent are reporting less than \$20,000 in household income. Yet with the help of the MAP grant, the Federal Pell Grant and other aid, these students are succeeding in colleges across Illinois.

Our own member institutions are doing more than ever to keep students enrolled, providing emergency tuition aid and tapping every resource possible, on top of the \$850 million of scholarships and aid that our colleges provide to students every year from our own resources. Yet, we believe in this unprecedented time of need, a substantial increase in the MAP program can help maintain college affordability in Illinois. We are requesting that the MAP program be funded at the level of \$451 million for FY 2010.

This would be a \$68 million increase over the FY '09 level (a 17 percent increase, after 3 years with no increases). It would allow ISAC to provide grants to the rising tide of eligible applicants at all levels of need and simultaneously increase MAP award sizes to fully fund the FY 2011 statutory maximum award size of \$5,968 per qualifying student.

The size of MAP awards has not kept pace with needs. Just twelve years ago, MAP awards covered 100 percent of tuition at all public universities and as much as 40 percent of the cost at some private institutions. Now that number has decreased so that MAP covers only 70 percent at some public universities and around 20 percent at many private colleges and universities. This growing affordability gap is becoming insurmountable for students who qualify for MAP assistance. Increasing the size of these awards is essential to maintaining the dream of college attainment for our state's neediest students.

MAP remains our top priority, but we have additional priorities that we feel are important to the state:

CAPITAL

Related to infrastructure, the private non-profit colleges and universities have some serious needs that I'd like to address briefly.

The current economic crisis has had a direct and immediate impact on deferred maintenance, expansion plans and infrastructure improvements. The institutions that belong to our association have nearly 200 projects of various sizes that are "shovel ready," but cannot begin due to lack of credit resources and the shrinking equity positions that many endowments and private donors have seen. The Federal stimulus law has sent to Illinois more than \$374 million of funding for "other government services." Higher education infrastructure improvements are permitted uses of that money.

Accordingly, we request that the Governor and the General Assembly agree to appropriate a portion of that pool of funds for higher education “shovel ready” projects on campuses of both private and public universities, to help fulfill the intent of that law.

As for the state capital plan, for the past several years we have been talking to you about the need for state assistance to help our institutions comply with several unfunded mandates as well as to make energy efficiency upgrades. The most notable of these mandates include help with complying with the terms of the Dormitory Fire Sprinkler Act, the Americans with Disabilities Act. We have proposed that the state invest 50 percent of what our institutions require to fulfill our obligations under these acts. That would require \$275 to \$350 million of state capital funding for the various institutions, over a 3 to 5 year period.

The geographic diversity of our institutions, the relative importance each one of them has to their local economic base and the importance our sector plays with regard to the entire higher education system in our state, underscores our belief that state investment in these priorities would be appropriate and is necessary.

As for how you should pay for a capital plan, we would support most of the concepts that have been previously discussed. An increase in the motor fuel taxes may be appropriate and our organization would support an increase, presuming the capital plan included funding for certain higher education infrastructure needs.

Health Services Education Grants (HSEGA)

The Health Services Education Grants enables graduate health professional programs to serve students across the state. In fact, most of the eligible institutions use the proceeds of the grant to directly decrease student tuition and fees. These grants are provided to non-profit hospitals and colleges and help keep tuition low, provide for increased capacity to train additional nurses, MDs and various specialists, and offer additional incentives for minority students to enter the field of health care. Last year the General Assembly appropriated \$21 million for the program, a \$4 million increase over the previous year’s appropriation of \$17 million in recognition of the important role that private colleges and universities serve in educating the majority of healthcare professionals. It was zeroed out by ex governor Blagojevich. We urge you to restore funding for this program. (See Attachment 1)

Matching Grants

The research matching grant program has attracted significant funds from outside of Illinois. During fiscal year 2007, it is estimated that the State Matching Grant Program helped Illinois higher education institutions in attracting an estimated \$111.6 million into Illinois. This means that for every \$1 spent in State Matching Grant Program funds, \$12 was raised from federal and other external sources, a 12:1 ratio. President Obama's stimulus plan includes billions of dollars of research funding to various federal departments. Our state's leading research institutions (public and private) will need state matching dollars to help attract those funds, and to do so now. I urge you to look closely at restoring the research matching grant funding. For further info, click here:

(<http://www.ibhe.org/Board/agendas/2006/October/ItemCA-4.pdf>)

Revenue Enhancements

The most difficult question each of you faces this year is not which worthy program to support, but how to pay for it. From our perspective there are three options:

1. Raise Taxes
2. Borrow
3. Rely on Federal Assistance

While none of these options are particularly attractive, the challenge on the revenue side, as in many states, is that the overwhelming majority of state funds come from income and sales taxes. In fact, a recent report by the Illinois Commission on Governmental Forecasting from January of this year shows that nearly 80 percent of revenue collected is in the form of individual and corporate income tax and sales tax. Short of imposing new forms of taxation on the Illinois system, income and sales taxes have to be considered as the most likely places to generate predictable and reliable revenue.

(<http://www.ilga.gov/commission/cgfa2006/Upload/0109revenue.pdf> , Page 4)

We believe it is appropriate to consider an increase in the state income tax, at least temporarily, and in lieu of a constitutional amendment to create a graduated income tax, certain exemption levels should be increased. The state's fiscal condition is clearly abysmal, and from our perspective on state government operations and public policy priorities – draconian cuts in state services in this economic environment would present additional hardships to many Illinois citizens.

Lastly, we believe that a second look at the “Income/Property Tax Swap” legislation from the past few years be seriously considered. When the bill was first introduced a few years ago, the real estate market was much healthier. Obviously, that has changed drastically. With the proper assurances and firewalls built in to protect the taxpayer, some relief on property taxes might just insure that more Illinois residents can continue to make their mortgage payments.

Thank you and I am happy to take questions.

ATTACHMENT 1

Increasing Demand for Health Care

According to a recent study by the Illinois Board of Higher Education:

- Overall, Illinois colleges and universities are under-producing by 13 percent the total number of health care workers needed.
- Between 2000 and 2010, employment in health care professions will grow by approximately 53,000 or 20 percent.
- Of the projected average annual position openings of 10,800 between 2000 and 2010, approximately half will be new positions, and half will replace existing workers.
- The fields in which Illinois is projected to have the greatest need for workers annually are:

Registered nurses (4,151)

Licensed practical nurses (928)

Medicine (668)

Health diagnosing and treating practitioners—all other (624)

Pharmacists (501)

Medical/Clinical laboratory technologists/technicians (479)

Medical Records/Health Information Technicians (411)

Speech Language Pathology/Audiology (349)

Dental Hygienists (337)

Emergency Medical Technicians/Paramedics (318)

Nationally, according to the Bureau of Labor Statistics, between 2002 and 2012:

- Overall demand for health care positions will increase:
 - Healthcare practitioners and technical occupations – 26 %
 - Healthcare support occupations – 34%
- Five of the 10 fastest growing professions will be health related, and require a postsecondary education. The increase in demand for these professions will be 49 percent over the ten-year period.
- The occupation with the largest increase in absolute numbers will nursing, with a demand for over 600,000 additional positions by 2012.
- The labor force group, Asian and other, and the Hispanic labor force are projected to increase faster than other groups, 44 percent and 36 percent, respectively. The black labor force is expected to grow by 21 percent, more than twice as fast as the 9 percent growth rate for the white labor force.

Homeland Security

In the event of a state or national tragedy, a shortage of trained and qualified health care professionals could hamper emergency treatment and adversely affect care of victims.

Contribution of Independent Colleges and Universities

- Illinois' independent colleges and universities produced over **56 percent** of all health related degrees in FY 2006. The following page provides a partial list of the degrees produced (Source, IPEDS, 2006)

Health Professions Degree Production by Sector

	<u>Private</u> <u>BA's</u>	<u>Total</u> <u>BA's</u>	<u>BA</u> <u>Private</u> <u>Share</u>	<u>Private</u> <u>Grad</u>	<u>Total</u> <u>Grad</u>	<u>Grad</u> <u>Private</u> <u>Share</u>	<u>Total</u> <u>Private</u>	<u>Total</u> <u>Awards</u>	<u>ALL</u> <u>Private</u> <u>Share</u>
51.0000 Health Services/Allied Health/Health Sciences, General	0	1	0	0	0	0	0	1	0
51.0101 Chiropractic (DC)	0	0	0%	92	92	100%	92	92	100%
51.0201 Communication Disorders, General	25	212	12%	0	114	0%	25	326	8%
51.0202 Audiology/Audiologist and Hearing Sciences	0	0	0%	12	12	100%	12	12	100%
51.0203 Speech-Language Pathology/Pathologist	69	69	100%	86	136	63%	155	205	76%
51.0204 Audiology/Audiologist and Speech-Language Pathology/Pathologist	0	169	0%	7	110	6%	7	279	3%
51.0401 Dentistry (DDS, DMD)	0	0	0%	0	132	0%	0	132	0%
51.0501 Dental Clinical Sciences, General (MS, PhD)	0	0	0%	0	0	0%	0	0	0%
51.0599 Advanced/Graduate Dentistry and Oral Sciences, Other	0	0	0%	0	15	0%	0	15	0%
51.0602 Dental Hygiene/Hygienist	0	36	0%	0	0	0%	0	36	0%
51.0701 Health/Health Care Administration/Management	16	214	7%	271	271	100%	287	485	59%
51.0702 Hospital and Health Care Facilities Administration/Management	0	58	0%	0	30	0%	0	88	0%
51.0704 Health Unit Manager/Ward Supervisor	0	0	0%	0	10	0%	0	10	0%
51.0706 Health Information/Medical Records Administration/Administrator	0	37	0%	0	0	0%	0	37	0%
51.0799 Health and Medical Administrative Services, Other	86	86	100%	1	1	100%	87	87	100%
51.0901 Cardiovascular Technology/Technologist	10	10	100%	0	0	0%	10	10	100%
51.0905 Nuclear Medical Technology/Technologist	9	9	100%	0	0	0%	9	9	100%
51.0906 Perfusion Technology/Perfusionist	4	4	100%	0	0	0%	4	4	100%
51.0907 Medical Radiologic Technology/Science – Radiation Therapist	3	45	7%	0	0	0%	3	45	7%
51.0908 Respiratory Care Therapy/Therapist	0	0	0%	0	0	0%	0	0	0%
51.0912 Physician Assistant	5	27	19%	138	138	100%	143	165	87%
51.0913 Athletic Training/Trainer	36	60	60%	0	0	0%	36	60	60%
51.1002 Cytotechnology/Cytotechnologist	0	0	0%	0	0	0%	0	0	0%
51.1005 Clinical Laboratory Science/Medical Technology/Technologist	29	93	31%	32	32	100%	61	125	49%
51.1099 Clinical/Medical Laboratory Science and Allied	0	0	0%	0	0	0%	0	0	0%

Professions, Other

51.1101 Pre-Dentistry Studies	0	51	0%	0	0	0%	0	51	0%
51.1102 Pre-Medicine/Pre-Medical Studies	12	12	100%	0	0	0%	12	12	100%
51.1103 Pre-Pharmacy Studies	0	0	0%	0	0	0%	0	0	0%
51.1104 Pre-Veterinary Studies	0	0	0%	0	0	0%	0	0	0%
51.1199 Health/Medical Preparatory Programs, Other	80	107	75%	0	0	0%	80	107	75%
51.1201 Medicine (MD)	0	0	0%	697	1073	65%	697	1073	65%
51.1401 Medical Scientist (MS, PhD)	0	0	0%	14	15	93%	14	15	93%
51.1501 Substance Abuse/Addiction Counseling	0	0	0%	0	68	0%	0	68	0%
51.1503 Clinical/Medical Social Work	0	0	0%	6	6	100%	6	6	100%
51.1504 Community Health Services/Liaison/Counseling	0	80	0%	11	11	100%	11	91	12%
51.1505 Marriage and Family Therapy/Counseling	0	0	0%	32	32	100%	32	32	100%
51.1506 Clinical Pastoral Counseling/Patient Counseling	0	0	0%	16	16	100%	16	16	100%
51.1508 Mental Health Counseling/Counselor	0	0	0%	5	5	100%	5	5	100%
51.1509 Genetic Counseling/Counselor	0	0	0%	5	5	100%	5	5	100%
51.1599 Mental and Social Health Services and Allied Professions, Other	0	0	0%	16	16	100%	16	16	100%
51.1601 Nursing - Registered Nurse Training (RN, ASN, BSN, MSN)	1724	2379	72%	40	40	100%	1764	2419	73%
51.1602 Nursing Administration (MSN, MS, PhD)	0	0	0%	34	38	89%	34	38	89%
51.1603 Adult Health Nurse/Nursing	0	0	0%	10	10	100%	10	10	100%
51.1604 Nurse Anesthetist	0	0	0%	32	45	71%	32	45	71%
51.1605 Family Practice Nurse/Nurse Practitioner	0	0	0%	11	55	20%	11	55	20%
51.1606 Maternal/Child Health and Neonatal Nurse/Nursing	0	0	0%	0	0	0%	0	0	0%
51.1608 Nursing Science (MS, PhD)	0	0	0%	144	343	42%	144	343	42%
51.1609 Pediatric Nurse/Nursing	0	0	0%	1	1	100%	1	1	100%
51.1610 Psychiatric/Mental Health Nurse/Nursing	0	0	0%	0	0	0%	0	0	0%
51.1611 Public Health/Community Nurse/Nursing	0	0	0%	9	11	82%	9	11	82%
51.1612 Perioperative/Operating Room and Surgical Nurse/Nursing	0	0	0%	0	2	0%	0	2	0%
51.1613 Licensed Practical /Vocational Nurse Training (LPN, LVN, Cert,	0	0	0%	0	0	0%	0	0	0%
51.1617 Critical Care Nursing	0	0	0%	3	3	100%	3	3	100%
51.1699 Nursing, Other	3	3	100%	29	41	71%	32	44	73%
51.1701 Optometry (OD)	0	0	0%	149	149	100%	149	149	100%
51.1901 Osteopathic Medicine/Osteopathy (DO)	0	0	0%	178	178	100%	178	178	100%
51.2001 Pharmacy (PharmD [USA] PharmD, BS/BPharm	0	0	0%	217	372	58%	217	372	58%

[Canada]									
51.2002 Pharmacy Administration and Pharmacy Policy and Regulatory	0	0	0%	0	0	0%	0	0	0%
51.2003 Pharmaceuticals and Drug Design (MS, PhD)	0	0	0%	0	1	0%	0	1	0%
51.2004 Medicinal and Pharmaceutical Chemistry (MS, PhD)	0	0	0%	0	4	0%	0	4	0%
51.2005 Natural Products Chemistry and Pharmacognosy (MS, PhD)	0	0	0%	0	16	0%	0	16	0%
51.2099 Pharmacy, Pharmaceutical Sciences, and Administration, Other	0	0	0%	0	3	0%	0	3	0%
51.2101 Podiatric Medicine/Podiatry (DPM)	0	0	0%	64	64	100%	64	64	100%
51.2201 Public Health, General (MPH, DPH)	0	0	0%	85	281	30%	85	281	30%
51.2202 Environmental Health	0	17	0%	0	0	0%	0	17	0%
51.2205 Health/Medical Physics	0	0	0%	14	14	100%	14	14	100%
51.2206 Occupational Health and Industrial Hygiene	0	12	0%	0	0	0%	0	12	0%
51.2207 Public Health Education and Promotion	0	0	0%	0	0	0%	0	0	0%
51.2208 Community Health and Industrial Hygiene	0	150	0%	0	11	0%	0	161	0%
51.2211 Health Services Administration	0	0	0%	0	9	0%	0	9	0%
51.2299 Public Health, Other	0	0	0%	4	4	100%	4	4	100%
51.2301 Art Therapy/Therapist	2	2	100%	36	40	90%	38	42	90%
51.2302 Dance Therapy/Therapist	0	0	0%	15	15	100%	15	15	100%
51.2306 Occupational Therapy/Therapist	0	0	0%	30	80	38%	30	80	38%
51.2307 Orthotist/Prosthetist	0	0	0%	0	0	0%	0	0	0%
51.2308 Physical Therapy/Therapist	0	1	0%	137	246	56%	137	247	55%
51.2310 Vocational Rehabilitation Counseling/Counselor	0	0	0%	11	28	39%	11	28	39%
51.2399 Rehabilitation and Therapeutic Professions, Other	0	21	0%	0	32	0%	0	53	0%
51.2401 Veterinary Medicine (DVM)	0	0	0%	0	98	0%	0	98	0%
51.2501 Veterinary Sciences/Veterinary Clinical Sciences, General (Cert, MS, PhD)	0	0	0%	0	15	0%	0	15	0%
51.2703 Medical Illustration/Medical Illustrator	0	0	0%	0	7	0%	0	7	0%
51.3101 Dietetics/Dietitian (RD)	33	119	28%	31	40	78%	64	159	40%
51.3201 Bioethics/Medical Ethics	0	0	0%	34	34	100%	34	34	100%
51.9999 Health Professions and Related Clinical Sciences, Other	30	30	100%	4	4	100%	34	34	100%
Total	2176	4114	<u>53%</u>	2763	4674	<u>59%</u>	4939	8788	<u>56%</u>