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BULLETIN

To the Faculty, Staff and Students of Southern Illinois University at Edwardsville

Vol. 19, No. 5
March 1, 1988

MEMO TO: The University Community

FROM: Earl Lazerson *EL*

SUBJECT: Fiscal Year 1989 State Operating Budget

On January 14, 1988, Gov. James R. Thompson informed William Browder, Chairman of the Illinois Board of Higher Education (IBHE), that the higher education budget he planned to recommend to the General Assembly for Fiscal Year 1989 would include no new resources from the state's General Revenue Fund (tax revenues). He asked that the IBHE, working with the higher education community, recommend a specific allocation of this level for all higher education institutions, programs and agencies. Governor Thompson further stated:

"My budget reflects funding the State Universities Retirement System at the FY-88 payout level of 44% and any additional costs that this may entail must be accommodated in the mark. Additionally, I request that every effort is taken to minimize the adverse effect rising tuition charges have had on the ability of the Monetary Award Program and other financial aid programs to assist disadvantaged students."

On February 2, 1988, Governor Thompson reiterated this message in remarks made to a joint meeting of the IBHE and the Illinois State Board of Education. He also explained at this meeting the complex series of events, including the failure of efforts to implement a tax increase last year, which led to his recommendations.

Governor Thompson's budget recommendations for higher education, taken as a whole, include General Revenue Fund resources equal to those in FY-88. However, his directive that the IBHE increase resources within this level allocation to the State Universities Retirement System and to state financial aid programs means that General Revenue Fund resources will have to be reallocated from other sectors of the higher education community to meet these needs.

Today, based on the Governor's directive, the IBHE approved staff recommendations for allocation of Governor Thompson's FY-89 budget at the level he had proposed. For SIUE, the allocation will provide a state operating budget of \$55,864,800. That figure represents a reduction of \$311,600 from the current year (FY-88).

The steps leading from our FY-87 budget to the Governor's recommendation for FY-89 are specified below:

Southern Illinois University at Edwardsville

Operating Budget Analysis - FY87 through FY89

	<u>SIUE Submission</u>	<u>IBHE Recommendations</u>	<u>Governor's Level with Tax Increase</u>	<u>IBHE No Tax Increase</u>	<u>Governors' Level 4% General Revenue Reduction</u>	<u>Veto Session</u>
FY87 Budget	\$56,506,610	\$56,506,610	\$56,506,610	\$56,506,610	\$56,506,610	\$56,506,610
FY88 Increases and Adjustments						
Base Adjustment	--	(285,600)	(285,600)	(3,100)	(1,342,310)	(330,210)
Salary Increase	4,992,400	2,372,200	2,372,200	--	--	--
General Cost Increase	754,500	525,300	525,300	429,700	--	--
Operations & Maintenance	77,900	70,500	70,500	68,700	--	--
Program Support	2,199,600	1,607,500	1,076,800	--	--	--
Total FY88 Budget	<u>\$64,531,010</u>	<u>\$60,796,510</u>	<u>\$60,265,810</u>	<u>\$57,001,910</u>	<u>\$55,164,300</u>	<u>\$56,176,400</u>
General Revenue	53,874,310	49,734,210	49,203,510	45,939,610	44,102,000	44,102,000
Income Fund	10,656,700	11,062,300	11,062,300	11,062,300	11,062,300	12,074,400
	<u>SIUE Submission</u>	<u>IBHE Recommendations</u>	<u>Governor's Level No Tax Increase</u>			
FY88 Budget	\$56,176,400	\$56,176,400	\$56,176,400			
FY89 Increases and Adjustments						
Base Adjustment	--	(311,600)	(311,600)			
Salary Increase	5,220,900	4,022,700	--			
General Cost Increase	977,700	840,600	--			
Operations & Maintenance	77,900	76,000	--			
Program Support	3,867,000	1,688,800	--			
Total FY89 Budget	<u>\$66,319,900</u>	<u>\$62,492,900</u>	<u>\$55,864,800</u>			
General Revenue	53,548,600	49,721,600	43,093,500			
Income Fund	12,771,300	12,771,300	12,771,300			

REVENUE SOURCES

Changes in the proportion of resources from tuition and fees (Income Fund) and General Revenue Funds are detailed below:

	<u>Total</u>	<u>General Revenue Fund</u>	<u>Income Fund</u>
<u>FY-87 Base Budget</u>	\$56,506,610	\$45,332,010	\$11,174,600
<u>FY-88 SIUE Request</u>	\$64,531,010	\$53,874,310	\$10,656,700
<u>FY-88 IBHE Recommendation</u>	\$60,766,500	\$49,734,200	\$11,062,300
<u>FY-88 Governor Recommendation</u>	\$60,265,810	\$49,203,510	\$11,062,300
<u>FY-88 Gov. First Revised Rec.</u>	\$57,001,910	\$45,939,610	\$11,062,300
<u>FY-88 Gov. 2nd Revised Rec.</u>	\$55,164,300	\$44,102,000	\$11,062,300
<u>FY-88 Final Budget with Mid-Year Tuition Increase</u>	\$56,176,400	\$44,102,000	\$12,074,400

<u>Change: FY-87 Base</u> <u>to Final FY-88</u>	- \$ 330,210	- \$ 1,230,010	+ \$ 899,800
<u>FY-88 Base Budget</u>	\$56,176,400	\$44,102,000	\$12,074,400
<u>FY-89 SIUE Request</u>	\$66,319,900	\$53,548,600	\$12,771,300
<u>FY-89 IBHE Recommendation</u>	\$62,492,800	\$49,721,600	\$12,771,300
<u>FY-89 Governor Recommendation</u>	\$55,864,800	\$43,093,500	\$12,771,300
<u>Change: FY-88 Base to FY-89</u> <u>Governor's Recommendation</u>	- \$ 311,600	- \$ 1,008,500	+ \$ 696,900
<u>Total Change: FY-87 Base to</u> <u>FY-89 Gov.'s Recommendation</u>	- \$ 641,810	- \$ 2,238,510	+ \$ 1,596,700

FY-89 PLANNING

The FY-89 Governor's budget poses severe challenges. We must accommodate the \$311,600 base budget reduction noted earlier while meeting other, unavoidable cost increases through internal reallocation.

The general inflation rate (which suggests overall price increases we can expect) will be 4.5% to 5.0% in FY-89. Some of the effects of these increases can be ameliorated by delayed purchasing and careful management of support budgets, but other increases, such as charges for crucial equipment maintenance, must be met. Further, we can expect utility rate increases of 10% or more to become effective in mid-FY-89.

My July 1, 1987, memorandum outlining budget planning guidelines for FY-89 established a reserve of \$172,500 for potential enrollment decline and requested 2% contingency reserves be held in each functional area. These funds will be available to meet our commitments if enrollment remains stable. In addition, careful management of reserve funds should provide resources to help meet non-recurring commitments. I have requested the advice of the University Planning and Budget Council as to deployment of these resources.

This preparation notwithstanding, our ability to sustain our full range of educational services at the level of quality our community deserves will be seriously compromised if the Governor's budget level for FY-89 prevails. As a consequence, the University is taking a lead role in the statewide campaign for a tax increase to provide additional educational resources. The President's Office has organized a Campaign for Education Funding, with initiatives planned or underway to inform alumni, parents, students, employees, University affiliated groups, the media, and the general public about the alarming decline in support for higher education in Illinois. The proportion of the state's tax dollars allocated to higher education has diminished from 15 percent in 1971, to 12.2 percent this year. Our state now ranks a dismal 42nd in per capita appropriations for higher education despite the fact that Illinois ranks ninth among the 50 states in per capita income.

Your support is essential if we are to protect our commitment to teaching and learning.