

**AGENDA ITEM #VIII-D-1
FEBRUARY 21, 2017
HIGHLAND COMMUNITY COLLEGE BOARD**

FIRST READING – TUITION

RECOMMENDATION OF THE PRESIDENT: It is recommended that Board of Trustees considers for the first reading an increase in the in-district tuition rate from \$129.00 per credit hour to \$141.00 per credit hour effective Fall semester of 2017. In addition, it is recommended that Board of Trustees considers for the first reading an increase in the senior citizen rate from \$97.00 to \$106.00 per credit hour effective Fall semester 2017. The formulas for figuring out-of-district and out-of-state tuition remain unchanged. These rates will be calculated after Fall 2017 tuition rates at community colleges contiguous to Highland have been determined.

BACKGROUND: Appropriations for the second half of FY2017 State of Illinois funding of the Illinois Community College system have not been made due to the continued Illinois budget stalemate. Most Illinois community colleges are anticipating no State funding for the remainder of FY2017. In addition, funding for FY2018 is uncertain.

Highland's state funding in FY2015 was \$1,685,712, in FY2016 it was \$378,839, and as of this writing, state funding in FY2017 is \$620,307. Over the course of the last two fiscal years, the College has seen state funding reductions of almost \$2.5 million. Expenses have been reduced by about \$500,000, transfers from other funds have been utilized, and the fund balance has absorbed the remaining deficit. With a \$12 tuition increase, it is expected that the fund balance would be reduced to only 8% of operating expenses.

A \$141 tuition rate effective Fall semester of 2017 coupled with our technology fee (\$16) and activity fee (\$9) may be higher than the overall state average tuition and fee rate in FY17; however, many colleges have not yet determined tuition and many are discussing significant increases. The Administrative Rules of the Illinois Community College Board require that the out-of-state tuition rate be set at a minimum of 1.67 times its in-district tuition rate. The out-of-district tuition rate is calculated at 1.5 times the highest in-district rate of our contiguous districts.

Early budget projections that include a small increase in property tax values and significantly diminished state support indicate that this recommended increase in tuition may require the College to evaluate additional revenue increases and/or expense reductions and adopt a deficit budget in FY18, to be offset by a planned decrease in the Operating Funds fund balance.

If (as originally planned when Illinois Community Colleges were established) state funding was one-third of the College's revenue sources, then we would only be looking at a per credit hour tuition rate of about \$105.

BOARD ACTION: _____