

# ICCTA ACTION ALERT

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April 10, 2006

*Although April 7 was the originally scheduled adjournment date for the Illinois General Assembly, the Illinois House and Senate are now scheduled to return to Springfield later this afternoon (April 10) to continue negotiations on the Fiscal Year 2007 budget. The next possible adjournment date is April 12, the last day before the start of the Passover and Easter holidays. Many observers predict that if the session continues beyond the religious holidays, that a long spring schedule could occur.*

## **FY07 BUDGET**

The primary focus of Democrat leaders is to reach a budget agreement for FY 2007. (Republicans are apparently not involved in negotiations at this point.) Although there appeared to be an early session budget arrangement between the House and Senate Democrats and the Governor, a key component of the plan did not win approval. The Governor's original budget plan called for spending increases that were built upon projected natural revenue growth of over \$800 million, proposed new tax and fee hikes totaling over \$400 million, and additional funds from the sale of the Illinois Student Assistance Commission's student loan portfolio. The General Assembly ultimately did not approve the tax and fee increases, and the ISAC portfolio sale is unpredictable at this point. That leaves only the natural revenue growth source on which to build an FY07 budget -- resulting in as much as an \$800 million budget hole.

Much of the revenue side of the FY 2007 budget was dealt with a year ago, when a two-year partial "pension holiday" of public employee pension contributions was approved that provided relatively smooth sailing for the state's spending plan last year and this year. Approximately \$1.2 billion in state funds that would have been directed to the state-supported pension funds will again be used for the state's ordinary and contingent expenses.

The Speaker of the House recently suggested that the proposed FY07 state budget be returned to FY06 funding levels for purposes of new budget talks. The belief is that the available projected revenues cannot support the spending levels recommended in the Governor's proposed budget. Negotiations are now underway to determine where and how to add available revenues for a new spending plan. **At this point, the Fiscal Year 2007 state budget is very fluid.**

## **COMMUNITY COLLEGE BUDGET**

The Governor's proposed budget includes a 1.4% increase for higher education (excluding the State Universities Retirement System), and a recommended \$5.8 million (or 1.9%) increase for community colleges. The FY 07 community college budget, like all other state supported programs, is subject to final negotiations involving the entire state budget.

## **OTHER LEGISLATION OF INTEREST TO COMMUNITY COLLEGES**

Several bills of interest to community colleges have passed out of the General Assembly. ICCTA will report on these bills in our legislative wrap-up at the end of session.

**☞ For additional legislative updates, call ICCTA at 1-800-454-2282 ☞**



ILLINOIS COMMUNITY COLLEGE TRUSTEES ASSOCIATION  
401 E. Capitol Ave., Suite 200 ■ Springfield, IL 62701-1711  
1-800-454-2282 (phone) ■ 217/528-8662 (fax) ■ [ICCTA@communitycolleges.org](mailto:ICCTA@communitycolleges.org) (e-mail)  
[www.communitycolleges.org](http://www.communitycolleges.org) (web site)