
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Adequacy Workgroup Meeting #6 - October 20, 2022 (9am-12pm CT)
Meeting Notes

MEETING OBJECTIVES

1. Confirm O+M and Mission components of adequacy
2. Develop considerations to operationalize adequacy components
3. Discuss status quo vs. future-based aspects of adequacy

Welcome & Agenda Overview

Executive Director Ginger Ostro opened the meeting with general announcements regarding Open Meetings Act, that the meeting will be recorded and instructions for any members of the public who would like to participate in Public Comment. Martha Snyder provided an overview of the agenda.

Action: Approval of minutes from September 22, 2022 Workgroup Meetings

Commissioner Weffer made a motion to approve the minutes from the September 22, 2022 workgroup meeting. Commissioner Vazquez seconded the motion. One workgroup member abstained, the remainder were in favor. The workgroup members provided introductions during the roll call.

Workgroup Overview

Martha Snyder provided an overview of the Adequacy Workgroup to level set. It was noted that the Resource Workgroup is working in parallel and that there will be a total of three Workgroups over the time of the Commission's work.

The adequacy workgroup is focusing on evaluating and understanding various issues and concepts of adequacy in postsecondary finance. The workgroup will support the Commission's work in identifying the components that comprise an adequate and equitable finance structure for universities in context of the legislative charge and definitional concepts developed by the Commission.

Adequacy & Resources: How the Workgroups Interrelate

Martha Snyder shared a sample university target, built from the components of what it costs for students to succeed and will vary based on student need. The Adequacy Workgroup is developing these components.

Each institution has Resources available to it. The Resources Workgroup is determining which types of resources should be counted to determine how close an institution is to adequacy.

The potential model for developing adequacy was re-shared on screen with the workgroup member to help ground the conversation.

Review Operations & Maintenance and Mission Components of Adequacy

Martha Snyder gave a review of the non-instructional student supports of adequacy (Operations & Maintenance and Public Service) that were discussed during the September 2022 meeting. Different ways/approaches were discussed and reviewed and an example from Oregon was shared.

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Martha Snyder asked workgroup members to share areas that were not captured around Operations & Maintenance and offered time to discuss, as needed. Commissioner Weffer asked if there was a cutoff defined for small schools. Deciding on this cutoff (if needed) could be handed off to the Technical Modeling workgroup. Weffer asked what “small” meant: student size, physical/space size. Most commonly, this referred to student/enrollment size. Commissioner Freeman shared that IBHE has quite a bit of data on deferred maintenance that should be shared as the formula is developed. In *Thriving Illinois*, shared services, purchasing and administration is discussed and should not be lost from the overall conversation moving forward. Commissioner Steans shared that it’s important to note that a capital budget is likely from separate capital dollars. Commissioner Martire raised deferred maintenance as an equity issue, which maybe should be treated as a state’s obligation to fund. Commissioner Green was in concurrence with Martire’s points. If something is neglected or not maintained on a regular basis, it results in an overall decline and undermines the effort to have a thriving community. This is a good example of “yes, and” in that it should be in the model, but there also needs to be a larger injection of capital to take care of the many areas that have been untreated. Executive Director Ostro shared that IBHE has the data and would share.

Martha Snyder asked workgroup members to share areas that were not captured around Research & Public Service Mission and offered time to discuss, as needed. Commissioner Freeman reiterated that the full Commission needs to think about the intersection between adequacy and the work of the Resources Workgroup. When federal or external funding (for research, etc.) is received, the indirect recovery rates vary and don’t often fully reimburse the institution. The money cannot be spent twice (research and students). Commissioner Steans asked who is defining the missions and how they can be captured in the right way. Sarah Labadie shared on the public service aspect, that there are some institutions whose mission is to accept all, regardless of any factors, which can impact what students they serve. Commissioner Caldwell shared that higher education institutions that have a community engagement component may want to be considered when discussing funding. Commissioner Martire suggested that maybe benefits of programs be identified and then work towards a formulaic process. Commissioner Freeman raised that there are clear ways that the state has acknowledged what each public university brings to the table, in terms of research and public engagement mission. In addition, the state funds work at universities that outsources the work of state agencies to universities, which offers a “trackable” source of investment in the university by the state.

Nate Johnson asked if there is a minimum amount/percentage/threshold for a baseline? What is the level of research and public service mission expected and considered adequate from the state’s perspective?

Kevin Jackson raised that incentives are an important area to discuss. Commissioner Steans shared that every institution is providing value on the local, regional and state level, in different ways. Mike Abrahamson shared that the workgroup doesn’t want to make judgements on university’s missions and designations which makes it tough. There are various revenue sources that come through institutions. Resources are an important part of the discussion. The legislation is unequivocal about equity. Incentives have been under discussed up to this point.

Considerations for Measuring Components of Adequacy

Discussion Questions

- How should graduate, professional and Medical education be factored in?

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- Are there university activities/enterprises that should be kept outside the adequacy calculations (e.g., hospitals; athletics; other)?

Considerations for Different Degree Levels/Graduate Education

- Option 1
 - Separate graduate and medical education as one category
 - Separate graded and medical education as two categories
- Option 2
 - Include in the overall formula with weights that generate different costs (Masters, Ph.D., Medical, Professional)
- Option 3
 - Include, but don't differentiate, weights from those used for undergraduate education

Commissioner Weffer shared insights of historical inequalities in terms of where Ph.D. programs come from and how they are created. He also raised that "medical education" needs to include all areas and not just medical doctors (MD). Commissioner Martire shared that the workgroup should define what belongs in the buckets and then, to the extent possible, identify what aspirational adjustment would entail. President Freeman shared that NIU has three categories: graduate focused on research and artistic creation, graduate focused on regional, state and workforce needs, and graduate focused on preparation of students for other advanced programs. Commissioner Green offered that medical education and medical professions are very different and was leaning towards "option two." Commissioner Caldwell acknowledged the consideration of the mission of each institution. Commissioner Green shared that the ranking for the Illinois institutions should be thought about. What is the state share/commitment to the universities? Mike Abrahamson reminded the workgroup that in the last ten years, Illinois has had the greatest decline in enrollments among public university undergraduates. If we're trying to fundamentally bring equity to the system and bring students back into the education system in Illinois, we need to be careful not to replicate what is already in place. What impact would there be by offering additional graduate programs?

Nate Johnson shared information about adding weights to certain areas: cost exercise, priority exercise, or a combination of both.

Considerations for Other University Activities (e.g., Hospitals, Athletics, Other)

- Currently included in lump sum appropriation from state to institutions.
- For states with funding formulas, these activities are addressed outside of the funding formula, using a care-out, set-aside or specific line-item funding.
- How should these be treated in the context of adequate and equitable funding for IL?

Commissioner Steans shared a concern that as areas are specifically pulled out, it brings out more areas for inequity chances and challenges. Are there ways to quantify this?

Commissioner Weffer asked how athletics are defined and what is included in the athletics bucket? Martha Snyder shared overlap between the two workgroups and where the Resources workgroup is on the conversation surrounding how to factor in other resources that are not core. Commissioner Freeman shared that we need to be mindful that revenues in this area may be allocated differently at institutions and there may be overlap. Nate Johnson shared the difficulty of pulling these specific categories into a formula development, but that they're important to understand the background.

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Break

The workgroup took a short break before reconvening.

Considerations for Measuring Instruction and Student Service Adequacy Components

Commissioner Caldwell shared that the thought of giving money to adequately funded programs and taking away from undergraduate programs is a low priority when talking about adequate funding overall. These undergraduate students really need the money and some of the graduate programs may be adequately or well-funded.

Martha Snyder walked through the following areas to regroup the workgroup”

Student-Centered Access Components

Potential Measures to Calculate Costs:

- Student services expenditures
- Admissions office expenses
- Other identifiable direct outreach/marketing expenses
- Financial aid admin expenses attributable to incoming undergraduates
- Student-Level Finance Measures:
 - Cost of individual student access strategies

Student-Centered Pathways: Academic Supports

Potential Measures to Calculate Costs

- Total instructional expenditures
- Total academic support expenditures
- Specific academic support expenditures: libraries, technology
- Cost studies from research/evaluation in other locations
- Student-Level Finance Measures
 - Cost of individual student pathways: costing out the pathway of student services used by students to support retention and completion

Student-Centered Pathways: Non-Academic Supports

Potential Measures to Calculate Costs

- Total student services expenditures
- Financial aid
- Specific student services expenditures: advising, career services, health
- Student-Level Finance Measures:
 - Cost of individual student pathways: costing out the pathway of students services used by students to support retention and completion

Adjustments for Student Needs

Potential Measures to Calculate Costs

- Low-income
- Race/ethnicity
- First generation
- Academic preparation level
- K-12 district resources (e.g., EBF Tier)
- Students with disabilities
- Undocumented Students

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- Students who are parenting
- Working Adult
- Rurality

What approach should we use to determine "adequacy" for each measure?

Options:

- Benchmark key student ratios
- Link to staffing costs/salaries
- Incorporate costs of effective program/services
- Weight specific factors
- Square footage for facilities-related costs

Benchmark a Limited Number of Key Student Ratios

Sample Student Ratios:

- Students per Faculty/Instructional Staff
- Students per Student Services Staff
- Students per Academic and Institutional Support/Administrative Staff

What key factors (averages, ratios) are most important?

How should these be benchmarked?

Where are student ratios best applied?

Associate to Personnel Costs

Sample Personnel Costs:

- Avg Faculty/Instructional Salary
- Non-Instructional Salary
- Benefits as % of Salary
- Operations and Maintenance
- Other non-compensation expenses as % of total compensation

Should faculty compensation be benchmarked by discipline? By other criteria?

Should non-faculty compensation be benchmarked by occupation? Location? Both? Neither?

How should non-compensation factors be derived?

Apply Weights and Adjustments to the Benchmark

How do we establish appropriate weights if a research base isn't available?

Nate Johnson walked through the sample adjustments for students' needs and accompanying rationales for each.

What are Potential Data Sources for Each Component of Adequacy?

High-performing institutions/program components in Illinois

- Advantages: comparable context, data, financial structures, ease of "translation"
- Disadvantages: limited number, limited range of funding and performance levels, challenges maintaining objectivity, reflects historical funding patterns

High-performing institutions/programs out of state

- Advantages: wide range of performance and funding levels, sources for new ideas, easier to be objective
- Disadvantages: different contexts, financial structures, data classifications, hard to connect funding to specific outcomes

Academic research

- Advantages: potential for more rigorous connections between funding and outcomes, credibility with key stakeholders

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- Disadvantages: limited number of use cases in context of overall funding levels

Mike Abrahamson asked whether it's accounted for institutions that are able to discount their prices to merely nothing for students who need that and that an equitable formula would solve for that first. Are there ratios, given enrollment declines?

Commissioner Freeman shared her concern that if national data isn't built in, we won't be building to the right place. Where do we want to account for the difference (could be done in many different stages)? Nate Johnson walked through a number of factors and instances. Commissioner Freeman shared a concern in the importance of the Commission members, especially university Presidents, reflecting on the options of modeling before making a solid decision. Commissioner Steans shared that it's hard to evaluate what was presented: without modeling, we don't necessarily know the implications. How will resources be factored in (Pell grants, student assistance, affordability)? Commissioner Martire shared relevant information from the EBF calculation process. Kevin Jackson observed that to the extent funding is inadequate in K12 shows up across the district but in postsecondary, this inadequate funding is different in that the implications feed into tuition, which is a key difference between the K12 and this process. What would it cost to generate our desired outcomes? Mike Abrahamson shared that we need to deal with affordability directly, not just indirectly and be mindful of any unintentional consequences. Sarah Labadie raised the question around the process and whether the Adequacy Workgroup would come back together to react to what the Technical Modeling Workgroup comes up with. Martha Snyder shared that the overall process is likely open for discussion with the Co-Chairs, but that the original intent was for both Adequacy and Resource Workgroups were meant to sunset, knowing that the overall Commission would weigh in along the way.

Public Comment

Members of the public wishing to make public comment were given three minutes:

- Jennifer Delaney, member of the IBHE and faculty member at UIUC. Ms. Delaney shared observations and concerns including that the approach being used is focused on institutional expenditures. Each of the institutions use different budgeting models based on their needs, which seems like micromanaging. Ms. Delaney argued that it doesn't matter that the state understands how institutional budgeting practices work. Instead, incentives should be part of the state goal, including state goals. The workgroup seems engaged but not able to get to the funding formula with an equity focus because of the conceptual approach. The more that is kept outside the formula, the more inequities will arise. Ms. Delaney shared a conceptual frame to focus on the subsidy values offered to students by each institution. Nationally, on average, tuition prices cover about 50 percent of the total cost to educate a student. Price differentials are seen in the charges at each institution. As a state, using money to try to incentivize investments in our students may go farther down the path for thinking about equity.

Prep for Meeting #7

In order to provide ample time for conversation, the agenda item "Reflecting Future Changes in Adequacy" would be discussed during the next meeting.

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Next Steps and Adjournment

Next steps include digging a level deeper into many of the issues raised during the meeting. There should be continued discussion around graduate education and equity. The last meeting was scheduled for November 17, 2022 (9am-12pm CT).

Workgroup Members in attendance

Mike Abrahamson, designee for Lisa Castillo-Richmond
Robin Steans
Ralph Martire
Simón Weffer
Cheryl Green
Lisa Freeman
Sarah Labadie, designee for Cherita Ellens
Respicio Vazquez
Sheila Caldwell
Kevin Jackson, designee for Bill Bernhard

Support Team Members in attendance

Ginger Ostro
Ja'Neane Minor
Jerry Lazzara
Martha Snyder
Jimmy Clarke
Will Carroll
Nate Johnson