
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Meeting #5

Welcome to the September 22, 2022 meeting of the Adequacy Workgroup. The meeting will begin at 9:00 a.m. This meeting will be recorded.

Members of the general public will remain muted throughout the meeting and will have the opportunity to comment during the public comment period. To make a comment, please leave your name and the organization you represent in the Q&A section by 11:15 a.m. We will call on you during the public comment period and ask that you keep your remarks to under three minutes.

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Welcome & Agenda Overview

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| 9:00 am | Welcome & Agenda Overview |
| 9:10 am | Action: Approval of minutes from August 25, 2022 Workgroup Meeting |
| 9:15 am | Introductions |
| 9:20 am | Workgroup Overview & Purpose |
| 9:25 am | Review & Discussions: Commission Meeting |
| 9:50 am | Refine/Finalize Student-Centered Adequacy Components |
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| 10:20 am | Other Components of Adequacy: Institutional Mission |
| 10:50 am | Break |
| 11:00 am | Other Components of Adequacy: Operations & Maintenance/Base Costs |
| 11:45 am | Public Comment |
| 11:50 am | Prep for Meeting #6 |
| 12:00 pm | Next Steps and Adjournment |
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Action: Approval of minutes from
August 25, 2022 Workgroup
Meeting

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Workgroup Overview

Workgroup Overview

Three workgroups: 1) Adequacy, 2) Resources and 3) Technical Modeling

Role and Purpose: Inform the analytical, data and technical modeling of the Commission's work. The workgroups will comprise a subset of Commission members or other assigned representatives. Workgroups do not make decisions but provide added, focused capacity to the Commission to elevate and understand options for addressing funding components and considerations.

Representatives: Selected by co-chairs; ~ 10 members for each workgroup; Will reflect groups and organizations on Commission with regional, mission and other attributes represented.

- Adequacy: Conceptual, Policy and Analytical skills
- Resource: Conceptual, Analytical skills
- Technical Modeling: Policy, Data Analytics and Modeling skills

Workgroup Charge

Adequacy Workgroup: The adequacy workgroup will focus 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.

The outcome of this review will be to analyze the components of adequacy and institutional "adequacy profiles" that help inform the cost of achieving adequacy for each institution.

Resources Workgroup: The resource workgroup will help define the different types of resources to be considered as a way to assess adequacy and inform how to equitably invest new state resources toward achieving adequacy for institutions.

The outcome of this workgroup will be resource mapping across each institution that can be used (in conjunction with the adequacy workgroup) a "gap analysis" between institutional adequacy and resources.

Technical Modeling Workgroup: The technical workgroup will build upon the conceptual framework established by the Commission (informed by the adequacy and resource workgroup) and begin identifying metrics/data, modeling distribution mechanisms and various funding scenarios/implementation options based on spending considerations.

The workgroup's analysis will incorporate the components of adequacy and varying levels of resources (revenue streams) across institutions, as outlined by the Commission.

Adequacy & Resources: How the Workgroups Interrelate

Each institution will have an Adequacy 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.

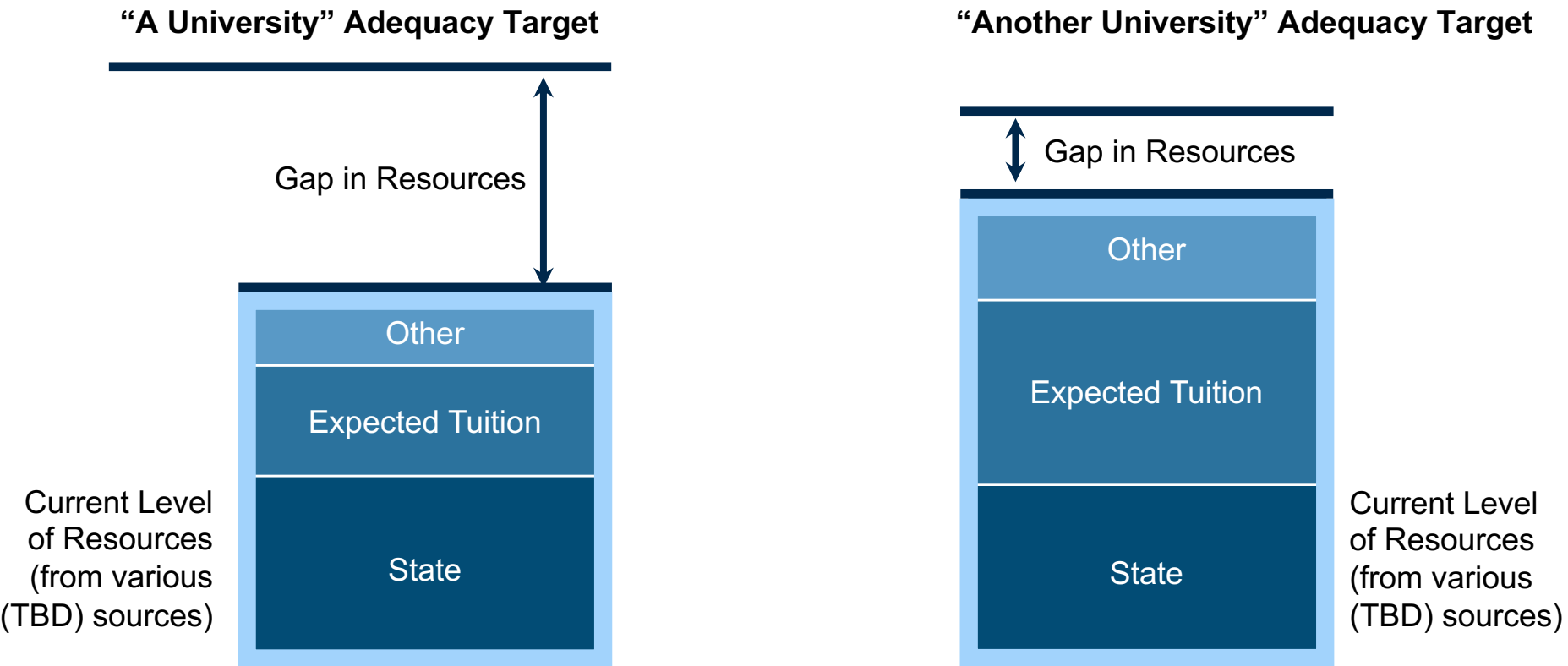
“A University” Adequacy Target

Instruction and Student Services
<i>Student-centered access components</i>
<i>Academic supports</i>
<i>Non-academic supports</i>
<i>Core instructional program costs</i>
Research & Public Service Mission
<i>Unfunded and inseparable from instructional adequacy/equity</i>
<i>Externally or separately funded</i>
Operations and Maintenance

Adequacy & Resources: How the Workgroups Interrelate

Each institution will have an Adequacy 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 determining how close an institution is to adequacy.



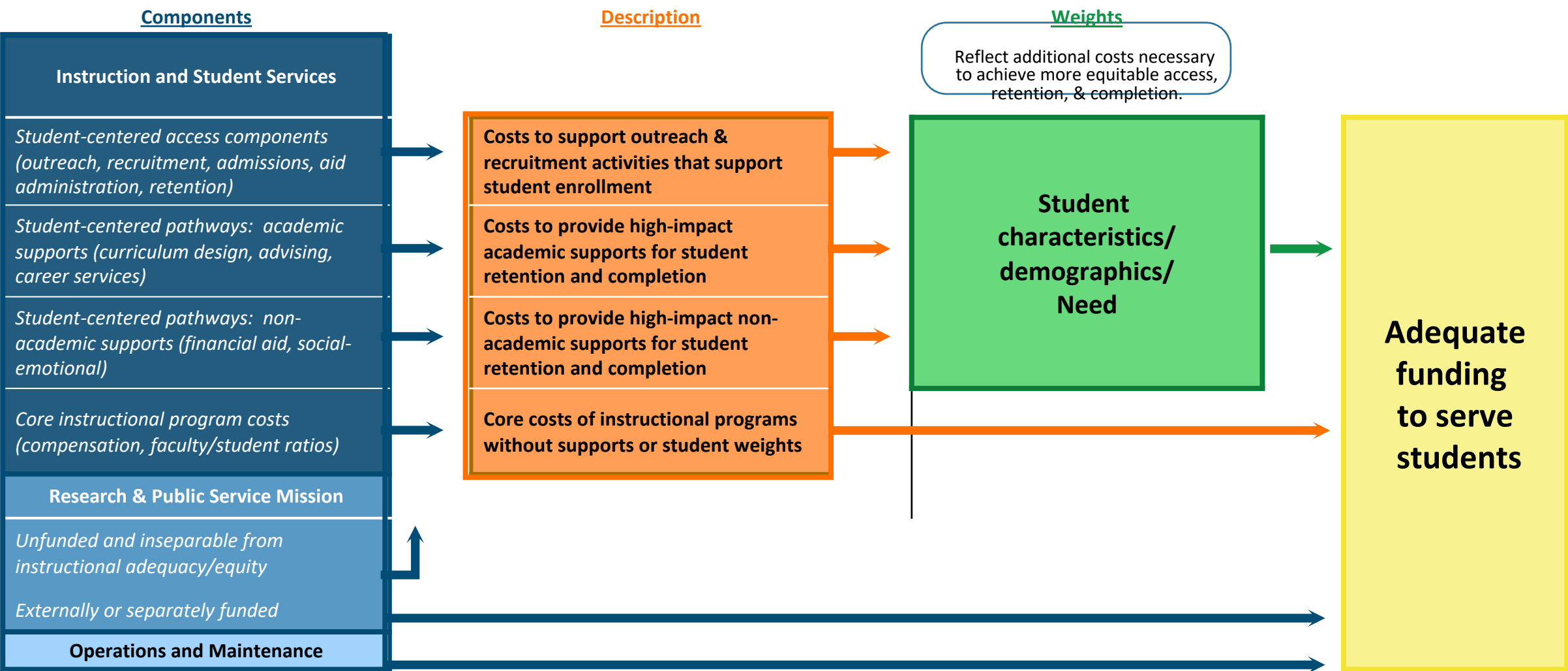
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Review & Discussion: Input from
Commission Meeting

Summary of Report to Commission

- Reviewed Research on Postsecondary Funding/Implications for Adequate Postsecondary Funding
- Developed Framework Components of Adequacy
- Analytical Considerations for Instructional, Academic and Student Support Components

Potential Model for Developing Adequacy Definition



Commission Input: Summary for Discussion

- Overall support for the approach to ground analysis in the costs associated with access, retention and completion and core instructional costs.
- Recognition of overlap of some categories which can be simplified in next phase (e.g., enrollment metric that captures various costs across components).
- Strong support to reflect student need and ground analysis in equity

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Refine/Finalize Student-Centered
Adequacy Components

Academic / Instructional Core Costs

Description	Rationale	Approaches	Potential Measures to Calculate Costs	Other Considerations
Core cost of undergraduate (and graduate) instructional programs	To define a baseline cost factor for serving students without any additional supports	Bottom-up: (# students * # faculty/staff needed per student * \$compensation) + non-personal costs + indirect costs Top-down: \$ Expenditure per student based on empirical data * #students to be served	<ul style="list-style-type: none">•Competitive compensation factors w/priority for recruiting and retaining diverse faculty•Discipline / major differentials•Faculty / student ratios	Higher cost programs often have lower proportions of Black and Hispanic graduates than other programs

Lessons from State Expenditure Analyses

Florida, Texas, Illinois, SUNY, Minnesota, Ohio are among states that have analyzed expenditures by discipline

- Institutions use Delaware Cost Study or similar tools for institution-level benchmarking
- States vary slightly in methods and substantially in results
- Consistently higher-cost programs across states, methodologies, and time include:
 - Engineering
 - Licensed health occupations
 - Performing arts
- Less consistency among states for other programs
- Higher cost programs often have lower proportions of Black and Hispanic graduates than other programs

Considerations with Bottom-up Approach

- Estimating compensation
 - Local (staff) v. national (faculty) benchmarks
 - Differentials by discipline
- Estimating faculty/staff to student ratios
 - Current/historical practice
 - Best practices
 - Accreditation requirements
 - Headcounts vs. FTE
- Non-personnel and indirect costs

Considerations For Technical Modeling Workgroup

- Determining the right level of analysis for costs associated with evidence-based practices
- Recognizing the “Status quo” of available cost data vs. funding additional capacity to serve more students and achieve greater equity in access, retention and success
- Accounting for historical inequities in certain cost data (program/discipline)

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Other Adequacy Components:
Base/Operations + Maintenance

Operations & Maintenance: State Examples

Tennessee

- “Fixed Costs” are weighted to equal ~20% of state funding, based on a historical ratio
- Each institution receives funding proportional to its share of the total fixed costs.
- Fixed costs calculation is derived from:
 - O&M: A dollar rate per square foot of “education and general space” for O&M and utilities
 - Equipment Replacement: 10% of current equipment inventory value.

Louisiana

- “Operation of Plant and Maintenance” component:
 - Base dollar amount per square foot for instruction and base dollar amount per square foot for research, tied to CPI.
- “General Support” component:
 - Supports operational support, general administrative, fiscal, and executive level services.
 - Applied as a weight to each institution’s outcome-based funding, based on “General Support/Services” spending in IPEDS.

Base/Operations + Maintenance

- What are some considerations for how to reflect operations + maintenance in institutions' adequacy profile and inform state investment?
- Are there equity considerations that need to be factored in?

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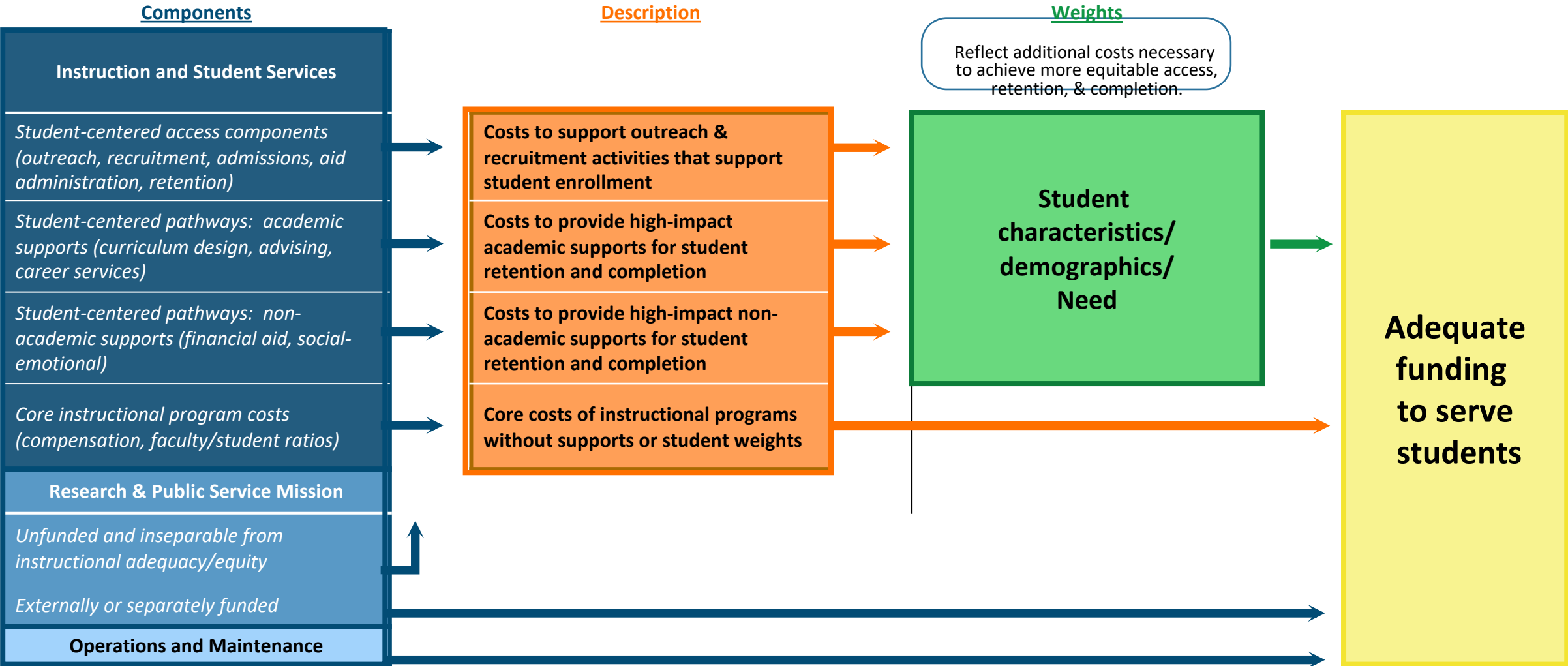
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Break

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Other Adequacy Components:
Research + Public Service Mission

Potential Model for Developing Adequacy Definition



Research + Public Service Mission: Oregon Example

- Prior to most recent review, state had 33 line items totaling \$69.1 million.
- Oregon Higher Education Commission charge to workgroup
 - Reaffirm expectation that the mission differentiation component of formula will be retained but significantly simplified.
 - Establish that the SSCM's approach to mission differentiation funding should treat all of the institutions equitably, either by providing equivalent funding to each institution or by using a rational and consistent formula.
 - Establish that the SSCM should dedicate a specific, limited amount of funding for mission differentiation and regional support.

Research + Public Service Mission: Oregon Example

Base Funding	A stable foundation of financial support for essential operations including those fixed costs that are independent of enrollment.	Economy of Scale Adjustment: Variable funding included based on resident FTEs and dollar value per FTE for institutions less than 4,000 FTES
Regional Access	To ensure the availability of public higher education for all Oregonians.	Funding per resident FTE up to 4,000 FTEs. The calculation is based on the number of resident FTEs, a funding amount per FTE, and an institutional size factor.
General Research Support	Support research mission of Oregon's public universities.	Formula using three year average of federal research expenditures (NCES). Capped at \$5.0 million, no more than \$2.5 for single institution
Public Services	To ensure institutions have resources available to provide public outreach and services to the general public with a focus on underserved populations.	\$330 per resident FTE with maximum allocation of \$4.7 million per institution.

Research + Public Service Mission: Other States

- Primarily a component of outcomes funding models
- Metrics that count toward institutional outcomes
- Tennessee
 - Research and Service: Expenditures on activities eligible for indirect cost allocation, primarily but not exclusively externally generated funding for research, service or instruction. The data should exclude financial aid, capital funding, state appropriations, donations from foundations, and practice income.
- Louisiana
 - Research: Grant funded research is measured by Federal research expenditures at each institution based on a three-year average. This metric incentivizes institutions to increase the amount of grant-funded research performed by faculty.

Research + Public Service Mission

- How are the research and public mission components of Illinois universities currently supported?
- What resonates with how other states have approached including mission in their funding model calculations? What are limitations?
- What are some considerations for how research and public service mission elements should be included in institutions' adequacy profile and inform state investment?
- Are there equity considerations that need to be factored in?

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Public Comment

Facilitated by Katie Lynne Morton, HCM Strategists

Instructions for Members of the Public:

Please wait for your name to be called. Public comments will be limited to three (3) minutes per person.

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Next Steps and Adjournment

Next Meeting: October 20, 2022

Reference Slides

Student-Centered Access Components

Description	Rationale	Evidence-Based Practices (examples)	Potential Measures to Calculate Costs
Costs to support outreach, recruitment and enrollment of students	Outreach, recruitment and enrollment activities have costs for all students and will be higher to achieve more equitable access for underserved populations.	<ul style="list-style-type: none">•Financial aid/FAFSA application support•Targeted information to low-income students and students of color from those who have gone (mentorship)•Admission application support•Financial Literacy	<ul style="list-style-type: none">•Student services expenditures•Admissions office expenses•Other identifiable direct outreach/marketing expenses•Financial aid admin expenses attributable to incoming undergraduates• <p>Student-Level Finance Measures</p> <ul style="list-style-type: none">•Cost of individual student access strategies

Student-Centered Pathways: Academic Supports

Description	Rationale	Evidence-Based Practices (examples)	Potential Measures to Calculate Costs
Costs to provide high-impact academic supports for student retention and completion	Academic supports enhance retention and completion with investment needed to ameliorate historical disadvantages and inequities	<ul style="list-style-type: none">•First-Year Seminars and Experiences•Summer Bridge•Learning Communities•Undergraduate research•Career connections•Internships/apprenticeships•CUNY ASAP components (tutoring, early registration, block scheduling, transportation support)	<ul style="list-style-type: none">•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 <ul style="list-style-type: none">•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

Description	Rationale	Evidence-Based Practices (examples)	Potential Measures to Calculate Costs
Costs to provide high-impact supports for student retention and completion	Non-academic supports that enhance retention and completion with investment needed to ameliorate historical disadvantages and inequities	<ul style="list-style-type: none">•Single Stop•Financial Aid; Emergency Aid•Social Emotional/Counseling/Mental Health Support•Housing, childcare, transportation•CUNY ASAP components (financial, personal supports)	<ul style="list-style-type: none">•Total student services expenditures•Financial aid•Specific student services expenditures: advising, career services, health Student-Level Finance Measures <ul style="list-style-type: none">•Cost of individual student pathways: Costing out the pathway of students services used by students to support retention and completion.

Adjustments for Student Needs

Description	Rationale	Potential Measures to Calculate Costs
Factor(s) based on student characteristics applied to base costs for access, academic supports, and non-academic supports	To reflect additional costs to close equity gaps and to fund state priorities to achieve better outcomes for target populations	<ul style="list-style-type: none">•Low-income•Race/ethnicity•First generation•Academic preparation level•K-12 district resources (e.g. EBF Tier)•Students with disabilities•Undocumented Students•Students who are parenting•Working Adult•Employment history•Rurality