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# ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

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Adequacy Workgroup Meeting #5 - September 22, 2022 (9am-12pm CT)  
Meeting Notes

## **MEETING OBJECTIVES**

1. Input and discussion on progress to date and Commission report
2. Continue discussion on adequacy components
3. Identify next steps

## **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 August 25 Workgroup Meetings**

Commissioner Freeman made a motion to approve the minutes from the August 25, 2022 workgroup meeting. Commissioner Martire seconded the motion. One workgroup member abstained, the remainder were in favor.

## **Introductions**

Martha Snyder started a round of introductions and asked each workgroup member to introduce themselves.

## **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, Resources and Technical Workgroups (workgroups) for the Illinois Commission on Equitable University Finance (Commission) will inform the analytical, data and technical modeling of the Commission's work. The workgroups are composed of a subset of Commission members or other assigned representatives. The workgroups, supported by IBHE and HCM, will expand the capacity of the Commission's work between full Commission meetings, providing opportunities to dig deeper around concepts and considerations advanced by the Commission.

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. Directed by the Commission, this effort may include evaluating various components of adequacy such as:

- Student-Centered Adequacy Components

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- Program/degree type components
- Cost-based components
- Mission-Centered Components.

Representatives were selected by the co-chairs with ~10 members for each workgroup. Membership will reflect groups and organizations on the 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

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### *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.

### **Review & Discussion: Input from Commission Meeting**

Summary of Report to Commission: Reviewed research on postsecondary funding/implications for adequacy postsecondary funding; developed framework components of adequacy; analytical considerations for institutional, academic and student support components.

The potential model for developing adequacy definition was shared again on screen with the workgroup members.

Commission input include: overall support for the approach to group analysis in the costs associated with access, retention and completion and core institutional 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.

Workgroup members shared the following reflections and comments:

Commissioner Freeman shared that the feedback she received was consistent with the bullets outlined previously. Commissioner Steans shared that there was an understanding that the workgroup's work is not entirely done. A lot of work has been done, but there is still work to do. Workgroup members did not have additional reflections or comments.

### **Refine/Finalize Student-Centered Adequacy Components**

*Academic/Instructional Core Costs*

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Martha Snyder gave an overview, including the description, rationale, approaches, potential measures to calculate costs and other considerations, updated based on previous conversations. Two approaches that could be taken were shared.

## *Lessons from State Expenditure Analysis*

Nate Johnson walked through 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, and
  - Performing Arts.
- Less consistency among states for other programs.
- Higher cost programs often have lower proportions of Black and Hispanic graduates than other programs.

Commissioner Weffer flagged that we need to be aware of implications and drawbacks of each metric. Commissioner Freeman commented on “Engineering” being included on the list but not other STEM or Natural Sciences courses. Is there an outcomes component? During a recent conversation with national institution Presidents, the need for a network was mentioned, that shows the level of investment and the number of students that could benefit most, return on investment. Commissioner Martire asked whether there was agreement amongst the group on which public universities are best funded, then dig deeper into their outcomes, which institutions are doing well with underrepresented students. Data from well funded universities should then be analyzed in terms of the number of graduates. Commissioner Steans followed up by comparing to the K12 EBF model and finding out what the outcomes we care about are and what costs are associated with them. Commissioner Green shared that her investment in this process is primarily due to the fact that GSU is underfunded. Current appropriations are based on data from 50 plus years ago. Commissioner Caldwell shared a link in the chat for workgroup members to the University of Southern California Equity Mindedness. This resource talks about evaluating resources across the board. Commissioner Weffer flagged that we need to compare apples to apples when looking at comparables (institution to institution). Commissioner Green shared that as we continue to analyze, we need to look deeply at some of the R1s with extraordinary funding who are not achieving equitable outcomes for their students. Commissioner Martire shared that we may not be comparing institutions, but rather understanding what one institution is doing and how it’s working for them. This is more so learning from what successful programs are doing and what their outcomes are. Commissioner Freeman cautioned against assumptions we may be making around resources.

## 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

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- 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).

## **Other Components of Adequacy: 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:
  - Based 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 the considerations for how to reflect operations and maintenance in institutions’ adequacy profile and inform state investment?
- Are there equity considerations that need to be factored in?

Mike Abrahamson shared that there are absolutely equity considerations that need to be factored in. If we want to fund for the future we want, there is a need to include equity. Commissioner Freeman agreed completely, but also shared that there is not currently a similar starting baseline across institutions relating to the amount of deferred maintenance. The group must also consider the history and operating constraints of the state of Illinois and have caution when comparing to other states. The number of unfunded mandates and administrative burden components (infrastructure, etc.) are very different in Illinois than in other states. Size matters, especially in administrative proficiency (workloads are different at different universities). Commissioner Freeman shared that there needs to be an accurate cost from the bottom up before being able to craft an adequate formula. Commissioner Martire shared that deferred maintenance is a big deal and is a factor in equity. Where are universities from a deferred maintenance cost standpoint? How can they get into a best practices rhythm? Commissioner Green gave an example of how deferred maintenance impacts students and affects equity. Commissioner Steans agreed with all of the comments previously mentioned.

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- What type of additional analysis/information/data would be helpful to further inform this part of adequacy?

Commissioner Caldwell shared that it would be interesting to know of any indirect costs from grants received and how the funds can be utilized beyond their scope. Commissioner Steans shared that unpacking regulatory burden could be helpful to the conversation. Commissioner Green shared about the Guyer lawsuit in Tennessee surrounding adequate funding and historical inadequate funding leading to inequities.

## **Break**

The workgroup took a short break before reconvening.

Following the break, Commissioner Steans flagged that there is a capital strategy for the state and that the formula likely cannot handle all the one-off maintenance funding areas.

## **Other Components of Adequacy: Institutional Mission**

### *Research & Public Service Mission*

Martha Snyder re-shared the potential model for developing adequacy.

### *Research & Public Service Mission: Oregon Example*

- Prior to the most recent review, the 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.
  - Established 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.

Oregon ended up having four components within the Research & Public Service Mission component. The Base Funding component provides a stable foundation of financial support for essential operations. The Regional Access component ensures the availability of public higher education for all Oregonians. The General Research Support component supports the research mission of Oregon's public universities. The Public Services component ensures that institutions have resources available to provide public outreach and services to the general public with a focus on underserved populations.

### *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 date 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.

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## Questions for Discussion

- 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?

Commissioner Freeman shared important information around state appropriations and research. Equity in research and research across disciplines are essential. There is an external funding responsibility but that the infrastructure has to be realistically supported through indirect cost recovery. Commissioner Steans confirmed that considering dollars on the mission and adequacy side, it has to be considered in a companionable way. The cost recovery component is poorly understood, based on Commissioner Freeman's past experiences. The work needs to be integrated to support institutional acknowledgment of mission. Who defines the mission of an institution (activities), when and how do individual institutions identify and speak to a particular mission in the realm of public service?

Nate Johnson shared that the Oregon and Louisiana examples are fairly typical of what other states do to "piggyback" on the federal government.

Commissioner Green noted that when we talk about increasing retention and preparing students to successfully compete in the job market, research is one of those key practices, which shows that supporting research activities is important. Martha Snyder posed the question "Does the state directly invest in research at universities? If so, how is that funding determined (is there a rationale to it)?" Executive Director Ostro shared that there is a general amount of money that goes to institutions and that if there are direct funds, they are likely to be from a grant (state resource). Commissioner Weffer shared that NIU has the NICCS, a research "zone" which may be a separate area with some allocation at the same level, on a case by case basis, not systematic.

Executive Director Ostro flagged that the role of public service hasn't been discussed - what is the role? Where does it fit? Commissioner Weffer shared that engagement measures across campuses may be a starting point. He also provided an example from California; whether crafting similar narratives for Illinois' campuses would help move the agenda through the state (underlying infrastructure and community impact above the dollars). Mike Abrahamson echoed Weffer's examples. Oregon's example seems to look directly at geographical locations and areas in their model. If looking at holistically and equitably, public service mission and research can help answer the question of how we are setting up our institutions to actually fulfill their mission? Commissioner Green added that public service/serving the region is embedded into the language of the mission. Commissioner Steans shared an area of confusion: how are we defining mission? We need to be clear and precise about what is included in this area versus what we are tackling in other areas. Commissioner Caldwell shared public service and mission examples of universities in Georgia and/or Texas and how equity considerations are being taken into account (social mobility, etc.). Commissioner Weffer flagged that engagement into the community is where institutions tend to retract first. There are many activities that have to be scaled back due to a lack of adequacy. Commissioner Green shared the following two comments: data shows that there are income gaps after college graduation for underserved/underrepresented

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students, and a primary concern about state adequately funding is about how the pie will be divided up. A part of our focus should be how can we increase the appropriation to all of higher education across the state (even if the formula stays the same, the dollars would increase).

Based on the discussion that was held, what additional information/data would be helpful for HCM to provide to further inform the conversation and land on considerations to hand over to the Technical Modeling workgroup? The workgroup members did not raise any further information needed.

Commissioner Caldwell raised that if indirect costs could be concentrated with marginalized communities, it could be a gamechanger and worthwhile to look into. Commissioner Martire asked whether this could be looked at as “opportunity cost.” If an institution doesn’t have the capacity to provide certain experiences, it loses the opportunity for students.

## **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 that using evidence-based rationales to select areas. There are gaps where evidence is not always available. Areas of concern include: the role of institutional mission in the formula and lack of alignment in levels of analysis. Ms. Delaney would like to see this as influencing the overall structure and not just a category in the formula. The diversity of the institutions in Illinois are important to consider and fundamental to the way that the formula is structured. Almost all the measures of equity are focused on institutional level, on cost. This has the potential to limit innovation and potential to codify problematic expenditures within institutions. It’s important to think about using differentials across institutions, due to different offerings on various campuses. Ms. Delaney shared that it wouldn’t be ideal to have a formula that incentivizes institutions to create high cost programs. It’s difficult to understand what institutions spend due to cross spending. There is a need to focus on students, as the level of analysis where change is needed.

## **Next Steps and Adjournment**

Commissioner Caldwell noted that a lot of mission statements do not include the word “equity.” Commissioner Green replied that not all the universities may include equity, but more than likely the colleges within the universities definitely refer to equity in their institutional mission. The sixth meeting was scheduled for October 20, 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  
Kristi Kuntz, designee for Bill Bernhard

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*Support Team Members in attendance*

Ginger Ostro

Ja'Neane Minor

Jerry Lazzara

Martha Snyder

Jimmy Clarke

Will Carroll

Nate Johnson

Katie Lynne Morton