

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Draft Final Report Feedback

Instructions

1. Complete the following two sections accordingly:
 - a. The General Comments section addresses issues that may apply to more than one section of the report or to issues not currently covered in the report.
 - b. The Specific Comments section should include comments directed at a particular section or wording of the report. These might be suggested line edits or new language, for example.
2. In the specific comments section, indicate any page numbers and/or sections related to the comment.
3. In both sections, describe in a few words the topic your comment addresses in the "Topic of Comment" field.
4. Record your comment/feedback in the "Comment" field.
5. If additional comment space is needed, right click in any row and select "insert" > "insert rows" to add an additional row(s). Additional rows can be added at the bottom of the table or in between rows.
6. Save your document and email to **Katie Lynne at katie_lynne_morton@hcmstrategists.com**. **All final comments are due by 5pm CT on February 20, 2024.**

General Comments

Topic of Comment	Comment
1. Return on Investment framing. Early on in the Commission's work we discussed—with general agreement—framing the new spending as something that is generating a state asset that has a ROI for taxpayers. Given the politics of spending	<p>Here is some potential ROI stuff—but there are plenty of other metrics out there if you like those better.</p> <p>"Investing more in Higher Education builds a significant public asset for Illinois and generates a significant return on investment ("ROI") for the state's taxpayers. For instance, a 2016 study of the economic impact of higher education in McClean County (the "Impact Study")—home of both Illinois State University and Illinois Wesleyan—found that the aggregate impact of those institutions of Higher Education on the local economy was \$394.6 million of activity, that resulted from expenditures made by both institutions as well as their students.ⁱ</p> <p>In the aggregate, the Impact Study found that for every dollar of direct economic activity generated by a college or university, an additional \$0.36 in indirect or induced private sector economic activity was created, resulting in an overall local multiplier of 1.36. That simply means for every dollar spent, the private sector realizes \$1.36 in economic activity.</p> <p>The Chicagoland area and the State of Illinois overall, however, had economic multipliers nearly double the order of magnitude found in McClean County. This is because of limited "leakage" of economic activity out of larger geographical areas. For example, spending on textbooks in McClean might "leak" into other communities because there are no textbook publishers physically present in McClean County, while spending on textbooks in Chicago generates additional economic activity in the city because of the publishing industry presence located there.</p> <p>So, while McClean County realized \$1.36 of private sector economic activity for every institutional dollar spent, the statewide economic multiplier is 2.28. This means that for</p>

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more \$s in any environment, I think adding this ROI frame at the beginning of the doc makes sense.	<p>every dollar the state invests in an institution of Higher Education in Illinois, \$2.28 is generated in economic activity. ⁱⁱ</p> <p>In FY 2024, Illinois’ General Fund appropriation for public colleges and universities is scheduled to be \$2.539 billion. Applying the statewide multiplier to that investment in Higher Education translates to \$5.79 billion in direct, indirect, and induced economic activity.”</p>																																																																											
2. Adequate and Stable Funding So we have two sections in the report that cover how the formula supports “adequate” funding and “stable” funding. My comments deal with those sections	<p>First and foremost, I think it is essential that the both the section on supporting adequate and stable funding include the graphic showing the impact of increasing year-to-year General Fund appropriations for public universities by \$100 million and \$135 million. I wouldn’t use a lesser amount, and I would stop using the percentage increase language—legislators won’t get it, and the way the budget negotiations go—I have sat in on a number of them as a technical advisor to various legislators over the years—is a focus on dollar amount increases established by statute, like for the pension ramp or the EBF, or any program being phased in. These always get funded first, and the ensuing battles involve what to do with what is left.</p> <p>Obviously, by committing to a set, year-to-year dollar increase, not only does the formula build towards adequacy, but the formula also enhances stability and predictability in funding.</p> <p>I would note further that every university would be way better off fiscally with this approach than they have historically been with no formula—and use the following two graphics to prove the point in no uncertain terms:</p> <p style="text-align: center;">Change in State Appropriations from General Fund FY 2015 – FY 2023 in Nominal Dollars</p> <table><tr><th></th><th>FY 2015 Appropriations</th><th>FY 2023 Appropriations</th><th>\$ Change FY 2015 - FY 2023</th><th>Percent Change FY 2015 - FY 2023</th></tr><tr><td>University, Chicago State</td><td>\$39,074</td><td>\$40,077</td><td>\$1,003</td><td>2.57%</td></tr><tr><td>University, Eastern Illinois</td><td>\$44,473</td><td>\$43,503</td><td>-\$971</td><td>-2.18%</td></tr><tr><td>University, Governors State</td><td>\$24,616</td><td>\$24,353</td><td>-\$263</td><td>-1.07%</td></tr><tr><td>University, Northeastern Illinois</td><td>\$37,748</td><td>\$37,345</td><td>-\$403</td><td>-1.07%</td></tr><tr><td>University, Western Illinois</td><td>\$52,649</td><td>\$52,077</td><td>-\$572</td><td>-1.09%</td></tr><tr><td>University, Illinois State</td><td>\$73,889</td><td>\$73,125</td><td>-\$764</td><td>-1.03%</td></tr><tr><td>University, Northern Illinois</td><td>\$93,226</td><td>\$92,217</td><td>-\$1,009</td><td>-1.08%</td></tr><tr><td>University, Southern Illinois</td><td>\$206,071</td><td>\$207,972</td><td>\$1,901</td><td>0.92%</td></tr><tr><td>University Of Illinois (total)</td><td>\$652,558</td><td>\$669,441</td><td>\$16,883</td><td>2.59%</td></tr><tr><td>U of I Chicago</td><td>\$253,052</td><td>\$259,849</td><td>\$6,797</td><td>2.69%</td></tr><tr><td>U of I Urbana-Champaign</td><td>\$255,860</td><td>\$274,808</td><td>\$18,948</td><td>7.41%</td></tr><tr><td>U of I Springfield</td><td>\$18,598</td><td>\$24,780</td><td>\$6,182</td><td>33.24%</td></tr><tr><td>U of I System Office</td><td>\$125,048</td><td>\$110,004</td><td>-\$15,044</td><td>-12.03%</td></tr><tr><td>(in thousands)</td><td></td><td></td><td></td><td></td></tr></table>		FY 2015 Appropriations	FY 2023 Appropriations	\$ Change FY 2015 - FY 2023	Percent Change FY 2015 - FY 2023	University, Chicago State	\$39,074	\$40,077	\$1,003	2.57%	University, Eastern Illinois	\$44,473	\$43,503	-\$971	-2.18%	University, Governors State	\$24,616	\$24,353	-\$263	-1.07%	University, Northeastern Illinois	\$37,748	\$37,345	-\$403	-1.07%	University, Western Illinois	\$52,649	\$52,077	-\$572	-1.09%	University, Illinois State	\$73,889	\$73,125	-\$764	-1.03%	University, Northern Illinois	\$93,226	\$92,217	-\$1,009	-1.08%	University, Southern Illinois	\$206,071	\$207,972	\$1,901	0.92%	University Of Illinois (total)	\$652,558	\$669,441	\$16,883	2.59%	U of I Chicago	\$253,052	\$259,849	\$6,797	2.69%	U of I Urbana-Champaign	\$255,860	\$274,808	\$18,948	7.41%	U of I Springfield	\$18,598	\$24,780	\$6,182	33.24%	U of I System Office	\$125,048	\$110,004	-\$15,044	-12.03%	(in thousands)				
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Change in State Appropriations from General Funds to Universities FY 2025 – FY 2023 in Inflation Adjusted Dollars using ECI				
	FY 2015 Appropriations	FY 2023 Appropriations	\$ Change FY 2015 - FY 2023	Percent Change FY 2015 - FY 2023
University, Chicago State	\$50,746	\$40,077	-\$10,669	-21.03%
University, Eastern Illinois	\$57,759	\$43,503	-\$14,256	-24.68%
University, Governors State	\$31,970	\$24,353	-\$7,616	-23.82%
University, Northeastern Illinois	\$49,025	\$37,345	-\$11,680	-23.82%
University, Western Illinois	\$68,378	\$52,077	-\$16,300	-23.84%
University, Illinois State	\$95,963	\$73,125	-\$22,837	-23.80%
University, Northern Illinois	\$121,076	\$92,217	-\$28,859	-23.84%
University, Southern Illinois	\$267,633	\$207,972	-\$59,660	-22.29%
University Of Illinois (total)	\$847,502	\$669,441	-\$178,061	-21.01%
U of I Chicago	\$328,649	\$259,849	-\$68,800	-20.93%
U of I Urbana-Champaign	\$332,295	\$274,808	-\$57,487	-17.30%
U of I Springfield	\$24,154	\$24,780	\$626	2.59%
U of I System Office	\$162,404	\$110,004	-\$52,400	-32.27%
(in thousands)				
<i>Source: CTBA analysis of Operating and Capital Budget, Table I-A, FY 2014-2024, IBHE Annual Report on Public University Revenues and Expenditures, FRED Employment Cost Index</i>				
	<p>Note we did the review beginning in 2015 because we could not get disaggregated data for the U of I system office for prior years—but the story wouldn't change if you went back further in time.</p>			
3. Guardrail	<p>The guardrail should be a set percentage, no greater than 25%. The discussion in the guardrail section on percentage changes is confusing numerous commissioners—some of whom have contacted me for clarification--wherever possible I'd focus on dollar amount deltas instead.</p>			

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4. Equitable student share	I also know a number of commissioners are still confused by the concept of equitable student share. I like the use of the word “hypothetical” you’ve included in some instances to describe the calculations derived by using the ESS—I’d frankly use it more often. I think a text box clearly explaining the ESS calculation is a purely hypothetical exercise designed for the sole purpose of apportioning responsibility under the formula for covering the cost of a given University’s Adequacy Target to the state rather than to the students attending that university would be helpful—particularly if the text box clearly provides that the ESS has no actual impact whatsoever on the actual tuition or fee structure of any university.

Specific Comments

Page Number, Paragraph, Section, etc.	Topic of Comment	Comment
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<p>Page 14, first full paragraph re: How the formula supports adequate funding, third sentence</p>	<p>Managing expectations and clarity</p>	<p>The third sentence of this paragraph currently reads as follows: “These adequacy costs and the resulting investment will improve access, persistence and completion, especially for underrepresented and historically underserved students.”</p> <p>I think the report—which is very well drafted by the way--in general overuses the term “costs” throughout—which I’d replace in most instances with the term “investments,” but in this case I’d replace with the term “elements.” Second, saying the investments “will” generate specific outcomes is an over promise, it “should” do that, so I would replace the “will” with the term “should,” but not until sometime after it is “fully funded.” So I’d modify the whole sentence with the “fully funded” proviso. I also note that even after being fully funded it will generate the desired results only if the new money is spent on the appropriate programing and services—but probably wouldn’t say that here—I would add that qualification to the accountability section, however, to create a strong substantive basis for whatever accountability metrics ultimately prevail. Finally I’d add the following language highlighted in blue to the sentence, immediately after the terms “persistence and completion” and before the term “especially: for all students generally.” This serves two purposes that are related: first, it shows that the formula is something that will be good for every student in Illinois—that’s politically helpful; and second, with the goofy SCOTUS we have now and their recent rulings on affirmative action, it creates a rational to help push past strict scrutiny.</p>
<p>Page 26, first full paragraph, 3rd and 4th sentences on ESS subsidy for out of state kids</p>	<p>clarity</p>	<p>the third and fourth sentences in this paragraph read as follows: “Regardless of the number of ESS subsidies a particular student qualifies for, under the formula the maximum portion of the cost of that student’s education that the state will have to cover is capped at 100%. Out-of-state undergraduates can receive a maximum additional 25% subsidy, whether they are ...”</p> <p>In the 3rd sentence, maybe replacing the terms “student qualifies for” with “generates” will help those struggling with understanding how the ESS works to get it. But more importantly, I think the 4th sentence makes it sound like out of staters qualify for a subsidy</p>

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		of 125% when read in conjunction with the prior sentence, so I'd clean that up.
Page 33 first full paragraph, second sentence	Show value for everyone by including an ROI computation with the equity based funding amount.	So I think it was really smart to highlight the amount of the new formula funding going to equity. Nice job—but again for political and SCOTUS reasons, I'd add in the ROI stuff here with the following new sentences: "This is not only the right thing to do from an equity standpoint—it will also benefit the entire state economically. Applying the statewide multiplier for university spending of \$2.28 that was identified in the Impact Study to that investment in equity translates to \$1.794 billion in direct, indirect, and induced economic activity across Illinois."
Page 38 last paragraph, first sentence	Typo I think	The first sentence of the last paragraph on this page reads as follows: "IBHE is in the process of standing up an Accountability Committee....." I assume you meant "setting" up. Peace 😊

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ⁱ CTBA calculation using (i) Mendez-Carbajo, Diego, "Economic Impact Study of Higher Education in McLean County, IL," July 2016, https://blogs.iwu.edu/dmendez/files/2016/12/IMPLAN_Higher_Education_Report_DMC.pdf; and (ii) CTBA Analysis of IBHE Appropriations and Enacted Budgets, FY 2008-2023, <https://www.ibhe.org/hesb.html#content5-a1>, <https://www.ibhe.org/appropriations.html#>.

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ii Mendez-Carbajo, Diego, "Economic Impact Study of Higher Education in McLean County, IL," July 2016,
https://blogs.iwu.edu/dmendez/files/2016/12/IMPLAN_Higher_Education_Report_DMC.pdf