

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Meeting #12

Welcome to the January 8, 2024 meeting of the Commission on Equitable Public University Funding. The meeting will begin at 11:30 a.m. Closed Captioning can be accessed by clicking on the speech bubble in the lower left corner.

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, the organization you represent, and the topic you would like to address in the Q&A section by 1:35 p.m. The Q&A function is at the bottom of the screen. We will call on you during the public comment period and ask that you keep your remarks to under three minutes.

If you have technical difficulties during the meeting, please contact David Antonacci at antonacci@ibhe.org or via text to 217-720-5269

ILLINOIS COMMISSION ON

EQUITABLE PUBLIC UNIVERSITY FUNDING

Welcome

Ginger Ostro, Executive Director, IBHE

ILLINOIS COMMISSION ON
EQUITABLE PUBLIC UNIVERSITY FUNDING

Approval of minutes from November
17, 2023 Commission Meeting

Ginger Ostro, Executive Director, IBHE

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Agenda Overview

Ginger Ostro, Executive Director, IBHE

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

- 11:30 am Welcome & Agenda Overview
 - 11:35 am Action: Approval of Minutes from November 17, 2023 Meeting
 - 11:40 am Timeline and Process
 - 11:55am Updates Since Last Commission Meeting
-

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- 12:25 pm Key Outstanding Issues
 Medical Cost Factor
 Other Resources
 Allocation Formula
- 2:05 pm Public Comment
- 2:25 pm Next Steps
- 2:30 pm Closing Announcements and Adjournment
-

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Framework of a Funding Model

Conceptual Model: *Similar to K-12 Funding Model*

Start with an Equity-Centered Adequacy Target

Each institution will have an Adequacy Target, primarily built from student-centered components of what it costs for students to succeed.

Equity adjustments will be made based on variable student need to reflect the priority of increasing more equitable access and success for historically underserved student populations.

Adequacy will also consider research, service, and artistry **missions**.

Cost for **facilities operations and maintenance** included, as well.

“University A” 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

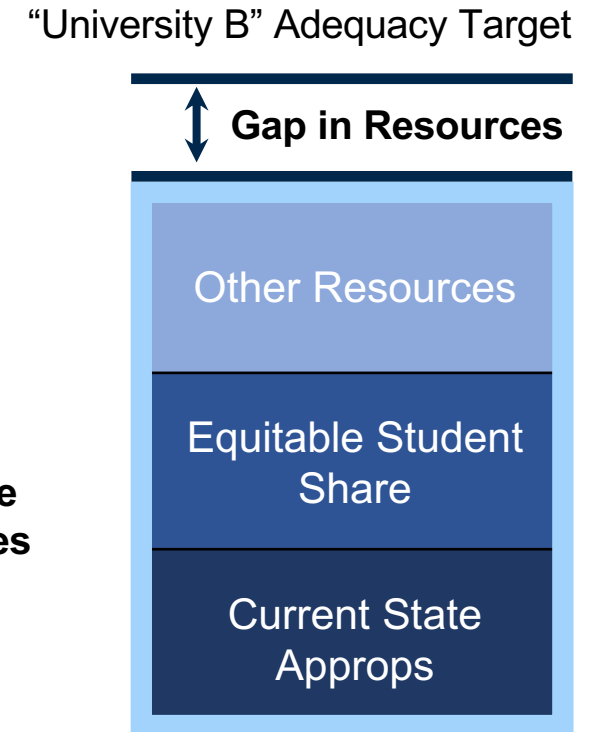
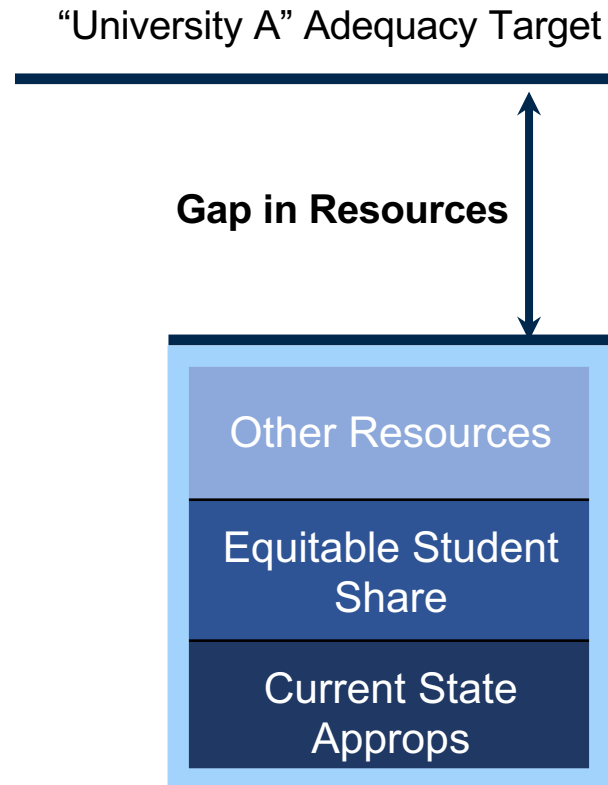
Conceptual Model: Resources

Identify Available Resources

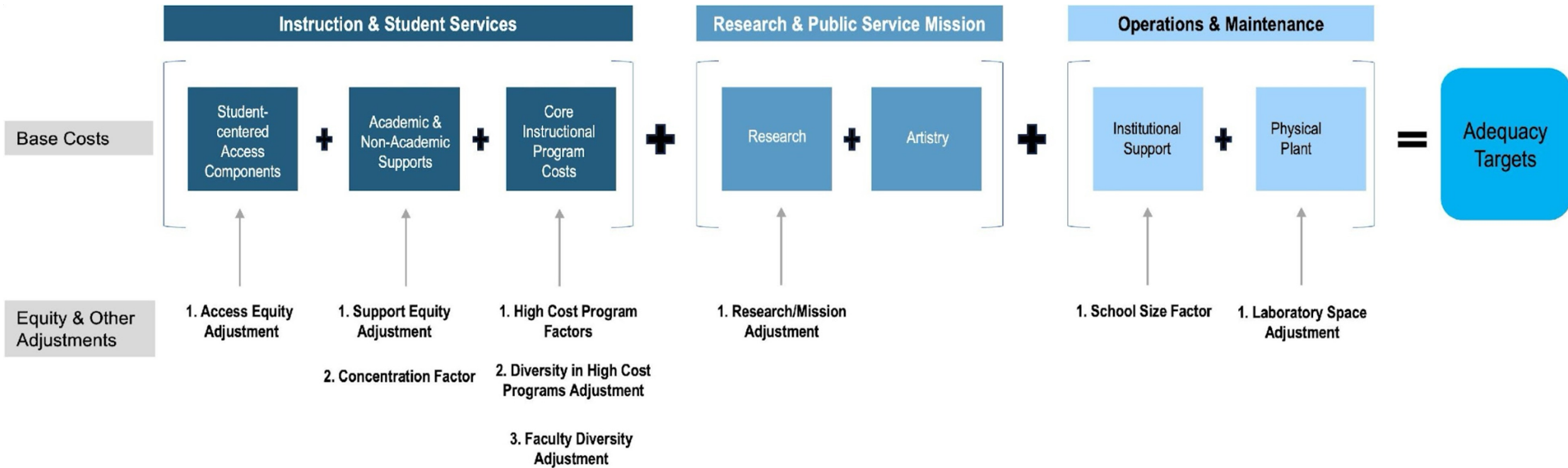
Include existing state funding as base, account for an expected tuition and other resources, like endowment. Expected tuition, or “Equitable Student Share,” rather than actual tuition helps address affordability

State Funds Fill in Gap in Resources

Model to be developed, but goal to distribute new resources equitably, with more going to institutions furthest from Adequacy Target



Proposed Approach to Calculating Adequacy Targets



This flowchart represents the model's calculation of an adequate funding level. Each adequacy component consists of a base cost for all students, which is increased by equity and other adjustments for certain student and institution characteristics.

Adequacy Component		Base Cost Per Student	Adjustment 1	Adjustment 2	Adjustment 3
Instruction and Student Services	Student-Centered Access	\$1,136	Access Equity Adjustment Medium/Low +\$1000/\$500		
	Academic & Non-Academic Supports	\$2,196	Support Equity Adjustment Intensive/High/Medium/Low +\$8000/\$6000/\$4000/\$2000	Concentration Factor >75% of UG in Int/High: +30% 60-75%: +20% 50-60%: +10%	
	Core Instructional Program Costs	\$10,706	High-Cost Programs Factor Med/Doc/Prof: +100% Other High-Cost: +20%	Diversity in High-Cost Programs Adjustment Med/Doc/Prof: +30% Other High-Cost: +50%	Faculty Diversity Adjustment +\$422
Research & Public Service Mission	Research	\$600	Research/Mission Adjustment R2, R3: +\$600 R1: +\$1200		
	Artistry	\$200	N/A		
Operations & Maintenance	Institutional Support	\$1,941	School Size Factor Small: +30% Medium: +15%		
	Physical Plant	\$7.78 (per sq ft)	Laboratory Space Adjustment +\$1.54 per lab sq ft		

Equity and Institutional Adjustments

Student Equity Adjustments

- Adult (UG)
- Rural (UG)
- EBF Tier 1/2 (UG)
- Low-income (UG)
- Underrepresented minority (UG & Grad)
- URM in high-cost program (UG & Grad)
- Student parents
- First-gen
- Students with disabilities

Institutional Adjustments

- High-cost programs
- School size
- Concentration of equity-adjustment-eligible students
- Carnegie Classification
- Lab space

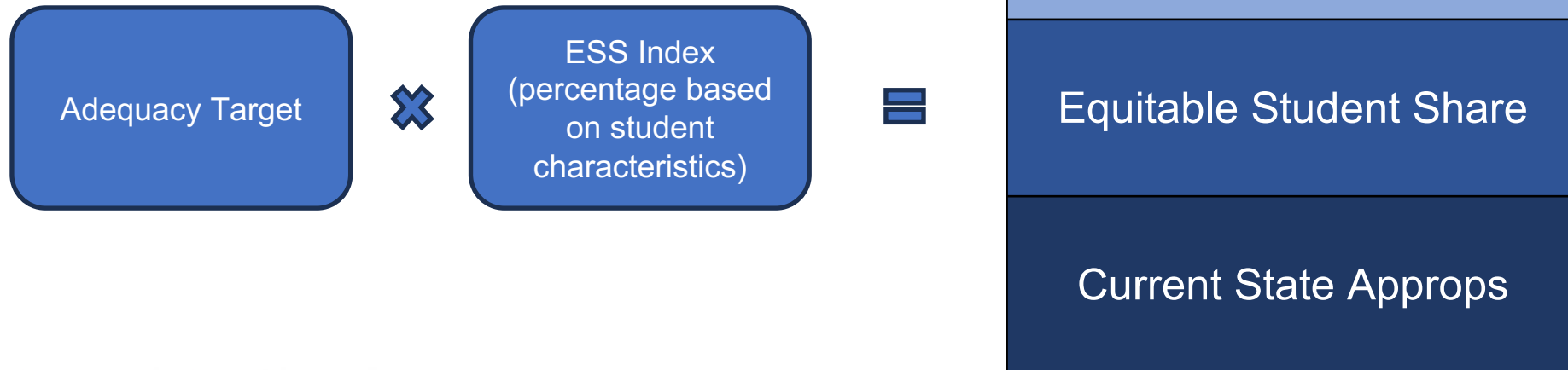
The adjustments are intended to accomplish two objectives:

- Incentivize enrollment and success of underrepresented student groups, and
- Reflect the different levels of resources necessary to deliver different programs and missions, and to generate outcomes for different groups of students.

Equitable Student Share – Framework

ESS represents a reasonable and affordable amount a university is expected to generate through tuition and fees based on the characteristics of its student body. ESS would be calculated by applying subsidy rates – tied to characteristics of a university's student body - to the adequacy target.

The greater the share of high-subsidy student groups (e.g., low-income, underrepresented minority) a university enrolls, the lower its ESS.



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Commission Timeline & Process

Timeline

The Commission has made immense progress and is positioned to complete its work in first quarter of 2024.

Remaining milestones:

- Three additional Commission meetings
 - One in January
 - Two in February
- Resolve handful of key outstanding issues (January meetings)
- Finalize recommendations and draft report (February meetings)
- Deliver report to the General Assembly by March 1st for consideration in 2024 legislative session

Recommendations and Report Process

The report will:

- Make the case for a new approach to university funding that is adequate, equitable, and stable.
- Summarize the research, process, and rationale underlying the Commission's recommendations.
- Detail the mechanics, data sources, and incentives of the formula.
- Identify issues the Commission didn't address but are relevant (e.g., deferred maintenance) or that should be prominent in a future review process.

Key Remaining Issues

Five issues stand out as most needing the Commission's focus and input in the remaining meetings:

Calculation of Adequacy Gap:

- Medical/Dental cost factor
- Other Resources
- Equitable Student Share

Distribution of New State Investment:

- Allocation Formula

Implementation:

- Accountability

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TWG Progress & Updates

TWG Progress & Updates

The Commission and Technical Modeling Workgroup have successfully completed work on the bulk of the model.

Since the last Commission meeting, the TWG has made additional progress on the following issues, with revisions incorporated into an updated model:

- School Size
- Concentration Factor
- Graduate Student Equity Adjustments
- Equitable Student Share
- Faculty Diversity

The TWG has identified options for the Commission to consider on the following issues:

- Medical/Dental Programs
- Other Resources

The TWG continues to work on:

- Allocation Formula
- Accountability

Summary of Changes

School Size: Removed cliffs at certain enrollment levels. Adjustment factors now range from 45% to 0%, decreasing proportionally as a school's enrollment approaches 20,000 students.

Concentration Factor: Increased the size of the factors for schools with the highest concentrations of historically underserved students, from 20%/30% to 30%/50%.

Graduate Student Equity Adjustments: Increased the size of the equity adjustments for BIPOC graduate students to match those of undergrads.

Faculty Diversity: Maintained the \$422 per student at all schools to support recruiting and retaining diverse faculty (to be discussed today).

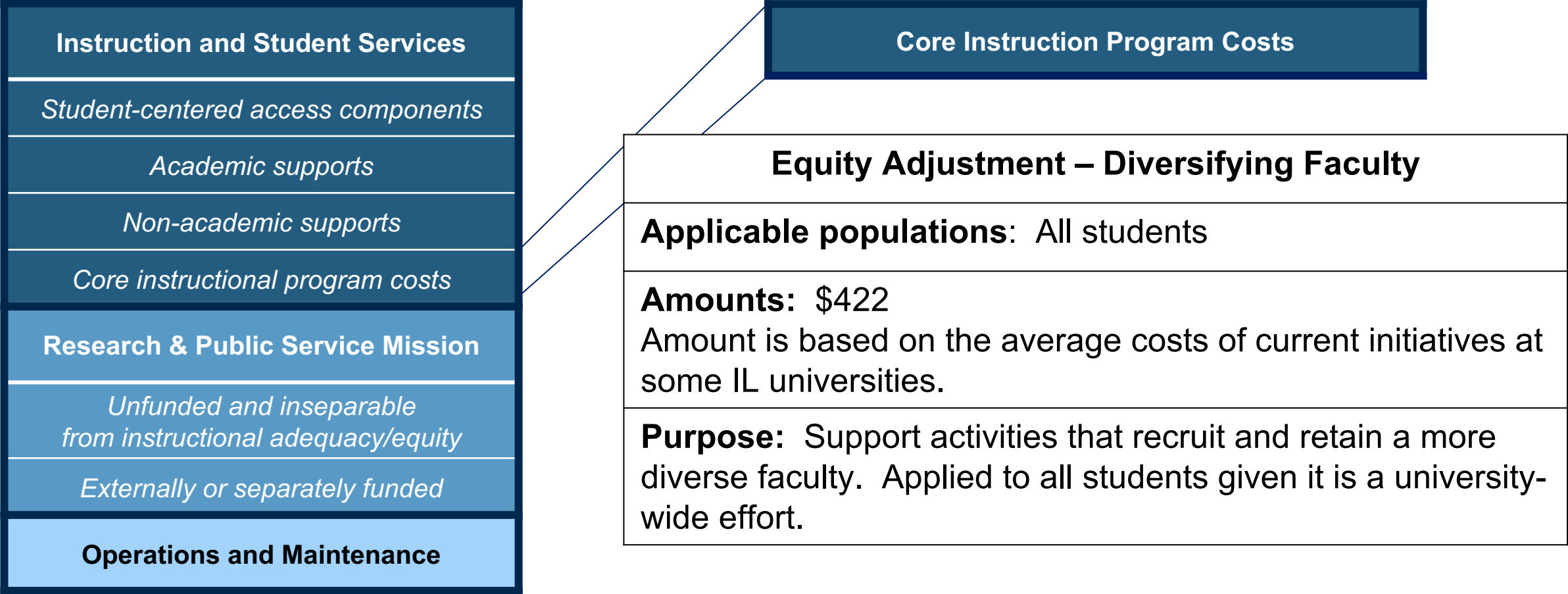
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Items for Discussion:

Diversifying Faculty &
Equitable Student Share

Adequacy Targets Components: Diversifying Faculty



Faculty Diversity Adjustment

Option	Description	Pros/Rationale	Cons
Leave as is	\$422 per student at every institution	Reflects that all institutions should pursue this as a part of the concept of an adequate and equitable education.	Difficult to hold institutions accountable for progress on this issue, given factors like geography.
Targeted adjustment	Tie the amount per student to the share of students of color enrolled at the school.	Targets funds at institutions where representation among faculty is most impactful to the student body.	Resources are needed to at all institutions to increase diversity, especially those with low levels of student and faculty diversity currently.
Remove	No funding in the formula specifically tied to faculty diversity	The formula cannot adequately incentivize or ensure that institutions address this important issue, and it should be funded through a separate initiative.	No guarantee that the state would invest in separate initiative, or that it would be more effective.

Institution	Headcount	Option 1 - Current		Option 2 - Targeted		
		\$ Per Student	Total	% BIPOC Students	\$ Per Student	Total
Chicago State University	2,366	\$422	\$998,311	77%	\$1,095	\$2,590,059
Eastern Illinois University	6,339	\$422	\$2,675,199	27%	\$383	\$2,428,959
Governors State University	4,418	\$422	\$1,864,537	55%	\$778	\$3,439,040
Illinois State University	20,425	\$422	\$8,619,491	25%	\$353	\$7,208,506
Northeastern Illinois University	5,983	\$422	\$2,524,826	48%	\$690	\$4,126,723
Northern Illinois University	15,856	\$422	\$6,691,232	39%	\$557	\$8,834,615
Southern Illinois University Carbondale	11,101	\$422	\$4,684,622	26%	\$377	\$4,184,474
Southern Illinois University Edwardsville	12,660	\$422	\$5,342,520	22%	\$309	\$3,911,382
University of Illinois at Chicago	33,026	\$422	\$13,936,972	38%	\$549	\$18,142,606
University of Illinois at Springfield	3,937	\$422	\$1,661,273	25%	\$361	\$1,419,652
University of Illinois at Urbana / Champaign	53,640	\$422	\$22,635,939	19%	\$277	\$14,868,251
Western Illinois University	7,390	\$422	\$3,118,439	30%	\$422	\$3,117,221
Illinois	177,141	\$422	\$74,753,361	30%	\$422	\$74,271,488

Faculty Diversity Adjustment – Targeted

Adequacy Gap - Delta

Institution	Adequacy Target	Resource Profile	Adequacy Gap	Percent of Adequacy Target Funded
Chicago State University	\$1,591,748 -	\$0 =	\$1,591,748	-1.3%
Eastern Illinois University	-\$246,239	\$0	-\$246,239	0.1%
Governors State University	\$1,574,503	\$0	\$1,574,503	-0.6%
Illinois State University	-\$1,410,985	\$0	-\$1,410,985	0.2%
Northeastern Illinois University	\$1,601,897	\$0	\$1,601,897	-0.4%
Northern Illinois University	\$2,143,383	\$0	\$2,143,383	-0.3%
Southern Illinois University Carbondale	-\$500,148	\$0	-\$500,148	0.2%
Southern Illinois University Edwardsville	-\$1,431,138	\$0	-\$1,431,138	0.3%
University of Illinois at Chicago	\$4,205,634	\$0	\$4,205,634	-0.3%
University of Illinois at Springfield	-\$241,621	\$0	-\$241,621	0.2%
University of Illinois at Urbana / Champaign	-\$7,767,689	\$0	-\$7,767,689	0.6%
Western Illinois University	-\$1,218	\$0	-\$1,218	0.0%
Illinois	-\$481,874	\$0	-\$481,874	0.0%

Faculty Diversity Adjustment – Remove Entirely

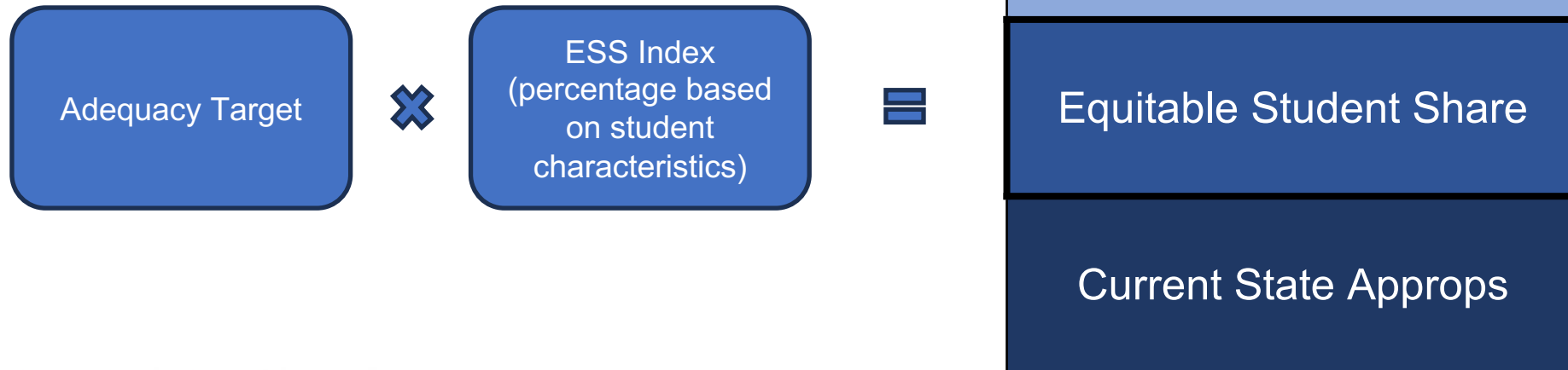
Adequacy Gap - Delta

Institution	Adequacy Target	Resource Profile	Adequacy Gap	Percent of Adequacy Target Funded
Chicago State University	-\$998,311	\$0	-\$998,311	0.8%
Eastern Illinois University	-\$2,675,199	\$0	-\$2,675,199	1.0%
Governors State University	-\$1,864,537	\$0	-\$1,864,537	0.7%
Illinois State University	-\$8,619,491	\$0	-\$8,619,491	1.0%
Northeastern Illinois University	-\$2,524,826	\$0	-\$2,524,826	0.6%
Northern Illinois University	-\$6,691,232	\$0	-\$6,691,232	0.9%
Southern Illinois University Carbondale	-\$4,684,622	\$0	-\$4,684,622	1.4%
Southern Illinois University Edwardsville	-\$5,342,520	\$0	-\$5,342,520	1.0%
University of Illinois at Chicago	-\$13,936,972	\$0	-\$13,936,972	0.9%
University of Illinois at Springfield	-\$1,661,273	\$0	-\$1,661,273	1.3%
University of Illinois at Urbana / Champaign	-\$22,635,939	\$0	-\$22,635,939	1.6%
Western Illinois University	-\$3,118,439	\$0	-\$3,118,439	1.0%
Illinois	-\$74,753,361	\$0	-\$74,753,361	1.2%

Equitable Student Share – Framework

ESS represents a reasonable and affordable amount a university is expected to generate through tuition and fees based on the characteristics of its student body. ESS would be calculated by applying subsidy rates – tied to characteristics of a university's student body - to the adequacy target.

The greater the share of high-subsidy student groups (e.g., low-income, underrepresented minority) a university enrolls, the lower its ESS.



Equitable Student Share

Problem statement

- Tuition levels impact equitable access; State disinvestment exacerbates access and affordability
- Schools that enroll high levels of low-income students can't and shouldn't rely as much on tuition for revenue to meet the adequacy target
- A new approach should encourage enrollment of low-income students and ensure tuition isn't used as a release valve to meet adequacy costs.

Goals of Equitable Student Share approach

- Incentivize enrollment of historically underrepresented students
- Shift some of the cost burden from students to the state to increase affordability

Equitable Student Share – Revising Subsidy Levels

Commission Feedback: Base subsidy levels on data when available.

TWG Suggestions:

- 1) Remove rural subsidy - incomes are higher than most other students
- 2) Make EBF Tier 2 conditional on low-income - Tier 2 students are more like Tiers 3 & 4 along lines of income and race
- 3) Increase grad student subsidies - reflect a state policy preference

		Base	URM	Low-Income	EBF	Adult	Rural
In-State	Undergrad	30%	+50%	+50%	+10%*	+25%	+10%
	Grad	15 5 25%	+50%				
Out-of-State	Undergrad	10%	+25%				
	Grad	0 5 5%	+25%				

Income by Student Characteristic

	Median AGI of In-State Students at 4-year Publics (National)			Median Household Income (IL)
	All Students	With Pell	Without Pell	All Residents
Black	\$ 30,397	\$ 23,806	\$ 51,398	\$ 45,019
Hispanic	\$ 34,497	\$ 25,215	\$ 62,248	\$ 72,139
2+ Races	\$ 47,828	\$ 24,976	\$ 86,135	\$ 71,185
Asian	\$ 47,115	\$ 24,916	\$ 96,375	\$ 104,287
White	\$ 66,697	\$ 25,776	\$ 99,089	\$ 83,346
Rural	\$ 62,002	\$ 27,019	\$ 94,989	
City	\$ 40,441	\$ 24,426	\$ 76,387	
Suburb	\$ 52,672	\$ 25,032	\$ 94,413	
Town	\$ 44,149	\$ 25,137	\$ 85,858	

Income data of students nationally and households in Illinois indicate a definite difference in resources among students of color. Rural students have higher incomes than other students on average.

Examining EBF Tier

EBF Tier	Not Low-Income	Low-Income
1	36%	64%
2	63%	37%
3	55%	45%
4	61%	39%

EBF Tier	Not URM	URM
1	40%	60%
2	76%	24%
3	72%	28%
4	76%	24%

- EBF Tier 2 students are more like Tier 3 & 4 students than Tier 1 students along lines of income and race.
- This provides justification for making the EBF Tier subsidy conditional on low-income status.
- Does the Commission want to subsidize EBF Tier 2 for reasons beyond affordability?

Graduate Student Subsidies

- The TWG aimed to ground the subsidies in data as much as possible.
- However, some subsidy levels will reflect state policy priorities.
- The increases in graduate student subsidies is an example of that, intended to ensure the formula also emphasizes affordability of graduate programs particularly for IL residents.

Equitable Student Share – Revising Subsidy Levels

TWG Suggestions:

- 1) Remove rural subsidy
- 2) Make EBF Tier 2 conditional on low-income
- 3) Increase grad student subsidies

Does the Commission support these revised subsidy levels?

		Base	URM	Low-Income	EBF	Adult	Rural
In-State	Undergrad	30%	+50%	+50%	+10%*	+25%	+10%
	Grad	45 25 %	+50%				
Out-of-State	Undergrad	10%	+25%				
	Grad	0 5 %	+25%				

* - EBF Tier 2 conditional on being low-income

Equitable Student Share – Factoring in Financial Aid

- ESS represents an estimate of the reasonable and affordable amount a university can generate through tuition and fees based on the characteristics of its student body.
- ESS represents all tuition and fees revenue that students bring with them from an external source to the institution, regardless of source. *It is net of institutional aid since that is not an external source.*
 - Avoids problematic incentives of financial aid recipients increasing a university's ESS.
 - Recognizes the complex institutional decisions that go into financial aid packaging.
 - Maintains the incentive to enroll low-income students and enables universities to lower tuition.

Equitable Student Share – Financial Aid

The TWG has discussed whether to adjust ESS to account for MAP or other financial aid in some way.

The group will bring further options on this to the Commission at the next meeting.

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Revised Model Output

Revisions Based on TWG and Commission Input

The revisions to the model resulted in an increase in cost to the state’s overall adequacy gap.

Policy change	Increased Cost
School Size	\$1,091,291
ESS Subsidy Changes	\$6,733,241
Concentration Factor	\$29,766,467
Grad Student Equity Adjustments	\$23,143,733

Revised Adequacy Gaps – Revised Model Output

Adequacy Gap

Institution	Adequacy Target	Resource Profile	Adequacy Gap	Percent of Adequacy Target Funded
Chicago State University	\$78,953,231 -	\$52,323,216 =	\$26,630,015	66.3%
Eastern Illinois University	\$168,338,606	\$99,950,456	\$68,388,150	59.4%
Governors State University	\$116,153,215	\$50,492,644	\$65,660,570	43.5%
Illinois State University	\$478,642,289	\$261,190,000	\$217,452,289	54.6%
Northeastern Illinois University	\$172,299,866	\$65,843,748	\$106,456,118	38.2%
Northern Illinois University	\$408,080,978	\$220,588,017	\$187,492,962	54.1%
Southern Illinois University Carbondale	\$297,587,605	\$268,891,925	\$28,695,680	90.4%
Southern Illinois University Edwardsville	\$330,327,460	\$200,570,405	\$129,757,055	60.7%
University of Illinois at Chicago	\$930,900,394	\$573,730,150	\$357,170,244	61.6%
University of Illinois at Springfield	\$93,714,395	\$65,203,356	\$28,511,038	69.6%
University of Illinois at Urbana / Champaign	\$1,248,626,834	\$1,115,099,085	\$133,527,749	89.3%
Western Illinois University	\$199,049,148	\$121,347,783	\$77,701,365	61.0%
Illinois	\$4,522,674,020	\$3,095,230,787	\$1,427,443,233	68.4%

Revised Adequacy Gaps - Delta

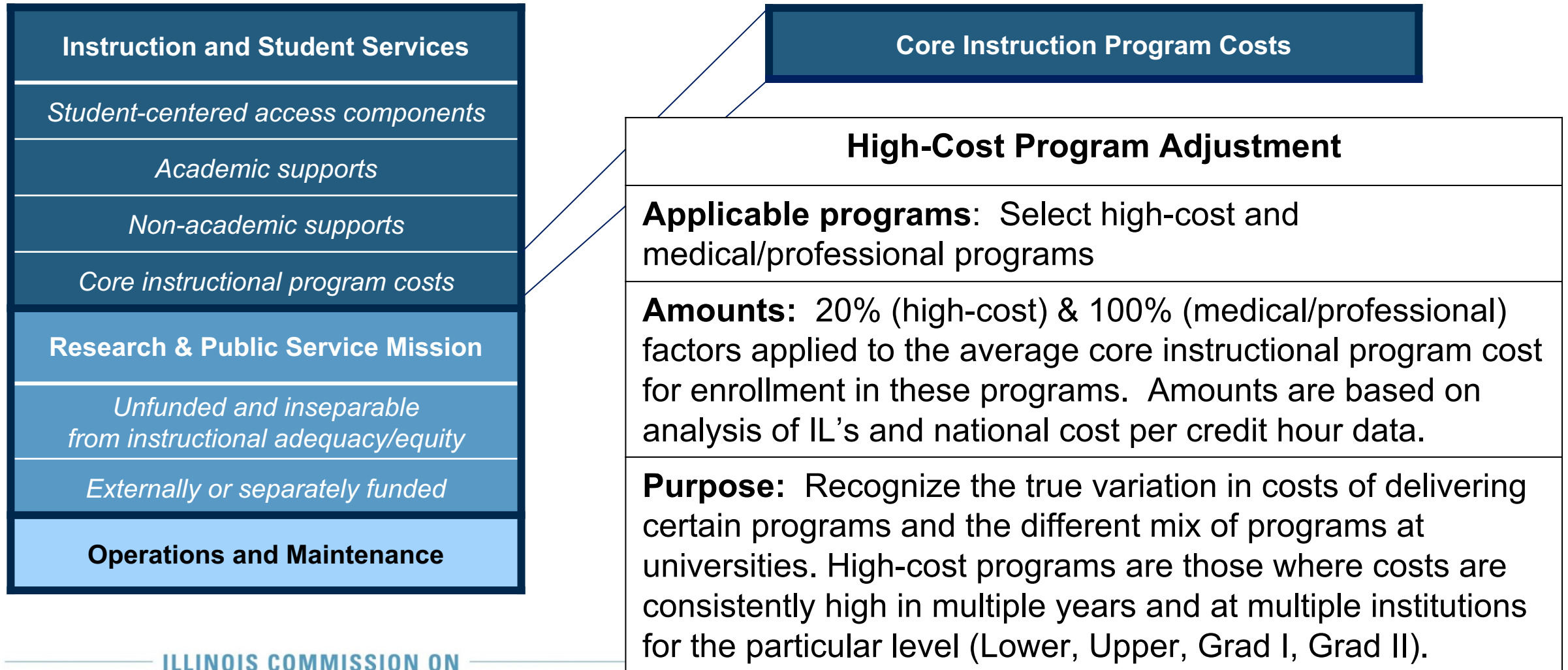
Adequacy Gap - Base

Institution	Adequacy Target	Resource Profile	Adequacy Gap	Percent of Adequacy Target Funded
Chicago State University	\$4,892,213 -	-\$1,724,930 =	\$6,617,144	-6.7%
Eastern Illinois University	\$3,372,184	\$1,738,030	\$1,634,153	-0.2%
Governors State University	\$4,302,777	-\$1,722,276	\$6,025,052	-3.2%
Illinois State University	\$845,361	\$17,792,847	-\$16,947,486	3.6%
Northeastern Illinois University	\$8,072,205	-\$1,892,534	\$9,964,739	-3.0%
Northern Illinois University	\$118,350	\$371,306	-\$252,956	0.1%
Southern Illinois University Carbondale	\$2,232,265	\$4,290,514	-\$2,058,249	0.8%
Southern Illinois University Edwardsville	\$1,475,176	\$4,998,837	-\$3,523,661	1.2%
University of Illinois at Chicago	\$20,413,055	-\$15,032,275	\$35,445,330	-3.0%
University of Illinois at Springfield	\$1,008,978	\$300,668	\$708,311	-0.4%
University of Illinois at Urbana / Champaign	\$5,222,178	-\$17,429,136	\$22,651,314	-1.8%
Western Illinois University	\$3,643,593	\$1,834,475	\$1,809,118	-0.2%
Illinois	\$55,598,335	-\$6,474,473	\$62,072,808	-1.0%

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Key Outstanding Issues:
Medical/Dental Cost Factor

Adequacy Targets Components: High-Cost Programs



Medical/Dental Cost Factor

Commission feedback: Model a higher factor and explore separating out schools of medicine entirely.

- SIU and UIC have estimated they spend \$100k-\$160k per student on medical and dental programs.
- To provide the midpoint (\$130k) requires a 12x multiplier over the baseline of \$9,797 in core instructional costs.
- Nationally, stand-alone medical schools spend \$65,016 per student (IPEDS). American Association of Medical Colleges data indicate median tuition for private schools is \$64,369. \$65k requires a 5.5x multiplier.

Current Approach:

High-Cost Programs: 1.2x factor
Med/Doc/Prof: 2x factor

Revised Proposal:

High-Cost Programs: 1.2x factor
Other Health Programs: 2x factor
Medical/Dental: 12x factor

Impact of Higher Medical/Dental Cost Factor

- Increasing the Medical/Dental factor reduces the Core Instruction Costs in all other programs. Why?
- The current base Core Instruction Cost for all non-high cost, non-medical/dental programs (\$10,227) was derived from the statewide spending average on instruction: \$10,858 per student.
- The \$10,858 is made up of the instruction costs for medical schools, engineering, arts, social sciences, etc. It is a weighted average of the costs of every one of the different programs.
- If the current model underestimates the cost of medical/dental programs, then it overestimates the cost of the other programs.
- If the Commission increases the Medical/Dental cost factor to 11x, the base Core Instruction Cost will come down (to \$9,797) to ensure the weighted average comes out to \$10,858.

Medical/Dental Cost Factor – 12x multiplier (\$130k cost)

Adequacy Gap - Delta

Institution	Adequacy Target	Resource Profile	Adequacy Gap	Percent of Adequacy Target Funded
Chicago State University	-\$2,432,320	-\$552,716	-\$1,879,604	1.4%
Eastern Illinois University	-\$5,906,774	-\$2,568,983	-\$3,337,791	0.6%
Governors State University	-\$4,110,344	-\$1,289,211	-\$2,821,133	0.4%
Illinois State University	-\$19,336,879	-\$9,052,205	-\$10,284,674	0.3%
Northeastern Illinois University	-\$5,592,105	-\$1,364,739	-\$4,227,366	0.5%
Northern Illinois University	-\$15,140,773	-\$5,922,436	-\$9,218,336	0.6%
Southern Illinois University Carbondale	\$7,253,487	\$3,779,281	\$3,474,206	-0.9%
Southern Illinois University Edwardsville	\$8,814,272	\$4,603,838	\$4,210,434	-0.2%
University of Illinois at Chicago	\$124,183,276	\$52,956,562	\$71,226,715	-2.2%
University of Illinois at Springfield	-\$3,623,612	-\$1,850,314	-\$1,773,298	0.7%
University of Illinois at Urbana / Champaign	-\$51,016,580	-\$33,134,885	-\$17,881,694	1.0%
Western Illinois University	-\$6,928,986	-\$3,126,994	-\$3,801,992	0.6%
Illinois	\$26,162,663	\$2,477,196	\$23,685,467	-0.3%

Medical/Dental Cost Factor – 5.5x multiplier (\$65k cost)

Adequacy Gap - Delta

Institution	Adequacy Target	Resource Profile	Adequacy Gap	Percent of Adequacy Target Funded
Chicago State University	-\$901,012	-\$204,745	-\$696,268	0.5%
Eastern Illinois University	-\$2,188,066	-\$951,637	-\$1,236,429	0.2%
Governors State University	-\$1,522,608	-\$477,567	-\$1,045,042	0.2%
Illinois State University	-\$7,163,023	-\$3,353,238	-\$3,809,785	0.1%
Northeastern Illinois University	-\$2,071,502	-\$505,545	-\$1,565,957	0.2%
Northern Illinois University	-\$5,608,646	-\$2,193,867	-\$3,414,778	0.2%
Southern Illinois University Carbondale	\$2,630,481	\$1,399,971	\$1,230,509	-0.3%
Southern Illinois University Edwardsville	\$3,228,060	\$1,705,415	\$1,522,645	-0.1%
University of Illinois at Chicago	\$45,165,668	\$19,616,872	\$25,548,796	-0.8%
University of Illinois at Springfield	-\$1,342,307	-\$685,418	-\$656,888	0.3%
University of Illinois at Urbana / Champaign	-\$18,898,435	-\$12,274,264	-\$6,624,172	0.4%
Western Illinois University	-\$2,566,727	-\$1,158,343	-\$1,408,384	0.2%
Illinois	\$8,761,883	\$917,636	\$7,844,247	-0.1%

Medical/Dental Costs

Separating out Schools of Medicine

The data may prove difficult to separate out in a timely and accurate way. SIU SOM has a physician assistant's program that is not as expensive of a program but is included in their data. UI does not currently report spending for its school of medicine separately.

This could be a topic for future formula review.

Medical/Dental Costs

Two possible approaches:

1) Use a cost factor

- Possible range from 450% (national and other state data) up to 1100% (SIU/UIC costs).

2) Provide separate appropriation for medical schools

- SIU allots approx. \$40m to its School of Medicine; Need to identify UIC costs.

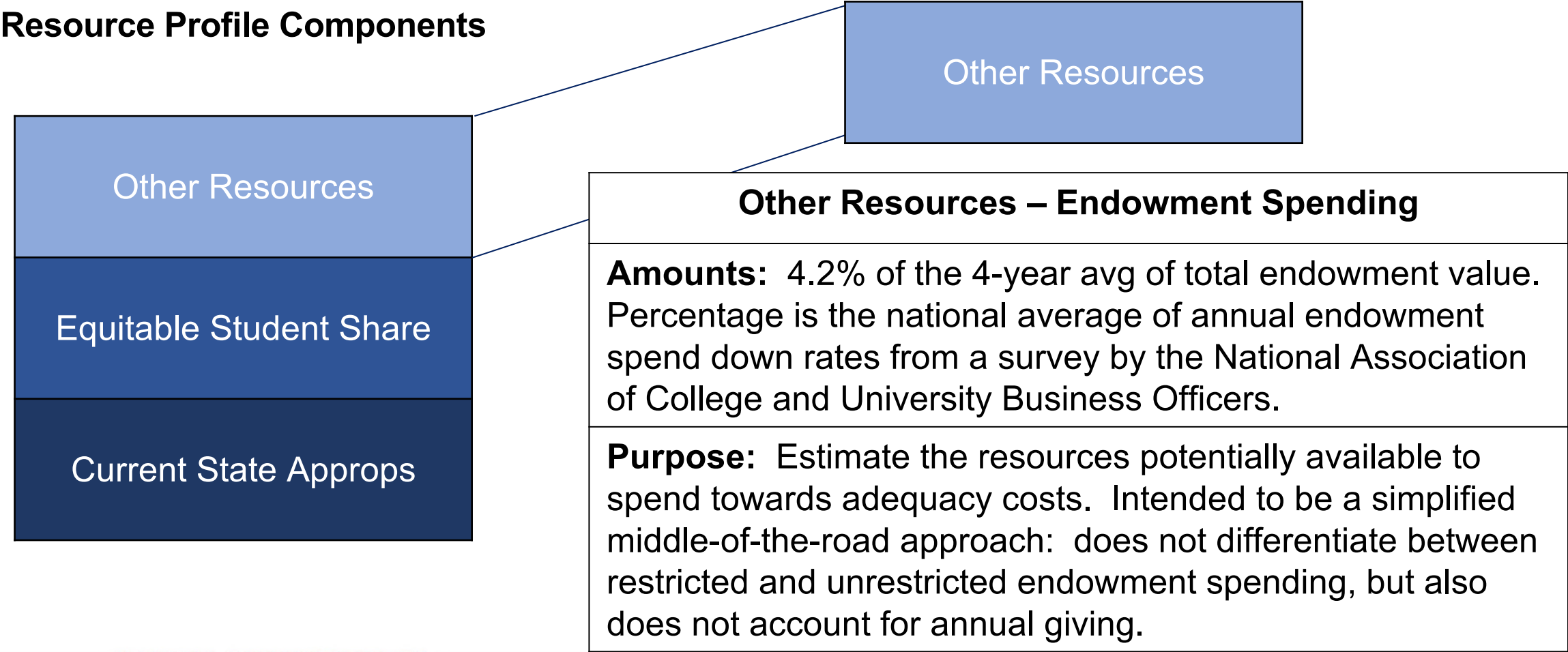
- Would have to pull out the costs and other relevant data from current model.

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Key Outstanding Issues:
Other Resources

Resource Profile Components: Other Resources

Resource Profile Components



Other Resources: Endowment

Commission Feedback: Some felt that annual giving should also be included; others felt it should not and that the percent of endowment will disincentivize philanthropic gifts and should also be removed.

Considerations:

- Currently, the percent of endowment is the only Other Resource considered in the formula. Other sources (e.g., government grants, annual giving) are recommended to be excluded due to inapplicability to adequacy costs or lack of data.
- Some portion of endowed and annual gifts come with restrictions, but it's difficult to parse out how restrictions impact applicability to adequacy.

Other Resources - Options

Three options:

- 1) Count a portion of actual endowment (current model is 4.2% based on the national average; could be dialed down).
- 2) Support fundraising overhead as an adequacy cost, providing funds to institutions that have below-average endowments per alumni.
- 3) Calculate an amount based on estimated capacity for fundraising rather than actual amounts raised (e.g. size and estimated wealth of alumni base).

Other Resource - Options

Option	Pros/Rationale	Cons
1) Percent of endowment	Endowments provide real resources to institutions to cover adequacy costs that the state should consider when allocating its funds; 4.2% is based on the current national level of spending from endowments but could be dialed.	New gifts to the endowment would have small impact on universities' state appropriation, which could disincentivize giving. <i>(Alt: could use current endowment value only, not factor in new gifts)</i>
2) Add fundraising to adequacy costs	Brings institutions up to the statewide average of development revenue derived from endowments. All institutions could benefit from additional fundraising capacity; avoids disincentivizing actual fundraising.	Equal fundraising capacity will not eliminate disparities in size and wealth of universities' alumni bases. The state's allocation would not account for the difference in access to resources.
3) Estimated capacity for fundraising	Creates a reasonable proxy for endowment and annual giving that avoids any disincentive for actual fundraising.	Does not reflect with full accuracy the actual resource differences across institutions.

Option 2 – Fundraising as Adequacy Cost

Adequacy Gap - Delta

Institution	Adequacy Target	Resource Profile	Adequacy Gap	Percent of Adequacy Target Funded
Chicago State University	\$490,125	-\$136,111	\$626,236	-0.6%
Eastern Illinois University	\$896,352	-\$2,038,742	\$2,935,094	-1.5%
Governors State University	\$903,942	\$189,799	\$714,144	-0.2%
Illinois State University	\$1,655,752	-\$4,867,815	\$6,523,568	-1.2%
Northeastern Illinois University	\$1,048,260	-\$224,878	\$1,273,137	-0.4%
Northern Illinois University	\$2,317,993	-\$2,470,312	\$4,788,304	-0.9%
Southern Illinois University Carbondale	\$1,468,828	-\$5,591,884	\$7,060,712	-2.3%
Southern Illinois University Edwardsville	\$1,502,652	-\$273,679	\$1,776,331	-0.4%
University of Illinois at Chicago	\$41,910	-\$16,412,478	\$16,454,388	-1.8%
University of Illinois at Springfield	\$537,352	-\$591,206	\$1,128,558	-1.0%
University of Illinois at Urbana / Champaign	\$0	-\$80,168,400	\$80,168,400	-6.4%
Western Illinois University	\$1,098,105	-\$1,911,008	\$3,009,113	-1.3%
Illinois	\$11,961,272	-\$114,496,714	\$126,457,985	-2.7%

Option 3 – Estimated Fundraising Capacity

Adequacy Gap - Delta

Institution	Adequacy Target	Resource Profile	Adequacy Gap	Percent of Adequacy Target Funded
Chicago State University	\$0 -	\$582,122 =	-\$582,122	0.7%
Eastern Illinois University	\$0	\$181,325	-\$181,325	0.1%
Governors State University	\$0	\$1,669,046	-\$1,669,046	1.4%
Illinois State University	\$0	\$2,931,103	-\$2,931,103	0.6%
Northeastern Illinois University	\$0	\$1,816,642	-\$1,816,642	1.1%
Northern Illinois University	\$0	\$4,914,694	-\$4,914,694	1.2%
Southern Illinois University Carbondale	\$0	-\$188,048	\$188,048	-0.1%
Southern Illinois University Edwardsville	\$0	\$3,739,861	-\$3,739,861	1.1%
University of Illinois at Chicago	\$0	-\$666,561	\$666,561	-0.1%
University of Illinois at Springfield	\$0	\$646,637	-\$646,637	0.7%
University of Illinois at Urbana / Champaign	\$0	-\$35,585,907	\$35,585,907	-2.8%
Western Illinois University	\$0	\$1,443,454	-\$1,443,454	0.7%
Illinois	\$0	-\$18,515,632	\$18,515,632	-0.4%

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Key Outstanding Issues:
Allocation Formula

Allocation Formula Principles

Principles the TWG has discussed and is trying to balance:

- Institutions' adequacy gaps should be a primary factor in the allocation.
- All schools should receive some reasonable increase ("guardrail") each year there is new money (to help ensure tuition is not a release valve for increasing costs).

These principles present an inherent tradeoff. The larger the guardrail, the more stability for every institution, but less emphasis on adequacy and equity.

Allocation Formula Considerations

Key questions:

- What size should the guardrail be (if any)?
- Should the allocation formula be different when there is a cut in state appropriations?

Allocation Formula - Guardrail

A guardrail would allocate a portion of the state appropriation increase in an across-the-board manner, with the remaining increase going through an adequacy gap-based allocation.

The percent allocated this way could be calculated as:

- The lesser of inflation **or** half of the state appropriation increase.
- Apply a guardrail factor to dial back the portion of funds allocated this way.

Example: Inflation = 3%

State appropriations increase = 9%

Guardrail = 3% ($3\% < \frac{1}{2}$ of 9%)

Guardrail factor = 67%

Amount allocated across-the-board: 2% ($67\% * 3\%$)

Amount allocated by adequacy formula: 7% ($9\% - 2\%$)

Allocation Formula Approaches

The TWG has considered a number of different ways to allocate funds based on the adequacy gap (irrespective of the guardrail):

1. The percentage adequacy gap - what percentage of fully funded an institution is
2. The dollar adequacy gap - how many dollars from fully funded an institution is
3. A mix of the two
4. A tiered system (like EBF) based on percentage adequacy gap

The TWG has started to coalesce around using #3 plus some guardrail.

Draft Option

Guardrail + Share of Adequacy Gap % + Share of Adequacy Gap \$

Institution	Guardrail % Increase	Guardrail Allocation	% of Gap Unfunded	Share of % Gap	% Gap Allocation	Adequacy Gap \$	Share of \$ Gap	\$ Gap Allocation	Total Allocation
Chicago State University	2.00%	\$789,865	34%	7%	\$2,986,721	\$26,632,274	2%	\$745,866	\$4,522,452
Eastern Illinois University	2.00%	\$859,583	41%	9%	\$3,597,274	\$68,390,367	5%	\$1,915,348	\$6,372,205
Governors State University	2.00%	\$479,335	57%	13%	\$5,005,495	\$65,661,615	5%	\$1,838,926	\$7,323,756
Illinois State University	2.00%	\$1,439,333	45%	10%	\$4,022,781	\$217,456,111	15%	\$6,090,100	\$11,552,214
Northeastern Illinois University	2.00%	\$735,050	62%	14%	\$5,470,916	\$106,458,735	7%	\$2,981,495	\$9,187,461
Northern Illinois University	2.00%	\$1,815,157	46%	10%	\$4,068,312	\$187,498,717	13%	\$5,251,110	\$11,134,579
Southern Illinois University Carbondale	2.00%	\$2,713,200	10%	2%	\$853,936	\$28,699,898	2%	\$803,772	\$4,370,908
Southern Illinois University Edwardsville	2.00%	\$1,270,877	39%	9%	\$3,478,253	\$129,761,000	9%	\$3,634,101	\$8,383,231
University of Illinois at Chicago	2.00%	\$5,056,807	38%	8%	\$3,397,420	\$357,181,937	25%	\$10,003,277	\$18,457,504
University of Illinois at Springfield	2.00%	\$498,693	30%	7%	\$2,693,928	\$28,512,234	2%	\$798,517	\$3,991,138
University of Illinois at Urbana / Champaign	2.00%	\$6,161,978	11%	2%	\$946,963	\$133,537,317	9%	\$3,739,861	\$10,848,801
Western Illinois University	2.00%	\$1,025,019	39%	9%	\$3,456,573	\$77,704,461	5%	\$2,176,200	\$6,657,791
Illinois		\$22,844,896			\$39,978,573			\$39,978,573	\$102,802,041

Scenario: Guardrail Factor = 67%; State Approp Inc = 9%; Inflation = 3%

Setting a Target Annual Increase

- The Commission can use the output of the allocation model to identify a target annual increase for the General Assembly to appropriate each year (similar to EBF).
- The target increase would be intended to:
 - Close the adequacy gap within a certain timeframe
 - Use state funds to close the inflation-adjusted gap
 - Increase the likelihood of larger appropriations than in years past
- The target increase would **not** be intended to:
 - Eliminate all future needs to increase tuition
 - Fully cover all cost increases at universities

Allocation Formula - Target Increase

Minimum State Increase to Fully Fund Adequacy by Year 15		
Inflation	% Increase	\$ Increase
2%	7.7%	\$87.95 million
3%	9.0%	\$102.80 million
4%	10.1%	\$115.37 million
5%	10.9%	\$124.50 million
6%	11.9%	\$135.93 million

Note: All calculations assume annual increases in ESS and Other Resources equal to inflation.

This is not the same as an increase in current tuition levels, as ESS is lower than current tuition.

\$100m per year -

Fully funds all institutions in 15 years, assuming ~3% inflation

\$135m per year -

Fully funds all institutions within 10 years.

\$60m per year -

In Year 15, the state gap is 22% (down from 32%); institutions' gaps range from 11%-31%.

Allocation Formula - Target Increase

Minimum State Increase for All Schools to Receive an Increase Above Inflation (\$m)			
Inflation	Factor: 50%	Factor: 67%	Factor: 100%
2%	\$76.5 (6.7%)	\$58.8 (5.2%)	\$38.8 (3.4%)
4%	\$153.4 (13.5%)	\$117.7 (10.3%)	\$77.7 (6.8%)
6%	\$230.7 (20.2%)	\$176.5 (15.5%)	\$116.5 (10.2%)

The minimum state investment to provide all institutions with at least a percent increase in state approps equal to inflation varies depending on the size of the guardrail.

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Next Steps

Next Steps

- Three remaining Commission meetings:
 - Late Jan (wrap up key issues)
 - Early Feb (review draft report)
 - Late Feb (finalize report)
- TWG meets between Commission meetings during January

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Public Comment

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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Adjournment

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Appendix

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Equity-Centered Adequacy Targets

Equity and Other Adjustments to Adequacy Target

The following slides walk through the purpose and methodology behind each adjustment made to the base cost per student.

Overall, the adjustments are intended to accomplish two objectives:

- 1) Incentivize enrollment and success of underrepresented student groups, and
- 1) Reflect the different levels of resources necessary to deliver different programs and missions, and to generate outcomes for different groups of students.

Adequacy Targets Components: Access

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

Student Centered Access Components

Equity Adjustment - Access

Applicable populations: Adults, underrepresented minorities (URM), low-income, rural (undergraduates only)
Possible additions: low-college-going-rate zip codes or schools

Amounts: \$500 and \$1,000
Amounts derived from costs of evidence-based practices that increase college enrollment among historically underrepresented students.

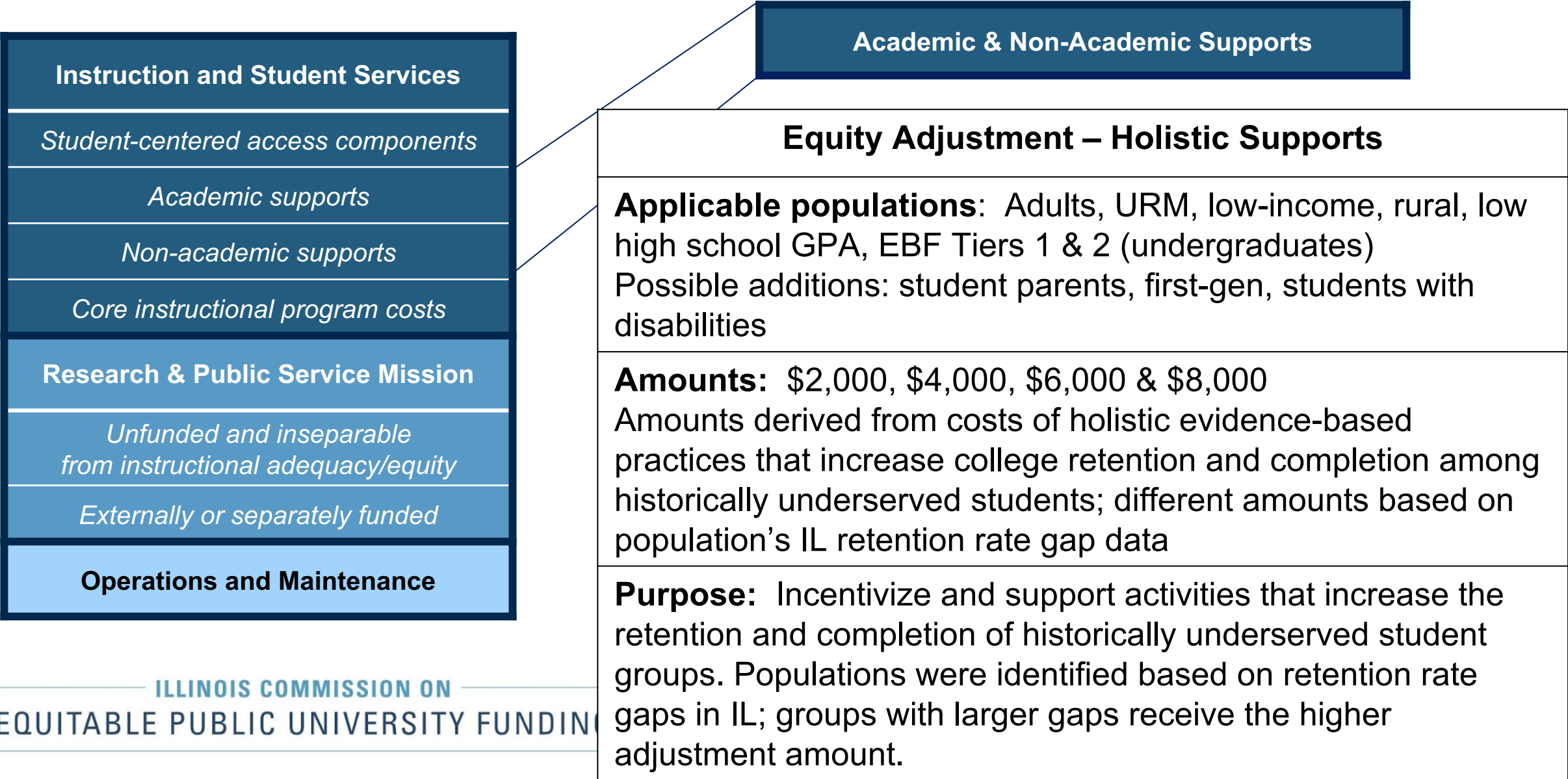
Purpose: Incentivize and support activities that increase the enrollment of historically underrepresented student groups. Populations were identified based on 4yr-college enrollment rate gaps in IL; groups with larger gaps receive the higher adjustment amount.

Student-Centered Access: Equity Adjustments

4-yr College Going Rate	Student Characteristic	Tier	Equity Adjustment Amount
Statewide Gap			
-21.8%	Low-Income/Not Low-Income	Medium	\$1000
-19.0%	Rural/Not Rural	Medium	
-16.2%	Latinx/White	Medium	
-9.8%	Black/White	Low	\$500
-9.1%	Native/White	Low	
N/A	Adult	Low	
TBD	Low-college-going-rate zip code or high school	TBD	TBD

- Applies to Undergraduates
- Consider including other factors in the future, pending data availability (e.g., high school-specific college going rate).
- Consider refining tier assignments to reflect interaction and impact of multiple characteristics (e.g., EBF and low-income)

Adequacy Targets Components: Supports



Academic & Non-Academic Support Tiers to Close Gaps

Retention Rate Gap	Student	Tier	Equity Adjustment Amount
	High + Other	Intensive	\$8000
-22.1%	American Indian	High	\$6000
-20.3%	Black/African-American		
-14.8%	Tier 1 EBF		
	Medium + Other		
-12.5%	Adult Learner	Medium	\$4000
-10.4%	Pell Recipient		
-10.2%	Low high school GPA		
-8.9%	Latinx		
-7.6%	2 or more races		
-5.4%	EBF Tier 2 school	Low	\$2000
-2.1%	Rural		
TBD	Student parents, first-gen, students with disabilities	TBD	TBD

Applies to Undergraduates

Consider including other populations in the future (pending data availability):

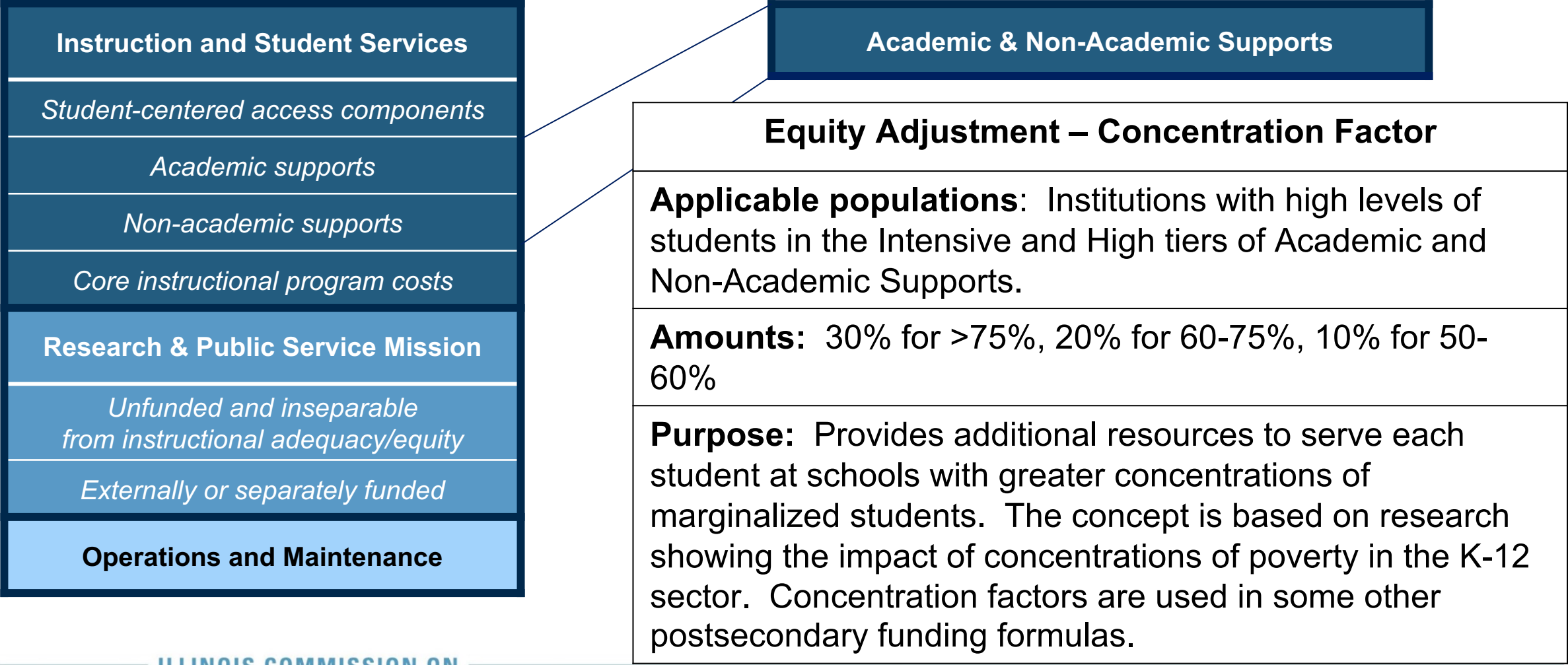
- Students with children
- Students with disabilities
- First-generation students

Academic & Non-Academic Support Tiers to Close Gaps

- For Graduate/Professional students, relevant available data is limited to race/ethnicity
 - Could consider collecting some SES indicator going forward
- Tiers are based on the groupings of the race/ethnicities in the undergrad data.
- Use of lower funding levels is due to few examples of intensive services provided to graduate students

Student	Tier	Equity Adjustment
Black	Medium	\$1,000
American Indian		
Hispanic	Low	\$500
2+ races		

Adequacy Targets Components: Concentration Factor



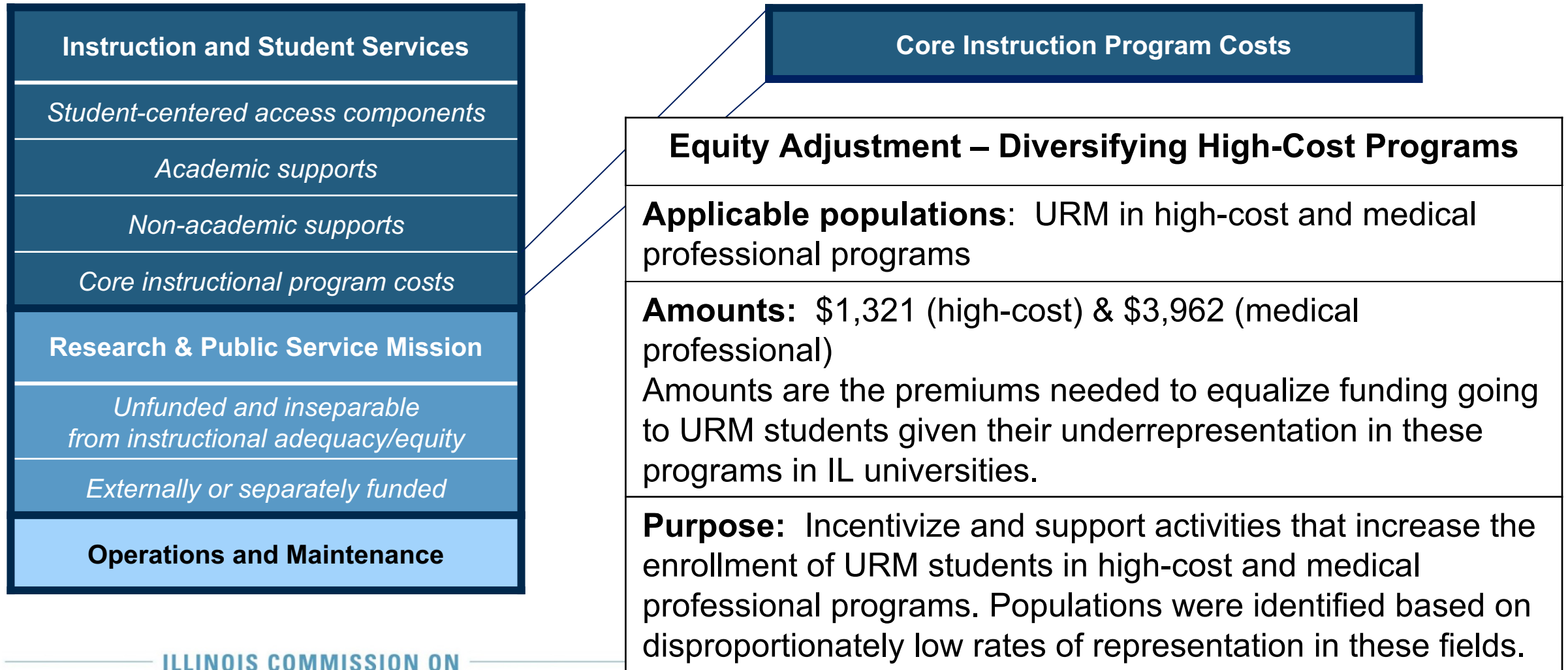
Adequacy Targets Components: High-Cost Programs

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

Core Instruction Program Costs

High-Cost Program Adjustment
Applicable programs: Select high-cost and medical/professional programs
Amounts: 20% (high-cost) & 100% (medical/professional) weights applied to the average core instructional program cost for enrollment in these programs. Amounts are based on analysis of IL's cost per credit hour.
Purpose: Recognize the variation in costs of certain programs and the different mix of programs at universities. High-cost programs are those where costs are consistently high in multiple years and at multiple institutions for the particular level (Lower, Upper, Grad I, Grad II).

Adequacy Targets Components: Diversity in High-Cost Programs



Additional Weight for Students of Color in High-Cost Programs

- Black, Latino and Native American students
 - 16% of high cost degrees (exc. Medical)
 - 17% of medical professional
 - 23% of other (non-high cost)
- Without additional weight, higher funding for higher cost programs would result in lower average funding for students of color
- Additional weights required to make program cost-weighting race neutral (on average)
 - ~50% of 20% weight for high-cost programs (= 30% total)
 - ~30% of 100% weight for medical professional (= 130% total)

Adequacy Targets Components: Diversifying Faculty

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
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Operations and Maintenance

Core Instruction Program Costs

Equity Adjustment – Diversifying Faculty

Applicable populations: All students

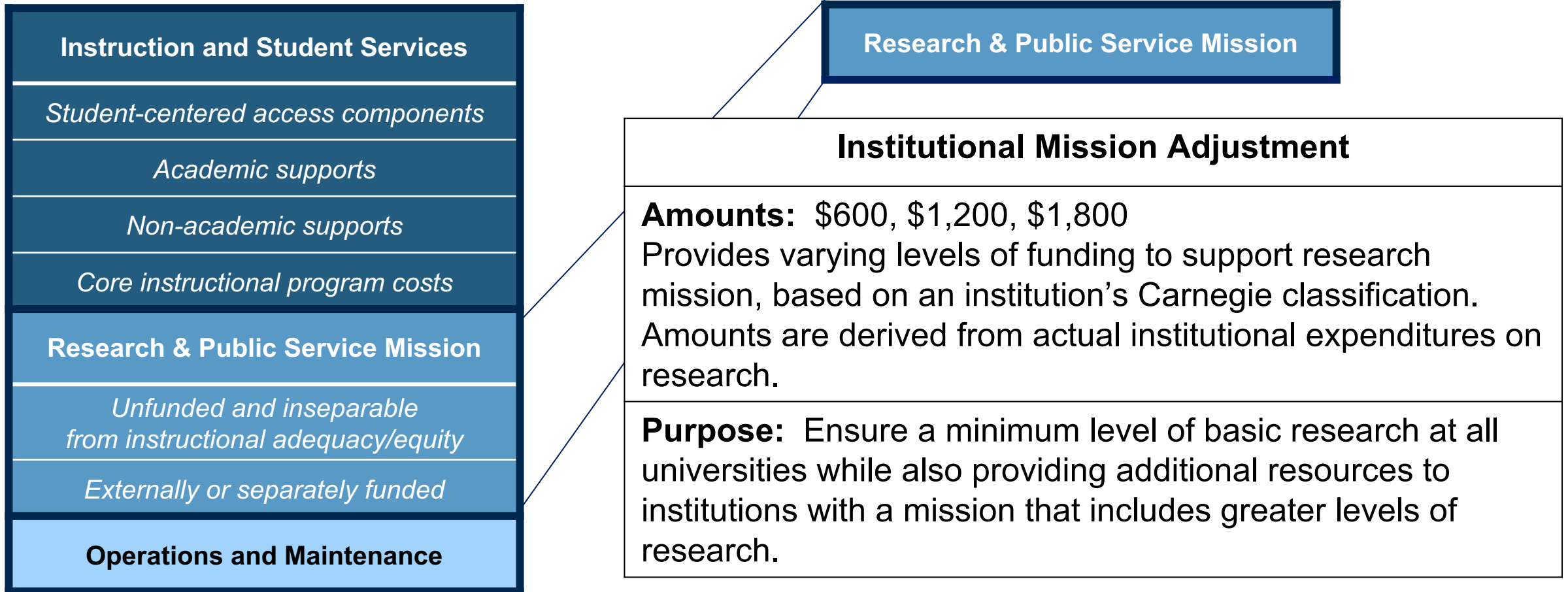
Amounts: \$422

Amount is based on the average costs of current initiatives at some IL universities.

Purpose: Incentivize and support activities that recruit and retain a more diverse faculty.

Applied to all students given it is a university-wide effort.

Adequacy Targets Components: Research



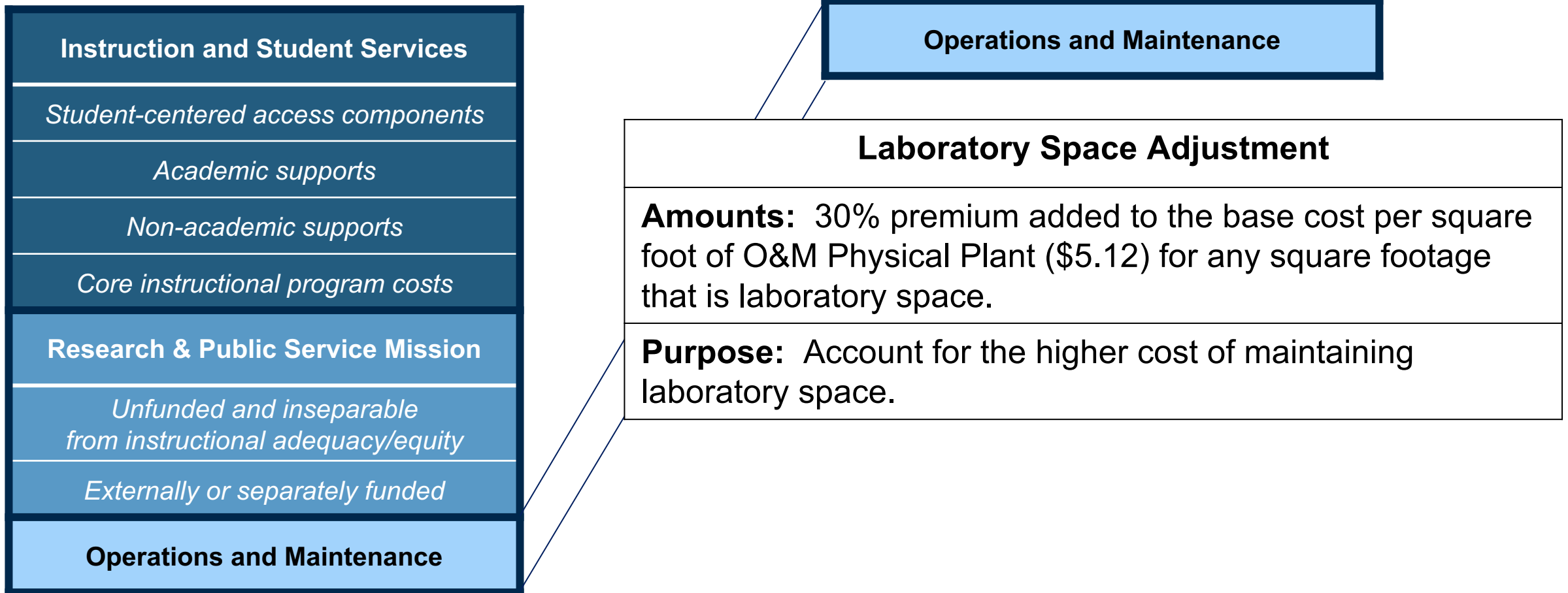
Adequacy Targets Components: School Size

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

Operations and Maintenance

School Size Factor
Amounts: 30% premium for schools under 10,000 students; 15% for schools between 10,000-20,000. Premium is applied to the base cost for O&M Institutional Support (\$1,941).
Purpose: Account for efficiencies of scale and ensure a stable base of funding to support fixed costs regardless of enrollment size.

Adequacy Targets Components: Laboratory Space



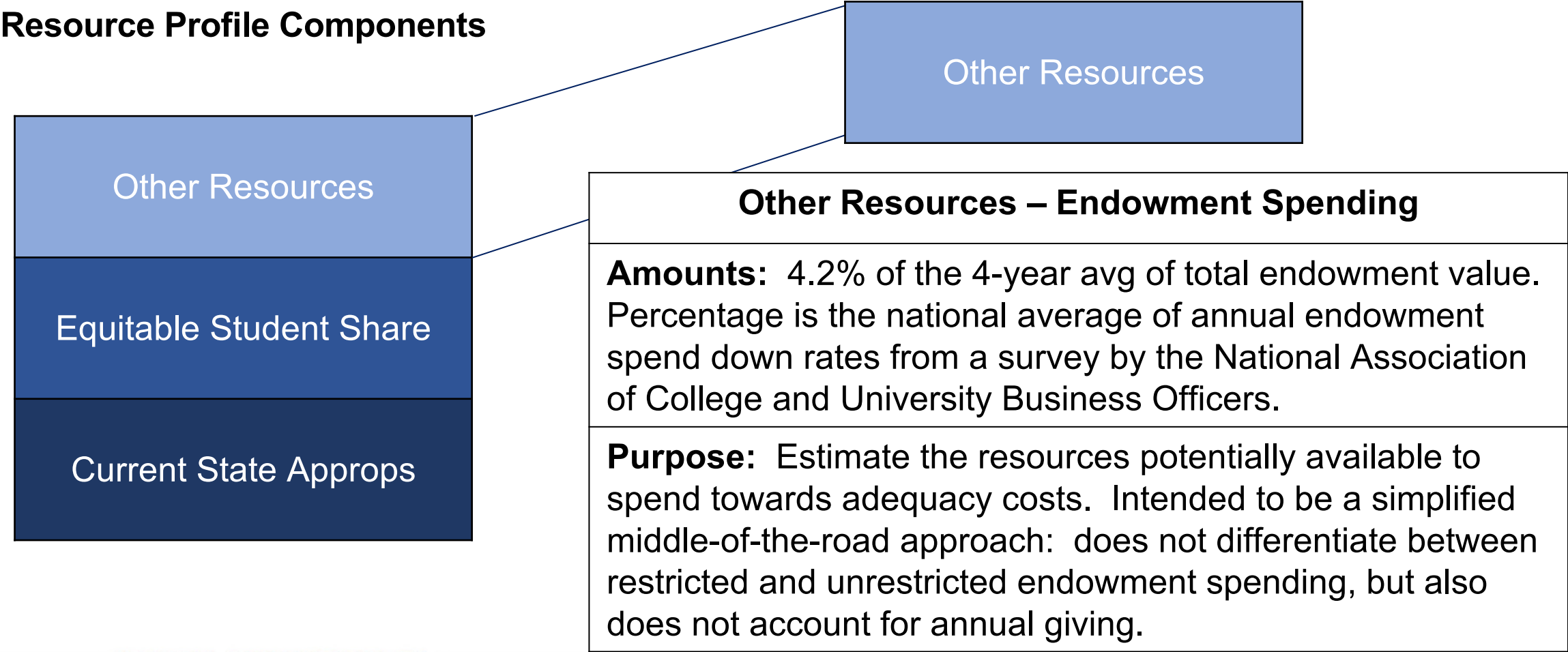
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Resources Profile

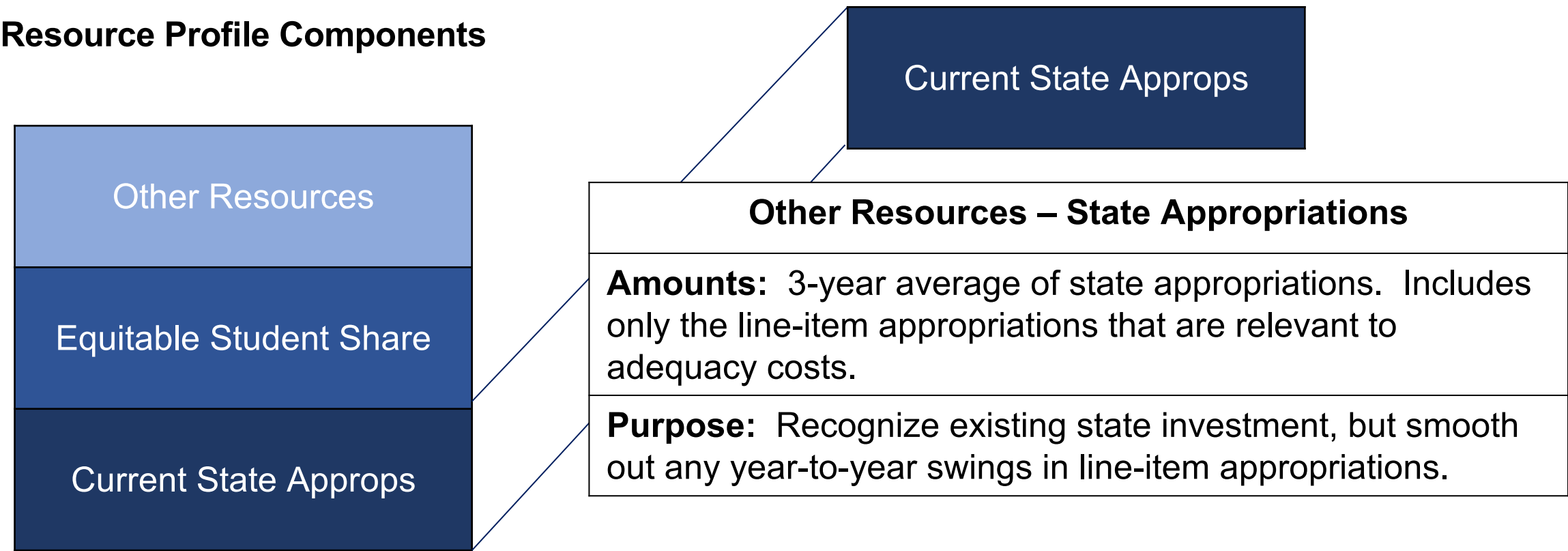
Resource Profile Components: Other Resources

Resource Profile Components



Resource Profile Components: State Approps

Resource Profile Components



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Equitable Student Share
and Affordability

Equitable Student Share

Problem statement

- Tuition levels impact equitable access; State disinvestment exacerbates access and affordability
- Schools that enroll high levels of low-income students can't and shouldn't rely as much on tuition for revenue to meet the adequacy target
- A new approach should encourage enrollment of low-income students and ensure tuition isn't used as a release valve to meet adequacy costs.

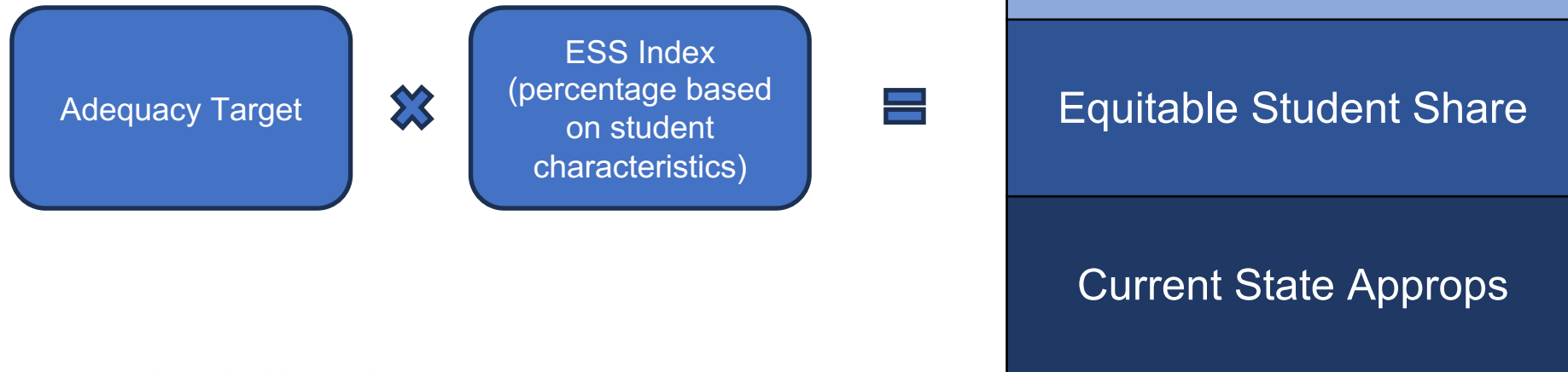
Goals of Equitable Student Share approach

- Incentivize enrollment of historically underrepresented students
- Shift some of the cost burden from students to the state to increase affordability

Equitable Student Share – Framework

ESS represents a reasonable and affordable amount a university is expected to generate through tuition and fees based on the characteristics of its student body. ESS would be calculated by applying subsidy rates – tied to characteristics of a university's student body - to the adequacy target.

The greater the share of high-subsidy student groups (e.g., low-income, underrepresented minority) a university enrolls, the lower its ESS.



Strawman ESS Subsidy Levels

		Base	URM	Low-Income	EBF	Adult	Rural
In-State	Undergrad	30%	+50%	+50%	+10%	+25%	+10%
	Grad	15%	+50%				
Out-of-State	Undergrad	10%	+25%				
	Grad	0%	+25%				

- Subsidies are additive but capped at 100%
- ESS is the percent remaining after applying the subsidies
 - e.g., 75% subsidy = 25% student share

Equitable Student Share – ESS Index

The “ESS Index” would be a weighted average of the student shares. The ESS Index represents the **portion of the adequacy target that should be covered by the institution’s overall tuition and fee revenue**, including that paid with financial aid. This does not represent any individual student’s tuition.

Students' Share	Percent of Student Body in Each Student Share Level					ESS Index
	100%	75%	50%	25%	0%	
University A	12%	26%	10%	10%	43%	38%
University C	29%	20%	22%	18%	12%	59%
Illinois	28%	25%	18%	14%	16%	59%

	Adequacy Target		ESS Index		ESS
University A	\$60,000,000		38%		\$22,800,000
University C	\$90,000,000	x	59%	=	\$53,100,000
Illinois	\$4,500,000,000		59%		\$2,655,000,000