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# ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

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Resource Workgroup Meeting #3 - August 4, 2022 (1pm-4pm CT)  
Meeting Notes

## **MEETING OBJECTIVES**

1. Continue to develop understanding of types of institutional resources, variation across universities and differential impact.
2. Discuss how different types of resources may affect an institution's capacity to equitably serve students and carry out its mission

## **Welcome & Agenda Overview**

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 June 2022 and July 2022 Workgroup Meetings**

Commissioner Glassman made a motion to approve the minutes from both the June 2022 and July 2022 workgroup meetings. Commissioner Zarnikow seconded the motion. All were in favor.

## **Team Building Activity**

Chief of Staff Ja'Neane Minor facilitated a Team Building/Ice Breaker activity called "Five Things" for the group. Workgroup members were asked to pick any word and another workgroup member. The assigned workgroup member would have to share five words associated with higher education that have to do with the assigned word. For example, words/things associated with "Community" in higher education are: college, greek life, registered student organizations, student unions, affinity groups, residence halls.

## **Workgroup Overview + Purpose**

Martha Snyder provided a reminder overview of the Resource Workgroup to level set. It was noted that the Adequacy 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 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) as a "gap analysis" between institutional adequacy and resources. This effort may include evaluating factors such as:

- Understanding and defining the types of resources to be considered,
- Evaluating the different scopes of resources across institutions,

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- Assessing and incorporating students ability to pay into resource considerations, and
- Resource Mapping: Variations in Resources across IL institutions

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

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.

The Commission's definition of "adequate funding" was shared as a reminder: The amount of funding necessary to equitably support all students to enroll and complete a degree without placing undue financial burden on students/families and for each university to carry out its mission. The cost of adequacy will vary across institutions based on the different needs of students being served, different degree types offered and the different mission components across institutions. Achieving adequacy requires directing new state investments to institutions with the greatest gap after accounting for other revenue sources.

Martha Snyder gave an overview of what the Adequacy Workgroup work has looked like, including the conversation that happened during the meeting earlier in the day. Much of the discussion during the last Adequacy Workgroup meeting was focused on the Instruction, Student and Academic Services components.

## **Revisiting Revenue Categories & Discussion**

Martha Snyder shared that the workgroup would dive into the resources in more detail during the meeting. The colored boxes (as was shown in the presentation) was the current level of resources from various TBD sources. The gap between the current level of resources and the adequacy target is what the workgroups and commission are tasked with closing. Across the workgroup, the idea conceptually made sense. The framework (set of components) that was shared with the Adequacy workgroup was also shared with the Resource workgroup.

### *University Revenue: All Sources*

At a statewide level, the majority of the university revenue comes from University Income Fund (UIF, (tuition)). However, there is significant variation across universities. Some universities receive nearly all of the revenue from the state appropriated and UIF sources. Other institutions receive higher proportion from "other non-appropriated funds" which include: government gifts and contracts, private gifts and various auxiliary sales and services.

### *University Revenue: State Appropriated + UIF*

Statewide, isolating only State Appropriated + University Income Funds (UIF, (tuition)), approximately 64 percent of revenue comes through tuition and 36 percent from State Appropriated Funds. Variation across institutions ranges with some institutions more reliant on state appropriated funds, others receiving higher levels of resources from UIF.

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What does it mean if institutions have varying percentages of operating funds from appropriations and income funds?

Commissioner Kinzy believed that it means an institution has a fixed cost of operation. If the enrollment goes up and the state appropriation doesn't change then more of the revenue is going to come from tuition. This is a little bit of a chicken-egg situation to get to this number. Commissioner Scott shared that a lower tuition revenue and a higher cost of operations then an institution is always in danger of a deficit. Appropriating funds to student success can become difficult. Commissioner Glassman shared that history of the state and changing development of institutions matters. There's more than just adequacy to get to 100 percent. Commissioner Zarnikow agree that a good portion of this comes from history - state appropriations have not changed in many years (just increased or decreased by the same percentages). Commissioner Papini shared that the differences should be reflected in affordability and accessibility. Mike Abrahamson shared that state appropriations in rough economic times can be a more vulnerable source.

*Resource: University Income Fund (Tuition)*

Definition: student tuition revenue; funded by a variety of sources (pell, MAP, self-pay, scholarships, student loans). Unfunded scholarships and waivers affect the unrestricted nature of resources (and have disparate impact across institutions).

Type: unrestricted

Percent of Institutional Revenue: 58% statewide, 77% high, 33% low

There was discussion around MAP + Pell as a percent of the tuition income. Ketra Roseleib shared that reliance on the state (and how the student is paying) plays into a number of conversations around cash flow. Conversations may be very different, depending on many factors. Additional factors include whether tuition is from in-state, graduate, or out-of-state/international students. Commissioner Zarnikow shared that when MAP and Pell students are typically low income but there are other students who are not eligible and don't have many family resources. Over 50 percent of students in Illinois are taking out student loans to go to college. When thinking about ability to pay, students whose families make "too much" to be eligible for MAP or Pell but that cannot afford to write a check for college.

The Income Fund does include certain fees. Ketra Roseleib agreed that certain fees specific to auxiliary are not included, but many other fees are included. Vicky Gress also shared which fees show up as tuition versus auxiliary funds at her institution. Mandatory fees can vary significantly per institution, with most in the \$4,000-\$5,000 range.

Fiscal Analyst Jerry Lazzara presented to the workgroup on Tuition Waivers in Illinois. A university's income fund is comprised of all revenues derived from institutional activities including fees. In 2021, Illinois public universities reported \$2.1 billion in revenues to their income funds. Tuition and fee revenues accounted for about 64 percent of operating revenues for all public universities, meaning that the State only contributed 36 percent of operating revenues. But this varies significantly by institution.

*What are tuition and fee waivers?*

An agreement between the student and the university to reduce or eliminate the cost of tuition and/or fees. Waivers serve many purposes: they provide access to higher education programs, promote scholarships, serve as a recruitment tool, provide employee benefits, and diversify the student body. All Illinois public universities are authorized to award two general types of waivers: mandatory waivers and discretionary waives.

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- Mandatory waivers: waivers required by law to be granted to students that meet specific parameters; and
- Discretionary waivers: waivers granted to students at the discretion of the university.

In 2021, there were over 40,000 waiver claims, totaling \$471.2 million. More than 75 percent are from graduate waivers. In 2021, Illinois public universities awarded 2,779 veteran and national guard grants. In total, these waivers amounted to \$21.85 million in claims. Illinois public universities have received no state funding to support veteran and national guard waiver programs.

There was conversation around the key takeaways from the waiver report, including that there is no revenue received due to waivers and that many students require additional resources (recruitment, enrollment and student support services). It takes more effort, finances and resources to recruit a more diverse student body. Often times, it is unknown whether a student has or will have a waiver.

How do waivers impact the resources available for institutions to provide services to students? The revenue has to come from somewhere. It's hard to see the correlation on the tuition side. It's important to separate mandatory and discretionary waivers.

### **Break**

The workgroup took a quick break before reconvening.

### **Revisiting Revenue Categories & Discussion (continued)**

Tuition, on average, across institutions rises when state appropriations decrease. How can we factor that into the variability of a student's ability to pay? How do we factor in students who are not eligible for MAP and Pell but still cannot afford to pay?

#### *Resource: Other Non-Appropriated Gov't Gifts and Contracts*

Definition: revenues from local, state and federal governments that are for specified purposes and programs (e.g., research, other priorities).

Type: varies, usually restricted (for particular purpose)

Percent of Institutional Revenue: 16.1% statewide, 25.2% high, 11.9% low

Initial reaction from the workgroup members is that the use of the word "gifts" may not be accurate – typically they are "grants" and not "gifts." Sponsored programs should also be included in the definition (the university is being sponsored to offer a specific program). Equity is important, specifically around National Science Foundation grants. These grants can help pay stipends for students who are underrepresented and can be leveraged by the faculty.

*How are other states using this resource?* Generally speaking, these resources are not factored in for other states.

Commissioner Papini shared that the amount of this type of funding is a rounding error in the context of this broad category. Commissioner Zarnikow asked whether a stipend is more of a resource for the student as opposed to income to the institution. Some stipends are credited to a student's account.

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*Resource: Other Non-Appropriated Private Gifts and Contracts*

Definition: gifts and grants provided to the university from individuals (private donors) or non-governmental organizations. Included in this category are revenues provided for student financial assistance.

Type: varies, usually restricted (for particular purpose)

Percent of Institutional Revenue: 9.4% statewide, 40% high (73% for SIU School of Med), 0% low

Commissioner Kinzy shared that there are complexities as to whether universities have control over private gifts, if they are given directly to a foundation (separate board). Commissioner Scott shared that the access to the funding is controlled by another entity and funding is typically earmarked for specific purposes, scholarships or certain categories of expenses. Commissioner Zarnikow shared that private donors may choose to give less if they are aware that their donation could offset the funding received from the state.

Nate Johnson shared a Florida example that the legislature wanted to adopt a first generation scholarship, funded by private funding. They offered to match the funding. Larger institutions that were able to raise the full amount to be matched had no problem, but other institutions have different capacities and were not able to raise enough funds to be matched at the maximum amount.

*Resource: Other Non-Appropriated Endowment Income*

Definition: income from endowment and similar fund sources, including irrevocable trusts

Type: varies, typically unrestricted

Percent of Institutional Revenue: 1.6% statewide, 2.9% high, 0% low

Jimmy Clarke shared the equity component of endowments: some institutions have endowments, while others do not. Mike Abrahamson shared that while endowments may not represented a lot of income for some universities but it's definitely an equity factor. Especially between the populations that institutions enroll. Commissioner Zarnikow shared that readings he completed shared that most endowments are a pooling for investments purposes, made up of a number of small funds put together to invest. Nate Johnson shared that yes, endowments are not a huge proportion of budgets, but that it's worth including ideas about endowments. Even if a good portion is restricted, many could be "faculty salaries." Commissioner Scott shared that CSU received a \$50,000 grant for student scholarships from a private sorority, but could only use the income from the grant for scholarships. Further research is needed to define considerations for adequacy for endowed funds.

## **Public Comment**

There were no members of the public that requested to make public comment.

## **Next Steps and Adjournment**

The fourth meeting was scheduled for August 25, 2022 (1pm-4pm CT) which will primarily be focused on discussions to this point and preparing for the report out at the September Commission meeting.

*Workgroup Members in attendance*

Mike Abrahamson, designee for Lisa Castillo-Richmond  
Zaldwaynaka "Z" Scott

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Terri Kinzy  
Vicky Gress, designee for Andreas Cangellaris  
Eric Zarnikow  
John Horvat, designee for Dr. Wendi Wills El-Amin  
David Glassman  
Dennis Papini  
Ketra Roselieb, designee for Guiyou Huang

*Support Team Members in attendance*

Ginger Ostro  
Ja'Neane Minor  
Jaimee Ray  
Jerry Lazzara  
Martha Snyder  
Jimmy Clarke  
Toya Barnes-Teamer  
Nate Johnson  
Katie Lynne Morton