
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Resource Workgroup Meeting #6 - October 20, 2022 (1pm-4pm CT)
Meeting Notes

MEETING OBJECTIVES

1. Discuss Shared Responsibility Model(s) in context of adequacy and resources
2. Review University Income Fund
3. Develop potential ways to reflect student ability to pay

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 the September 22, 2022 Workgroup Meetings

Commissioner Glassman made a motion to approve the minutes from the August 25, 2022 workgroup meeting. Commissioner Kinzy seconded the motion. All were in favor. The workgroup members provided introductions during the roll call.

Workgroup Overview

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 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.

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.

Evaluating UIF & Reflecting Student Ability to Pay

Today's focus: "Expected Tuition"

Conversations to date have focused on an aggregate view of this resource with some discussion around mandatory tuition waivers.

Considering a Shared Responsibility Model: Minnesota Student Aid Example

State sets a cost of attendance (tuition & fees and living expenses)

- Recognize tuition and fees is equal to highest average tuition & fees by public institutions:
 - \$15,142 4-year programs
 - \$6,113 2-year programs
- Living and miscellaneous expenses: \$10,530

Shared Responsibility

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

- Students: 50% of calculated price
 - All students expected to pay this amount
 - Can come from work, loans, other sources
- Family: based on AGI (ranges from 0%-50%)
- Taxpayer fills in the gap (pell grant & state grant) (ranges from 0%-50%)

Martha Snyder walked through a graphic that outlines the Minnesota shared responsibility model.

Benefits & Limitations

- State defined cost of attendance disincentives tuition increases
- Provides clear expectations for all parties on what they are expected to contribute, including the state
- Places heavy burden on students regardless of income background (inequitable expectations for work, loan/debt, etc.)

Commissioner Glassman raised equity issues in the shared responsibility model, noting that there would have to also be an "institution contribution." There is too much expectation on the student in this model, which places all of the responsibility on the institution. Commissioner Zarnikow asked how the model takes into account institutional aid. Institutional aid would be part of the student's contribution (one way to make up the student responsibility bucket). Is it equitable, regardless of family background, to expect students to contribute 50 percent? Commissioner Scott agreed that there's no equity in this sample formula which creates an access problem. Commissioner Castillo-Richmond shared that separating out student and family responsibility can be problematic. This model also assumes there is adequate funding for all of the institutions.

Shared Responsibility - Institutions and Adequacy

- Illinois could establish categories of students with different expected contribution levels, based on income or other characteristics (e.g., out-of-state, mandatory waiver recipient)
- The expected student share of revenue (i.e., the UIF) for a university would be: **UIF** = (#GroupA * \$15,000) + (#GroupB * \$10,000) + (#GroupC * \$5,000).

Will Carroll walked through three hypothetical student groups with different expected responsibility numbers.

- Unlike in Minnesota's student aid model, in an adequacy model the student share and topline will be different for each institution.
- The state share is expected to fill in the gap between the adequacy target and the expected UIF and other institution revenue.

Shared Responsibility Model - Discussion

- What resonates with you? What concerns you?
- Does this approach appropriately account for "students' ability to pay"?
- What incentives does this create for institutions? For students? For the state?
- If this were the approach:
 - How might IL set the expected contribution levels?
 - How would it factor in financial aid and institutional aid?
 - How many student groups should there be (or sliding scale)?
 - How to account for cost of attendance versus tuition and fees?

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Commissioner Scott raised that we are not looking at a model that looks at student population, in terms of income and how to fund the institutions. Part of the adequacy side of the calculation would take into account the population of students, etc. Commissioner Glassman shared that the overall outcome of the model is that institutional structural gaps will be reduced, but that if persistence and graduation are not increased are there accountability and performance measures? For institutions not doing as well as others, wouldn't the adequacy gap increase? Commissioner Castillo-Richmond shared that so much depends on how groups/categories are defined. There are concerns if only defining groups based on income. What roll does state appropriations play overall, or with specific institutions? Commissioner Glassman asked how adequacy works for the great disparity in the size of institutions, deferred maintenance, etc.? Are the new appropriations solely based on adequacy of equity and student success? Commissioner Kinzy asked whether a model like this will be attractive to students to keep them in the state? It's important to remember that we don't want expected contribution numbers to scare off students. Commissioner Gibson shared that many of her students do not have an ability to pay, and cannot count on a contribution from their family. How much will a model like this help the students?

Are there other ways to account for student's ability to pay in the broader context of the UIF?

Commissioner Scott raised the point that the "ability to pay" is off the table when 95 percent or more students are pell eligible. Commissioner Kinzy raised the point that students may not be coming to institutions, even though they're accepted, because the institution cannot meet the aid needed. Commissioner Castillo-Richmond asked what role this formula would have in affordability and adequately funding institutions, incentivizing institutions to serve low-income students? How does the way that institutions hold costs low for students factor into this and how resources are allocated by the state?

- Does this approach ensure tuition is not a "release valve" for shortfalls in state funding?
- What happens if an institutions's actual tuition is above or below the "Expected Tuition"?
- What are the implications for the model during difficult state budget years (e.g., recessions)?

Commissioner Gibson asked whether the potential formula would bring additional funding to institutions. The ultimate outcome is to get additional resources from the state commitment. Commissioner Gibson also asked about the process in which funding would be generated from the state.

Commissioner Glassman offered comments based on the questions shared with the workgroup. When state funding has shortfalls, is it difficult and tuition is the only flexibility that institutions have. If we are committed to equity, it will have to be driven by any and all funding that's available. Commissioner Kinzy asked what happens if there are cuts in funding – does this follow the new formula? Is there an equity lens for how reductions are made? Commissioner Glassman shared that when there are reductions, maintenance levels for the institutions are unable to be met. Commissioner Scott noted that capital improvements are so far behind that the cut is always significant since everyone is "still catching up." Ketra Rosleib shared that there are other shortfalls, resources or services that

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

maybe the group is not seeing by just looking at the UIF; for example, events or student programs that are funded through fees or something that isn't captured through this model. Ketra Roseleib asked whether moving towards this type of model if this force the institutional aid programs to look similar across the board? Jacqui Moreno asked about the time limitation for a shared responsibility model and whether there are possibilities for negative impacts for students, if the groups don't pan out as projected. Student characteristics will change on a year to year basis. Ketra Rosleib asked whether institutions will be held harmless for a shared responsibility model; is this only for new money? The charge of the commission indicates the formula is to allocate new funding and that there is an expectation that this is not a reallocation of previous funding.

Break

The workgroup took a brief 10 minute break before reconvening.

Reflections and Next Steps

Once the workgroup reconvened, Commissioner Wuest raised the following comments: adequate funding is important for public universities, but what public that is not served could come in? One way to prepare students is through an adult high school (courses on the weekend or evenings). Adult high schools around the universities could help raise enrollment and increase the skills needed for college-level courses.

Martha Snyder and Nate Johnson shared a number of highlights from the conversation to continue to think through, including: the relationship between the Adequacy and Resource Workgroups, historical and future timing (long term process). In addition to the analytical aspects, at some point the workgroups will "meet" and need to draw out connections as the Technical Modeling workgroup begins to meet. There needs to be alignment as we move to the next phase (modeling) so we can see the consequences, whether intended or not.

In the next meeting, UIF would be revisited and appropriately revisit the other resources to be clear where the workgroup wants the Technical Modeling to go.

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 three conceptual areas for consideration. In general, Ms. Delaney likes the idea of a shared responsibility model but pushed the group to think about using a state-level model for the entire funding formula. Why would we use this type of a model at just the institution-level? Should the state of Illinois continue that there will be an intergenerational transfer of wealth that will allow students to attend college. The system in the UK considers individuals to be adults when they attend college. Misalignment of time is a chronic problem for higher education and for this funding formula, which doesn't recognize needs throughout their program. There needs to be clear distinction between who pays and who is using the resource. It is not the same to meet a student's share through grants versus loans. The current model is undercounting the state share because it's blind to the state's efforts (for example, MAP grants). There are federal laws that are specific about how institutions can package aid, which needs to be taken into account. Are there incentives in this model that would disincentivize institutions from recycling student tuition dollars into student aid to provide access to low-income students.

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Next Steps and Adjournment

The last meeting was scheduled for November 17, 2022 (1pm-4pm CT).

Workgroup Members in attendance

Lisa Castillo-Richmond

Zaldwaynaka "Z" Scott

Terri Kinzy

Vicky Gress, designee for Andreas Cangellaris

Eric Zarnikow & Jacqui Moreno, designee for Eric Zarnikow

David Glassman

Jack Wuest

Gloria Gibson

Ketra Roselieb, designee for Guiyou Huang

Support Team Members in attendance

Ginger Ostro

Jaimee Ray

Ja'Neane Minor

Jerry Lazzara

Martha Snyder

Jimmy Clarke

Will Carroll

Nate Johnson