
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Resource Workgroup Meeting #4 - August 25, 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
3. Prep for report out at the September Commission meeting

Welcome & Agenda Overview

Senior Associate Director Jaimee Ray 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 August 4, 2022 Workgroup Meetings

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

Introductions

Martha Snyder started a round of introductions and asked each workgroup member to introduce themselves and share the best/most exciting thing they did over the summer.

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

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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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Revisiting Revenue Categories & Discussion

Martha Snyder shared an overview of what was previously covered: University Revenue: All Sources; University Revenue: State Appropriated + UIF; and Resource: University Income Fund (Tuition) Considerations.

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.

Resource: University Income Fund (Tuition) Considerations

Institutions with larger share of income from MAP and Pell have higher percentage of low income students served; dependent not only on state operating appropriations but also state appropriations for MAP. Implies less capacity to raise tuition from student body (student ability to pay); less capacity for students to self-fund services through fees.

Adequacy & Resources: How the Workgroups Interrelate

Martha Snyder shared that the Adequacy Workgroup met earlier in the day and what their charge is. Each institution will have an Adequacy Target, built from the components of what it costs for students to succeed and will vary based on student need. The Adequacy Workgroup was working to develop these components. The Resources Workgroup was working to determine which types of resources should be counted to determine how close an institution is to adequacy.

There was no feedback nor questions raised by the workgroup members.

Initial Recommendations/Considerations

Martha Snyder walked through the different resources, their definitions, type, considerations and the initial workgroup recommendations based on feedback shared during the previous (August 4, 2022) meeting.

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University Income Funds: should be included by deduct mandatory waivers; factor in variations in students' ability to pay/capacity of institution to raise tuition level/relatiance of institution on state funding for both operational and financial aid.

Government Grants and Contracts: should not be included; small percent of funding overall (though there is a range across institutions both percent and amount). Rationale that this should supplement other resources and create a disincentive to seek these resources.

- Commissioner Castillo-Richmond raised a request for any additional granular data/details.
- Commissioner Kinzy shared that there is a negotiated rate that is specific to each project (federally negotiated) as a part of each grant. Administrators are not allowed to be put onto most grants.

Private Grants and Contracts: should not be included; small percent of funding overall (though there is a range across institutions both percent and amount). Rationale that this should supplement other resources and create a disincentive to seek these resources.

- Commissioner Castillo-Richmond shared that including this area on the revenue side isn't a "disincentive." Commissioner Castillo-Richmond shared that private grants and contracts should be included in the revenue bucket.
- Commissioner Kinzy asked if private grants and contracts should really be counted, if the funding cannot be used for students (can only be used for what it's earmarked for).
- Commissioner Glassman shared that during the budget impasse, folks were saying that the endowment could be used, but since the endowment was largely restricted, that was not the case.
- Commissioner El-Amin shared that it's important to disaggregate the examples/situations because different facilities or resources that an institution has because of private grants and contracts can make the institution more desirable because of something they have or offer.
- Commissioner Kinzy reflected that the pot of money is very small.
- Commissioner Glassman raised that maybe the discussion is leading to more complexity than it needs to be.
- Vicky Gress shared that it would be helpful to know the percentage/amount of money. How big of a piece of the pie is this?

Endowment Income: should not be included.

- Commissioner Castillo-Richmond shared that endowment income, along with university income funds and state appropriations are the three most important areas in direct relation to resources.
- Vicky Gress asked how best to identify the "piece" of what should be considered (or the entire amount). Martha Snyder responded that the group needs to have this conversation to land on a decision to pass along to the technical modeling workgroup. Should certain parts not be included?
- Aspen Clemons shared that there should be more discussion around what should be quantified.
- Commissioner Papini shared that a "one size fits all" approach is tough when each of the institutions are not the same.
- Commissioner Wuest shared that he would write up a brief and send it to the group following the meeting about adult high school programs.
- Commissioner El-Amin shared that it would be helpful to know if Endowments were DEI-aligned.

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Resource: Other Non-Appropriated: Sales/Service - Auxiliary Enterprises

Definition: auxiliary enterprises include residence halls, food services, parking facilities, student unions, college stores, and such other services as barber shops, beauty salons, movie houses, and bowling alleys. In some cases, these are self-sustaining (fees charged cover expenses) in other cases they may be revenue generators.

Type: varies, mostly restricted

Percent of Institutional Revenue: 9.3 % statewide, 19.7% high; 4.4% low

Vicky Gress shared that these auxiliary enterprises are covered in the legislative audit guidelines. Institutions are prohibited from subsidizing, and funds are not available to provide support to students. Some administrative costs can be offset, but it's a tiny amount.

Commissioner El-Amin shared that food services and housing can oftentimes be a breaking point for whether a student can stay at an institution.

Ketra Roselieb shared that auxiliaries are different from the endowment revenue discussion since the cost of auxiliary enterprises are directly passed onto students.

Resource: Other Non-Appropriated: Sales/Service - Educational Departments

Definition: incidental revenues of educational departments that were collected from activities not directly associated with the education of students (training courses; software)

Type: varies

Percent of Institutional Revenue: 8.2% statewide, 13.4% high, 0% low

Ketra Roselieb shared this is likely odd types of operations, something like a hotel on campus or bookstore sales. Commissioner Kinzy shared that this could also be continuing education that is mandatory for disciplines (lawyers, nurses). Vicky Gress shared that this could also include dining, inter-collegiate activities, student unions, mechanical labs, etc.

Executive Director Ginger Ostro shared that this is likely a category that needs more data and evaluation. Workgroup members agreed that clarification and further information would be helpful.

Resource: Other Non-Appropriated: Sales/Services - Hospitals

Definition: revenues from daily patient services (medical, surgical, pediatrics, intensive care and so forth); from nursing services (operating room, recovery room and so forth) would be reported under this category. Only monies directly attributable to the operation of the hospital are reported in this category.

Type: varies

Percent of Institutional Revenue: 16.3% statewide, 23.5% high, 0% low

Commissioner Kinzy argued that if the other categories are put on the table and should be included, then why would this category be any different?

Commissioner El-Amin confirmed that they do not own their hospital. However, there is a benefit (shared resources, pipeline programs) from being so close in proximity.

Resource: Other Non-Appropriated: Other Misc. Revenue

Definition: examples include investment income from unrestricted funds and miscellaneous sales and rentals

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Type: varies

Percent of Institutional Revenue: .8% statewide, 10.1% high, 0% low

The workgroup members did not have any comments, as more information was needed.

Break

The workgroup took a ten minute break before reconvening.

Next Steps

Next steps for the workgroup include continuing to refine understanding of (non-state appropriated) resources and considerations for equity and adequacy; recommendations in context of state appropriated funds (overall state goal, percent of revenue from state, variation across institutions conjuring student and revenue); finalize recommendations and considerations for the technical modeling workgroup.

Prep for September Commission Meeting

HCM and IBHE would follow up directly with Commissioner Castillo-Richmond and Commissioner Scott regarding prep for the Commission Meeting.

Public Comment

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

Next Steps and Adjournment

The fifth meeting was scheduled for September 22, 2022 (1pm-4pm CT).

Workgroup Members in attendance

Lisa Castillo-Richmond
Aspen Clemons, designee for Zaldwaynaka "Z" Scott
Terri Kinzy
Vicky Gress, designee for Andreas Cangellaris
Jacqui Moreno, designee for Eric Zarnikow
Jack Wuest
Dr. Wendi Wills El-Amin
David Glassman
Dennis Papini
Ketra Roselieb, designee for Guiyou Huang

Support Team Members in attendance

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