
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Resource Workgroup Meeting #5 - September 22, 2022 (1pm-4pm CT)
Meeting Notes

MEETING OBJECTIVES

1. Input and discussion on progress to date and Commission report
2. Continue discussion on resources and implications for equity and adequacy
3. Identify next steps/additional information needed to advance workgroup discussions

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 August 25, 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.

Introductions

Martha Snyder started a round of introductions and asked each workgroup member to introduce themselves.

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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Adequacy & Resources: How the Workgroups Interrelate

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 is developing these components. Each institution has Resources available to it. The Resources Workgroup is determining which types of resources should be counted in determining how close an institution is to adequacy.

There will be opportunities for the full Commission to weigh in through two ways: there is overlap between the Adequacy, Resources and Technical Modeling Workgroups; there will be at least three formal points of input through the already scheduled full Commission meetings. It was flagged that neither Eastern or Western may be represented in the Technical Modeling workgroup, which may be a missing component in the composition of the workgroup. The Technical Modeling workgroup would bring all information back to the full Commission.

Discussion: Reflections on Commission Meeting/Workgroup Progress

- Review and framework of institutional revenue categories/definitions
- Illinois-based analysis and discussion
- University Income Fund (tuition)
- Other “non-appropriated”
 - Grants & Contracts (Government & Private)
 - Endowment
 - Auxiliaries

Framing Questions for Workgroup Discussions

- What are the different resources institutions have access to?
- What are the uses or limitations of these resources?
- What are the implications for equity relation to these resources?
- What are considerations for including these resources in assessing an institutions level of adequate resources?
 - Include fully (no considerations/exclusions)
 - Include with specific considerations for both equity and use
 - Don’t include

Summative Reflections

- Resources must be evaluated through the lens of equity and how they influence an institution’s ability and capacity to equitably serve students.

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- Not always about what the definition and direct use of resources but a more critical understanding: does having access to the resources provide differential capacity to institutions? Does this have implications for equity?
- Leads to more critical analysis and recognition that to include or not include a resource is not “yes” or “no” but more nuanced. Particularly for “non-appropriated funds.”
- Ultimately the work needs to factor in state commitment: both the first (current investment) and last (future investment) resource “in.”

Continued Discussion: Resource Considerations

Facilitated Discussion

- Do you think these reflections summarize what we heard from the Commission? Are there additional items or reactions?
- What needs further discussion or needs to better inform potential considerations?
- How do we address these component(s) in a way that advances the conversation? Are the framing questions the right questions?

Commissioner Castillo-Richmond raised the following questions: are the sources of revenue the workgroup has been considering exhaustive? Are there small “things” not considered that add up to “big things.” Do institutions “catalog” revenue categories similarly? If not “exhaustive,” will the formula have the correct impact?

Commissioner Kinzy shared that the most accurate source of information are audited financial statements from the universities, since they follow consistent rules. Nate Johnson agreed that for the broad categories, this is where the most consistency is found. Are centers/foundations/medical centers that have impact on students included in reporting data? How is information/revenue from these areas shared and reported?

Commissioner Scott mentioned a slide from a previous meeting of items in which needed further exploration and information. For example, how endowment and foundation income comes into the universities. What services are being supported largely by donations.

Commissioner Kinzy suggested using the term “programmatic expenses” instead of operating expenses for endowment income because if it wasn’t there, the institution just wouldn’t have those funds.

Nate Johnson shared some calculations of endowment funds that could be available to institutions. Typically, 3-4 percent of the endowment value is spent per year to keep the principle intact.

Commissioner Glassman shared that this issue is going to come up over and over again. Restricted versus unrestricted endowments needs to be considered because this makes a very big difference. Glassman also shared about financial aid and restricted fund scholarships for students.

The public needs clarity around what endowment funding can and cannot be used for, and whether institutions have access to these dollars. Commissioner Scott shared an example of a check that was received earlier that day of funding that was given with quite a few restrictions.

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Vicky Gress asked whether there are other states that take a similar approach that could be reviewed and leverage their lessons learned. Nate Johnson shared that he was not aware of any states, beyond Illinois' own K12 EBF approach. Commissioner Papini shared his observations and that the endowment is "on the margin." More information and a way to standardize the information (consistent principles) is needed. Commissioner Castillo-Richmond shared that the other revenue sources across institutions are being drawn from. By not looking at endowment, we're missing the bigger picture of how we get to this adequacy target in a way that's equitable for students, no matter what institution they attend.

Executive Director chimed in to the conversation to tie threads together from a number of discussions and pull out core principles of the discussion. If the funding is a "but, for" then that shouldn't be a resource, but if it's something that is being fundraising for then it should be included in the bucket.

Nate Johnson suggested that thinking ahead (for the future) instead of historically, how would thinking change? The formula needs to be robust not just for now, but for the next X number of years.

Martha Snyder shared that the workgroup could start with principles that Executive Director Ostro mentioned to help frame the conversation and have a well-documented thought process.

Break

The workgroup took a brief 15 minute break before reconvening.

Continued Discussion: Resource Considerations

How do we address these component(s) in a way that advances the conversation? Are the framing questions (below) the right questions?

- What are the different resources institutions have access to?
- What are the uses or limitations of these resources?
- What are the implications for equity in relation to these resources?
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 - Include fully (no considerations/exclusions)
 - Include with specific considerations for both equity and use
 - Don't include

Commissioner Glassman shared that the above questions are spot on for framing. Based on discussions, the workgroup seems to be leaning towards the middle element: include with specific considerations for both equity and use. Commissioner Scott shared her agreement.

With the above framing questions in mind, Martha Snyder summarized previous conversations around Auxiliaries. From the last meeting and report out to the Commission, more evaluation was needed but that possibly there should be some factor across institutions that addresses basic needs and includes equity. Executive Director Ostro shared the presumption that Auxiliaries should be self-funded and self-supporting. Since we want students to have equitable access, maybe that's not the correct approach? Should the self-supporting funding be challenged? Commissioner Glassman agreed that there are equity issues that could be assisted by having more dollars coming in that could be used in some of the restricted areas.

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The component of “Students ability to pay” was brought forward for the workgroup to discuss. Commissioner Kinzy shared that their student committee endorses any fees that are changed. They are representative of the student body and share their insight before the board approves fees. Each institution has a different fee structure. Commissioner Glassman shared that there are certain fees - mandatory and opt in/opt out. For example, a fee for the counseling center would be a mandatory fee, whether or not the student goes to the center. If financial equitability was top of mind, then differential tuition would take into account what a student could actually pay (pay by ability - both tuition and fees), with universities picking up the differential loss and the state filling the gap 100 percent.

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 that weighting of revenue components is important to achieve adequacy. She cautioned the workgroup on using this conceptual format shown in the slidedeck as it’s not the same to achieve adequacy based on funding from state vs. from student/families. The value shouldn’t be weighed equally. Based on IBHE’s budget recommendations, there are a number of revenue streams that were not mentioned during September 1, 2022 Commission meeting. Ms. Delaney highlighted general revenue streams and payments on behalf. There were a number of revenue streams “on the books” but not appropriated. For example, institution specific (tire recycling, gaming). She urged the workgroup to think about stability and general revenue streams has the ability to be very stable. Interaction of different funding streams are important to think about, specifically how they interact with MAP grants and 529 grants. Ms. Delaney urged the committee to include negative revenue streams such as deferred maintenance. She also urged the workgroup to expand the conversation on auxiliaries.

Next Steps and Adjournment

The sixth meeting was scheduled for October 20, 2022 (1pm-4pm CT).

Workgroup Members in attendance

Lisa Castillo-Richmond
Zaldwaynaka “Z” Scott
Terri Kinzy
Vicky Gress, designee for Andreas Cangellaris
Jacqui Moreno, designee for Eric Zarnikow
David Glassman
Dennis Papini
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

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Toya Barnes-Teamer
Nate Johnson
Katie Lynne Morton