
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Technical Modeling Workgroup Meeting #16 - August 17, 2023 (9am-11:30am CT)
Meeting Notes

MEETING OBJECTIVES

1. Review proposals for Formula Upkeep and Allocation Formula.
2. Refine proposals for Auxiliaries and Other Resources.
3. Explore refinements to Equitable Student Share subsidy levels based on updated data.

Welcome & Agenda Overview

Senior Associate Director Jaimee Ray opened the meeting with a general welcome and 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 August 3, 2023 Workgroup Meeting

Corey Bradford made a motion to approve the minutes from the August 3, 2023 workgroup meeting. Dan Mahony seconded the motion. Nine workgroup members were present and in favor.

Implementation Team Report Out: Formula Upkeep

Andrew Rogers shared information about the team's discussion, including timing of reviews and external events that should trigger review (time-based, environmentally). The team has also discussed technical aspects of the formula versus the policy aspects of the formula. The Formula Upkeep team was planning a joint meeting to discuss the relationship between the Formula Upkeep and Accountability and Transparency implementation teams. It may be more beneficial to have one group with a broader scope to cover areas that overlap between the two teams.

Implementation Team Report Out: Allocation Formula

Michael Moss shared a spreadsheet on the screen. He walked through University Information, Inflation and Adequacy in Equal Parts, Inflation First Then Adequacy and Proportional Share & Percent Adequacy Gap.

The implementation team discussed inflation and what (if anything) to add to the model to adjust for inflation in future years. The team has met twice and put together the shared spreadsheet for discussion but have not yet been able to discuss in depth as a team.

Mike Abrahamson shared his interest in seeing different inflation scenarios (percentages, etc.). Priority inflation adjustments may depend on how quickly and how much funding there is available. Commissioner Ralph Martire agreed that not knowing the total amount of funding has made it difficult. The numbers matter in driving what the final allocation formula needs to look like.

Kim Tran asked whether historical underfunding and sustainability was being addressed through this adequacy and inflation model. What portion of the total funding of higher education should the state be covering?

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Corey Bradford shared his struggle with the inflationary increase being half. He requested a model where the inflationary increase was removed so that just adequacy could be addressed. Adequacy needs to be achieved, first, with the new funding. The historical bases are not equitable.

Michael Moss shared that the team struggled with very different initial thoughts on implementation. Commissioner Ralph Martire shared information about a tiered approach that he also shared in a memo, including how it would react and affect institutions over time. Nate Johnson shared that the choice is not between having an inflation adjustment and not having one; the choice is where to apply it. Dan Mahony asked for the team to consider where the cutoffs fall, and which institutions fall into each tier.

Ketra Roselieb highlighted the institutions in tier one and that she disagrees with the idea of a significant increase in appropriations able to be spent in a year. There are cash flow concerns at many of the institutions and ignoring this fact due to the underfunding of higher education would be a disservice. Roselieb shared the importance of building out the models for five, ten, fifteen years to be able to see the long-term effects.

Mike Abrahamson raised that it would be interesting to see what some of the best or “not best” scenarios would cause.

Topic Team Report Out: Auxiliaries

Accountability and Use of Net Price/Cost of Attendance Recommendations

- Failing to evaluate full cost of attendance
 - Risks incentivizing only lowering tuition and fee costs, possible at the expense of other costs of living and educational expenses, which are essential to a student’s success.
 - Because institutions often subsidize beyond tuition and fees, which help students from low-income backgrounds enroll and succeed, we want to avoid any formula that would incentivize a university to move institutional aid away from funding full cost of attendance.
 - We should consider technical but important issues connected to tuition and fees (order of pay, MAP eligibility, etc.)

The accountability subgroup should decide how institutions can/should be held accountable for affordability with additional resources allocated towards cost of attendance (or other expenses beyond tuition and mandatory fees).

Recommendation: Institutions should get an additional amount based on the affordability needs of the students they enroll, added on to the equity adjustment.

Pros:

- Concentrates on the same students that the formula identifies as priority
- Relative to scale of enrollment
- Mitigates the need to define and regulate a standardized cost of attendance, net price, institutional aid, etc.

Cons:

- Does not fully address the cost of attendance for a particular student, especially with no accountability measures (which need a standard definition of net price)
- Current net price data categories (by income) do not match up 1:1 with ESS

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Total Cost of Attendance

- On average, 54% of a student's cost of attendance can be attributed to expenses beyond tuition and fees (of which the majority is tied to housing and dining costs).
- The median expense for each of these institutions is an additional \$14,735 in financial need beyond that of general instruction (tuition and fees).
- Average cost of attendance is \$28,337.

Application of Cost of Attendance or Net Price

The average cost of attendance (2021-2022): \$28,337

Pell Eligibility (2023-2024): \$7,400

MAP Eligibility (2023-2024): \$8,400

The above numbers indicate that the total out of post costs are \$12,537. This could be further discounted by institutional aid, other awards and grants, scholarships, etc.

- Several institutions' tuition and fees are less than the total (\$15,800) full Pell and MAP awards.
- Advocate for an extension of the MAP grant criteria to mimic that of Pell that can be applied to additional instructional costs outside of tuition and fees.

Ketra Roselieb walked through an example of Equitable Student Share - Financial Aid which takes students who fall into the 0% category and applies a standard amount (to be determined) to apply towards other cost of attendance expenses (auxiliaries, fees, books, etc.).

Sandy Cavi suggested that before moving forward with MAP/Pell recommendations, maybe ISAC could present to the workgroup to understand the options and impact. Commissioner Dan Mahony wondered how many students would be impacted by MAP and whether it would be too heavy of a lift with the legislature. He cautioned that a portion of the cost of public attendance is really a "shot in the dark" due to unreliability (books, etc.). Commissioner Dan Mahony shared that capturing the institutional scholarships is important because what students actually pay is likely far less than the \$12,537 presented.

Michael Moss asked whether there is appetite for incorporating things like housing, books and supplies since during previous Commission meetings, there didn't seem to be support for moving forward in such a way. Sandy Cavi noted that there are other "types" of students that need to be considered (off campus, parttime).

Topic Team Report Out: Other Resources

Michael Moss shared a spreadsheet on screen for discussion purposes only. A tiered approach was shared with a 1%, 3%, 5% weighting of the endowment balance as a option to consider recognizing other resources. Commissioner Dan Mahony shared that teammate Commissioner Robin Steans is not fully on board with this approach. He shared that the gap between UIUC and "second place" is large. He asked how this approach could play out with data. The data was not correct, based on Commissioner Dan Mahony's glance at this own institution's data.

Mike Abrahamson asked what the conceptual reason is for having a tiered approach. All institutions are underfunded, and the reason behind a tiered approach is a good portion political. If schools are being hurt for fundraising, what are we saying to donors? Corey

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Bradford cautioned using such a substantial amount of resources. Mike Abrahamson asked whether there is evidence deterring donors. He also shared that he doesn't see how the workgroup could support this type of approach on the grounds that when the whole formula comes out, it could be politically impossible, but that having a particular element and ignoring a large amount of resources would make a conceptually sound model. Mike Abrahamson advocates against a tiered approach.

It was shared that the group has not fully discussed this approach and that Commissioner Robin Steans (absent) shared a number of the concerns that were raised. Nate Johnson shared that the number and earnings of alumni are known data.

Commissioner Dan Mahony shared about special appropriations that some institutions have. There are certain appropriations that appear they should be part of the formula. For example, he shared a \$1.2 million appropriation for the school of pharmacy that was created when the school started. Alternatively, he also shared an appropriation that is not tied to the mission of the institution but is a special appropriation for a program (Farm Family Resource Initiative) that should be kept out of the formula. The reality is that there may be programs that the state wants to support separately in order to get them started. Michael Moss shared Commissioner Robin Steans' suggestion for annual monitoring.

Formula Data: Gaps and Implication

Overview

- HCM reviewed data to identify data gaps overall and inconsistencies across institutions.
 - EBF tier data, Race/Ethnicity data and HS GPA particular focus
- Addressing these data issues will have implications on both adequacy and ESS calculations (increasing full equity-adjusted adequacy target gap and lowering student share).

ESS Subsidy Levels

- Current ESS calculations significantly below current actual UIF; will go lower if data gaps are addressed.
- Noted need to revisit subsidy levels to be more nuanced (currently using 25% increments as starting point).
- Current ESS linked to base vs. total adequacy target, which lowers total ESS amount.

ESS Subsidy Categories and Levels

Potential data to inform ESS subsidy categories and levels

- Race/ethnicity: disparities in levels of borrowing and default
- EBF tier: HS zip codes and income levels
- Adults: more likely to have dependents/not have access to other family resources
- Rural: potential overlap with EBF tier, HS zip code and/or income
- Low-income: Affordability as barrier to access

Nate Johnson spent time walking through a tableau that outlined quite a bit of data and talked through some of the gaps and implications. Some workgroup members asked for a chance to verify data/numbers. There needs to be a process for correcting data at the state level that is known to be incorrect. Data is limited to degree-seeking and does not include dual enrollment, etc. There were questions and discussion amongst workgroup members

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based on the data shared. HCM planned to follow up with IBHE to resolve the data problems.

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 the tiered approach does not make sense within the context of a higher education funding formula. In this context, it flags some campuses as being preferred and others not. In the K-12 formula the state is serving the role of “leveling up” total spending after local funds are collected. The tiers reflect those school districts with the least local support. By contrast, in higher education, *all* money is state money. Therefore, creating tiers indicates that there are “favorite children” among the campuses in the state. Ms. Delaney shared that this does not seem like a policy approach that would be wise to take. More broadly, she reflected that earlier in the summer it seemed like the discussion was shifting to a place where there was better understanding of higher education finance. The discussion of tiers today seems like the group is back to using a “cookie cutter” approach in applying K-12 model to higher education. Her observations over more than 15 years studying state support for higher education is that K-12 models are nearly always inadequate to capture the complexity and ambitions of higher education institutions. MAP is not included in the funding formula since it is budgeted separately from state general appropriations for institutions. However, recommendations seem warranted since affordability cannot be addressed in the formula without accounting for the state’s large need-based grant aid program. Ms. Delaney shared her support of the recommendation about allowing MAP to act like Pell to cover up to the full cost of attendance beyond tuition and fees. However, the group will need to think through what this would mean for the other institutions that receive MAP funds especially community colleges, private, non-profit institutions and for-profit institutions. Fundamentally, allowing room and board to be covered by MAP will increase the award amounts received by students. This will especially be true at community colleges which has the potential to lead us back to a period where rationing MAP awards. As an illustration, many students who would receive the max MAP award based on family income receive a lower amount capped at tuition when they attend community college. This opens funds for other students to receive MAP awards, so allowing MAP to apply to room and board costs at community colleges will reduce the total number of students who can receive awards. This is not a reason to abandon the recommendation, but rather encouragement to think through implications as part of the process of moving forward. One possibility to consider is a mechanism akin to a negative Pell award for MAP that would direct more than tuition and fees to the neediest students, but with the amount capped and consistent across campuses regardless of cost of attendance. She would additionally like to see a recommendation that MAP awards are granted earlier, so there is more certainty for students that they will receive awards. Waiting until after someone is admitted to an institution is too late to know that an award will come through. In addition, there may be other policies that are not specifically within the purview of the funding commission that would benefit from policy recommendations – like capital, deferred maintenance, dedicated revenue streams, hospitals, etc. Ms. Delaney shared that it seems like there is still not conceptual clarity if student aid is a student or federal/state resource. Some of the rhetoric around student aid makes it seem like the focus of state funds is on middle class students, which does not obviously align with equity concerns. If low-income students are “covered” with MAP and Pell, then

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state funding does not go to this group and instead would move up the student income distribution. She thinks it is important to think about how the value of enhancing equity relates to the mechanics of which types of students would be targeted in the formula to receive state subsidies. Nearly all the discussion on student aid is focused on undergraduates, but this leaves out many students with different types of aid. Ms. Delaney shared that she thinks the functionality of the formula needs to better reflect enrollments at campuses, especially graduate students. Overall, it would be helpful if the group could separate out value questions (what should happen) from mechanical questions. Too often mechanics seem to be taking over and important value judgements are not settled.

Plan for Subsequent Meetings

Martha Snyder reminded the workgroup members what was planned for the upcoming Technical Modeling Workgroup meetings.

August 31

- Accountability and Transparency
- Future Adequacy
- Initial Output of Proposed Model

September 14

- Refine/finalize recommendations

September 21

- Commission Meeting

Adjournment

The next workgroup meeting was scheduled for Thursday, August 31, 2023 (9am-11:30am CT).

Workgroup Members in attendance

Mike Abrahamson, designee for Lisa Castillo-Richmond
Kim Tran, designee for Zaldwaynaka Scott
Sandy Cavi, designee for Aondover Tarhule
Ralph Martire
Corey Bradford, designee for Cheryl Green
Dan Mahony
Michael Moss, designee for Javier Reyes
Andrew Rogers
Ketra Roselieb, designee for Guiyou Huang

Support Team Members in attendance

Jaimee Ray
Will Carroll
Martha Snyder
Jimmy Clarke
Nate Johnson
Katie Lynne Morton
Brenae Smith