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# ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

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## Meeting #17

Welcome to the August 31, 2023 meeting of the Technical Modeling Workgroup. The meeting will begin at 9:00 a.m. This meeting will be recorded.

Members of the general public will remain muted throughout the meeting and will have the opportunity to comment during the public comment period. To make a comment, please leave your name and the organization you represent in the Q&A section by 10:45 a.m. We will call on you during the public comment period and ask that you keep your remarks to under three minutes.

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## Welcome & Agenda Overview

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|---------|---|
| 9:00 am | Welcome & Agenda Overview   |
| 9:05 am | Action: Approval of Minutes from August 17, 2023<br>Workgroup Meeting |
| 9:10 am | Equitable Student Share   |
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| 10:10 am | Implementation Team Report Out<br>Formula Upkeep<br>Accountability and Transparency<br>Future Adequacy |
| 11:20 am | Public Comment   |
| 11:25 am | Plan for Subsequent Meetings   |
| 11:30 am | Next Steps & Adjournment   |
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Action: Approval of minutes from  
August 17, 2023 Workgroup  
Meeting

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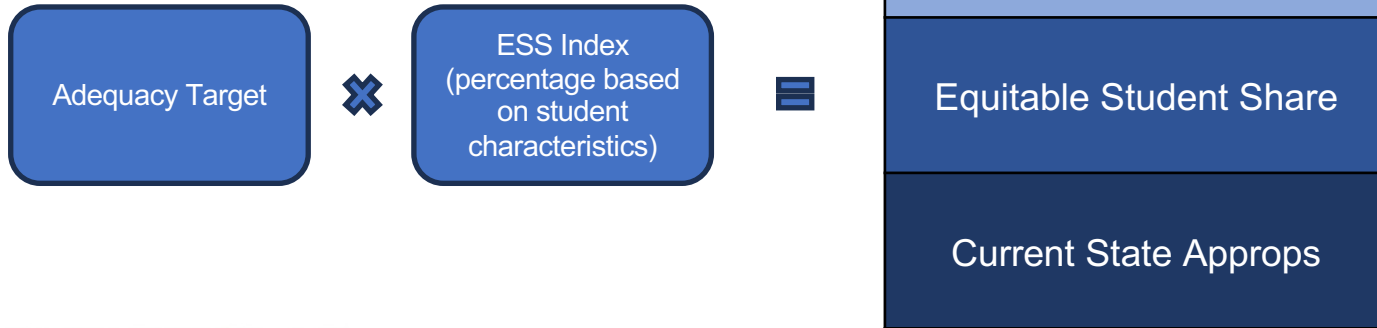
## Equitable Student Share

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# Equitable Student Share – Framework

ESS represents a reasonable and affordable amount a university is expected to generate through tuition and fees based on the characteristics of its student body. ESS would be calculated by applying subsidy rates – tied to characteristics of a university's student body - to the adequacy target.

The greater the share of high-subsidy student groups (e.g., low-income, underrepresented minority) a university enrolls, the lower its ESS.



# Equitable Student Share – Framework

Institution	Base Cost	ESS Index	Equitable Student Share
Chicago State University	\$52,833,082	26%	\$13,987,702
Eastern Illinois University	\$120,717,445	42%	\$50,958,973
Governors State University	\$80,087,721	34%	\$27,005,966
Illinois State University	\$377,147,773	42%	\$159,806,182
Northeastern Illinois University	\$112,265,183	26%	\$29,378,840
Northern Illinois University	\$313,184,049	39%	\$122,029,721
Southern Illinois University Carbondale	\$232,627,214	50%	\$115,840,362
Southern Illinois University Edwardsville	\$254,183,180	50%	\$126,666,278
University of Illinois at Chicago	\$701,617,748	44%	\$309,840,454
University of Illinois at Springfield	\$73,858,986	51%	\$37,696,226
University of Illinois at Urbana / Champaign	\$1,083,356,616	67%	\$721,918,071
Western Illinois University	\$145,079,987	44%	\$63,770,341
<b>Illinois</b>	<b>\$3,546,958,985</b>	<b>50%</b>	<b>\$1,774,341,834</b>



# Strawman Subsidy Levels

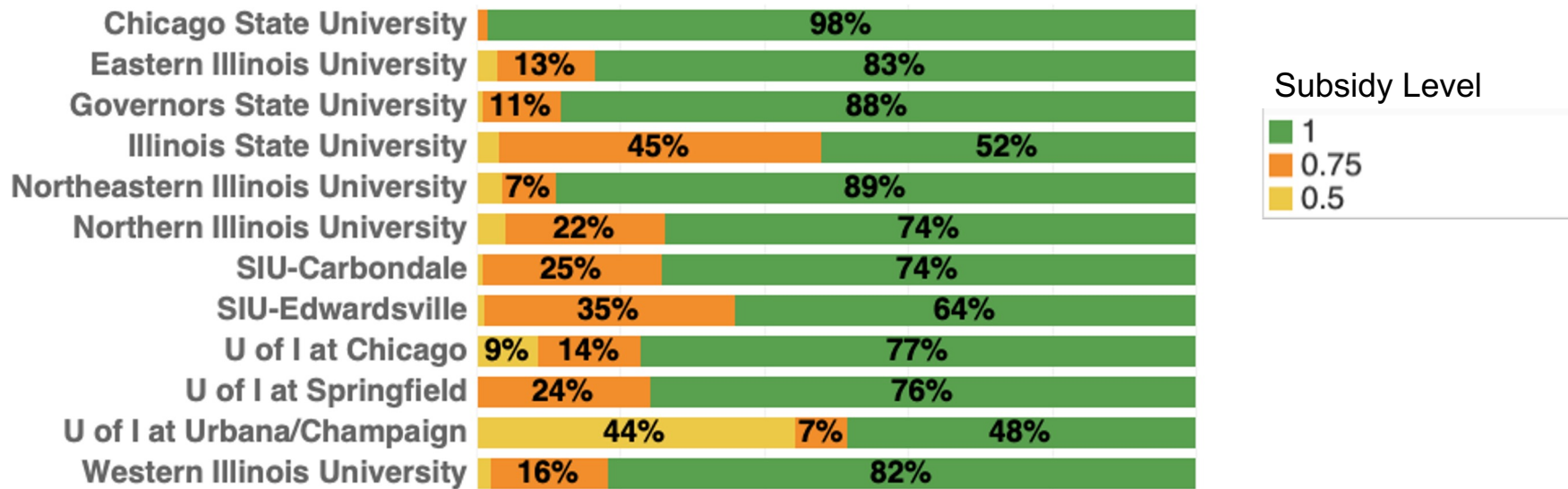
		Base	URM	Low-Income	EBF	Adult	Rural
In-State	Undergrad	50%	+50%	+50%	+25%	+25%	+25%
	Grad	25%	+50%				
Out-of-State	Undergrad	25%	+25%				
	Grad	0%	+25%				

Subsidies are additive but capped at 100%

ESS is the percent remaining after applying the subsidies

- e.g., 75% subsidy = 25% student share

# Strawman Level Output



Using the imputed data, 86% of Illinois undergraduates are in either the 75% or 100% subsidy levels (or 25% and 0% ESS). This dilutes the prioritization of each characteristic, particularly race and income. The total ESS was also too far below current UIF (\$1b).

# Revised Subsidy Levels

		Base	URM	Low-Income	EBF	Adult	Rural
In-State	Undergrad	30%	+50%	+50%	+10%	+25%	+10%
	Grad	15%	+50%				
Out-of-State	Undergrad	10%	+25%				
	Grad	0%	+25%				

- Reduce the base for each group - this creates more room for the impact of the subsidies linked to student characteristics.
- Reduce subsidies for EBF and Rural, based on TWG and Commission feedback
- Produces an ESS of \$1.77 billion - \$500m less than current UIF – and an overall ESS Index of 50%

# Examining EBF Tier

EBF Tier	Not Low-Income	Low-Income
1	36%	64%
2	63%	37%
3	55%	45%
4	61%	39%

EBF Tier	Not URM	URM
1	40%	60%
2	76%	24%
3	72%	28%
4	76%	24%

- EBF Tier 2 students are more like Tier 3 & 4 students than Tier 1 students along lines of income and race.
- Over a third of EBF Tier 1 students are not low-income.
- This could be reason to:
  - Provide different subsidies for Tiers 1 and 2, and/or;
  - Make the EBF Tier subsidy conditional on low-income status.

# Alternative Approaches for EBF Tier

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- 1) Provide different subsidies for Tiers 1 and 2  
e.g., 25% for Tier 1, 10% for Tier 2
- 2) Make the EBF Tier subsidy conditional on low-income status.  
e.g., 25% for Tier 1 or 2 for low-income students only

# Alternative Approaches for EBF Tier

- EBF Tier is the only subsidy for about 20,000 Illinois undergrads (~20%).
- The income-conditional option creates a very bimodal distribution.

Subsidy Level	Model Baseline 10% for EBF Tier 1 or 2		EBF Tier 1: 25%; EBF Tier 2: 10%		EBF Tier 1 or 2: 25% - conditional on low-income		No EBF Subsidy	
30%	13%	14,392	13%	14,392	33%	34,855	33%	34,855
40%	20%	21,315	16%	17,439	5%	5,456	5%	5,456
50%	4%	4,605	3%	3,512	0%	0	0%	0
55%	0%	255	4%	4,131	3%	3,126	3%	3,126
65%	3%	2,889	3%	3,713	1%	614	1%	614
75%	1%	596	0%	515	0%	0	0%	0
80%	6%	6,656	6%	6,926	15%	16,486	25%	26,612
90%	19%	20,409	12%	12,390	1%	840	3%	3,478
100%	33%	35,628	41%	43,728	43%	45,367	31%	32,603
ESS Index	50%		49%		52%		53%	

# Options for EBF Tier data in the final model

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Instead of the current imputed data, for the final model we would recommend either:

- 1) Deriving a socioeconomic status measure based on the school's zip code.
- 1) Use a more sophisticated multivariate imputation, with IBHE collecting better EBF Tier data in future years

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Implementation Team Report Out:  
Formula Upkeep

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# Funding Formula Review Committee

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- Mix of current Commission members and new members
- Representatives from each university and representatives of key stakeholder groups
- A technical subcommittee of the larger Funding Formula Review Committee will develop recommendations for the larger committee
- Would consider new data as it becomes available (low-income other than Pell, first-gen, student parents, student with disabilities)
- The Committee would be charged with providing IBHE with recommendations for adjustments and a formal evaluation of the formula on a periodic basis

# Review Process

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- A formal review at least once every 5 years (begin after the 4<sup>th</sup> year of the formula), but allow for more frequent if a problem is identified
- Aligned w/ IBHE strategic plan timing as much as possible
- The legislature grants IBHE the authority to make most of the formula changes within the approved funding formula framework
- Only major policy changes would go to the legislature for approval

# Formula Upkeep

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- Use the Midwest inflation rate to adjust the elements in the formula (base costs, equity adjustments)
- Use a 3-year rolling average for institutional data utilized in developing the target

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# Implementation Team Report Out: Accountability and Transparency

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Implementation Team Report Out:  
Future Adequacy

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## Public Comment

Instructions for Members of the Public:

Please wait for your name to be called. Public comments will be limited to three (3) minutes per person.

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# Workplan & Next Steps

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<b>September 8</b>	- TWG off-cycle meeting to discuss model
<b>September 14</b>	- TWG meeting to refine draft recommendations for Commission meeting
<b>September 21</b>	- Commission Meeting (10:30am-1:30pm CT)
<b>September 28</b>	- TWG incorporates Commission feedback
<b>October 12</b>	- TWG incorporates Commission feedback
<b>October 20</b>	- Commission Meeting (9:00am-12:00pm CT)

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# Adjournment

Next Workgroup Meeting: September 8, 2023

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