IL Funding Commission
Technical Workgroup meeting
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Public Comment
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Thank you for the opportunity to offer public comment. I will focus my comments on the discussion of equitable student share, which I have provided comments on before. All of those prior concerns remain with the use of this conceptual model, but my focus today is to address some of the details that were specifically discussed during this meeting. I also address a few process concerns and accountability ideas that were discussed today.

<u>Equitable Student Share Concerns</u>

Accountability Metrics

It seems to me that the equitable student share is meaningless without clarity on the accountability metrics and how they would be applied to institutions in relation to this part of the formula. It still appears that the equitable student share will place pressure on institutions to raise tuition, which is contrary to the intent to create a formula that improves affordability in the state.

Robin Hood

The equitable student share is codifying a "robin hood" model at the student-level. It is stating that those who can pay will be subsidizing those who cannot. This is a shift from having the state have the responsibility for access and equity to being a responsibility shared by all tuition-paying students. This is a big shift in messaging and expectations. Public higher education is therefore no longer a state-supported good, but rather enrolling in a university would now carry with it the responsibility for individuals to provide financial resources to support their peers to promote access in an equable manner. This approach is treating student tuition as a public good, which I have argued before is not a reasonable conceptual model for thinking about tuition paid by individuals. Practically, I think this logic has the potential to push students towards private institutions where the tuition dollars paid are seen as a private good and focused on supporting the individual who paid those tuition dollars.

Growing Enrollment vs. Raising Tuition

Both growing tuition and raising enrollments contribute to institutional revenues. The model does not fully account for institutions shifting enrollments. I would like to encourage this group to identify state goals for enrollments. Can benchmarks be identified based on something like state workforce needs? This would allow enrollment growth or maintenance goals that could be clearly articulated in this model and incentives can be aligned to enrollment targets.

Student Aid

More clarity is needed on how different types of student aid enter the model. Based on the discussion of equitable student share, it seems that MAP and Pell are being counted as 100% a student resource. This raises the concern that state subsidies for low-income students will decrease and subsidies will be redirected to middle- and upper-income students. It also sounds like institutional aid is 100% an institutional resource. This is problematic for institutions since this money is not spent on operations, but rather is spent by students.

In-State Residents and Subsidies
There seemed to be some concern that all in-state students would receive subsidies. I feel the need to remind the group that this is currently the status quo. State support for higher education is derived from the collection of taxes paid by residents. As such, it makes sense for the state to subsidize those resident students who already paid to support the universities in the state. Moving to a model that no longer offers subsidies to some in-state residents (thereby treating them as out-of-state students) is concerning.

Focus on Undergraduates
The equitable student share measure is too focused on undergraduates and does not reflect institutional student bodies. This is problematic for graduate students, adult students, and some fields (like medicine).

EBF Teir Subsidies
I am concerned about mixing levels of analysis between K-12 schools and individuals. I would encourage the group to keep each measure at a single level of analysis. I will also point out that shifting to a model based on school zip codes is still a school-based measure and would have the same problems that were identified on the EBF Tier subsidies.

Assuming Growth in State Support
The assumption that there will be ongoing growth in state support is not consistent with past patterns. The group should be much more explicit about how the formula will work during years where funding levels are decreased or held flat.

Stability
This needs to be explicitly addressed in the formula or through policy recommendations. I published a piece yesterday in *The Chronicle of Higher Education* that might be helpful in thinking through the issue of stability and some options for solutions. You can view this article at: https://www.chronicle.com/article/higher-eds-financial-roller-coaster

Process Concerns

Tweaking the Formula when Applied to Data
I am concerned about the process of tweaking the formula to get to the "right" answer versus a process that builds a formula based on a sound conceptual model. This seems to move the formula from being based on values to being a political model (which could describe the current funding allocation process that the formula is seeking to replace). While calculating the overall price tag is important, at this point the tweaks seem like they are focused on preserving the system as it is now as opposed to changing how funds are allocated.

Concerns Raised about the Approach Not being Translated into Adjustments

The group does a good job of raising important problems with the formula. However, I do not always see changes in the model to address these concerns. It would be better if the concerns that are raised are translated into actions in shaping the model.

Accountability

Accountability is very important in this process and will drive how the formula works. I would like to encourage the group to identify benchmarks as part of this process. Ideally these benchmarks should be tied to state goals for higher education.

I will also mention that the consequences of not meeting accountability metrics need to be strong enough to influence institutional behavior. For example, Illinois' performance funding model that is still on the books offers a 0.5% incentive for meeting the metrics in that model. Arguably ½ of 1% is too small of an incentive to change behavior. I'll offer a warning that accountability as part of the new state formula should have enough teeth (with both carrots and sticks) to be meaningful.