ILLINOIS COMMISSION ON

EQUITABLE PUBLIC UNIVERSITY FUNDING

Meeting #1

Welcome to the January 5, 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 3:10 p.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
9:10 am	Introductions & Ice Breaker
9:25 am	Commission Overview & Charge
9:30 am	Workgroup Overview (Objectives, Meeting Calendar)
9:35 am	Considerations & Recommendations from the Adequacy Workgroup

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10:10 am	Considerations & Recommendations from the Resource Workgroup
10:40 am	Public Comment
10:50 am	Plan for Subsequent Meetings
11:00 am	Adjournment

Introductions

Technical Modeling Workgroup Membership

Name	Title	Organization	Other Workgroup
Corey Bradford	VP for Admin & Finance	Governors State University	None
Dan Mahony	President	Southern Illinois University	None
Michael Moss	Associate Vice Chancellor	University of Illinois Chicago	None
Mike Abrahamson	Senior Manager of Research and Policy	Partnership for College Completion	Resource
Beth Ingram	Executive Vice President and Provost	Northern Illinois University	Adequacy
Ralph Martire	Executive Director	Center for Tax and Budget Accountability	Adequacy
Robin Steans	President	Advance Illinois	Adequacy
Simón Weffer	Associate Professor	Northern Illinois University	Adequacy
Sandy Cavi	Assistant Vice President for Budgeting and Planning	Illinois State University	Resource
Kim Tran	Chief of Staff	Chicago State University	Resource
Andrew Rogers	Director, Financial Analysis and State Budget Reporting	Northern Illinois University	None
Jeanette Malafa	Director, Government Relations	Western Illinois University	None

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Commission Objectives and Charge

Strategies for a Thriving Illinois

Close the equity gaps for students who have been left behind.

Build a stronger financial future for individuals and institutions.

Increase talent and innovation to drive economic growth.

Principles for a public higher education funding system that is equitable, stable, and adequate

Build a stronger financial future for individuals and institutions.

Provide equitable funding so that students can receive the best educational experience and succeed	Support a thriving postsecondary system that enriches the state and its residents	Fund institutions sufficiently to achieve student, institutional, and state goals
Ensure affordability for all students	Recognize institutional uniqueness	Provide predictability, stability, and limited volatility

Principles, continued

Build a stronger financial future for individuals and institutions.

Include a “hold-harmless” provision	Support accountability
Support a collaborative higher education system	Encourage partnerships outside higher education

Commission Legislative Charge

By July 1, 2023, evaluate the existing funding methods and recommend specific, data-driven criteria and approaches to ADEQUATELY, EQUITABLY, and STABLY fund our public universities.

Must fulfill the principles established in the Strategic Plan and be informed by the Chicago State University Equity Working Group.

Must be equity-centered and consider 13 areas, including:

- **Remediate inequities**
- Incentives to **enroll underrepresented students**
- Monitoring and **continuous improvement**, with **transparency and accountability**
- Serve underrepresented students, **including graduate and professional students**
- Support individual institution **missions**, including research and health care
- Hold all universities **harmless to their current funding level**

Commission Goals + Scope

- Create a shared understanding of how Illinois' public universities are funded and the alignment of these approaches to critical state goals and objectives.
- Cultivate information from other state approaches for financing postsecondary education that promotes equitable access and success.
- Consider how to address the various functions of a university and account for different institutional missions.
- Develop recommendations for an adequate, equitable and stable formula centered around increasing access and success for underrepresented and historically underserved student populations while reflecting the varied missions of Illinois' public universities.

Workplan Phase I:
Common Understanding + National Context

Meeting 1: Alignment Across the Work

- Legislative Charge
- A Thriving Illinois
- Chicago State University Equity
- Principles for an Equitable, Adequate and Stable Funding Model

Meeting 2: Conceptual Definitions, Context from States and Sectors

- Definition survey and review
- K12 EBF Funding Model
- Oregon's Equity Lens and University Funding Model

Meeting 3: Conceptual Definitions, Context from Other States

- Definition survey 2 review and discussion
- Louisiana's Master Plan and Aligned Funding Model
- Colorado's Funding Model
- National Context

Meeting 4: Context from Other States, Adequacy

- Tennessee: Mission Components
- National Context
- Concepts/ considerations for PS Adequacy
- Working Session: Reflections, Components, Adequacy WG Charge

Workplan Phase 2: Analysis and Modeling

Meeting 5: Adequacy + Resources

Review + Discussion: Student-centered adequacy considerations

Other considerations to include in adequacy

Review + Discussion: Types of Resources to be Considered

Meeting 6: Adequacy + Resources

- **Review + Discussion**: Types and categories of Adequacy Components
- **Review + Discussion**: Types of Resources and Resource Mapping

Considerations for Students ability to pay

Meeting 7: Resource Mapping Data Analysis

- **Review + Discussion**: Institutional adequacy profiles
- **Review + Discussion**: Resource Mapping
- **Review + Discussion:** Gap Analysis/Formula components

Meeting 8: Technical Modeling + Implementation

- **Review + Discussion**: Modeling Distribution options

Implementation scenarios (across various projected spending levels)

Adequacy Workgroup Meetings

Resource Workgroup Meetings

Adequacy Workgroup Meetings

Resource Workgroup Meetings

Technical Modeling Workgroup Meetings

Technical Modeling Workgroup Meetings

Workplan Phase 3: Cultivating and Finalizing Recommendations

Meeting 8 (overlap w/phase 2): Technical Modeling + Implementation

- Review modeling and implementation options
- Initial recommendations

Meeting 9: Recommendations + Report Draft

- Recommendations and options

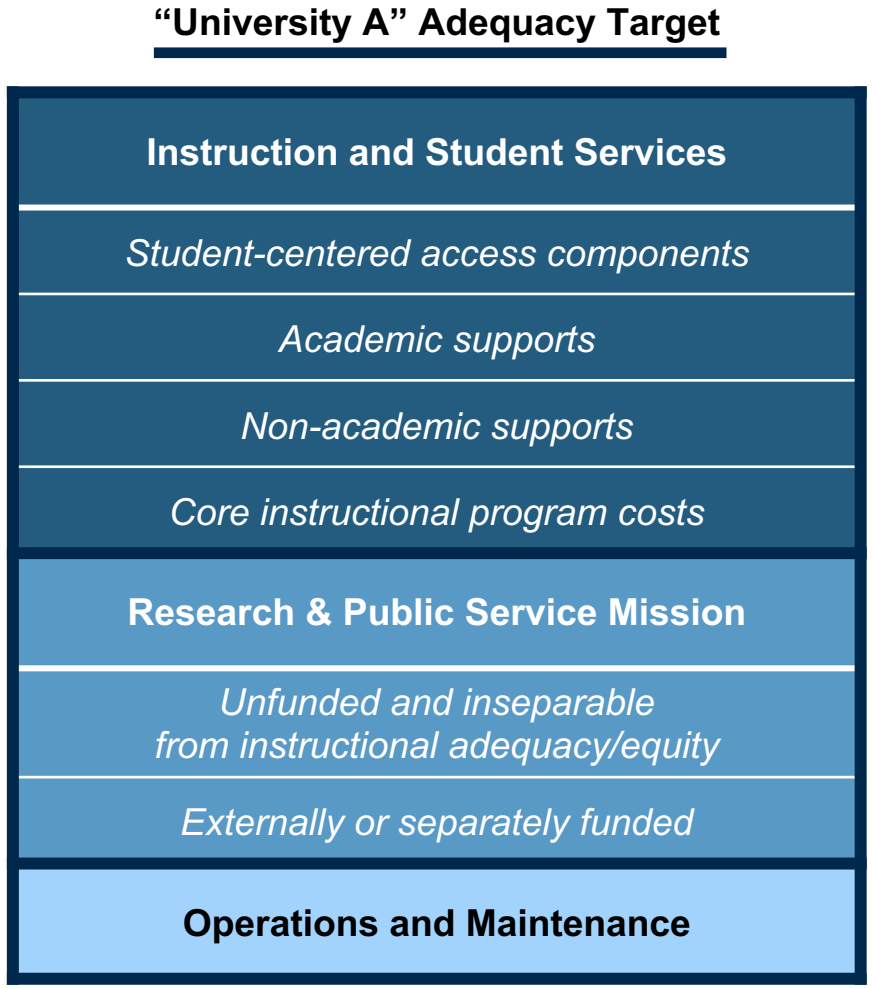
Technical Modeling Workgroup Meetings

Technical Modeling Workgroup Meetings

Conceptual Model: Similar to K-12 EBF

Start with an Adequacy Target

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. Will also reflect different research, service, and artistry mission. Cost for facilities operations and maintenance included, as well



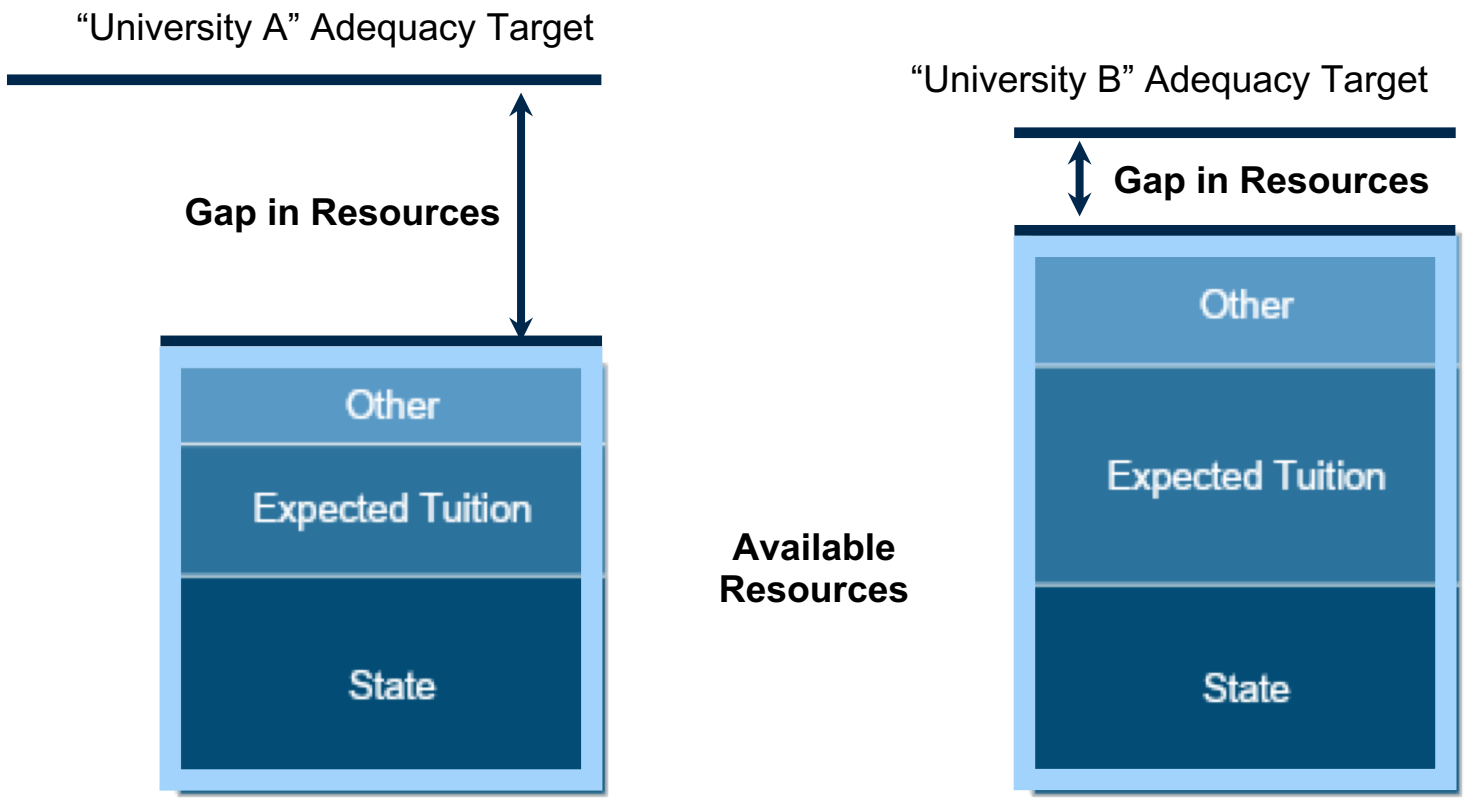
Conceptual Model

Identify Available Resources

Include existing state funding as base, account for "expected tuition," and other resources, like endowment. "Expected tuition" rather than actual tuition helps address affordability

State Funds Fill in Gap in Resources

Model to be developed, but goal to distribute new resources equitably, with more going to institutions furthest from Adequacy Target



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Workgroup Overview

Technical Modeling Workgroup

- **Charge**: The technical workgroup will build upon the conceptual framework established by the Commission (informed by the Adequacy and Resource workgroups) and begin identifying metrics/data, modeling distribution mechanisms and various funding scenarios/implementation options based on spending considerations.

  The workgroup's analysis will incorporate the components of adequacy and varying levels of resources (revenue streams) across institutions, as outlined by the Commission.

Technical Modeling Workgroup - Meetings

- The workgroup will meet every 2 weeks from Jan 5th until the end of March, with subsequent work and meetings to be scheduled.
- The workgroup will report to the full Commission in February, April, and June.

Workgroup Meetings	Commission Meetings
January 5	
January 19	
February 2	
February 16	February 13
March 2	
March 16	
March 30	April 17
Future dates TBD	June 9

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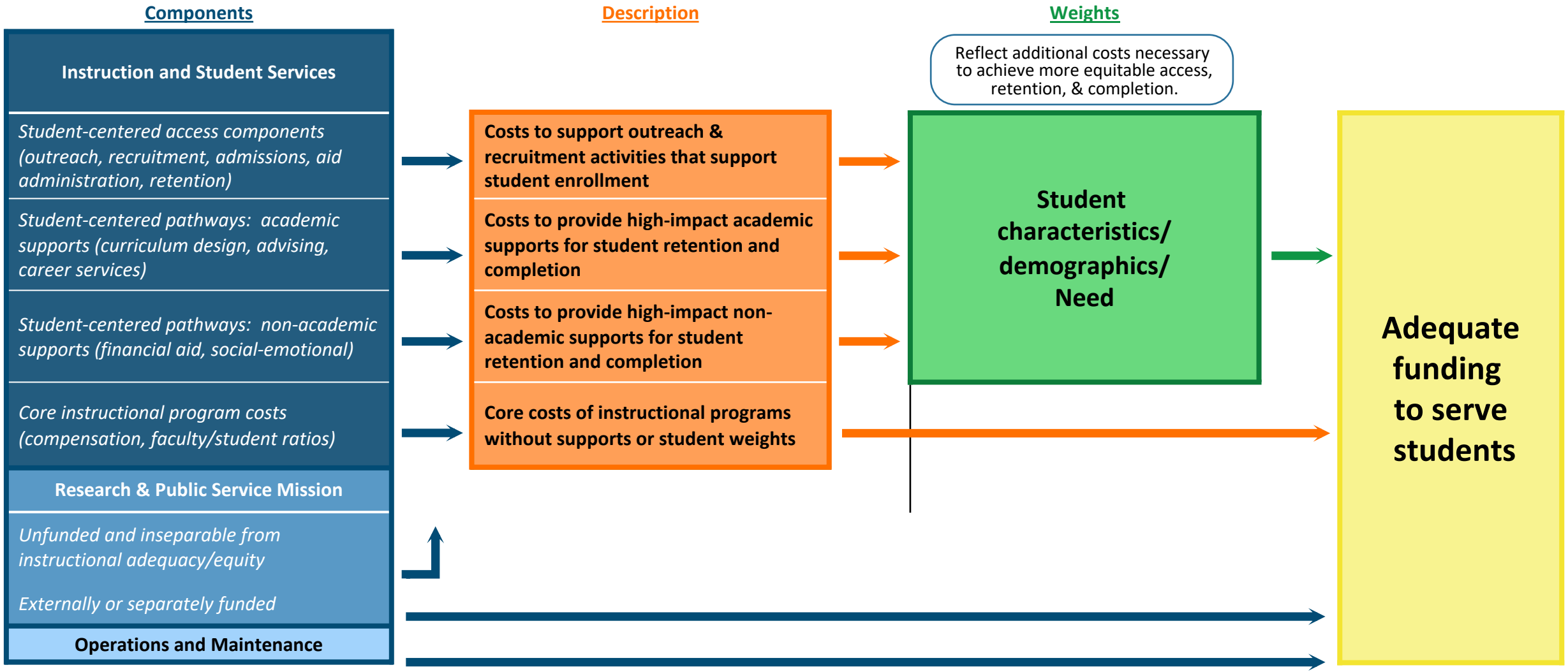
Considerations & Recommendations from the Adequacy Workgroup

Potential Model for Developing Adequacy Definition



Instruction and Student Services: Framing Analytical Questions for Adequacy

1) What does it cost to produce a desired outcome (enrollment, persistence, completion) for a student with no need factors? (“base” per student costs)
2) What is the relative difference in spending necessary to achieve similar outcomes (enrollment, persistence, completion) for students from particular backgrounds? (“weighted” per student cost)
3) Do different types of institutions (size, concentration of populations) require more spending to offer comparable services and supports?
4) What additional costs may be associated with different degree levels/program areas?

Student-Centered Access Components

Description	Rationale	Evidence-Based Practices (examples)	Potential Measures to Calculate Costs
Costs to support outreach, recruitment and enrollment of students	Outreach, recruitment and enrollment activities have costs for all students and will be higher to achieve more equitable access for underserved populations.	•Financial aid/FAFSA application support •Targeted information to low-income students and students of color from those who have gone (mentorship) •Admission application support •Financial Literacy	•Student services expenditures •Admissions office expenses •Other identifiable direct outreach/marketing expenses •Financial aid admin expenses attributable to incoming undergraduates • Student-Level Finance Measures •Cost of individual student access strategies

Student-Centered Pathways: Academic Supports

Description	Rationale	Evidence-Based Practices (examples)	Potential Measures to Calculate Costs
Costs to provide high-impact academic supports for student retention and completion	Academic supports enhance retention and completion with investment needed to ameliorate historical disadvantages and inequities	•First-Year Seminars and Experiences •Summer Bridge •Learning Communities •Undergraduate research •Career connections •Internships/apprenticeships •CUNY ASAP components (tutoring, early registration, block scheduling, transportation support)	•Total instructional expenditures •Total academic support expenditures •Specific academic support expenditures: libraries, technology •Cost studies from research/evaluation in other locations Student-Level Finance Measures •Cost of individual student pathways: Costing out the pathway of student services used by students to support retention and completion.

Student-Centered Pathways: Non-Academic Supports

Description	Rationale	Evidence-Based Practices (examples)	Potential Measures to Calculate Costs
Costs to provide high-impact supports for student retention and completion	Non-academic supports that enhance retention and completion with investment needed to ameliorate historical disadvantages and inequities	•Single Stop •Financial Aid; Emergency Aid •Social Emotional/Counseling/Mental Health Support •Housing, childcare, transportation •CUNY ASAP components (financial, personal supports)	•Total student services expenditures •Financial aid •Specific student services expenditures: advising, career services, health Student-Level Finance Measures •Cost of individual student pathways: Costing out the pathway of students services used by students to support retention and completion.

Adjustments for Student Needs

Description	Rationale	Potential Measures to Calculate Costs
Factor(s) based on student characteristics applied to base costs for access, academic supports, and non-academic supports	To reflect additional costs to close equity gaps and to fund state priorities to achieve better outcomes for target populations	•Low-income •Race/ethnicity •First generation •Academic preparation level •K-12 district resources (e.g. EBF Tier) •Students with disabilities •Undocumented Students •Students who are parenting •Working Adult •Employment history •Rurality

Academic / Instructional Core Costs

Description	Rationale	Potential Measures to Calculate Costs
Core cost of undergraduate (and graduate) instructional programs	To define a baseline cost factor for serving students without any additional supports	•Competitive compensation factors w/priority for recruiting and retaining diverse faculty •Discipline / major differentials •Faculty / student ratios

Considerations For Technical Modeling Workgroup

- Determining the right level of analysis for costs associated with evidence-based practices
- Recognizing the “Status quo” of available cost data vs. funding additional capacity to serve more students and achieve greater equity in access, retention and success
- Accounting for historical inequities in certain cost data (program/discipline)

Approaches for Measuring Adequacy

- Benchmark key student ratios
- Link to staffing costs/salaries
- Incorporate costs of effective program/services
- Apply weights to reflect the additional costs

Benchmark a Limited Number of Key Student Ratios

Sample Student Ratios
Students per Faculty/Instructional Staff
Students per Student Services Staff
Students per Academic and Institutional Support / Administration Staff

Considerations for Technical Workgroup

- What key factors (averages, ratios) are most important?
- How should these be benchmarked?
- Where are student ratios best applied?

Associate to personnel costs

Sample Personnel Costs
Avg Faculty/Instructional Salary
Non-Instructional Salary
Benefits as % of Salary
Other non-compensation expenses as % of total compensation

Considerations for Technical Workgroup

- Should faculty compensation be benchmarked by discipline? By other criteria?
- Should non-faculty compensation be benchmarked by occupation? Location? Both? Neither?
- How should non-compensation factors be derived?

Apply Weights and Adjustments to the Benchmark

Sample Adjustments for Student Needs	Rationale
First-time & transfer-in students incremental weigh	Additional costs for recruitment
Headcount	Additional costs for enrollment and retention
Black, Latinx, Low-Income students	Historical underfunding
Pell students	Additional costs
Disabled students	Additional costs
Completions	Additional costs for administration and career services
Priority programs (e.g. STEM, Social Work, Graduate/Medical)	Priority for state and/or additional costs
Small institution weight (baseline FTE added to each institution)	Additional/minimum costs

Considerations for Technical Workgroup

- How do we establish appropriate weights if a research base isn't available?

Incorporating Degree Levels/Graduate Education

Option 1	Separate graduate and medical education as one or two categories
Option 2	Include in overall formula with weights that differentiate costs (Masters, Ph.D., Medical Professional)
Option 3	Include but don't differentiate weights from those used for undergraduate education

Considerations for Technical Workgroup

- Which approach best allows for equity to be addressed within the context of advanced degree opportunities?

Potential Data Sources for Adequacy

High-performing institutions/program components in Illinois

- **Advantages**: Comparable context, data, financial structures, ease of "translation"
- **Disadvantages**: Limited #, limited range of funding and performance levels, challenges maintaining objectivity, reflects historical funding patterns

High-performing institutions/programs out of state

- **Advantages**: Wide range of performance and funding levels, sources for new ideas, easier to be objective
- **Disadvantages**: Different contexts, financial structures, data classifications, hard to connect funding to specific outcomes

Academic research

- **Advantages**: Potential for more rigorous connections between funding and outcomes, credibility with key stakeholders
- **Disadvantages**: Limited number of use cases in context of overall funding levels

O+M; Research, Service + Artistry

Operation and Maintenance

Description	Rationale	Approaches	Potential Measures to Calculate Costs
A stable foundation of financial support for essential operations.	Each institution has certain, fixed costs associated with running a university that are independent of enrollment that need to be supported.	Fixed costs that are calculated for each institution. Variable costs take into consideration specific elements, such as size, across institutions.	$ rate per square footage Equipment value (replacement cost) Flat rate calculated across all institutions Per FTE small school adjustments

Considerations for Technical Workgroup

- What are the best measures to ensure current inequities are not part of potential cost calculation?

Remaining Issues: Deferred Maintenance

- Significant levels of deferred maintenance across institutions which have implications for equity
- Discussion focused on considerations reflecting the deferred maintenance in O+M vs. treating within the capital budget process
- Next Steps: Recognize the need to address deferred maintenance and implications on equity but use capital budget process to facilitate addressing gaps

Research, Service + Artistry

Description	Rationale	Potential Measures to Calculate Costs
Funding to support the research, public service and artistry mission components of each university	Reflect the state's benefit of supporting research, public service and artistry mission of universities and ensure all students have some minimum level of access to these	Per FTE calculation that recognizes basic level of access to research, service and artistry

Considerations for Technical Workgroup

- How can equity be embedded in this component to ensure it reflects some basic level of access but also reinforces the existing mission of institutions?
- Ensure alignment with how factored into resource assessment?

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Reflecting Future Changes in Adequacy

Supporting Future Adequacy

Each component of an adequacy cost model reflects status quo/grounded in current costs.

How can the model also support and incent growth of the system toward future goals for increased and more equitable access and success?

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Considerations & Recommendations from the Resource Workgroup

Components of a University's Resource Profile

- University Income Fund (tuition and fees)
- Auxiliaries
- Grants & Contracts (government and private)
- Endowment
- Hospitals & Athletics

Reflections on Building the Resource Profile

Equity

- Resources must be evaluated through lens of equity and how they influence an institution's ability and capacity to equitably serve students.
- The key issue is not always 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?

Affordability

- Tuition increases and/or variable tuition across institutions can impact equitable access.
- The socioeconomic make-up of a school's student body affects its ability to increase tuition or charge student fees.
- State disinvestment can force schools to increase tuition to break even, exacerbating access issues for low-income students.
- A new approach should ensure that increases in tuition are not used as a "release valve"

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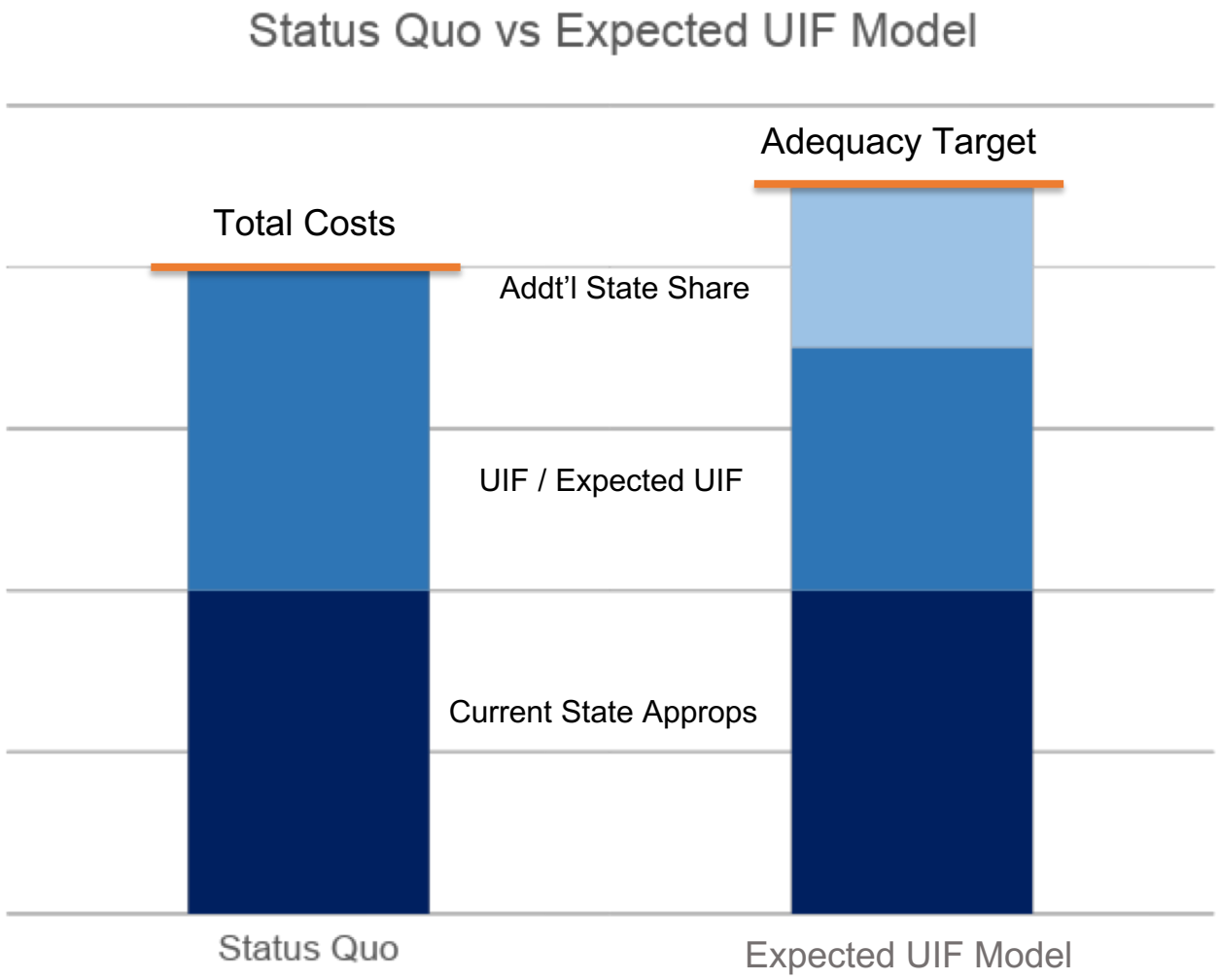
University Income Fund (UIF)

Factoring in Affordability – Using "Expected UIF"

- Currently, the state allocates funds to universities, and universities fill in the remaining gap to costs through tuition and fees, often unaffordable.
- The new model would assign each university an "Expected UIF" based on its student body, and then allocate new state funds based on the gap to the Adequacy Target.
- This example assumes:
  - The Adequacy Target is higher than the current amount a college spends to educate students
  - The Expected UIF will be lower than current tuition collected.



Calculating Expected UIF – An Example

Example "Equitable Student Share"	
Group A	$15,000
Group B	$10,000
Group C	$5,000
Group D	$0

Expected UIF =

(# Group A * $15,000) +

(# Group B * $10,000) +

(# Group C * $5,000)

- The state would establish groups of students and an "**Equitable Student Share**" that students in that group can reasonably be expected to pay in tuition.
- The groups would be based on characteristics like income, race/ethnicity, residency, undergrad/grad, and mandatory tuition waiver eligibility.
- There could be many groups or very few.
- In the examples shown here, Group D might be a mandatory tuition waiver student that is expected to contribute $0 in tuition. Group A might be an out-of-state, high-income student.

UIF – Recommendations and Further Work

Recommendations

- Use the Expected UIF model to account for student ability to pay
- Equitable Student Share groups should account for income, race/ethnicity, residency, undergrad/grad, and mandatory tuition waiver eligibility.

Further Work for the Technical Workgroup

- Create a mechanism to address when a school continues to charge high tuition, bringing in more UIF than the “Expected UIF”.
- Evaluate how to include fees, including whether they fund adequacy components, are self-sustaining enterprises (e.g. support auxiliaries), are mandatory, etc.

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Non-Appropriated Resources

Grants, Contracts, Endowments

Non-Appropriated Funds: Grants, Contracts + Endowments

Description

- **Gov't Grants and Contracts**: Revenues from local, state, and federal governments that are for specified purposes and programs (e.g., research, other priorities)
- **Private Grants and Contracts:** Gifts and grants provided to the university from individuals (private donors) or non-governmental organizations Included in this funding category are revenues provided for student financial assistance.
- **Endowments:** Income from endowment and similar fund sources, including irrevocable trusts

Equity Implications

- Capacity to bring in these resources may vary across institutions and are often self-reinforcing (institutions with higher resources have greater capacity to seek other types of resources)
- Access to these dollars can indirectly impact equity:
  - Research dollars can affect ability to recruit faculty, give students access to STEM or other opportunities.
  - Endowment can endow chairs, free up resources for other spending
- Access to private resources and endowments often reflects historical wealth inequities distributed in inverse proportion to racial/ethnic enrollment.

Initial Recommendations

- More analysis needed to develop a nuanced way to include in the institutional resource profile.

Framework for Considering Non-Appropriated Resources

Consider how access to grants, contracts, and endowments provide differential and/or inequitable capacity to institutions.

Technical Workgroup to include these resources in a nuanced way, rather than an “all or nothing”:

- What are the different resources institutions have access to?
- What are the uses and limitations of these resources?
- How do these resources impact the components of the Adequacy Target and services to students?
- What are implications for equity?
- What are considerations for including these resources in assessing an institution’s level of adequate resources?

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Remaining Issues

Auxiliaries, Hospitals & Athletics

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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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Planning for Subsequent Meetings

Planning for Subsequent Meetings

- Jan-Mar: Develop Adequacy Targets and Resource Profiles
- Mar-May: Further development of Targets and Profiles as needed; Build the formula for allocating dollars
- January 19th: next meeting
  - Begin to identify data needs, available data, and create plan for collection
  - Identify and initiate workstreams
- Start with Adequacy Targets then develop Resource Profiles, but work on issues concurrently
- Should create iterations of models for Commission to react to
- Key Remaining Issues: Hospitals, Athletics, Auxiliaries

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Adjournment

Next Workgroup Meeting: January 19, 2023