
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Technical Modeling Workgroup Meeting #12 - June 22, 2023 (9am-11am CT)
Meeting Notes

MEETING OBJECTIVES

1. Refine Expected UIF and affordability frameworks
2. Resolve high-cost program weights and concentration adjustment
3. Assign topic teams for Implementation Issues and review key questions

Welcome & Agenda Overview

Executive Director Ginger Ostro 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.

Will Carroll provided an overview of the agenda.

Action: Approval of minutes from June 8, 2023 Workgroup Meeting

Beth Ingram made a motion to approve the minutes from the June 8, 2023 workgroup meeting. Commissioner Robin Steans seconded the motion. Eleven workgroup members were present and in favor.

Equitable Student Share and Affordability Discussion

- Terminology
- Affordability Index
- Subsidy Levels
- Factoring in Financial Aid
- Incentivizing Affordability

Terminology

- Expected UIF vs Equitable Student Share
- Subsidy vs Student Share
 - Subsidies are the discount from the adequacy target based on student characteristics
 - Student share is the remaining percentage of the adequacy target after all subsidies
 - Example: a resident (25%), low-income (50%) student generates 75% in subsidy, resulting in a 25% student share.

There was discussion among the workgroup members in agreement of this shift. There was also clarification that the student share is of the adequacy target.

Equitable Student Share: Framework

The Equitable Student Share (ESS) would be calculated by applying subsidy rates - tied to certain student characteristics - the adequacy target. The greater the share of high-subsidy students a university enrolls, the lower its ESS. The Resources Profile is then measured against the Adequacy Target to calculate a gap to be filled by the state with new funding.

Affordability Index

To further simplify the communication of the ESS, the formula could use an "Affordability Index" for each university, a weighted average of the student shares. Will Carroll walked

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through a sample chart that outlines the share of students in each ESS category, the ESS Affordability Index across three sample universities. Note: the percentages in the table header represent the student share, not state share.

Commissioner Robin Steans raised the point that it's important to see how this works as a whole.

The index produces the same total revenue but simplifies the presentation and communication.

- It presents the ESS as a university-level figure, rather than an individual student-level tuition cost.
- It retains the incentives to enroll the priority populations - the more adults, rural, low-income and BIPOC students a school enrolls, the lower its ESS will be.

Sandy Cavi raised the concern that both sides of the formula are being played, resulting in an increase in numbers. Additional workgroup members shared the importance of seeing the information with real data/numbers from each of the institutions. Pell and MAP are a flow-through and follows the student throughout their institutional career. Kim Tran shared that this is a bit of a moving target, an anticipated/projected number but not necessarily representing actual numbers. If an institution continues to charge more than the ESS or increases tuition in a way that generates more revenue than ESS the state shouldn't have to fill in as much of a gap if the university is generating revenue through UIF.

Factoring in Financial Aid

We recommend the ESS represent all tuition and fees paid regardless of source, excluding institutional aid.

- Avoids problematic incentives of financial aid recipients increasing a university's ESS.
- Recognize the complex institutional decisions that go into financial aid packaging.
- Maintains the incentive to enroll low-income students and enables universities to lower tuition.

The state will still be able to calculate the portion of the adequacy target coming from state sources (operating funds and MAP) and student share of the total adequacy cost for analytical purposes.

There was a question whether this would include housing and some of the additional costs raised. Right now, it does not include fees. MAP and Pell are not interchangeable and we need to think about what they can be used to cover and how best to include these areas. Commissioner Ralph Martire walked through some of the intricacies and how this process compares to the previously completed K12 EBF formula process. Beth Ingram raised a scenario with the affordability index and tuition and whether if an institution isn't collecting X amount, does this mean their tuition would have to be raised? Will Carroll shared that the subsidy numbers are a dial and could/should be tweaked until it makes sense.

Mike Abrahamson shared that, in general, appreciates the updates and proposals presented for affordability and incentives. There is still likely more than needs to happen to ensure the proposal(s) are successful on an individual level. Commissioner Steans raised that clear expectations for students need to be laid out. Student-level clarity is tough without being too prescriptive.

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Subsidy Levels and Calculating Equitable Student Share

Will Carroll walked through the originally proposed strawman subsidy levels. The amounts represent the discount from the adequacy target and are additive up to 100 percent.

Using rough estimates of these populations, the strawman subsidy levels generate an ESS that is greater than current UIF levels, indicating the subsidy levels need to be refined. We used IBHE's annual Tuition & Fees Report to inform adjustments to subsidy levels to ensure ESS is less than current UIF.

Analysis of Subsidy Levels

Findings from the Tuition & Fees report:

- Undergrads paying \$0 out of pocket for T&F make up 20% of all students.
- In-state UGs paying full T&F still pay <50% of the adequacy target.
- 100% of T&F for Out-of-State UGs is 87% of the adequacy target.

Resulting recommended adjustments:

- Increase residence subsidy from 25% to 50%
- Increase URM subsidy from 25% to 50%
- Increase out-of-state UGs from 0% to 25%

Revised Subsidy Levels

A chart with the original strawman and revised categories was shared on screen, which included the addition of "adult" per the previous Commission meeting. Workgroup and Commission members recommended prioritizing low-income and URM students, plus adding adult students as a category. Next steps are to get counts of these populations, then see if adjustments to the subsidy levels are needed.

Commissioner Robin Steans raised a question regarding data, specifically the percent of students from EBF tier 1 and tier 2 schools. Will Carroll walked through where each data set came from. Executive Director Ginger Ostro shared that the tier 1 and tier 2 data just needs to be collected and applied, but that the data is available. Commissioner Simón Weffer shared that if there isn't some sort of subsidy that's interacting at the grad/professional level, then essentially the only people that can attend graduate or professional school are those that are independently wealthy which limits which students can attend. By focusing exclusively on undergraduates, are we "shooting ourselves in the foot?" Commissioner Ralph Martire confirmed that the focus was undergraduate based on the data available at the time. It was suggested that a line/descriptor replace the graduate/professional line in the strawman that shares that "we carry over these concepts or structures into the grad program."

Mike Abrahamson shared confusion for adding a subsidy level for out-of-state undergraduate students based on how the other levels were devised. Commissioner Dan Mahony raised the concern that in some of these areas, the data is not readily available or collected at this time. There was discussion around the number of state high school graduates/alums who are not enrolling in postsecondary education and how to enroll those students, as well as out-of-state students. Should the student characteristic categories for out-of-state students be different? Commissioner Dan Mahony raised that both conceptually and politically, it may not make sense for out-of-state undergraduate students to receive 25 percent subsidy. Maybe a cap for out-of-state undergraduate and graduate students (not to exceed amount) would be appropriate. Prioritizing in-state undergraduate and graduate students seems justifiable.

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Updated Calculation of Equitable Student Share

Actual UIF includes revenue that gets used for institutional financial aid. Because we want to exclude that revenue (institutional aid is not a component of adequacy), the ESS should be substantially lower than the Actual UIF.

Question: Is there reliable data available on the amount of institutional aid provided from UIF revenue at each institution?

Michael Moss shared that yes, they can quantify what the institutionally funded financial aid is and share. He didn't know if this was already shared in a standard report but that at UIC, this information could be gathered.

Subsidy Levels Discussion

Are these tiers for the different student characteristics appropriate?

- 25% for Rural, EBF, Adult
- 50% for URM and low-income

Should the URM subsidy be lower for out-of-state UGs and grad/prof students (e.g., 25%) than for in-state UGs (50%)? Should there be a greater subsidy for in-state graduate students than out-of-state? Currently, IBHE lacks the data to identify low-income graduate students for purposes of this model. Is that an important enough element to incorporate into these subsidies to consider new data collection options?

An income eligibility level was suggested to add. Commissioner Ralph Martire shared his argument as to why he's against adding this in. It's still appropriate for the state to be on the hook and is the right way to assign responsibility for those who attended tier 1 and tier 2 schools. Commissioner Robin Steans shared that she understood Ralph's point, but is concerned that there are students in Tier 1 and Tier 2 schools that likely are not the ones the state should be prioritizing for subsidy, especially given scarce resources. She shared that her own children graduated from CPS (a Tier 1 district at the time) and were likely not among those that state should be/intended to be subsidizing. An income eligibility overlay could be a simple way to make sure that scarce state resources are really being spent in a way that makes the most sense, is most compatible with stated priorities, and stretches them further.

Options for Addressing Affordability

ESS incentivizes universities to enroll low-income, URM, and other priority populations. It helps them to lower tuition if they choose by shifting more responsibility to the state, but does not directly incentivize that. To influence affordability, the formula could consider the following options:

- ESS vs actual external tuition revenue
- Affordability Measure (e.g. net price, percent of T&F paid)
- Both?
- Other?

ESS vs actual external tuition revenue

What it is: Comparison of an institution's ESS with "external tuition revenue," all revenue from tuition and fees paid for from sources other than the institution itself.

External tuition revenue = Gross T&F charged to all students – Gross institutional aid

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How it would work: Universities would be expected to bring their actual external tuition revenue to the ESS level, over time and as the state fulfills its obligation. The formula adjusts a university's ESS or allocation based on progress towards that goal.

Pros:

- Reflects actual resources available to the university.

Cons:

- Topline number inhibits an assessment of equity; universities could reduce costs for out-of-state or higher-income students.
- Requires a change in data reporting.

Affordability Measure

What it is: A benchmark of affordability, using metrics such as the net price or the percent of tuition and fees paid. The benchmark could be for all-students and/or low-income students.

How it would work: Example: Universities that keep their net price below \$X or reduce it by Y% a year would have their ESS decreased by Z%.

Pros:

- Ability to look at affordability for specific populations (residents, low-income).

Cons:

- Some drawbacks to both net price and percent of T&F paid as metrics.
- Does not address the scenario of a university bringing in more tuition revenue than its ESS.

A university's ESS could be lowered for meeting the threshold or making progress towards it, whether using Option 1 or 2.

Mike Abrahamson shared that the incentive of charging students, the top line view, not benefiting from increasing the UIF isn't enough to necessarily have a university shift to affordability. The proxy makes sense in an abstract view, but may not when the numbers are plugged in. He shared that it creates accountability for the wrong thing. Net price is the only option that jumps out that has the right incentives but still requires careful consideration during implementation to ensure it's working correctly.

Commissioner Robin Steans raised that there may be transparency and accountability issues that need to be addressed when all the parts and pieces come together.

Other Resources and Auxiliaries Update

Other Resources

The group has not been able to meet again since the last report out. Their next meeting would fall after the June 29th Commission meeting. As a result, there was not much of an update to share. The group was still working through some of the issues they previously raised.

Auxiliaries

The Auxiliaries group would be meeting again following the workgroup meeting. The team was looking for guidance from the full workgroup regarding what they should further focus on and consider. HCM would circulate all the presentations from the June 8, 2023 Workgroup meeting to the workgroup members. In addition, these materials are posted on the Funding Commission webpage.

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Implementation Issues Topic Teams

Will Carroll walked through the breakdown for the members of the Implementation Issues Topic Teams.

Accountability & Transparency (Mike Abrahamson, Corey Bradford, Robin Steans)

- Use of, or reporting on use of funds
- Accountability for or reporting on outcomes
- Other reporting requirements (institutional reporting to IBHE; IBHE reports)

Allocation Formula (Ralph Martire, Michael Moss, Ketra Roselieb)

- Formula for allocating new funds based on adequacy gaps
- Path to full funding
- Hold harmless implementation

Formula Upkeep (Dan Mahony, Simon Weffer, Andrew Rogers)

- Review process (structure and timeline)
- Keeping components of the formula up to date (inflation, high-cost program list, etc.)
- New data (low-income, first-gen, student parents)

Future Adequacy (Beth Ingram, Sandy Cavi, Kim Tran)

- Should initial adequacy targets be based on a target/projected enrollment rather than current levels?
- Should the adequacy target include some amount for growth/innovation?

Public Comment

There were no members of the public wishing to make public comment.

Plan for Subsequent Meetings

Will Carroll outlined next steps, including:

- June 29th Commission Meeting
 - Equitable Student Share
 - Other Resources and Auxiliaries
 - Summer/Fall Workplan
- July 6th Workgroup Meeting
 - High-Cost Programs
 - O&M Proposal
 - Other Resources and Auxiliaries topic teams continue analysis

Adjournment

The workgroup members were reminded of the upcoming June 29, 2023 Funding Commission meeting and extended an invitation to join. The next workgroup meeting was scheduled for Thursday, July 6, 2023 (9am-11am CT).

Workgroup Members in attendance

Mike Abrahamson, designee for Lisa Castillo-Richmond

Kim Tran, designee for Zaldwaynaka Scott

Sandy Cavi, designee for Aondover Tarhule

Robin Steans

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Ralph Martire
Simón Weffer
Beth Ingram, designee for Lisa Freeman
Dan Mahony
Michael Moss, designee for Javier Reyes
Andrew Rogers
Ketra Roselieb, designee for Guiyou Huang

Support Team Members in attendance

Ginger Ostro
Jaimee Ray
Jerry Lazzara
Will Carroll
Nate Johnson
Katie Lynne Morton
Brenae Smith