
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Technical Modeling Workgroup Meeting #6 - March 30, 2023 (9am-11am CT)
Meeting Notes

MEETING OBJECTIVES

1. Discuss equity-based adjustments and other adjustments across Instruction and Student Service components
2. Review concepts for Mission adequacy calculation
3. Review concepts for Equitable Student Share resource calculations

Welcome & Agenda Overview

Martha Snyder opened the meeting with general 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. Snyder then provided an overview of the agenda.

Action: Approval of minutes from March 16, 2023 Workgroup Meeting

Beth Ingram made a motion to approve the minutes from the March 16, 2023 workgroup meeting. Corey Bradford seconded the motion. All workgroup members present were in favor. Workgroup members were asked to provide an introduction and share their affiliation during the approval of minutes.

Overview of Workgroup/Review of Work Plan

Start with an Equity-Centered Adequacy Target

Martha Snyder walked through the conceptual model, similar to the K-12 EBF was shared on the screen as a reminder. 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. Equity adjustments will be made based on variable student need to reflect the priority of increasing more equitable access and success for historically underserved student populations. Adequacy will also consider research, service, and artistry missions. 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 more equitable affordability.

State Funds fill in Gap in Resources: model to be developed, but goal to distribute new state investments to institutions with the greatest gap between equity-centered adequacy target and current available resources (state, expected tuition and other).

Equitable Student Share Topic Team Report

Commissioner Martire and Corey Bradford shared out information about equitable student share, based on their conversations. Martire and Bradford have prepared a memo that they plan to share with the workgroup for further understanding and future discussion.

Martire shared that the role of Equitable Student Share is to identify how much of the ultimate adequacy target that should be paid by tuition versus state transfers. The calculation does not increase or decrease the adequacy target itself. Determining the equitable share requires a number of calculations. First, there must be agreement on the base annual tuition and fee cost (should auxiliary cost like room and board be included?).

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Once the base amount is determined, should the formula have an increase in the base amount annually? Martire and Bradford suggested that equitable student share for each in-state undergraduate student could be:

- Pell student has their share reduced by 50 percent
- Racial/ethnic minority student has their share reduced by 25 percent
- Student who attended a tier 1 or tier 2 has their share reduced by 25 percent
- Student from a rural residence has their share reduced by 25 percent

Factors would be cumulative. This would lower the expected UIF for universities with a large number of students falling into the above categories. New state money would be prioritized to these universities serving a larger portion of traditionally underrepresented students. A different calculation would be required for in-state graduate students.

Bradford shared the expectation that the state pays for 50 percent or more of the cost. This varies by institution based on the types of students they are serving. Other income (such as endowment) could come into play to lessen the burden on the student or state. Conversations around other resources would be brought back to the workgroup at a later time.

Commissioner Weffer raised the concern around stratification at the campuses. Bradford raised the idea of “incentive” to recruit these students through greater state support. Weffer raised specific examples from California. Is the model building in enough incentives?

Mike Abrahamson shared his agreement that this is an interesting start. Abrahamson echoed his agreement with Weffer’s question. Price control: how necessary for the system to work are price controls (to ensure a university cannot raise their tuition and then seek reimbursement from the state)? If a student doesn’t fall into any category, is there a tuition cap at the median tuition?

Will Carroll added that the Resource Workgroup previously talked about institutional aid and that institutions can use that aid to allocate as they wish. Commissioner Robin Steans echoed the comments previously raised. Steans asked what are the dynamics to introduce how this all works? Martire explained the theory behind the framework, where adjustments could be made and examples from the K12 EBF model. In the K12 model, students aren’t “chosen” in the same way and there isn’t a tuition factor.

Commissioner Mahony shared his concern regarding the focus on the contribution of the student on their education. A good portion of the funding they receive is from the federal government (Pell). Mahony’s concern is how we are explaining the process/parts and how complicated it gets.

Mike Abrahamson shared that, in general, when talking to students they respond positively to costs that are equitable, predictable and kept low. Research speaks to how this type of a policy can lead to increased enrollment.

Nate Johnson asked about the advantages of starting with an amount and discounting versus starting with zero and creating a positive expectation based on ability to pay? Martire talked through some of the examples and how to communicate the language. Johnson shared the possibility of one more step when the adequacy target is calculated that shares that “everyone gets a discount” or “every Illinois resident gets a discount.”

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Beth Ingram shared concern around residency of students as a factor. There is a state interest in attracting out of state students to Illinois.

Equity and Other Adjustments to Instruction and Student Share

Key Topics for Today's Discussion

- Equity Adjustments: tiers of support
- Core Instructional Costs

Proposed Approach to Calculating Adequacy Targets

Will Carroll walked through the proposed approach to calculating adequacy targets.

- Baseline using Revenue and Expenditures Report
 - Start with the per pupil funding levels derived from expenditures in the R&E report.
 - Adjust the R&E categories slightly to match adequacy categories.
- Adjust the Base to Benchmarks
 - Recognizing all students have been affected by historical disinvestment, increase the status quo per pupil expenditures to a sufficient level.
 - Adjust each category using an agreed-upon factor or better data source.
- Adjust for Equity
 - Ensure equity by adding weights to the adjusted base for student, program, and institutional characteristics.

Adjusting for Equity

Best Practice Interventions

- In this approach, we identify research-based interventions specific to each adequacy component that improve outcomes and equity for target populations
 - Student Centered Access
 - Academic & Non-Academic Supports
 - Core Instruction Costs

Tiers of Academic & Non-Academic Support "Packages" and Cost/Student for Equity Adjustment

- Intensive: \$8,000
- High: \$6,000
- Medium: \$4,000
- Low: \$2,000
- Package costs based on best-practice interventions: the most effective had higher costs around \$5,000 per student, but interviews indicated that some students required more services than what the average cost implies.

Academic & Non-Academic Support Tiers

Recommended approach to identifying which students would be eligible for the equity add-on associated with each "package":

- Base the level of service needed on the current outcomes gap in IL, creating tiers based on natural breaks in the data.
- Students with multiple characteristics would be placed into the tier above the tier of their highest characteristic.

Carroll walked through a chart on the screen that outlines student characteristics, retention rate (median institution gap, statewide gap) and the possible tier that students with these characteristics would fall into. Carroll also walked through six-year graduation rate gaps

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(nationally) for black/african american, Pell, hispanic/latino, black/african american + Pell, hispanic/latino + Pell, age 25+, and students with children.

- National graduation data show similar outcomes and relative gaps among groups of students to IL retention rate data. It also indicates the added impact of multiple characteristics.
- The national data is not limited to first-time, full-time students, so adults and students with children that enroll mostly part-time have much larger gaps.

An example chart with the tiers (intensive, high, medium, low) and the student characteristics was shared for discussion.

- Transfer students have better retention rates than first-time, full-time students, including by subgroup (e.g., Pell transfer students have better retention rates than FTFT Pell students).
- Other populations:
 - Students with children
 - Students with disabilities
- Are there ways we can identify which tier they could be assigned to?

Academic & Non-Academic Support Adjustments

Discussion Questions:

- Does a tiered set of services approach make sense?
 - Workgroup members shared that this set of tiers makes sense. Beth Ingram raised a point around race/more than one race and how institutions could receive more/less money based on how students classify themselves.
 - First generation students? HCM shared that the data wasn't available from IBHE. This is important to add to the conversation, somehow.
- Are the number of tiers (4) and costs right?
- Is the approach to identifying which students get which tier of service right?
- What other services or interventions should be included in the equity add-on for these components?

Student-Centered Access: Equity Adjustments

- The equity adjustment could match funding to programs that increase the enrollment of traditionally underrepresented students.
- Bottom Line has the most rigorous evaluation and impact among those listed here, but there may be others.
 - Upward Bound: \$4,900 per student
 - Bottom Line: \$1,000 per student
 - Talent Search: \$540 per student
 - College Advising Corps: \$170 per student
- Discussion Questions:
 - Should we use a tiers approach for this component?
 - Are there other practices that should be part of the add-on to the access component?
 - Which students should get this add-on in the formula?
 - How can we apply the add-on to ensure schools enrolling lots of first-gen, low-income students are adequately funded for their work AND schools with low enrollment are incentivized to increase their outreach and recruitment?

Core Instructional Costs: Equity Adjustments

- Most of the adjustments to close equity gaps would be through Academic & Non-Academic Supports

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- The Adequacy Work Group included a recommendation to include the costs of recruiting and retaining a more diverse faculty.
- UI-Chicago Underrepresented Faculty Recruitment Programs: \$667 per student
- Discussion Questions:
 - Are there other programs to use as benchmarks for this adjustment?
 - Are there other equity adjustments to instruction costs that should be made?

Commissioner Steans asked if this is where concentration of students who are higher need could/should be factored in? Sandy Cavi asked whether there has been thought/discussion about combining categories to simplify the model.

Core Instructional Costs Baseline

Core Instruction Costs: High-Cost Programs

- Certain programs and courses have higher costs due to small class sizes, higher faculty salaries, or lab and other resource requirements.
- The per student Core Instruction Cost should account for some of this variation as a way to adjust for the programmatic differences across institutions.
- Without an adjustment for high-cost programs, the formula could undercount the existing Core Instruction Costs at institutions with a large share of high-cost programs.
- Proposed Approach:
 - Calculate a university's Core Instruction Costs adequacy target using two costs: an average for high-cost programs and an average for all other programs.
 - Identify the high-cost programs and the premium amount using IL Cost Study data as well as other state examples.

Carroll shared the baseline cost per student calculation and example calculations on screen for the workgroup to review and discuss.

Beth Ingram shared that there is a lot of variability in costs within a program across institutions. A high cost program at one institution may not be a high cost program at another institution. In North Dakota, when they created their funding formula there was compensation for high cost/low cost by level of the course work (intro coursework, upper division courses, med school, law school, etc.). Michael Moss flagged that the workgroup hasn't spent much time discussing about professional programs. Commissioner Mahony flagged that even in graduate education, engineering programs can be a much higher cost than other programs.

Nate Johnson walked through cost study relative weight charts for Florida (2019), Minnesota (2020), Texas (2022) and the change in relative weights in upper undergraduate relative to business (Texas, 2002-2022).

Moving forward, HCM can look at the data for the high cost programs, based on the Illinois data, and the populations where an equity adjustment makes sense to bring back to the group.

Planning for Subsequent Meetings

HCM walked through the timeline, meeting schedule and workplan moving forward, outlining the next full Commission meeting (April 17, 2023) and noting that workgroup members would likely be asked to present at this meeting. The workgroup plans to continue to meet bi-weekly until at least June.

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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 she wanted to problematize the characterization of the equitable student share category that the meeting started with today. In his opening remarks, Commissioner Martire equated local revenues in the K12 EBF formula to tuition paid in higher education. This is very concerning along a number of dimensions, and Ms. Delaney urged the technical working group to question this conceptual framing and to seek an alternative. She shared that local property taxes are public funds that are contributed to by all members of the community to support local schools. The underlying idea is that all members of a community benefit from providing education to kids. People without kids and those whose kids have graduated continue to pay into the property tax base to support education as a public good. Ms. Delaney stated that tuition does not function in this way. First, tuition is a private burden, not a public one. Only those students who are admitted to institutions are asked to pay tuition. Because of this the prices faced by students are vastly different and reflect both the stratification of institutions and stratification of students within institutions. Relatedly, as mentioned by Commissioner Steans, selective admissions greatly shapes tuition prices faced by students and the markets in which institutions operate, which largely shapes each institution's ability to set tuition prices. Second, the public universities are not locally serving and instead have the entire state as their service area ("Illinois" is the most common word in all public 4-year institutional names). Local revenues are non-existent for most of the 4-years in most years. A better analogy in the EBF formula is that state general appropriations are like local property taxes since these are both related to the service area and are public tax funds. Ms. Delaney shared that moving to think about tuition as a "public benefit" holds great risks of creating a regressive system, which will work against equity goals. She shared that currently all in-state students receive a "discount" by paying in-state tuition rates as such the tuition prices themselves reflect the subsidy values provided by the state as mentioned by Beth Ingram. Building a formula like this ignores how the pricing itself already reflects state revenues and is likely to inaccurately count state support. Third, institutions set their own tuition levels due to their independent boards. As such the burden on families to afford a particular institution varies by student and impacts enrollment decisions. Fourth, the important element in higher education is differences in family background in ability to pay among students, so there is a level of analysis problem in considering tuition to be the same as a local revenue since it fundamentally compares communities to individuals. Ms. Delaney strongly encouraged the technical workgroup to think about tuition from the student perspective, not the institutional one as a revenue stream. For students and families state funding for universities is not the same as tuition revenues. Using a student perspective will ensure a focus on affordability and access, both of which are important concepts in ensuring equity. She shared that there are three important elements that need to be considered: Clarity is needed about what is counted in the student share: Is student aid a student benefit? Are state-funded MAP grants a state benefit or a student one? Are Pell grants a federal benefit or a student one? Second, complications in tuition pricing need to be explicitly considered moving forward. Three vital areas that she shared are: Institutional aid; differential tuition (In-state, out-of-state), enrollment intensity (full-time, part-time), level (undergrad/grad, lower division/upper division), Major/field; Truth in tuition – fixed rate pricing (ties institutional hands to alter tuition levels since changes only impact

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freshmen and then are locked in for four years). Third, the equity adjustments have been presented as a broad umbrella, so using some of the same categories within the equitable student share is problematic. Ms. Delaney encouraged the group to use only one set of categories consistently across all parts of the formula. She also encouraged some thought about using these categories twice in two parts of the formula. It would likely be clearer if only used (and calculated) once as Sandy Cavi mentioned. She also offered that a viable alternative is to consider state funding to be subsidy values and to keep the formula focused on how the system is experienced by students.

Adjournment

The next workgroup meeting was scheduled for Thursday, April 13, 2023 (9am-11am CT). Due to lack of time, the Mission Team would report out first on the agenda. At the April 13 meeting, the workgroup would continue discussing Instruction and Student Services: baseline calculations, benchmark adjustments, other necessary adjustments, future of adequacy calculations. The workgroup members were asked to please review the deck sent after the 3/16 meeting and come prepared to discuss your recommendations or alternatives to the proposed approaches in that deck. In addition, the workgroup would refine ESS with further discussion and kick off O&M and other revenue topics. The next full Commission meeting is scheduled for Monday, April 17, 2023.

Workgroup Members in attendance

Mike Abrahamson, designee for Lisa Castillo-Richmond
Sandy Cavi, designee for Terri Kinzy
Robin Steans
Ralph Martire
Simón Weffer
Corey Bradford, designee for Cheryl Green
Beth Ingram, designee for Lisa Freeman
Dan Mahony
Michael Moss, designee for Javier Reyes
Andrew Rogers

Support Team Members in attendance

Jerry Lazzara
Martha Snyder
Jimmy Clarke
Will Carroll
Nate Johnson
Katie Lynne Morton
Brenae Smith