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# ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

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## Meeting #10

Welcome to the May 25, 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 10:15 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 Motion 1<br>Action: Approval of Motion 2<br>Action: Approval of Minutes from May 11, 2023 Workgroup Meeting |
| 9:10 am | Mission Proposal Revisions  |
| 9:25 am | Equitable Student Share Proposal  |
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10:10 am	Instruction and Student Services Adequacy Calculation
10:45 am	Public Comment
10:55 am	Plan for Subsequent Meetings
11:00 am	Next Steps & Adjournment

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Action: Approval of Motion 1  
Action: Approval of Motion 2

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Action: Approval of minutes from  
May 11, 2023 Workgroup Meeting

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## Timeline and Commission Meetings

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# Timeline

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Commission Meeting	Topic
Tuesday, May 30th	Updates on the adequacy target model, overview of Expected UIF concept and affordability
<i>Friday, June 9th</i>	<i>Proposed to be canceled</i>
Thursday, June 29th	Present recommendation for adequacy target, and a further refined Expected UIF and affordability proposal
September	Present complete model for Commission feedback
October	Responses to Commission feedback and securing final approval



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## Mission Proposal Revisions

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Expected UIF Proposal

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# Expected UIF

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## **Principles**

- Incentivize enrollment of historically underrepresented students
- Shift some of the cost burden from students to the state
- Increase affordability

# Expected UIF

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## **Considerations**

- The model does not specify tuition levels
- Universities can still use institutional aid as they choose
- The model doesn't dictate how a school spends the state funding (that falls under accountability and transparency)

# Expected UIF

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## Key Questions Embedded in the Model

1. How much is reasonable for students to pay (by student characteristic)?
2. What should the state share be overall?
3. Should the model produce an expected tuition that's always less than or equal to current tuition?
4. What amount should the subsidy be based off of?

These four are interconnected. The base and the subsidy amounts act as dials; the other two are outcomes we can solve for.

# Expected UIF: How much should students pay?

The model’s subsidy amounts are placeholders. What discount is reasonable for the students in these groups? Subsidies could be combined up to 100%

**Average Per Student Contribution by Subsidy Group  
(using statewide adequacy target per student)**

<b>0%</b>	\$25,592
<b>25%</b>	\$19,194
<b>50%</b>	\$12,796
<b>75%</b>	\$6,398
<b>100%</b>	\$0

Students and Associated Subsidies	
Out-of-state undergrad	0%
Graduate/Professional	0%
Resident undergrad	25%
URM (undergrad and grad)	25%
Rural	25%
EBF Tier 1 or 2	25%
Pell	50%
Mandatory Tuition Waiver	100%

# Expected UIF

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## Discussion

How well does the proposed approach support the principles?

- Students in the higher subsidy levels lower a university's Expected UIF, increasing the adequacy gap and the amount covered by the state.
- This would have to be paired with incentives (TBD) for universities to lower their tuition to match their actual UIF to Expected UIF.

Are there other approaches we should consider?

- e.g., building up based on student ability to pay rather than discounting from the adequacy target.

Does the approach do enough to address affordability?

# Financial Aid in Expected Student Contribution

- The 100% subsidy category implies a university collects no resources from those students, but many will come with financial aid.
- What does that mean for students and schools?
  - A university could charge exactly the expected per student amount in each group (net tuition revenue). Pell students in the 100% subsidy group could apply all of their grant to non-tuition costs.
  - A university could also “capture” the Pell Grant revenue and use it to lower the amount charged to other students.

	0%	25%	50%	75%	100%
Avg Expected Student Contribution per student	\$25,592	\$19,194	\$12,796	\$6,398	\$0

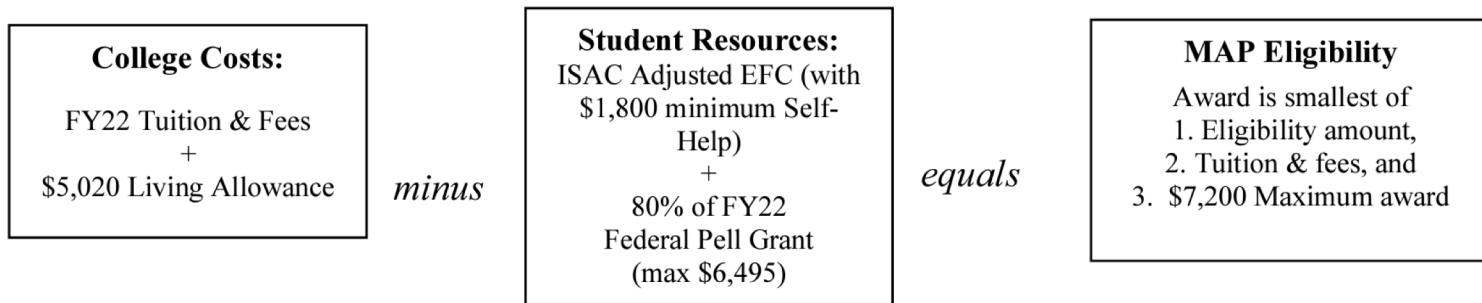


# Financial Aid in Expected Student Contribution

## MAP Grants

- MAP Grants can only be used towards tuition and fees and are captured in the UIF.
- Does MAP Grant policy tell us anything about state policy preferences that we could carry into the model?

**Figure One: Proposed MAP Eligibility Formula**



# Financial Aid in Expected Student Contribution

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## Discussion

- Should the subsidy amounts reflect how much the student contributes after paying with federal/state/private aid? Or should we factor in financial aid to the expected contribution after assigning the subsidy categories?
- Should the model encourage Pell to be used for costs beyond tuition and fees? If so, how?

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# Equity-Centered Adequacy Targets

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# Adequacy Target Discussion

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- Revisiting the calculation of the base
  - Expenditures from all revenue sources vs from State/UIF
  - Statewide average expenditures
  - Benchmarking adjustment

# Calculating the Per Student Base Funding

Instruction and Student Services Adequacy Component	Current Per Student Expenditures	Benchmark Adjustment	Per Student Base Funding	Equity Adjustment	Per Student Adequate Funding
Student Centered Access	\$1,070		\$1,401	\$500-\$1000	\$1,901-\$2,401
Academic Supports	\$1,070		\$1,401		
Non-Academic Supports	\$1,003	\$4,276	\$1,313	\$2,000-\$8,000	\$4,714-\$10,714
Core Instruction Costs	\$10,714		\$14,020		\$14,020
Subtotal	\$13,858	\$4,276	\$18,135	\$2,922-\$9,422	\$21,057-\$27,557

Adequacy Component	Per Student Base Funding	Equity Adjustment	Per Student Adequate Funding
Mission (Research, Public Service, Artistry)	\$1,200		\$1,200.0
Institutional Support	\$1,588		\$1,588.0
O&M - Physical Plant (per sq ft)	\$9.0		\$9.0
Total Per Student Adequate Funding			\$26,252-\$32,752

# Calculating the Per Student Base Funding

Adequacy Component	Expenditures per Headcount			Benchmark Adjustment	Per Student Base Funding
	FY2022 - Expend from State & UIF Revenue	FY2022 - Expend from All Rev Sources	Recommended Base		
Student Centered Access	\$827	\$1,070	\$1,070	\$4,276	\$1,401
Academic Supports	\$827	\$1,070	\$1,070		\$1,401
Non-Academic Supports	\$317	\$1,003	\$1,003		\$1,313
Core Instruction Costs	\$8,269	\$10,714	\$10,714		\$14,020
<b>Total</b>	<b>\$10,240</b>	<b>\$13,858</b>	<b>\$13,858</b>	<b>\$4,276</b>	<b>\$18,135</b>

The model uses expenditures from all revenue sources (as reported to by universities to IBHE) in Instruction and Student Services as a starting point. The reasons are:

- 1) Expenditures in these categories directly impact an adequate education
- 2) The benchmark adjustment is based on Education & Related Expenditures, which come from any revenue source

# Expenditures from Other Revenue Sources – Data Issue

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Some expenditures from Other Revenue sources in Instruction and Student Services appear to be unrelated to the definition of adequacy.

**Example:** UI-Chicago has ~\$280 million in Instructional expenditures from other revenue sources. Much of that goes towards its clinical program, which is likely not related to the core concept of adequacy for all universities.

**Impact:** Including those unrelated expenditures increases the per student base funding and, hence, the total adequacy target for all schools. If Expected UIF is based on the adequacy target, it also increases the expected student contribution. This has a system-level impact but does not affect any specific institution's gap, since individual expenditures don't factor into the model.

# Expenditures from Other Revenue Sources – Data Issue

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## **Options:**

- Stick with the current approach (may inflate the true cost of adequacy)
- Scrub the data to remove unrelated expenditures (very high burden, unclear what should stay in or out)
- Use only expenditures from State Approps & UIF revenue (may understate true cost of adequacy, may have equity implications)

**Discussion:** Are there concerns with or questions about using the current approach (expenditures from all revenue sources for the Instruction and Student Services baseline)?



# Statewide Average Expenditures

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The model uses the statewide average of per student funding as a starting point in defining the per student base funding – then adjusts based on external benchmarks (grad rate). Some universities currently spend more than that starting point, some spend less.

**Rationale:** The benchmark adjustment is based on the statewide graduation rate, which is partially a function of the statewide spending. The intent is to define a standard amount (and standard adjustments for student and school variations) that represents an adequate funding level at all institutions regardless of their current spending levels.

# Statewide Average Expenditures

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**Impact:** After adding the benchmark and equity adjustments, all universities have a higher per student adequacy target than their current spending. Using the statewide average limits that increase for universities spending above it.

**Options:**

- Stick with the current approach
- For individual institutions, use the greater of the statewide average or its current comparable spending (by including actual expenditures in the model, the data concerns mentioned re: statewide average become more problematic)

**Discussion:** Are there concerns or questions about the current approach (statewide average) as the basis for developing the per student base funding amount?

# Calculating the Per Student Base Funding

Adequacy Component	Expenditures per Headcount			Benchmark Adjustment	Per Student Base Funding
	FY2022 - Expend from State & UIF Revenue	FY2022 - Expend from All Rev Sources	Recommended Base		
Student Centered Access	\$827	\$1,070	\$1,070	\$4,276	\$1,401
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The benchmark adjustment is based on the expenditures of high-performing institutions and research linking expenditures to graduation rates, with a target of increasing the overall Illinois graduation rate from 63.3% to 70%.

# Benchmark Adjustment Analysis Refresher

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The \$4,276 was derived from external comparisons:

1) **Outcome Target** – Research indicates an additional \$600/FTE increases undergraduate completion by 1 percentage point. For a 70% statewide grad rate goal, additional per student investment needed = **\$4,276**

2) **High-Performing Institution Comparison** – Compared Education & Related expenditures at high graduation rate schools and at IL universities. The increased investment was very similar to the amount derived in the Outcome Target approach.

# Calculating the Per Student Base Funding

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## Discussion

- Are there any concerns with or questions about the benchmark adjustment amount or rationale?
- What other pieces of the adequacy calculation do you want to revisit in more detail at our next meeting?

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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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## Next Steps

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# Next Steps

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- Commission Meeting on Tuesday, May 30<sup>th</sup>
  - Present the current status of equity-centered adequacy targets
  - Introduce Expected UIF and affordability concepts
- New topics continue analysis and present findings next meeting:
  - O&M, Other Resources, Auxiliaries
- Assign the Implementation Issue topic teams
- HCM to disseminate updated adequacy and expected UIF calculations to the workgroup based on workgroup and Commission feedback



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# Adjournment

Next Workgroup Meeting: June 8, 2023

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