
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Technical Modeling Workgroup Meeting #10 - May 25, 2023 (9am-11am CT)
Meeting Notes

MEETING OBJECTIVES

1. Discuss the Mission proposal
2. Discuss Equitable Student Share including subsidy groups, subsidy amounts and how to factor in financial aid
3. Resolve the Instruction and Student Services adequacy calculation

Welcome & Agenda Overview

Executive Director Ginger Ostro opened the meeting with a general welcome and notification that the workgroup would need to vote to approve two motions before beginning.

Action: Approval of Motion 1 (Advisory Bodies to Continue to Remain Virtual)

The Technical Workgroup of the Illinois Commission on Equitable Funding ("Technical Workgroup") adopts procedural rules in compliance with the Illinois Open Meetings Act (5 ILCS 120/7) to allow members of the Technical Workgroup to meet by other means than in-person meetings.

It shall be the policy of Technical Workgroup that members of this Body are allowed to meet virtually and/or telephonically, pursuant to 5 ILCS 120/7(d)(D)(ii). The Technical Workgroup is an advisory body that does not have authority to make binding recommendations or determinations or to take any other substantive action.

It shall be the procedure of the Technical Workgroup to continue to abide by the notice, posting, recording, and all other provisions of the Open Meetings Act for members of the public and other stakeholders to fully participate in the proceedings of the Technical Workgroup.

Commissioner Beth Ingram made a motion to adopt Motion 1. Ketra Roselieb seconded the motion. There were no questions or discussion. Seven workgroup members were in favor.

Action: Approval of Motion 2 (Rule for Public Comment)

This motion is to adopt a rule for public comment before the Technical Workgroup of the Illinois Commission on Equitable Funding ("Technical Workgroup").

Members of the public are offered the opportunity to address the Technical Workgroup virtually at each properly noticed public meeting pursuant to the Open Meetings Act (5 ILCS 120). The public's ability to comment at public meetings is only constrained by procedural rules put in place by each subject public body.

As such, the Technical Workgroup requires that members of the public request an opportunity to provide public comment at a time and manner specified at the beginning of each meeting. Public comment may be made virtually and/or telephonically. The Chair or designee will recognize public commenters in the order in which they registered their interest in providing comment. While the Technical Workgroup welcomes public comment, the Chair is permitted to limit the time comment may be made by an individual to no more than three minutes to permit as many comments as possible while also maintaining decorum of each public meeting.

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Kim Tran made a motion to adopt Motion 2. Beth Ingram seconded the motion. Seven workgroup members were in favor.

Executive Director Ostro shared 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.

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

Commissioner Ralph Martire made a motion to approve the minutes from the May 11, 2023 workgroup meeting. Ketra Roselieb seconded the motion. Six workgroup members were in favor.

Executive Director Ostro provided an overview of the agenda.

Timeline and Commission Meetings

Executive Director Ostro shared a proposed change in timeline with the workgroup members. After discussion with the Commission Co-Chairs, it is proposed to extend the timeline through mid-Fall 2023. The May 30, 2023 Commission meeting would be held as scheduled. It is anticipated that the June 9, 2023 would be canceled, then the Commission would reconvene on June 29, 2023. The workgroup would continue to meet through the summer, with the Commission meeting in September and October before finalizing recommendations. This proposal would be shared with the full Commission during the May 30, 2023 meeting.

Workgroup members did not raise questions or concerns for discussion.

Mission Proposal Revisions

Beth Ingram and Commissioner Weffer took feedback provided from the workgroup members and incorporated the comments into the updated proposal. Beth Ingram shared an updated spreadsheet and walked through the updates. The data in the spreadsheet was found in the HERD survey, which does provide some limitations. At this time, there wasn't a better measure. Ingram shared what each column means and where the data/information came from. An approach with three tiers of support was presented to the workgroup, as outlined in the spreadsheet.

Michael Moss shared his support for Option 1, knowing that more discussion may be needed and that Option 2 makes sense. Moss shared that 100 is too low. Mike Abrahamson asked about an option to bring the bottom up, but leave the top as is. Executive Director Ostro asked if this includes all research spending from all funds. The spreadsheet shows the average per capita, just what the institution is spending and doesn't include what the institution receives from other sources. Commissioner Martire shared an example of a correlation between the K12 EBF model and the presented spreadsheet. It makes sense to keep the R1 institutions where they are and bump up the level. Kim Tran echoed what Abrahamson and Commissioner Martire shared. Ingram shared that the consensus seems to be Option 1, with the change from 100 to 600.

Mike Abrahamson asked for clarification around increased enrollment and what happens when institutions change over time. Ingram's recommendation is that institutions use their

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Carnegie classification. To keep the model dynamic overtime, this classification would account for any changes from the institution.

Equitable Student Share/Expected UIF Proposal

Principles

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

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)

Key Questions Embedded in the Model

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

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

Commissioner Martire asked whether any consensus has emerged around the above questions. If we are working to increase affordability, the answer to question three has to be yes. Once there is an adequacy target to shoot for, there will be a number to aim for. The first two questions drive the rest of the them. Ingram noted that question three should be talking about net tuition, since there is already money going to institutions in other ways (MAP, Pell, Aim High). Nate Johnson noted that maybe "net tuition *revenue*" is more accurate.

Will Carroll shared comments that were received from Commissioners Mahony and Steans in their absence. Mike Abrahamson shared that we need to be specific when talking about accountability as to what the goal is. There doesn't seem to be a solid argument to upend the current institutional aid system. There needs to be a clear outline of who is being discussed during these scenarios. How much of the actual UIF is capturing Pell grants that are used to pay for tuition? Andrew Rogers shared that at NIU, institutional aid is expensed and waivers are a reduction. Ketra Roselieb echoed that waivers will not show in the overall income number.

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%.

Students and Associated Subsidies:

- Out-of-state undergrad: 0%
- Graduate/Professional: 0%
- Resident Undergrad: 25%
- URM (undergrad and grad): 25%
- Rural: 25%

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

- EBF Tier 1 or 2: 25%
- Pell: 50%
- Mandatory Tuition Waiver: 100%

Michael Moss shared that there are three categories of Graduate students in his opinion, including: traditional grad students, masters students and PhD students. Commissioner Martire noted that he and Corey Bradford only made recommendations for undergraduate students because the data wasn't readily available for graduate students. He suggested that the workgroup solidify a process on the undergraduate side and then look into the graduate side.

Will Carroll shared points that Commissioner Steans and Mahony sent ahead of the meeting, including:

- EBF Tiers 1 and 2 cover nearly 80% of students in Illinois. EBF doesn't discern need quite as much as some of the other student categories listed.
- Commissioner Steans would prioritize need and URM status (50% for Pell, 25% for URM, 5-10% for residency).
- Commissioner Mahony raised an advantage about having a subsidy for out of state subsidy levels due to the economic opportunity and fact that these students may stick around to stay in-state after graduation.

Commissioner Martire agreed that the EBF Tiers 1 and 2 is a significant portion of students, but is a significant portion of the population that have had a long term historic disinvestment that leads to remediation and lack of access to educational practices that help develop the literacy skills a student needs to be successful. Martire suggested that maybe Tier 1 or 2 is bumped down to a lower percentage, but that it's an important factor. He also suggested that underrepresented minorities should be bumped up to a larger percentage.

Commissioner Martire noted that there will be expected UIF and actual UIF. The expected UIF should put universities in a certain "tier." The actual UIF just reduces the gap between the adequacy target says the university should have and what's actually coming in. Kim Tran agreed that the difference between expected UIF and actual UIF will be very important. He reminded of his suggestion to factor in Pell eligibility, instead of Pell recipient.

Michael Moss chimed in with agreement of Steans' comments around Pell and URM and also added a third group: residents. Moss shared that every resident should be subsidized and receive state support in higher education.

Mike Abrahamson asked about the rural subsidy and whether the funding would be for the institution, rather than the student? The idea is to provide the funds to do additional outreach to target the rural students and get them into an institution. Can additional detail be added to ensure this reaches rural *resident* students?

Will Carroll shared that Commissioner Steans is leaning towards financially being included in the student share. For example, a Pell student would use their Pell grant to help pay their student share. Michael Moss asked whether we are trying to fund universities or the cost of attendance? Beth Ingram raised that Pell is being double counted: does it count towards state subsidy or towards the amount the student is expected to pay? Commissioner Martire shared that Corey Bradford feels strongly that students should be able to use their Pell money towards other/living expenses and not necessarily have to use it to cover tuition and fees.

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Instruction and Student Services Adequacy Calculation

Adequacy Target Discussion

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

Will Carroll walked through a chart that shows calculating the per student base funding. The chart shows the current per student expenditures, benchmark adjustment and the per student base funding.

Calculating the Per Student Base Funding

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

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

Expenditures from Other Revenue Sources: Data Issue

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.

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)?

Michael Moss raised a concern that the formula is using one adequacy target for everybody. On an institution by institution basis, some will be above the target and some will be below. His concern is that appropriations will be reduced for those who are above and that the model doesn't clearly show how each institution is impacted. This will be a topic of conversation to come. Mike Abrahamson reminded everyone that with a hold harmless, institution's appropriations will not be cut "down to a level." Maintaining language is very important. Moss underscored that the model outlined may work for many institutions, but

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

not for everyone since the cost of graduate and professional programs are much higher. These points have started to be factored in, within the high-cost program discussion.

Statewide Average Expenditures

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.

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?

Michael Moss asked whether the second option (the greater between the two) will add simplicity into the model. From a “building a model” standpoint this makes sense. Kim Tran pointed out that as we continue to think about base funding per student adequacy target doesn’t necessarily address historical disinvestment and the economy of scale. It’s important to see what the institutional adjustments are. Individuals from the workgroup (Sandy Cavi, Andrew Rogers) have been asked to think about how a small school factor can be factored in.

Will Carroll walked through the benchmark adjustment as outlined in the per student base funding chart. 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

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

- 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**
- 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.

Beth Ingram noted that this is not causal, but correlational. Nate Johnson clarified that his research was purely correlational. One of the risks is that spending is not the only factor in

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

increasing graduation rates and it should not be seen as a promise that increased spending will also increase graduation rates.

Calculating the Per Student Base Funding

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?

Michael Moss posed a question that he is the only institution with a hospital, which is not recognized in the formula. The \$45 million allocation will stay as, in the hold harmless, but is not recognized and will not gain an increase in funding. Moss would check to see if there are two separate allocations (university, hospital) or whether there is only one appropriation (combined). Executive Director Ostro asked whether the \$45 million appropriation is based on a specific breakdown. This is a topic to add to the running list of topics to circle back to. Mike Abrahamson asked how the equity adjustment works towards the goal of 70%? Clarity on how everything contributes to the goal would be helpful.

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 an important conceptual problem with the model being proposed that has not yet been resolved by the group. Especially with the expanded timeline for this work, she shared that it seems important to go back to fundamentals and to make sure that these are done in a way that will support the formula. The fundamental adequacy model equates state funding and tuition revenue. This is immensely concerning on two important dimensions. First, Tuition is not the same as state funding, especially from the point of view of students and families. Tuition is a private burden, not a public one. Only those students who are admitted to institutions are asked to pay tuition. Moving to think about tuition as a “public benefit” holds great risks of creating a regressive system, which will work against equity goals. Second, the model is equating local property tax in a K-12 adequacy model to tuition. For public four-year institutions in Illinois, there is no local property tax base. In the K-12 model, there are inequities across communities in property tax levels. The public universities are not locally serving and instead have the entire state as their service area. Local revenues are non-existent for most four-years in most years. All of the money is state money. Ms. Delaney shared that there is no need to fill in since the state money is simply allocated across institutions. If the model continues to treat tuition the same as state funding, then students are treated like “money trees” where as much revenue as possible should be harvested. This is going to move in a direction that is the opposite of affordability goals. This also works against all three of the principles that were presented as goals for the Expected UIF proposal. While it is important to address subsidies within the model, this is best done with a foundation of a strong conceptual model. Ms. Delaney shared that if there is a way to justify treating tuition revenue the same as state appropriations and conceptually equating local property taxes with tuition, then that case needs to be made. If not, then a new definition of adequacy needs to be used. If the model will only work if there are clear accountability mechanisms that will put a check on tuition growth, then clear discussion is needed about these accountability mechanisms since those will be the real policy drivers for achieving affordability in

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

this model. Ms. Delaney shared one possible solution that would be to use a considerably simplified model of adequacy. Perhaps the EBF Tier 1 or Tier 2 measures could be promoted to become the adequacy model. This would tie the adequacy concept directly to the definition of adequacy already used in K-12 system. Other subsidies can then be set for different student populations, but this would preference those students who were underinvested in by the state throughout their K-12 years first to set an adequacy floor for in-state undergraduates. A second step would be to then set a standard for how affordable college should be for these students – perhaps this group should attend college for free. This would give clear metrics and a guiding principle of what adequacy is.

Next Steps

Will Carroll outlined next steps, including:

- Commission Meeting on Tuesday, May 30th
 - 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

Adjournment

Commissioner Martire offered thanks for the support HCM has provided. Beth Ingram asked about the upcoming schedule and when additional meeting invites would be sent around. Workgroup members would receive an invite to the May 30, 2023 Commission Meeting and are invited to join. The next workgroup meeting was scheduled for Thursday, June 8, 2023 (9am-11am CT).

Workgroup Members in attendance

Mike Abrahamson, designee for Lisa Castillo-Richmond
Kim Tran, designee for Zaldwaynaka Scott
Ralph Martire
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
Jerry Lazzara
Martha Snyder
Will Carroll
Jimmy Clarke
Nate Johnson
Katie Lynne Morton
Brenae Smith