

**IL Funding Commission
Technical Workgroup Meeting
11/30/2023
Public Comment
Jennifer A. Delaney**

Thank you for the opportunity to offer public comment. I am Jennifer Delaney a professor of higher education at the University of Illinois Urbana-Champaign. I appreciate the opportunity to offer public comment today.

Today, I want to address a number of topics including truth-in-tuition, the use of tiers, modeling in both good and bad budget years, the equitable student share calculation, and medical education.

Truth-in-Tuition

While the state Truth-in-Tuition law provides predictability, which is valuable for students and families. My research has shown negative effects of the policy in Illinois such as:

- Higher In-State Tuition
- Higher Out-of-State Tuition
- Higher Fees
- Lower Appropriations

Other scholars (for instance Morphew) have also shown that fixed-rate tuition has additional negative effects such as:

- Non-Persistence Penalty
- Misleading Marketing

I have written extensively on this topic considering the impact of truth-in-tuition on tuition levels, state appropriations, and other student-based revenue streams (higher fees, higher out-of-state tuition, more out-of-state students both in terms of numbers and percent of student populations). In my written comments, I provide links to each of my published articles on truth-in-tuition. I additionally provide links to research on fixed-rate tuition policies in North Carolina and Ohio that show similar concerning effects on tuition levels in those states.

Truth-in-tuition overview article

<https://www.tandfonline.com/doi/abs/10.1080/00091383.2016.1167568>

Truth-in-tuition and tuition levels

<https://www.sciencedirect.com/science/article/pii/S0272775715000515>

Truth-in-tuition and state appropriations

<https://www.jstor.org/stable/24459431>

Truth-in-tuition and alternative student-based revenue streams (required fees, out-of-state tuition, the number or percent of out-of-state students)

https://www.tandfonline.com/doi/abs/10.1080/00221546.2016.11777420?casa_token=nET8z1_s bGwAAAAA:O5o3FMeE6SPFukHBQ84_U5bBjQu6OU19L9MQLmZ6Qvb-T2ZPDDN4fulmi9qz8WgJxdmYxMWcS6VxpsE

Evidence of fixed rate tuition policies in other states on tuition levels:

North Carolina

https://www.tandfonline.com/doi/abs/10.1080/00221546.2023.2171214?casa_token=a30LJ72c5IQAAAAA:3oSnLDPU9zBqRE2ca1EJ-0nmVhl_rBnVr92hl2DG1- uivyJjfMk3ktVEMMI4AotrS4M-gliS9_ljSKc

Ohio

https://www.researchgate.net/profile/Lindsay-Leasor/publication/343862972_Early_Impacts_of_the_Ohio_Tuition_Guarantee_Program/links/5f45765a458515b729538969/Early-Impacts-of-the-Ohio-Tuition-Guarantee-Program.pdf

Given this scholarly evidence, in other contexts and through my work on IBHE, I have advocated for the repeal of the truth-in-tuition law.

I would be happy to provide more information on this with the technical work group.

I also encourage explicit modeling that considers the restrictions of the truth-in-tuition policy, since that will directly constrain the ways in which institutions can respond to the funding formula.

In addition, this seems like a topic on which the funding commission should make a statement or policy recommendation as part of the work of the commission.

Tiers

I also want to reiterate my earlier comments to recommend against the use of tiers in the funding formula. There just are not that many public four-year institutions to necessitate the use of tiers. This also codifies and makes public favored and non-favored institutions from the state, and develops what I view as unnecessary cliffs in the formula allocations.

The small school factor also could introduce cliffs, and I strongly recommend against using any cliffs, especially multiple cliffs in a single formula.

Modeling

I think it is important to think about models in both good and bad budget years. Only considering “good” years with historically large increases from the state does not reflect the reality of anticipated budget levels from the state.

I encourage that a single formula be developed to work in all budget environments, not that one approach is used in “good” years and a different one is used in “bad” years. If state purposes and values are well-articulated within the formula, then one formula should work in all budget environments. Applying different values in bad budget times is concerning and most likely will

not yield transparency or consistency within the new budget formula. The values articulated by the formula should not change in different budget environments.

I'll also reiterate the warning that I gave at both the last IBHE meeting and the last full funding commission that the existence of the K-12 EBF formula creates a zero sum game between K-12 and higher ed. It seems unreasonable to assume that the creation of an EBF-like formula for higher ed will cause the legislature to behave in the same way that they did towards for K-12. In fact, given the existence of an adequacy-based formula in K-12, it is likely that fewer resources will be available for higher ed, especially in bad budget years. There is nothing about the formula being developed that will change higher education's role as a balance wheel in the state budget.

Equitable Student Share

I want to encourage the group to think about what it signals to students to use different percentages for different types of students. It is not clear that there is a meaningful need to use different values. Instead, I encourage the group to use a single premium amount for all targeted groups.

ESS in effect taxes low-income students for receiving need-based student aid. The incidence of this part of the formula will be to redirect more state funds through subsidy values to middle- and upper-income students. It is not clear that this is an approach that will increase affordability.

Medical education and similar programs

I would encourage the group to treat medical education and other non-undergraduate, public service programs differently in the formula. It does not make sense to fund a medical school based on undergraduate enrollments.