
ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Technical Modeling Workgroup Meeting #19 - November 9, 2023 (9am-11:30am CT)
Meeting Notes

MEETING OBJECTIVES

1. Review and discuss input on draft model
2. Discuss options for benchmark adjustments
3. Review data to inform ESS subsidy levels
4. Provide updates from implementation topic teams

Welcome & Agenda Overview

Martha Snyder opened the meeting with a general welcome and provided an overview of the agenda. It was noted that the review of the feedback on the draft model will be brief and is meant to inform future agendas.

Action: Approval of minutes from October 26, 2023 Workgroup Meeting

Ralph Martire made a motion to approve the minutes from the October 26, 2023 workgroup meeting. Mike Abrahamson seconded the motion. Ten workgroup members were present and in favor.

Overview of Draft Model Comments

Martha Snyder shared a summary of the feedback and comments on the model. Overall, comments indicated that the model is aligned with the legislative charge. There were comments around taking into account overall output to ensure stability and viability. Work remains for particular adjustments and strengthening data driven rationale. Feedback also included the need to identify potential areas to streamline/foster understanding of objectives of each model component in context of legislative charge. Keep in mind that comments are coming from different individuals and perspectives, which is not necessarily opposed feedback but something the workgroup will need to navigate.

Institutional Base Calculations Comments:

- ☐ Benchmark adjustment needs to be included
- ☐ Headcount vs. FTE
- ☐ Core Instruction Costs:
 - Better account for/increase adjustment for high cost of medical programs
 - Possibly make separate line item
- ☐ O+M:
 - Total cost underestimated
 - Reduce number of adjustments such (e.g.,) philanthropy, minor remodel, school size, physical plan
 - Final report should discuss deferred maintenance
- ☐ O+M/School Size:
 - Eligibility cliffs - consider way to smooth out
 - Rationale for adjustment levels (15% and 30%)
 - Increase weight Need to better account for high cost of medical programs (core instruction premiums and equity adjustments)

Equity Adjustment Comments:

- ☐ Student Characteristics:
 - Look at correlations of multiple student characteristics for equity adjustments

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

- Add in other student groups (SWD, parenting, first-generation)/options for inclusion as statewide data get collected
- Support Tiers:
 - Rationale for levels and \$ of tiers applied across different support categories
 - Graduate education support levels
- Faculty diversity
 - Should not be linked to overall enrollment, but tied to actual diversity of the faculty (or students)
 - Should be in the base, not equity adjustment
- Concentration adjustment
 - Need a stronger rationale for factors included
 - Increase all factors (and create greater spread between levels)
 - Apply to all equity adjustments

ESS and Other Resources Comments:

- Equitable Student Share (ESS)
 - State supporting the whole cost of college for students receiving Pell/MAP
 - Revisit/understand subsidy for out-of-state students
- Other Resources
 - Inclusion of annual giving (different views)
 - Inclusion/% of endowment (different views)

Items to be discussed/finalized

- Benchmark adjustment
- ESS subsidy levels and groups
- Faculty diversity equity adjustment
- Headcount vs FTE
- School Size and Concentration Factors
- Student characteristics for equity adjustments
- Med/Doc premium
- Acad/Non-Acad Support amounts for grad students
- Other Resources: endowment/private gift %
- Addressing Systems and SIU School of Medicine
- Auxiliaries: non T&F support
- O&M calculation

Martha Snyder opened for broad questions/comments:

- Formula does not take into account the cost of what universities are already spending from their income fund and approach financial aid.
 - To be added for further discussion, have started to think about that as part of the ESS.
- Formula is too complex. It would be helpful to have a flowchart of how calculations came together. May find that it is challenging to track down how we arrived at particular numbers and this will be hard to explain to other people. It would also be hard for universities to predict their budgets and allocations. This is a barrier to long term financial and strategic planning.
 - Agreement with the idea of a flow chart and a better way to simplify and communicate the formula to institutions and legislators.
 - Complexity in the model is inevitable but making sure there is enough predictability and understanding for institutions to plan will be important.

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

- Adequacy target will only be changing incrementally based on enrollment, changes in faculty, etc., so it won't be as difficult to project. Ultimately, there will likely be a recommendation for an amount that the state should put in every year of new funding to higher ed over and above the prior year, resulting in moderate changes in adequacy target and will be looking at how much more on top of inflation you will get. So, the issues regarding institutional planning will not be as major.
- Base funding minimum raised to explore.
- Every single element of a model will not be perfectly designed now, but we should be able to say this model gets us very close to satisfying our legislative charge. Model will be adjusted overtime.
- Suggestions for simplification of the formula can be discussed offline and raised for further discussion in future meetings.
- Communication strategy is critical and all will need to speak from the same talking points. Communication workgroup suggested in the implementation strategy.
- Workgroup is generally satisfied with the model output numbers, but is there a way to make the model more parsimonious and yield similar outcomes?
- Consider the three audiences: the legislature, the public, and the courts. Should be able to adequately discuss the model and things like weighting in order to convince these audiences.
- Suggestion that we engage institution presidents in the next few months as they will likely share similar concerns to Commissioner Mahony.

Will Carroll shared a crosswalk with the commission legislation and adequacy framework, and benchmark adjustment. During the walk through and afterwards, the following questions and discussion topics were raised:

Crosswalk with Commission Legislation and Adequacy Framework

- Suggested that there should be some weighting for underrepresented student groups given the number of times it is mentioned in the legislative guidance.
- Need to build graduate student support on the academic and non academic support side.
- Raised O&M and school size factor for future discussion.
- Model does not address medical schools.
- Suggestion that we simplify/carve things out of the model by referring to the legislative charge. For example, small school factor is not included.
 - Charge is to remediate the historical inequities in funding and some things like school size factors address that.

Benchmark Adjustments

- Concern about under counting the base funding needed before equity adjustments.
- Concern that any equating with improving graduation rates is leaning towards an outcomes based model.
 - It is a statewide number and analysis, not a school by school analysis.
- No benchmark is not a viable option.
- The challenge is that research on adequacy in higher education is very limited.
- Overall spending does need to increase, but the other objective of this is for the state to increase its contribution to that overall spend.
- Suggestion to look at inflation adjustment over time and how much institutions are underfunded in real terms based on cuts over 20 years and add that in.

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Martha Snyder presented the equitable student share. The following questions and discussion topics were raised:

Equitable Student Share

- ❑ Challenge of mixing concepts. For example, we could come up with a system based on data for assigning relative exact percentages for some of these groups, but the 30% base in state undergrad adjustment is just an adjustment based off of a state priority.
- ❑ Another challenge is overweighting things that we have good data on.
- ❑ Argument was made that whatever the number is for equitable student share, should be total cost of attendance.
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- ❑ Would like to anchor some of the higher percentages to empirical data.
- ❑ Will need to address inflation. Currently, do not have a mechanism in place to address inflation.

Nate Johnson facilitated discussion on the faculty diversity adjustment. In response to the workgroup feedback that applying \$422 to all students does not create incentives to increase faculty diversity (rewards general enrollment), presented the following:

- ❑ Option #1: Apply an adjustment based on the number of underrepresented minority faculty.
- ❑ Alternatives:
 - Amount per BIPOC faculty
 - Amount per student, weighted by percent of BIPOC faculty
 - Combination or phase in
- ❑ \$422 was based on best practice from institutions with faculty diversity initiatives.

Faculty Diversity Adjustment Discussion

- ❑ Options presented are not an adequacy-based approach, more of a performance-based approach.
- ❑ Arguments made that this approach will not work and this needs to be a separate line item that funds the initiatives known to work.
- ❑ There were doubts about the state providing special funding for these types of initiatives based on the history of state funding.
- ❑ Consider expanding definition of faculty to include full time instructional faculty, not just tenured and tenure-track faculty.
- ❑ Argument for keeping the adjustment in the formula: shows it is a priority and is an ongoing expectation of institutions to strategize to increase faculty diversity. This approach seems more stable than institutions having to compete for targeted funds.
- ❑ Differing opinions on whether to include this in the model or not and on approaches.

Implementation Topic Teams

Will Carroll shared that a few teams have met in the past couple of weeks and the allocation formula team will be meeting next week. For the commission meeting, not expecting formal presentations from the teams, but quick overviews on the issues that the teams are tackling would be helpful. The plan is for the topic teams to have their early ideas and recommendations for the commission.

Public Comment

Members of the public wishing to make public comment were given three minutes:

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

- Jennifer Delaney, member of the IBHE and faculty member at UIUC. Ms. Delaney shared that the previous commission meeting about the impact of the Supreme Court decision seems like a good reflection point and pause for the workgroup to reassess the future direction of the group and the type of formula that will be produced. Ms. Delaney introduced the economics concept: sunk cost fallacy. The idea speaks to the human desire to continue on a current path because so much prior effort has been put into that particular path. Past work should not guide what would be the best choice for how to act in the future. Ms. Delaney argued that we are in an important moment to take a pause, to have this reflection, and to figure out what should come next. She also argued that the next step does not need to be tied to prior efforts alone. Ms. Delaney encouraged the group to think carefully about the future, consider how race can (or cannot) be incorporated into this work, and to work towards something that is not overly complex. Specifically, she wanted to encourage the group to consider two simple approaches to a statewide funding formula for public four-year institutions. First, for the past few years IBHE has been recommending equitable distribution of increased state funding by the share of students on each campus that receive Pell grants. While perhaps not perfect, this approach is a simple one that will likely lead to increased equity in the allocation of state funds, especially for low-income students. This approach also does not have any race-based measures. Specifically, Ms. Delaney would like the group to model a simple approach like this to see how it allocates resources across institutions and how that compares to a complicated cost-based model. Second, in response to Nate's mention of moving towards a "free tuition" model, this too would be a simpler approach, one that does not rely on race-based measures, and one that puts affordability at the center of the approach. Specifically, Ms. Delaney would encourage the group to model a "free college" approach to see how this simple idea could be used to develop a state funding formula, what the allocations to campuses would look like under this model, and how that allocation would compare to a complicated cost-based model. Ms. Delaney asked the group to run the numbers to see how simple approaches compare to the complicated cost-based model that prior work sought to develop.

Plan for Subsequent Meetings

Will Carroll outlined the next steps:

- Commission meeting on November 17, 2023
 - Overview of formula framework and objectives
 - Outline remaining formula work
 - Review model output
 - Implementation topic update
 - Timeline
- Timeline
 - Future Commission Meetings:
 - Early January 2024: Review model & provide feedback, preview implementation topics
 - Late January 2024: Review updated model, discuss implementation topics, preview outline of report
 - Late February 2024: Close out model & implementation topics, review recommendations & report
 - March 2024: Finalize recommendations & report

ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

Adjournment

The next workgroup meeting was scheduled for Thursday, November 30, 2023 (9am-11:30am CT).

Workgroup Members in attendance

Mike Abrahamson, designee for Lisa Castillo-Richmond

Sandy Cavi, designee for Aondover Tarhule

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

Ketra Roselieb, designee for Guiyou Huang

Support Team Members in attendance

Jaimee Ray

Ja'Neane Minor

Will Carroll

Martha Snyder

Nate Johnson

Jimmy Clarke

Brenae Smith