

# ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

## Meeting #22

Welcome to the January 11, 2024 meeting of the Technical Modeling Workgroup. The meeting will begin at 9:00 a.m.

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 10:45 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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# ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

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- 9:00 am      Welcome & Agenda Overview
  - 9:10 am      Action: Approval of Minutes from December 14, 2023
  - Workgroup Meeting
  - 9:15 am      January 8, 2024 Commission Meeting Recap
  - 9:30 am      Accountability & Transparency
  - 10:15 am     Allocation Formula
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# ILLINOIS COMMISSION ON EQUITABLE PUBLIC UNIVERSITY FUNDING

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- 11:00 am      Review of Timeline
- 11:15 am      Public Comment
- 11:30 am      Next Steps & Adjournment

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Action: Approval of minutes from  
December 14, 2023 Workgroup  
Meeting

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January 8, 2024  
Commission Meeting Recap

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# Topics Covered at Commission Meeting

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- Process and Timeline
  - Three more meetings
  - Focus on key issues: ESS, Medical/Dental, Other Resources, Allocation Formula, Accountability
- The TWG will meet through January to support closing out of key issues.

# Topics Covered at Commission Meeting

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- Faculty Diversity
- ESS Subsidy Levels
- Other Resources
- Medical/Dental
  - Currently working on pulling out Schools of Medicine as separate institutions in the model

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# Accountability & Transparency

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# Allocation Formula

# Allocation Formula

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- Proposal:
  - Guardrail with remaining increases split 50/50 between the share of adequacy gap percentage and the share of adequacy gap total dollars
- Remaining Discussion Topics:
  - Size of the guardrail
  - Considerations for allocating cuts
  - How to tee up these decisions to the Commission

# Proposal Output

Scenario: Guardrail Factor = 67%; State Approp Inc = 9%; Inflation = 3%

Institution	Guardrail % Increase	Guardrail Allocation	% of Gap Unfunded	Share of % Gap	% Gap Allocation	Adequacy Gap \$	Share of \$ Gap	\$ Gap Allocation	Total Allocation
Chicago State University	2.00%	\$789,865	34%	7%	\$2,986,721	\$26,632,274	2%	\$745,866	\$4,522,452
Eastern Illinois University	2.00%	\$859,583	41%	9%	\$3,597,274	\$68,390,367	5%	\$1,915,348	\$6,372,205
Governors State University	2.00%	\$479,335	57%	13%	\$5,005,495	\$65,661,615	5%	\$1,838,926	\$7,323,756
Illinois State University	2.00%	\$1,439,333	45%	10%	\$4,022,781	\$217,456,111	15%	\$6,090,100	\$11,552,214
Northeastern Illinois University	2.00%	\$735,050	62%	14%	\$5,470,916	\$106,458,735	7%	\$2,981,495	\$9,187,461
Northern Illinois University	2.00%	\$1,815,157	46%	10%	\$4,068,312	\$187,498,717	13%	\$5,251,110	\$11,134,579
Southern Illinois University Carbondale	2.00%	\$2,713,200	10%	2%	\$853,936	\$28,699,898	2%	\$803,772	\$4,370,908
Southern Illinois University Edwardsville	2.00%	\$1,270,877	39%	9%	\$3,478,253	\$129,761,000	9%	\$3,634,101	\$8,383,231
University of Illinois at Chicago	2.00%	\$5,056,807	38%	8%	\$3,397,420	\$357,181,937	25%	\$10,003,277	\$18,457,504
University of Illinois at Springfield	2.00%	\$498,693	30%	7%	\$2,693,928	\$28,512,234	2%	\$798,517	\$3,991,138
University of Illinois at Urbana / Champaign	2.00%	\$6,161,978	11%	2%	\$946,963	\$133,537,317	9%	\$3,739,861	\$10,848,801
Western Illinois University	2.00%	\$1,025,019	39%	9%	\$3,456,573	\$77,704,461	5%	\$2,176,200	\$6,657,791
<b>Illinois</b>		<b>\$22,844,896</b>			<b>\$39,978,573</b>			<b>\$39,978,573</b>	<b>\$102,802,041</b>

# Allocation Formula - Target Increase

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Minimum State Increase to Fully Fund Adequacy by Year 15		
Inflation	% Increase	\$ Increase
2%	7.7%	\$87.95 million
3%	9.0%	\$102.80 million
4%	10.1%	\$115.37 million
5%	10.9%	\$124.50 million
6%	11.9%	\$135.93 million

*Note: All calculations assume annual increases in ESS and Other Resources equal to inflation.*

*This is not the same as an increase in current tuition levels, as ESS is lower than current tuition.*

## **\$100m per year -**

Fully funds all institutions in 15 years, assuming ~3% inflation

## **\$135m per year -**

Fully funds all institutions within 10 years.

## **\$60m per year -**

In Year 15, the state gap is 22% (down from 32%); institutions' gaps range from 11%-31%.

# Context for Discussion

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- There is a misperception that a 3% increase in state appropriation will cover the increase in costs at 3% inflation.
- However, the appropriation represents about  $\frac{1}{3}$  of all revenue from state funding and UIF (varies across institutions).
- If state appropriations are the only source of increased funding a university receives in a year (i.e., tuition is kept flat), the appropriation increase must be significantly greater than inflation.

# Total Cost Increases at 3% Inflation

UNIVERSITY	Inflation		
	Total State Funds	% Inflation	\$ Inflation
CHICAGO STATE	60,153	3.0%	1,805
EASTERN	79,737	3.0%	2,392
GOVERNORS STATE	56,506	3.0%	1,695
ILLINOIS STATE	277,873	3.0%	8,336
NORTHEASTERN ILLINOIS	87,215	3.0%	2,616
NORTHERN ILLINOIS	248,162	3.0%	7,445
SOUTHERN ILLINOIS CARBONDALE	222,354	3.0%	6,671
SOUTHERN ILLINOIS EDWARDSVILLE	171,515	3.0%	5,145
UI CHICAGO	685,696	3.0%	20,571
UI SPRINGFIELD	62,935	3.0%	1,888
UI URBANA/CHAMPAIGN	1,148,399	3.0%	34,452
WESTERN ILLINOIS	109,257	3.0%	3,278
<b>Totals</b>	<b>3,209,804</b>		<b>96,294</b>

Total State Funds equals each university's state appropriation plus its UIF.

If inflation is 3.0% and tuition and enrollment are flat, it would take a \$96.3 million increase in State Appropriations to cover all costs paid for by those funds.

# Appropriation Increase vs Inflationary Costs

UNIVERSITY	Break Even	Current Model	Variance
CHICAGO STATE	4.6%	6.2%	1.6%
EASTERN	5.6%	8.5%	2.9%
GOVERNORS STATE	7.1%	13.7%	6.6%
ILLINOIS STATE	11.6%	9.6%	-2.0%
NORTHEASTERN ILLINOIS	7.1%	11.9%	4.8%
NORTHERN ILLINOIS	8.2%	7.5%	-0.7%
SOUTHERN ILLINOIS CARBONDALE	4.9%	3.6%	-1.3%
SOUTHERN ILLINOIS EDWARDSVILLE	8.1%	8.9%	0.8%
UI CHICAGO	8.1%	5.2%	-2.9%
UI SPRINGFIELD	7.6%	8.8%	1.2%
UI URBANA/CHAMPAIGN	11.2%	3.6%	-7.6%
WESTERN ILLINOIS	6.4%	7.7%	1.3%
<b>Totals</b>	<b>8.4%</b>	<b>6.0%</b>	<b>-2.4%</b>

The Break Even is the percent increase in state appropriations required to fund inflationary costs if tuition and enrollment are kept flat.

A 6% state appropriation increase would leave a number of institutions with gaps.

# Allocation Formula - Guardrail

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A guardrail would allocate a portion of the state appropriation increase in an across-the-board manner, with the remaining increase going through an adequacy gap-based allocation.

The percent allocated this way could be calculated as:

- The lesser of inflation **or** half of the state appropriation increase.
- Apply a guardrail factor to dial back the portion of funds allocated this way.

**Example:** Inflation = 3%

State

appropriations increase = 9%

Guardrail = 3% ( $3\% < \frac{1}{2}$  of 9%)

Guardrail factor = 67%

Amount allocated across-the-board: 2% ( $67\% * 3\%$ )

Amount allocated by adequacy formula: 7% ( $9\% - 2\%$ )

# Impact on Share of Funds Allocated by Guardrail

In all situations where the State Appropriation increase is twice the size of inflation **or less**, the guardrail will allocate between 25%-50% of the funds.

Inflation = 3%; State Approp Inc = 4%		
Guardrail Factor	Percent of Formula Allocated by Guardrail	Guardrail Allocation
50%	25%	1.0%
66%	33%	1.3%
75%	38%	1.5%
100%	50%	2.0%

In situations where the State Appropriation increase is **more than** twice the size of inflation, the guardrail will always allocate less than 50% of the funds.

Inflation = 3%; State Approp Inc = 9%		
Guardrail Factor	Percent of Formula Allocated by Guardrail	Guardrail Allocation
50%	17%	1.5%
66%	22%	2.0%
75%	25%	2.25%
100%	33%	3.0%

# Impact on Adequacy Gaps

## 9% State Increase

## 4% State Increase

Institution	Adequacy Gap	Factor: 0%	Factor: 50%	Factor: 100%
Chicago State University	34%	-4.4%	-4.2%	-3.9%
Eastern Illinois University	41%	-3.3%	-3.0%	-2.7%
Governors State University	57%	-6.8%	-5.8%	-4.9%
Illinois State University	45%	-2.2%	-2.0%	-1.8%
Northeastern Illinois University	62%	-5.5%	-4.8%	-4.1%
Northern Illinois University	46%	-2.2%	-2.1%	-1.9%
SIU - Carbondale	10%	0.6%	0.1%	-0.5%
SIU - Edwardsville	39%	-2.1%	-2.0%	-1.8%
UI - Chicago	38%	-1.0%	-1.1%	-1.2%
UI - Springfield	30%	-3.9%	-3.5%	-3.1%
UI - Urbana / Champaign	11%	0.3%	0.0%	-0.3%
Western Illinois University	39%	-2.8%	-2.6%	-2.4%
Illinois	32%	-1.5%	-1.5%	-1.5%

Factor: 0%	Factor: 50%	Factor: 100%
-1.2%	-1.0%	-0.8%
-1.1%	-0.9%	-0.7%
-2.7%	-2.1%	-1.4%
-0.7%	-0.6%	-0.4%
-2.1%	-1.6%	-1.2%
-0.6%	-0.5%	-0.4%
1.0%	0.7%	0.3%
-0.6%	-0.5%	-0.4%
0.0%	-0.1%	-0.1%
-1.3%	-1.0%	-0.8%
0.5%	0.3%	0.1%
-0.8%	-0.7%	-0.5%
-0.2%	-0.2%	-0.2%

# Impact on the Minimum Increase

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Minimum State Increase for All Schools to Receive an Increase Above Inflation (\$m)			
Inflation	Factor: 50%	Factor: 67%	Factor: 100%
2%	\$76.5 (6.7%)	\$58.8 (5.2%)	\$38.8 (3.4%)
4%	\$153.4 (13.5%)	\$117.7 (10.3%)	\$77.7 (6.8%)
6%	\$230.7 (20.2%)	\$176.5 (15.5%)	\$116.5 (10.2%)

The minimum state investment to provide all institutions with at least a percent increase in state approps equal to inflation varies depending on the size of the guardrail.

# Impact on Institution's State Funding

## Percent Increase in State Approps (3% inflation)

### 9% State Increase

Institution	Factor: 50%	Factor 67%	Factor: 100%
Chicago State University	11.6%	11.5%	11.1%
Eastern Illinois University	15.2%	14.8%	14.0%
Governors State University	32.1%	30.6%	27.5%
Illinois State University	16.6%	16.1%	15.0%
Northeastern Illinois University	26.1%	25.0%	22.7%
Northern Illinois University	12.5%	12.3%	11.8%
Southern Illinois University Carbondale	2.8%	3.2%	4.0%
Southern Illinois University Edwardsville	13.5%	13.2%	12.6%
University of Illinois at Chicago	7.2%	7.3%	7.5%
University of Illinois at Springfield	16.5%	16.0%	15.0%
University of Illinois at Urbana / Champa	3.1%	3.5%	4.3%
Western Illinois University	13.3%	13.0%	12.4%
<b>Illinois</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>

### 4% State Increase

Factor: 50%	Factor 67%	Factor: 100%
5.1%	4.9%	4.7%
6.5%	6.2%	5.7%
13.2%	12.2%	10.2%
7.0%	6.7%	6.0%
10.9%	10.1%	8.6%
5.4%	5.2%	4.9%
1.5%	1.8%	2.3%
5.8%	5.6%	5.2%
3.3%	3.4%	3.5%
7.0%	6.7%	6.0%
1.7%	1.9%	2.4%
5.7%	5.5%	5.1%
<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>

# Allocation Formula - State Funding Cuts

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## Options:

- 1) Same formula as for increases (guardrail + 50/50 adequacy gap %/\$)
- 2) Across-the-board
- 3) Ratio of the statewide adequacy gap to the institutional adequacy gap to, plus a guardrail

# State Funding Cuts - Options 1 & 2

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- 1) Same formula as for increases (guardrail + 50/50 adequacy gap %/\$)
  - This does not produce the same sort of distribution as when used to allocate increases.
  - Some institutions that are closest to fully funded have some of the smallest percent cuts in state appropriations.
- 2) Across-the-board
  - An across-the-board ensures that no institution faces significant cuts
  - Disproportionate impact on institutions that receive a greater share of their funds from the state than tuition.

# State Funding Cuts - Option 3

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## 3) Ratio of statewide gap to the institutional gap, plus guardrail

- Starts with the same guardrail
- Calculates the ratio and applies it to the state cut
  - e.g., IL state gap = 32%, ISU gap = 45%, State cut = 4%  
ISU ratio = 69% (32%/45%), ISU ratio-based cut = 2.8% (4%\*69%)
- Calculates each institutions' cut based on its ratio-based cut
- This generates a total cut larger than the overall cut, so all school's cuts are scaled proportionally to fit within the total
- Guardrail factor could be increased to minimize chance of significant cuts at any institution.

# State Funding Cuts - Option 3

Institution	Guardrail Cut %	Guardrail Cut \$	Ratio-Based Cut %	Ratio-Based Cut \$	Scaled Ratio-Based Cut \$	Total % Change in State Funds
Chicago State University	-2.0%	-\$789,865	-3.7%	-\$1,478,189	-\$445,628	-3.1%
Eastern Illinois University	-2.0%	-\$859,583	-3.1%	-\$1,335,631	-\$402,651	-2.9%
Governors State University	-2.0%	-\$479,335	-2.2%	-\$535,259	-\$161,364	-2.7%
Illinois State University	-2.0%	-\$1,439,333	-2.8%	-\$1,999,893	-\$602,906	-2.8%
Northeastern Illinois Universit	-2.0%	-\$735,050	-2.0%	-\$750,981	-\$226,397	-2.6%
Northern Illinois University	-2.0%	-\$1,815,157	-2.7%	-\$2,493,859	-\$751,821	-2.8%
SIU - Carbondale	-2.0%	-\$2,713,200	-13.1%	-\$17,759,408	-\$5,353,911	-5.9%
SIU - Edwardsville	-2.0%	-\$1,270,877	-3.2%	-\$2,042,275	-\$615,683	-3.0%
UI - Chicago	-2.0%	-\$5,056,808	-3.3%	-\$8,319,536	-\$2,508,082	-3.0%
UI - Springfield	-2.0%	-\$498,693	-4.1%	-\$1,034,711	-\$311,933	-3.3%
UI - Urbana / Champaign	-2.0%	-\$6,161,979	-11.8%	-\$36,371,334	-\$10,964,830	-5.6%
Western Illinois University	-2.0%	-\$1,025,019	-3.2%	-\$1,657,517	-\$499,690	-3.0%
<b>Illinois</b>		<b>\$ (22,844,898)</b>		<b>\$ (75,778,592)</b>	<b>\$ (22,844,898)</b>	<b>-4.0%</b>

# State Funding Cuts - Impact on State Funding

Institution	Option 1		Option 2		Option 3	
	% Change in State Approps	% Change in State + UIF	% Change in State Approps	% Change in State + UIF	% Change in State Approps	% Change in State + UIF
Chicago State University	-5.1%	-3.3%	-3.1%	-2.0%	-4.0%	-2.6%
Eastern Illinois University	-5.4%	-2.6%	-2.9%	-1.4%	-4.0%	-2.0%
Governors State University	-7.0%	-2.8%	-2.7%	-1.1%	-4.0%	-1.6%
Illinois State University	-5.6%	-1.4%	-2.8%	-0.7%	-4.0%	-1.0%
Northeastern Illinois University	-5.9%	-2.5%	-2.6%	-1.1%	-4.0%	-1.7%
Northern Illinois University	-4.6%	-1.8%	-2.8%	-1.1%	-4.0%	-1.6%
SIU - Carbondale	-3.2%	-1.9%	-5.9%	-3.6%	-4.0%	-2.4%
SIU - Edwardsville	-5.1%	-1.9%	-3.0%	-1.1%	-4.0%	-1.5%
UI - Chicago	-3.5%	-1.2%	-3.0%	-1.0%	-4.0%	-1.3%
UI - Springfield	-7.2%	-3.1%	-3.3%	-1.4%	-4.0%	-1.7%
UI - Urbana / Champaign	-2.8%	-0.7%	-5.6%	-1.4%	-4.0%	-1.0%
Western Illinois University	-5.0%	-2.4%	-3.0%	-1.4%	-4.0%	-1.9%
<b>Illinois</b>	<b>-4.0%</b>	<b>-1.3%</b>	<b>-4.0%</b>	<b>-1.3%</b>	<b>-4.0%</b>	<b>-1.3%</b>

# State Funding Cuts - Impact on Adequacy Gap

Institution	Adequacy Gap - Base Year	Change in Adequacy Gap		
		Option 1	Option 2	Option 3
Chicago State University	34%	3.5%	2.5%	2.9%
Eastern Illinois University	41%	1.8%	1.2%	1.5%
Governors State University	57%	1.8%	0.9%	1.2%
Illinois State University	45%	1.1%	0.7%	0.9%
Northeastern Illinois University	62%	1.7%	1.0%	1.3%
Northern Illinois University	46%	1.4%	1.1%	1.3%
SIU - Carbondale	10%	2.3%	3.6%	2.7%
SIU - Edwardsville	39%	1.3%	0.9%	1.1%
UI - Chicago	38%	1.5%	1.3%	1.6%
UI - Springfield	30%	2.4%	1.4%	1.6%
UI - Urbana / Champaign	11%	1.2%	1.8%	1.5%
Western Illinois University	39%	1.8%	1.3%	1.5%
<b>Illinois</b>	<b>32%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>

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## Review of Timeline

# Remaining Meetings

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<b>January 23</b>	Commission meeting (11:00am-2:00pm CT)
<b>January 25</b>	Technical Modeling Workgroup meeting
<b>February TBD</b>	Commission meeting (presentation of draft report)
<b>February TBD</b>	Commission meeting (review of report)

There are no current plans for the TWG to meet in February, but it could convene if the Commission requires its assistance.

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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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Adjournment

Next Workgroup Meeting: January 25, 2024

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