Adequacy Work Group
Public Comments
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I am flattered that I ended up as an agenda item and I appreciate your reflections on my prior comments.

Today, I will raise the concern that it seems to me that equity is a value held by the group, but that it is often listed last in statements and in how it will enter the funding model. While, I appreciate that this workgroup is titled "adequacy", my recommendation is to move equity to be more central.

I shared similar concerns about the central-ness of equity in my meeting with HCM and Ginger, and also shared a number of international funding models for higher education that put equity at the center such as South Africa, and those that hold up institutional missions as central such as in Finland. Going forward in thinking about data sources, I want to highlight the importance of looking at international funding models, especially in the higher education space. To my mind there are often more analogies to other national systems of higher ed than between higher ed and K-12 within IL.

The concepts that we use reflect our values and the outcomes that the process will yield. This is important for thinking about how best to structure the work going forward.

I also want to highlight that much of this discussion today has been about other models that are based on systems that use inequitable property tax bases. While there might be something that can be learned from these models, I want to warn against equating funding models that use a property tax bases for funding with IL's approach that has nearly zero property tax use at 4-year institutions. This is an important difference between these funding systems.

- The Illinois K-12 funding model is seeking to promote adequacy across an unequal property tax base.
- The local capacity target that Ralph mentioned is also based on inequities in property tax bases.
- The TX study is based on a community college system that is funded on an unequal property tax base.
- There is no unequal property tax based in 4-year institution funding in IL. This fundamental difference that is important to understand as a building block for setting out a funding formula for 4-year higher education in IL.

To offer more than critique, my recommendation is to consider subsidy values and to be very clear about the areas where the state should be providing subsidies to enhance equity. Truly savvy students should not chase the lowest net price, but rather the highest subsidy value since that helps to direct more resources to themselves and to ensure that they receive a higher quality education.

I also recommend (and did with the resources work group) to conceptually use a shared responsibility model and to be clear about what share *should* be the state role, the student role, etc.

When considering affordability, state appropriations and tuition are not equal. The current model and figure used in the slides shows state appropriations and tuition equally contributing to meeting the adequacy target. This is concerning to me.

- State funds are often used to address public purposes and to provide subsidies for students to optimize individual investments in higher education.
- Tuition is a user charge and this money is often treated as individual investment in higher education and investment for individual (not social) returns. There is past research that shows that as tuition levels have increased that student's viewing themselves as consumers has increased.
- While both of these funding streams offer some of the most flexible revenue streams in university budgets they should not be treated equally when considering affordability.

I also want to highlight that both tuition and fees be considered (not tuition alone). I additionally think there is value in disaggregating different types of fees – mandatory vs. optional, institutional fees, student-initiated fees, instructional or course-based fees, etc. Here are two examples to illustrate the complexities with different types of fees:

- At UIUC, the students voted to have a fee to support athletics that yields about $1 million per year in athletic subsidies. Does the state have a say in this type of subsidy value for athletics?
- At Loyola, there is a student-initiated fee to support scholarships for undocumented students. Does the state have a role in regulating student-initiated fees that support student aid? I understand that Loyola is a private institution, but there may be analogous "Robin Hood" student aid required fees at some of the public institutions in the state.

I want to highlight Mike's (and Kevin's) comments to look clearly at incentives and unintended consequences.

- Weighting tuition and state appropriations equally seems likely to lead to incentives to increase tuition.
- In the resources work group slides that were presented, if actual tuition is higher than expected tuition, then institutions lose state money. This feature of the difference between "expected" and actual UIF revenues could create all sorts of crazy incentives.

I am worried that the charge to the technical workgroup may not be clear. I urge you to put equity at the center of that charge. I also think that the questions that I raised during my first public comment to this group many months ago are worth both revisiting and attempting to answer as a part of the charge that is presented to the technical workgroup. Here are the four questions that to my mind remain unanswered conceptually:

a. Why is adequacy an appropriate conceptual frame to apply to higher education?
b. How does the notion of adequacy align with institutional missions?
c. Why is adequacy needed as a frame as opposed to another input-based model like enrollment funding?

d. How does the notion of adequacy reflect the unique synergy between research and learning at universities?