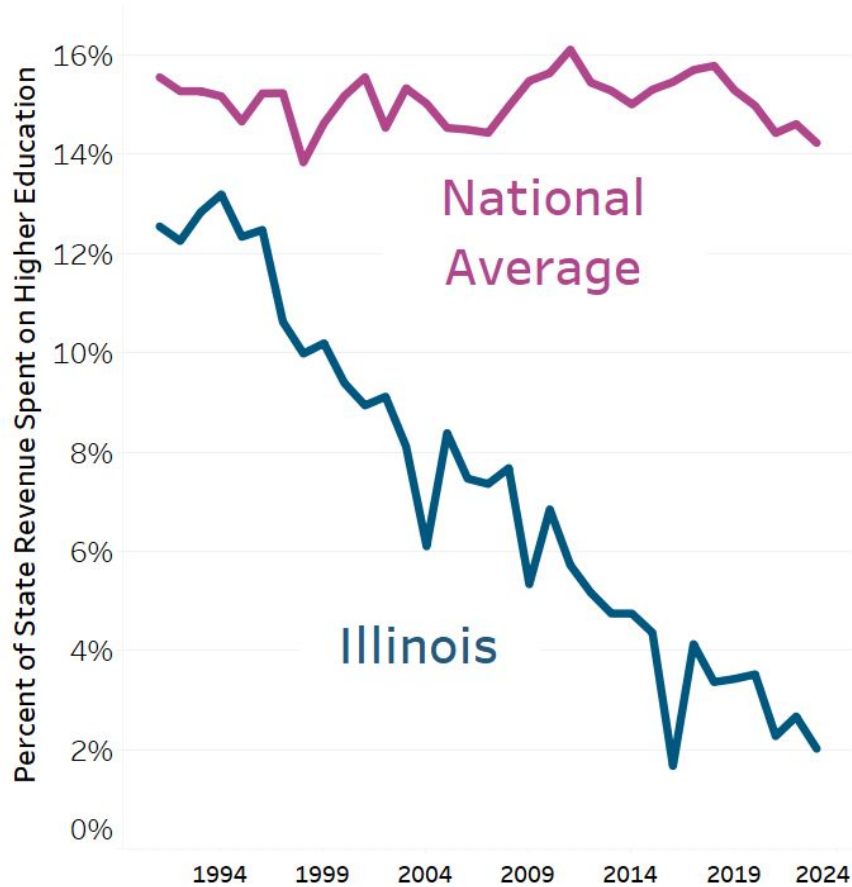


Adequate and Equitable Funding (AEF) for Public Universities in Illinois

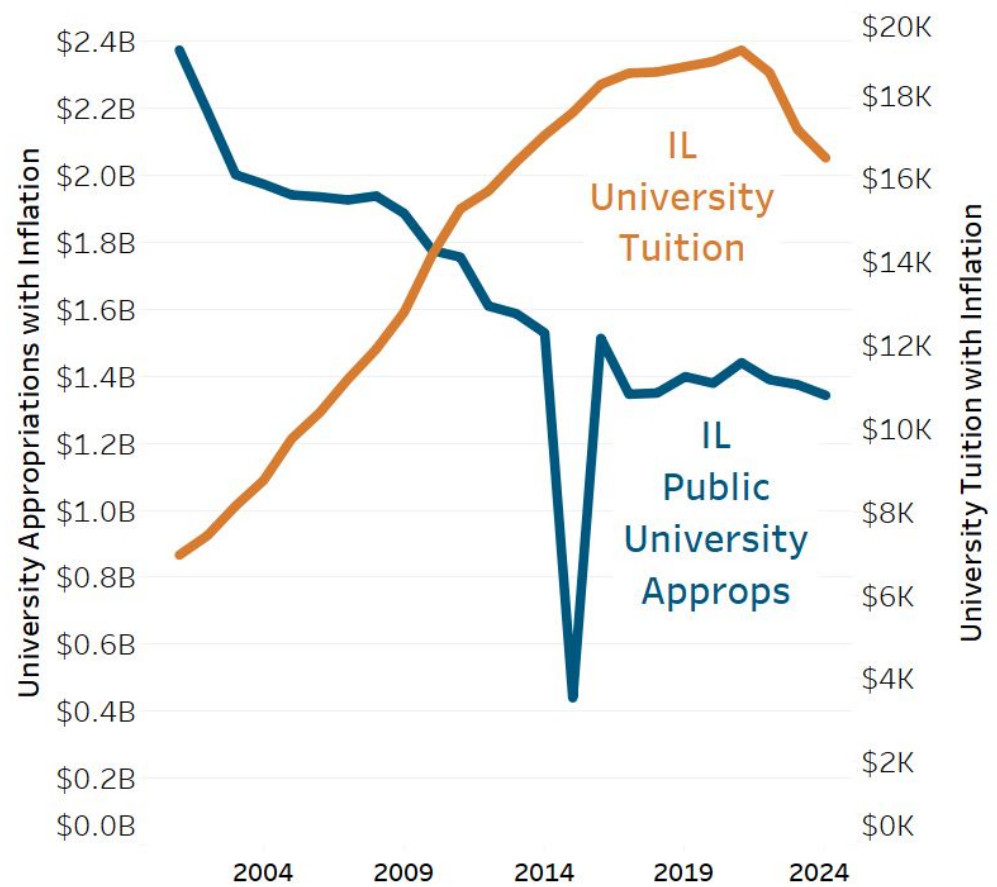
2025

Illinois' postsecondary system has been marked by underinvestment, declining enrollment, and insufficient resources, especially at regional universities

Illinois has uniquely disinvested in higher ed

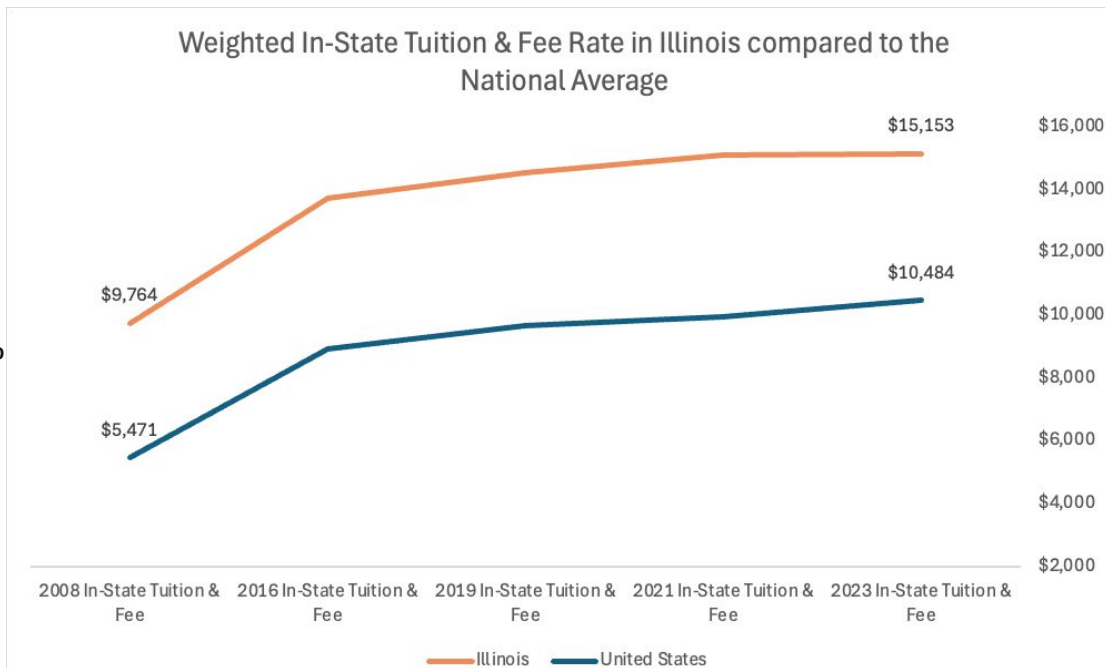


This has shifted costs to students



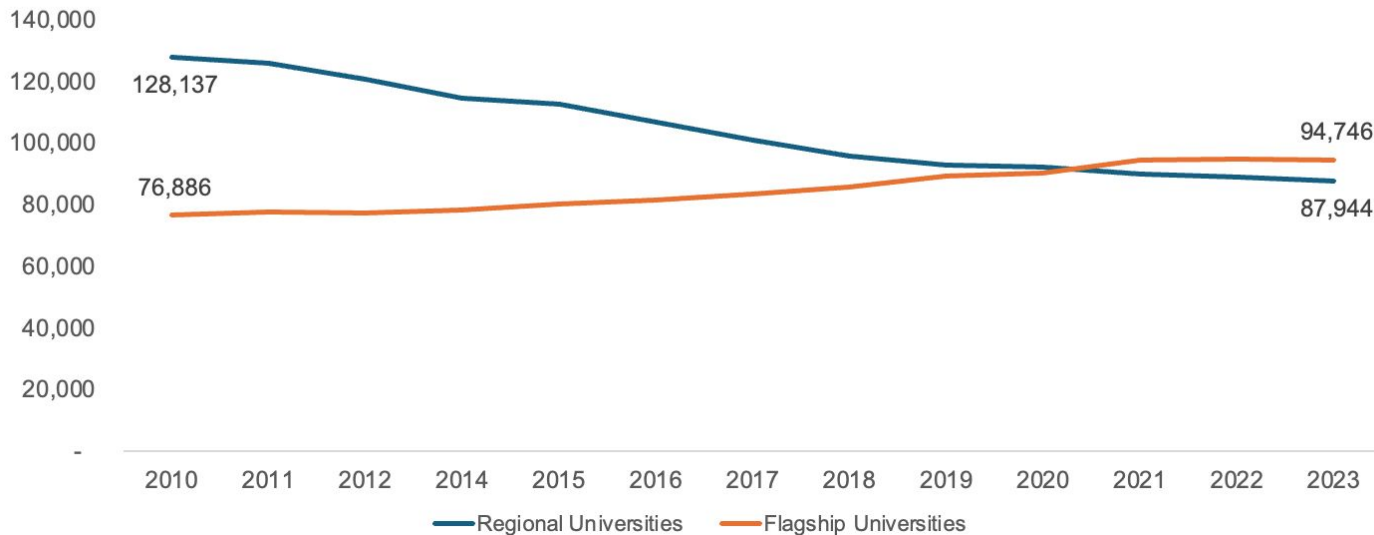
Illinois has uniquely disinvested in our state's postsecondary system, leading to high tuition and fee rates that leaves our students and institutions vulnerable in the current federal climate

- Illinois Tuition & Fee rates for public universities are approximately \$5000 more than the national average
 - Looking at the median household income, sending a student to a public university would require 19% of the household income
 - This is the **6th highest level** of all the states
 - If federal aid diminishes, it could have an outsized impact on affordability for Illinois students



Illinois's disinvestment in universities has created barriers to enrolling and completing

Enrollment across all public universities has fallen by 11%,
but at regional universities, it has fallen by 31%

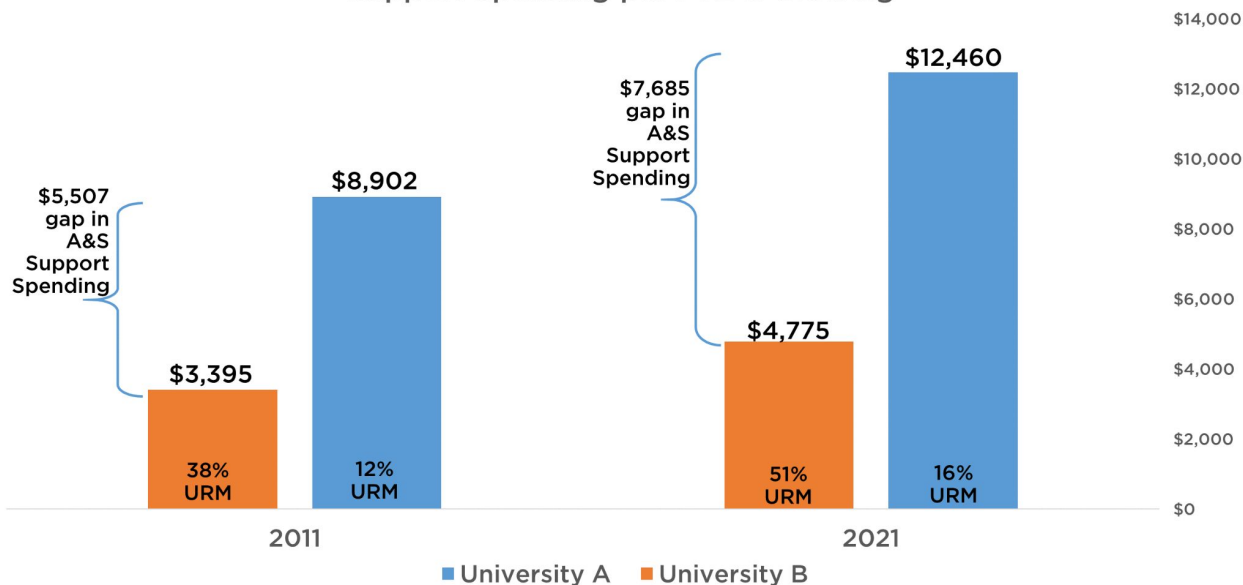


Disinvestment in the 2010s resulted in Illinois public universities having the greatest enrollment declines of any state, and those were entirely concentrated at regional universities

SOURCE: [College Board Trends in College Pricing and Student Aid](#)

Disinvestment *and* inequitable distribution has resulted in growing spending gaps for universities serving underrepresented minority (URM) students

The Gap in Institutional Academic and Student (A&S) Support Spending per FTE is Growing



- This means these universities have less to spend on academic and student supports.
- Historically, Illinois has underfunded **regional** institutions, which serve more:
 - Students of color
 - Students from low-income backgrounds
 - First-generation students
 - Rural students
 - Students who may not otherwise get a degree

SOURCE: IPEDS, IBHE

Underrepresented Minority Students included Black, Latinx, and Indigenous students

SB 13/HB 1581 is the product of years of research and negotiations among diverse stakeholders.

SB 815

The 102nd GA passed SB 815 acknowledging that funding is inadequate and inequitable and unstably distributed to our public universities.



The Commission on Equitable Public University Funding

After nearly three years of research, analysis, and deep collaboration amongst 33 leaders during the Commission...

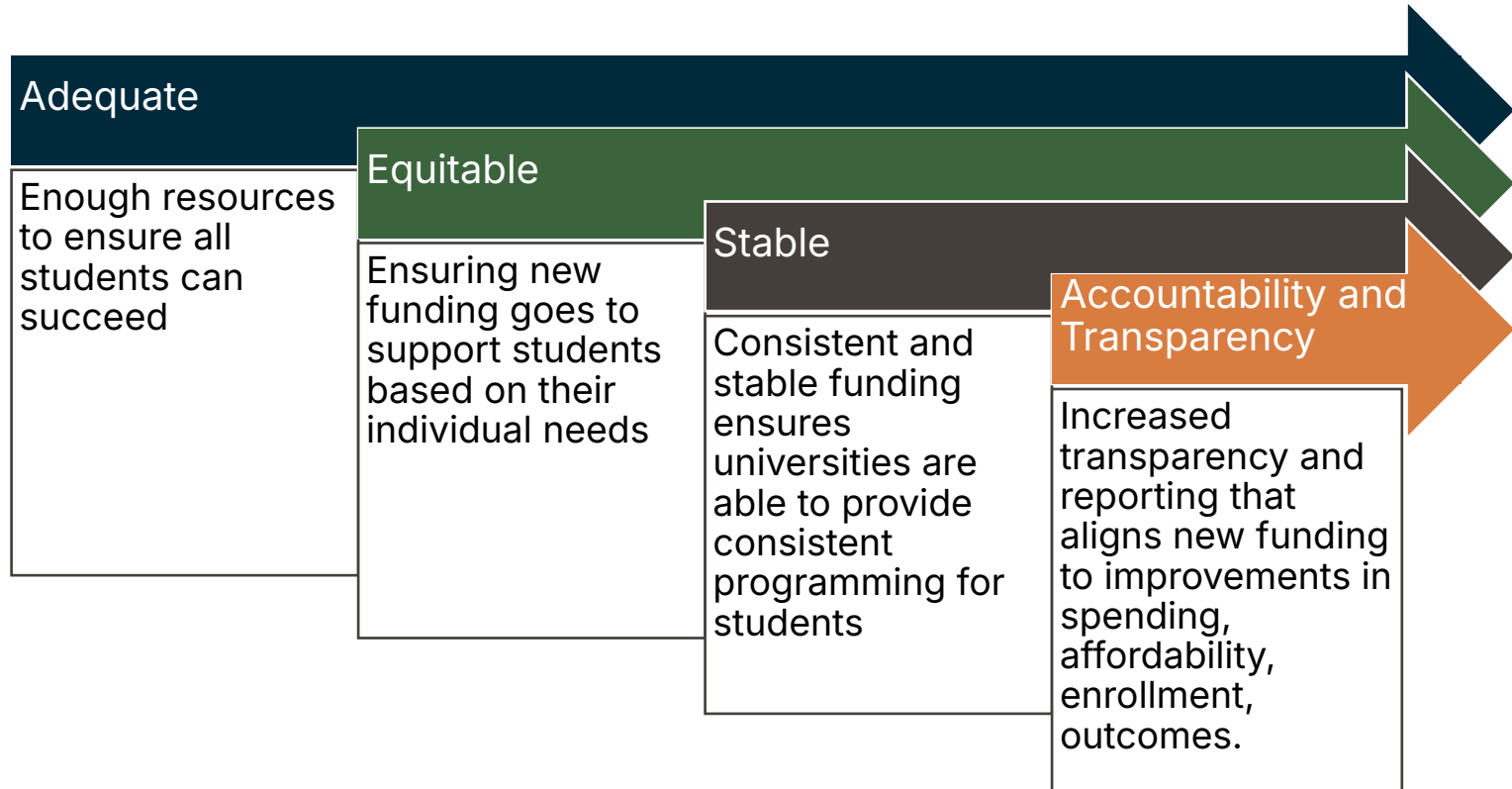


Adequate and Equitable Public University Funding (SB 13/HB 1581)

And six months of negotiating the details of implementing the recommendations, SB 13 and HB 1581 identify a clear path to ensure that we can put our universities on the path to adequacy, while prioritizing equity.

How it Works – SB 13/HB 1581

The Commission on Equitable University Funding blueprint carries fully into SB 13/HB 1581.



How it works: The Basics

Step 1

Calculate the Institutional
**Adequacy
Target.**

Core
Adequacy
Components
and Student
Need
Adjustments

Why this matters?

Identifying a unique *Adequacy Target* for each university allows the formula to:

- Root the formula in adequacy by identifying what each university needs for basic operations;
- Account for the diverse populations at our public universities and use data to identify student needs (i.e., first-generation students, adult learners, students from underfunded districts);
- Use research to identify what resources students need (that is, we can identify costs associated with the types of interventions and supports associated with improving student outcomes).

How it works: The Basics

Step 2

Calculate the
Resource Profile
for each institution.



Resource
Profile

Why this matters?

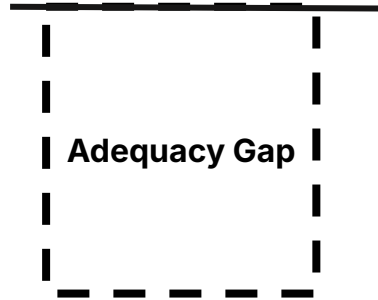
Identifying each universities unique *Resource Profile* allows the formula to:

- Account for historical inequities in the funding formula.
- Address the affordability crisis by creating a structure that eases financial burdens on students by increasing state investment over time to more closely match national averages.

How it works: The Basics

Step 3

Subtract the Current Resources from the Adequacy Target to get the **Adequacy Gap**, which state funding fills in.

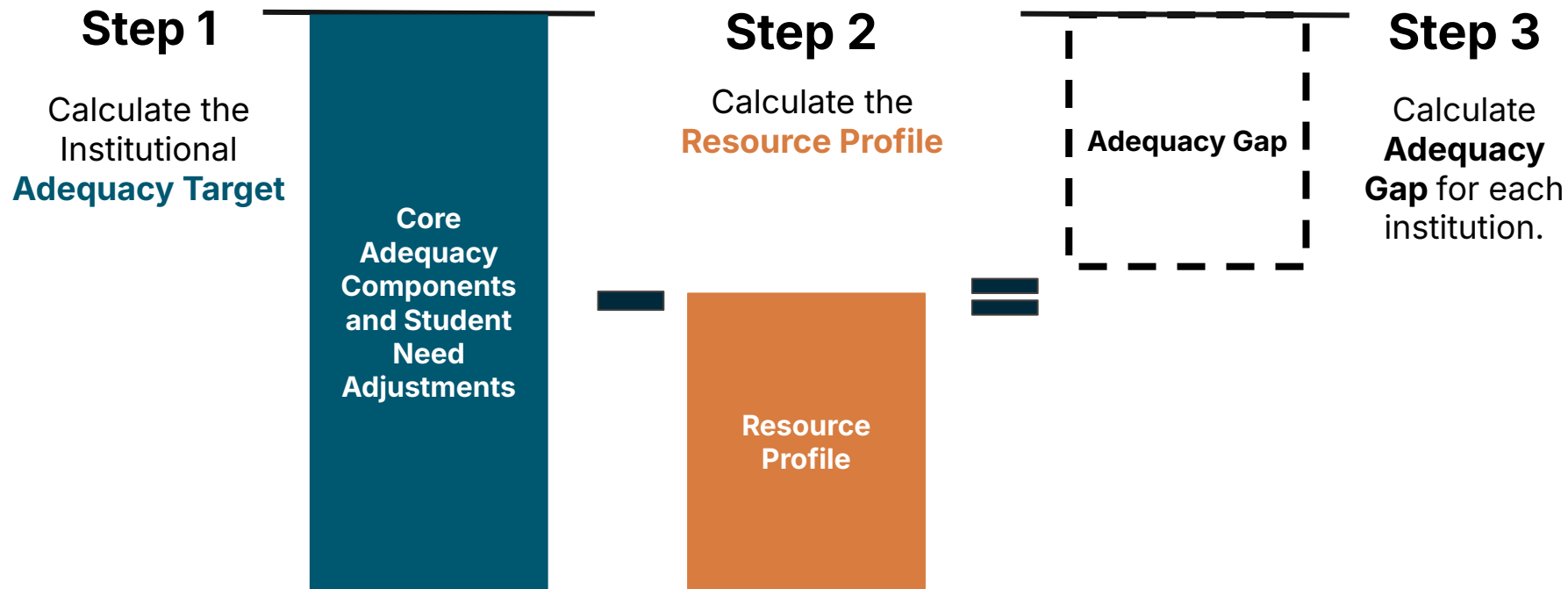


Why this matters?

Identifying each university's unique **Adequacy Gap** allows the formula to:

- Provide the state with a roadmap to mitigate decades of disinvestment and get ALL universities back to adequate funding.
- Better understand each university's unique needs and address financial barriers to student success.

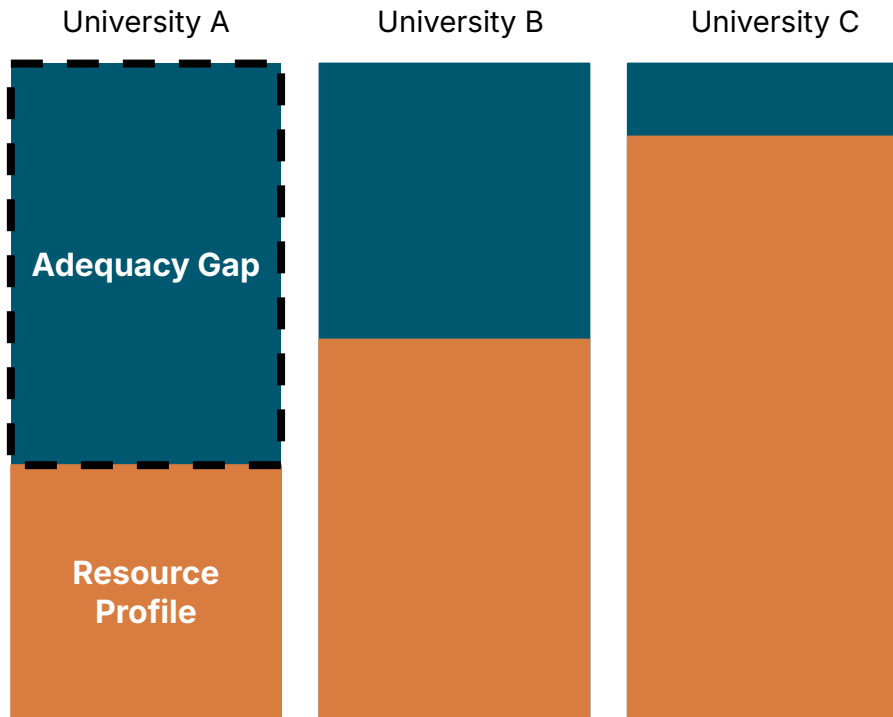
How it works: The Basics



How it works: The Basics

Step 4

Distribute funds based on how far an institution is from full funding

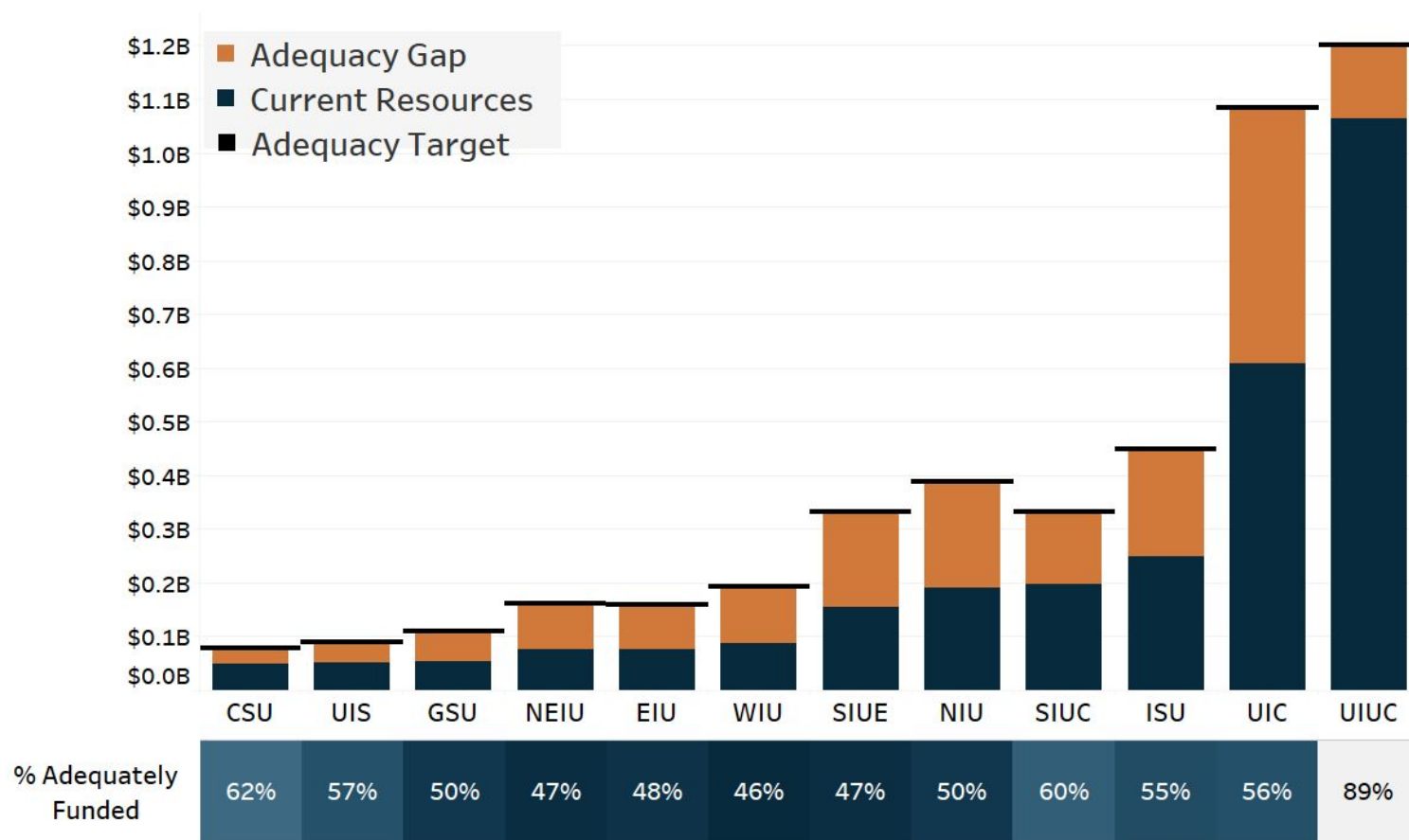


Why this matters?

Identifying each universities unique **Adequacy Gap** allows the formula to:

- Ensures that all universities receive additional funds.
- Drives more new dollars to universities that are furthest from full funding.

Adequacy Gap, Resource Profile, and % Adequately Funded by University



AEF will increase annual appropriations for all universities in the first ten years of implementation

- Funding will prioritize those farthest from full funding but all universities will receive an increase in appropriations greater than they have been receiving.

Annual Percent Appropriations Increase (\$135M)

Institution	Historical Appropriation (Last 5 years) *	Average Annual Increases with AEF (Y0-Y10)
Chicago State University	3.4%	7.8%
Eastern Illinois University	3.6%	11.7%
Governors State University	3.4%	14.3%
Illinois State University	3.4%	11.6%
Northeastern Illinois University	3.4%	13.2%
Northern Illinois University	3.4%	10.2%
SIU System	3.7%	9.0%
UI System	3.3%	5.6%
Western Illinois University	3.4%	11.6%
Illinois	3.6%	8.2%

SOURCE: Modeling includes most recent agreements and changes to AEF.

* Table uses last 5 years as a comparison to avoid outlier years during which institutions of higher education received no funding.

In Year 1 (Y1) – All Illinois public universities gain under AEF

- Historically, higher education appropriations have been inconsistent and unstable.
- Investing \$135M through an equitable model each years means all universities benefit.
- The AEF complements financial aid such as MAP grants to improve affordability.

Institution	Current FY26 Recommended 3% Increase	AEF Appropriations Increase in Y1
Chicago State University	\$ 1,203,300	\$ 5,929,052
Eastern Illinois University	\$ 1,424,100	\$ 9,765,818
Governors State University	\$ 797,300	\$ 8,566,092
Illinois State University	\$ 2,393,200	\$ 13,568,442
Northeastern Illinois University	\$ 1,223,300	\$ 10,124,007
Northern Illinois University	\$ 3,018,700	\$ 14,064,557
SIU System	\$ 6,583,300	\$ 23,994,337
UI System	\$ 19,999,600	\$ 38,050,293
Western Illinois University	\$ 1,704,500	\$ 10,937,403
Illinois	\$ 38,347,300	\$ 135,000,000

Funding Disbursement, Accountability, and Transparency



Funding Disbursement

The state will go through a transition period where the Base Funding Minimum will be disbursed via reimbursement (i.e., the status quo), and new formula funding will be disbursed by IBHE to systems and universities as is appropriate.

The review panel will reevaluate this within the next 5 years and make a recommendation for how funds should be disbursed going forward - with the goal of unifying the process.



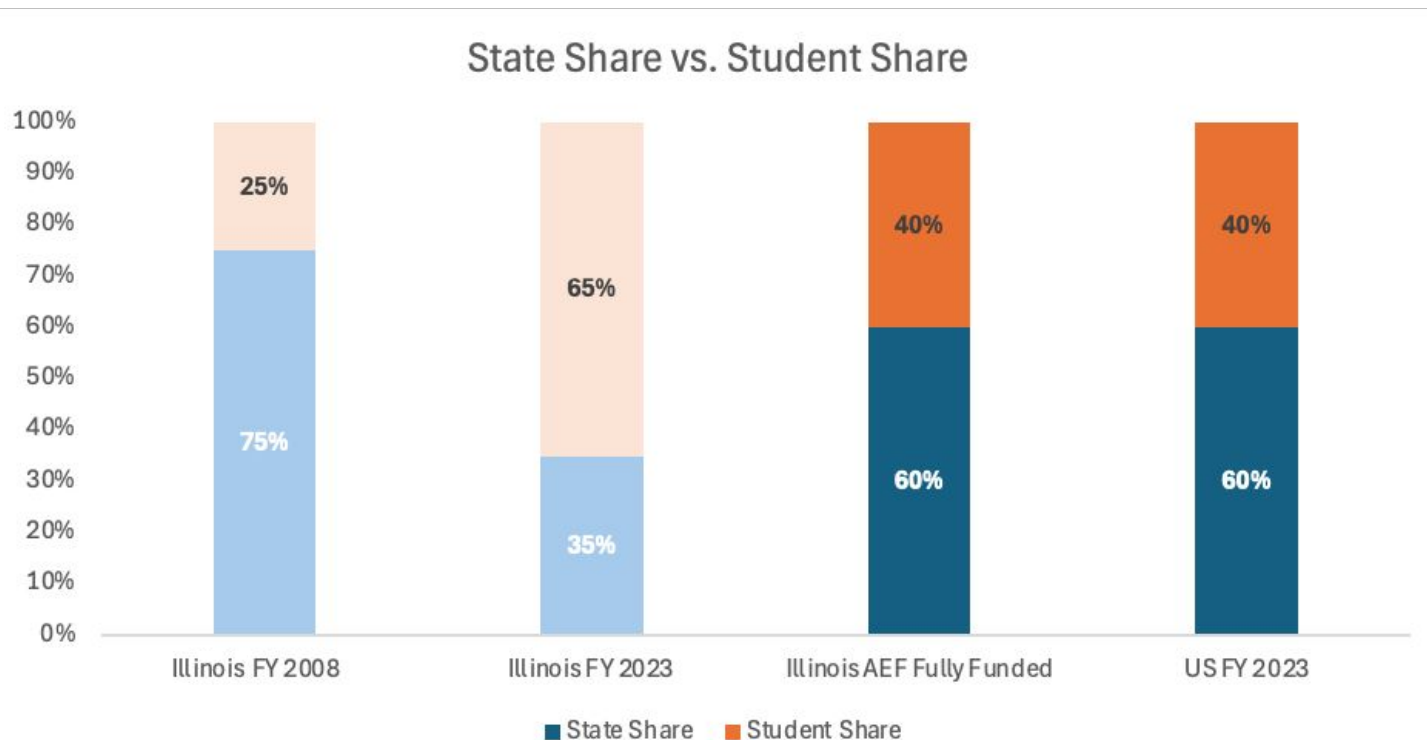
Accountability and Transparency

The group agreed on a **strong accountability and transparency framework** that includes:

- Increased transparency through spending plans and detailed expenditure reporting.
- The creation of an Accountability and Transparency Committee to advise IBHE
- The development of an annual report on university progress towards state goals
- Stronger accountability levers

SB 13/HB 1581 Impact

With an investment of at least \$135M over the next 10 years, the state can shift the burden away from students and families



Source: CTBA based on IBHE Annual Report on Public University Revenues and Expenditures: FY 2022; SHEEO State Higher Education Finance: FY 2022

Ramping up to \$1.7 billion in additional annual investment will lead to:



15,200 More College Graduates Every Year

With sustained investments we will see increases in enrollment, persistence, and completion that will lead to 15,200 more annual completions than before the formula



\$692 Million in IL Tax Revenue

In its first 15 years the formula will add 122,200 bachelor's degree holders who will pay \$691.5 million more in annual state taxes



\$156 Million in Annual State Savings

This more educated population will save the state \$156 million every year in the cost of Medicaid, SNAP, and incarceration



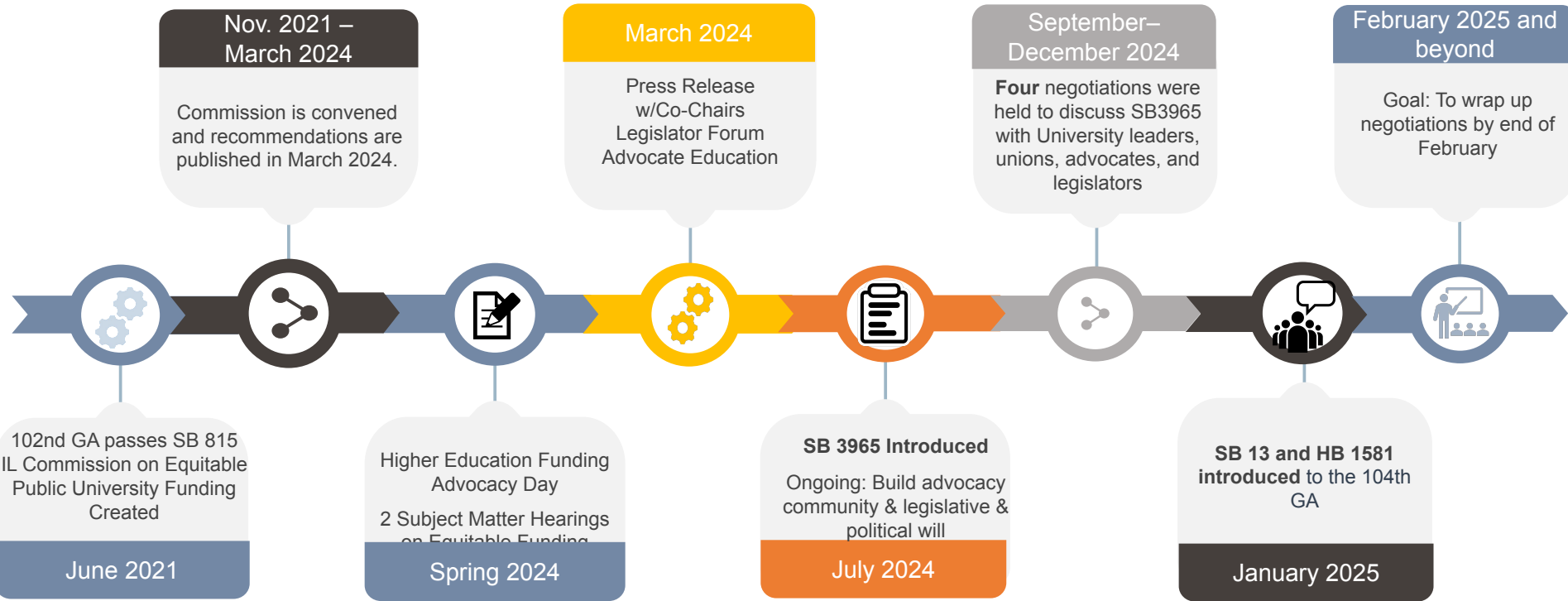
Local Economic Growth

These additional grads will spend \$5.3 billion more in their local economies every year, contributing \$342 million more in local taxes

Appendix

Commission Timeline and Additional Background

Adequate and Equitable Public University Funding Formula timeline and key milestones

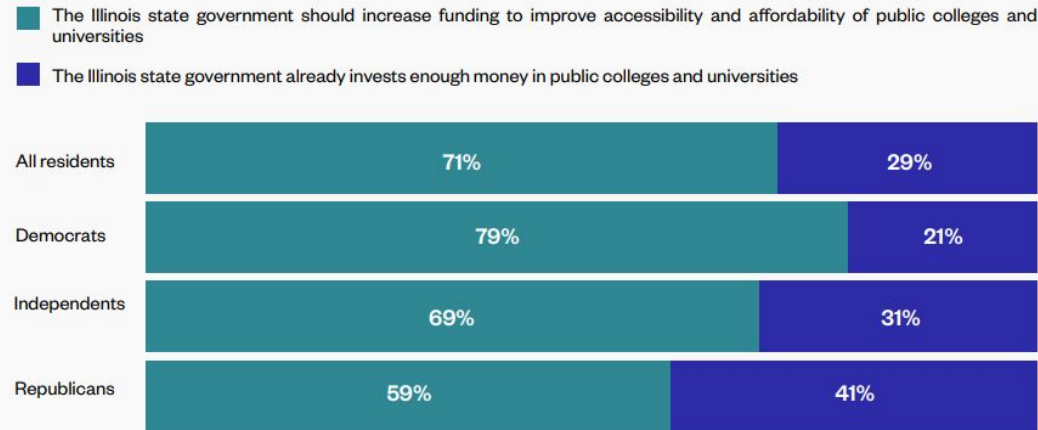


And Illinoisans are taking notice – support for funding for public universities is widespread

- More than **70%** of Illinoisans support increasing funding to public universities
 - There is broad support to target that funding to institutions that enroll students from low-income backgrounds, first-generation college students, rural student, and adult learners.
- **74%** of Illinoisans believe that having more college-educated residents in Illinois will strengthen Illinois' economy.
- **82%** of Illinoisans agree that public universities strengthen their local economy.

More than half of Democrats, independents, and Republicans say the Illinois state government should increase funding to public colleges and universities.

Percent of Illinois residents who say each of the following comes closest to their views:



Base: All respondents, N=2,062; Democrats, n=801; Independents, n=517; Republicans, n=485.

Source: Who Gets to Learn? The Public Agenda, 2025.
<https://publicagenda.org/resource/il-he-25/research-briefs/>

The research is clear that investments in our public universities have clear and immediate returns to the state economy.

For every
\$1.00 in
state funds
invested in
Higher
Education

The state
economy is
increased by
\$2.28
in the
private
sector GDP.

For every
\$1.00 in
state funds
invested in
Higher
Education

States receive
\$4.50 in
increased tax
revenue &
decreased
spending on
public support.

Sources: (1) Mendez-Carbajo, Diego, "Economic Impact Study of Higher Education in McLean County, IL," July 2016,

https://blogs.iwu.edu/dmendez/files/2016/12/IMPLAN_Higher_Education_Report_DMC.pdf

(2) Stiles, Jon, et al. California's Economic Payoff: Investing in College Access and Completion. Institute for the Study of Societal Issues at University of California, 2012.
and Childress, Michael, T. and Clark, Michael, W., "Selected Returns on Investments in Higher Education in Kentucky" University of Kentucky, Center for Business and Economic Research, 2024

Additional Modeling

Looking out ten years - all Illinois public universities win under AEF

- Historically, higher education appropriations have been inconsistent and unstable.
- Investing \$135M each years means all universities win.

Institution	Nominal Historical Appropriation (Last 10 years)	AEF Appropriations Increase (Y1-Y10)
Chicago State University	\$ 2,081,000	\$ 43,520,088
Eastern Illinois University	\$ 2,962,200	\$ 86,198,562
Governors State University	\$ 1,383,100	\$ 64,642,709
Illinois State University	\$ 4,128,200	\$ 143,178,752
Northeastern Illinois University	\$ 2,112,100	\$ 88,416,250
Northern Illinois University	\$ 5,235,700	\$ 148,219,520
SIU System	\$ 16,816,100	\$ 252,556,198
UI System	\$ 34,285,600	\$ 421,826,613
Western Illinois University	\$ 2,957,100	\$ 101,441,308
Illinois	\$ 71,961,100	\$ 1,350,000,000

AEF will have increase annual appropriations for all universities in the first ten years of implementation

- Funding will prioritize those farthest from full funding but all universities will receive an increase in appropriations greater than they have been receiving.

Annual Percent Approps Increase (\$135M)		
Institution	Historical Appropriation (Last 5 years)	Average Annual Increases with AEF (Y0-Y10)
Chicago State University	3.4%	7.8%
Eastern Illinois University	3.6%	11.7%
Governors State University	3.4%	14.3%
Illinois State University	3.4%	11.6%
Northeastern Illinois University	3.4%	13.2%
Northern Illinois University	3.4%	10.2%
SIU System	3.7%	9.0%
Southern Illinois University Carbondale		6.8%
Southern Illinois University Edwardsville		12.4%
UI System	3.3%	5.6%
University of Illinois at Chicago		7.7%
University of Illinois at Springfield		11.8%
University of Illinois at Urbana / Champaign		2.8%
Western Illinois University	3.4%	11.6%
Illinois	3.6%	8.2%

Universities make meaningful progress towards full funding in the first 10 years of implementation

Institution	Adequacy % in Y1	Adequacy % After 10 Years
CSU	62%	90%
EIU	48%	82%
GSU	49%	87%
ISU	55%	75%
NEIU	47%	81%
NIU	49%	72%
SIU System	53%	74%
SIUC	60%	76%
SIUE	47%	73%
UI System	73%	79%
UIC	56%	69%
UIS	57%	90%
UIUC	89%	88%
WIU	46%	78%
Illinois	62%	78%

- The distribution mechanism uses both the Dollar Adequacy Gap and Percentage Adequacy Gap which means that institutions with relatively large dollar gaps will progress towards adequacy at a slightly lower rate.

In Year 1 (Y1) - All Illinois public universities gain under AEF

- Historically, higher education appropriations have been inconsistent and unstable.
- Investing \$135M through an equitable model each years means all universities benefit.
- The AEF complements financial aid such as MAP grants to improve affordability.

Institution	Current FY26 Recommended 3% Increase - Status Quo Distribution	AEF Appropriations Increase in Y1 with \$135M
Chicago State University	\$1,203,300	\$ 5,929,052
Eastern Illinois University	\$1,424,100	\$ 9,765,818
Governors State University	\$797,300	\$ 8,566,092
Illinois State University	\$2,393,200	\$ 13,568,442
Northeastern Illinois University	\$1,223,300	\$ 10,124,007
Northern Illinois University	\$3,018,700	\$ 14,064,557
SIU System	\$6,583,300	\$ 23,994,337
Southern Illinois University Carbondale	N/A	\$ 10,354,546
Southern Illinois University Edwardsville	N/A	\$ 13,639,791
UI System	\$19,999,600	\$ 38,050,293
University of Illinois at Chicago	N/A	\$ 24,193,146
University of Illinois at Springfield	N/A	\$ 7,020,930
University of Illinois at Urbana / Champaign	N/A	\$ 6,836,217
Western Illinois University	\$1,704,500	\$ 10,937,403
Illinois	\$38,347,300	\$ 135,000,000

SOURCE: Modeling includes most recent agreements and changes to AEF.

Appropriations are made at the system level so we are unable to pull out the institution specific appropriations.

Items Adjusted Through Negotiations

Adequacy Target Adjustments



Adequacy Target: High Cost Health Professional Programs

Universities raised concerns about the high-cost of Medical and Other Health Professional Programs so weights for these **adjustments were increased** to adequately support those programs.

This two-part solution requires the Funding Formula Review Panel to review and provide recommendations for any additional adjustments three years after implementation.

Resource Profile Adjustments



Resource Profile: Access to Other Resources

Having already removed grants from the resource profile, after heavy debate, **endowments were removed** from the Resource Profile of the mode.

However, the distribution prioritizes universities with less access to funds.



Resource Profile: Revenue from Tuition and Fees

To address the affordability crisis the negotiating team **developed a calculation that is rooted in the Net Tuition Revenue** each university receives, but with an adjustment to support and incentivize lowering the cost to high-need students.

Resources no longer included in the model

Over 50% of revenue institutions have access to were not included in the Resource Profile.

This includes "Other Resources" like:

- Revenue from private gifts
- Grants and contracts
- Endowment income
- Sales and Service Revenue

	Total Other Non-Appropriated Funds \$ In Thousands	Percent of Total Revenue
CSU	\$ 30,843,600	33.60%
EIU	\$ 88,934,200	47.90%
GSU	\$ 52,372,000	47.80%
ISU	\$ 233,338,600	43.50%
NEIU	\$ 35,766,600	28.80%
NIU	\$ 192,253,300	44.60%
SIU System	\$ 604,643,900	59.10%
SIUC	\$ 216,693,500	53.50%
SIUE	\$ 167,772,300	49.40%
SIU SOM	\$ 220,178,100	79.60%
UI System	\$ 4,226,115,800	64.20%
UIC	Not reported at the institution level	
UIS		
UIUC		
WIU	\$ 53,702,300	33.20%
Statewide	\$ 5,517,970,300	59.70%
Source: FY24 IBHE Revenue and Expenditure Report		