

The background is a dark grey chalkboard with various white chalk drawings. On the left, there is a detailed drawing of a microscope. Above it, a globe of the Earth is sketched. In the bottom right corner, there are several mathematical symbols including a percentage sign (%), a plus sign (+), and a less-than sign (<).

University Funding Formula Considerations

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Features of the Current Formula

- All current data elements reasonably can & probably should be included in the formula going forward
- Data elements reasonably conform to guidance in legislation
 - Takes into consideration mission differences & has bonus weighting for traditionally underserved students & in demand majors (STEM & health Care)
- NOTE: No university gains or loses the maximum amount set aside
 - Because everyone gets credit for different measures the maximum gain or loss is only about half of set-aside
 - Example: 5% set-aside likely results in no more than a +/- 2.5% change for any university
 - This will be true for almost any approach we take

Current formula

- It is not worth it to universities to make substantial changes for small % reallocations (such as 0.5%), particularly given the underlying financial stresses they have been dealing with in recent years
- Developing the current formula to start all universities at zero created unforeseen oddities when it was later applied to the data
 - Due to weighting, a university can lose money even if they did well on a measure
 - Due to weighting, all universities can lose money on a measure because more points are awarded under another measure
- The budget impasse & funding cuts caused changes that further skewed the results
- Efforts to create a formula that would allow schools to compete against themselves, rather than others had the opposite effect, it just was hidden
- Not only does every university compete against every other university, on an uneven playing field, but every element is in competition with the others

Current formula

- The formula is extremely complex & difficult to follow
- It is too difficult to accurately explain to universities why they gained or lost money from the formula
- Formula treats research & public service spending as a performance element (including federal funds & private contributions when we are allocating just state tax dollars)
- Research & public service has an outsized impact on the formula overall
- Cost elements in the formula are measured as a negative number, which is confusing & makes it harder to understand the entire formula

Our Impressions of What Could/Should Change

- Research & public service costs should continue to be considered but pulled out separately rather than as a performance element
 - As with high cost entities this is important to some university missions but it really is not performance
- Assuming that high cost entities remains a factor in the formula, costs should be removed but the related graduations should be excluded from other calculations
 - Same is true for some STEP & health care degrees
- The proportion allocated needs to be large enough to make a difference
- The proportion allocated needs to be larger if it is to have a meaningful place as an overall funding formula
- HOWEVER, the proportion allocated should be in line with a plan to phase it in over a number of years to allow institutions time to adapt

Our Impressions of What Could/Should Change

- Each element should have specific % or \$ assigned to it rather than entering into a single, consolidated formula
 - This would allow for a transparent display of inputs & results, both overall & by university
 - Treating items individually would address the problem of cost factors being measured in negative numbers
- The existing elements form a good base for a more comprehensive formula, although weighting changes could be considered
- New elements should be considered if the formula becomes an overall funding formula

Possible Data Elements NOT in the Performance Formula

- Infrastructure Replacement Costs: Facilities represent a state investment & maintaining those facilities represents unavoidable fixed cost to universities
 - Research institutions tend to have more facilities to maintain
- Enrollment (Undergraduate & Graduate): While this is the easiest measure to understand it runs counter to performance to weight to raw numbers of students as opposed to outcomes
 - Weighting of student grade progress is a measure of enrollment
 - Adding a measure for new transfer students would address different missions & the nature of some university student populations
- Bonus weighting could be added for momentum in addition to its inclusion for graduations, i.e.; STEM & health care, minorities, first generation, older students, low income

Possible Data Elements NOT in the Performance Formula

- Illinois Students: The formula will allocate Illinois tax dollars, a major concern is the outflow of Illinois students
- Students Requiring Remediation: Would recognize the added cost remediation, particularly with the need to reach non-traditional students
 - Not easy to measure accurately
 - Might be difficult to align with other efforts on remediation
- Additional Degree Areas: Add to the STEM & Health Care degree weighting
 - Example: teachers certificates due to the growing shortage of teachers
- Incentivize Other Priorities such as dual credit partnerships, production of teachers qualified to be dual credit instructors

Discussion & Next Steps

- Impression, questions & discussion
- August 23 Meeting
 - Literature Review
 - Review of other state formulas
 - Follow-up on workgroup requests
 - Review of any additional information
- Receiving Public Input: Submitting written testimony, public hearings, specific presentations to the workgroup
- Future Schedule: Dates, timing, location(s)