Advance ILLINOIS

The Data Informing Illinois's Adequate & Equitable Funding for Public Universities

July 2024

Advance Illinois uniquely blends policy, research, and engagement to advance a healthy education system.

- Our goal is a healthy system that sets high expectations and brings together talented professionals, necessary resources, strong supports, family & community connections, and a commitment to continuous improvement across the birth-career continuum.
- We tailor our approach to each issue to leverage our core competencies and our partnerships across the state to drive impact.

POLICY ANALYSIS AND RESEARCH

Through rigorous analysis and research, inclusive stakeholder input, and clear and strategic communications, we build:

- Common understanding among stakeholders of challenges;
- Evidence-based solutions informed by community perspectives

COALITION BUILDING AND ADVOCACY

Through strategic partnership, community engagement, and evidence-based advocacy, we create:

- The right solutions to critical challenges;
- Leverage in the policy-making process to drive change

Overview

Inequity in Illinois Higher Education System

Overview of the Commission on Equitable Public University Funding Report

Deep Dive into Model Cost Components

Review of and Open Questions and Ongoing Work

The Problem:

Inequitable, Inadequate, and Unstable Funding for Illinois Universities

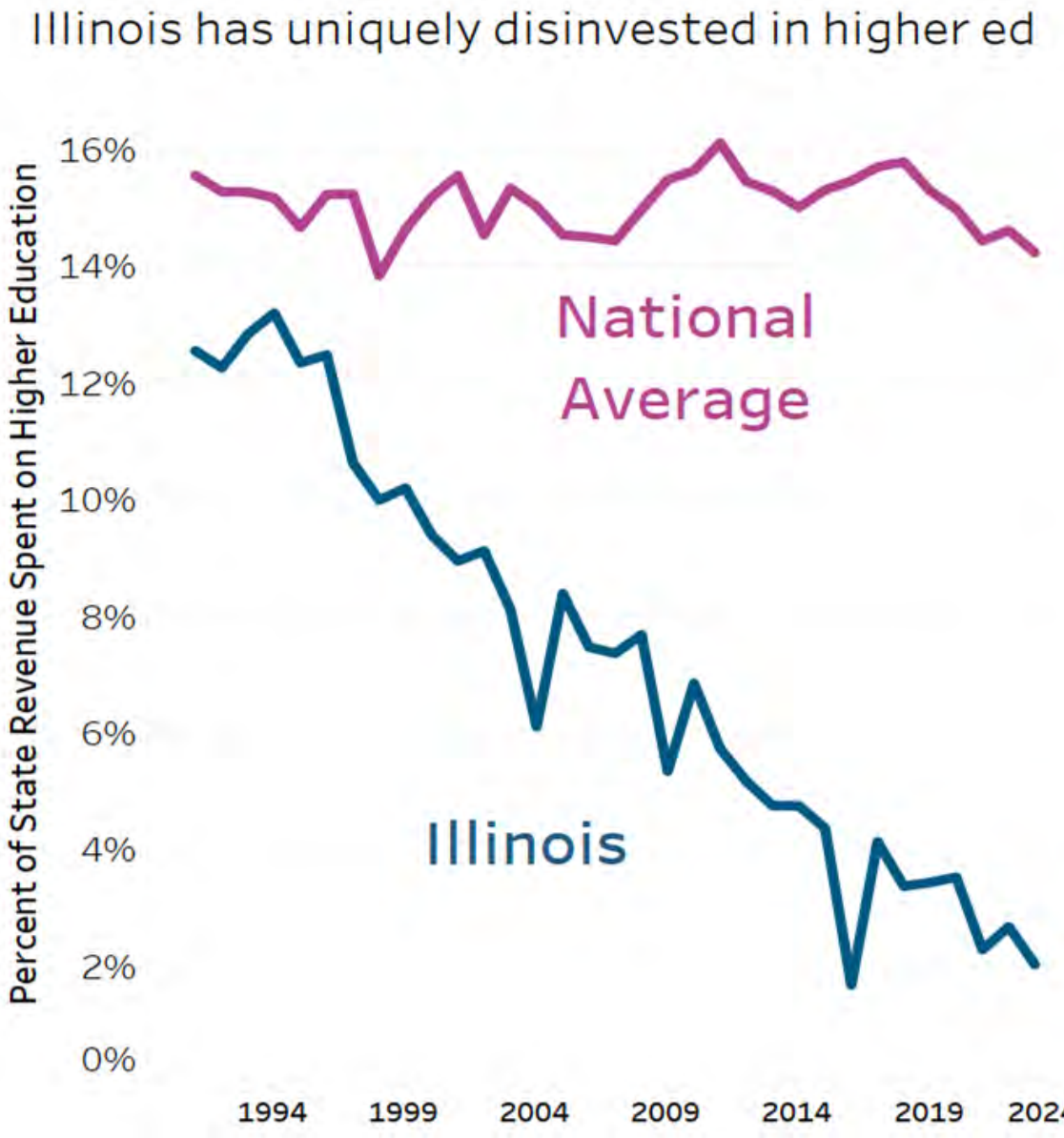
Illinois’ current unreliable funding approach is not rooted in adequacy, stability, or equity.

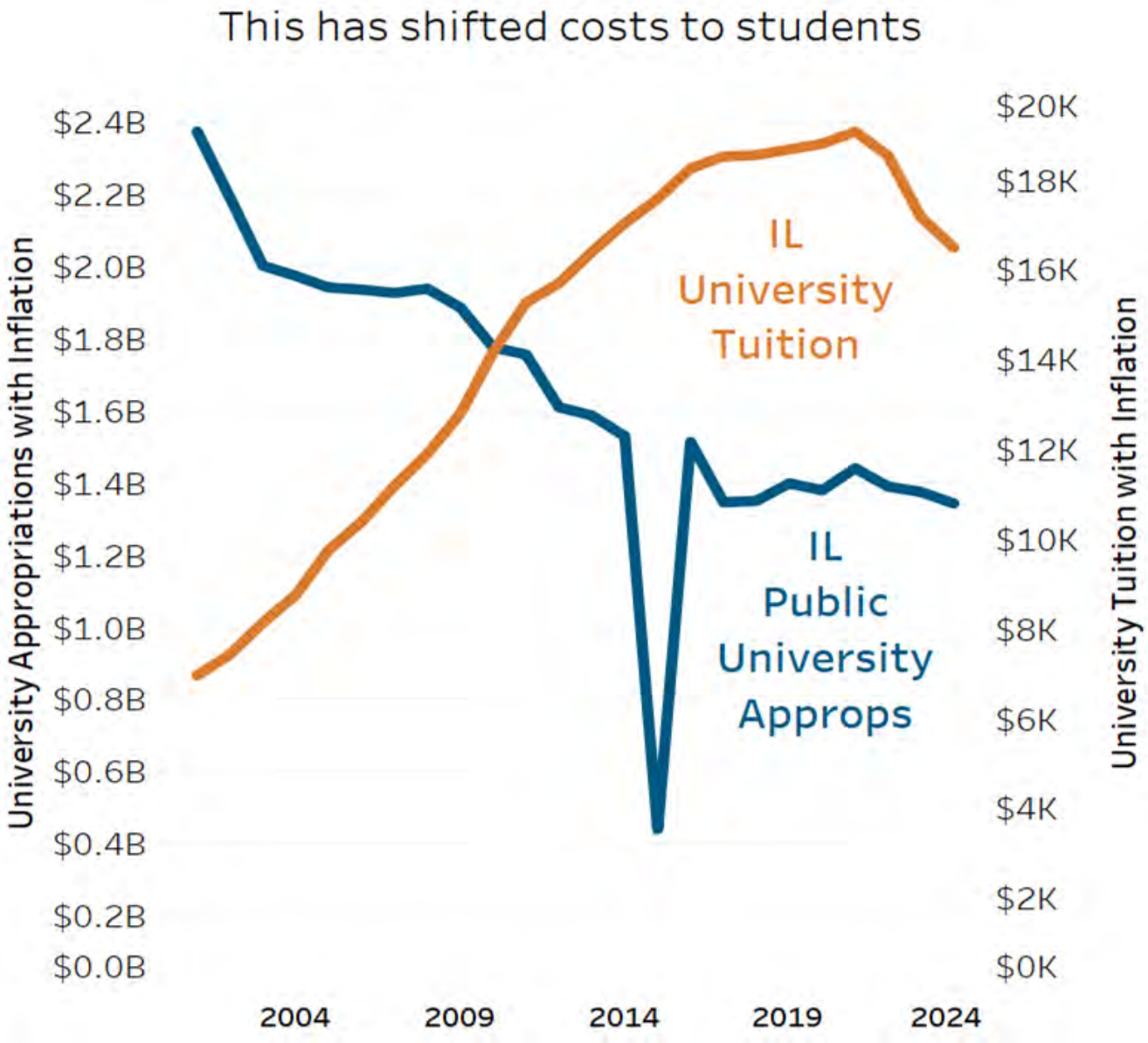
Illinois' current funding approach:

1. Does not have a formula for distributing funds
   - It does not factor in the actual costs it takes to adequately and sufficiently support students
   - It does not take into consideration different needs of different students
2. Is largely driven by political negotiations
3. Absent equitable distribution of new funds, bakes in historical disparities with every year of across-the-board funding increases
4. Maintains equity gaps across student groups

Decades of inequitable and unstable funding have left institutions with inadequate services to support students.

Illinois is an outlier in underfunding its public institutions resulting in higher costs for students.

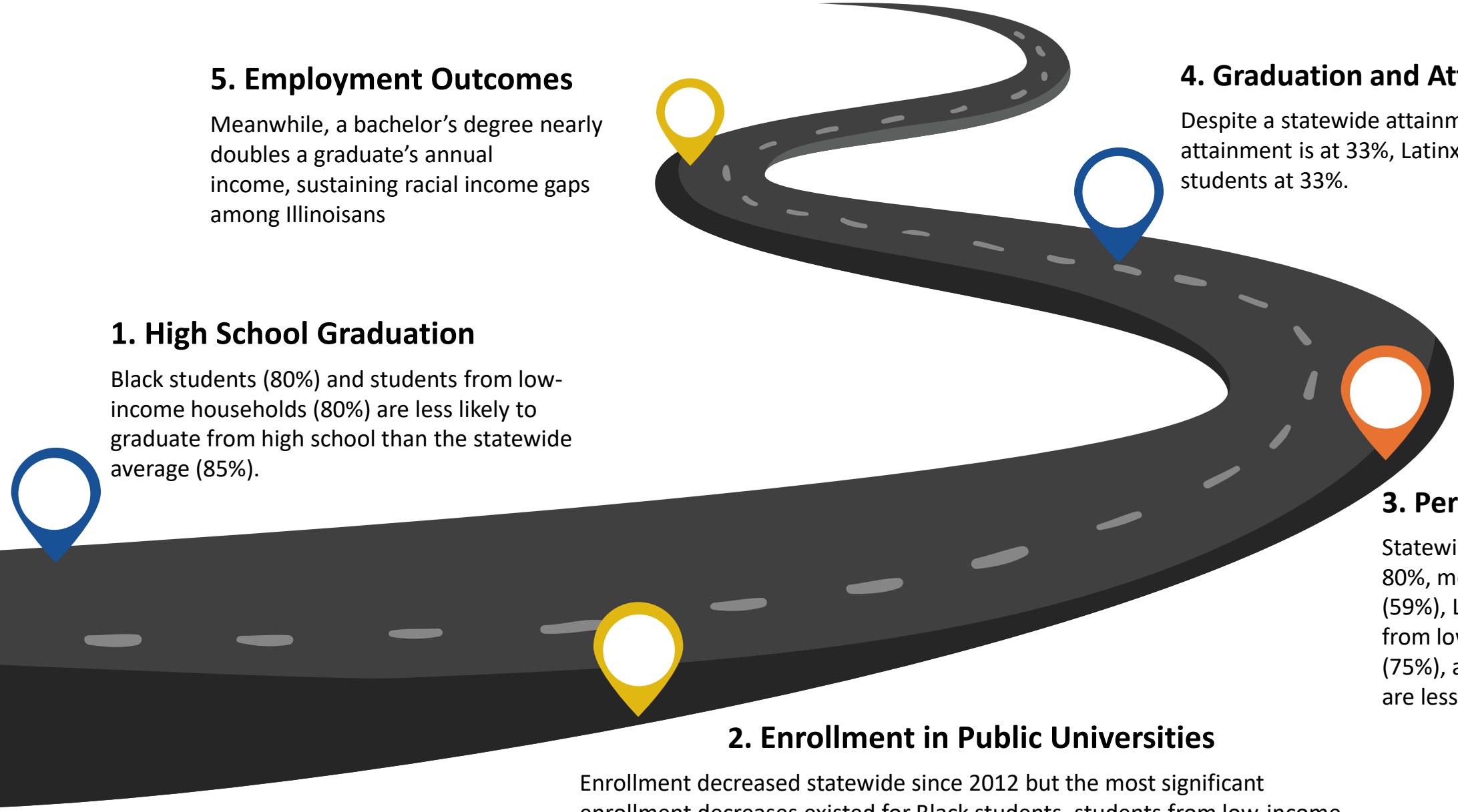




Access to, and success in, higher education for all students requires investment in both state financial aid and institutional funding.

INSTITUTIONAL FUNDING	**ADEQUATE SUPPORTS TO EQUIP STUDENTS TO COMPLETE COLLEGE** • Academic supports • Mental health services • Social supports
FINANCIAL AID	**AFFORDABILITY FOR ALL STUDENTS** • Targeted state scholarship programs to support students with biggest gap • Sufficient state funding to effectively bring down the cost of attendance for students

This inadequate funding has created equity gaps at all points of the postsecondary continuum for students of color, students from low-income backgrounds, and other underrepresented student groups.



1. High School Graduation

Black students (80%) and students from low-income households (80%) are less likely to graduate from high school than the statewide average (85%).

2. Enrollment in Public Universities

Enrollment decreased statewide since 2012 but the most significant enrollment decreases existed for Black students, students from low-income households, and rural students.

3. Persistence Rates

Statewide retention rates are at 80%, meanwhile Black students (59%), Latinx (75%), students from low-income households (75%), and adult learners (68%) are less likely to be retained.

4. Graduation and Attainment

Despite a statewide attainment rate of 45%, Black attainment is at 33%, Latinx at 23%, and rural students at 33%.

5. Employment Outcomes

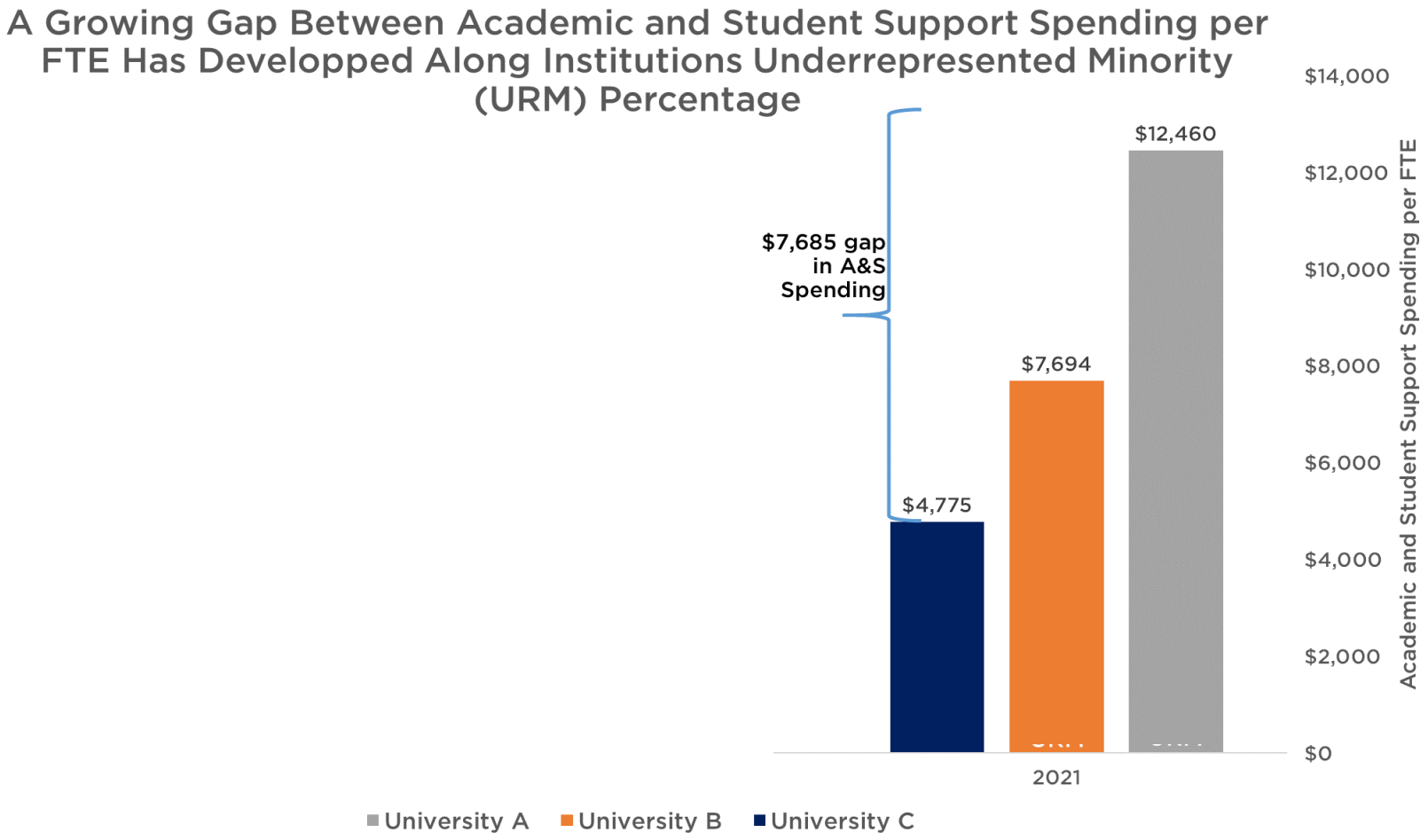
Meanwhile, a bachelor's degree nearly doubles a graduate's annual income, sustaining racial income gaps among Illinoisans

Additional investment in higher education boosts enrollment, persistence, completion, closes equity gaps, and shortens time-to-degree

- A 10% increase in total institutional spending leads to:
  - An estimated 8% increase in total fall enrollment
  - Less time a student takes to obtain a degree
  - Increases in graduation rates overall
    - Greater graduation rate increases for Black and Latinx students

SOURCE: NBER, 2017; NBER. 2020; MHEC, 2021

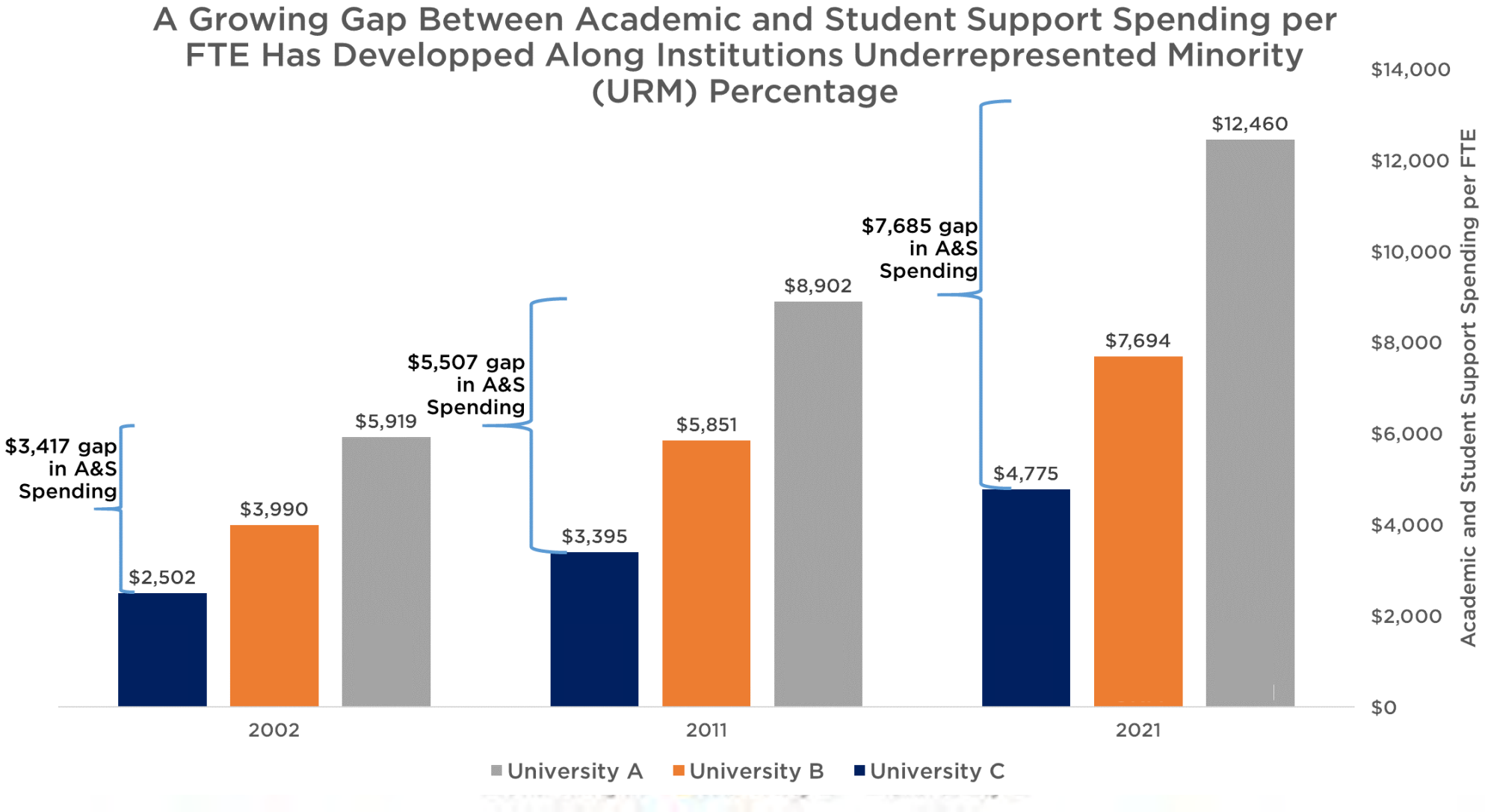
Deep and persistent equity gaps are exacerbated by universities varying ability to spend on important programs like academic and student supports.



- Increased funding for academic and student supports allows institutions to create additional structures and supports that enables all students to have access to the necessary resources to persist and graduate.
  - These academic and student supports have a particular benefit on the outcomes of low-income, Black, and Latinx students

SOURCE: Alliance for Research on Regional College, IPEDS, IBHE

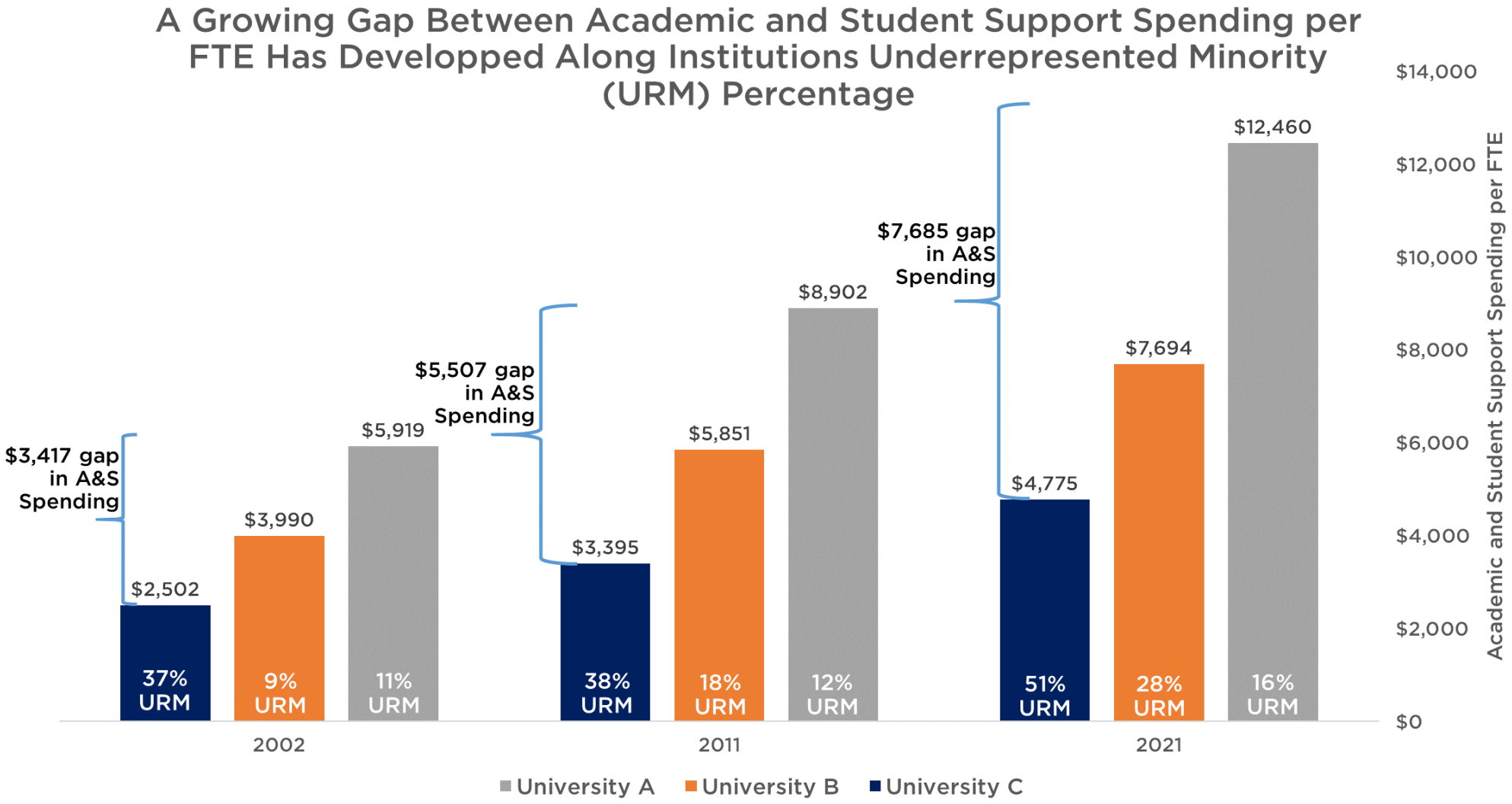
The gaps between different universities have deepened due to across-the-board increases that do not factor in the actual costs or student need.



Historically, Illinois has **utilized year-over-year appropriation increases or decrease** without a change in how we distribute these funds, furthering exacerbate inequalities.

SOURCE: IPEDS, IBHE

Historically, inequities in how universities fund academic and student supports disproportionately impacted underrepresented student groups.



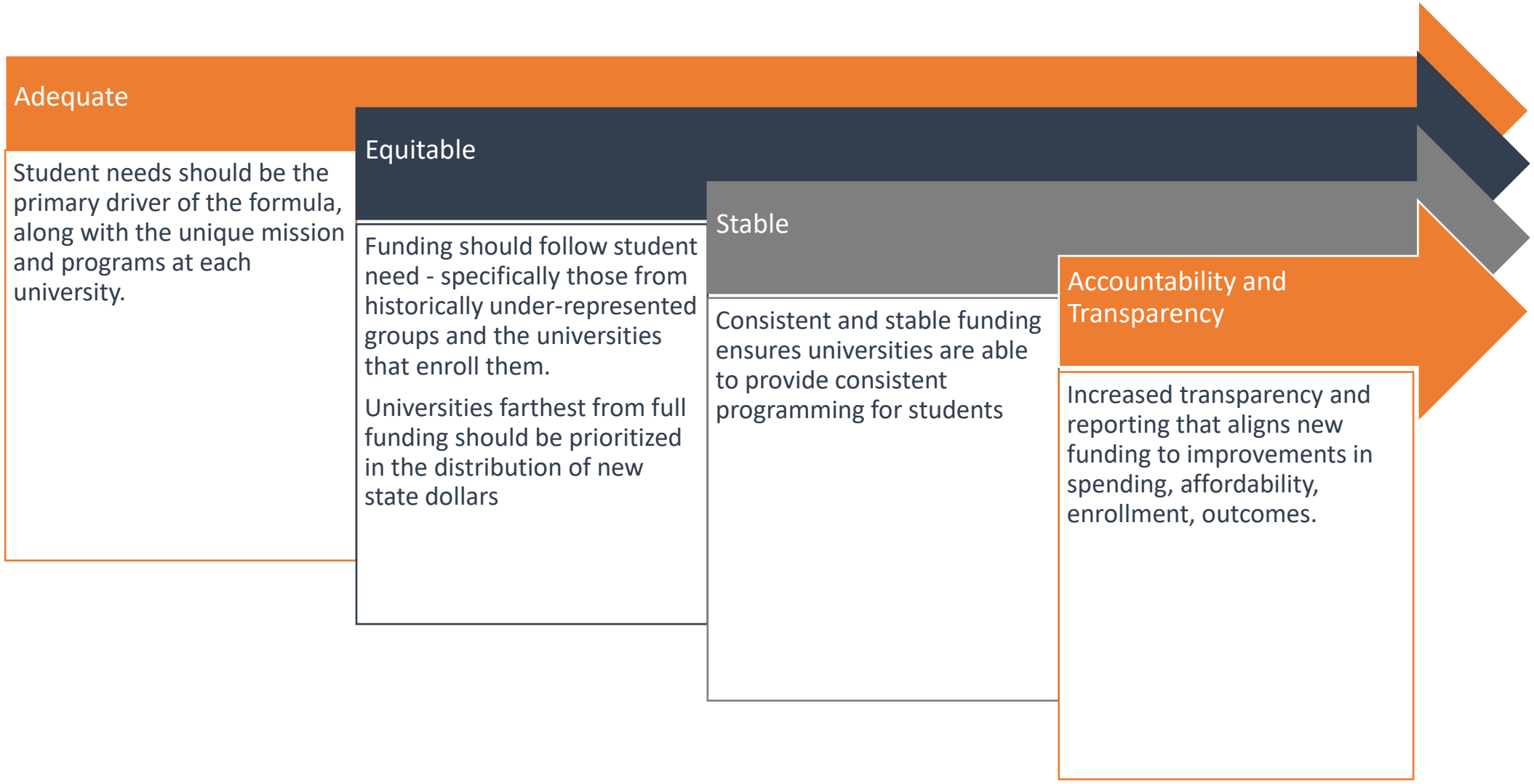
Increasing resources based on student need and population to ensure that universities serving a large percentage of our historically underrepresented student groups can have strong impacts on student outcomes.

SOURCE: IPEDS, IBHE

The Solution:

A Groundbreaking Model Based in Equity and Adequacy

Through the work of the Commission on Equitable University Funding Illinois has had the opportunity to reimagine a higher education funding formula that is student-driven with equity at the center.



How it works: The Basics

Step 1

Calculate the Adequacy Target – the targeted amount needed to fund the necessary components for student and institutional supports, and to correct for historical inequity. Then add Equity Adjustments based on its student population.

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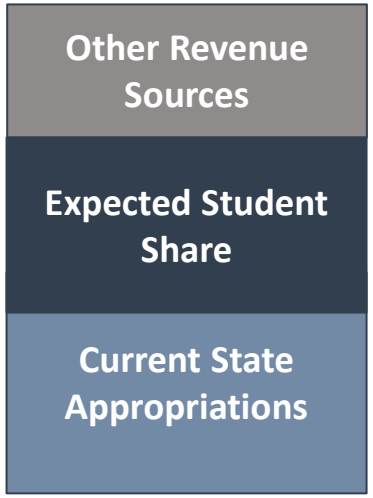

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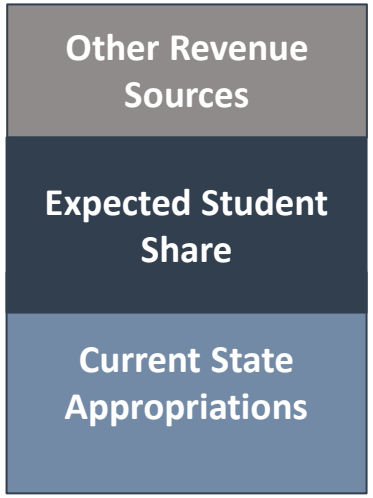
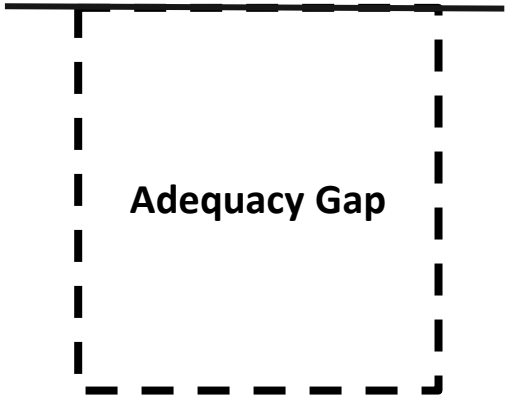
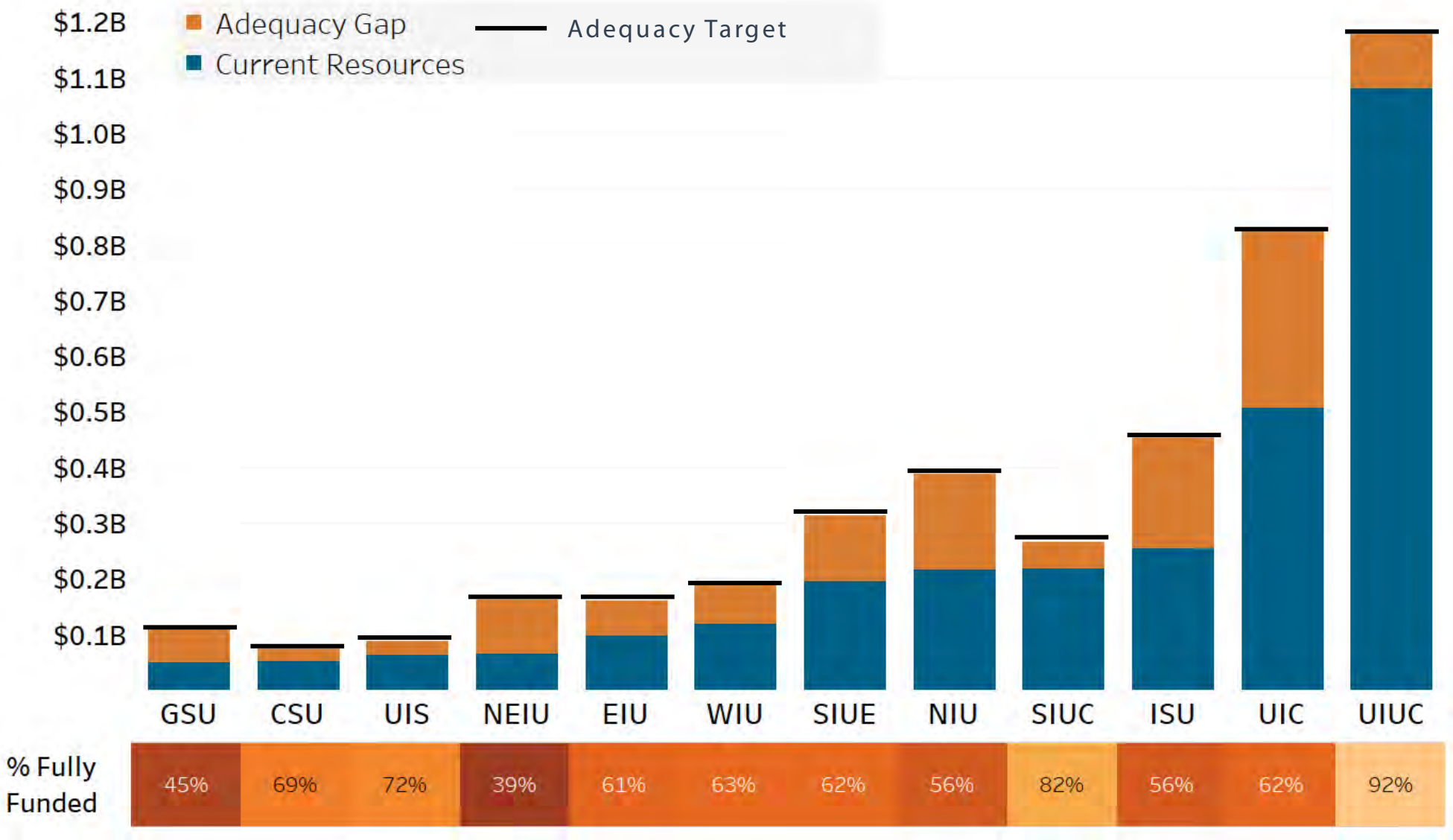




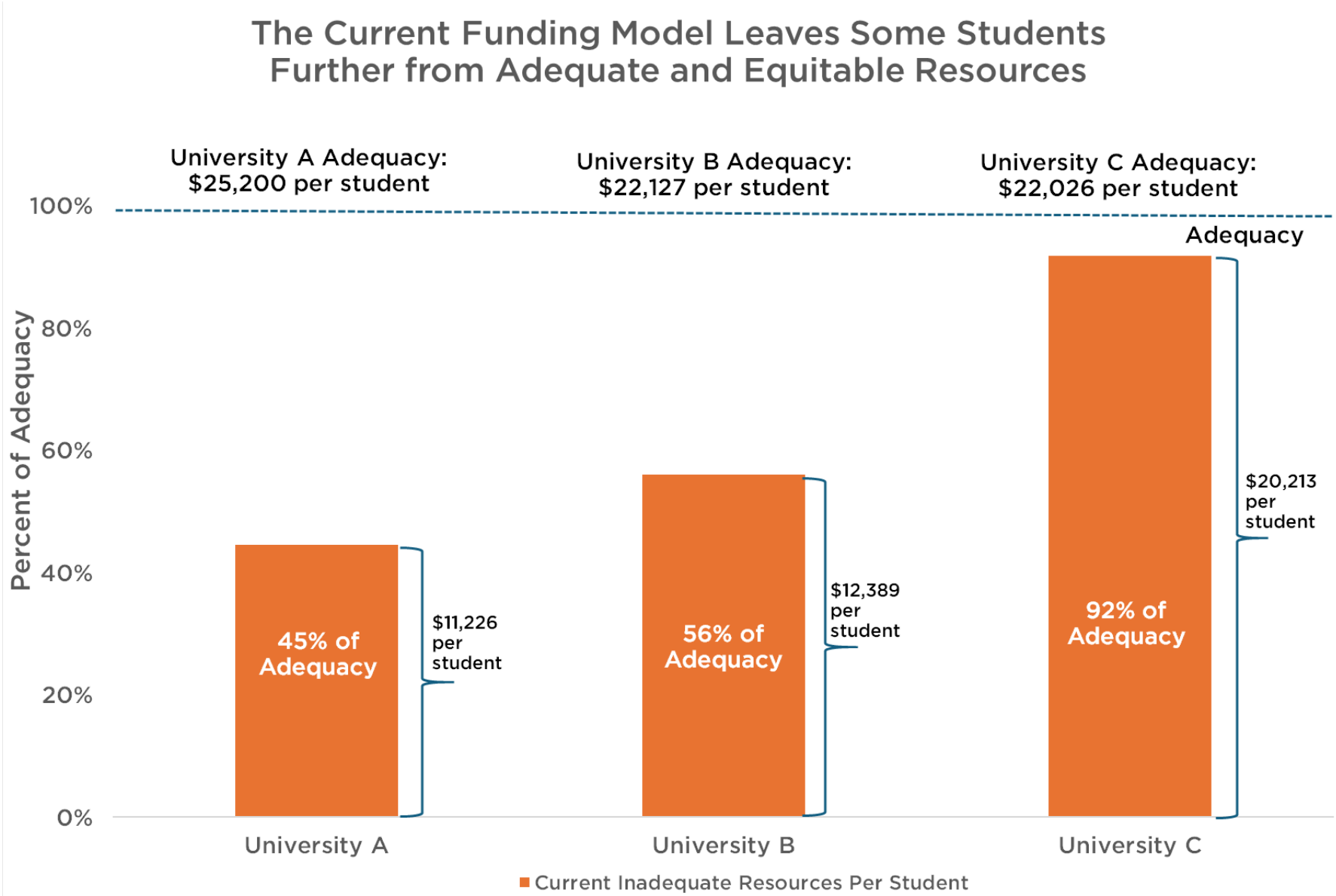
Step 3

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

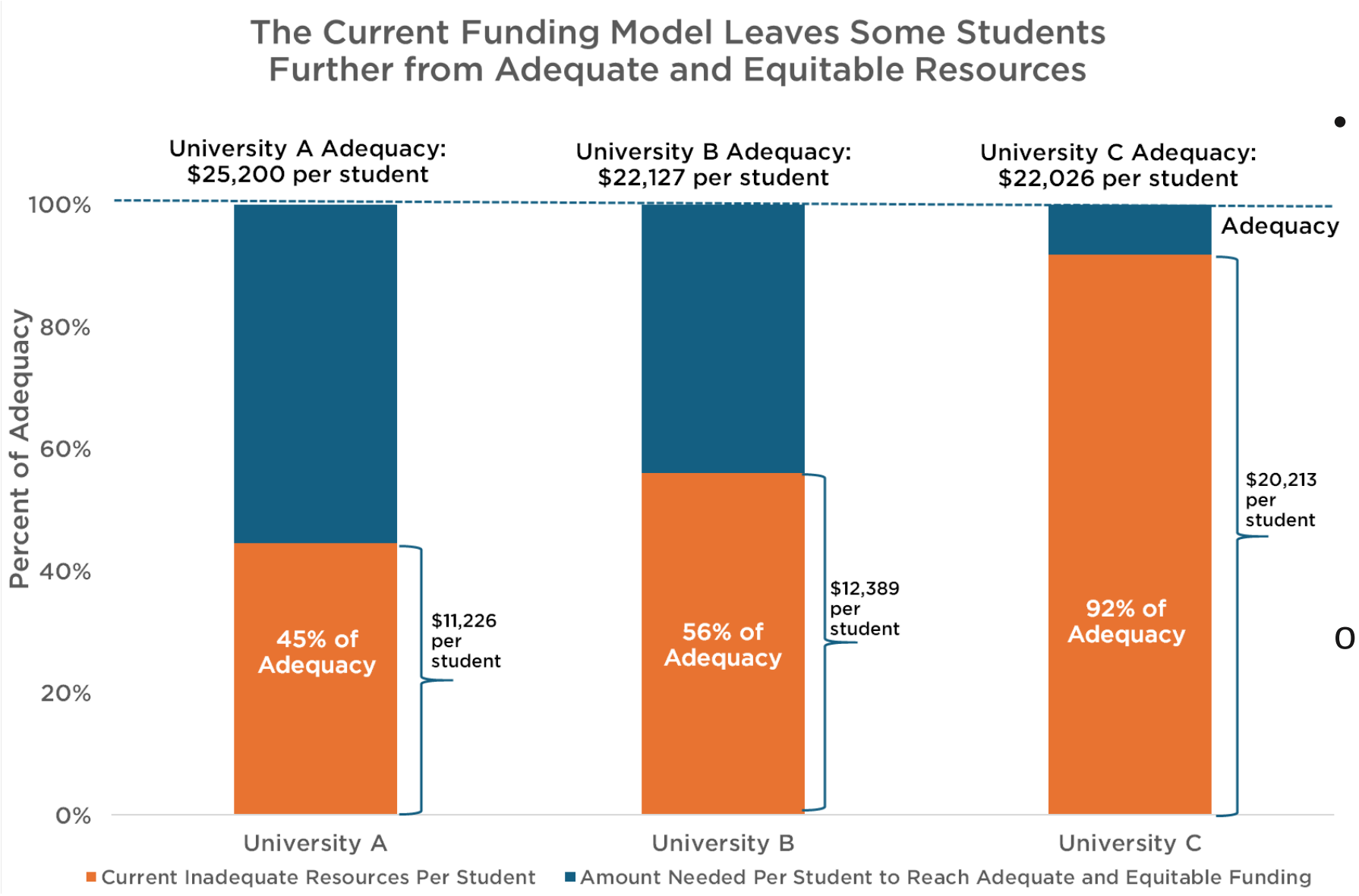
The Commission identified that not only is there a grave disparity among universities, with NEIU only having 39% of needed resources compared to UIUC having 92%, but also, no university was adequately funded



Next using institutional adequacy targets, we can identify the true cost of serving each institution's student body across the state and what level of resources they have



The proposed model would then use each institution's adequacy gap, or how far they are from full funding, to determine how new funds would be prioritized

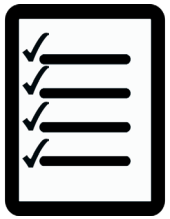


- The allocation is based on two things:
  - A guardrail that would be allocated through an across-the-board increase
  - The absolute and relative size of a university's adequacy gap (the area in **blue**)
- The goal is that most of the resources goes to institutions that are the farthest from adequacy

Proposed principles of the accountability and transparency framework.

Transparency and oversight for new funds

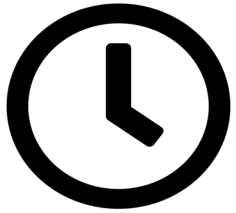
Universities must spend new funding toward achieving goals, and report that transparently.



Categorical Accountability

Universities must spend new funds such that they improve toward goals in *affordability, enrollment,* and *persistence and outcomes*.

The categories for accountability are intended to mesh with existing/evolving accountability and transparency efforts, such as IBHE's equity plans.



Timing

Institutions will be responsible for new accountability measures once they receive new funding and reach an appropriate threshold of adequacy.

Holistic Review

An accountability and transparency body will provide regular oversight by holistically reviewing quantitative and qualitative measures.

Effective & Equitable Consequences

If universities are not achieving goals, they will be held accountable in ways that inform and direct new funds rather than defunding institutions existing resources.

The current proposal for Accountability and Transparency seeks to avoid past formula mistakes by improving on the timing of institutional accountability, the issues of interest for which institutions are being held accountable, and the actionable measures taken to regulate institutions actions and decision in order to align them with stated goals.

$1.4 billion

Additional annual investment over 10-15 years to get to adequacy

62%

Directly goes toward equity adjustments to meet student need

29,600 university graduates

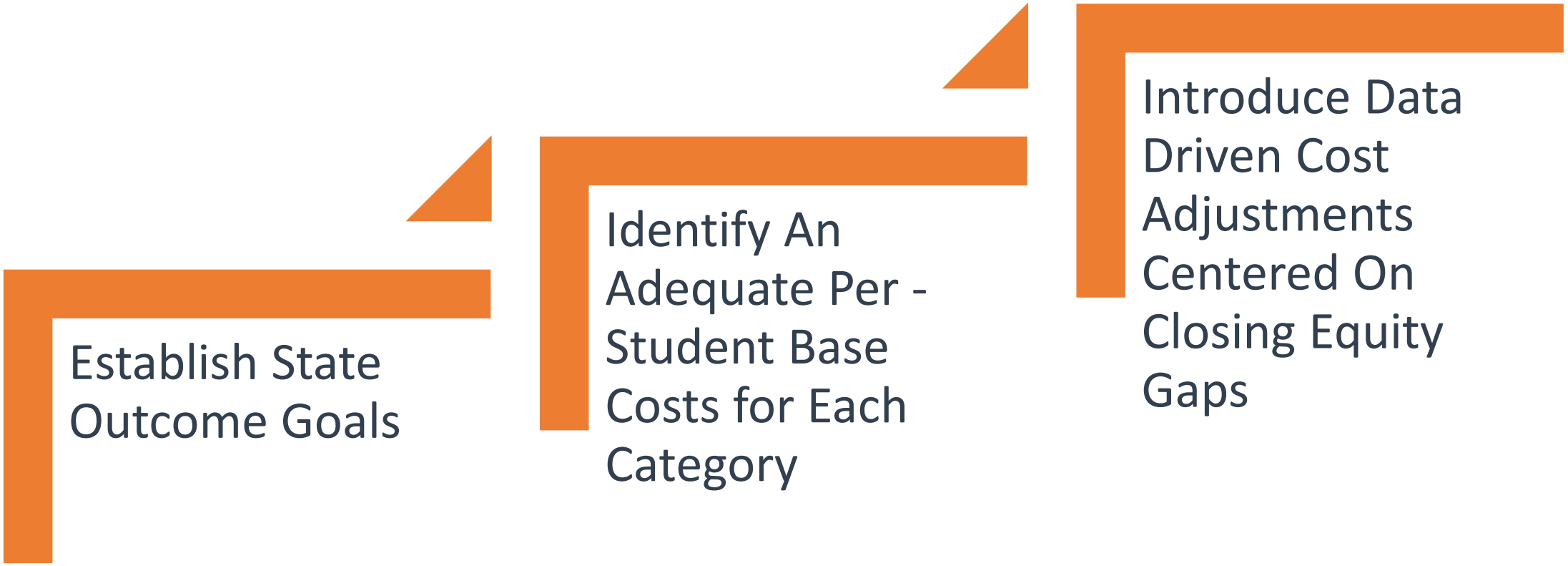
Could be added by the time the formula is fully funded

$6.5 billion more

In state taxes paid over the lifetime of these graduates

Evidence Based Research Underlying Cost Estimates

Building the cost-estimates in the funding model that would move the state from the current inequitable, inadequate investment to an adequate funding system was a multi-step process



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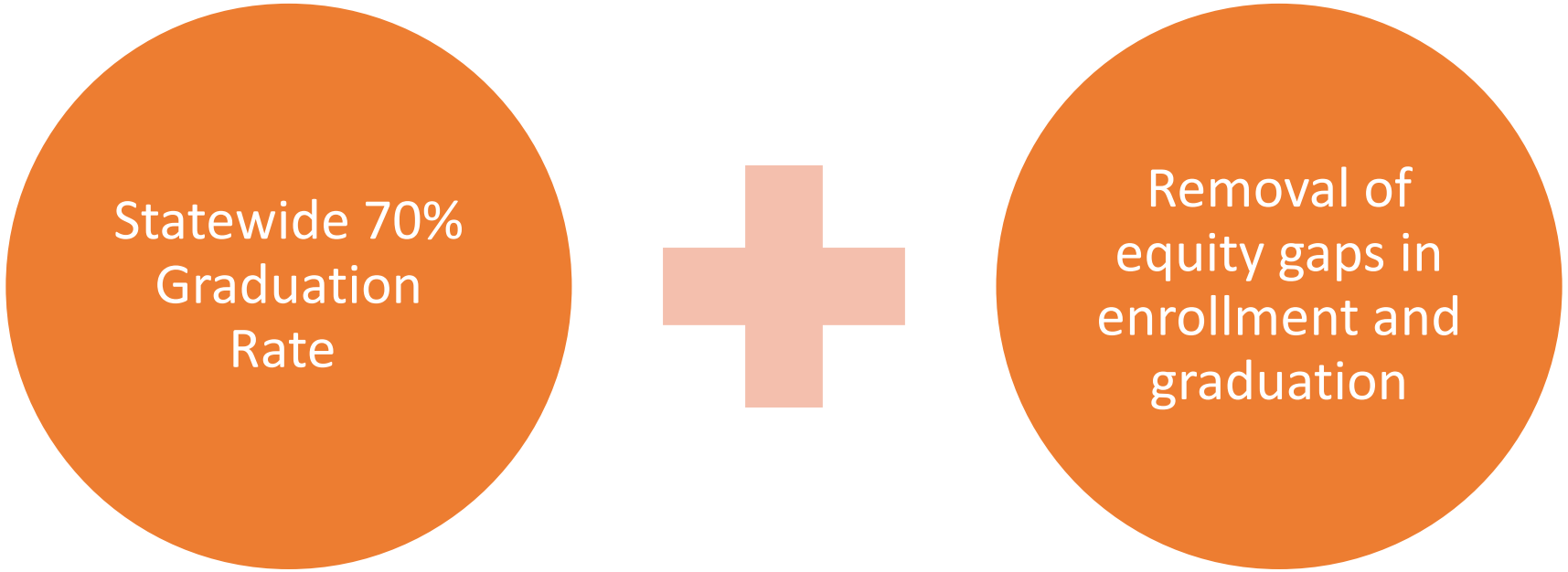
Establish State Outcome Goals

The Commission determined that increasing the statewide graduation rate to 70% and closing equity gaps in enrollment, persistence, and graduation would be the goals that drive their analysis



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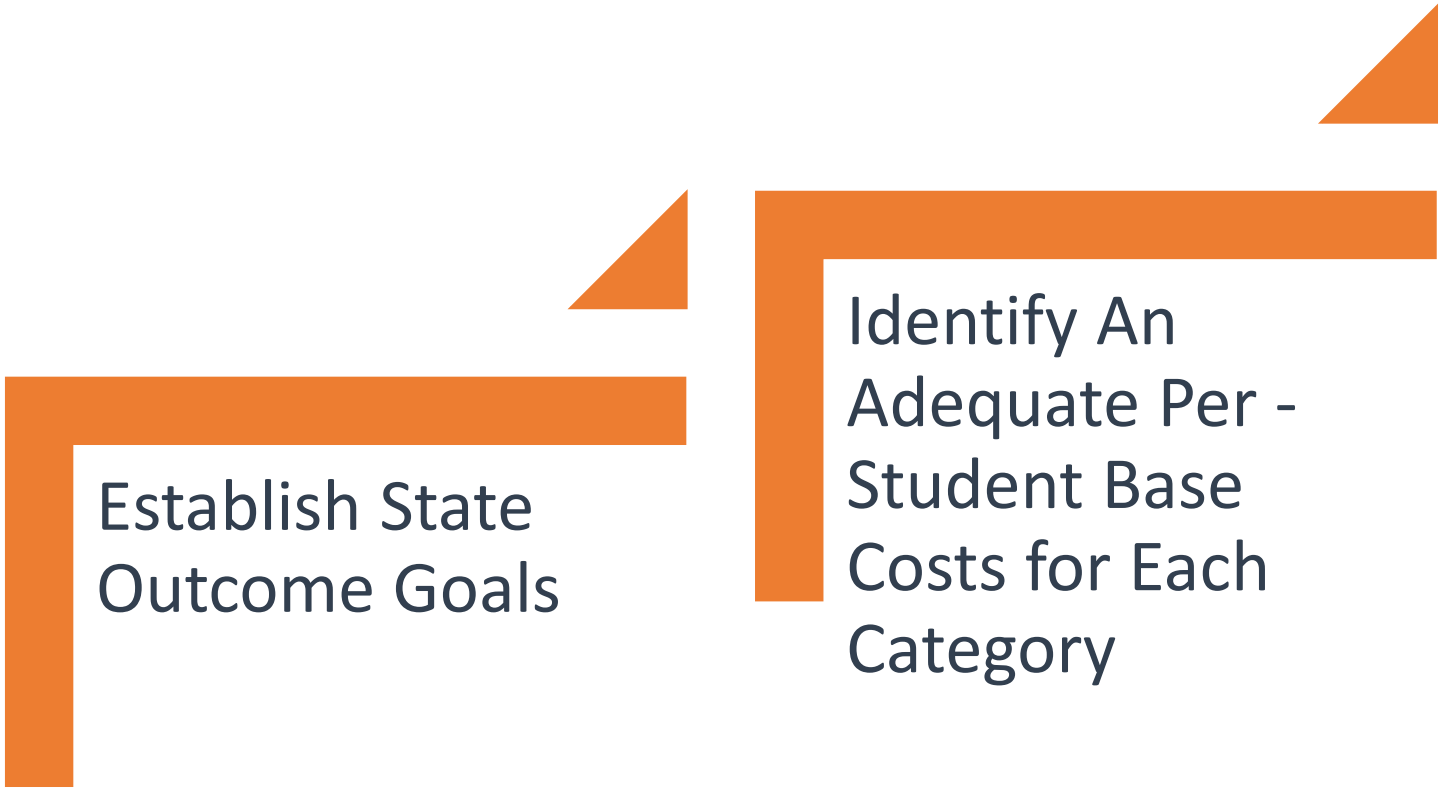

One of the first steps of the Commission was to understand the necessary costs for providing adequate and equitable instruction and student services to increase statewide graduation rates to 70%

Base Instruction and Student Service Costs

Student Centered Access

- Includes costs related to outreach, recruitment, and enrollment of students, including admissions and financial aid offices.

Academic Student Supports

- Includes costs related to providing high impact supports for student retention and completion, including academic supports (curriculum design, academic advising, career services, and tutoring)

Non-Academic Student Supports

- Includes costs related to providing high impact supports for student retention and completion, including non-academic supports (single stop centers, emergency aid, student mental health supports, and services related to non-academic needs like housing, transportation, and childcare)

Core Instructional Costs

- Includes costs related to delivering instructional programs, primarily faculty.

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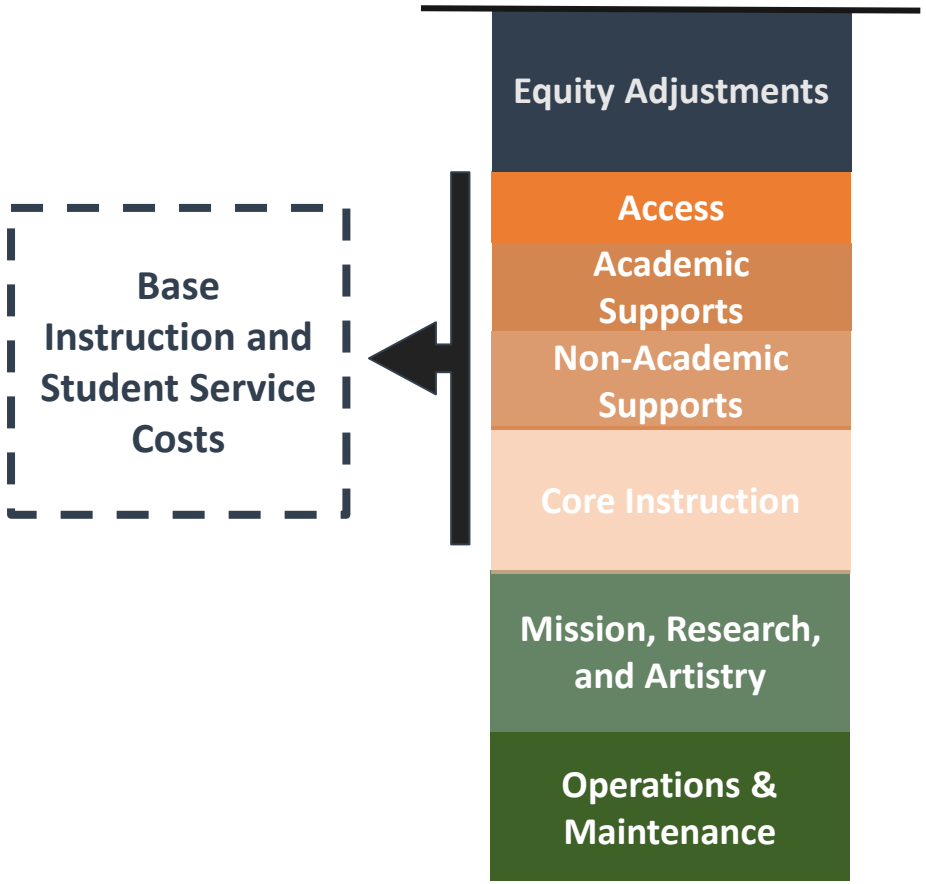

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To estimate the needed base per student spending to reach a statewide graduation rate of 70%, the Commission analyzed per student spending levels of 4-yr public universities nationwide with varying graduation rates.

1. Analyzed different spending for institutions with a 70% graduation rate vs those with lower graduation rates:
   - Identified a general baseline of spending to attain a 70% graduation rate and how much that differs from spending at lower graduation rates.

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2. Analyzed the different spending for institutions with a 70% graduation rate for students of color and students from low-income backgrounds:
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2. Analyzed the different spending for institutions with a 70% graduation rate for students of color and students from low-income backgrounds:
   - Identified the increase from the baseline funding value needed to support students of color and low-income students.

3. Conducted a regression analysis to determine a per student amount that was needed to increase graduation rates

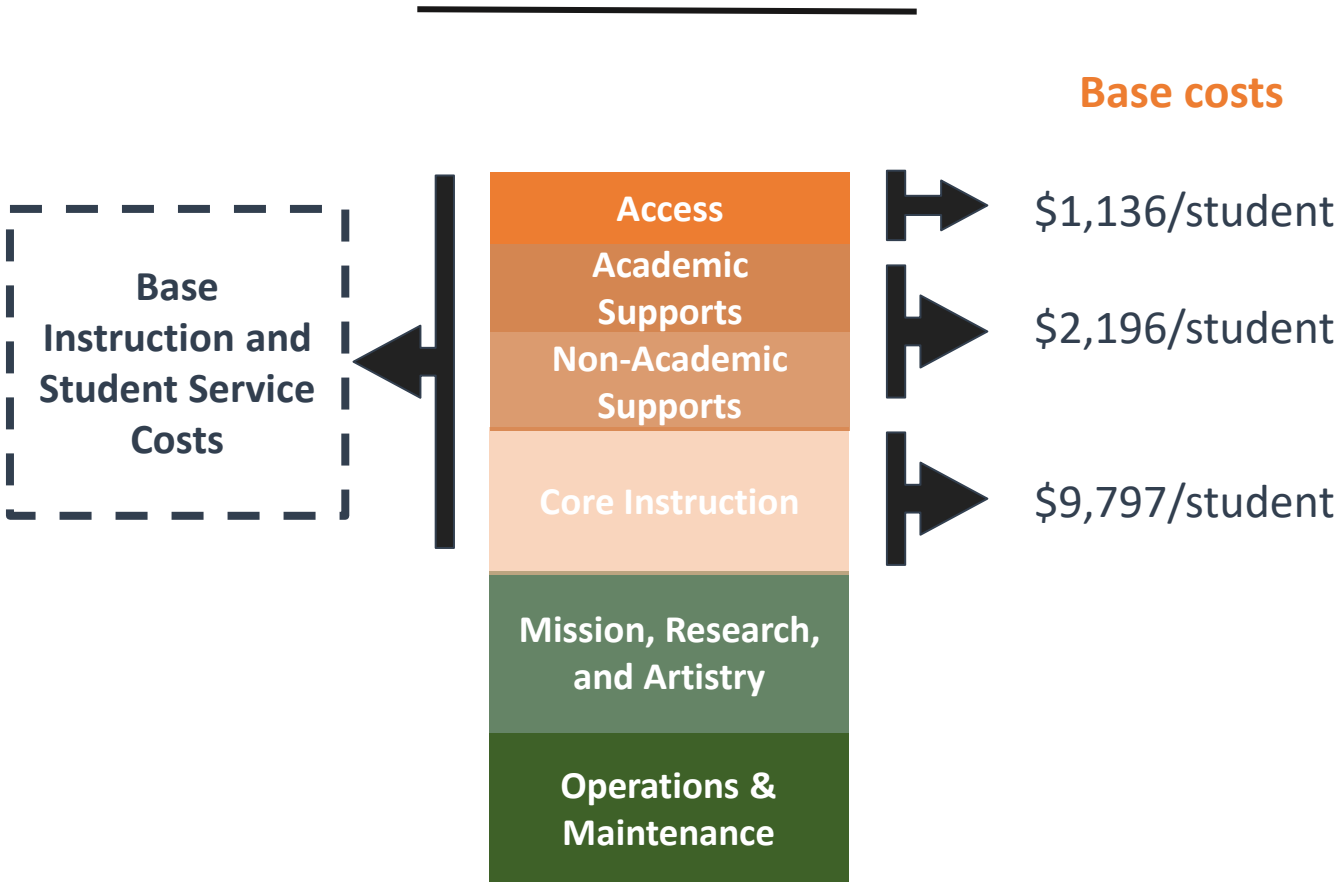
To summarize, the Commission identified several useful benchmarks to guide the creation of the needed base per student spending to reach a statewide graduation rate of 70%

- Analyzed different spending for institutions at different graduation rates:
  - Institutions with **70% graduation rates spent $30K per FTE** versus institutions with 60% grad rates spend $20K.

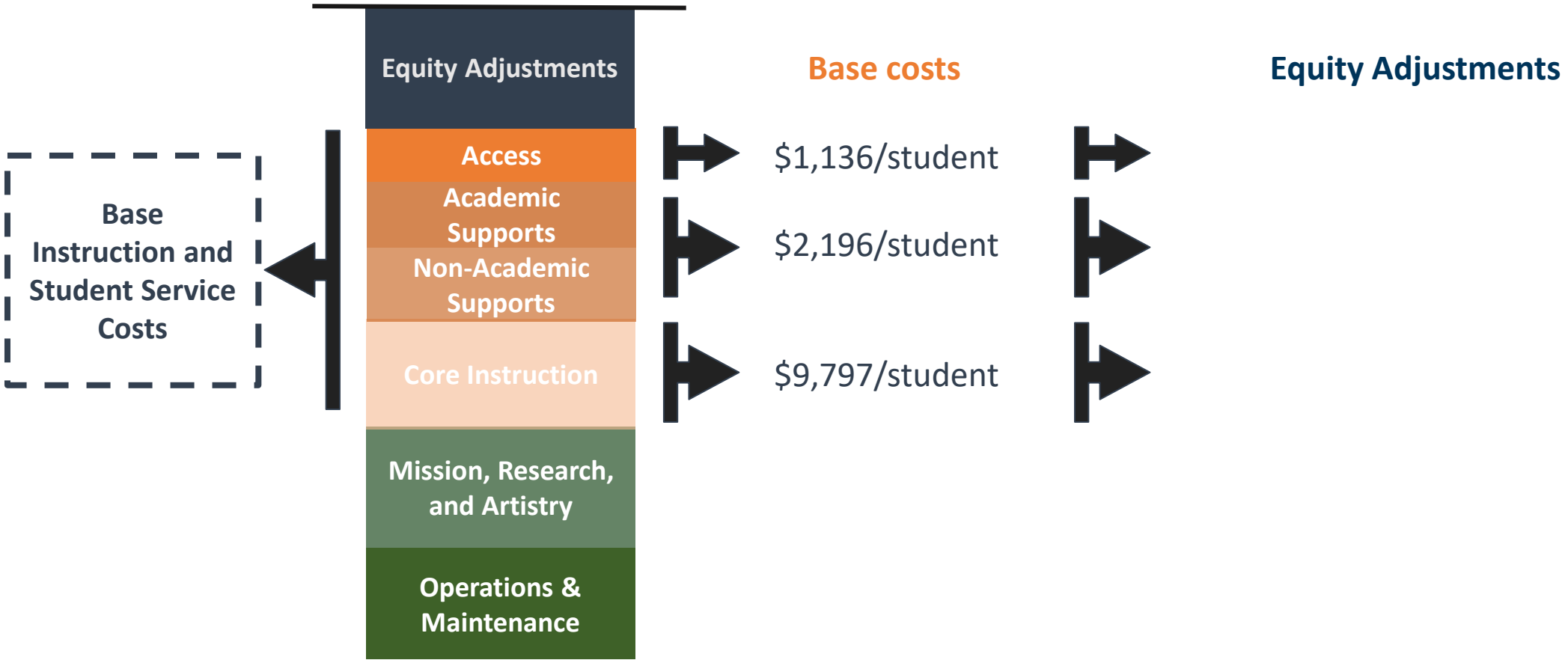
- Analyzed different spending for institutions at different graduations rates looking at students of color and students from low-income backgrounds:
  - The gap in spending between institutions with a 60% graduation rate, which is Illinois's current statewide average, and a 70% graduation gap was nearly **$2K to more effectively support students of color and students from low-income backgrounds**.

- Regression analysis to determine a per FTE amount that was needed to increase graduation rates
  - An increase of one percentage point in the overall graduation rate is associated with a **$498.23 increase in spending per FTE**
  - An increase of one percentage point in the Pell graduation rate is associated with a **$516.69 increase in spending per FTE**

Using this approach, the Commission established a $13,129 base cost per student across all Instruction and Student Service Costs



Using this approach, the Commission established a $13,129 base cost per student across all Instruction and Student Service Costs, to which equity adjustments were introduced



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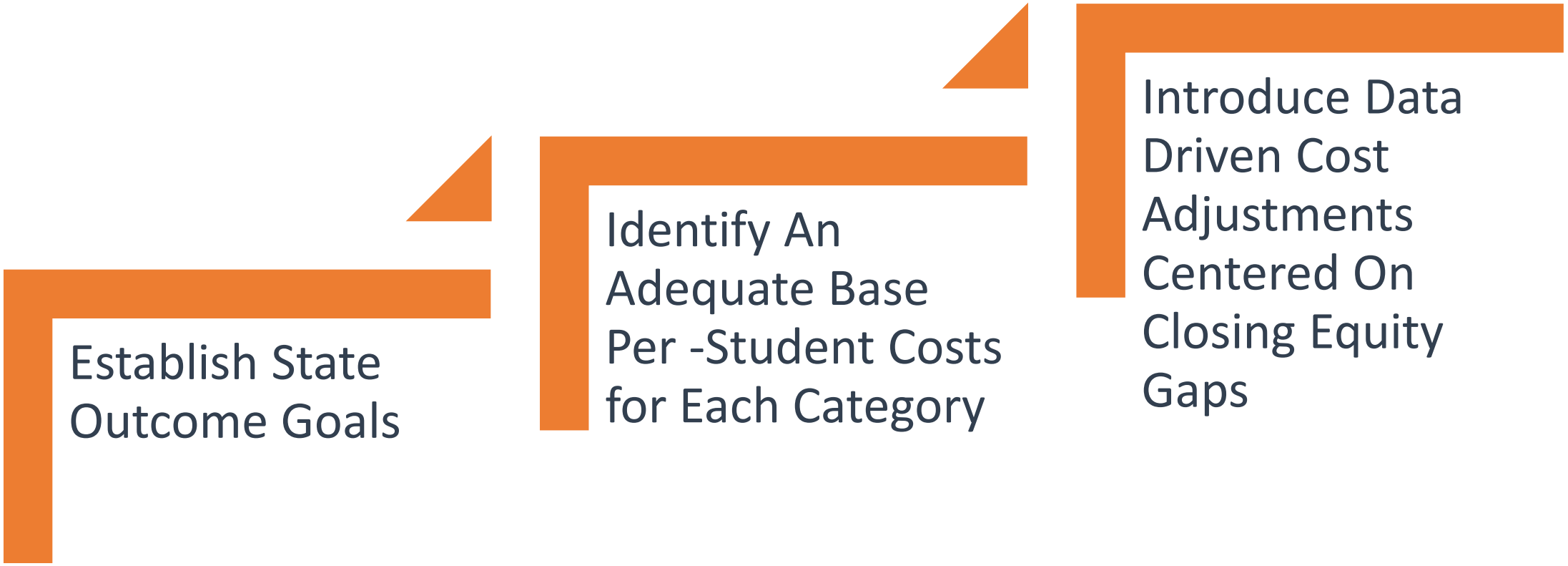
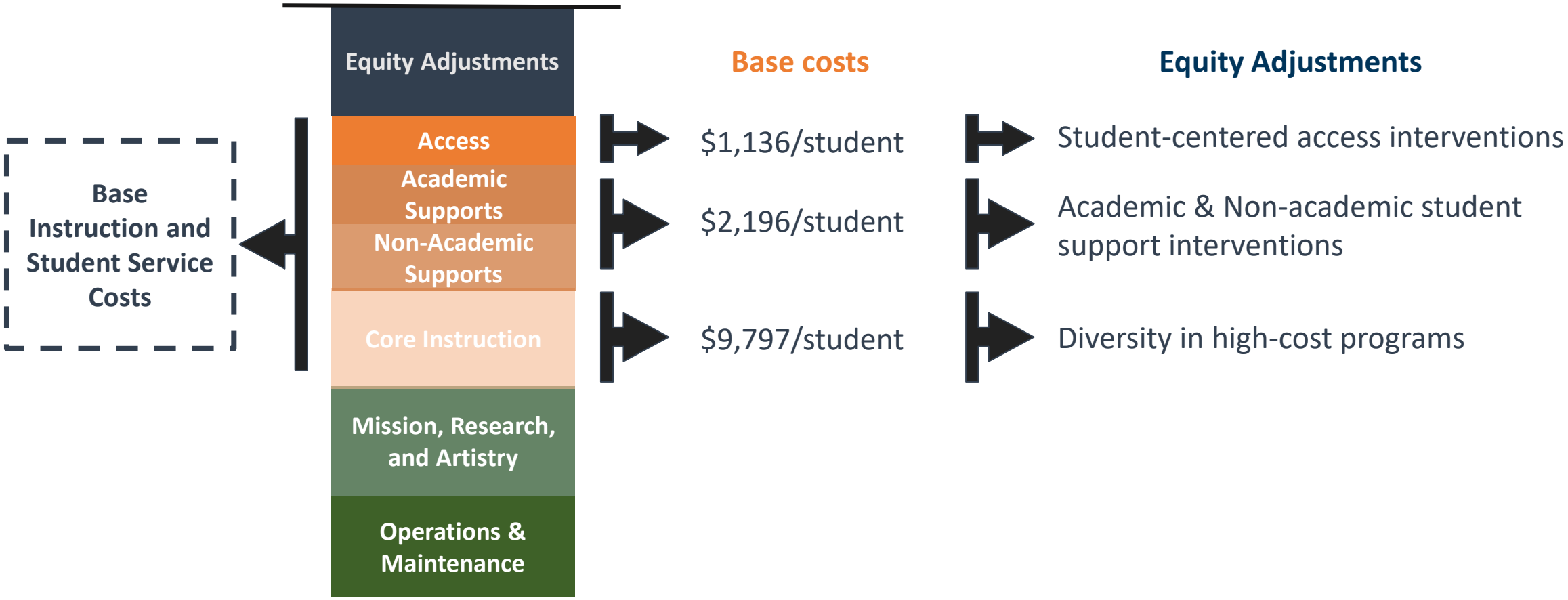


Student-Centered Equity Adjustments

Using this approach, the Commission established various base costs per student across different cost centers – agnostic of individual student need.



The Commission centered academic and student supports used at other universities in order to include an equity adjustment meant to incentivize and support activities that increase the retention and completion of historically underserved student groups.

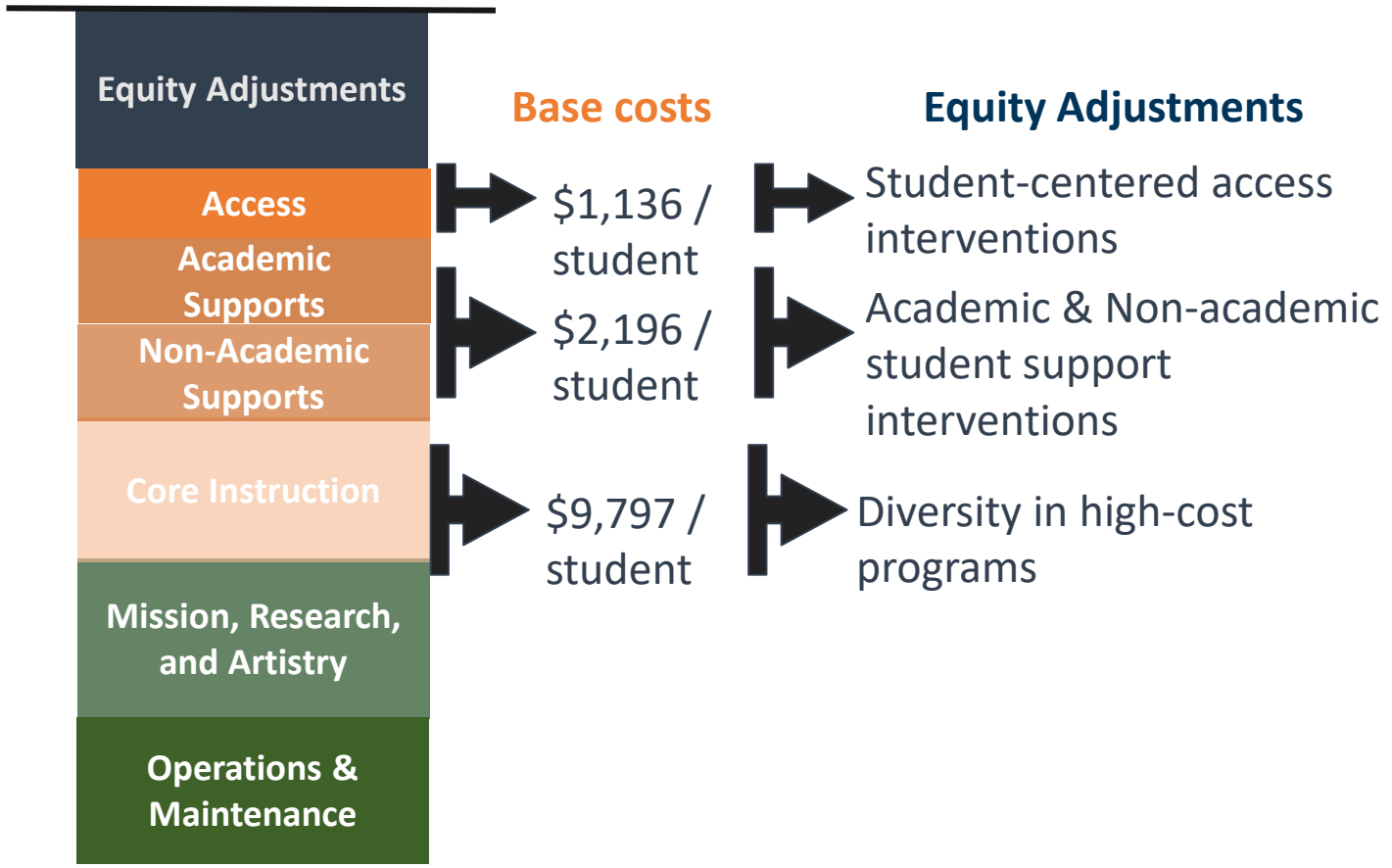
There is a growing research that shows targeted interventions and holistic programs can be used to **close enrollment gaps, increase persistence,** and ultimately have **significant positive impacts on college graduation.**

Targeted Interventions:

- **Student-centered access programs**: Summer melt programs, advising interventions to increase enrollment of historically underrepresented groups
- **Academic and Non-Academic Supports**: Learning communities, tutoring, and career connections
- **Core Instruction**: Faculty diversity initiatives, co-requisite courses to increase equitable representation in high-cost and high-value programs

Holistic Services:

Wrap-around services aimed at eliminating gaps in retention and completion. Programs often used multiple targeted interventions that can be used to support students.



Student Support Spending in the Adequate and Equitable Funding Approach

To assess the necessary size of an equity cost adjustment to cover the cost of evidence-based interventions, the Commission reviewed existing intervention programs at different points of a student's career

The Commission surveyed existing targeted interventions and holistic services used in programs around the country to assess how resource intensive similar programs in Illinois would be.

- The goal of this process was to **ground estimations of per-pupil costs for intensive student supports in existing data**
- Any interventions included in the analysis needed to be data driven and have a statistically significant impact on student outcomes.

The inclusion of these equity adjustments allow institutions to have the necessary resources to craft like programs for their own students

Example Intervention	Description and Targeted Group	Per-Student Cost	Impacts
Bottom Line	Access Advising (pre-enrollment) and Success Advising Low-income students enrolled in developmental education	$1,000	7.6 pp (16%) increase in BA completion
Opening Doors	Learning communities – linked courses counseling, tutoring, and textbook voucher Community college students	$2,461	4.6 pp increase in completers
Project Quest	Advising, financial aid, academic supports, counseling, meeting on life skills Adult learners, first-gen students	$12,464	13pp increase in postsecondary attainment
CUNY ASAP	Advisors, full-time enrollment, financial assistance for basic needs, tutoring, career services Low-income, first-gen students	$4,676	17pp increase in graduation rates

The Commission assessed the extent of needed interventions across various cost categories through a combination of assessing how resource intensive targeted programs would be, and connecting that to Illinois-specific data on equity gaps

The Commission's process to assessing student centered equity adjustments

Student-Centered Access Equity Adjustment

Identifying the equity gaps in college attendance allowed the commission to organize student groups into different tiers of need, which were connected to different equity adjustment amounts

Access Equity Adjustment Tiers

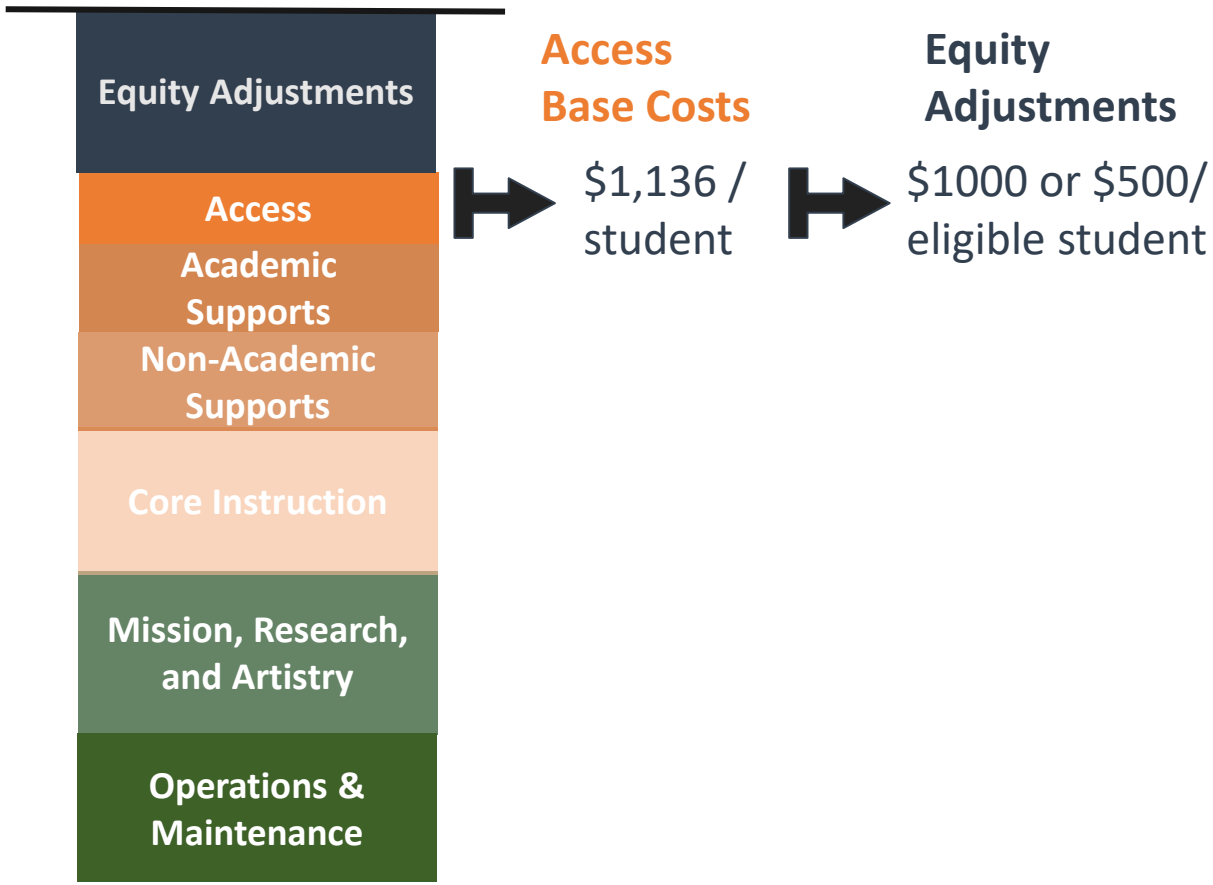
Statewide 4-yr College Going Rate Gap	Student Characteristic	Tier	Equity Adjustment Amount
-21.8%	**Low-Income**/Not Low-Income	Medium	$1,000
-19.0%	**Rural**/Not Rural	Medium	
-16.2%	**Latino**/White	Medium	
-9.8%	**Black**/White	Low	$500
-9.1%	**Native**/White	Low	
N/A	**Adult**	Low	

The Commission included equity adjustment to the student access cost category to incentivize and support activities that increase the enrollment of historically underrepresented student groups

Targeted Access Interventions:

- Examples of student-centered access programs include: Summer bridge programs, advising interventions to increase enrollment of historically underrepresented groups

- Two of the student-centered access interventions used to calculate the cost of evidence-based factors, were Bottom Line and Upward Bound
  - Using these programs, and their cost estimations, the Commission assessed how much to budget as needed access interventions



Student-Centered Academic and Non-Academic Equity Adjustment

Identifying the equity gaps in college retention allowed the commission to organize student groups into different tiers of need, which were connected to different equity adjustment amounts.

Holistic Supports Equity Adjustment Tiers

Statewide 4-yr College Graduation Rate	Student Characteristic	Tier	Equity Adjustment Amount
N/A	High + Other	Intensive	$8,000
-22.1%	**American Indian** / White	High	$6,000
-20.3%	**African American** / White		
-14.8%	**EBF Tier 1** / EBF Tier 4		
N/A	Medium + Other		
-12.5%	**Adult** / Under 25	Medium	$4,000
-10.4%	**Low-Income (Pell)** / Not Low-Income		
-10.2%	**Low high school GPA** / 3.0+ GPA		
-8.9%	**Hispanic** / White		
-7.6%	**2 or more races** / White		
N/A	Low + Other		
-5.4%	**EBF Tier 2** / EBF Tier 4	Low	$2,000
-2.1%	**Rural** / Not Rural		

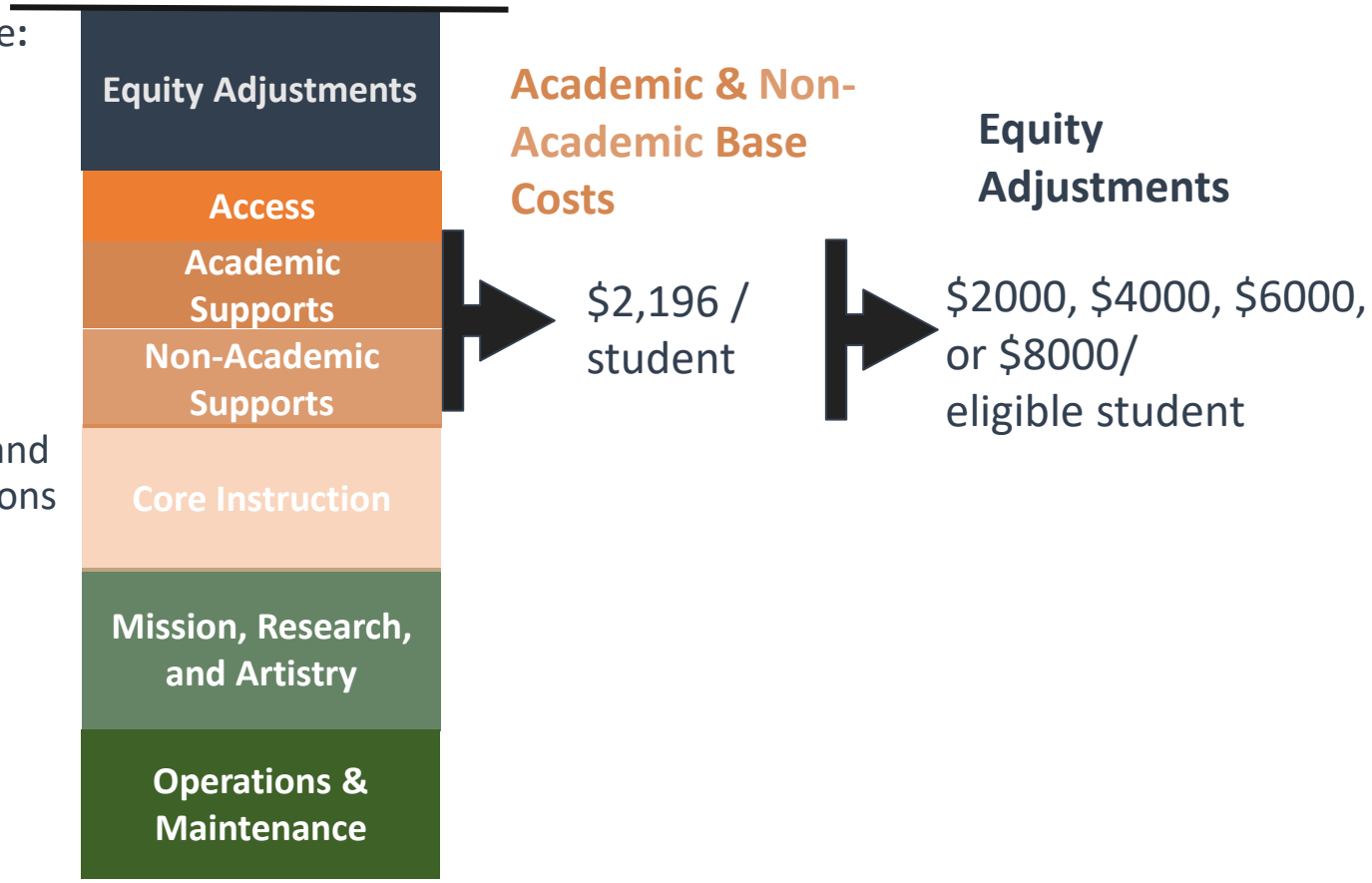
The Commission surveyed academic and student supports used at other universities in order to include an equity adjustment mean to incentivize and support activities that increase the retention and completion of historically underserved student groups.

Targeted Academic and Non-academic Interventions:

- Examples of Academic and Non-Academic Supports include: Learning communities, tutoring, and career connections
  - CUNY ASAP
  - Project Quest
  - Opening Doors

Holistic Services:

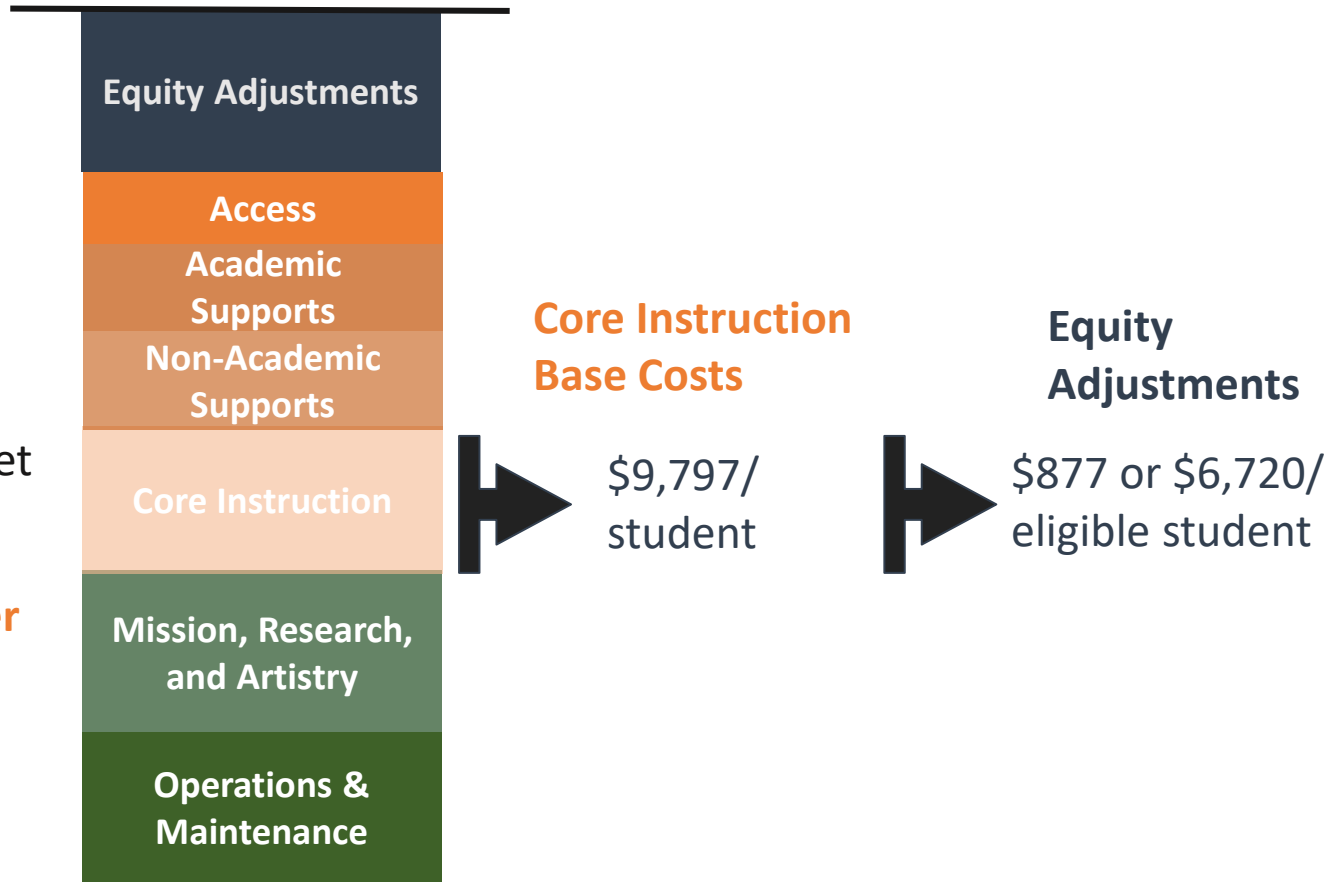
Wrap-around services aimed at eliminating gaps in retention and completion. Programs often used multiple targeted interventions that can be used to support students.



Student-Centered Instruction Cost Equity Adjustment

The Commission introduced an equity adjustment to the Core Instruction cost category to incentivize and support activities that increase the enrollment and retention of URM students in high-cost and high-priority programs as well as to offset differences in per-student resources due to differing program costs

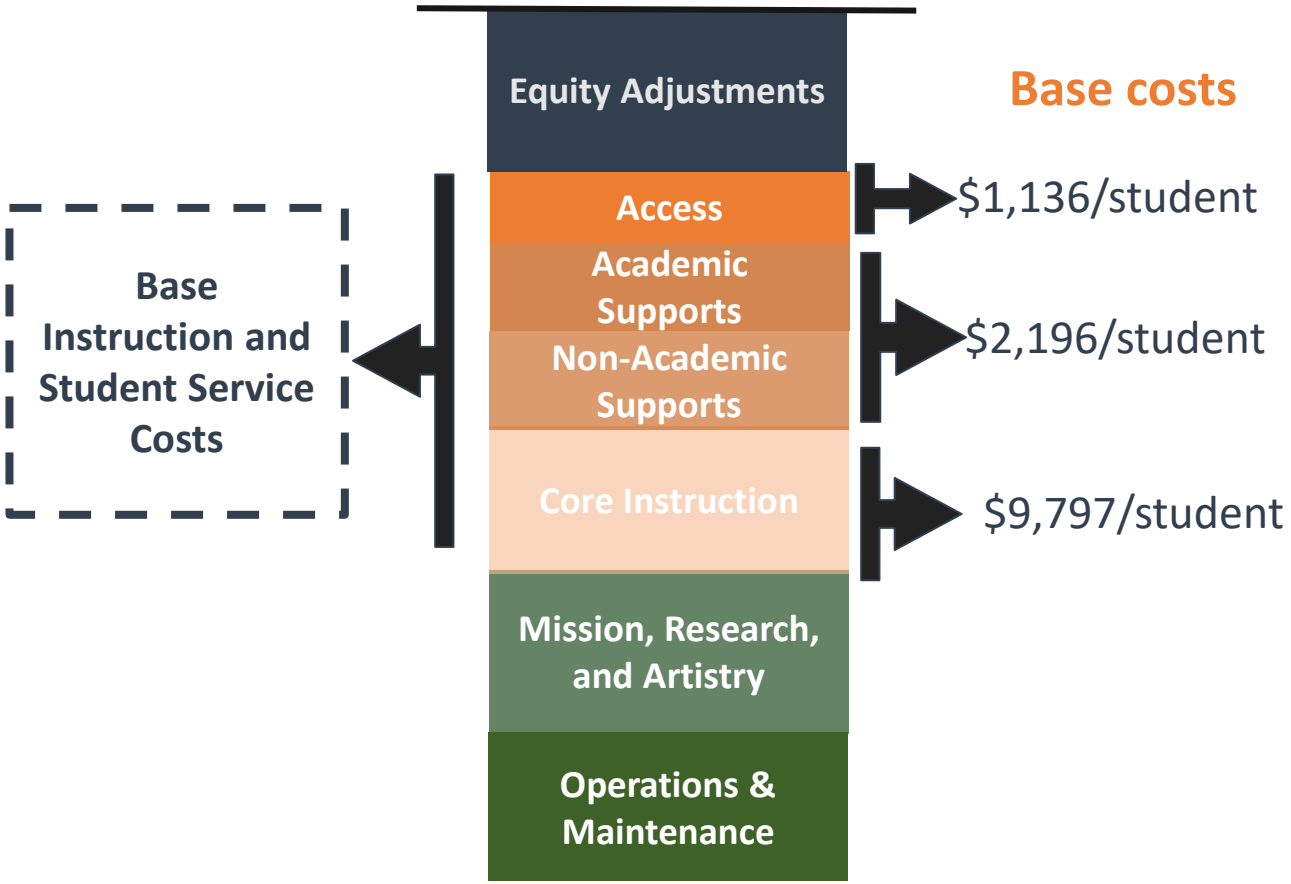
- The Commission recognized that only **13% of URM students** are in high-cost/high-priority programs, whereas **19% of non-URM students** enroll in these programs.
  - They determined the inclusion of an equity adjustment, could incentivize and support activities that increase the enrollment and retention of URM students in these programs
- These amounts are the premiums needed to offset disparities in funding created by the high-cost program factor. **When these factors are applied, there is no net change to the average funding per student for URM students compared to other students using the high-cost/high-priority weights.**



The last equity adjustment centered on diversifying high-priority/high-cost fields such as medical professions, fine arts, and engineering

	Statewide Enrollment Gap	Student Characteristic	Equity Adjustment Amount
High-Cost Program Diversity Adjustment	-6%	Black, Latinx, Indigenous	$877
High-Cost/High-Priority Program Diversity Adjustment	-6%	Black, Latinx, Indigenous	$6,720

The Commission used a multi-stage process to establish per students costs and cost adjustments to ensure institutions are adequately resourced to meet varied student needs across Illinois's diverse public universities



Base costs

$1,136/student

$2,196/student

$9,797/student

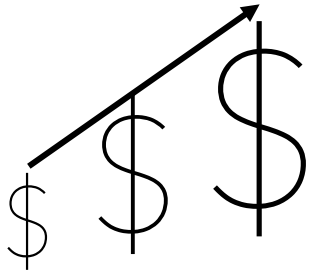
Equity Adjustments

Student-centered access interventions: $500 or $1000/ eligible student

Academic & Non-academic student support interventions: $2,000, $4000, $6,000, $8,000/ eligible student

Diversity in high-cost programs: $877 or $6,720/ eligible student

Additional Details and Ongoing Conversations



Annual Increase

The Commission discussed setting an annual increase, as with EBF

- The range was from $60m-$135m in annual increases
- $100m would fully fund all institutions in 15 years
- Bigger “guardrails” means it would take longer/more money to fully fund

Adequacy Targets and Access to Resources

Calculation of universities' **adequacy target**:

- Cost of medical/dental
- Inclusion of graduate students

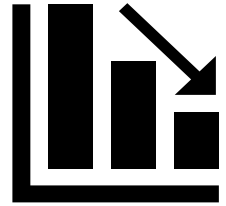
Calculation of universities' **resource profile**:

- Access to endowments
- How to account for state financial aid such as MAP

Guardrails

The Commission modeled adding inflation every year to the hold harmless as a “guardrail” for universities receiving less new funding

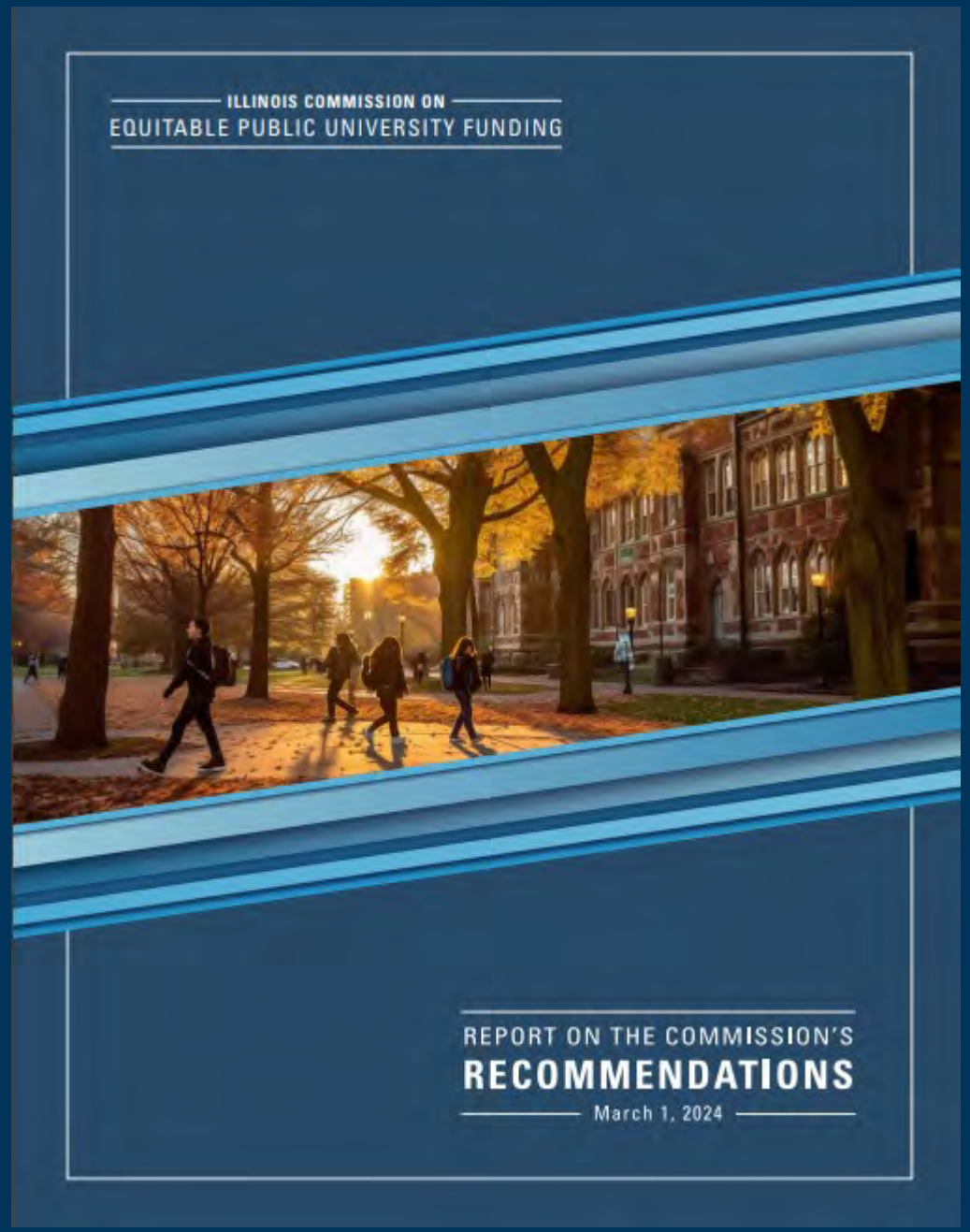
- SB 815 doesn’t suggest adding this funding
- Co-Chairs criticized it for advancing the status quo at the expense of equity



Allocations and Cut Scenarios

Institutions’ adequacy gap determines how new funds would be prioritized

It also equitably distributes cuts based on how far an institution is from adequacy



SCAN TO FIND THE COMMISSION'S REPORT!

Coalition for Transforming Higher Education Funding

The Coalition for Transforming Higher Education Funding is made up of a group of advocacy organizations, college access and success organizations, school districts, civil rights and faith-based organizations, and educators who are committed to advancing equity in higher education, centering student experiences.

Our advocacy includes:

- **Equitable, adequate, and stable institutional funding**
- **Increased investments in Monetary Award Program (MAP)**

Advance Illinois

Partnership for College Completion
Advancing Equity in Higher Education

Women Employed

Young Invincibles


Advance
ILLINOIS
Stay Connected
Get the latest news in public education issues across Illinois sent straight to your inbox!

Appendix

A College Degree Is More Important Than Ever

For Individuals

- Illinois Bachelor's degree graduates make twice as much as high school grads
  - $1.2M more over their lifetime
- Graduates have better health outcomes, civic engagement, lower rates of incarceration, and more

For Communities

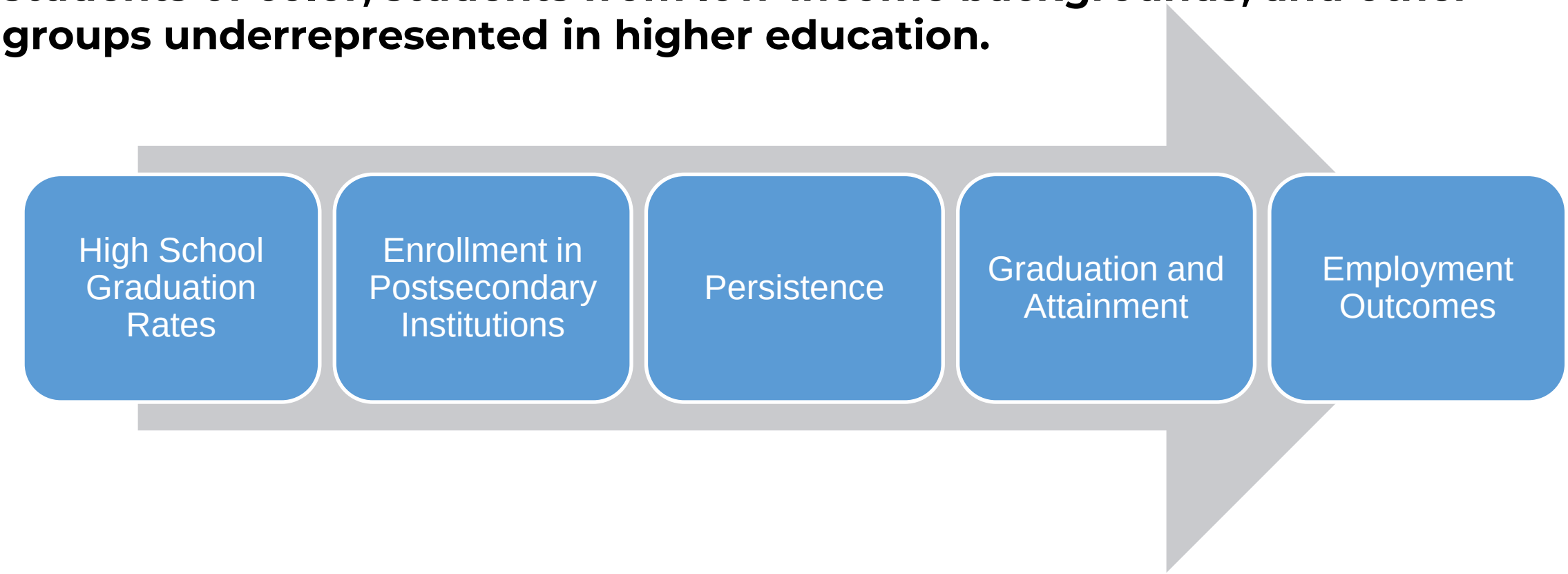
- The average college graduates contribute over $250K more to their local economy than the average high school graduate
- Each graduate will have $123,000 more in home values
- Having more college graduates makes rural communities more likely to maintain population and economic growth

For Illinois

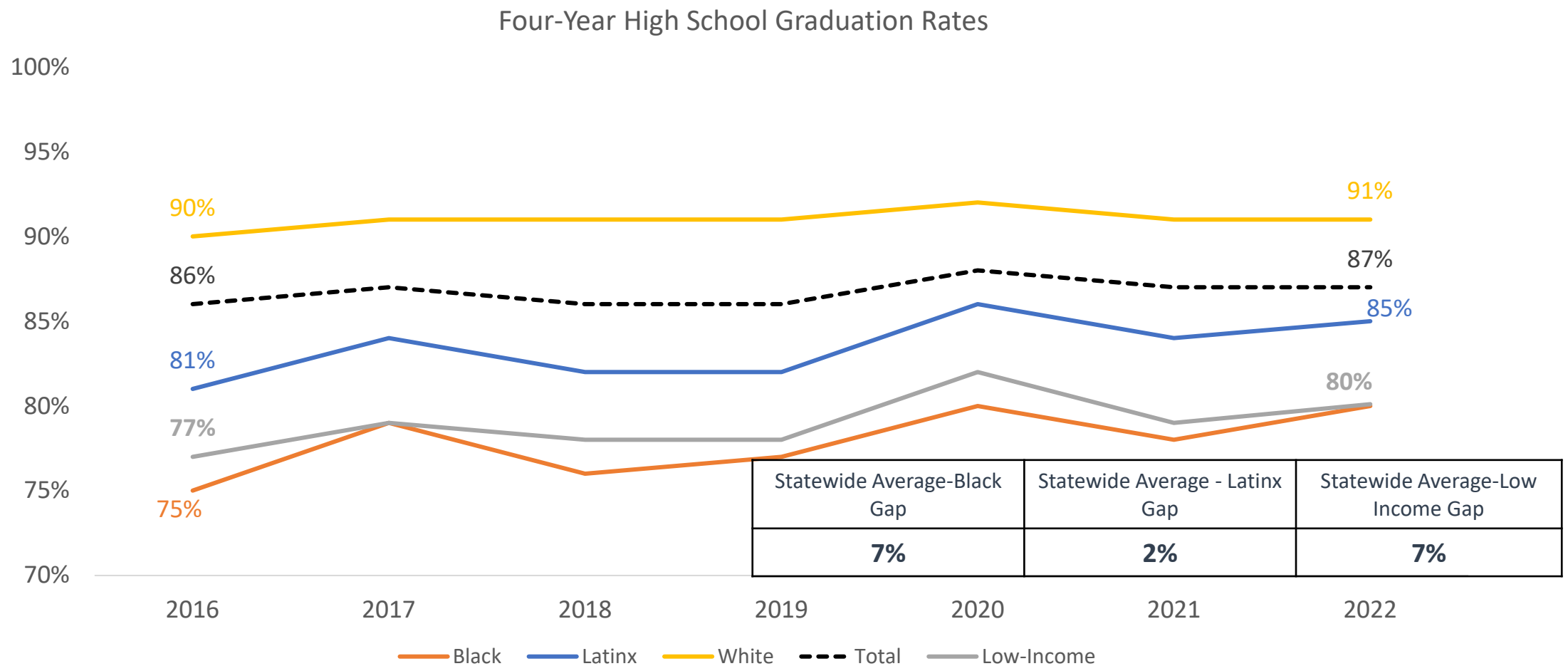
Illinois' future economy depends on more students getting degrees

- By 2031, 70% of jobs will require postsecondary credentials and 50% of new jobs will require a bachelor's degree
- By the time the model is fully funded it will produce nearly 30,000 more university graduates
  - Those graduates will contribute $6.5 billion dollars in state tax revenue over their lifetimes

Equity gaps exist at all points of the postsecondary continuum for students of color, students from low-income backgrounds, and other groups underrepresented in higher education.



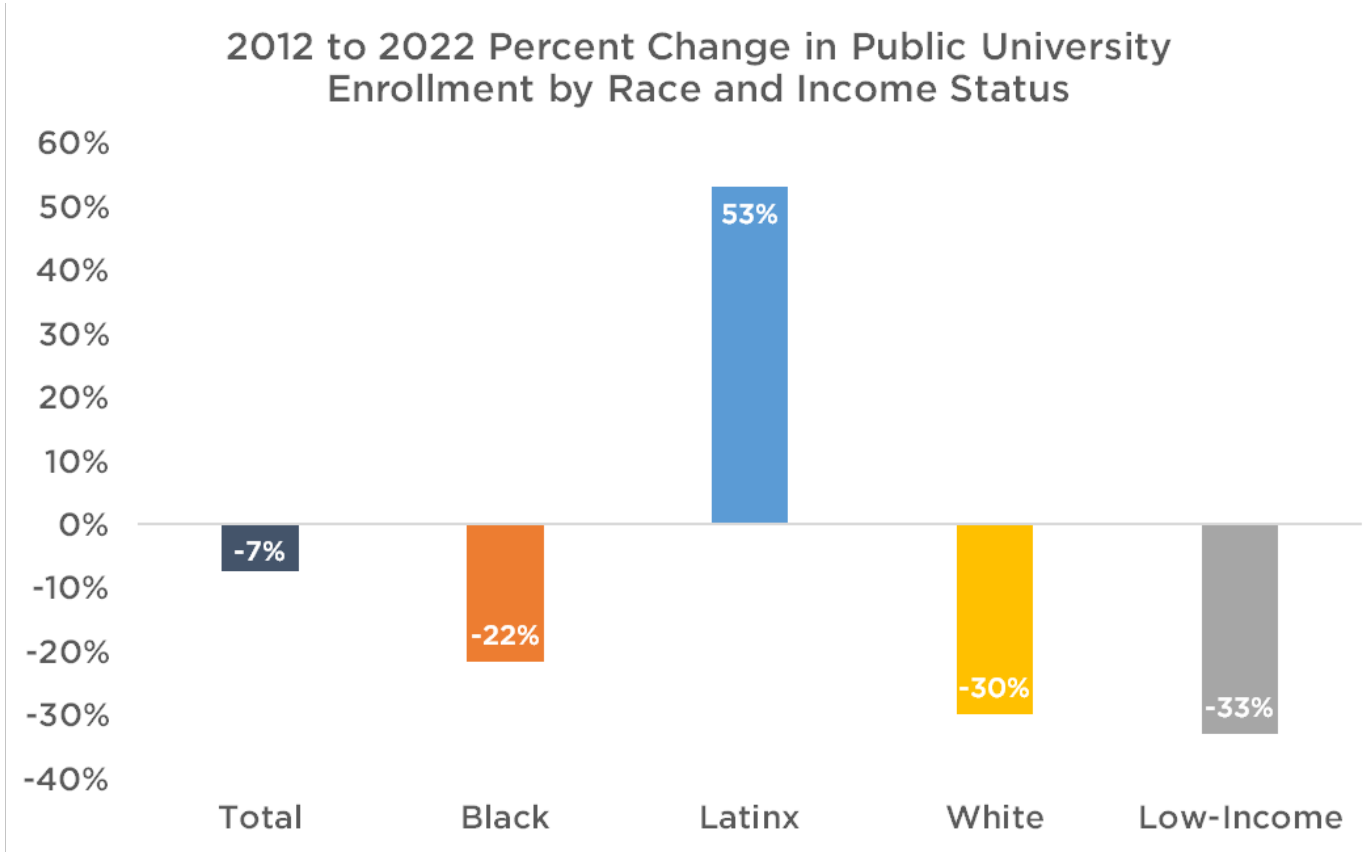
High school graduation rates show that before even stepping foot onto campus, equity gaps exist, particularly for Black and low-income students.



Statewide Average-Black Gap	Statewide Average - Latinx Gap	Statewide Average-Low Income Gap
7%	**2%**	**7%**

SOURCE: ISBE Report Card Data

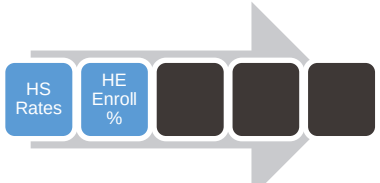
Across all public universities, enrollment decreased by nearly 7% in the last decade – but those decreases were most severe for low-income students.



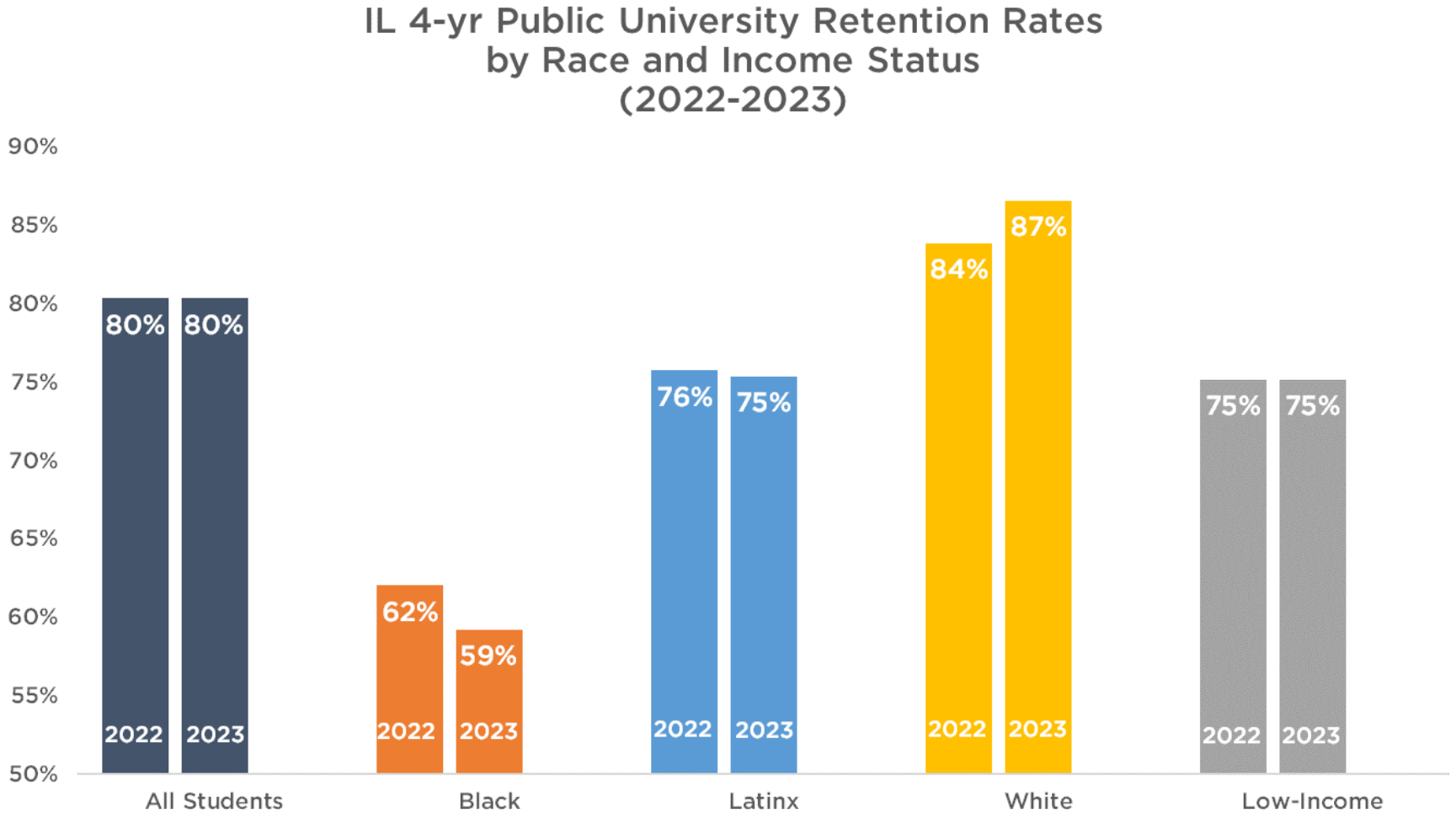
- IL enrollment decreases are aligned with national trends, but our decreases are more dramatic.
- Generally, decreases in college enrollment are more pronounced than population decreases among college age populations (17-35).
- One factor that may contribute to decreased enrollment included students attending out-of-state schools - largely driven by affordability concerns due to uniquely high costs for IL public universities.

SOURCE: IBHE

Note: Enrollment in public universities in Illinois decreased by 140,000 students from 2012 to 2022 (556,969 to 417,585

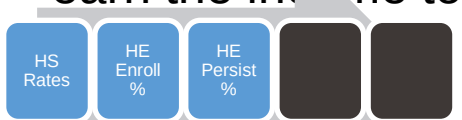


At public universities, retention rates vary greatly. Students of color and students from low-income backgrounds are less likely to be retained each year.

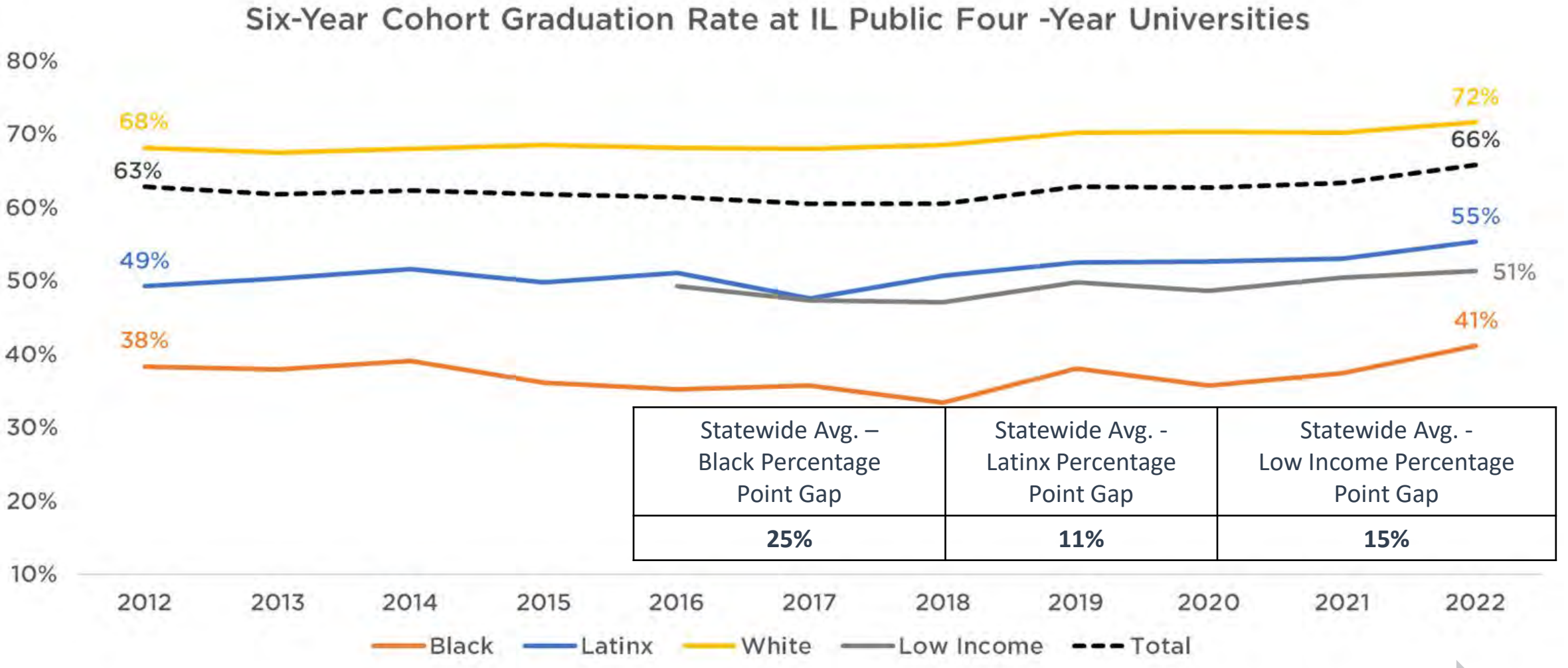


Source: IBHE First Look-Fall Enrollment 22-23

- Black student retention rates are diminishing at a faster rate than any other racial category.
- Low retention rates sets up students for financial hardship as they are burdened by student debt, but lack the credential that would create more opportunities to earn the income to



Although close to the national average - only 63% of first-time full-time Illinois students go on to graduate from a public university– with significant gaps for low-income, Black, and Latinx students.

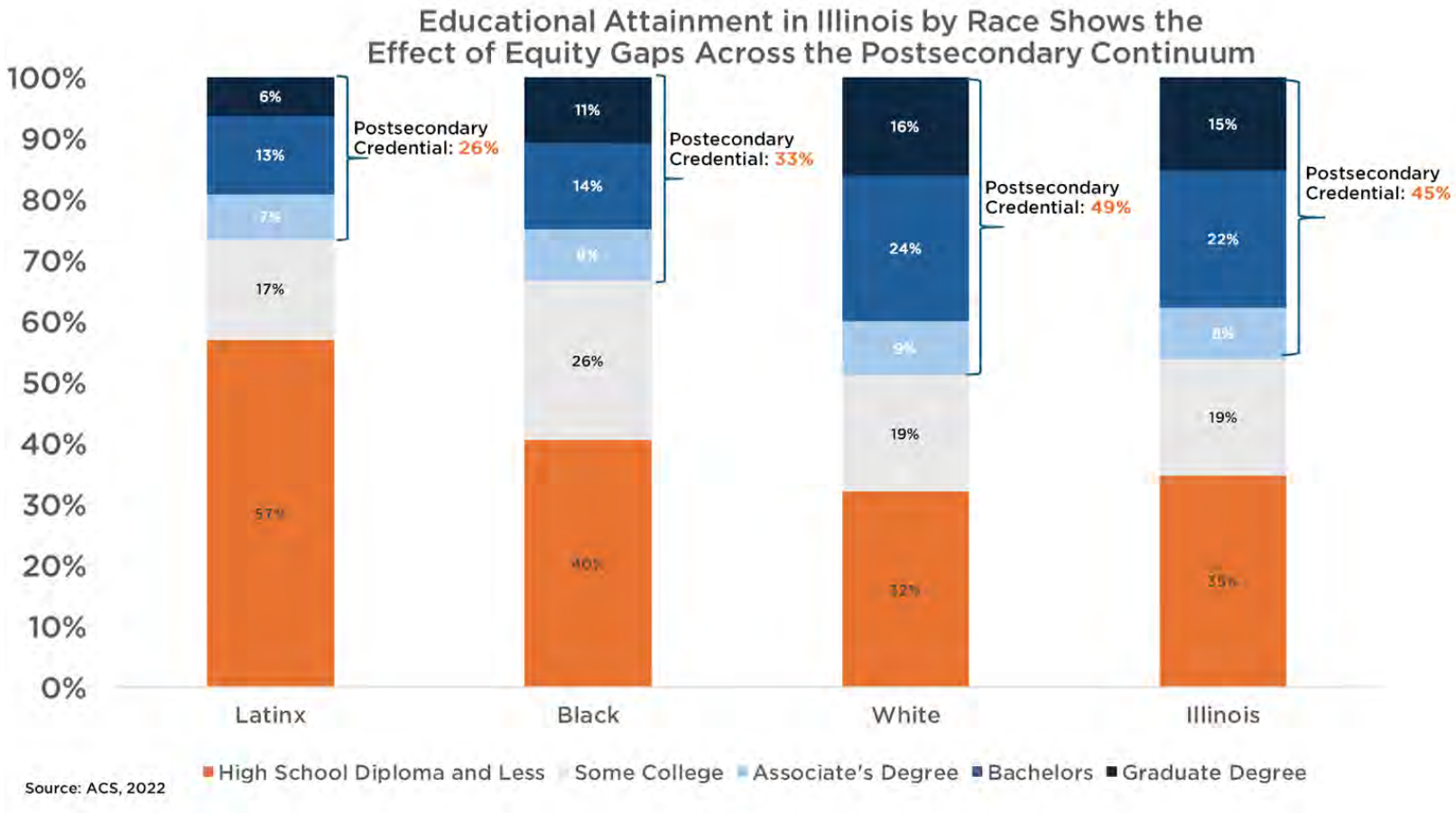


Statewide Avg. – Black Percentage Point Gap	Statewide Avg. - Latinx Percentage Point Gap	Statewide Avg. - Low Income Percentage Point Gap
25%	**11%**	**15%**

Source: IPEDS, 2021 American Community Survey 5-Estimates

Notes: Graduation rates listed are for first-time full-time students only. IPEDS started reporting cohort graduation rates for the class of 2011.

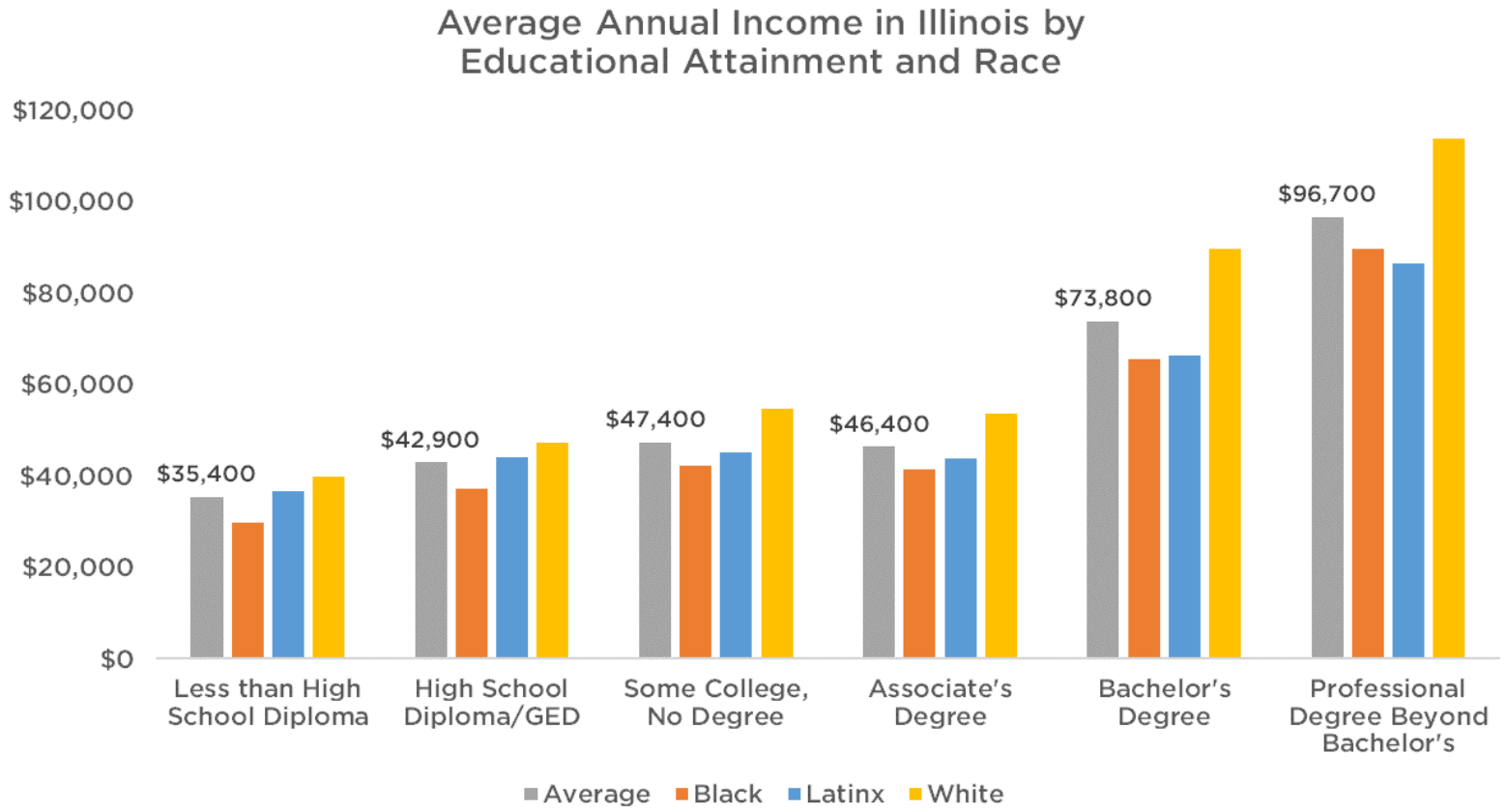
Higher education attainment racial gaps shows the effect of equity gaps across the postsecondary continuum.

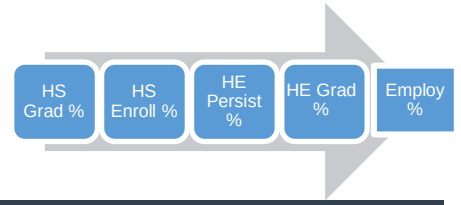


HS rad %
HS Enroll %
HE Persist %
HE Grad %

The statewide attainment rate (45%) outpaces that of Black (33%) and Latinx (26%) Illinoisans. These racial categories are far more likely to have solely a high school diploma or to stop out of college at some point.

On average, attaining a bachelor's degree in Illinois increase an individual's income by over 70%.

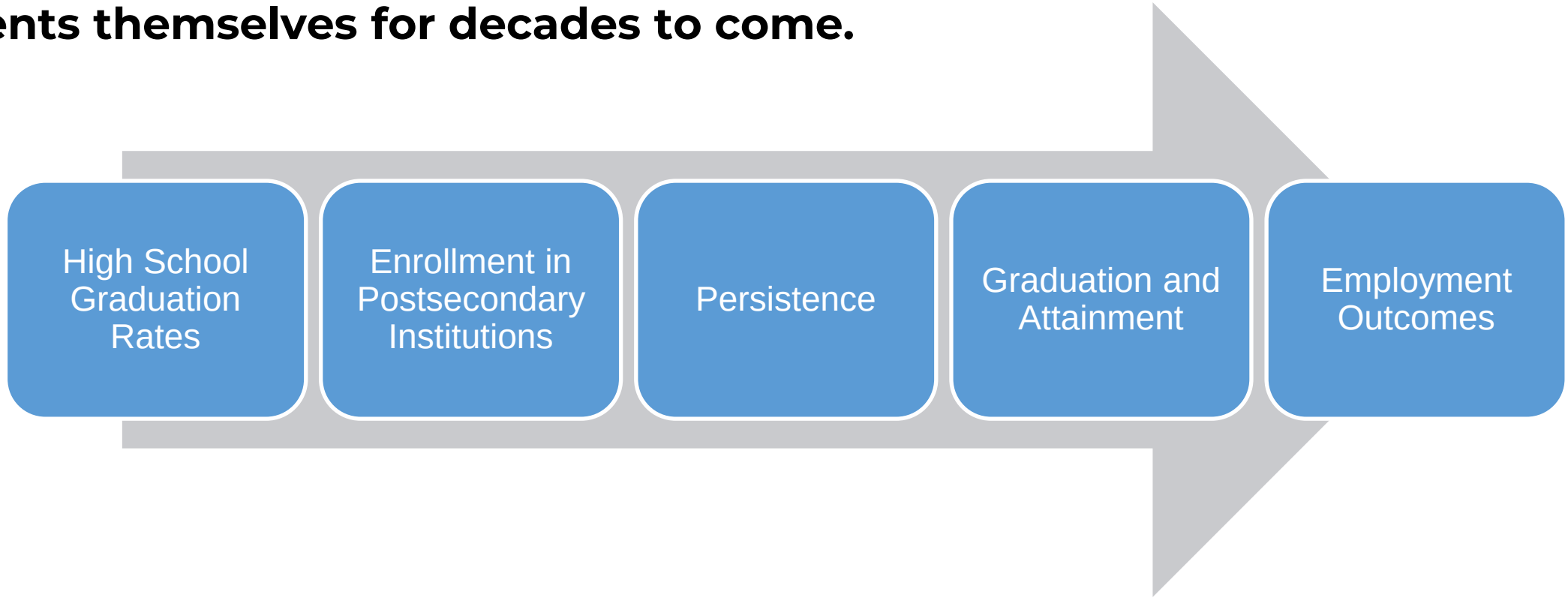




Assuming consistent annual income over time, a 10% increase in college credentials of Black and Latinx Illinoisans could:
Increase the total annual income in Illinois by $2.9B
Increase the average annual income of a Black and Latinx Illinoisan by $1,700 – a 9% raise.

SOURCE: ACS 1-Year Estimates Microdata 2021; Georgetown CEW, 2023

Postsecondary credentials matter more now than ever, so equity gaps across the continuum reach far beyond university and far beyond the students themselves for decades to come.



SB815 Commission Legislative Charge

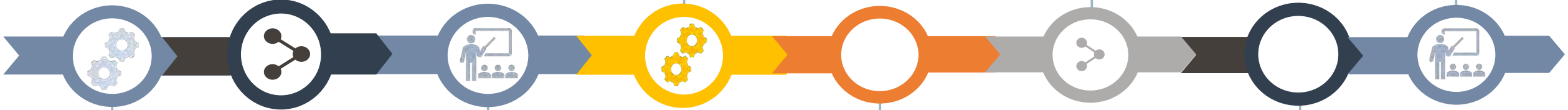
Recommend funding approaches that *adequately, equitably,* and *stably* fund Illinois public universities.

Recommendations **must be equity-centered** and consider:

- Remediating inequities that have led to disparities in access, affordability, and completion for underrepresented students
- Providing incentives to enroll underrepresented students
- Transparency and accountability for continuous improvement
- Funding for institutions that serve underrepresented students
- Supporting individual institutions' missions
- Holding all universities harmless to their current funding level

Underrepresented groups specifically identified: Black, Latinx, low-income, and first generation students

SB815 Commission Timeline



June 2021

102nd GA passes SB815
IL Commission on Equitable Public University Funding Created

Nov. 2021 – June 2022

Commission Began Meeting

Explored Other State Models: CO, LA, TN

Mar. 2022

Workgroups begin convening:
Adequacy
Resources
Technical

July 2023 - November 2024

Technical Modeling Workgroup applies learnings from other groups to create model

Jan. - March 2024

Recommendations Finalized

Report published

March 2024

Press Release w/Co-Chairs
Legislator Forum
Advocate Education

April 16th 2024

The Coalition for Transforming Higher Education Funding Advocacy Day

Ongoing

Build leg. champions
Expand comms for campaign
Build public will

Accountability and Transparency

Four Accountability and Transparency Categories

Spending

Given the substantial new investments institutions should expand spending transparency and, if necessary, accountability for how additional funds are being directed.

Affordability

With significantly additional funding going toward lowering students' expected share of costs, universities should demonstrate an equitable reduction in the overall price of attendance for students.

Enrollment

Universities will have more funds dedicated to increasing affordability and access, which should drive enrollment increases.

Persistence & Outcomes

Outcomes improvements should result from increased resources.
However, it takes time to improve supports, and the benefits on student outcomes lag.

***Metrics in each category should address absolute and progress metrics as well as reduction in gaps.**

Proposed Accountability Measures

If after a holistic review an institution is deemed to be adequately funded but has failed to meet stated goals, such as those outlined in the *Thriving Illinois* Equity Plans, possible accountability measures which are aligned with the theory of action are listed below:

01	**Closer monitoring of spending**	IBHE accountability and subcommittee could request additional data
02	**More direction in how to use funds**	IBHE accountability and transparency subcommittee could advise how institutions use some portion of the new funds received
03	**Deeper category-specific reporting**	IBHE accountability and subcommittee could request additional data and require a corrective action plan
04	**to additional state funds from the**	IBHE accountability and subcommittee could limit how much new state funds institutions receive from the equitable funding approach.

Additional Model Information

Equity and Institutional Adjustments

Student Equity Adjustments

- Adult
- Rural
- EBF Tier 1/2
- Low-Income
- Underrepresented Minority
- URM in high-cost programs

Institutional Adjustments

- High-cost programs
- School size
- Concentration of equity-adjustment-eligible populations
- Carnegie Classification
- Lab Space

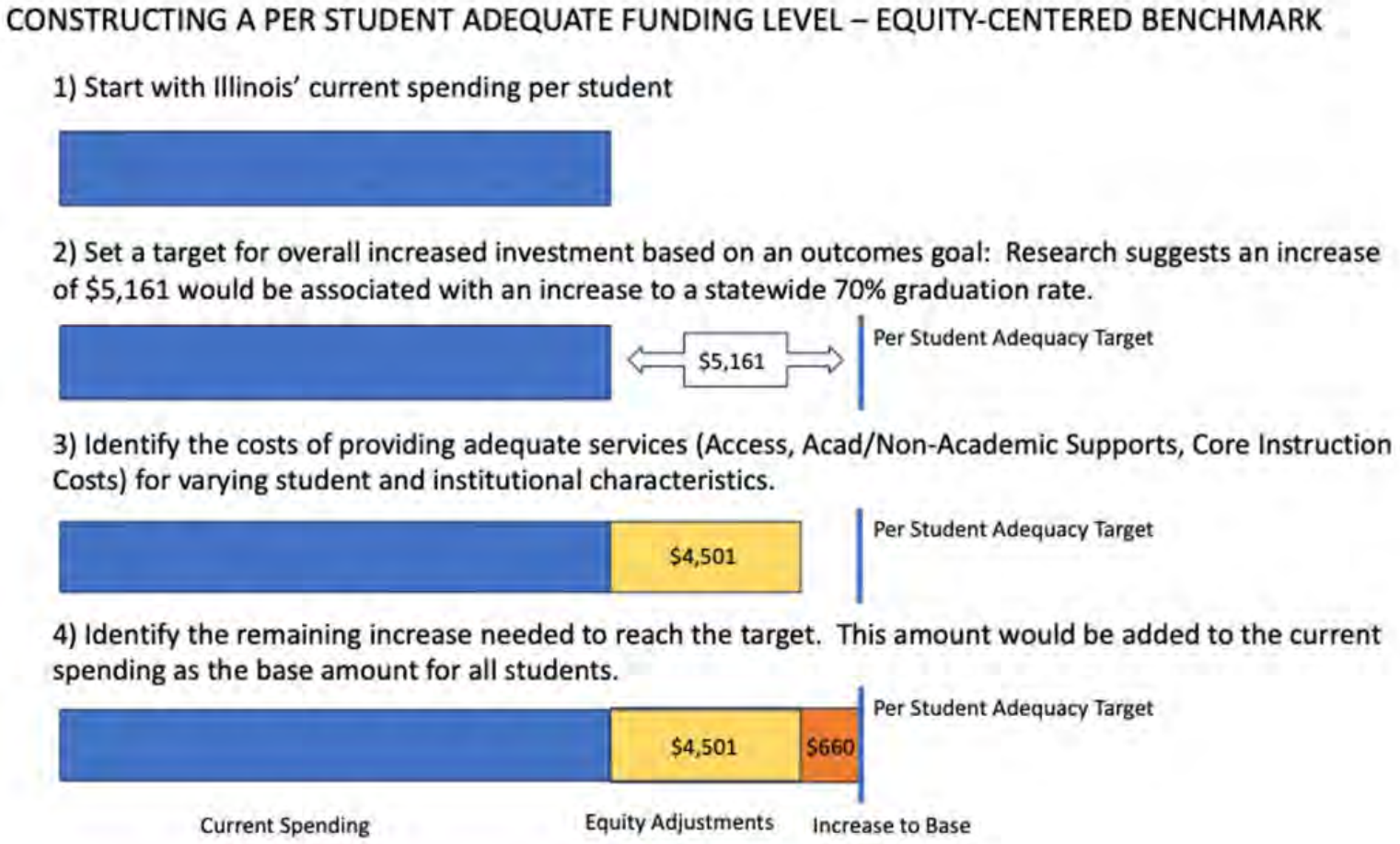
The adjustments are intended to accomplish two objectives:

- Incentivize enrollment and success of underrepresented student groups, and
- Reflect the different levels of resources necessary to deliver different programs and missions, and to generate successful outcomes for different groups of students.

Other Elements the Commission Considered

Element	Reason Considered	Reason for Exclusion
Cost categories: deferred maintenance, hospitals, athletics, costs of attendance	These factor into how students are served	Out of scope and/or data can't be neatly disaggregated
Resource categories: grants/contracts, hospitals, athletics	These contribute to how universities pay for operations	Can't be disaggregated cleanly
Faculty diversity	Important in equitably serving students	Couldn't find a method for inclusion that would incentivize and/or facilitate corrective action
Student categories: undocumented students, first generation students, english learners,	These groups experience barriers and inequity	No comprehensive data

Constructing the benchmark adjustment



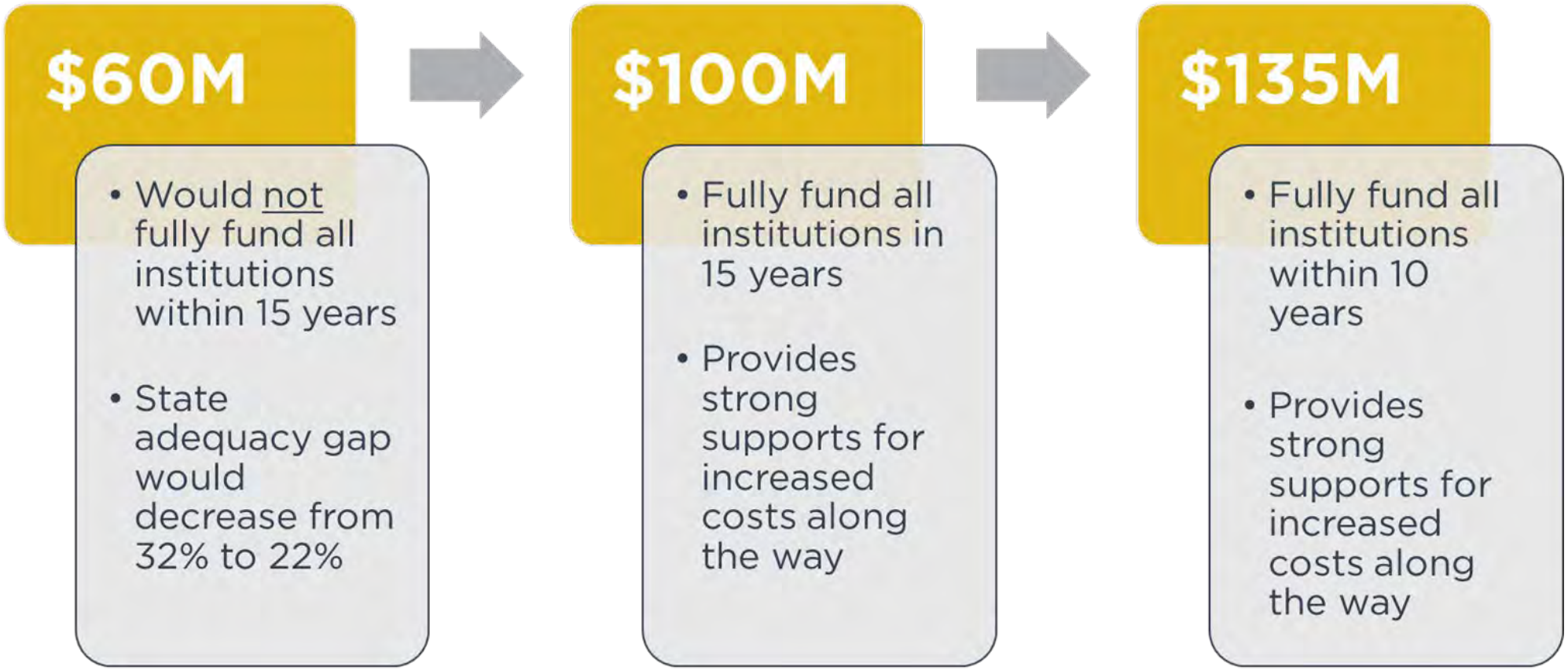
- **Goal:** Increase the statewide graduation rate from 63.3% to 70% (6.7pp)
- An additional $600/FTE increases completion by 1pp
- Needed investment: $4,276/headcount.
  - Chakrabarti et al 2020 found that "Experiencing a $1,000 per FTE increase in state appropriations in college increases the likelihood of earning a bachelor's degree by age 25 by 1.5pp for students enrolled at a four-year institution".

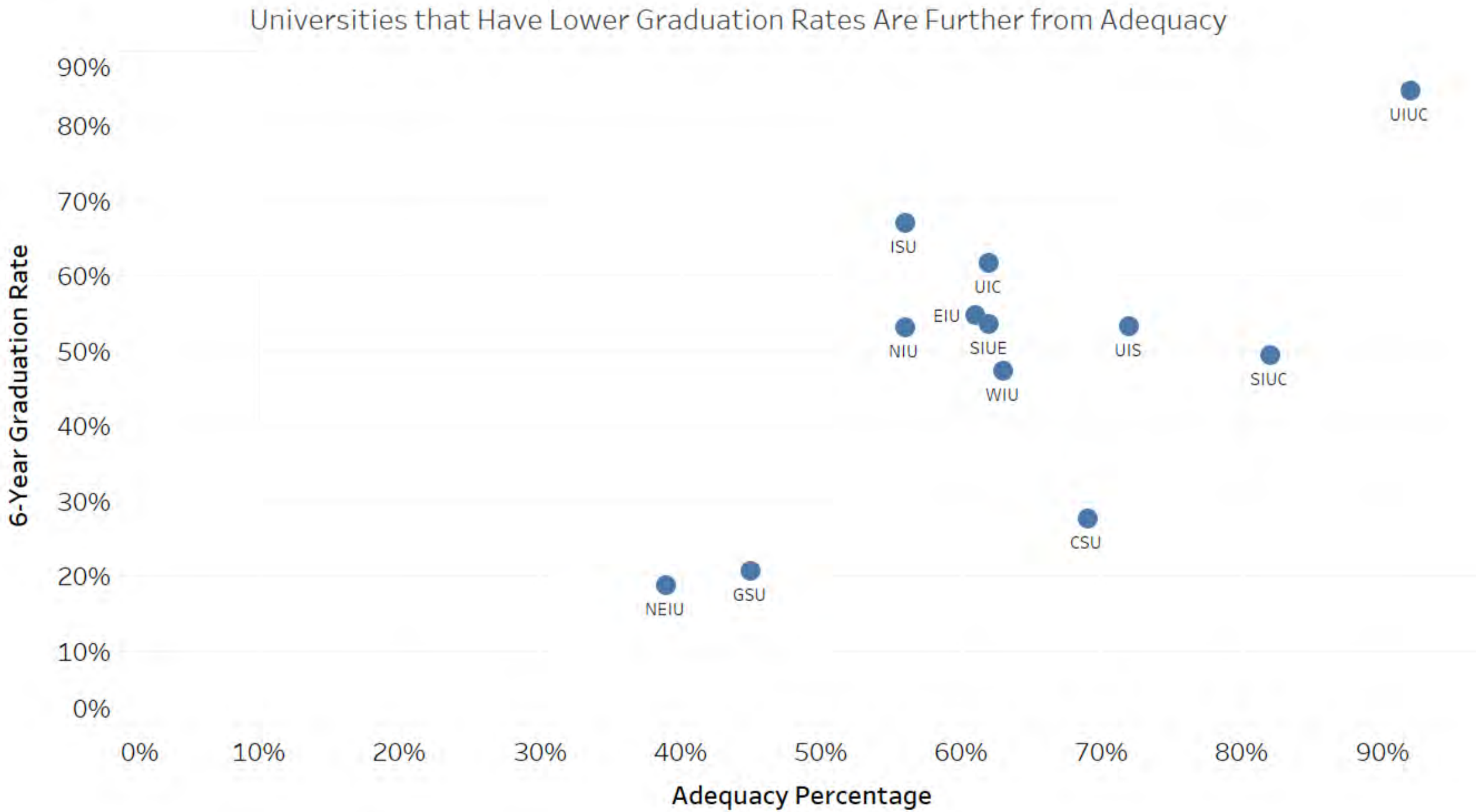
Institutions Range from 39%-92% of Adequacy

Institution	Degree-Seeking Enrollment	Adequacy Target	–	Resource Profile	=	Adequacy Gap	Percent of Adequacy Target Funded
CSU	2,322	$73,946,649	–	$51,438,569	=	$22,508,080	69.6%
EIU	6,339	$160,407,847	–	$97,935,521	=	$62,472,325	61.1%
GSU	4,412	$111,172,532	–	$49,525,882	=	$61,646,650	44.5%
ISU	20,425	$453,992,211	–	$254,010,543	=	$199,981,667	56.0%
NEIU	5,943	$163,265,538	–	$64,126,329	=	$99,139,209	39.3%
NIU	15,856	$388,784,729	–	$215,983,232	=	$172,801,497	55.6%
SIUC	10,657	$266,135,262	–	$217,501,218	=	$48,634,044	81.7%
SIU-SOM	*406*	*TBD*	–	*TBD*	=	*TBD*	*TBD*
SIUE	12,660	$314,140,274	–	$195,929,158	=	$118,211,115	62.4%
UIC	31,498	$823,257,774	–	$507,297,056	=	$315,960,718	61.6%
UIC-SOM	*1,528*	*TBD*	–	*TBD*	=	*TBD*	*TBD*
UIS	3,937	$88,395,275	–	$63,419,909	=	$24,975,365	71.7%
UIUC	53,491	$1,178,179,841	–	$1,081,201,494	=	$96,978,347	91.8%
UIUC-SOM	*149*	*TBD*	–	*TBD*	=	*TBD*	*TBD*
WIU	7,370	$189,057,837	–	$118,547,564	=	$70,510,272	62.7%
Illinois	**176,991**	**$4,465,740,432**	–	**$3,057,682,563**	=	**$1,408,057,869**	68.5%

To ensure the model can support annual increases for all universities – while centering equity—the Commission has discussed setting a targeted annual increase (as was done with the Evidence-Based Funding Formula in K-12).

At a high level, identifying a sufficient yearly increase is the only way that we can address both rising costs for all institutions and redress persistent equity gaps across the state.




Universities that Have Lower Graduation Rates Are Further from Adequacy
6-Year Graduation Rate
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
Adequacy Percentage
UIUC
ISU
UIC
EIU
NIU
SIUE
UIS
SIUC
WIU
CSU
NEIU
GSU

The Commission reviewed Average Public 4-year Institutional Education & Related (E&R) spending per FTE at different graduation rates to identify the needed base per student spending

1. Analyzed different spending for institutions with a 70% graduation rate vs those with lower graduation rates:
   Institutions with 70% graduation spend $30K per FTE

Grad Rate	Average of Est. 2024 E&R per FTE	# of Public 4-year Institutions
0-9	$25,735	5
10-19	$18,399	36
20-29	$20,534	104
30-39	$20,872	168
40-49	$22,092	210
50-59	$23,884	272
60-69	$26,452	267
70-79	$30,403	191
80-89	$45,348	112
90-99	$85,408	61
Grand Total	$28,566	1426

To identify if additional resources were needed to support students of color (BIPOC) and students from low-income (Pell) to reach a 70% grad rate, the Commission analyzed per student spending levels of different 4-yr public universities and found additional dollars were needed to ensure the same graduation rate

2. Analyzed the different spending for institutions with a 70% graduation rate for students of color and students from low-income backgrounds:

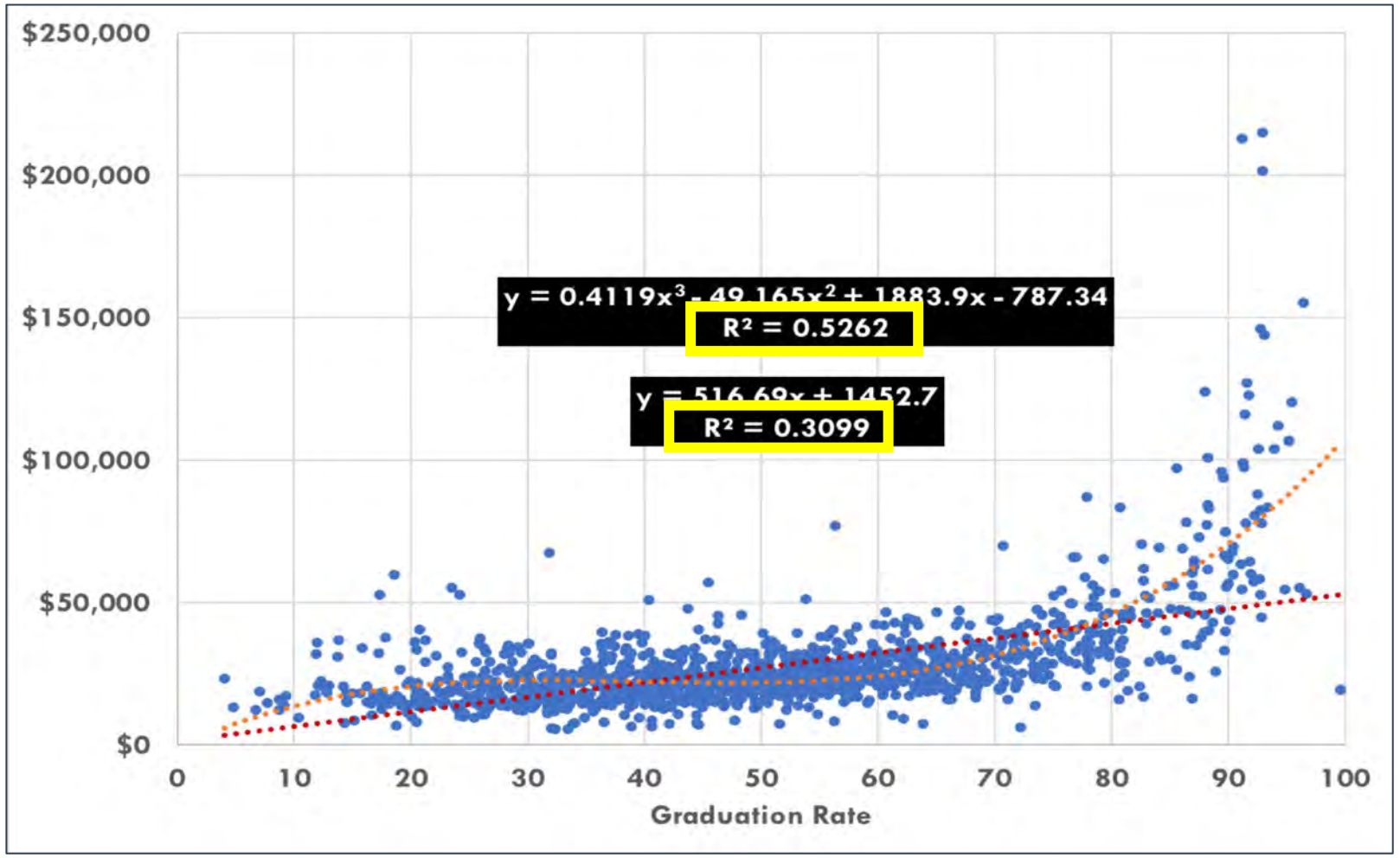
PREDICTED E&R SPENDING LEVELS (IN EST. FY 2024 DOLLARS) FOR INSTITUTIONS WITH DIFFERENT GRADUATION RATES

		GRADUATION RATE				
		40	50	60	70	80
BIPOC	Polynomial	$ 22,347	$ 22,409	$ 25,103	$ 32,633	$ 47,208
	Linear	$ 23,629	$ 28,581	$ 33,532	$ 38,484	$ 43,436
PELL	Polynomial	$ 22,266	$ 21,983	$ 24,223	$ 31,459	$ 46,161
	Linear	$ 22,120	$ 27,287	$ 32,454	$ 37,621	$ 42,788
TOTAL	Polynomial	$ 22,987	$ 21,328	$ 21,450	$ 26,703	$ 40,435
	Linear	$ 19,598	$ 24,580	$ 29,563	$ 34,545	$ 39,527
BIPOC DIFFERENCE	Polynomial	$ (640)	$ 1,082	$ 3,652	$ 5,930	$ 6,773
	Linear	$ 4,031	$ 4,000	$ 3,970	$ 3,939	$ 3,909
PELL DIFFERENCE	Polynomial	$ (721)	$ 655	$ 2,773	$ 4,756	$ 5,727
	Linear	$ 2,522	$ 2,707	$ 2,892	$ 3,076	$ 3,261

This chart highlights that to achieve the same graduation rate between demographic groups requires differing amounts of per student E&R institutional spending for different populations.

Conducting a regression analysis of Pell graduation rate and estimated FY2024 E&R per FTE shows the extent of the strength and "size" of the relationship between an increase in E&R spending and increasing graduation rate

3. Conducted a regression analysis to determine a per FTE amount that was needed to increase graduation rates:



Interpretation

- An increase of **one percentage point** in the Pell graduation rate is associated with a **$516.69** increase in spending per FTE.
- The "rightness of fit" of this relationship is not particularly strong, so it should be understood as correlational rather than causal

Findings of the Commission's institutional spending by graduation rate analysis

Outcome gaps for low-income and students of color correlate with different levels of spending

- Institutions with **60%** graduation rates for **BIPOC students** spend about **$4,000** (13-17%) more per student than institutions with 60% overall graduation rates.
- Institutions with **70%** graduation rates for **BIPOC students** spend about **$4,000-6,000** (11- 22%) more per student than institutions with 70% overall graduation rates
- Institutions with **60%** graduation rates for **Pell students** spend about **$3,000** (10-13%) more per student than institution with 60% overall graduation rates.
- Institutions with **70%** graduation rates for **Pell students** spend about **$3,000-$5,000** (9-18%) more per student than institutions with 70% overall graduation rates.

1) Data suggest a correlation not causation, relationship between spending and outcomes that is necessary but not sufficient

2) Research and practice data from Illinois and elsewhere illustrate the mechanism for spending to improve outcomes

The Commission's connection between increased resources per student and improved outcome measures is based on the growing body of research linking increases in state appropriations in institutional funding with improved student outcomes

Research on Effect of Funding on Graduation Rates Offers Confidence on the Ability of Increased Funding Positively Impacting Graduation Rates

- **Chakrabarti et al 2020 –** "Experiencing a $1,000 per-FTE increase in state appropriations while enrolled in college increases the likelihood of earning a bachelor's degree by age 25 by 1.5pp for students first enrolled at a four-year institution."

- **Demings and Walters 2018 –** "A 10% increase in institutional spending increases credentials awarded at community colleges by 14.5% and BA attainment at four-year institutions by 4.5%."

- **Bound et al 2019 -**"A 10% decrease in state appropriations at public four-year research institutions results in a 3.6% decrease in bachelor's degree completion, a 7.2% decrease in Ph.D. completion, and has no statistically significant effect on master's degree completion."

PROGRAM	COST	SERVICE	IMPACT	CONTEXT
CUNY ASAP	$4,676 ($5,428 counting costs of retention)	Advisors, full-time enrollment, financial assistance incl for basic needs, tutoring, career services. *Advisor ratio of 1:120-150 students*	17 pp increase in grad rates 17 pp increase in BA completion	NY and OH CCs, dev ed students NY public 4yr colleges, first year students, 80% low-income
CUNY ACE		Monthly seminar, monthly advisor meeting, four-year academic plan for on-time graduation, career services, required internship		
Project Quest	$12,464 (22% of cost is financial aid)	Advising, financial aid, academic supports, counseling, referrals to outside agencies, meetings on life skills (overall more workforce training focused)	13 pp increase in postsec attainment	Adults earning AA and 1-year certificates at CCs in health, business, IT, manufacturing
Opening Doors	$2,461	Learning Communities – linked courses, counseling, tutoring, and textbook voucher	4.6 pp increase in completers	CC students in NY
One Million Degrees		Program coordinators, tutors, professional development coaches, and financial stipends *Coordinator ratio of 1:65*	11-16 percent increase in retention	Students at City Colleges of Chicago
TRIO Student Support Services	$1,752	Academic advising, may also include tutoring, labs, workshops, special courses.		Low-income, first-gen students (all types of colleges)
Bottom Line	"increases BA attainment by over 2 pp per	Access advising (pre-college) and Success advising (in college support)	7.6 pp (16%) increase in BA completion, but only 1.6 pp due to in-	IL, OH, NY, MA Low-income, first-gen students

Table of Equity Adjustments

Equity Adjustment	Tier Support	Student Characteristic
Student-Centered Access	Medium - $1,000	Low-Income Rural Latinx
	Low - $500	Black Native American Adult
Academic and Non-Academic Supports	Intensive - $8,000	High + Other
	High - $6,000	Native American Black Tier 1 EBF Medium + Other
	Medium - $4,000	Adult Learner Pell Recipient Low High School GPA Latinx 2 or more races Low + Other
	Low - $2,000	EBF Tier 2 School Rural
Core Instruction	High-cost program- $877 High-priority program- $6,720	Black Latinx Native American

High-cost programs

Table E-7: High-Cost Entities

LowerDiv	14.08	Civil Engineering
LowerDiv	14.19	Mechanical Engineering
LowerDiv	50.07	Fine and Studio Art
LowerDiv	50.09	Music
UpperDiv	14.01	Engineering, General
UpperDiv	14.08	Civil Engineering
UpperDiv	14.10	Electrical, Electronics and Communications Engineering
UpperDiv	50.03	Dance
UpperDiv	50.07	Fine and Studio Art
UpperDiv	50.09	Music
UpperDiv	51.38	Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing.
UpperDiv	52.03	Accounting and Related Services
GradI	50.09	Music
GradI	52.08	Finance and Financial Management Services/Insurance/Management Science

Attached to the core instructional costs are two cost adjustments, one introduced to more accurately reflect the increased cost of high-cost programs in the health profession, fine arts, and engineering

- According to per credit hour cost data in Illinois and in other states, some programs are more labor intensive due to additional costs necessary to maintain laboratory space and high cost technology utilized in these fields

- In order to reflect this higher cost, and to ensure that institutions that provide a mixture of these expensive programs would not be especially burdened, a weight was added to the base instructional program cost for students enrolled in high cost programs

	High Cost Programs	High Cost/High Priority Programs
PROGRAMS INCLUDED	Undergraduate Programs in: • Engineering • Fine arts • Registered Nursing	PhD and Masters Programs in: • Medicine • Veterinary medicine • Dentistry • Pharmacy • Physical Therapy • Speech Pathology
COST ADJUSTMENT	20% add-on to base • $1,959/student	100% add-on to base • $9,797/student

Additional Information on Outstanding Issues

Medical Programs

Remaining Questions:

- How should schools of medicine be separated out in the formula?
- What cost factor to provide to medical programs?
  - Estimates of costs per student range from $65,000 (national data) to $160,000 (data from SIU and UIC). The Commission considered multipliers of 4.5x and 11x to the Base Cost.
  - Other health professional programs continue to receive a 2x Base Cost multiplier, and high-cost programs (e.g. engineering, nursing) receive a 1.2x Base Cost multiplier.

How much should Other Resources available to institutions count in the Resource Profile? - Options

Option	Pros/Rationale	Cons
1. Percent of endowment	Endowments provide real resources to institutions to cover adequacy costs that the state should consider when allocating its funds; 4.2% is based on the current national level of spending from endowments.	New gifts to the endowment would have small impact on universities' state appropriation, which could disincentivize giving. *(Alt: could use current endowment value only and not factor in new gifts)*
2. Exempted minimum endowment level	Protects a portion of endowment revenue that is necessary to support adequate fundraising activities, set at $1,000,000. Counts 4.2% of any endowment spending that exceeds that protected level.	Does not eliminate the potential disincentive on giving.
3. Add fundraising to adequacy costs	Brings institutions up to the statewide average of development revenue derived from endowments. All institutions could benefit from additional fundraising capacity; avoids disincentivizing actual fundraising.	Equal fundraising capacity will not eliminate disparities in size and wealth of universities' alumni bases. The state's allocation would not account for the difference in access to resources.

Note: For options #1 and #2, the 4.2% figure could be adjusted.