

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

Presented by:

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

- 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
- Through **strategic partnership, community engagement, and advocacy**, we create:
  - ✓ The right solutions to critical challenges
  - ✓ Leverage in the policy-making process to drive change



# The Partnership

The **Partnership for College Completion (PCC)** champions policies, practices, and systems that increase college completion and eliminate degree completion disparities for low-income, first generation, and students of color in Illinois – particularly Black and Latinx students.



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)



# Overview

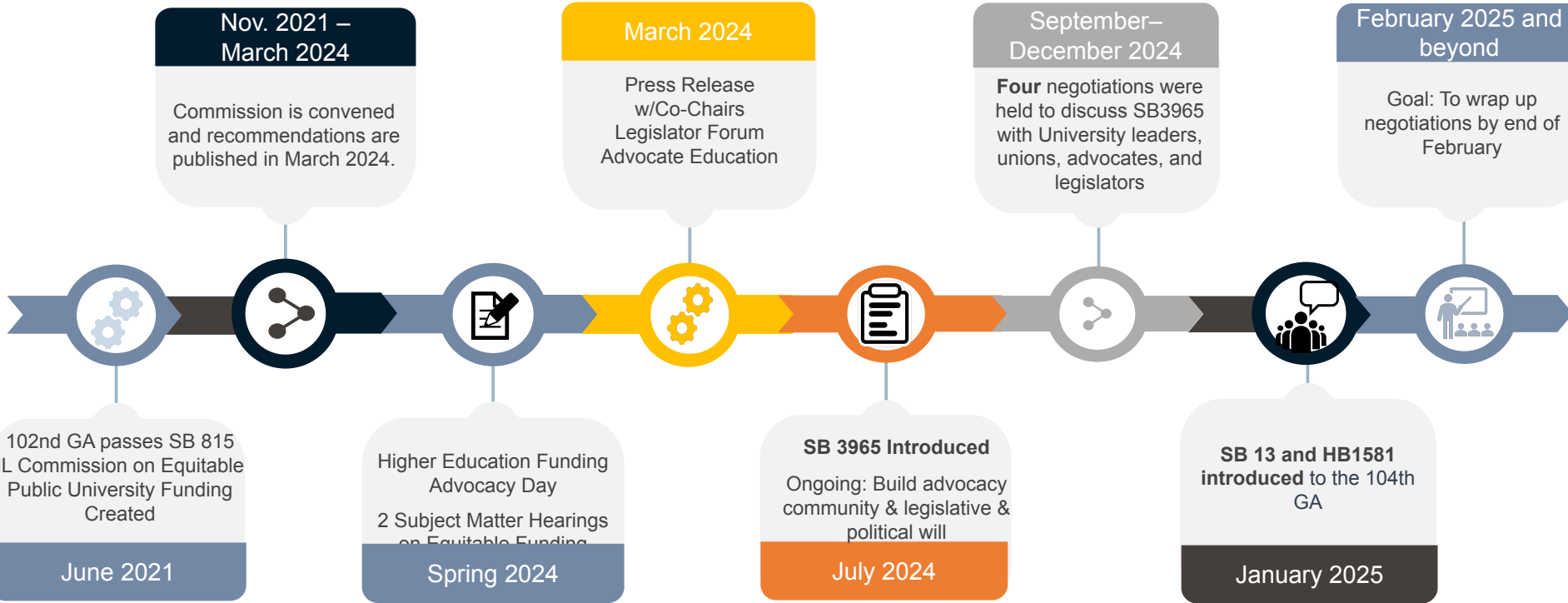
**Inequity in Illinois Higher Education System**

**Overview of the Commission on Equitable Public University Funding Report**

**Deep Dive into Model Cost Components**

**Review of and Open Questions and Ongoing Work**

# Adequate and Equitable Public University Funding Formula timeline and key milestones



# 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:

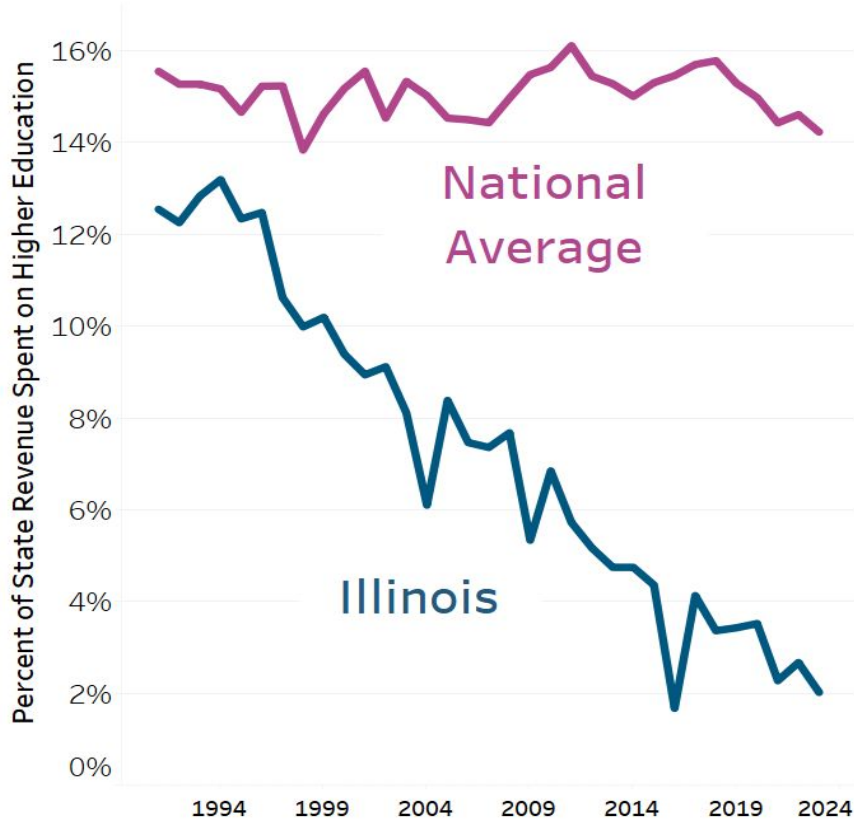
1. Does not have a formula for distributing funds
  - It does not factor in the actual costs it takes to adequately and sufficiently support students
  - It does not take into consideration different needs of different students
2. Is largely driven by political negotiations
3. Absent equitable distribution 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.**

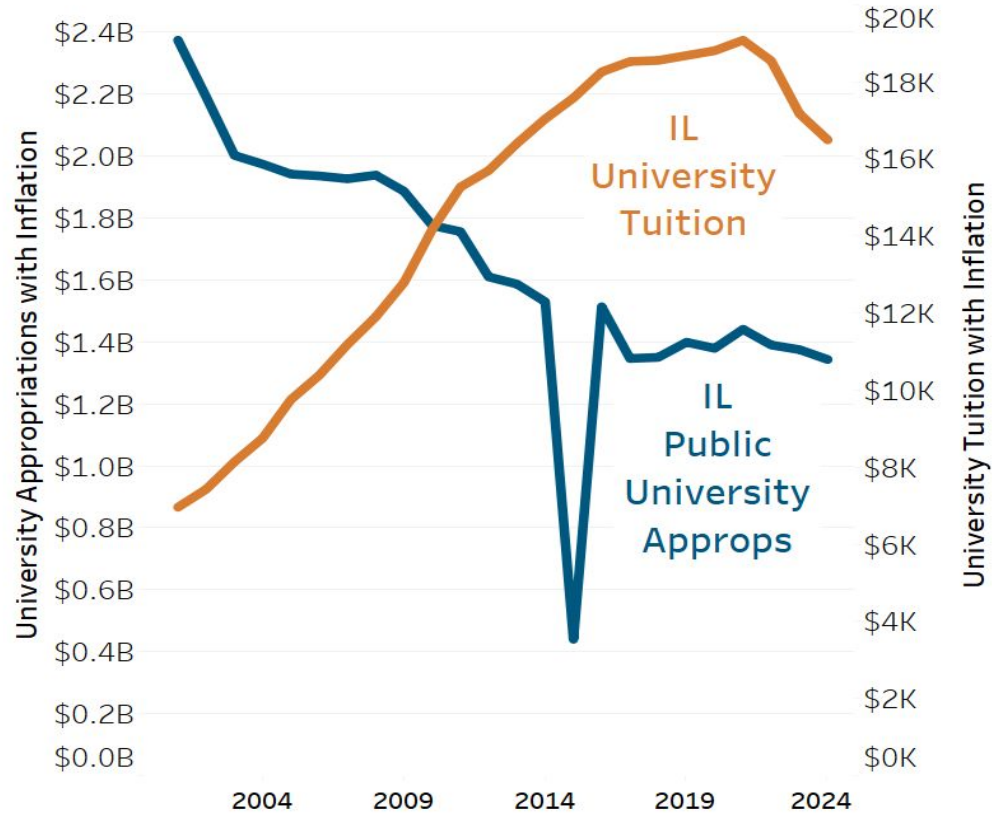


# Illinois is an outlier in underfunding its public institutions resulting in higher costs for students.

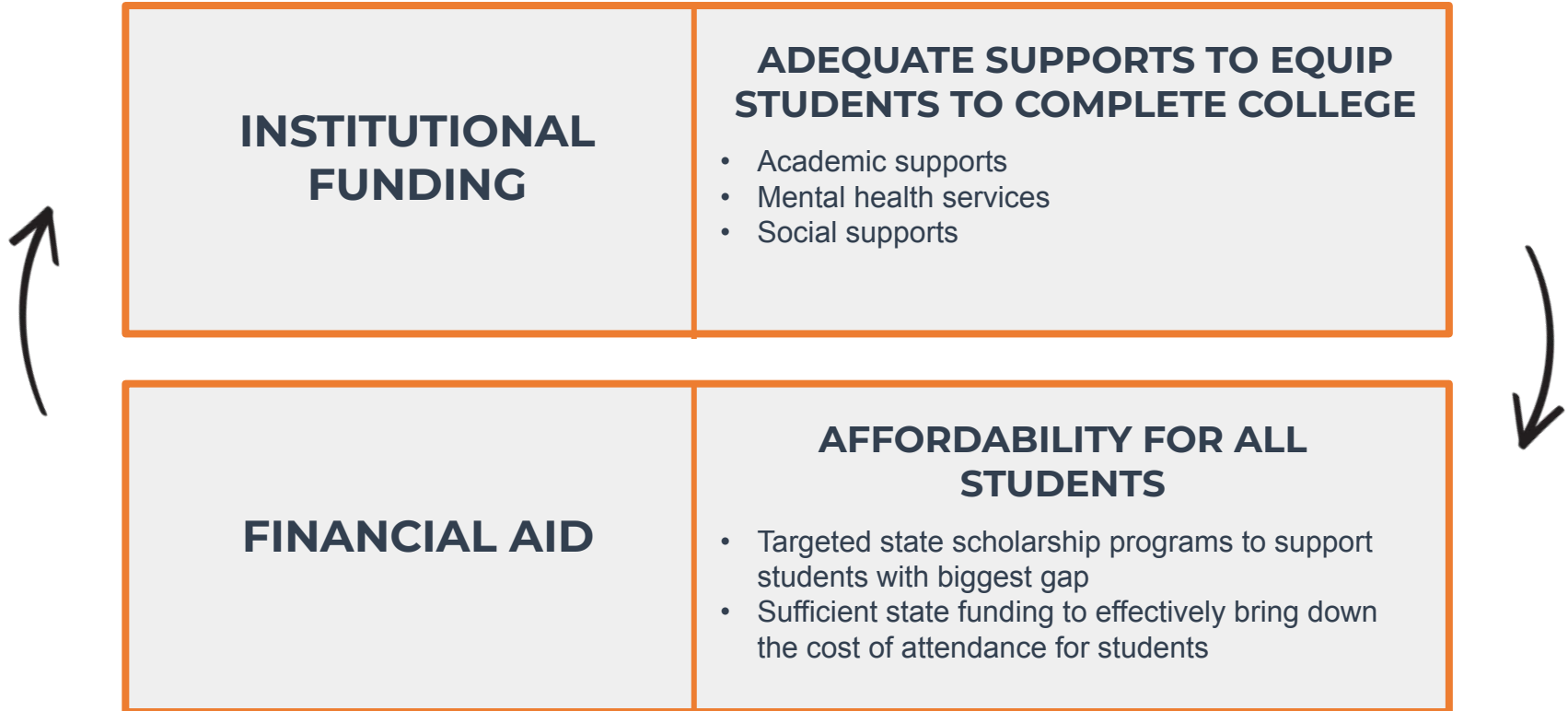
Illinois has uniquely disinvested in higher ed



This has shifted costs to students



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



**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.**

**5. Employment Outcomes**

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

**4. Graduation and Attainment**

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

**1. High School Graduation**

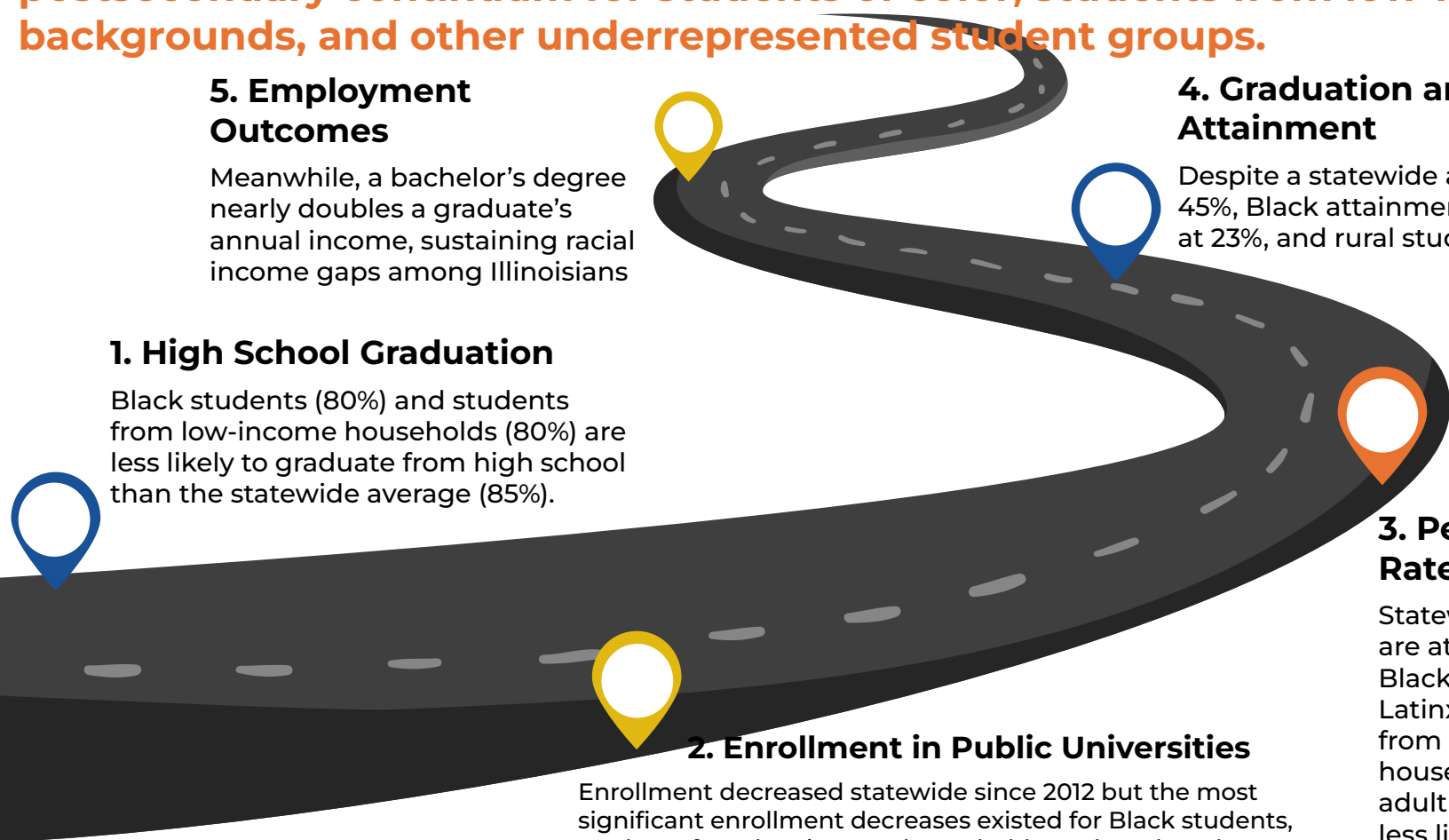
Black students (80%) and students from low-income households (80%) are less likely to graduate from high school than the statewide average (85%).

**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.

**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.



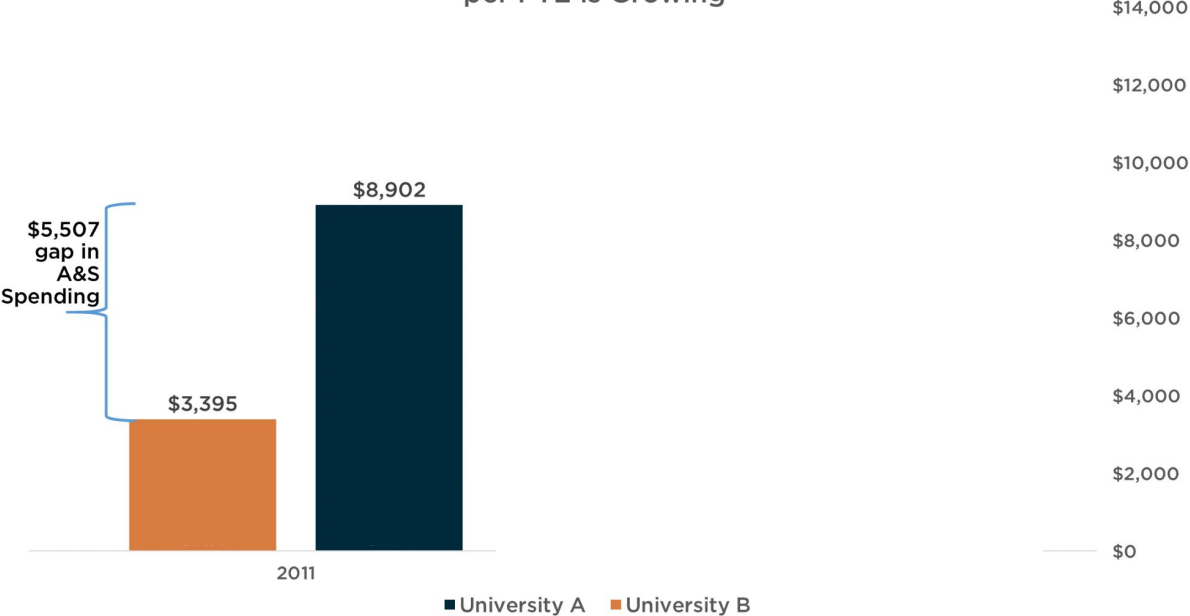
## Additional investment in higher education boosts enrollment, persistence, completion, closes equity gaps, and shortens time-to-degree

- 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



# Disinvestment and inequitable distribution resulted in spending gaps for universities disproportionately enrolling underrepresented minority (URM) students

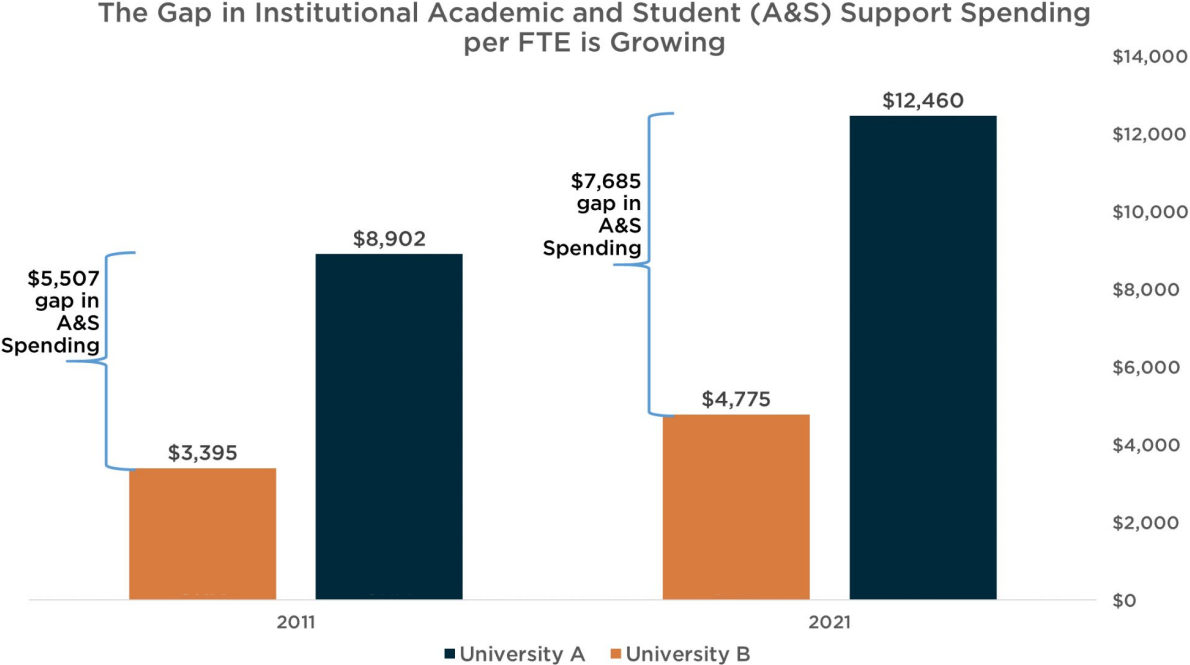
The Gap in Institutional Academic and Student (A&S) Support Spending per FTE is Growing



- This means these universities have less to spend on academic and student supports.

SOURCE: IPEDS, IBHE

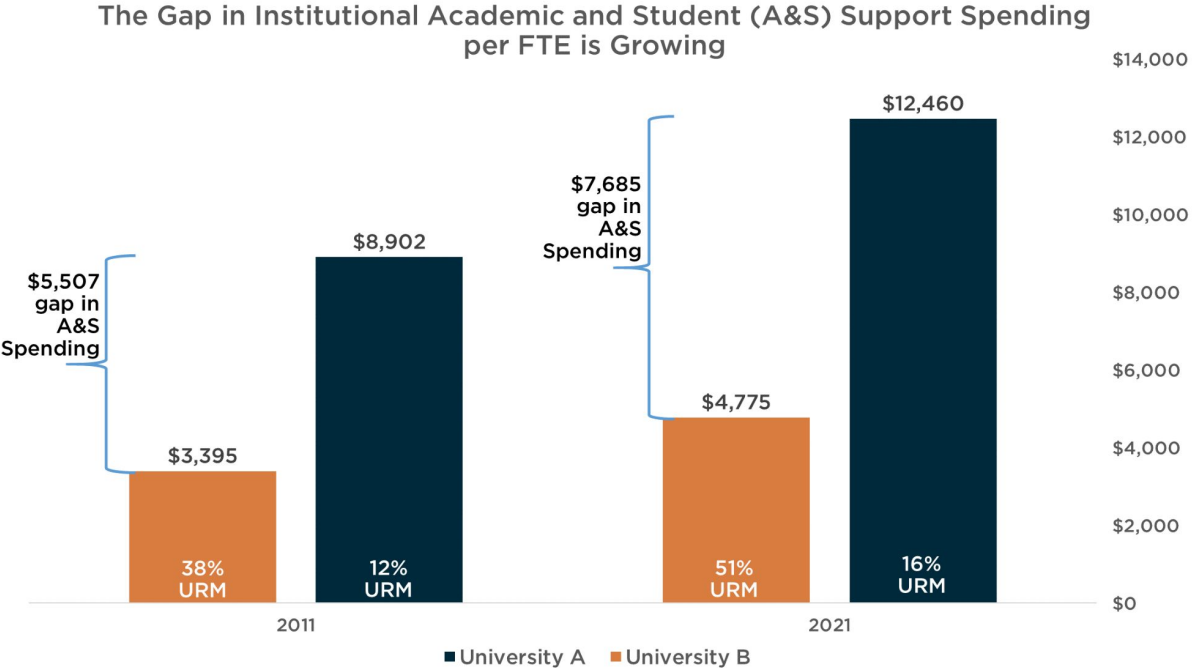
# Disinvestment and inequitable distribution resulted in spending gaps for universities disproportionately enrolling underrepresented minority (URM) students



- Increased funding for academic and student supports allows institutions to create additional structures and supports that enable 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: IPEDS, IBHE

# Disinvestment and inequitable distribution resulted in spending gaps for universities disproportionately enrolling underrepresented minority (URM) students



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

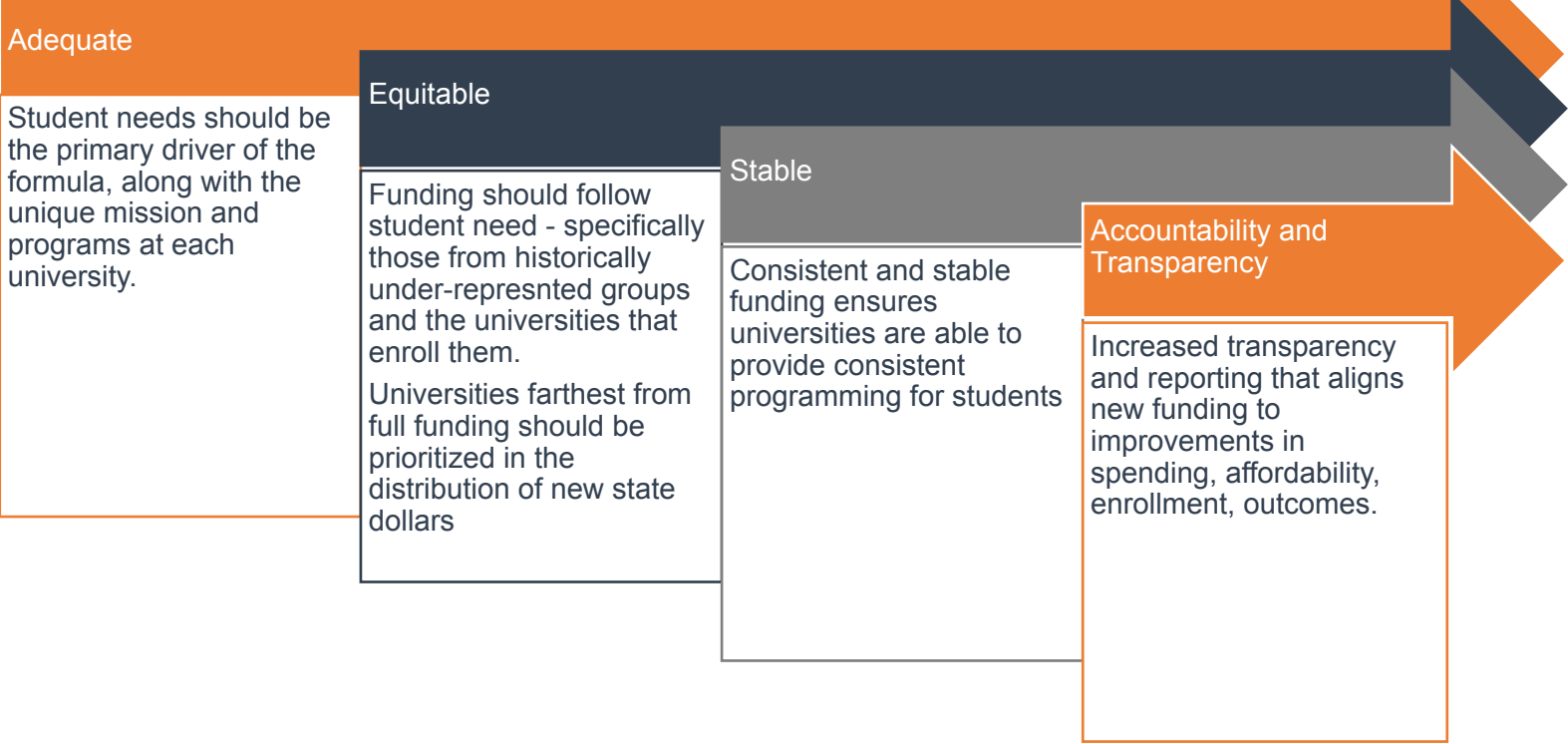
SOURCE: IPEDS, IBHE

# 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.

Student Need  
Equity  
Adjustments

Access

Academic  
Supports

Non-Academic  
Supports

Core Instruction

Mission,  
Research, and  
Artistry

Operations &  
Maintenance

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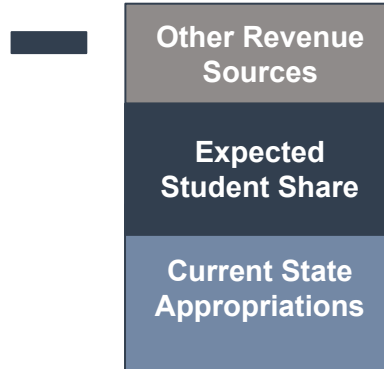
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## Step 2

Calculate Current Resources by adding State Appropriations, **Expected Student Share**, and Other Revenue.



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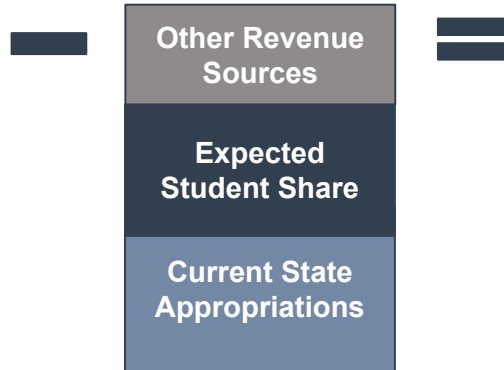
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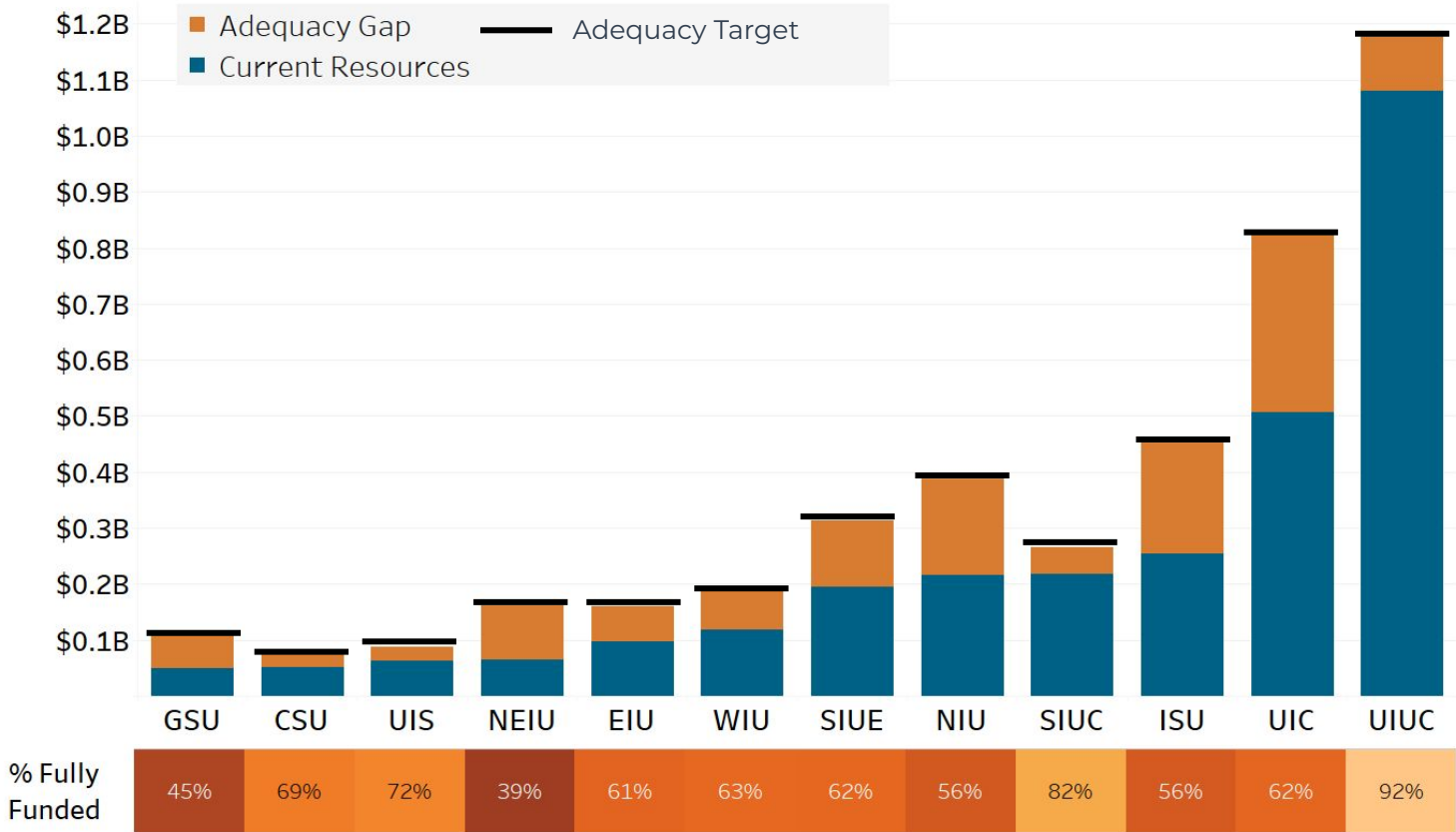


**Adequacy Gap**

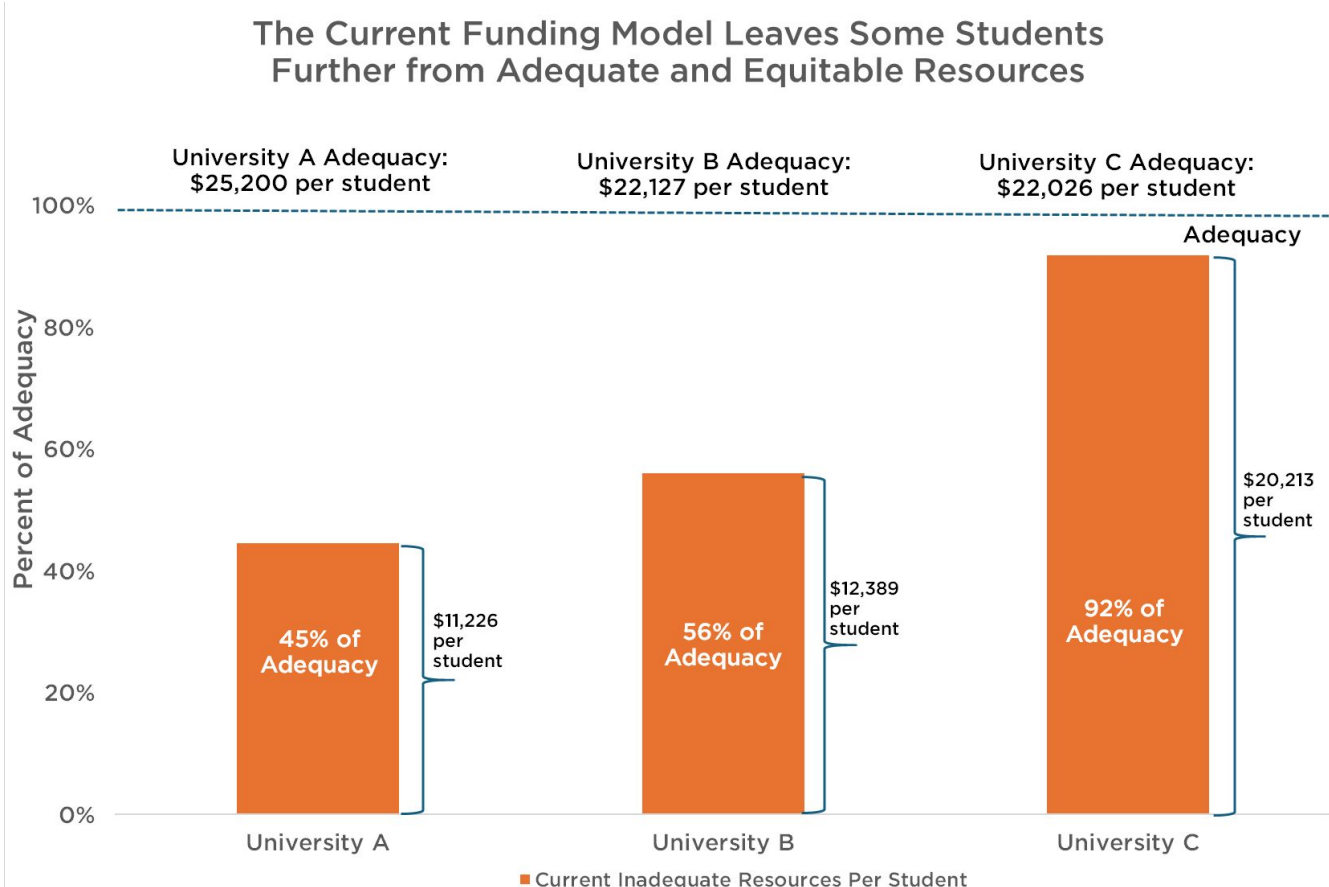
## Step 3

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

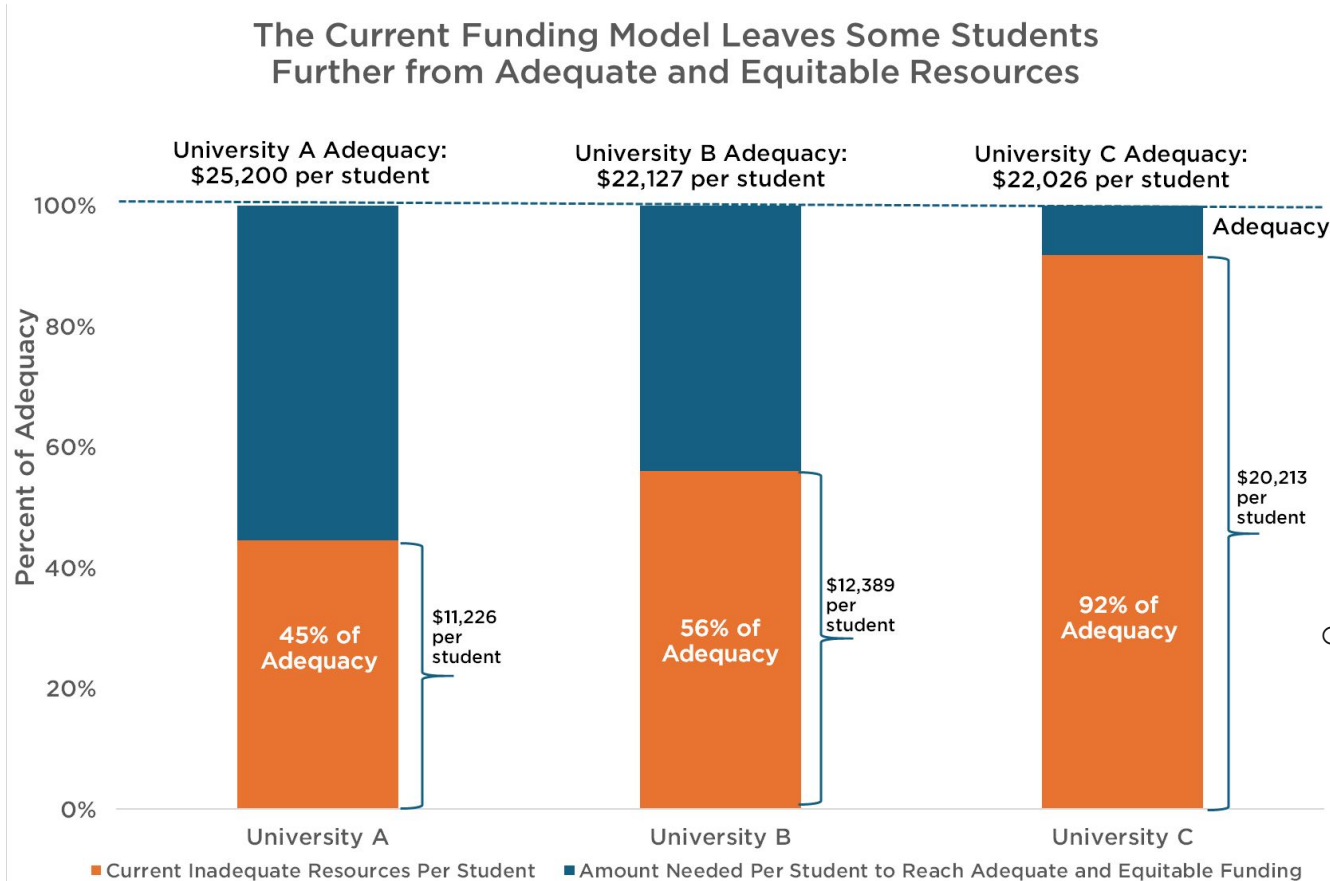
The Commission identified that not only is there a grave disparity among universities, with NEIU only having 39% of needed resources compared to UIUC having 92%, but also, no university was adequately funded



# 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



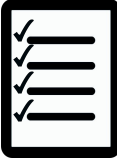
- The allocation is based on two things:
  - A guardrail that would be allocated through an across-the-board increase
  - The absolute and relative size of a university's adequacy gap (the area in blue)
- The goal is that most of the resources goes to institutions that are the farthest from adequacy

# 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.



# \$1.4 billion

In new funds over the next 10-15 years – through annual increases of at least \$135M

# 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

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# Evidence Based Research Underlying Cost Estimates

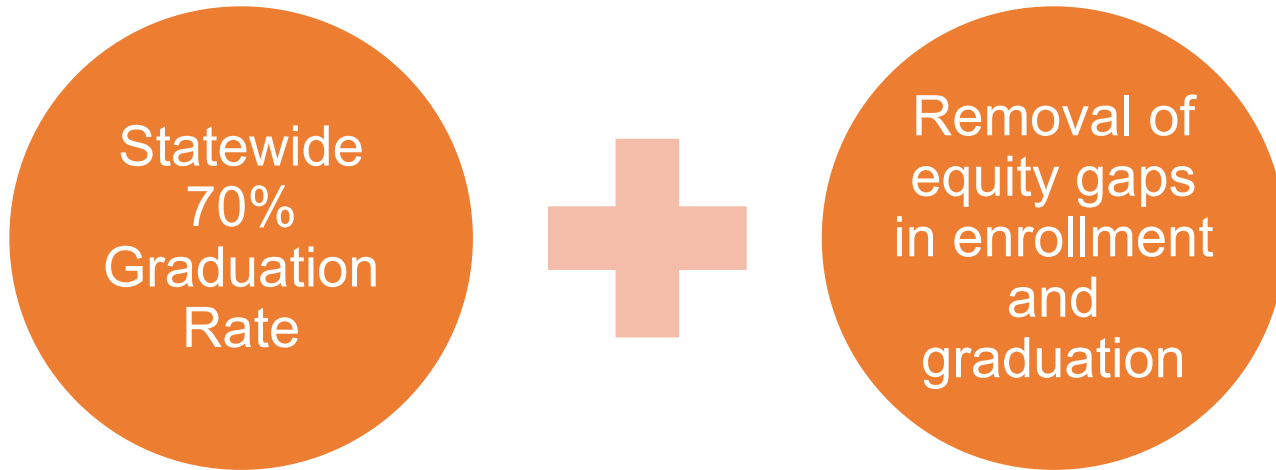
**Building the cost-estimates in the funding model that would move the state from the current inequitable, inadequate investment to an adequate funding system was a multi-step process**



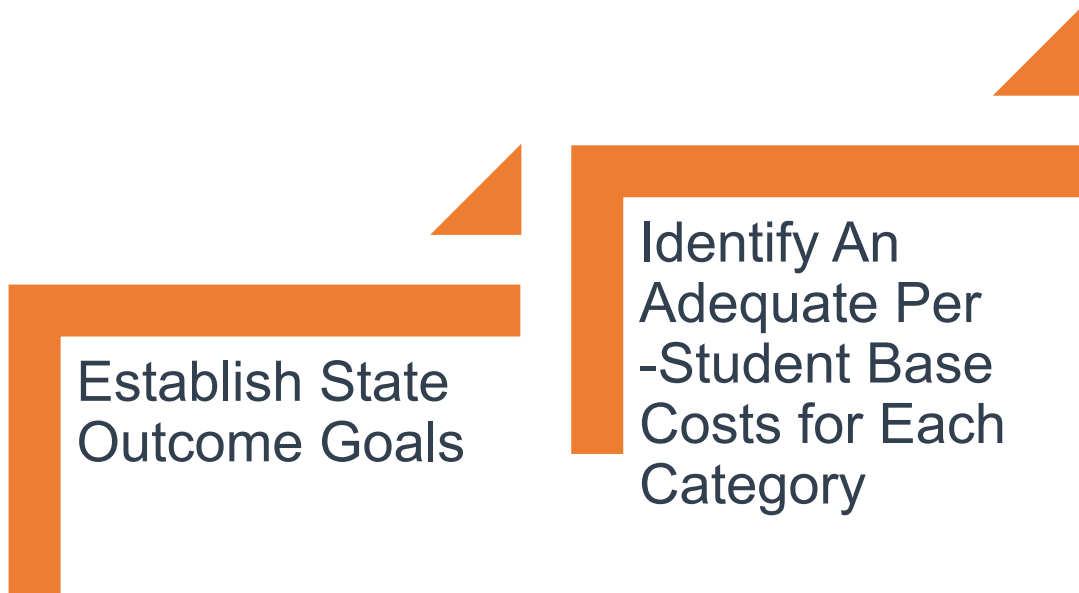
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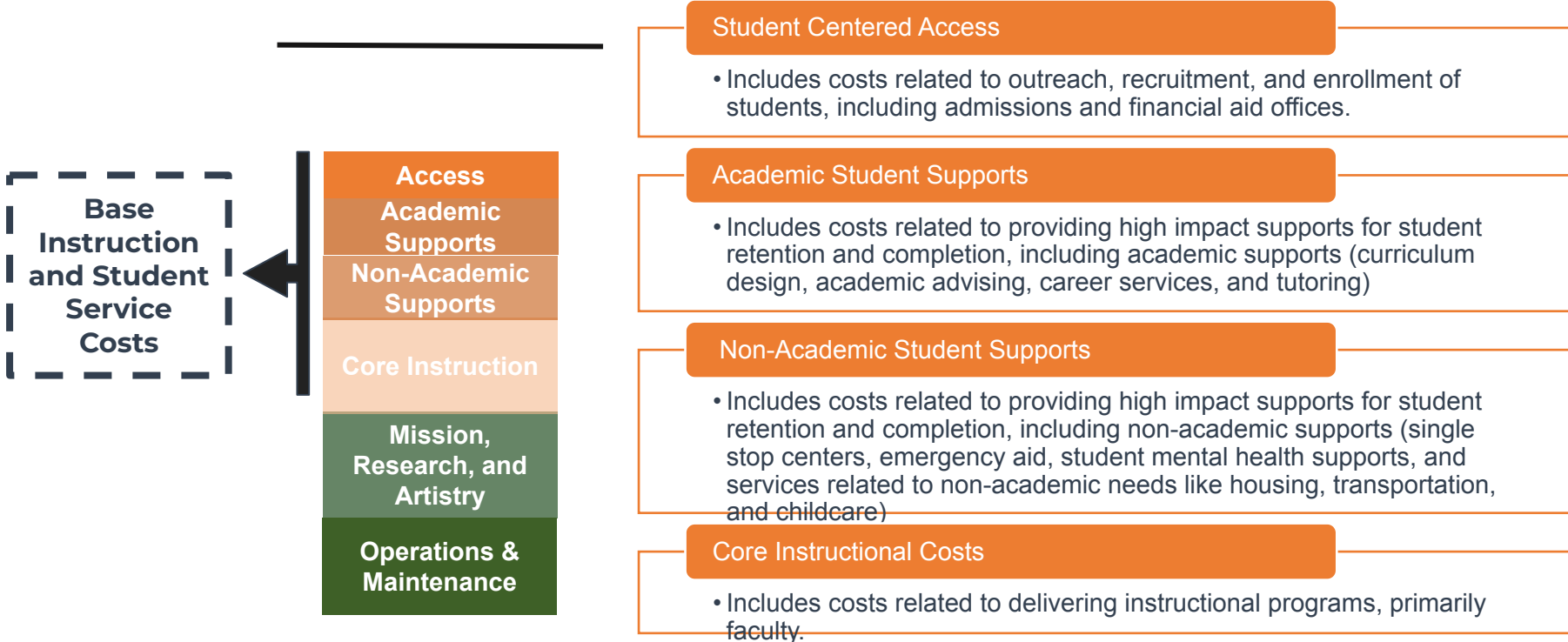
The Commission determined that increasing the statewide graduation rate to 70% and closing equity gaps in enrollment, persistence, and graduation would be the goals that drive their analysis



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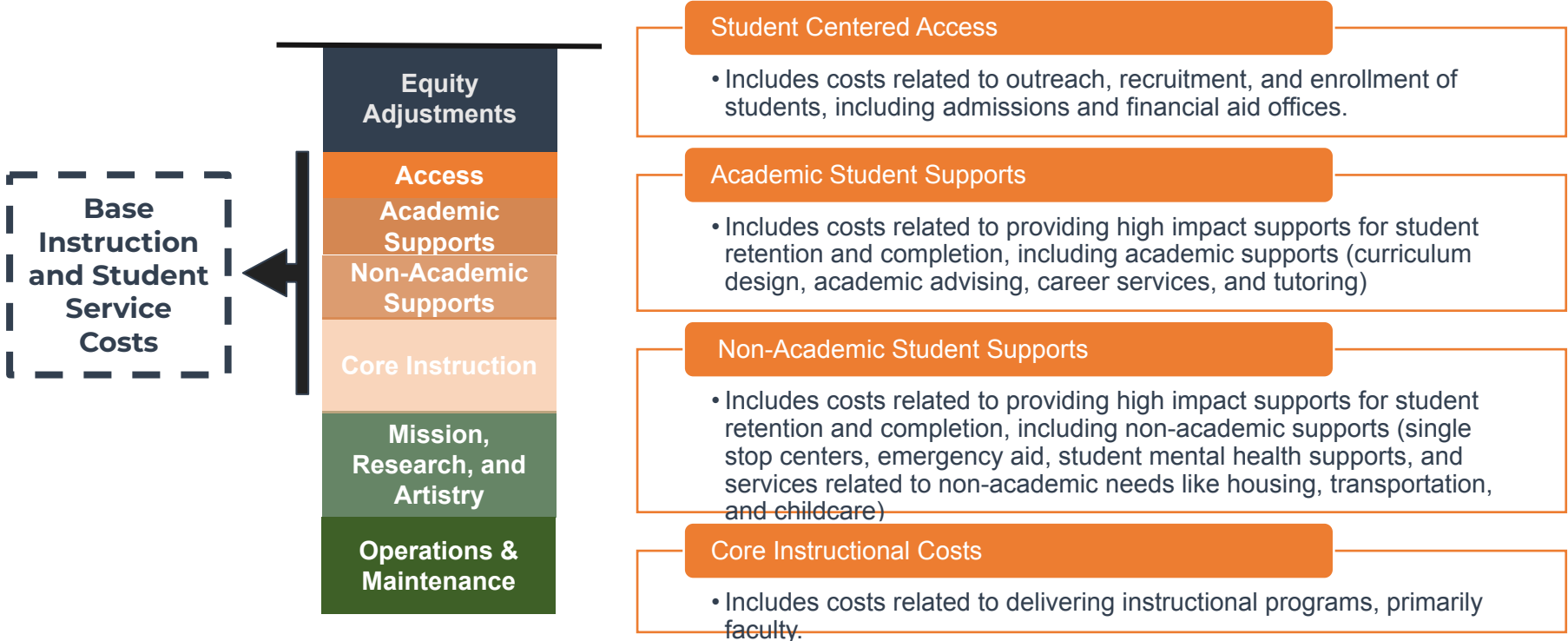


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**To estimate the needed base per student spending to reach a statewide graduation rate of 70%, the Commission analyzed per student spending levels of 4-yr public universities nationwide with varying graduation rates.**

- 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:**
  - Identified the increase from the baseline funding value needed to support students of color and low-income students.**

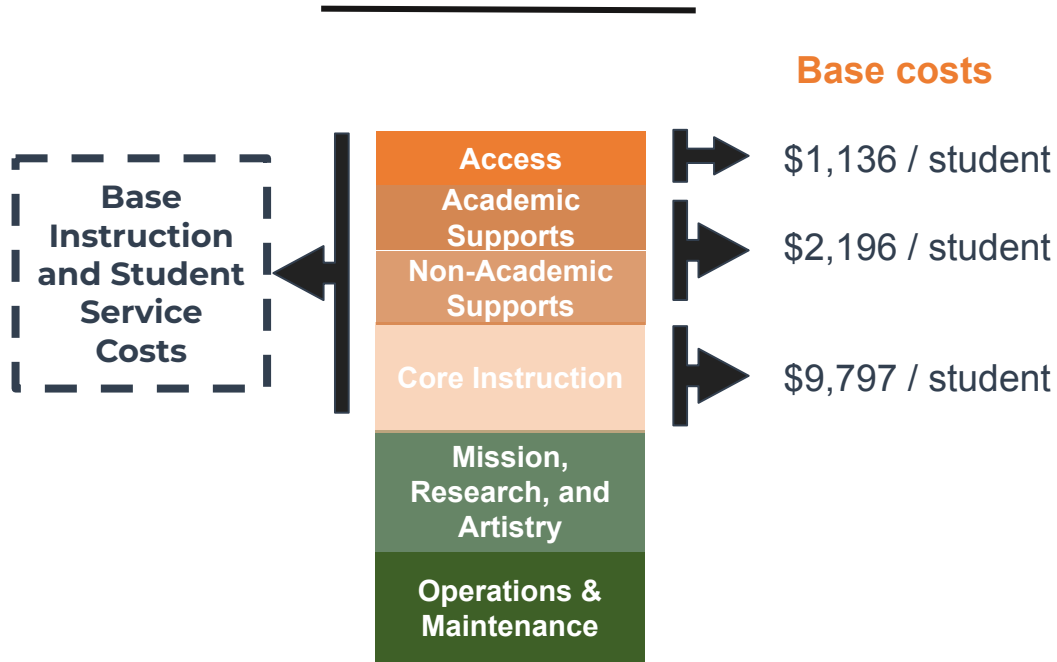
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- 2. Analyzed the different spending for institutions with a 70% graduation rate for students of color and students from low-income backgrounds:**
  - Identified the increase from the baseline funding value needed to support students of color and low-income students.**
- 3. Conducted a regression analysis to determine a per student amount that was needed to increase graduation rates**

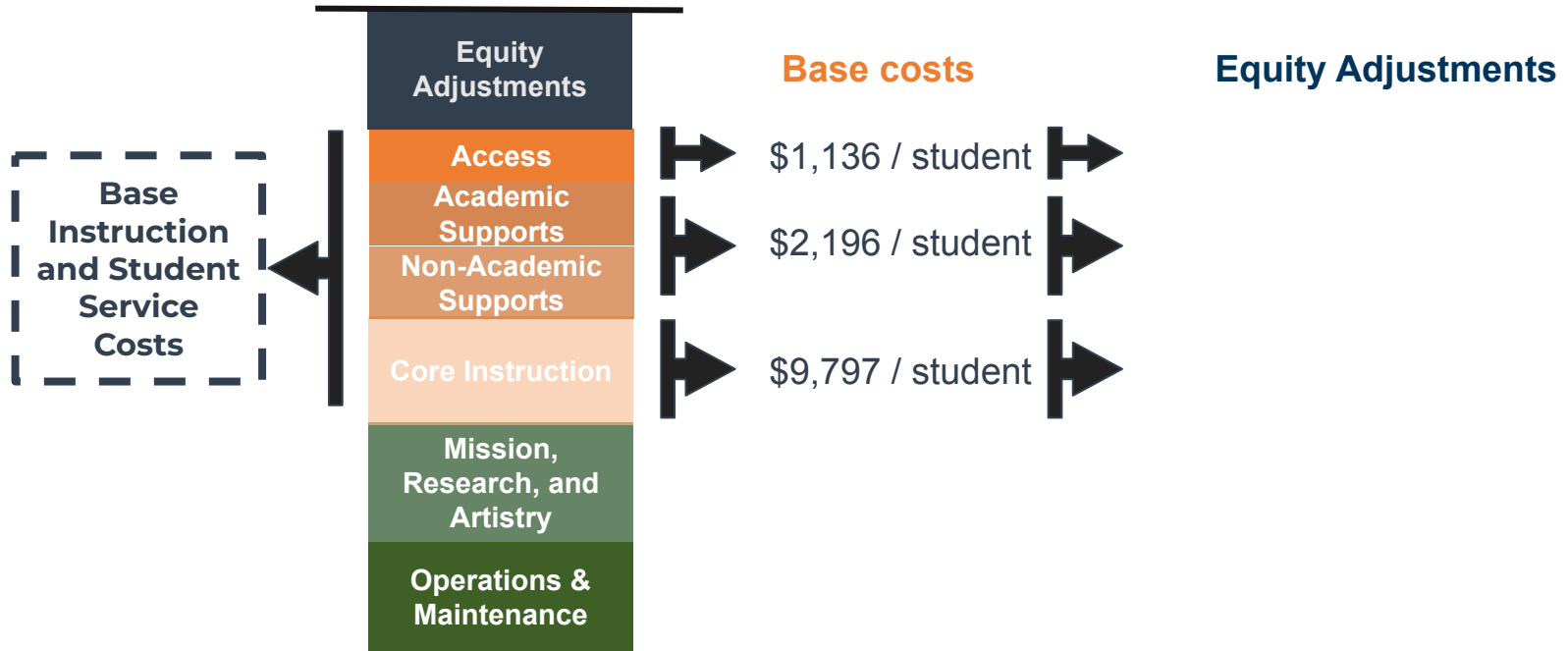
## To summarize, the Commission identified several useful benchmarks to guide the creation of the needed base per student spending to reach a statewide graduation rate of 70%

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

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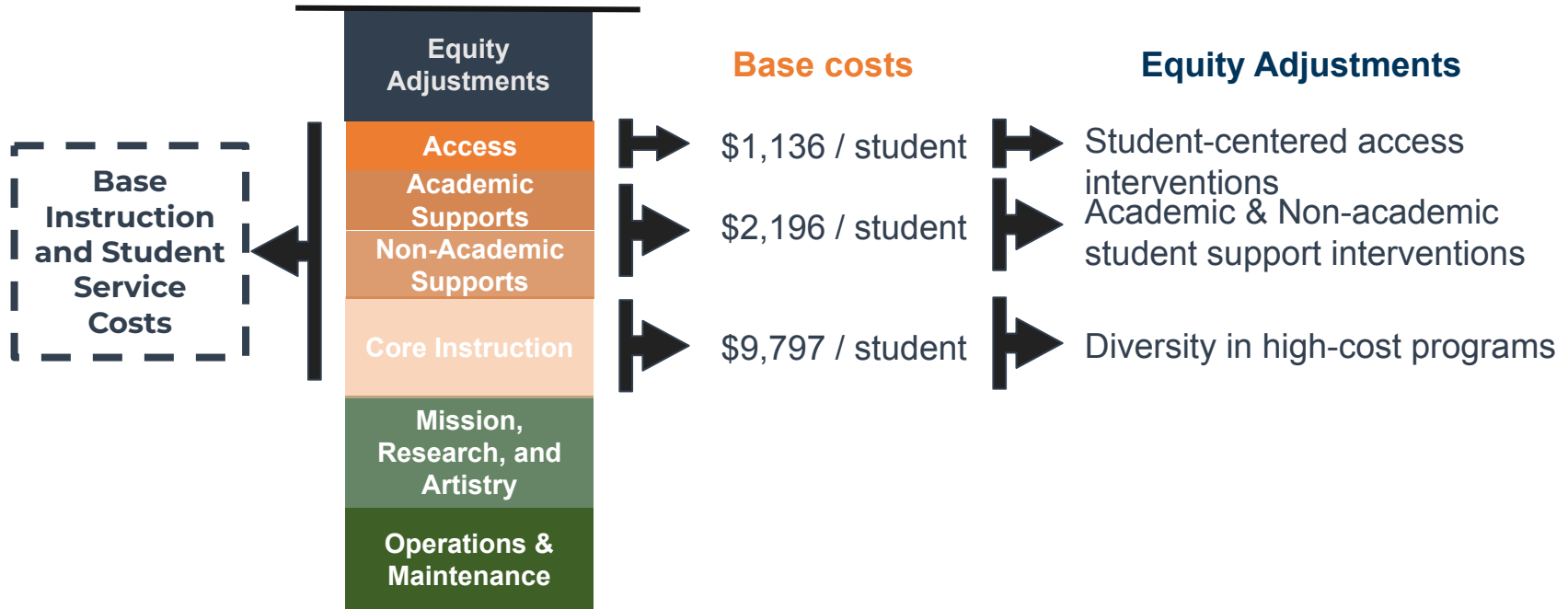
**Building the cost-estimates in the funding model that would move the state from the current inequitable, inadequate investment to an adequate funding system was a multi-step process**





# 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 surveyed 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.

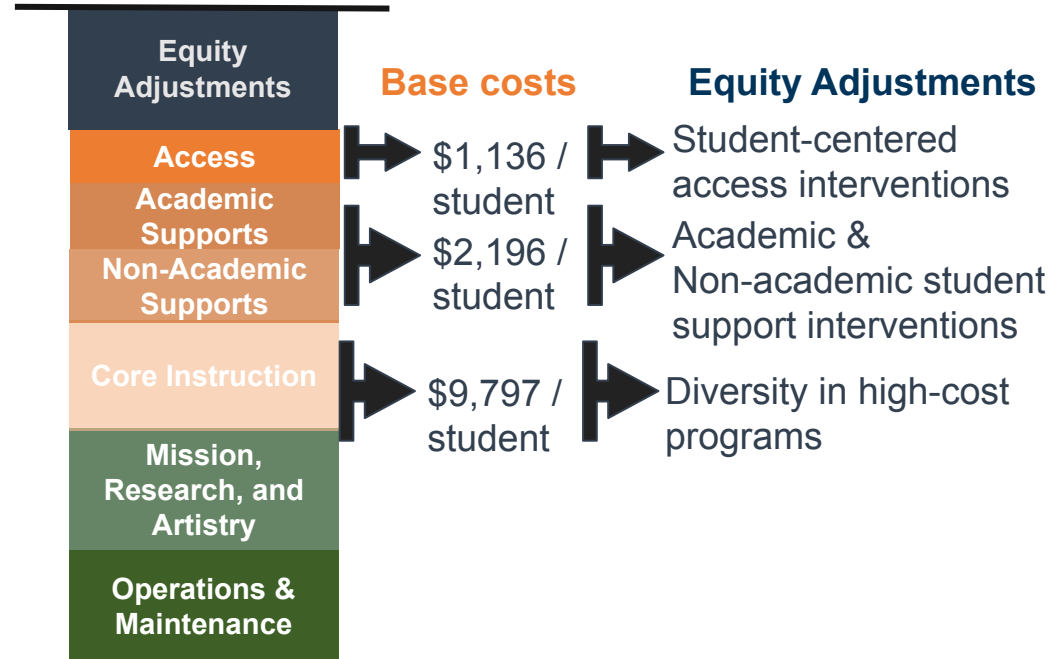
There is a growing research that shows targeted interventions and holistic programs can be used to close enrollment gaps, increase persistence, and ultimately have significant positive impacts on college graduation.

## 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**



**What evidence-based practices have you found to be most successful in supporting students to and through college?**

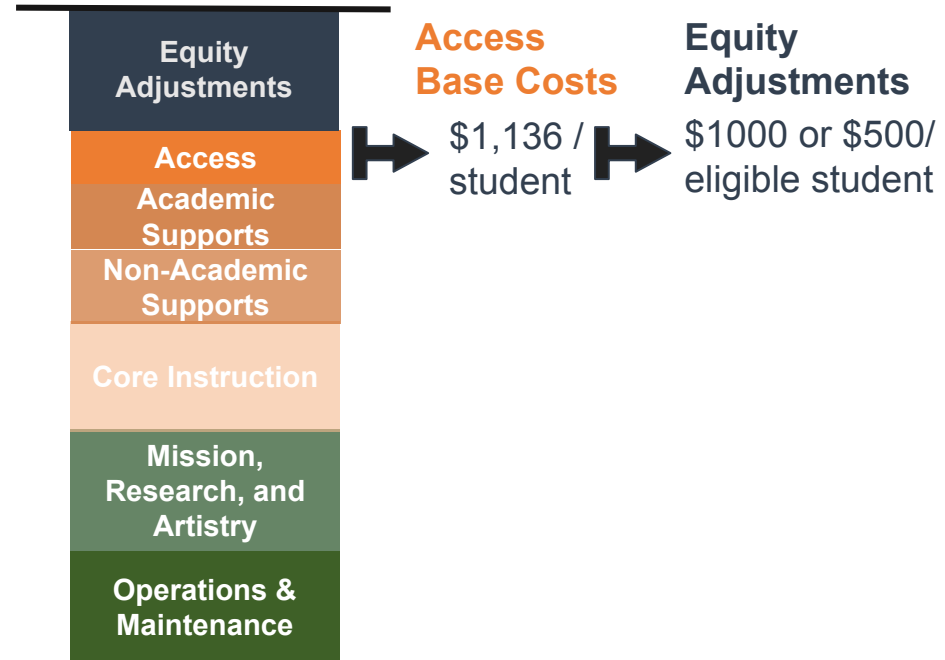
# **Student-Centered Access Equity Adjustment**



## 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



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%	<b>Low-Income/Not Low-Income</b>	Medium	\$1,000
-19.0%	<b>Rural/Not Rural</b>	Medium	
-16.2%	<b>Latino/White</b>	Medium	
-9.8%	<b>Black/White</b>	Low	\$500
-9.1%	<b>Native/White</b>	Low	
N/A	<b>Adult</b>	Low	

# **Student-Centered Academic and Non-Academic Equity Adjustment**

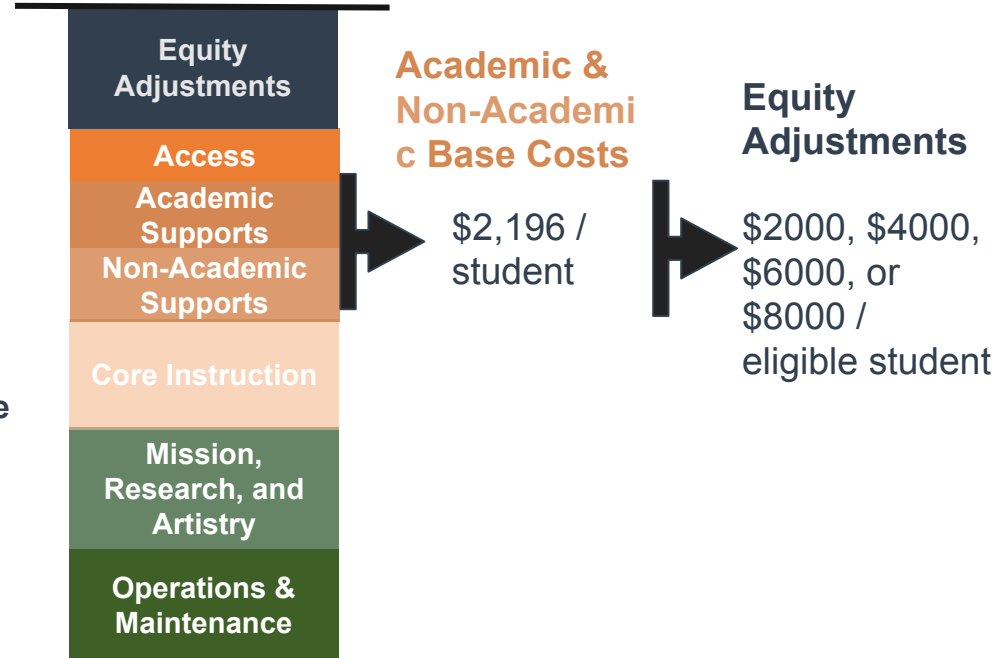
# The Commission surveyed academic and student supports used at other universities in order to include an equity adjustment mean to incentivize and support activities that increase the retention and completion of historically underserved student groups.

## 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.



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%	<b>American Indian / White</b>	High	\$6,000
-20.3%	<b>African American / White</b>		
-14.8%	<b>EBF Tier 1 / EBF Tier 4</b>		
N/A	Medium + Other	Medium	\$4,000
-12.5%	<b>Adult / Under 25</b>		
-10.4%	<b>Low-Income (Pell) / Not Low-Income</b>		
-10.2%	<b>Low high school GPA / 3.0+ GPA</b>		
-8.9%	<b>Hispanic / White</b>		
-7.6%	<b>2 or more races / White</b>		
N/A	Low + Other	Low	\$2,000
-5.4%	<b>EBF Tier 2 / EBF Tier 4</b>		
-2.1%	<b>Rural / Not Rural</b>		

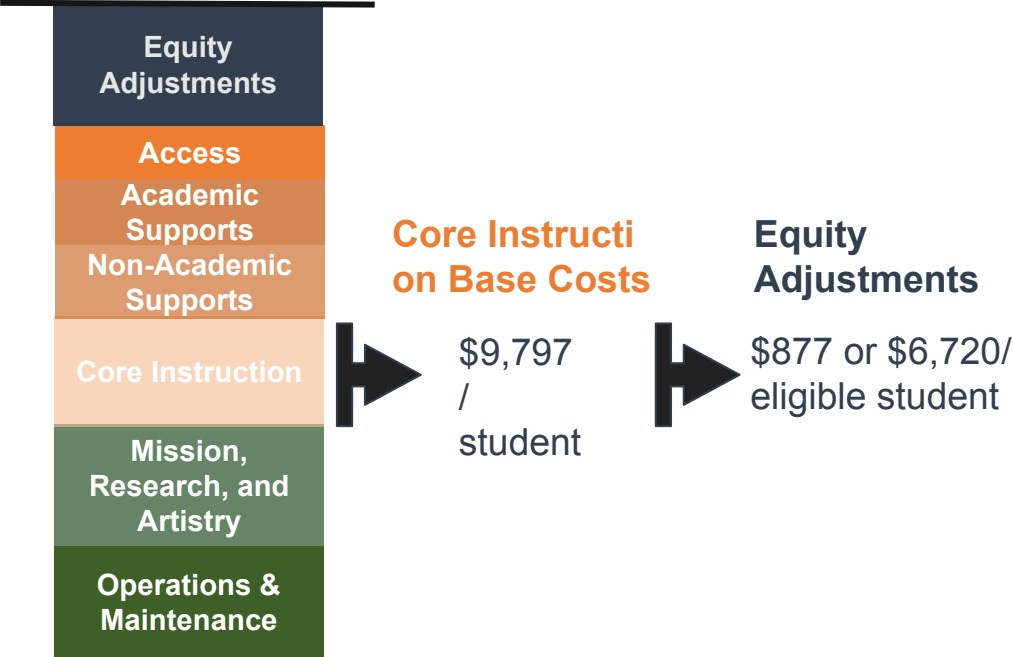
# **Student-Centered Instruction Cost Equity Adjustment**

# 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.**

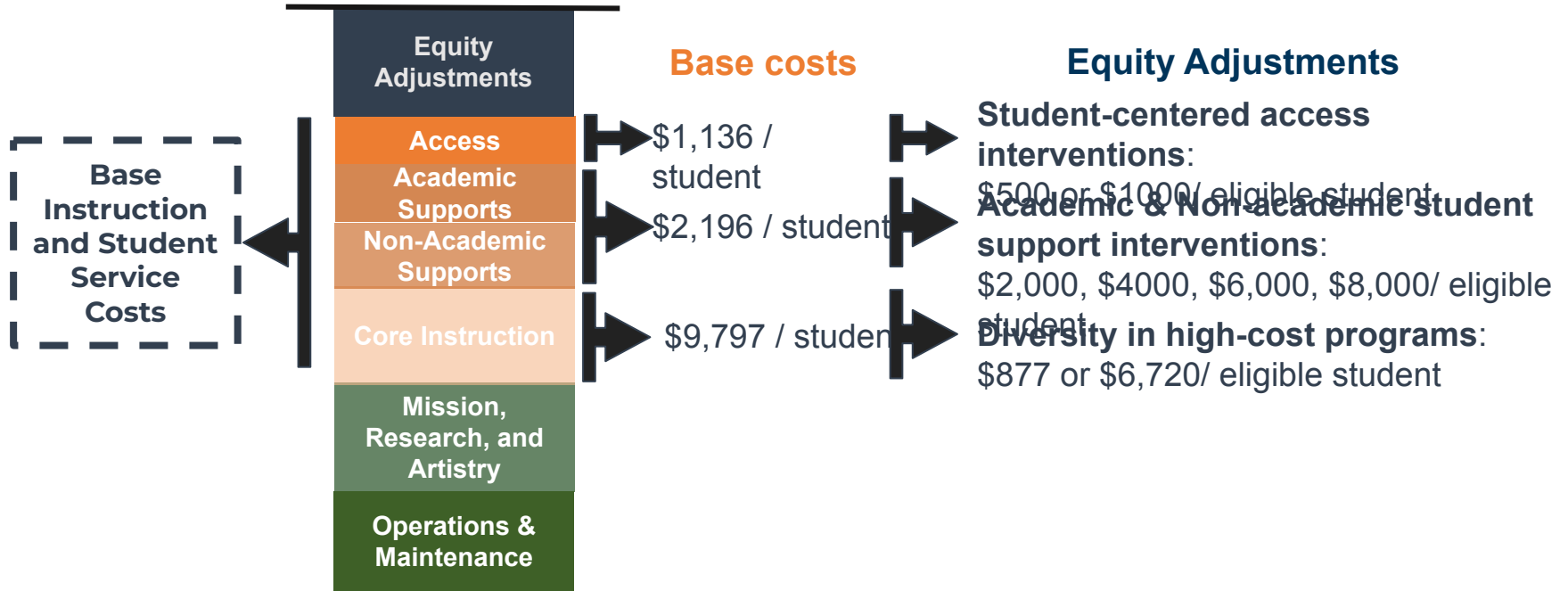


The last equity adjustment centered on diversifying high-priority/high-cost fields such as medical professions, fine arts, and engineering

	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

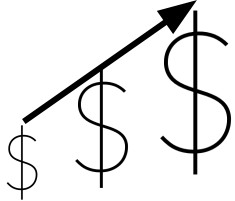


# Current Status of the Work

# SB 13/HB1581, filed this spring, create the Adequate and Equitable Public University Funding Act.



# Additional Details and Ongoing Conversations



## Annual Increase

The Commission discussed setting an annual increase

The range was from \$60m-\$135m in annual increases

- \$100m would fully fund all institutions in 15 years



## Adequacy Targets and Access to Resources

Calculation of universities' **adequacy target**:

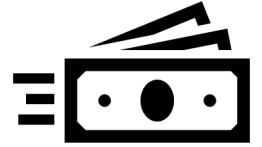
- Cost of medical, dental, and other health professional programs
- Inclusion of graduate students



## Access to Resources

Calculation of universities' **resource profile**:

- Access to endowments
- How to account for tuition and fee revenue



## Distribution Mechanisms

Equitable distribution is a key component of the model and technical components are still being explored.

Currently, institutions' adequacy gap determines how new funds would be prioritized

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

ILLINOIS COMMISSION ON  
EQUITABLE PUBLIC UNIVERSITY FUNDING



REPORT ON THE COMMISSION'S  
**RECOMMENDATIONS**

March 1, 2024

SCAN TO FIND THE COMMISSION'S REPORT!





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