

2023



COLLEGE CHANGES EVERYTHING®
CONFERENCE



**PARTNERSHIP FOR
COLLEGE COMPLETION**

Advancing Equity in Higher Education

Higher Ed Funding in Illinois

**GOAL
2025**

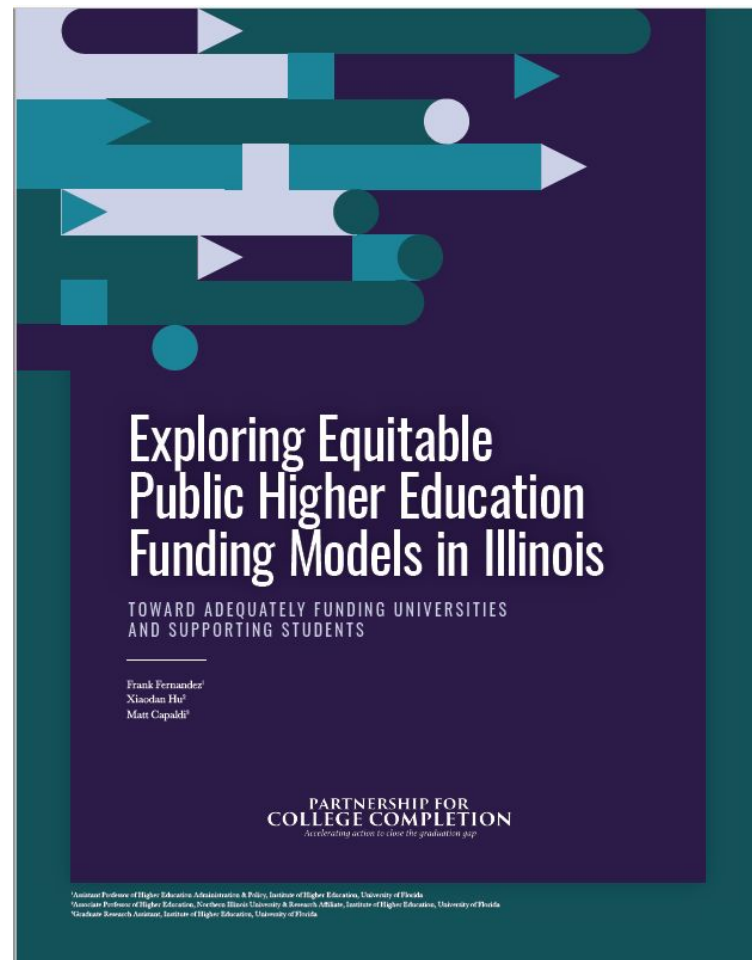
COLLEGE
CHANGES
EVERYTHING®

Exploring Equitable Public Higher Education Funding Models in Illinois

View the report on our website:

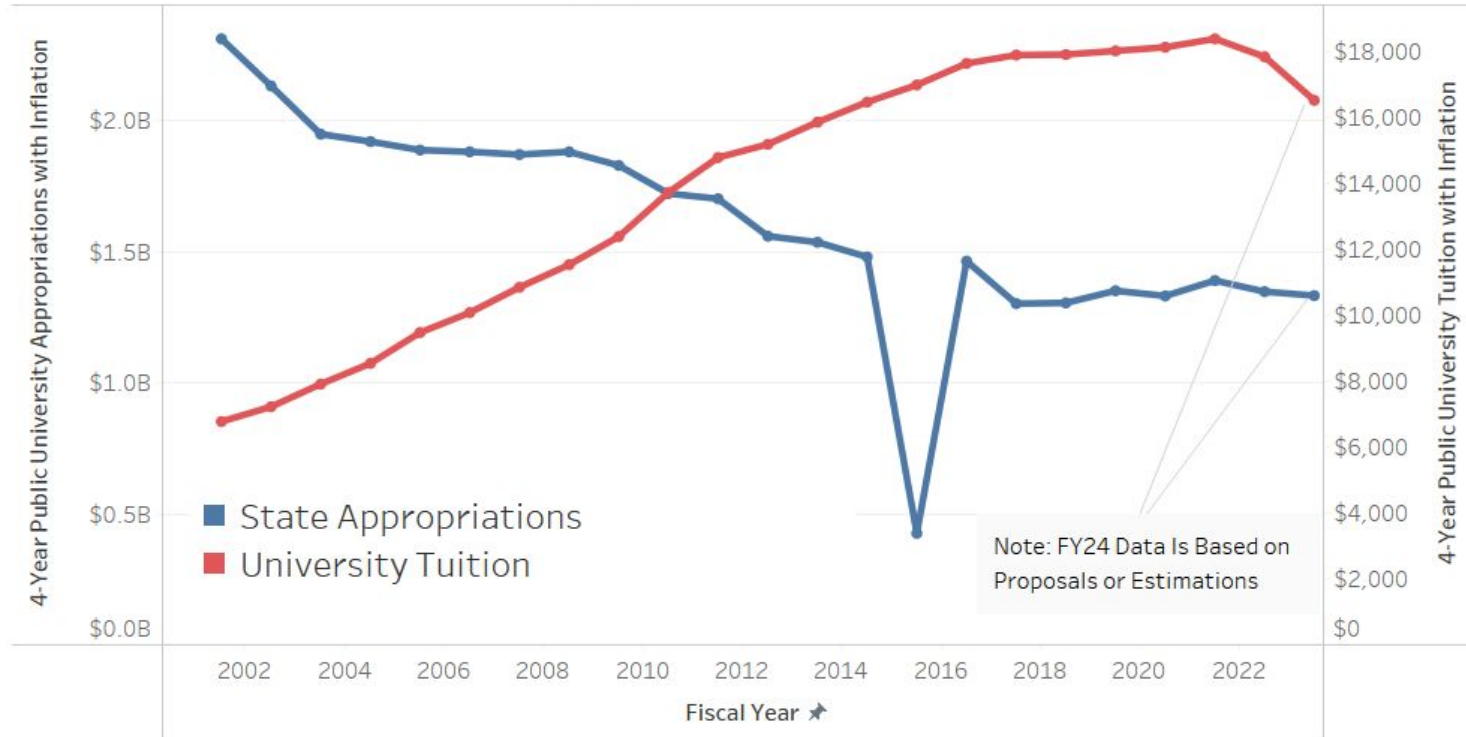
<https://partnershipfcc.org/adequacy/>

- The state of college-going in IL
- Adequacy Report
 - Section 1: Policy Context
 - Section 2: Approaches to Funding Higher Ed
 - Section 3: The Adequacy Alternative
 - Section 4: How Adequate is Funding in IL?
 - Section 5: Recommendations



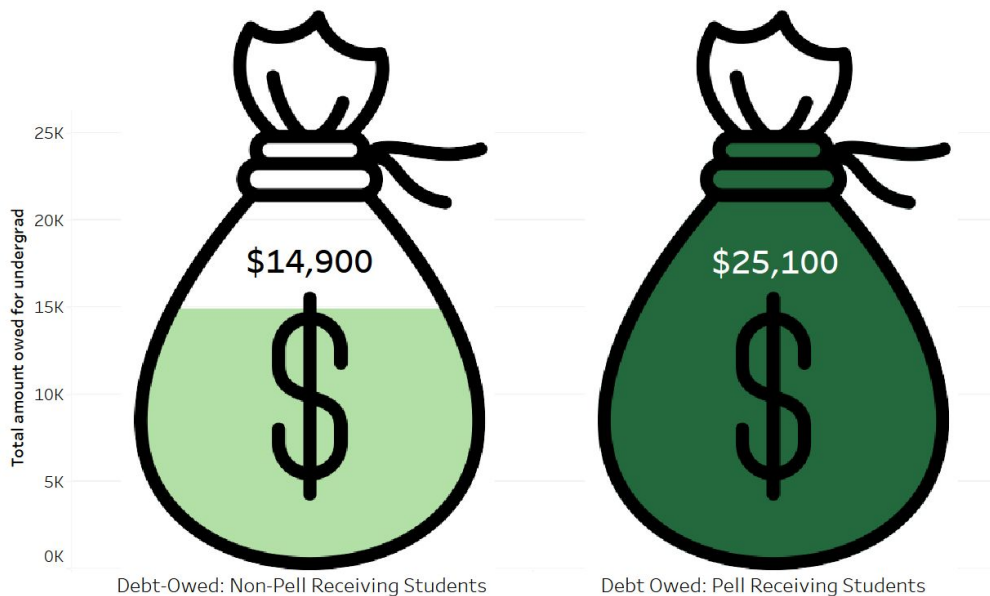
State appropriations cuts lead to tuition increases

After 15 years of funding declines and tuition increases, appropriations and college prices have leveled off

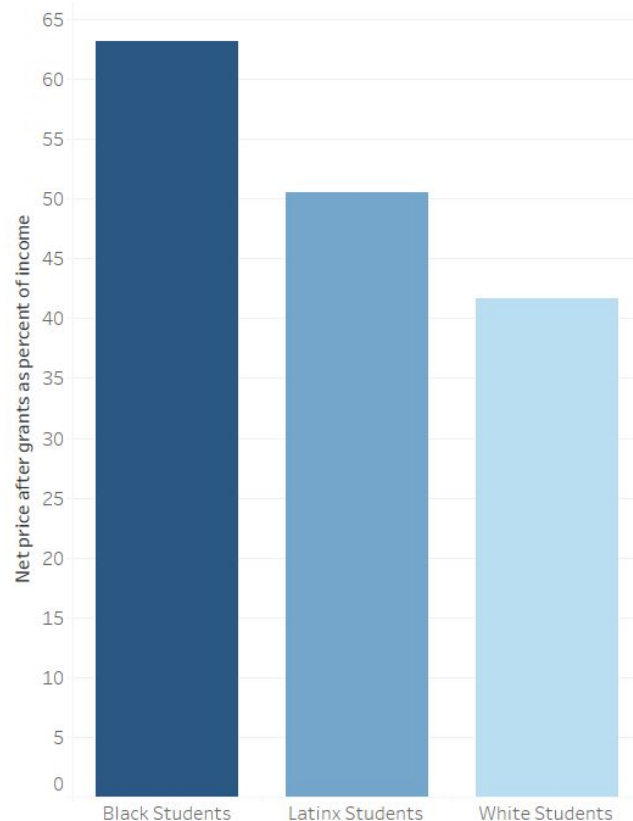


Funding directly impacts the price that Black, Latinx, and low-income students pay

Illinois Pell-Receiving Students Have More Debt

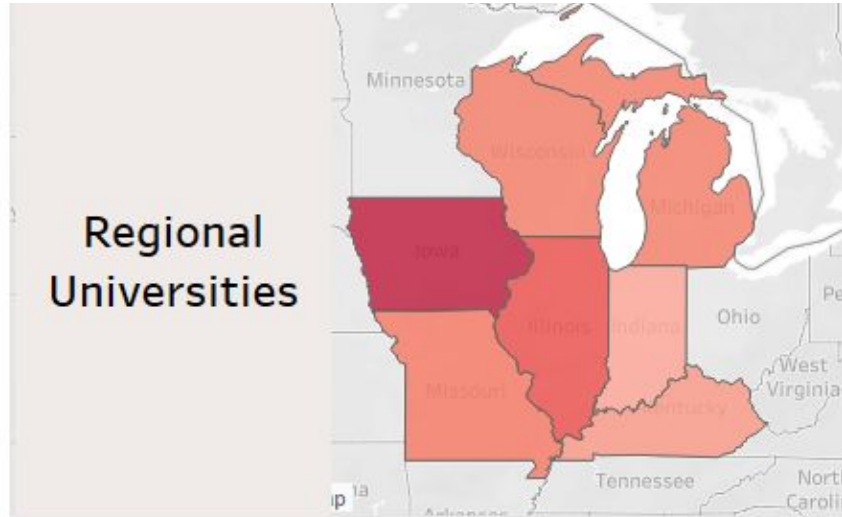


Black and Latinx Students Pay More for IL Universities

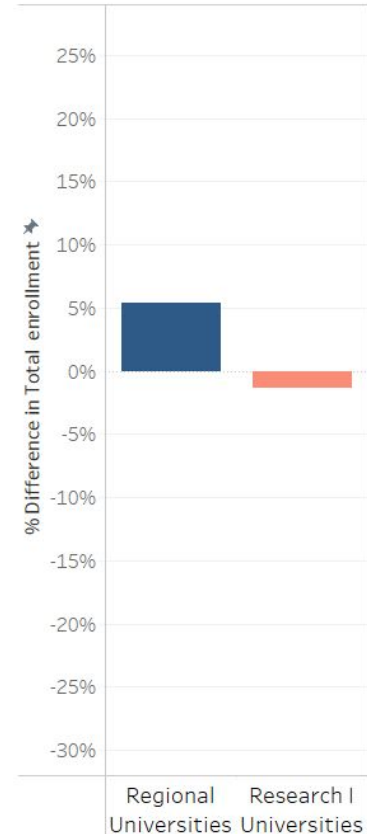


Public university affordability and enrollment are finally turning around

Net Price 2020

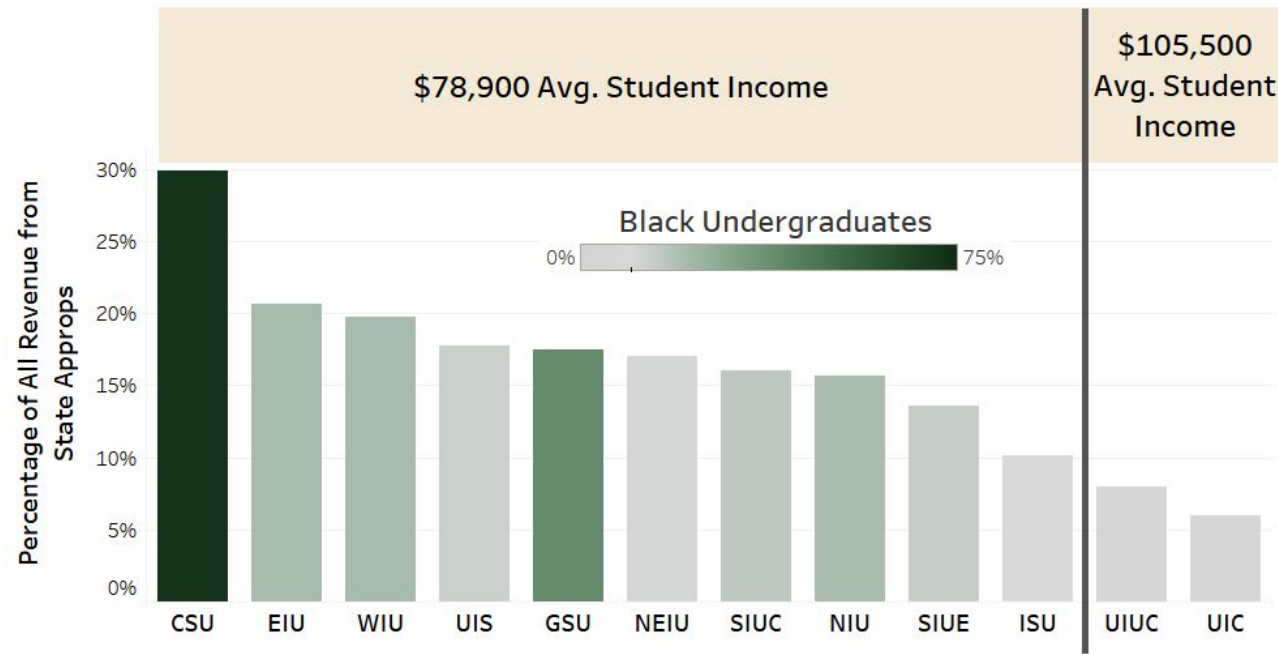


Freshmen Enrollment
2021-2022



What's the problem with funding?

- IL has no system for doling out funding
- 2 of 12 universities get more than 50% of state approps
- Institutions enrolling more low-income students and students of color are more reliant on state appropriations



Students' access to and success in higher ed requires investment in financial aid **AND** institutions

FINANCIAL AID

Is key to making *higher education affordable for all students*, but does not directly fund the services institutions are able to provide

INSTITUTIONAL FUNDING

Is key to ensuring institutions can provide *adequate academic, mental health, and other supports* to equip their students to complete college

Adequacy as an Emerging Approach

- Funding is tied to what institutions need to serve students equitably
- Recognizes that:
 - Institutions serve different student populations with different needs
 - Uneven investment across universities impact
 - Enrollment
 - Affordability
 - Ability to serve students

SB815: Adequate and Equitable State Funding

- SB815: Created the Commission on Equitable Public University Funding
- Need for further research on the concept of funding “adequacy” in the higher education



ABOUT
US

WORK
UNDERWAY

STUDENTS

INSTITUTIONS

DATA AND
REPORTS

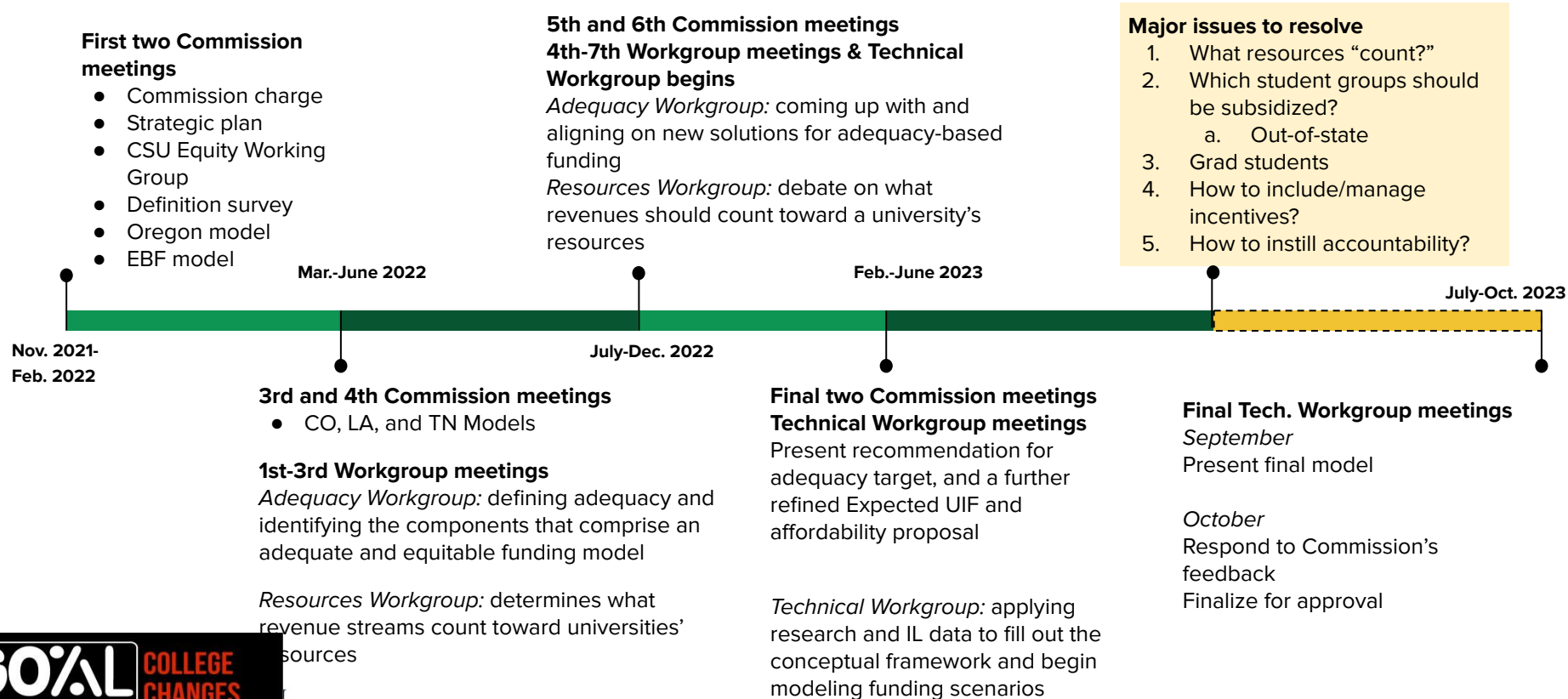
NEWS AND
MEDIA

Statutory Considerations for Recommendations

The recommendations must be equity-centered and consider

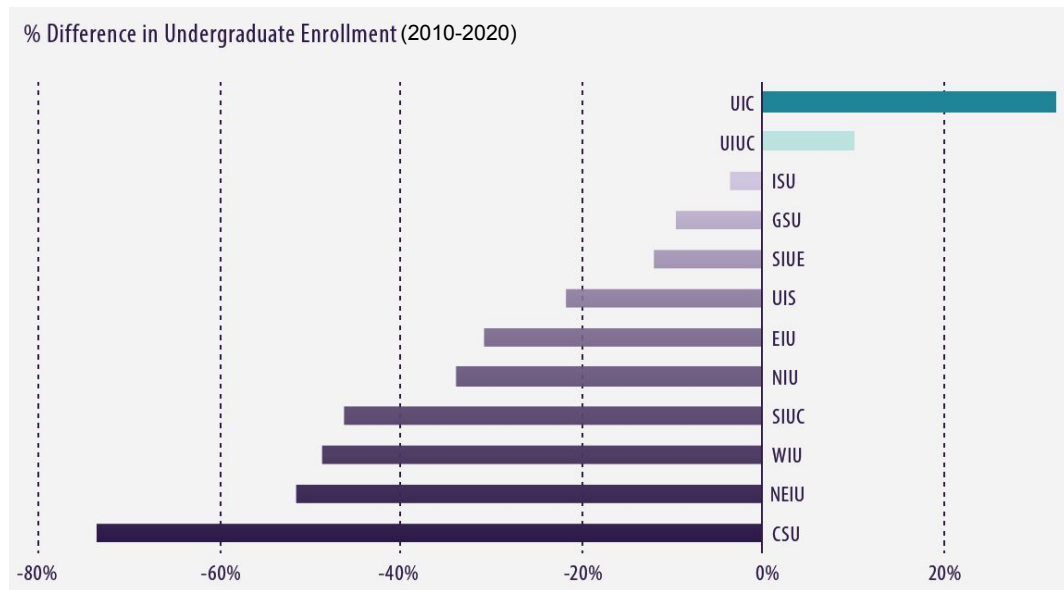
- Specific data-driven criteria and approaches to **adequately, equitably, and stably fund public universities** in this State and to evaluate existing funding methods
- Specific criteria and funding approaches to establish an equity-based funding model for allocation of State funds to public universities
- Remediating inequities that have led to disparities in access, affordability and completion for underrepresented students
- Providing incentives to enroll underrepresented students
- Allowing ongoing monitoring and continuous improvement in funding models
- Guidelines for how funding is distributed in times of economic hardship
- Funding for institutions that serve underrepresented students, including graduate and professional students
- Supporting individual missions, including research and health care
- Fostering economic activity and innovation by universities' activities
- Considering the percentage of institutional aid
- Considering the number of undergraduates engaged in research
- Supporting institutional efforts to recruit and retain world-class faculty
- Holding all universities harmless to their current funding level
- Considering the long-term implications and outcomes of funding system

Update on Public University Equitable Funding Work



Section I: Policy Context

- Appropriations declined 18% from 2017-2023
 - Some universities hit harder
- Two short-term options: cut spending or increase tuition
 - Students at Regional Universities pay more
- Disparities in attainment and completion by race and income



Section II: Approaches to Funding Higher Ed

Funding Approach	Positives	Issues
Enrollment-Based	<ul style="list-style-type: none"> Minimal decision-making 	<ul style="list-style-type: none"> No incentives for serving or graduating students Only as stable as enrollment
Base-Plus	<ul style="list-style-type: none"> Minimal decision-making Low administrative burden 	<ul style="list-style-type: none"> Inequitable power leads to inequitable distribution Not informed by student need
Performance-Based Funding 1.0	<ul style="list-style-type: none"> Attempts to improve systems, funding, and accountability 	<ul style="list-style-type: none"> Null or negative effects <ul style="list-style-type: none"> Inequitable selectivity Accountability
Performance-Based Funding 2.0	<ul style="list-style-type: none"> Accounts for mission Addresses unintended consequences 	<ul style="list-style-type: none"> Null or negative effects Flawed underlying logic

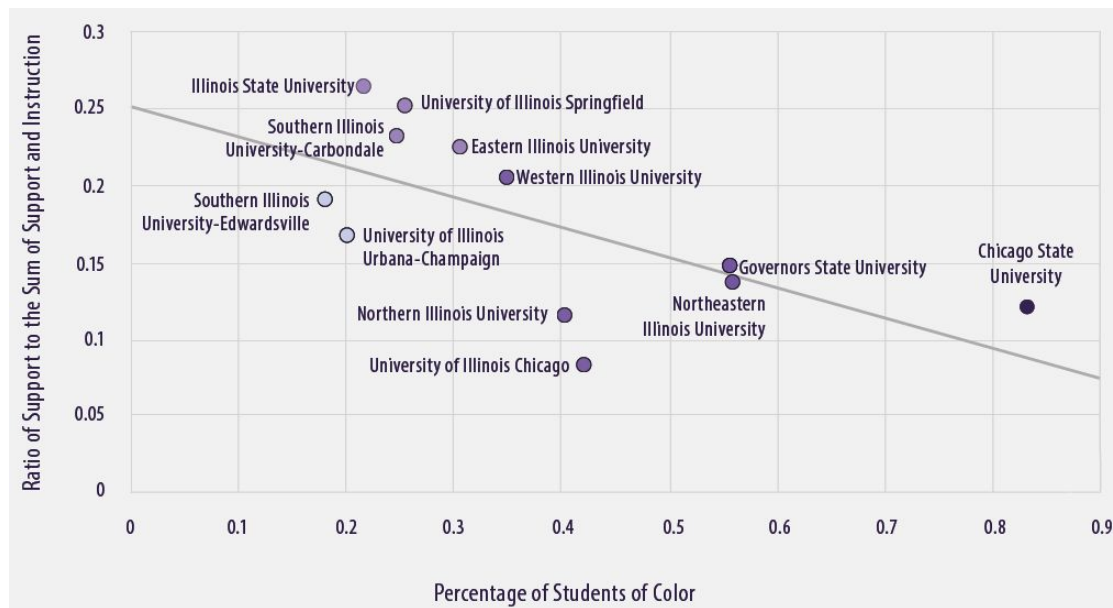
Section II: The Adequacy Alternative

Origins

- K-12 funding
- HBCU historical inequities

Higher Ed Application

- Working toward state goals
 - IBHE's Strategic Plan
 - 60x25 attainment goals
- Tying resources, additional spending to equity
 - Instruction
 - Student supports
 - Research



Section IV: How Adequate is Funding in IL?

Factors to Consider for Adequacy in IL Universities

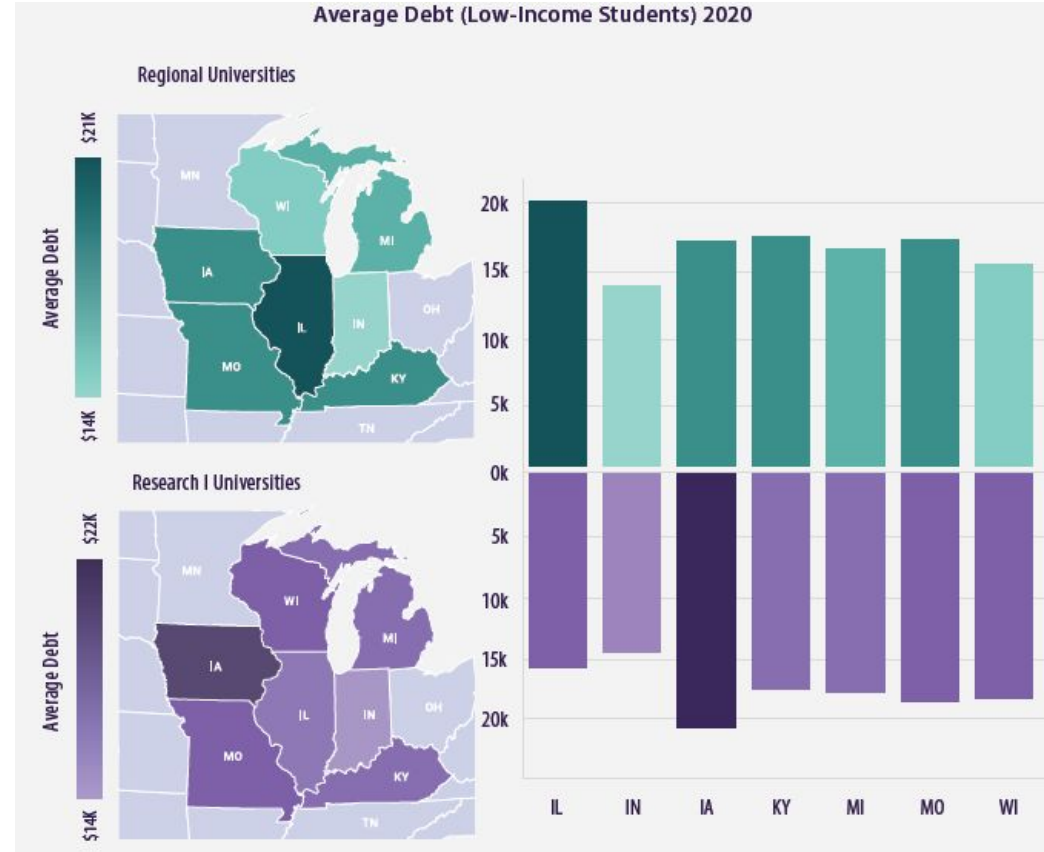
Goals

- Closing enrollment gaps
- Closing completion gaps

Affordability

- Net Price
- Student loan debt
- Social mobility

Institutional stratifications



Section V: Recommendations

1. Consider Within-State Funding Inequities
2. Improve Equity for Black Students in Both Access and Success
3. Restore Cuts to Public Universities
4. Address Differences in Fixed and Variable Costs to Provide Student-Centered Support
5. Consider Regional Competitiveness
6. Adopt New Measures of Success (or Accountability)
7. Avoid the Pitfalls of Performance- or Outcomes-Based Funding Models

Recommendation 1: Consider Within-State Funding Inequities

- Consider universities' different levels of:
 - Enrollment
 - Spending on student supports
 - Spending on student instruction
 - Geographic location/rurality
 - Income of surrounding areas

Recommendation 2: Improve Equity for Black Students in Both Access and Success

- Enrollment and placement equity is needed
 - Black student enrollment dropped by more than **one-third** between 2013 and 2019
 - **15%** of Black students and **5%** of White students are placed in developmental courses
- Retention and completion gaps must be closed
 - **66%** of Black students make it to year two, compared to **85%** of White students
 - **38%** of Black first-year college students earn bachelor's degrees, compared to more than **70%** of White students

Recommendation 3: Restore Cuts to Public Universities

- Higher ed appropriations should be increased to/above 2002 levels
- Policymakers need to consider how high inflation is diluting state appropriations to public universities

Figure 2: Illinois appropriations to public universities, FY2002-FY2024

University appropriations with inflation



*IBHE Recommendation

Recommendation 4: Address Differences in Fixed and Variable Costs to Provide Student-Centered Support

- Equitable funding for per-student instructional and support services expenditures
 - Part-time students require as much institutional investment as full-time students for many services
 - Fixed costs for operations do not change according to students' enrollment status
- Consider a funding minimum for per-student support expenditures

Recommendation 5: Consider Regional Competitiveness

- Illinois does not equitably educate its Black population
 - Other states in the region (e.g., IN and KY) demonstrate that states can close the enrollment gap
- Students at IL's less-research-intensive campuses pay a higher net price and accrue more student loan debt compared to
 - Students at Illinois' flagship universities
 - Students at public universities in many surrounding states
- The high cost of student loans in IL is especially problematic for low-income students and students who do not complete their

Recommendation 6: Adopt New Measures of Success (or Accountability)

- Expand equitable access by bringing down universities' prices
- Equitably enroll diverse students (low-income, first-generation, racial minority) from surrounding counties
- State and institutional leaders should commit to reducing student loan debt and improving social mobility

Recommendation 7: Avoid the Pitfalls of Performance or Outcomes-Based Funding Models

- Performance-based funding (PBF) creates perverse incentives, such as limiting access to higher education
 - Especially for less-prepared, lower-income, or racial minority students
 - At best, PBF 2.0 can minimize unintended consequences on vulnerable populations
 - PBF doesn't typically lead to improvements in student outcomes or institutional equity
- State funding should build capacity for universities to overcome financial hardship and enrollment decline

Discussion Questions

1. What should the future of higher ed funding look like in Illinois?
2. What are some obstacles and opportunities toward convincing legislators, agencies, and even universities to align toward these solutions?
3. What voices are missing in these conversations?
 - a. How can we meaningfully collect and incorporate student feedback, for example?

Thank you!



Email **Mike Abrahamson** at mike@partnershipfcc.org to learn more about the adequacy report or visit www.partnershipfcc.org to learn more about **PCC**.