



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3965

Introduced 10/11/2024, by Sen. Kimberly A. Lightford

SYNOPSIS AS INTRODUCED:

New Act
110 ILCS 205/8

from Ch. 144, par. 188

Creates the Adequate and Equitable Public University Funding Act. Provides that, after the effective date of the Act, all general operating expenses for public universities shall be distributed by the Board of Higher Education through a funding formula for eligible public institutions and shall be administered by the Board. Defines "eligible public institution". Sets forth provisions concerning the adequacy targets and resource profiles of eligible public institutions. Provides for the distribution of State appropriations and the calculation of the base funding minimum for each eligible public institution. Provides that the Board shall oversee an accountability and transparency framework for assessing the distribution and use of all funds appropriated by the funding formula and evaluating the funds' effects on institutional outcomes pertaining to student affordability, enrollment, persistence, and outcome metrics. Provides for reporting and the establishment of an Accountability and Transparency Committee. Provides that the Board shall establish a Funding Formula Review Panel tasked with studying and reviewing topics pertaining to the implementation and impact of the funding formula. Contains provisions concerning the Board's annual budget request and the collection of data. Amends the Board of Higher Education Act. Requires the Illinois Community College Board to annually submit its budget request for the next fiscal year by November 15 of the preceding calendar year. Removes certain provisions concerning budget proposals. Effective immediately.

LRB103 41230 RJT 74447 b

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Adequate and Equitable Public University Funding Act.

6 Section 5. Findings. The General Assembly makes all of the
7 following findings:

8 (1) A thriving postsecondary education system enriches
9 the State and its residents.

10 (2) Illinois requires an adequate, equitable, and
11 stable approach to funding public universities.

12 (3) Historic inequities in university funding underlie
13 current gaps in access, retention, and attainment among
14 different groups of students in this State.

15 (4) The State must seek to reduce on behalf of
16 underserved students the significant disparities in public
17 university access, affordability, and measures of
18 retention, progress, and degree completion, by, among
19 other things, addressing the influence of disparities in
20 resources by race, income, age of entry, and location.

21 (5) High-quality, evidence-based student support has
22 been shown to improve enrollment and outcomes for
23 students.

1 (6) Illinois' public universities have a variety of
2 missions and characteristics.

3 (7) Through "A Thriving Illinois: Higher Education
4 Paths to Equity, Sustainability, and Growth", the State
5 has set systemwide goals for equity, sustainability, and
6 growth, and the General Assembly must strategically fund
7 public universities to achieve these goals.

8 (8) As State funding has decreased, Illinois' public
9 universities have become increasingly reliant on tuition
10 and fees, increasing the debt students take on to fund
11 their education.

12 (9) Public universities should be funded to
13 sufficiently achieve student, institutional, and State
14 goals.

15 (10) Public higher education should be affordable for
16 all students.

17 (11) Increasing public funding for public universities
18 should be paired with increased transparency and
19 accountability.

20 Section 10. Purpose. It is the purpose of this Act to
21 establish an adequate and equitable funding formula for public
22 universities that shall do all of the following:

23 (1) ensure that the State provides adequate,
24 equitable, and stable funding for public universities that
25 is particularly directed to serving students from groups

1 for whom there is evidence of meaningful gaps in
2 enrollment, retention, and completion compared to their
3 peers;

4 (2) determine, for each eligible public institution, a
5 funding level based on the unique needs and of the
6 eligible public institution's student body and the
7 eligible public institution's mission and mix of programs;

8 (3) encourage greater access and success for students
9 who are, based on evidence, less likely to enroll,
10 persist, progress, and complete their selected programs of
11 study; and

12 (4) provide a funding increase to each eligible public
13 institution when new funds are invested;

14 (5) support the diverse missions of each eligible
15 public institution;

16 (6) foster economic activity and innovation;

17 (7) ensure that each eligible public institution has
18 the flexibility to invest in ways that best serve the
19 eligible public institution's students;

20 (8) allow for ongoing monitoring and continuous
21 improvement of the adequate and equitable funding formula
22 for eligible public institutions;

23 (9) incentivize each eligible public institution to
24 reduce reliance on student tuition and fees with increased
25 State investment;

26 (10) distribute new funding through an equitable

1 allocation that drives resources to eligible public
2 institution that are furthest from adequate funding; and

3 (11) ensure that each eligible public institution is
4 held harmless in the transition to a new funding model.

5 Section 15. Definitions. In this Act:

6 "Academic and nonacademic support" means a per-student
7 funding amount required to cover costs related to providing
8 high-impact support for student retention and completion.

9 "Academic and nonacademic support" includes, among other
10 things, academic support for curriculum design, academic
11 advising, career services, and tutoring, as well as
12 nonacademic support for single stop centers, emergency aid,
13 student mental health support, and services related to
14 housing, transportation, and child care.

15 "Access adjustment" means an adjustment to access support
16 for the increased costs of closing enrollment gaps for
17 underserved students.

18 "Access support" means a per-student funding amount
19 required to cover costs related to outreach, recruitment, and
20 enrollment of students, including admissions and financial aid
21 offices.

22 "Adequacy components" means the components of an adequate
23 education, including the components necessary to provide
24 instruction and student services, to advance the eligible
25 public institution's research and public service mission, and

1 to cover its operations and maintenance needs.

2 "Adequacy gap" means the funding gap between the adequacy
3 target of an eligible public institution and the resource
4 profile of that eligible public institution.

5 "Adequacy gap formula" means a formula for distributing
6 funds among eligible public institutions based on an eligible
7 public institution's adequacy gap, as calculated on a
8 percentage basis.

9 "Adequacy target" means the amount of funding a particular
10 eligible public institution needs to cover the expenses of
11 instruction and student services, the eligible public
12 institution's research and public service mission, and
13 operations and maintenance associated with the student
14 population the eligible public institution serves and the
15 eligible public institution's institutional characteristics,
16 as well as to support closing gaps in enrollment, retention,
17 or completion for underserved students.

18 "Adult student" means a student who is 25 years old or
19 older.

20 "Affordability" means the total expense of attendance that
21 a student can reasonably be expected to pay given the
22 student's means.

23 "Annual formula funding" means the sum of the following
24 State appropriations for the fiscal year: the base funding
25 minimum appropriated for each eligible public institution for
26 the fiscal year, plus all new State formula funding

1 appropriated for the fiscal year.

2 "Base funding minimum" means the minimum funding amount
3 each year per eligible public institution to which new State
4 formula funding is added, as calculated in subsection (b) of
5 Section 35.

6 "Board" means the Board of Higher Education.

7 "Carnegie Classification system" means the 2021 version of
8 the basic classification system developed and maintained by
9 the American Council on Education, which classifies higher
10 education institutions based on their level of degrees awarded
11 and level of research activity.

12 "Concentration factor adjustment" means an adjustment to
13 academic and nonacademic support based on the percentage of
14 all undergraduate students who meet the requirements for a
15 high and intensive holistic support equity adjustment.

16 "Core funding" means a per-student funding amount
17 determined to be necessary to provide the following types of
18 support before any adjustments are made:

- 19 (1) access support;
20 (2) academic and nonacademic support;
21 (3) core instructional program support;
22 (4) research support;
23 (5) public service and artistry support;
24 (6) institutional support; and
25 (7) physical plant support.

26 "Core instructional program adjustment" means an

1 adjustment to core instructional program support to cover the
2 increased costs of high-cost programs, health professional
3 programs, and medical programs.

4 "Core instructional program support" means a per-student
5 funding amount required to cover costs related to delivering
6 instructional programs.

7 "Cumulative statewide adequacy gap percentage" means the
8 sum of all eligible public institution adequacy gap
9 percentages.

10 "Distribution formula" means the formula for calculating
11 funding amounts to be allocated across eligible public
12 institutions, as set forth in Section 35.

13 "Diversity programs adjustment" means an adjustment to
14 core instructional program support for underrepresented
15 students enrolled in high-cost programs, health professional
16 programs, and medical programs, including undergraduate,
17 graduate, or professional studies.

18 "Dollar gap formula" means a formula for distributing
19 funds among eligible public institutions based on an eligible
20 public institution's adequacy gap in absolute dollars.

21 "Eligible public institution" means each of the following
22 public institutions of higher education: Chicago State
23 University, Eastern Illinois University, Governors State
24 University, Illinois State University, Northeastern Illinois
25 University, Northern Illinois University, Southern Illinois
26 University at Carbondale, Southern Illinois School of

1 Medicine; Southern Illinois University at Edwardsville, the
2 University of Illinois at Chicago, the University of Illinois
3 at Chicago School of Medicine, the University of Illinois at
4 Springfield, the University of Illinois at Urbana-Champaign,
5 the University of Illinois at Urbana-Champaign School of
6 Medicine, Western Illinois University, or any other public
7 college or university now or hereafter established or
8 authorized by the General Assembly and deemed to be eligible
9 for funding through the Adequate and Equitable Funding Formula
10 by the Board of Higher Education, except a community college.

11 "Eligible public institution adequacy gap percentage"
12 means the ratio of an eligible public institution's adequacy
13 gap and its adequacy target.

14 "Equitable student share" means the amount an eligible
15 public institution should be expected to contribute toward its
16 adequacy target that can be reasonably generated by student
17 tuition and fees, based on the characteristics of its student
18 body, as determined under Section 30. The equitable student
19 share of an eligible public institution is a hypothetical
20 calculation made for the express purpose of differentiating
21 which portion of a particular eligible public institution's
22 adequacy target costs should be covered by State
23 appropriations rather than student tuition and fee payments.
24 The use of the equitable student share calculation after the
25 effective date of this Act shall shift responsibility to cover
26 more of the cost of funding the adequacy target of a particular

1 eligible public institution to be borne by State
2 appropriations, rather than student tuition and fee payments,
3 making higher education attendance more affordable for all
4 students who attend the eligible public institution.

5 "Funding formula" means the adequate and equitable funding
6 formula for public universities created under this Act.

7 "Funding Formula Review Panel" means the panel established
8 under Section 45.

9 "Head count" means the rolling 3-year average of the
10 unduplicated number of degree-seeking students enrolled in an
11 eligible public institution.

12 "Health professional program adjustment" means an
13 adjustment to core instructional program support calculated by
14 the Board, based on cost modeling research, to cover the
15 increased costs of offering master's and doctoral degree
16 programs in the following disciplines: veterinary medicine,
17 dentistry, pharmacy, physical therapy, and audiology and
18 speech pathology.

19 "High-cost program adjustment" means an adjustment to core
20 instructional program support calculated by the Board, based
21 on cost modeling research, to cover the higher costs of
22 offering certain programs, including, but not limited to,
23 engineering, fine arts, and registered nursing. These programs
24 shall be identified based on consistently higher than average
25 costs relative to other programs at the same level across
26 multiple institutions, time periods, and states.

1 "Holistic support equity adjustment" means an adjustment
2 to academic and nonacademic support for the increased costs of
3 closing retention gaps for underserved students.

4 "Institutional support" means a per-student funding amount
5 required to cover costs related to the basic administration of
6 an eligible public institution, such as central
7 administration, business office, and human resource costs.

8 "Laboratory space adjustment" means an adjustment to
9 physical plant support based on the cost of maintaining
10 laboratory space.

11 "Medical program adjustment" means an adjustment to core
12 instructional program support calculated by the Board, based
13 on cost modeling research, to cover the increased costs of
14 offering medical degree programs.

15 "New State formula funding" means, for a given fiscal
16 year, all State funds appropriated for the adequate and
17 equitable funding formula for public universities in excess of
18 the amount provided in the previous fiscal year.

19 "Other resources" means a percentage of an eligible public
20 institution's endowment that it may be expected to spend
21 without depleting its endowment. "Other resources" does not
22 include grants and contracts.

23 "Percentage gap" means the size of an eligible public
24 institution's adequacy gap measured by dividing its resource
25 profile by its adequacy target.

26 "Physical plant support" means a per-student funding

1 amount required to cover costs related to the operation and
2 maintenance of a physical campus of an eligible public
3 institution, including, but not limited to, custodial
4 services, snow removal, painting, and repairs.

5 "Public service and artistry support" means a per-student
6 funding amount required to cover costs related to public
7 service and artistry.

8 "Public university" means the University of Illinois,
9 Southern Illinois University, Chicago State University,
10 Eastern Illinois University, Governors State University,
11 Illinois State University, Northeastern Illinois University,
12 Northern Illinois University, Western Illinois University, or
13 any other public college or university now or hereafter
14 established or authorized by the General Assembly, except a
15 community college.

16 "Research support" means a per-student funding amount
17 required to cover costs related to research.

18 "Resource profile" means the resources available to a
19 public university to cover the costs of the adequacy target.

20 "Scaled institutional ratio cut" means the calculation
21 used to apply the reduction ratio to the amount of the funding
22 reduction in a given fiscal year. To calculate the scaled
23 institutional ratio cut, each eligible public institution's
24 percentage reduction ratio shall be proportionally scaled up
25 or down based on the total amount of reduced appropriations.

26 "School size adjustment" means an adjustment to

1 institutional support for an eligible public institution with
2 a head count of less than 20,000 students.

3 "Statewide adequacy gap" means the difference between (i)
4 the cumulative total of each eligible public institution's
5 adequacy targets and (ii) the cumulative total of each
6 eligible public institution's resource profile.

7 "Statewide gap" means the statewide funding gap determined
8 by dividing the adequacy target of all eligible public
9 institutions by the resource profile of all eligible public
10 institutions, measured as a percentage.

11 "Underserved students" means students or student groups
12 that have gaps in enrollment, retention, or completion between
13 their population and a relevant comparison group based on data
14 available to the State. The Board shall determine which
15 students or student groups meet this term through a
16 data-informed determination of "underserved students" that
17 shall be updated every 3 years. The Board shall consider data
18 about postsecondary enrollment patterns, student demographics,
19 student and family income levels, student outcomes, and
20 geographic distribution when developing its determination.

21 Section 20. Adequate and equitable funding formula for
22 public universities.

23 (a) After the effective date of this Act, all general
24 operating expenses for public universities shall be
25 distributed by the Board through the funding formula created

1 under this Act for public universities and shall be
2 administered by the Board.

3 (b) The adequate and equitable funding formula for public
4 universities shall include all of the following:

5 (1) an adequacy target for each eligible public
6 institution, as calculated in Section 25;

7 (2) a resource profile for each eligible public
8 institution, as calculated in Section 30; and

9 (3) an adequacy gap for each eligible public
10 institution, which is the difference between the adequacy
11 target and the resource profile.

12 (c) The funding formula shall operate as follows:

13 (1) The General Assembly shall appropriate new funding
14 to reduce the statewide adequacy gap.

15 (A) The Board shall use the formula in Section 25
16 to calculate the adequacy target for each eligible
17 public institution.

18 (B) The Board shall use the formula in Section 30
19 to calculate the resource profile for each eligible
20 public institution.

21 (C) After calculating the adequacy target and
22 resource profile for each eligible public institution,
23 the Board shall subtract the resource profile from the
24 adequacy target to determine the adequacy gap for each
25 eligible public institution.

26 (2) The Board shall use the distribution formula set

1 forth in Section 35 to calculate the amount of the new
2 funding to allocate for each eligible public institution.

3 (A) Unless the Board determines an eligible public
4 institution to be ineligible for new funding after
5 considering recommendations of the Accountability and
6 Transparency Committee, each eligible public
7 institution is eligible for new funding.

8 (B) The Board shall outline what conditions, if
9 any, come with the new funding.

10 (3) The Board shall distribute new funding to each
11 public university through the distribution formula set
12 forth in Section 35.

13 Section 25. Adequacy target.

14 (a) As used in this Section, "underrepresented students"
15 means student groups whose share of the head count of the
16 relevant core instructional program across all eligible public
17 institutions is less than the share of that same student group
18 across every eligible public institution's undergraduate head
19 count.

20 (b) The adequacy target for each eligible public
21 institution is the sum of the eligible public institution's
22 cost of providing an equitable and adequate education based on
23 the specific characteristics of the eligible public
24 institution and the eligible public institution's student body
25 as calculated in accordance with this Section each fiscal

1 year. Each eligible public institution's adequacy target shall
2 be made up of the following adequacy components:

3 (1) an instruction and student services component,
4 which shall cover the expenses of providing access
5 support, academic and nonacademic support, and core
6 instructional program support;

7 (2) a research and public service mission component,
8 which shall cover the expenses of providing mission
9 support and public service and artistry support; and

10 (3) an operations and maintenance component, which
11 shall cover the expenses of institutional support and
12 physical plant support.

13 (c) The adequacy components shall be predicated on a base,
14 per-student, core funding amount and, if necessary,
15 accompanying adjustments, each of which has been identified as
16 evidence-based or as needed to enhance, based on the available
17 data, the enrollment and graduation of underserved students,
18 and shall be evaluated and adjusted under subsection (g) of
19 Section 45. In Fiscal Year 2026 and in each fiscal year
20 thereafter, the dollar value of each of the core funding
21 elements and any adjustment represented by a dollar value
22 identified in this Section shall be increased annually, on a
23 cumulative basis, predicated on the Employment Cost Index
24 (Midwest Economy) published by the Bureau of Labor Statistics
25 of the United States Department of Labor for the 4-quarter
26 period ending on December 31 of the immediately preceding

1 fiscal year. The adequacy target of an eligible public
2 institution in a fiscal year shall be the sum of its adequacy
3 components for the fiscal year, adjusted for inflation as
4 provided in this subsection (c).

5 (d) The instruction and student services adequacy
6 component shall be determined as follows:

7 (1) The Board shall include in each eligible public
8 institution's adequacy target the costs required to
9 provide students with access support as follows:

10 (A) The Board shall include access support in the
11 amount of \$1,136 per student in each eligible public
12 institution's adequacy target.

13 (B) The access adjustments to the access support
14 shall be determined as follows:

15 (i) the Board shall include in each eligible
16 public institution's adequacy target an additional
17 \$500 for each undergraduate student included in
18 the eligible public institution's head count who
19 meets the requirements for a low-access adjustment
20 as defined in subsection (g); and

21 (ii) the Board shall include in each eligible
22 public institution's adequacy target an additional
23 \$1,000 for each undergraduate student included in
24 the eligible public institution's head count who
25 meets the requirements for a medium-access
26 adjustment as defined in subsection (g).

1 (2) The Board shall include in each eligible public
2 institution's adequacy target the funding required to
3 provide students with academic and nonacademic support as
4 follows:

5 (A) The Board shall include academic and
6 nonacademic support in the amount of \$2,196 per
7 student in each eligible public institution's adequacy
8 target.

9 (B) The holistic support equity adjustment to the
10 academic and nonacademic support shall be determined
11 as follows:

12 (i) The Board shall include in each eligible
13 public institution's adequacy target an additional
14 \$2,000 for each student included in the eligible
15 public institution's head count who meets the
16 requirements for a low holistic support equity
17 adjustment as defined in subsection (h).

18 (ii) The Board shall include in each eligible
19 public institution's adequacy target an additional
20 \$4,000 for each student included in the eligible
21 public institution's head count who meets the
22 requirements for a medium holistic support equity
23 adjustment as defined in subsection (h).

24 (iii) The Board shall include in each eligible
25 public institution's adequacy target an additional
26 \$6,000 for each student included in the eligible

1 public institution's head count who meets the
2 requirements for a high holistic support equity
3 adjustment as defined in subsection (h).

4 (iv) The Board shall include in each eligible
5 public institution's adequacy target an additional
6 \$8,000 for each student included in the eligible
7 public institution's head count who meets the
8 requirements for an intensive holistic support
9 equity adjustment as defined in subsection (h).

10 (C) The concentration factor adjustment to
11 academic and nonacademic support shall be determined
12 as follows:

13 (i) If 75% or more of the undergraduate
14 students included in an eligible public
15 institution's head count meet the requirements for
16 a high holistic support equity adjustment or an
17 intensive holistic support equity adjustment, then
18 each of the holistic support equity adjustment
19 amounts described in subparagraph (B) of paragraph
20 (2) of this subsection (d) shall be increased by a
21 concentration factor of 50%.

22 (ii) If 60% or more but less than 75% of the
23 undergraduate students included in an eligible
24 public institution's head count meet the
25 requirements for a high holistic support equity
26 adjustment or an intensive holistic support equity

1 adjustment, then each of the holistic support
2 equity adjustment amounts described in
3 subparagraph (B) of paragraph (2) of this
4 subsection (d) shall be increased by a
5 concentration factor of 30%.

6 (iii) If 50% or more but less than 60% of the
7 undergraduate students included in an eligible
8 public institution's head count meet the
9 requirements for a high holistic support equity
10 adjustment or an intensive holistic support equity
11 adjustment, then each of the holistic support
12 equity adjustment amounts described in
13 subparagraph (B) of paragraph (2) of this
14 subsection (d) shall be increased by a
15 concentration factor of 10%.

16 (iv) If less than 50% of the undergraduate
17 students included in an eligible public
18 institution's head count meet the requirements for
19 a high holistic support equity adjustment or an
20 intensive holistic support equity adjustment, then
21 no concentration factor may be applied to the
22 eligible public institution's holistic support
23 equity adjustments.

24 (3) The Board shall include in each eligible public
25 institution's adequacy target the funding required to
26 provide students with core instructional program support

1 as follows:

2 (A) The Board shall include core instructional
3 program support in the amount of \$9,797 per student in
4 each eligible public institution's adequacy target.

5 (B) For Fiscal Year 2026 and Fiscal Year 2027, the
6 high-cost and high-priority programs to be included in
7 the adjustment are as follows:

8 (i) Engineering (all Classification of
9 Instructional Programs (CIP) codes 14.XXXX).

10 (ii) Fine arts (all CIP codes 50.XXXX).

11 (iii) Registered nursing (CIP code 51.38XX).

12 (iv) Other health professional programs (CIP
13 codes 01.8001, 51.0201, 51.0202, 51.0204, 51.0401,
14 51.2001, 51.2308, and 51.3818).

15 (C) The core instructional program adjustment to
16 core instructional program support shall be determined
17 as follows:

18 (i) For students participating in a high-cost
19 program at the eligible public institution, the
20 dollar amount of the core instructional program
21 support shall be increased by 20%.

22 (ii) For students participating in a health
23 professional program at the eligible public
24 institution, the dollar amount of core
25 instructional program support shall be increased
26 by 100%.

1 (iii) For students participating in a medical
2 program at the eligible public institution, the
3 dollar amount of core instructional program
4 support shall be increased by 1,100%.

5 (D) The diversity programs adjustment shall be
6 calculated using each eligible public institution's
7 head count of underrepresented students in core
8 instructional programs. The diversity programs
9 adjustments shall be determined as follows:

10 (i) For each underrepresented student enrolled
11 in a high-cost program at the eligible public
12 institution, the high-cost program adjustment
13 shall be increased by 45%.

14 (ii) For each underrepresented student
15 enrolled in a health professional program at the
16 eligible public institution, the health
17 professional program adjustment shall be increased
18 by 69%.

19 (iii) For each underrepresented student
20 enrolled in a medical program at the eligible
21 public institution the medical program adjustment
22 shall be increased by 18%.

23 (e) The research and public service mission adequacy
24 component shall be determined as follows:

25 (1) The Board shall include in each eligible public
26 institution's adequacy target the funding required to

1 conduct research as follows:

2 (A) The Board shall include research support in
3 the amount of \$600 per student in each eligible public
4 institution's adequacy target.

5 (B) For the head count of an eligible public
6 institution, a research support adjustment shall be
7 applied to the research support provided for each
8 student. The research support adjustment shall be
9 determined as follows:

10 (i) the Board shall include in an eligible
11 public institution's adequacy target an additional
12 \$500 for each enrolled student if the eligible
13 public institution is under the category of D/PU:
14 Doctoral/Professional Universities under the
15 Carnegie Classification system;

16 (ii) the Board shall include in an eligible
17 public institution's adequacy target an additional
18 \$700 for each enrolled student if the eligible
19 public institution is under the category of R2:
20 Doctoral Universities - High research activity
21 under the Carnegie Classification system; or

22 (iii) the Board shall include in an eligible
23 public institution's adequacy target an additional
24 \$1,200 for each enrolled student if the eligible
25 public institution is under the category of R1:
26 Doctoral Universities - Very high research

1 activity under the Carnegie Classification system.

2 (2) The Board shall include in each eligible public
3 institution's adequacy target the funding required to
4 promote public service and artistry. For the head count of
5 an eligible public institution, the eligible public
6 institution shall include public service and artistry
7 support in the amount of \$200 per student in its adequacy
8 target.

9 (f) The operations and maintenance adequacy component
10 shall be determined as follows:

11 (1) The Board shall include in each eligible public
12 institution's adequacy target the funding required to
13 provide institutional support as follows:

14 (A) The Board shall include institutional support
15 in the amount of \$1,941 per student in each eligible
16 public institution's adequacy target.

17 (B) The school size adjustment shall be applied to
18 any eligible public institution with a head count of
19 less than 20,000 students. The school size adjustment
20 shall be calculated by subtracting the eligible public
21 institution's head count from 20,000, dividing the
22 result by 20,000, then multiplying that quotient by
23 45%. The resulting percentage shall be multiplied by
24 the institutional support for each eligible public
25 institution to get the per-student subsidy amount.
26 That amount shall then be multiplied by the head count

1 and the resulting amount shall be included in the
2 eligible public institution's adequacy target.

3 (2) The Board shall include in each eligible public
4 institution's adequacy target the funding required to
5 maintain the eligible public institution's physical plant
6 as follows:

7 (A) Each eligible public institution shall include
8 physical plant support in the amount of \$7.78 per
9 square foot in its adequacy target.

10 (B) Each eligible public institution shall include
11 in its adequacy target a laboratory space adjustment
12 cost of \$1.54 per square foot of laboratory space in
13 the eligible public institution's physical plant.

14 (g) As used in this subsection (g):

15 "Low-access adjustment" means an adjustment for an
16 eligible public institution having a disparity that is greater
17 than or equal to 1% but less than 10% in statewide public
18 university enrollment rates for any subgroup of students
19 compared to the statewide average of all other students.

20 "Medium-access adjustment" means an adjustment for an
21 eligible public institution having a 10% or greater disparity
22 in statewide public university enrollment rates for any
23 subgroup of students compared to the statewide average of all
24 other students.

25 Eligibility for the access adjustments shall be determined
26 using the gaps in the percentage of statewide public

1 university enrollment of recent high school graduates for any
2 subgroup of students compared to the statewide average of all
3 other students, as determined by the Board. The access
4 adjustments shall be allocated based on the head count of
5 undergraduate students at each eligible public institution and
6 shall be categorized as either low-access adjustments or
7 medium-access adjustments, with student populations with
8 larger enrollment gaps having higher adjustment amounts.
9 Students with multiple characteristics shall be placed in the
10 category associated with their highest characteristic.

11 (h) As used in this subsection (h):

12 "High holistic support adjustment" means an adjustment for
13 an eligible public institution having greater than or equal to
14 11% disparity in retention rates for any subgroup of students
15 compared to the statewide average of all other students.

16 "Intensive holistic support adjustment" means an
17 adjustment for an eligible public institution having students
18 belonging to 2 other categories of holistic support, one of
19 which is high holistic support.

20 "Low holistic support adjustment" means an adjustment for
21 an eligible public institution having a disparity in retention
22 rates greater than or equal to 1% but less than 6% for any
23 subgroup of students compared to the statewide average of all
24 other students.

25 "Medium holistic support adjustment" means an adjustment
26 for an eligible public institution having a disparity in

1 retention rates greater than or equal to 6% but less than 11%
2 for any subgroup of students compared to the statewide average
3 of all other students.

4 The academic and nonacademic support adjustments shall be
5 determined using the statewide gaps in the percentage of
6 year-over-year retention for any subgroup of students compared
7 to the statewide average of all other students, as determined
8 by the Board. The holistic support equity adjustments shall be
9 categorized, in descending order, as intensive, high, medium,
10 or low, with students with multiple characteristics being
11 placed one category above the category associated with their
12 highest characteristic. Undergraduate students are eligible
13 for all holistic support equity adjustments. Graduate students
14 are eligible for the high and medium holistic support equity
15 adjustments.

16 (i) The adequacy target does not include, among other
17 expenditures, any of the following:

18 (1) expenditures for hospitals, athletics,
19 auxiliaries, housing, health insurance, or deferred
20 maintenance; or

21 (2) institutional financial aid.

22 (j) The Board, in consultation with the Funding Formula
23 Review Panel, may, by rule, define additional academic and
24 nonacademic support and additional high-cost programs. The
25 Board, in consultation with the Funding Formula Review Panel,
26 may also define by rule the maximum adjustment and number of

1 students who are eligible for the school size adjustment.

2 Section 30. Resource profile.

3 (a) As used in this Section:

4 "Deemed State appropriation percentage" means that portion
5 of an eligible public institution's core funding that State
6 appropriations are deemed responsible to cover, predicated on
7 a weighted average of the following apportionments of the core
8 funding, using the head count at the eligible public
9 institution of the following students, provided that the
10 apportionments set forth within each paragraph are cumulative
11 so that if a student is associated with more than one
12 apportionment criterion, the multiple apportionments shall be
13 added together:

14 (1) 30% of the core funding associated with each
15 in-state undergraduate student included in the eligible
16 public institution's head count; plus

17 (2) 50% of the core funding associated with each
18 in-state undergraduate who is also an underrepresented
19 student included in the eligible public institution's head
20 count; plus

21 (3) 50% of the core funding associated with each
22 in-state undergraduate student attending the eligible
23 public institution who is qualified by income for a grant
24 under the Monetary Award Program or the Federal Pell Grant
25 Program; plus

1 (4) 10% of the core funding associated with each
2 in-state undergraduate student included in the eligible
3 public institution's head count who also attended a public
4 high school located in a school district placed into Tier
5 1 under Section 18-8.15 of the School Code; plus

6 (5) 10% of the core funding associated with each
7 in-state undergraduate student included in the eligible
8 public institution's head count who also attended a public
9 high school located in a school district placed into Tier
10 2 under Section 18-8.15 of the School Code and who is also
11 low income; plus

12 (6) 25% of the core funding associated with each
13 in-state undergraduate student included in the eligible
14 public institution's head count who is an adult student,
15 provided that in no event shall more than 100% of the
16 responsibility for covering the core funding associated
17 with any in-state undergraduate student included in an
18 eligible public institution's head count be apportioned to
19 State appropriations under this Section, irrespective of
20 how many apportionment adjustments may be applicable to
21 the student; plus

22 (7) 25% of the core funding associated with each
23 in-state graduate student included in the eligible public
24 institution's head count, plus an additional 50% of the
25 core funding associated with each in-state graduate
26 student who is also an underrepresented student included

1 in the eligible public institution's head count; plus

2 (8) 10% of the core funding associated with each
3 out-of-state undergraduate student included in the
4 eligible public institution's head count; plus

5 (9) 25% of the core funding associated with each
6 out-of-state undergraduate student who is also an
7 underrepresented student included in the eligible public
8 institution's head count; plus

9 (10) 25% of the core funding associated with each
10 in-state undergraduate student included in the eligible
11 public institution's head count who is low income,
12 provided that in no event shall more than 35% of the
13 responsibility for covering the core funding associated
14 with any out-of-state undergraduate student be apportioned
15 to State appropriations under this Section, irrespective
16 of how many apportionment adjustments may be applicable to
17 the student; plus

18 (11) 5% of the core funding associated with each
19 out-of-state graduate student included in the eligible
20 public institution's head count; plus

21 (12) 25% of the core funding associated with each
22 out-of-state graduate student who is also an
23 underrepresented student included in the eligible public
24 institution's head count.

25 "ESS index" means, for an eligible public institution, a
26 percentage that is equal to 100% minus the deemed State

1 appropriation percentage applicable to the eligible public
2 institution in the fiscal year, as determined in this Section.

3 (b) The resource profile shall be the sum of each eligible
4 public institution's other resources, equitable student share,
5 base funding minimum, and special operational funding as
6 determined under this Act.

7 (1) The other resources of an eligible public
8 institution shall be an amount that is equal to 4.2% of the
9 most recent 4-year average of the eligible public
10 institution's end-of-fiscal-year endowment value.

11 (2) The equitable student share apportionments shall
12 be predicated on data that shows disparities among various
13 student subgroups in enrollment and retention at each
14 eligible public institution. In each academic year, the
15 equitable student share of an eligible public institution
16 shall be a dollar amount that is equal to the eligible
17 public institution's core funding multiplied by its ESS
18 index.

19 (3) The base funding minimum shall be calculated under
20 subsection (b) of Section 35.

21 (4) Special operational funding is funding for
22 scholarships and specific appropriations aimed at a
23 specific initiative, project, or center that is aligned
24 with one or more of the adequacy components.

25 (A) For Fiscal Year 2026 and Fiscal Year 2027, the
26 following line-item State appropriations shall be

1 included in the resource profile :

2 (i) at Chicago State University, the Chicago
3 State University Education Improvement Fund and
4 the College of Pharmacy.

5 (ii) at Eastern Illinois University, the
6 equity-based student achievement program, Grow
7 Your Own Teachers at Eastern Illinois University
8 scholarships, and scholarship appropriations.

9 (iii) at Illinois State University,
10 scholarship appropriations.

11 (iv) at Northern Illinois University,
12 scholarship appropriations.

13 (iv) at Southern Illinois University, the
14 Daily Egyptian, the School of Pharmacy, and
15 scholarship appropriations.

16 (vi) at the University of Illinois, labor and
17 employment relations, the Hispanic Center of
18 Excellence, the Dixon Springs Agricultural Center,
19 the Institute of Government and Public Affairs,
20 the College of Dentistry, the College of Pharmacy
21 in Rockford, and scholarship appropriations.

22 (B) For Fiscal Year 2028 and each fiscal year
23 thereafter, the Board shall determine, based on the
24 recommendations of the Funding Formula Review Panel,
25 the special operational funding to be included in the
26 resource profile.

1 (c) The resource profile may not include any of the
2 following:

- 3 (1) tuition and fee revenue;
4 (2) revenue from State or federal financial aid; or
5 (3) special operational funding as follows:

6 (A) for Fiscal Year 2026 and Fiscal Year 2027, the
7 following line-item State appropriations may not be
8 included in the resource profile:

9 (i) at Southern Illinois University, the
10 National Corn-to-Ethanol Research Center,
11 programming at Belleville, the Office of Community
12 Engagement, the Center for Rural Health and Social
13 Service Development, and the Simmons Cancer
14 Institute; and

15 (ii) at the University of Illinois, the
16 Prairie Research Institute, the University of
17 Illinois Hospital, Illinois Heart Rescue, the
18 Illinois Innocence Project, the Climate Jobs
19 Institute, the Illinois Fire Service Institute,
20 emergency mosquito abatement, pet population
21 control, carbon dioxide capture technology, carbon
22 capture utilization and storage, and water reports
23 under the federal Advanced Research Projects
24 Agency.

25 (B) for Fiscal Year 2028 and each fiscal year
26 thereafter, the Board shall determine, based on the

1 recommendations of the Funding Formula Review Panel,
2 the special operational funding to be included in the
3 resource profile.

4 Section 35. Distribution of State appropriations for
5 eligible public institutions.

6 (a) As used in this Section:

7 "Guardrail percentage" means the percentage obtained by
8 multiplying 50% by the lesser of either:

9 (1) the annual inflation rate measured by the
10 Employment Cost Index (Midwest Economy) published by the
11 Bureau of Labor Statistics of the United States Department
12 of Labor for the 4-quarter period ending on December 31 of
13 the immediately preceding fiscal year, but not less than
14 0%; or

15 (2) the percentage equal to (i) the total amount of
16 new State formula funding for the fiscal year, divided by
17 (ii) the total amount of annual formula funding for the
18 immediately preceding fiscal year.

19 The dollar amount of new State formula funding in a fiscal year
20 that remains after accounting for all guardrail distributions
21 to be made in the fiscal year shall be referred to as the new
22 State formula funding.

23 "New State formula funding" means, in a fiscal year, the
24 dollar amount of State appropriations that exceeds the dollar
25 amount of the annual formula funding appropriated for public

1 universities in the immediately preceding fiscal year.

2 "Pro rata share" means an amount that is equal to the sum
3 of (i) the amount of the guardrail distribution allocated to
4 the eligible public institution for the fiscal year, as
5 determined in subsection (e), plus (ii) the eligible public
6 institution's adequacy gap formula distribution and dollar gap
7 formula distribution for the fiscal year, as determined in
8 paragraph (1) of subsection (f).

9 (b) The base funding minimum for each eligible public
10 institution shall be determined as follows:

11 (1) For Fiscal Year 2026, the base funding minimum of
12 an eligible public institution shall be the sum of all
13 State appropriations made from the Education Assistance
14 Fund or the General Revenue Fund to the eligible public
15 institution to use as operating funds in the previous
16 fiscal year.

17 (2) For Fiscal Year 2027 and each fiscal year
18 thereafter, the base funding minimum of an eligible public
19 institution shall be the dollar value of its base funding
20 minimum from the immediately preceding fiscal year,
21 increased by any new State formula funding the eligible
22 public institution received in the immediately preceding
23 fiscal year, provided that there was new State formula
24 funding appropriated in the immediately preceding fiscal
25 year. If there was no increase or decrease made to annual
26 formula funding in the immediately preceding fiscal year,

1 then the dollar value of the base funding minimum for the
2 eligible public institution that pertained to the
3 immediately preceding fiscal year shall carry forward into
4 the next fiscal year. If there was a year-to-year
5 reduction in annual formula funding in the immediately
6 preceding fiscal year, then the base funding minimum for
7 the eligible public institution in the next succeeding
8 fiscal year shall be the State appropriations made to the
9 eligible public institution to meet its operational
10 expenses for the fiscal year.

11 (c) To enhance the stability of long-term funding for
12 public universities, to create predictability in funding, to
13 enhance the capacity of public universities to prepare
14 budgets, and to create a feasible pathway to fully fund the
15 adequacy target of each public university within a reasonable
16 period of time, in Fiscal Year 2026 and in each fiscal year
17 thereafter, the State shall endeavor to increase the aggregate
18 amount of annual formula funding by an amount that is at least
19 \$135,000,000 more than the aggregate annual formula funding
20 appropriation made in the immediately preceding fiscal year,
21 and that amount shall be designated as the minimum target
22 increase. The minimum target increase shall be in addition to
23 and not a replacement for any other appropriations the State
24 makes to support either public universities or the students
25 who attend public universities.

26 The first fiscal year occurring after the adequacy target

1 of every eligible public institution is fully funded, after
2 accounting for inflation and enrollment changes, shall be the
3 full funding date, and the minimum target increase shall be an
4 amount equal to the annual formula funding amount for the
5 fiscal year of the full funding date, increased on a
6 cumulative basis by a percentage equal to the percentage
7 increase, if any, in the Employment Cost Index (Midwest
8 Economy) published by the Bureau of Labor Statistics of the
9 United States Department of Labor for the 4-quarter period
10 ending on December 31 of the fiscal year in which the full
11 funding date occurs. Thereafter, the minimum target increase
12 in a fiscal year shall be the annual formula funding amount for
13 the immediately preceding fiscal year, increased by a
14 percentage equal to the percentage increase, if any, in the
15 Employment Cost Index (Midwest Economy) published by the
16 Bureau of Labor Statistics of the United States Department of
17 Labor for the 4-quarter period ending on December 31 of the
18 immediately preceding fiscal year.

19 (d) In Fiscal Year 2026 and in each fiscal year thereafter
20 in which the State appropriates new State formula funding,
21 each public university shall receive an appropriation from the
22 Board equal to the sum of its base funding minimum for the
23 fiscal year, plus its pro rata share of new State formula
24 funding for the fiscal year. A public university shall receive
25 all funding on behalf of each eligible public institution that
26 is part of that public university and then distribute that

1 funding to each eligible public institution.

2 (e) In each fiscal year in which the State appropriates
3 new State formula funding, a portion of the new State formula
4 funding shall be set aside and used as the aggregate guardrail
5 distribution that shall be made to all public universities in
6 the fiscal year. The amount of the guardrail distribution a
7 public university shall receive in an applicable fiscal year
8 shall be equal to the dollar value of its base funding minimum
9 for the fiscal year, multiplied by the guardrail percentage.

10 (f) In each fiscal year in which there is new State formula
11 funding, 50% of the new State formula funding shall be
12 calculated using the dollar gap formula for each eligible
13 public institution, and the remaining 50% shall be calculated
14 using the adequacy gap formula for each eligible public
15 institution through the following calculations:

16 (1) The portion of the new State formula funding to be
17 distributed under the dollar gap formula shall be
18 calculated for each eligible public institution as
19 follows:

20 (A) First, add the total dollar value of the
21 adequacy gap of all eligible public institutions for
22 the fiscal year, which shall be the total adequacy
23 gap.

24 (B) Second, divide the dollar value of the
25 adequacy gap of the eligible public institution by the
26 dollar value of the total adequacy gap, which shall be

1 the gap percentage A.

2 (C) Third, multiply the eligible public
3 institution's gap percentage A times the amount
4 available for the dollar gap formula for the fiscal
5 year.

6 (D) The dollar value of the product obtained after
7 calculating subparagraph (C) of this paragraph (1)
8 shall be the dollar gap formula distribution for the
9 eligible public institution.

10 (2) The portion of the new State formula funding to be
11 distributed under the adequacy gap formula shall be
12 calculated for each eligible public institution as
13 follows:

14 (A) First, add the percentage gaps of all eligible
15 public institutions for the fiscal year, which shall
16 be the total percentage gap.

17 (B) Second, divide the percentage gap of the
18 eligible public institution by the total percentage
19 gap, which shall be the gap percentage B.

20 (C) Third, multiply the eligible public
21 institution's gap percentage B times the amount
22 available for the adequacy gap formula for the fiscal
23 year.

24 (D) The dollar value of the product obtained after
25 calculating subparagraph (C) of this paragraph (2)
26 shall be the adequacy gap formula distribution for the

1 eligible public institution.

2 (g) The reduction formula shall be used in a fiscal year in
3 which the State reduces its overall appropriations to public
4 universities relative to the previous fiscal year such that
5 funds are insufficient to provide each public university with
6 its base funding minimum. In each fiscal year in which there is
7 a reduction in funds relative to the previous fiscal year, the
8 funding reductions shall be borne by public universities using
9 the reduction guardrail factor, which equals 25%, and the
10 remaining 75% shall be borne by public universities using the
11 scaled institutional ratio cut. The reduction formula shall be
12 determined as follows:

13 (1) A reduction shall be determined by multiplying the
14 amount of the reduction of funds relative to the previous
15 fiscal year by the reduction guardrail factor. This amount
16 is to be subtracted from the eligible public institutions'
17 base funding minimum, with each eligible public
18 institution absorbing the percentage of the amount that
19 corresponds to each eligible public institution's
20 percentage of the base funding minimum.

21 (2) The balance of the remaining reduction in funds
22 shall be distributed to universities using the reduction
23 ratio formula determined as follows:

24 (A) The reduction ratio formula shall be
25 calculated by dividing the cumulative statewide
26 adequacy gap percentage by each eligible public

1 institution's adequacy gap percentage and multiplying
2 the result by the percentage decrease in the current
3 fiscal year's appropriation compared to the prior
4 fiscal year's appropriation.

5 (B) To complete the reduction calculation, each
6 eligible public institution's percentage of the cut
7 shall be proportionally scaled up or down to fit the
8 total amount of the reduced appropriations. The scaled
9 institutional ratio cut shall be scaled by:

10 (i) calculating the difference between the
11 statewide sum of institutional ratio cuts and the
12 statewide sum of the guardrail reduction;

13 (ii) calculating the ratio of each
14 institutional ratio cut and the statewide sum of
15 institutional ratio cuts; and

16 (iii) calculating the product of subdivisions
17 (i) and (ii) of this subparagraph (B) and
18 subtracting that amount from each institutional
19 ratio cut.

20 (C) Once the reduction calculation is complete,
21 each eligible public institution that is part of a
22 public university shall have its cuts aggregated into
23 a total cut for the public university.

24 Section 40. Accountability and transparency framework;
25 reporting; committee.

1 (a) The Board shall oversee an accountability and
2 transparency framework for assessing the distribution and use
3 of funds appropriated by the funding formula under Section 30
4 and evaluating the funds' effects on institutional outcomes
5 pertaining to student affordability, enrollment, persistence,
6 and outcome metrics.

7 (b) The Board shall report annually to the General
8 Assembly on the implementation of the funding formula as
9 follows:

10 (1) The report shall be posted publicly on the Board's
11 website by March 1 of each year and shall, at a minimum,
12 include all of the following:

13 (A) an updated adequacy target for each eligible
14 public institution for the upcoming fiscal year,
15 calculated from the following:

16 (i) the updated resource profile for each
17 eligible public institution; and

18 (ii) the updated adequacy gap for each
19 eligible public institution; and

20 (B) a description of the use of all resources
21 received by eligible public institutions through the
22 appropriations of the funding formula; and

23 (C) a description of the status and year-over-year
24 progress of each eligible public institution on a
25 series of institutional spending, institutional
26 performance, and student support metrics described in

1 this Section.

2 (2) The Board, with advice of each public university,
3 shall specify a set of metrics and associated information
4 designated for evaluating institutional performance and
5 annually report on those metrics. These metrics shall
6 include both point-in-time and longitudinal measures of
7 institutional spending of any resources received from the
8 funding formula and institutional performance regarding
9 student affordability, student enrollment, student
10 retention, and student graduation. Each eligible public
11 institution shall provide the needed data to calculate the
12 set of metrics and related information annually to the
13 Board by December 31. The metrics and related information
14 and materials shall include all of the following
15 information:

16 (A) Prospective spending proposals through which
17 eligible public institutions delineate their projected
18 use of appropriations allocated through the funding
19 formula for the forthcoming fiscal year. These
20 expenditure plans shall be categorized according to
21 accounting spending classifications established by the
22 Board.

23 (B) Retrospective spending summaries through which
24 eligible public institutions disclose the expenditure
25 of all new appropriations received in the preceding
26 fiscal year. These expenditure reports shall be

1 structured based on accounting spending categories
2 designated by the Board.

3 (C) Metrics measuring the institutional status and
4 year-over-year changes in students' tuition and fees,
5 net price, and expected share of expenses. Student
6 affordability data and data trends shall be
7 disaggregated by undergraduate and graduate students
8 with further disaggregation by the student equity
9 categories aligned with the equitable student share,
10 set forth in paragraph (2) of subsection (b) of
11 Section 30.

12 (D) Metrics measuring the institutional status and
13 year-over-year changes in student enrollment.
14 Enrollment data and data trends shall be disaggregated
15 by undergraduate and graduate students with further
16 disaggregation by the student groups who carry with
17 them equity adjustments, as set forth in subsections
18 (c) through (e) of Section 25.

19 (E) Metrics measuring the institutional status and
20 year-over-year changes in student retention increased
21 rates from one year of enrollment to the next, minus
22 those that transfer from one eligible public
23 institution to another, and minus those that receive a
24 credential and no longer enroll thereafter. Student
25 retention data and data trends shall be disaggregated
26 by the student groups who carry with them equity

1 adjustments, as set forth in subsections (c) through
2 (e) of Section 25.

3 (F) Metrics measuring student graduation rates
4 within 4 years, 5 years, and 6 years and
5 year-over-year changes in graduation rates. Graduation
6 data and data trends shall be disaggregated by the
7 student groups who carry with them equity adjustments,
8 as described in subsections (c) through (e) of Section
9 25.

10 (3) The Board shall identify at what point an adequacy
11 gap is sufficiently small, thereby signifying an eligible
12 public institution's capability to consistently advance
13 toward achieving State objectives, including, but not
14 limited to, institutional student affordability,
15 enrollment, persistence, completion, and outcomes. If an
16 eligible public institution's adequacy gap exceeds the
17 level determined by the Board, the eligible public
18 institution is exempt from the actions described in
19 paragraph (4) of subsection (e).

20 (c) For each of its metrics, the Board, with advice from
21 eligible public institutions, shall determine goals for each
22 eligible public institution in alignment with the funding
23 formula. These goals shall include overall progress and status
24 goals for the eligible public institution, as well as goals
25 that close equity gaps between students who carry with them
26 subsidies and the institutional average. The Board shall track

1 and report publicly on its website and in its annual written
2 reports the progress of each eligible public institution
3 toward those goals.

4 (d) The Board may review data submitted by an eligible
5 public institution to ensure that it is responsive to the
6 requirements of this Act. If the Board determines that the
7 data submitted is not responsive to the requirements of this
8 Act or the Board's rules, the Board may require an eligible
9 public institution to submit corrected data.

10 (1) If an eligible public institution does not comply
11 with data requests promptly, the Board may withhold any
12 funds appropriated to that eligible public institution
13 from the funding formula beyond the eligible public
14 institution's base funding minimum until the proper data
15 is submitted.

16 (2) If the Board determines that an eligible public
17 institution has reported revenue or expenditures in the
18 wrong category as set by the Board, the Board may
19 reclassify those revenues or expenditures.

20 (e) To aid the Board in upholding the accountability and
21 transparency framework and in reporting its findings in Fiscal
22 Year 2026, the Executive Director of the Board shall establish
23 an Accountability and Transparency Committee tasked with
24 conducting pertinent technical evaluations of each eligible
25 public institution's resource allocation and advancement in
26 student affordability, enrollment, persistence, and outcome

1 metrics. The Accountability and Transparency Committee shall
2 offer relevant and necessary technical expertise in
3 facilitating the implementation of the accountability and
4 transparency measures set forth in this Act, including, but
5 not limited to, those in paragraph (4) of this subsection (e).

6 (1) The Accountability and Transparency Committee
7 shall be composed of no more than 15 individuals and shall
8 consist of Board members, policymakers, and State and
9 national technical experts on higher education
10 accountability systems.

11 Members of the Accountability and Transparency
12 Committee shall be appointed by the Executive Director of
13 the Board. The Accountability and Transparency Committee
14 shall include:

15 (A) 4 members of the Board or their designees;

16 (B) one member with expertise in closing
17 educational disparities and identifying and
18 implementing solutions that address historic
19 inequities in higher education;

20 (C) one member with expertise in providing
21 research-based academic and student support that
22 prepares all students to achieve success in college
23 and a career;

24 (D) 2 members with expertise in public university
25 budget and finance; and

26 (E) one member with expertise in university

1 management and performance.

2 The Executive Director of the Board shall ensure that
3 the membership of the Accountability and Transparency
4 Committee includes representatives reflecting the
5 geographic, socioeconomic, racial, and ethnic diversity of
6 this State. Members shall be appointed to 4-year terms,
7 except that for the initial appointments, half of the
8 members shall be appointed to initial 2-year terms.
9 Members may be reappointed to the Accountability and
10 Transparency Committee, and all reappointments shall be
11 for 4-year terms.

12 (2) Recommendations of the Accountability and
13 Transparency Committee shall be made based on a simple
14 majority vote of those Committee members present and
15 voting. A minority opinion may also accompany any
16 recommendation of the Accountability and Transparency
17 Committee.

18 (3) The Accountability and Transparency Committee
19 shall holistically assess progress on each of the Board's
20 metrics. The Accountability and Transparency Committee may
21 request an additional explanation or data from an eligible
22 public institution, which the Committee may consider in
23 determining if an eligible public institution has made
24 progress toward a goal. All considerations shall be
25 thoroughly documented and reported to the Board and the
26 public.

1 (4) The Accountability and Transparency Committee may
2 request additional data from an eligible public
3 institution regarding spending and reporting if deemed
4 necessary. If the Accountability and Transparency
5 Committee determines that an eligible public institution
6 is failing to meet progress metrics despite being
7 adequately funded, the Accountability and Transparency
8 Committee shall advise the Board to implement the
9 following actions, including, but not limited to,
10 requiring that an eligible public institution:

11 (A) develop a plan for ensuring adequate progress
12 based on the resources provided;

13 (B) provide additional reporting on institutional
14 spending in alignment with the components of the
15 adequacy target;

16 (C) provide additional reporting on the
17 institutional metrics set forth in this Section; and

18 (D) permit closer oversight for spending by the
19 Board.

20 If other actions under this paragraph (4) prove to be
21 unsuccessful, the Board may recommend restricting or
22 pausing access to additional funds until progress has been
23 made.

24 (5) The Board shall review its existing reporting
25 requirements to ensure that the required reporting from
26 each eligible public institution is not duplicative.

1 Section 45. Funding Formula Review Panel.

2 (a) The Board shall establish a Funding Formula Review
3 Panel tasked with studying and reviewing topics pertaining to
4 the implementation and impact of the funding formula. The
5 Panel shall provide recommendations and service to the
6 Governor, the General Assembly, and the Board.

7 (b) The Executive Director of the Board or the Executive
8 Director's designee shall serve as a voting member and
9 chairperson of the Funding Formula Review Panel.

10 (c) Members of the Funding Formula Review Panel shall be
11 appointed by the Executive Director of the Board, except as
12 otherwise provided in this Section. The Funding Formula Review
13 Panel shall include representatives of public universities,
14 faculty, students, families, advocacy organizations, and State
15 government agencies, along with technical experts, and shall
16 include:

17 (1) the Executive Director of the Board;

18 (2) one member of the House of Representatives,
19 appointed by the Speaker of the House of Representatives;

20 (3) one member of the Senate, appointed by the
21 President of the Senate;

22 (4) one member of the House of Representatives,
23 appointed by the Minority Leader of the House of
24 Representatives;

25 (5) one member of the Senate, appointed by the

1 Minority Leader of the Senate;

2 (6) one member appointed by the Governor;

3 (7) 6 members from public universities, each appointed
4 to reflect the diversity of public universities;

5 (8) the Executive Director of the Illinois Student
6 Assistance Commission or the Executive Director's
7 designee;

8 (9) 2 members representing an organization that
9 advocates on behalf of public university faculty members
10 who are each employed by a different public university;

11 (10) one member representing a statewide organization
12 that has specific expertise in research-based education
13 policy to support a healthy public education system that
14 prepares all students to achieve success in college, a
15 career, and civic life;

16 (11) one member representing a higher education
17 advocacy organization focused on eliminating disparities
18 in college completion in this State for low-income and
19 first-generation college students and students of color;

20 (12) one member representing a statewide advocacy
21 organization focused on improving educational and
22 employment opportunities for women and adults;

23 (13) one member representing a statewide organization
24 that has specific expertise in equity, justice, and
25 economic prosperity for the Latino community;

26 (14) one member representing a statewide organization

1 that has specific expertise in equity, justice, and
2 economic prosperity for the Black community;

3 (15) 2 members with specific expertise in education
4 finance; and

5 (16) 2 members representing an organization that has
6 specific expertise in amplifying young adult voices.

7 The Executive Director shall ensure that the membership of
8 the Funding Formula Review Panel includes representatives
9 reflecting the geographic, socioeconomic, racial, and ethnic
10 diversity of this State.

11 The Executive Director shall appoint a vice chairperson
12 from the membership of the Funding Formula Review Panel.

13 (d) Members shall be appointed for 4-year terms, except
14 that for the initial appointments, half of the members shall
15 be appointed to 2-year terms. Members may be reappointed to
16 the Funding Formula Review Panel, and all reappointments shall
17 be for 4-year terms.

18 (e) Recommendations of the Funding Formula Review Panel
19 shall be made based on a simple majority vote of those Panel
20 members present and voting. A minority opinion may also
21 accompany any recommendation of the Funding Formula Review
22 Panel.

23 The Funding Formula Review Panel shall study topics at the
24 direction of the General Assembly, the Board of Higher
25 Education, or the chairperson and shall recommend any funding
26 formula recalibrations or changes to the Board, including, but

1 not limited to, all of the following:

2 (1) special operational funding for inclusion in the
3 resource profile;

4 (2) equitable student share;

5 (3) the high-cost and high-priority program
6 adjustments;

7 (4) the inclusion of graduate students throughout the
8 funding formula;

9 (5) medical expenses; and

10 (6) additional underserved students to be included in
11 the equity adjustments and equitable student share,
12 including, but not limited to, student parents,
13 undocumented students, English learners, and
14 first-generation students.

15 (f) On an annual basis, the Funding Formula Review Panel
16 shall validate the following per-student elements of the
17 adequacy target on a cumulative basis by inflation computed
18 using the Employment Cost Index (Midwest Economy) published by
19 the Bureau of Labor Statistics of the United States Department
20 of Labor for the 4-quarter period ending on December 31 of the
21 fiscal year in which the full funding date occurs:

22 (1) access support;

23 (2) academic and nonacademic support;

24 (3) core instructional program support;

25 (4) research support;

26 (5) public service and artistry support;

1 (6) institutional support; and

2 (7) physical plant support.

3 (g) Once every 3 years, the Funding Formula Review Panel
4 shall consider and make recommendations to the Board and
5 General Assembly for recalibrating each of the following
6 adjustments of the adequacy target, except for inflation
7 adjustments under subsection (b) of Section 20, based on
8 evidence-based practices, research, a study of average
9 expenses, and the U.S. National Science Foundation's Higher
10 Education Research and Development database and as reported in
11 the Board's most recent revenue and expenditure reports:

12 (1) the access adjustment;

13 (2) the holistic support equity adjustment;

14 (3) the concentration factor adjustment;

15 (4) the core instructional program adjustment;

16 (5) the diversity programs adjustment;

17 (6) the research support adjustment;

18 (7) the school size adjustment; and

19 (8) the laboratory space adjustment.

20 (h) Within 5 years after the implementation of this
21 Section and every 5 years thereafter, the Funding Formula
22 Review Panel shall conduct a comprehensive review on the
23 functioning of the funding formula that is aligned as much as
24 possible to the Board's strategic plan development timeline.
25 The Funding Formula Review Panel shall report to the Board of
26 Higher Education, the General Assembly, and the Governor on

1 the findings of the review.

2 Section 50. Board of Higher Education capacity. The
3 Board's annual budget request shall describe any additional
4 resources needed to support the implementation of the funding
5 formula, the Funding Formula Review Panel, and the
6 Accountability and Transparency Committee. The budget request
7 shall include any relevant descriptions regarding how the
8 Board is supporting the initial implementation of the funding
9 formula, including establishing the necessary definitions,
10 reviewing submitted eligible public institution data for
11 accuracy and completeness, working with each eligible public
12 institution to ensure the accuracy of reported data,
13 determining whether each eligible public institution is
14 complying with the requirements of this Act, and supporting
15 each eligible public institution to improve the eligible
16 public institution's performance.

17 Section 55. Data infrastructure.

18 (a) The Board's annual budget request shall describe the
19 resources needed to support the collection of data needed to
20 implement and recommend recalibrations of the funding formula.
21 If the Accountability and Transparency Committee or Funding
22 Formula Review Panel recommends additional data capacity, the
23 Board shall consider those recommendations in developing its
24 annual budget request.

1 (b) The Board shall develop guidelines for each eligible
2 public institution receiving funds under the funding formula
3 to submit data annually for inclusion in the funding formula.

4 Section 900. The Board of Higher Education Act is amended
5 by changing Section 8 as follows:

6 (110 ILCS 205/8) (from Ch. 144, par. 188)

7 Sec. 8. The Board of Trustees of the University of
8 Illinois, the Board of Trustees of Southern Illinois
9 University, the Board of Trustees of Chicago State University,
10 the Board of Trustees of Eastern Illinois University, the
11 Board of Trustees of Governors State University, the Board of
12 Trustees of Illinois State University, the Board of Trustees
13 of Northeastern Illinois University, the Board of Trustees of
14 Northern Illinois University, the Board of Trustees of Western
15 Illinois University, and the Illinois Community College Board
16 shall submit to the Board not later than the 15th day of
17 November of each year its budget proposals for the ~~operation~~
18 ~~and~~ capital needs of the institutions under its governance or
19 supervision for the ensuing fiscal year. The Illinois
20 Community College Board shall also submit its budget proposal
21 for the operational needs of the institutions under its
22 governance or supervision for the ensuing fiscal year at this
23 time. Each budget proposal shall conform to the procedures
24 developed by the Board in the design of an information system

1 for State universities and colleges.

2 In order to maintain a cohesive system of higher
3 education, the Board and its staff shall communicate on a
4 regular basis with all public university presidents. They
5 shall meet at least semiannually to achieve economies of scale
6 where possible and provide the most innovative and efficient
7 programs and services.

8 The Board, in the analysis of formulating the annual
9 budget request, shall consider rates of tuition and fees and
10 undergraduate tuition and fee waiver programs at ~~the State~~
11 ~~universities and~~ public community colleges. The Board shall
12 also consider the current and projected utilization of the
13 total physical plant of each campus of a public university or
14 community college in approving the capital budget for any new
15 building or facility.

16 The Board of Higher Education shall submit to the
17 Governor, to the General Assembly, and to the appropriate
18 budget agencies of the Governor and General Assembly its
19 analysis and recommendations on such budget proposals.

20 The Board is directed to form a broad-based group of
21 individuals representing the Office of the Governor, the
22 General Assembly, public community colleges ~~institutions of~~
23 ~~higher education~~, State agencies, business and industry,
24 statewide organizations representing faculty and staff, and
25 others as the Board shall deem appropriate to devise a system
26 for allocating State resources to public community colleges

1 ~~institutions of higher education~~ based upon performance in
2 achieving State goals related to student success and
3 certificate and degree completion.

4 In each fiscal year ~~Beginning in Fiscal Year 2013,~~ the
5 Board of Higher Education budget recommendations to the
6 Governor and the General Assembly shall include allocations to
7 public community colleges ~~institutions of higher education~~
8 based upon performance metrics designed to promote and measure
9 student success in degree and certificate completion. Public
10 ~~university metrics must be adopted by the Board by rule, and~~
11 ~~public~~ community college metrics must be adopted by the
12 Illinois Community College Board by rule. These metrics must
13 be developed and promulgated in accordance with the following
14 principles:

15 (1) The metrics must be developed in consultation with
16 public community colleges ~~institutions of higher~~
17 ~~education~~, as well as other State educational agencies and
18 other higher education organizations, associations,
19 interests, and stakeholders as deemed appropriate by the
20 Board.

21 (2) The metrics shall include provisions for
22 recognizing the demands on and rewarding the performance
23 of community colleges ~~institutions~~ in advancing the
24 success of students who are academically or financially at
25 risk, including first-generation students, low-income
26 students, and students traditionally underrepresented in

1 higher education, as specified in Section 9.16 of this
2 Act.

3 (3) The metrics shall recognize and account for the
4 differentiated missions of community colleges ~~institutions~~
5 and sectors of higher education.

6 (4) The metrics shall focus on the fundamental goal of
7 increasing completion of college courses, certificates,
8 and degrees. Performance metrics shall recognize the
9 unique and broad mission of public community colleges
10 through consideration of additional factors including, but
11 not limited to, enrollment, progress through key academic
12 milestones, transfer to a baccalaureate institution, and
13 degree completion.

14 (5) The metrics must be designed to maintain the
15 quality of degrees, certificates, courses, and programs.

16 In devising performance metrics, the Board may be guided by
17 the report of the Higher Education Finance Study Commission.

18 Each State university must submit its plan for capital
19 improvements of non-instructional facilities to the Board for
20 approval before final commitments are made if the total cost
21 of the project as approved by the institution's board of
22 control is in excess of \$2 million. Non-instructional uses
23 shall include but not be limited to dormitories, union
24 buildings, field houses, stadium, other recreational
25 facilities and parking lots. The Board shall determine whether
26 or not any project submitted for approval is consistent with

1 the strategic plan for higher education and with instructional
2 buildings that are provided for therein. If the project is
3 found by a majority of the Board not to be consistent, such
4 capital improvement shall not be constructed.

5 (Source: P.A. 102-1046, eff. 6-7-22.)

6 Section 999. Effective date. This Act takes effect upon
7 becoming law.