

Illinois Higher Education Funding

— AND —

The Path Toward Adequacy, Equity, and Sustainability

Illinois' future depends on a higher education system that is well-resourced and able to provide affordable, high-quality programs to college students from every background and corner of the state.

Illinois' funding system for higher education is broken. Funding across universities is rooted in inequities and not based on student needs. Additionally, over the last two decades, state appropriations have been cut in half.¹ This decrease in public appropriations has shifted costs to students in the form of increased tuition and fees, preventing tens of thousands of Illinoisans from enrolling in and completing college.

This decrease, in turn, contributes to population declines, underemployment, and hundreds of millions in lost future tax revenue.² Inequitable, inadequate, and unpredictable funding hurts our students. This document explains the issues facing public university funding in Illinois and lays out how we can – and must – do better.

Earning a college degree continues to be a game changer for families, communities, and the state.



• POSITIVE ECONOMIC OUTCOMES

On average, attaining a bachelor's degree in Illinois doubles an individual's income, allowing a graduate to contribute \$278,000 more to their local economy than the average high school graduate.³

• QUALITY OF LIFE

In addition to increasing earnings, higher degree attainment is associated with increased life expectancy and improved physical health. Furthermore, college graduates show increased positive civic engagement through voting and volunteering and fewer incidents of crime and incarceration.⁴

• INTERGENERATIONAL BENEFITS

The effects of obtaining a degree are felt for generations. Higher degree attainment increases family wealth and results in future generations having greater educational attainment and a lower likelihood of growing up in poverty and experiencing hunger.⁵

But higher education is out of reach for too many students. The cost is no longer affordable, and universities cannot provide the services students need to thrive.



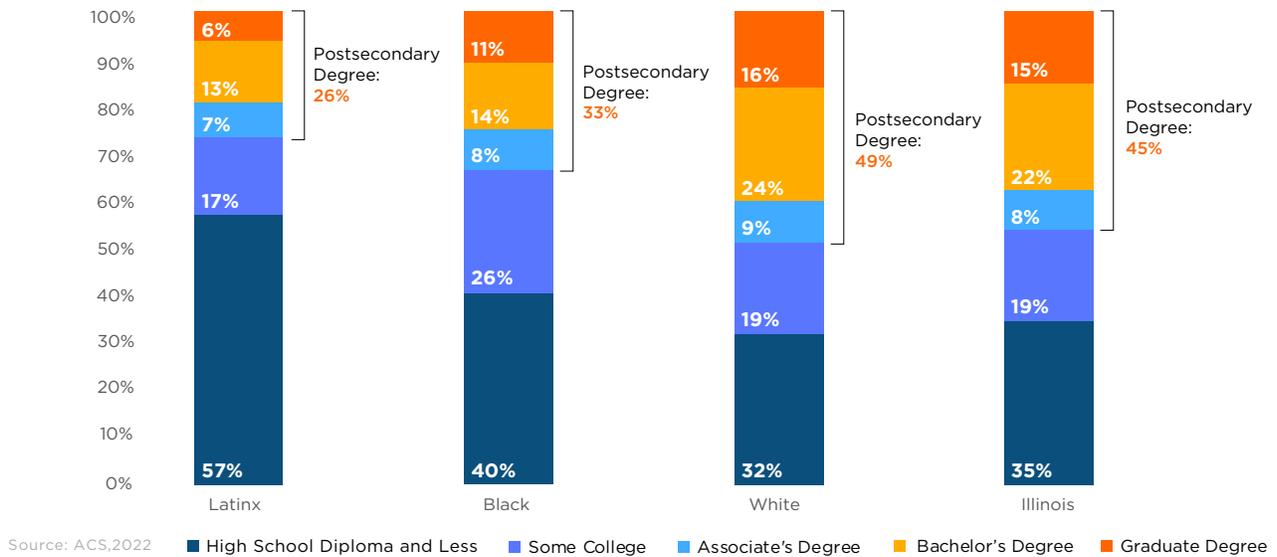
Deep and persistent inequities exist across the entire postsecondary continuum – starting as early as high school graduation and deepening well beyond college completion.⁶

- From 2012 to 2022, enrollment in Illinois public universities decreased by 7% (15,000 students),⁷ but these decreases were not experienced equally across student groups.⁸
- Black student enrollment at public universities fell by 28% during the same period, while the enrollment of students who are Pell-eligible or from a low-income household decreased 33% since 2013.⁹
- Once enrolled, students have varied retention rates. Students from low-income households (69.9%), Black (62%) and Latinx (76%) students are less likely to persist

than all students statewide (80%).¹⁰

- These early gaps in persistence lead to deep disparities in graduation rates – disparities that have only gotten worse in the last decade. The statewide six-year graduation rate is at 63%, but students from low-income households (49.9%), Black (37%) and Latinx (53%) students are significantly less likely to graduate in the same timeframe.¹¹
- Overall post-secondary attainment statewide stands at 45%, but current and long-standing equity gaps mean that only 33% of Black Illinoisans and 26% of Latinx Illinoisans have a postsecondary degree.¹² (See figure on the next page)

EDUCATIONAL ATTAINMENT IN ILLINOIS BY RACE SHOWS THE EFFECT OF EQUITY GAPS ACROSS THE POSTSECONDARY CONTINUUM



Research shows that while students face common financial and social and emotional obstacles in higher education, these challenges have a greater impact on student success for students from low-income households and students of color.

Financial need remains the number one barrier to higher education access.¹³ Students who work full-time to offset costs — more often students of color and students from low-income households — on average have lower grades and less access to academic opportunities like paid internships.¹⁴ Additionally, increased debt taken on by Black and Latinx students during college can impact a student's likelihood

to graduate and undermine their financial stability for decades, especially if they do not graduate.¹⁵

Social-Emotional and added responsibilities are deep and persistent. While most college students today meet the criteria for at least one mental-health problem, students of color are less likely to get treatment for an identified mental-health problem.¹⁶ Students of color and students from low-income households are also more likely to be independent students with caregiving responsibilities.¹⁷ These additional responsibilities, without additional supports, put undue pressure - both social-emotionally and financially - on their ability to thrive in college.

Increasing equitable access and success in higher education requires deep investment in both state financial aid programs and institutional funding.

State financial aid is one of the most powerful tools we have to support affordability and access. The Illinois Monetary Award Program (MAP) grant currently covers, on average, a maximum of 55% of tuition and fees at public universities for students from low-income backgrounds.¹⁸ However, while MAP plays a critical role in helping students access higher education, it is not sufficient to support students to and through college.

The state has a second powerful tool to ensure universities can provide adequate academic, mental health, career support, and other services to equip students to complete college: ample, predictable, and equitable institutional funding. Unfortunately, Illinois has disinvested in institutional funding for nearly two decades. **Shockingly, after adjusting for inflation, the state is now appropriating 46% less than it was in fiscal year 2000.¹⁹ That means that even as we invest in financial aid programs to get more students enrolled, we are not matching that investment in their success once they get there.**

Increasing institutional funding can have significant positive impacts on students and the universities they attend. But when institutional funding is insufficient, it creates a number of challenges:

- **AFFORDABILITY**

National research shows that when there is a \$1,000 per student decrease in institutional funding from the state, it can lead to

students bearing the burden and on average paying \$257 more each year.²⁰ While state financial aid can help a student cover additional costs, increases in tuition and fees quickly outstrip state financial aid dollars, leaving students with a larger bill overall.

- **NET PRICE**

Because state financial aid only covers tuition and fees, increasing state financial aid alone does not address the total cost of attendance - which has also been increasing due to decreases in state appropriations.²¹ This means that important costs like transportation and housing remain challenging for students. Indeed, national surveys show that 41% of college students experience food insecurity and 57% experience housing insecurity.²²

- **HIGH-QUALITY SERVICES**

Financial aid does not address the fundamental challenges created by inadequate funding for institutions. When institutions have fewer resources, students have less access to high-quality instruction and the student services that are essential for their persistence and graduation.²³

Illinois' steep disinvestment in state appropriations for public universities since 2002 has resulted in significant increases in tuition rates throughout the state. Statewide, inflation adjusted tuition and fees nearly doubled in that same period, from an average of \$7,101 in 2002 to an average of \$14,762 in 2024.

The way a state funds its public institutions makes all the difference to student success.

Money matters, because targeted supports and services for students matter. Increased state higher education appropriations and subsequent college spending on things like teaching, advising, and outreach strengthen enrollment and student outcomes like completion rates and reduced time to degree completion. **Researchers have found that critical investments in student supports represent the single most important factor in student success – outweighing even a student’s prior academic preparation before matriculation.**²⁴ Importantly, these investments have an even greater impact on completion rates at regional universities, which are typically underfunded relative to research universities.²⁵

The impact of changes in state funding are not felt equitably. Positive impacts from increased state appropriations for higher education are largest for students of color and students from low-income households.²⁶ Studies also show that reductions in state funding may result in institutions focusing away from serving underrepresented students (Black, Latinx, and students from low-income households) and towards students with the ability to pay the most (e.g. out-of-state and students from high-income households). Indeed, it is no surprise that Illinois’ disinvestment in its public universities has resulted in significant drops in enrollment for Black students and students from low-income households in the last decade.²⁷

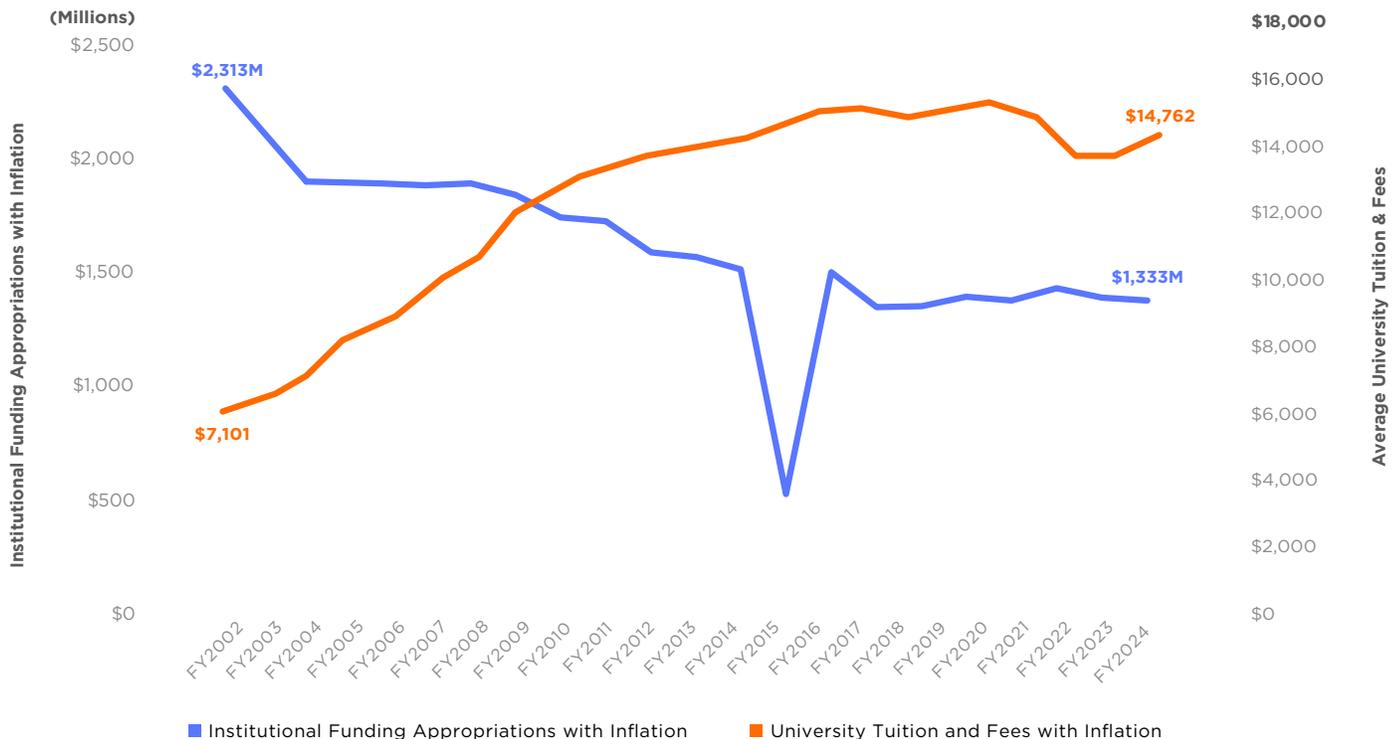
Targeted supports are critical to student success, especially in supporting Illinois’ diverse student population.

A growing body of research shows the profound impact that targeted interventions and holistic programs can have on the deep and persistent equity gaps in access and completion we see in higher education. That is because students have varied needs, and the programs and services necessary to support students vary in both intensity and cost.

For example, targeted interventions to support first-generation students, like summer-bridge programs or learning communities, can cost as much as \$2,500

per student, but can boost completion rates by as much as 5 percentage points.²⁸ Other programs geared towards serving students from low-income households and underrepresented minorities (e.g., CUNY ASAP, Project Quest) might provide a suite of services such as dedicated advisors, financial assistance for basic needs, and tutoring. Such holistic programs can cost as much as \$12,000 per student, but the return on investment is staggering – the CUNY ASAP program increased graduation rates for targeted student groups by 17 percentage points.²⁹ Institutions need adequate funding to provide these necessary services.

DECLINING STATE APPROPRIATIONS TO PUBLIC UNIVERSITIES AND INCREASING AVERAGE PUBLIC UNDERGRADUATE TUITION OVER TIME



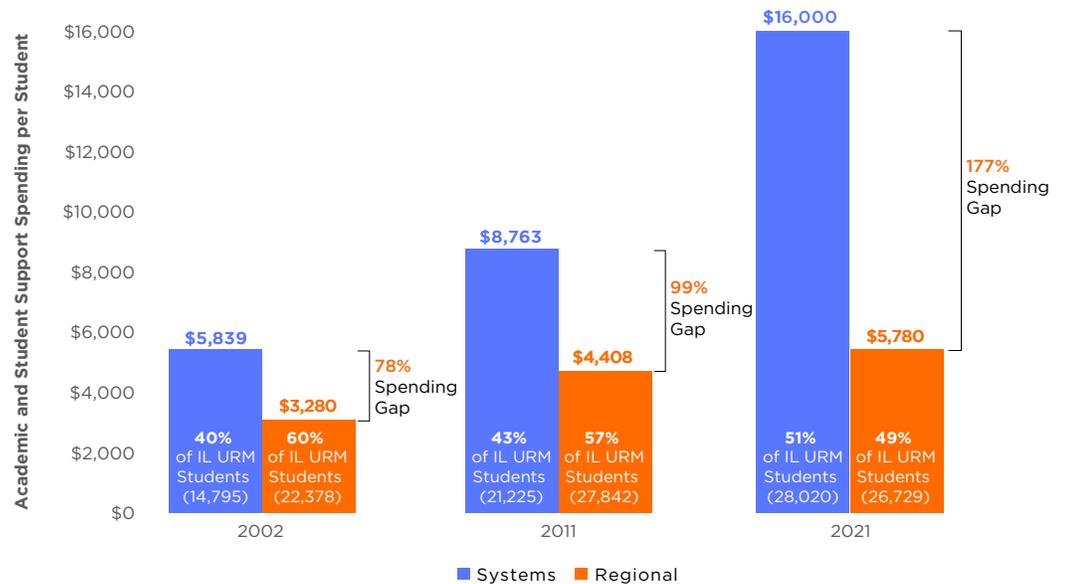
But Illinois' current formula is out-of-date, historically inequitable, and creating growing inequities between students and institutions.

For decades, Illinois has maintained a status quo funding process that:

- **Does not** factor in the **actual costs** it takes to adequately and sufficiently support students;
- **Does not** take into consideration the **unique needs** of the diverse student populations at different universities;
- **Is largely politically-driven;** and
- **Bakes in disparities** by generating across-the-board increases in institutional funding.

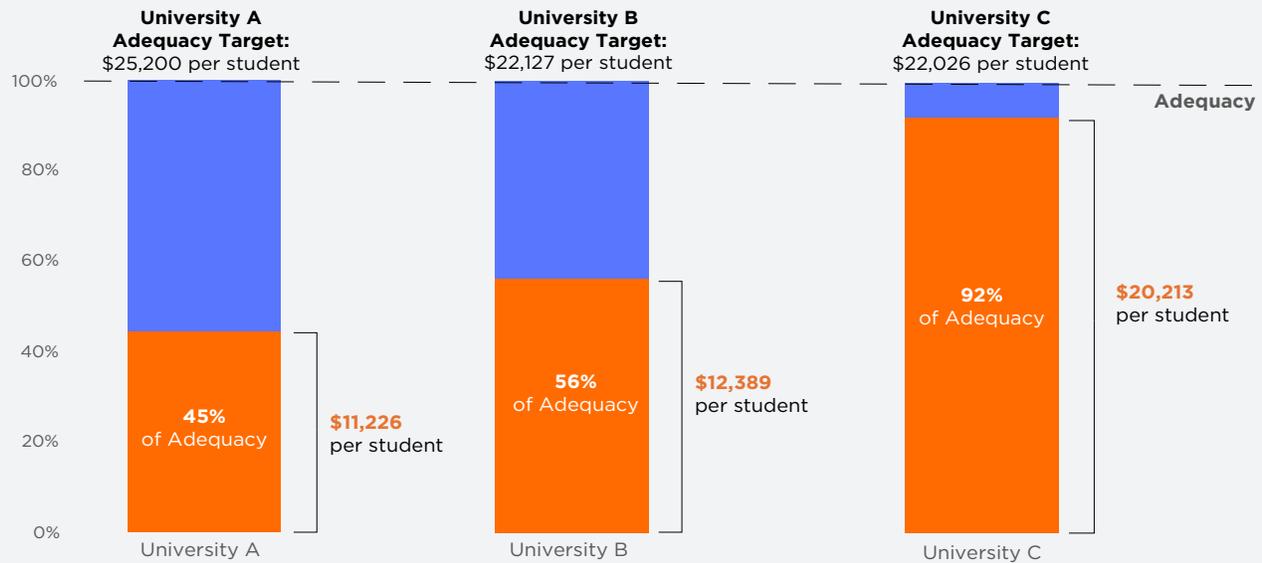
On average, university systems in Illinois spend over double the amount on academic and student support – the spending that most directly impacts student success – than at our less-resourced regional universities. Worse, these arbitrary and inequitable allocation decisions have compounded yearly due to a lack of equitable distribution.

ACADEMIC AND STUDENT-SUPPORT SPENDING GAPS BETWEEN UNIVERSITY TYPES HAVE DEEPEDED, IMPACTING UNDERREPRESENTED MINORITY (URM) GROUPS OVER TIME



We have the ability to create a funding system that provides equitable, adequate, and stable funding for universities.

THE CURRENT FUNDING MODEL LEAVES SOME STUDENTS FURTHER FROM ADEQUATE AND EQUITABLE RESOURCES



The Illinois Commission on Equitable Public University Funding, which was established in 2021 by SB0815 (PA 102-0570) and charged with providing recommendations for an equity-minded formula, has laid the groundwork for a new way of funding our public universities – one that will center student need, prioritize funding for less well-resourced universities, and provide stability in funding so universities can make long-term investments in student success.

The state owes it to current and future generations of college students to execute on the Commission’s blueprint.

We urge the state to implement a funding formula that centers the following principles:

EQUITY:

- Funding should follow student need, with more funding allocated for students requiring additional supports – specifically those from historically underrepresented groups and the universities that enroll them.
- The universities that are farthest from full funding should be prioritized in the distribution of new state dollars.

ADEQUACY:

- Any new funding framework should be anchored in adequacy – that is, should aim to quantify the true costs of supporting all students and lay out a path to providing the necessary resources.

- Student needs, such as access to increased academic and non-academic supports, should be the primary driver of the formula, along with the unique mission and programs at each university.
- The formula should reflect the additional funds needed for targeted student groups to succeed (e.g., first-generation, students from low-income households, adult learners).

STABILITY:

- A new formula should prioritize stability by ensuring universities do not lose funding and by building inflation into the model.
- A new funding approach should include a multi-year funding plan that will get all universities to full funding in 10-15 years.

ACCOUNTABILITY AND TRANSPARENCY:

- To build confidence and trust, a new funding model should include transparency and uniform reporting of university spending, practices, and outcomes.
- Institutions need resources to fulfill their equity plans and decrease racial and income gaps. Institutions should report how new funds are used to accomplish critical goals and be responsible for accountability measures when they receive appropriate funding.³⁰
- If universities fall short of achieving goals, they should be held accountable in ways that inform best practices, increase oversight, and redirect new funds, rather than defunding institutions’ existing resources.

If we want our students and our state to thrive, it is time to invest adequately, equitably, and sustainably in higher education. Never has the need been more urgent, and never have we been better prepared to make a change. The time is now.



⁸ Importantly, undergraduate enrollment at public universities was not significantly impacted by the pandemic – in fact these institutions lost more students annually in the three years leading up to the pandemic than they did in fall 2020 and 2021 (Advance Illinois, *The State We’re In*, 2022)

²⁵ Education Finance & Policy. Bound, J., Lovenheim, M. F., & Turner, S., “Increasing time to baccalaureate degree in the United States,” 2012, <https://direct.mit.edu/edfp/article/7/4/375/10165/Increasing-Time-to-Baccalaureate-Degree-in-the>; Note – regional public universities are public, four-year, community-oriented universities see Alliance for Research on Regional Colleges for more information.

To access the footnotes, scan the QR code or visit [BIT.LY/3T8yMsR](https://bit.ly/3T8yMsR).