

***Illinois Board of Higher Education Affordability Action Team White
Paper: Enhancing College Affordability in Illinois***
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Scope & Purpose

The Illinois Board of Higher Education (IBHE) enacted Action Teams in 2014 with the intended purpose being to provide a framework for action in the areas of advocacy and policy reform, adult degree completion, reducing gaps, and increasing affordability. In the fall of 2014, the Affordability Action Team specifically determined that the assignment of “increasing affordability” encompassed so many factors and moving parts in the higher education arena that devising a paper to set forth some of the more palpable issues with ideas on how to solve them would best suit the situation. To that point, the Team held spirited discussions about the dynamic of the paper and what should be presented to the IBHE Board, as well as to the Illinois higher education community.

Generally, family incomes have not kept up with the continued rising costs of college. The purpose of this paper is to provide better context as to why that might be specific to Illinois’ informational and college cost factors, while simultaneously outlining ideas on how to diminish these barriers. Illinois needs to continue to search for better ways to provide easy to understand information about a handful of aspects of campus performance in order to get a better return on investment (ROI). Factors such as graduation rates, retention rates, cost factors, and employability all intermingle to generate a return on investment in post-secondary education.

With regard to next steps, the Team recommends that a Resolution be drafted and submitted to the IBHE Board for approval outlining specific strategic priorities and best practices to be recognized at all college campuses in Illinois. The Team also plans to engage the Advocacy Action Team in potentially pursuing legislative action in conjunction with the advancement of these initiatives.

Introduction

The second Goal set forth in the *Illinois Public Agenda for College and Career Success* is ensuring college affordability for all Illinoisans. Affordable access to quality academic programs that lead to successful completion is crucial to meeting Illinois’ completion goal of 60% of Illinoisans obtaining a post-secondary credential by the year 2025.

The demand for better educated and skilled employees for the Illinois economy continues to increase. By 2018, an estimated 64 to 71 percent of new and replacement jobs in Illinois will require some form of post-secondary education credential. Today, in Illinois 43 percent of residents ages 25-64 have an associate’s degree or higher.¹ This rate is slightly better than the national average (37.1 percent) but not sufficient to sustain a competitive economy in the future.

¹ IBHE, *Setting a Context for Fiscal Year 2016 Budget Development*, August 2014, page 180.

In 2013, IBHE asked the National Center for Higher Education Management Systems (NCHEMS) to conduct a midway point, 5-year review of Illinois' *Public Agenda*. In the spring of 2014, the results were published, and included suggested attainment metrics for the remaining five years of the *Public Agenda*. These metrics serve to provide the foundation for the ongoing conversations taking place regarding affordability and other key performance issues in Illinois. The report features how Illinois has fallen behind in bridging the college success gaps for underrepresented groups and college affordability. An Executive Summary is provided at:

http://www.ibhe.org/Board/agendas/2014/April/NCHEMSReport_KeyFindings.pdf.

In an effort to improve higher education performance, including reducing gaps and improving affordability, Public Act 97-320 established the foundation for Illinois' performance funding model. According to the context of the statute, performance metrics shall:

- Focus on the fundamental goal of increasing completion.
- Reward performance of institutions in advancing the success of students who are:
 - Academically or financially at risk.
 - First generation students.
 - Low-income students.
 - Students traditionally underrepresented in higher education.
- Recognize and account for the differentiated missions of institutions of higher education.
- Maintain the quality of degrees, certificates, courses, and programs.
- Recognize the unique and broad mission of public community colleges.

While it does provide incentives for improving student retention and completion rates, performance funding alone does not address overall college affordability issues. Even students who complete their programs on time can amass debt that is out of proportion to their future earning potential. Achieving higher college participation and completion rates requires affordable degree options.

Economic Realities

A critical element in the ability of states to provide affordable post-secondary education to their students is the amount of state-generated support they receive. In Illinois, the initial picture is misleading in that it indicates a 5.8 percent increase in operations, grants, and pensions funds over the last 15 years when accounting for inflation. However, the increase is entirely attributable to funding for the retirement system, which has increased rapidly over this period as the state has addressed chronic historical underfunding of its pension systems. Removing pensions and adult education/career and technical education (which came under community colleges oversight in 2002), community colleges, public universities, need-based financial aid, and institutional grant

programs all have experienced **decreases** in funding since 2000 after accounting for inflation. Indeed, the total decrease is \$1.0 billion, or 34.3 percent.²

Correspondingly, according to the College Board, for the 2014-2015 academic year Illinoisans paid one of the nation's highest prices for a four-year degree from an in-state school.³ Illinois schools averaged the fifth-highest in-state tuition and fees for 2014-2015 at \$12,770 a year. Illinois' average costs have increased 11 percent in five years.⁴ The primary contributing factors for these trends in Illinois (*as depicted in the accompanying graphs*) is the decline in state appropriations coupled with decreased enrollments at public universities over the past several fiscal years.

A recent report by public policy organization, Demos, substantiates this claim, suggesting that declining state resources for higher education is indeed the primary driver of rising tuition, responsible for 79 percent of tuition hikes at public research universities between 2001 and 2011 and 78 percent of tuition hikes at public master's and bachelor universities over the same decade.⁵

Although universities can rely on tuition and fees, and two or three types of "unrestricted income" to provide additional revenues, it is ultimately a *combination* of state appropriations and these additional funding sources that allow the institutions to maintain operating capability.

The recent decade has been especially tough on low and middle income families in Illinois. Families in the lowest income quartile lost 4.5% of their meager incomes since 2002. For the families with lower middle class incomes and incomes that put them squarely in the middle class, the loss has been even greater, -11 percent and -14 percent respectively. Middle class families will bring home over \$10,000 *less* this year than they did a decade ago. While wages have fallen, college costs have increased. Since 2002, the average cost of attendance at a public university has increased 73 percent *after* adjusting for inflation. In 2002, the average total cost of a year at a public university took 19 percent of the annual income of a middle class family; today it takes roughly twice that; 39 percent.

It has been estimated that in Illinois, more than two-thirds of all new and replacement jobs over the next five years in Illinois will require a high quality college credential. Today, less than half of Illinois' workforce has a college degree. Facilitating an educated workforce is the way out of the current economic crisis. If Illinois had reached its goal of

² IBHE, *Setting a Context for Fiscal Year 2016 Budget Development*, August 2014, page 3.

³ *College tuition hikes slowing ,report says*, Chicago Tribune, November 2014

⁴ IBHE Records

⁵ Demos, *Pulling Up the Higher-Ed Ladder: Myth and Reality in the Crisis of College Affordability*, 2015, page 1.

60 percent of its workforce with a college degree today, it would mean more than a \$900 million annual increase in tax revenues.⁶

To reach the 60 percent goal, Illinois must choose to *invest* in higher education in Illinois, making college more affordable for students and families.

Costs of Attending College

Better controlling the costs of attending college will make college more affordable. This not only includes the general capacity of students to pay for college, but also *how* they go about paying for it, whether through private loans, scholarships and grants, or various additional state and federal student financial assistance methods. It was recently reported that the total U.S. student loan debt is more than \$1.3 trillion, according to credit monitoring group Experian. The class of 2015 conversely graduated with an average student loan debt of approximately \$35,000.⁷

It should be noted, however, that although graduate students make up only 15 percent of students who borrow (estimates the College Board), they borrow two-and-a-half times as much money on average each year as undergraduates. A recent report by the New America Foundation Policy Program estimates that approximately 40 percent of all student debt is attributed to graduate education.⁸

Couple this with an ever-increasing outmigration of students, and it only serves to exacerbate affordability concerns in Illinois. A study produced by the Illinois Education Research Council (IERC) indicated that, not only are out-migrants some of the best and brightest Illinois high school graduates, a sizable portion of them do not return to Illinois upon completion of college, representing a significant loss of human capital.⁹ All told, Illinois claims approximately 16,000 students migrating out of the state.¹⁰ Illinois is second only to New Jersey in suffering at the hands of this so-called “brain drain” with its exportation of students to other, more affordable, out-of-state colleges.

Herein lies the balance in interpreting the scope of what college affordability encompasses: Students who do not require as much, if any, financial assistance but who represent a significant loss of capital for the State, and those students, either out of high school or non-traditional, who simply cannot afford to attend. Both categories play an equally significant role in meeting the 60x25 goal, although their paths to college completion are considerably different.

⁶ IBHE Records

⁷ *Class of 2015 Has Most Student Debt in U.S. History*, May 2015, <http://www.marketwatch.com>

⁸ *Reframing Student Debt Totals, Council of Independent Colleges*, <http://www.cic.org/Research-and-Data/research-studies/Pages/student-debt-graduate-loans.aspx>

⁹ IERC, *Outmigration and Human Capital: Homeward Bound or Gone for Good?* September 2014, Presentation slides 5 and 6.

¹⁰ U.S. Department of Education, National Center for Education Statistics, IPEDS, Prepared March 2014.

What follows are five pivotal areas that the Team believes impact affordability in Illinois while preserving accessibility and quality. It is important to stress that this paper is simply a vehicle to facilitate ongoing conversations on the topic – not the final word.

Recommendation #1: Promotion of Institutional and Administrative Efficiency and Effectiveness

The Team seeks to encourage greater administrative efficiencies in the higher education system and supports IBHE’s efforts to launch a partnership with the National Governors Association (NGA), the Illinois Governor and his Administration, and members of the Illinois state legislature in support of a “Higher Education Efficiency and Effectiveness” initiative.

This presents a significant opportunity to partner with the NGA to facilitate the organization and coordination of a forum where higher education professionals can pursue the goal of affordability in Illinois. Negotiations for this format are already in development between IBHE and various vested parties. This is a proactive exploration of the best practices utilized in Illinois and by other states related to productivity and metrics to better monitor state higher education system performance. However, if conferring the NGA seminar is delayed due to budgetary issues, it is incumbent upon IBHE to take immediate action in obtaining and compiling data and analysis, particularly comparative peer to peer analysis that identifies cost drivers.

Administrative costs have come to the forefront of discussion in 2015, with the Senate Democrat caucus and staff conducting a review and report of “administrative bloat” at Illinois public universities and community colleges. IBHE, too, conducted its own study on the subject and determined that, contrary to popular opinion, Illinois public university administrative cost is comparatively less than what is reported at their peer institutions.¹¹ The study found that most of Illinois’ public universities were well below the peer median compensatory level.

Student fees are also viewed as contributors to increased cost of college for students. Proliferation and rise in student fees is a product of decreased state funding over the years for both operational and capital functions of the institutions. Student use fees, for example, are ways in which institutions can make up for that depleted funding while maintaining the vitality of student life on campus. Moving forward, it might prove beneficial to examine these fees with the intent to minimize additional costs of college attendance for students.

The Team additionally suggests reviewing the volume of unfunded mandates currently imposed upon Illinois public and private institutions. With regard to public universities, House Resolutions 918 and 919, adopted in 2010, created a Blue Ribbon Committee on Higher Education Mandates and a Higher Education Procurement Study Commission,

¹¹ *Illinois Higher Education Executive Compensation Analysis*, July 2015

respectively, to study the costs that these mandates create for public universities in Illinois. The conclusion drawn at the time was that revision or elimination of certain high-impact mandates could save universities approximately \$55.1 million and could also reduce administrative burdens and costs, prevent costly delays, and promote efficiencies.¹²

Mandates included in the study that are still currently enforced include:

- Illinois Veteran Grant/Tuition Waiver
- Procurement
- Capital Development Board (CDB) Construction Administration Fee
- SURS 6% Rule
- CMS/Movable Equipment Inventory Level
- Group Health Insurance Contributions

Legislators have since attempted to address these items with various legislative initiatives, although the majority have been shelved pending further discussion (much of which continues to take place to this day). The issue of most concern remains procurement. Institutions continue to indicate that current Illinois procurement policies hinder their ability to conduct business in a productive, timely manner and should be revised.

The Illinois Veteran Grant, too, is one among many of the tuition waivers presenting a challenge to universities and colleges because institutions must provide the waivers even when no state funds are available. This has been the case for years now, with the projected Fiscal Year 2015 cost to universities and colleges to cover the Veteran waiver totaling around \$30.6 million. All of Illinois higher education is strongly committed to increasing college opportunity for veterans. Until a few years ago Illinois as a state contributed nearly \$30 million to that support, but that state support has been eliminated. Restoration of all or part of this support to the Illinois Veteran Grant program would (a) Allow institutions to devote more of their resources to the student support services needed to ensure veterans not only go to college but complete and (b) Eliminate the impact of the current unfunded mandate on college costs for other students.

Underpinning these suggestions is IBHE's advocacy for a "Both/And" approach to improving the efficiency and effectiveness at Illinois colleges and universities. The basic concepts suggest both increased state investment and system productivity and include (a) Remodeling academic delivery models to contain costs and improve student success; (b) Remodeling business practices (e.g. MHEC shared purchasing strategies); (c) Better aligning credentials with workforce needs and bolstering regional partnerships (Higher

¹² *Blue Ribbon Committee on Higher Education Mandates, Report to the Members of the General Assembly, November 2010*

Education Commission on the Future of the Workforce – HJR 52); and (d) Targeting investment in collaborative programs improving fairness and student success.

Recommendation #2: Frequent and Well-Communicated Flow of Information

The Team recognizes that various assistance programs and applications are not as widely recognized by consumers as they could be, and it is not for lack of advertisement or availability on behalf of the organizations. More so, Illinois high schools, and, in particular, guidance counselors and/or college coordinators, need to display and disperse materials, regularly alerting students and parents to these important planning resources and how to use them.

Knowledge is a powerful tool for students preparing for college. Increasing the number of high schools that host annual “college prep” or student financial aid forums for students and parents would be beneficial in this regard as well. The ISACorps, which already work directly with high schools, students and parents across the state, could provide additional support as needed. For non-traditional students, having literature on-hand at colleges and universities for distribution, and readily available staff to manage needs, serve as effective methods of awareness and information sharing. Employers, too, could actively encourage and incentivize their employees to go back to college through various partnership opportunities within a given community, with an emphasis on regional affiliations among institutions.

As an example of the impact of improved communication, Indiana University enacted a program that enables students to borrow less by telling them how much they already owe when they are taking out loans for the next academic year. The university, where the average senior with loans graduated with nearly \$29,000 in debt in 2012¹³, began sending students letters each year telling them how much they had already borrowed, what their interest rates were, and what their monthly payment would be after graduation. In response, students appear to be borrowing less. Though still too early to determine how much overall borrower behavior has changed, in the aggregate, students at Indiana University took out 11 percent less in federal loans during the 2013-2014 school year.¹⁴

In the interim, the Illinois Student Assistance Commission (ISAC), the Illinois Community College Board (ICCB), IBHE, and Illinois State Board of Education (ISBE) are encouraged to develop a joint action plan, with clear penetration targets for both financial literacy and early FAFSA completion by high school students in the senior year. Particular focus should be placed on first-generation and low-income students and adult learners in this realm as well. The critical element throughout this process is effective **communication** and engagement among all parties involved.

¹³ University Business, *Indiana University used this one weird trick to cut student debt*, July 26, 2015.

¹⁴ University Business, *Indiana University used this one weird trick to cut student debt*, July 26, 2015.

Recommendation #3: Creation of Comprehensive Completion Advising Programs at Illinois Colleges and Universities

The Team is supportive of recommendations as outlined in the CCA's literature, *Four-Year Myth*, released in the fall of 2014. The report suggests that incremental application of Guided Pathways to Success (GPS) strategies is not advisable to achieve dramatic results. Rather, it is recommended to take a more holistic approach that fully integrates all the strategies.¹⁵ According to the report, only 26 percent of undergraduates in Illinois graduate on time, and the estimated cost of attendance for each additional year is \$71,810 (\$26,482 in college costs + \$45,327 in lost wages).¹⁶

As a means of expanding upon the ideals of the GPS model and emphasizing the importance of time to degree, and recognizing the complexity of factors that impact completion, the Team recommends the creation of a 'completion advisor' function at Illinois colleges and universities, linking to the expansion of the Complete College America (CCA) "Game Changer" model in Illinois. Under this premise, the following goals would be introduced:

- Redesign of developmental education including expansion of "co-requisite" approaches. This speeds students to degree and avoids using up valuable financial aid in zero-credit developmental education courses.
- Creation of guided pathways to degrees attainable in 2 or 4 years and without excess credits.
- Utilization of better student data to create **intrusive advising strategies** that ensure students stay on their path taking courses when they are needed to stay on track to degree.

To this end, Team members envision the function of completion advising being centered on the student as a whole and connecting his/her life circumstance to the goal of graduating. The Team advocates for a more holistic college completion strategy in order to integrate financial and academic advising in a responsible fashion that is more practical for each campus. The Team is not necessarily proposing new administrative positions, but is identifying a functional need. The Team asks each college and university to determine how best to meet this need. The Team suggests using people, technology, or a combination thereof, to achieve these ends.

For identified student populations, a Completion Advisor, or function thereof, would proactively coordinate and assess student academic planning with forecasted financial planning to promote completion and assure financial sustainability. This would cut across the various silos of institutional advising and act as a general counseling agent to

¹⁵ Complete College America, *Four-Year Myth*, page 16

¹⁶ Complete College America, *Four-Year Myth*, page 42

students, until directing them to specialized offices such as Financial Aid or Student Registration.

A program similar to this will be implemented this fall for recipients of Monetary Award Program (MAP) grants. ISAC will be implementing the recommendations of the MAP Advising Working Group, which were designed to encourage adoption of best practices that can help improve student completion rates, particularly with respect to at-risk students. The final administrative rules require MAP-approved institutions to have an advising program intended to improve MAP recipient success. The rules do not mandate a one-size-fits-all program, but rather require schools to develop their own programs or utilize existing programs to meet these goals. In addition, *ISAC will collect, on an annual basis, completion and graduation rate data, as well as advising and support program information.* A primary goal of the programmatic reporting and data collection is to allow ISAC to gather information on effective programs and policies and report back to institutions with best practices they may choose to implement. ISAC's program could serve as a model for expanded efforts to serve all students.

Recommendation #4: Revisiting Illinois' Truth in Tuition Law

Yet another contributor to the rising costs of college in Illinois is Illinois' Truth in Tuition law. Passed in 2005, the law stipulates that students are guaranteed a fixed rate of tuition for the first academic year of enrollment, for 4 years, and then guaranteed the rate for the academic year following the year the student first enrolled for a fifth or sixth year. Although predictable, the law is not necessarily considered affordable at this juncture. What seemed like a good idea for students and families planning for college costs in the beginning has now been known to encourage universities to establish higher rates of tuition, or "frontload," in order to make up for a continued decline in state funding support and project operational needs two to three years into the future.

To emphasize this point, a study was conducted in 2014 by former IBHE Faculty Fellow, Dr. Jennifer Delaney. Dr. Delaney and colleague Tyler Kearney examined tuition trends from 2000 to 2012 at four-year public universities of similar sizes and missions across the U.S. to those in Illinois and found that the annual tuition rates at Illinois' 12 public colleges and universities increased by 26 to 30 percent over increases in other states not subject to a guaranteed tuition law, on average about \$1,500 each year.¹⁷ Compared to price increases at similar institutions in the U.S. from 2000 to 2012, Dr. Delaney discovered Illinois' increase was about 6 to 7 percent more over four years than was typical for other colleges with similar missions and sizes.¹⁸

¹⁷ *The impact of guaranteed tuition policies on postsecondary tuition levels: A difference-in-difference approach*, August 2014, www.academia.edu

¹⁸ *The impact of guaranteed tuition policies on postsecondary tuition levels: A difference-in-difference approach*, August 2014, www.academia.edu

States like Oklahoma and Texas have guaranteed-tuition laws, but schools in those states are required only to offer students the *option* of a fixed rate. Illinois' policy is unique in that it applies to all four-year public colleges and universities in the state.

An additional factor to consider is how the changes in summer Pell Grants created a disproportionately adverse impact on needy students who may take longer to finish their degrees because of their need to work. Related concerns occur about the impact of Truth in Tuition on working adults who are attempting to complete degrees.

The Team recommends that re-examination of this law should be contemplated in order to assist in rehabilitating the mechanisms by which Illinois public universities establish tuition rates and make college more affordable. The Team would further propose an opportunity for information-sharing among itself, the IBHE Board, and the public universities in order to gain accurate perspective on the effects of the Truth in Tuition law at each campus.

Recommendation #5: Redesign of Financial Support Programs

One of the affordable paths to a quality post-secondary four-year degree is one that begins in community college followed by seamless transfer to a four-year college. Illinois should develop targeted financial aid programs that support this path to a two and four year college credential. Affordable pathways utilizing the *entire* system of public education providers should also be developed. Developing baccalaureate pathways that begin with early college credit in high school, leveraging the relatively affordable credits in community colleges and transferring at full junior status to a baccalaureate institution without any loss of credit is the most affordable path to reduce time to degree and further reduce college costs.

In terms of student loans, initiatives such as giving institutional student finance officers more discretion to curtail student "convenience borrowing" for living expenses and expanding the role of student finance offices to include assisting low-income students in seeking out means-tested federal and state programs to help pay for food, housing, and medicine are ways of providing alternatives to excessive student borrowing.

Illinois is beginning the process of "costing out" what it will take to reach its 60x25 goal. Various models are being used across the country to make that cost manageable for states and students including the "shared responsibility" model. In this model, all forms of support for students (i.e, federal and state grants, federally subsidized loans, work study, student/family contributions, employer support) are included in a comprehensive strategy to make college affordable.

Minnesota, for example, incorporates expectations for income from student work during college (e.g., work study) in calculating support needed to afford college. Oregon also proposed a shared responsibility model with state support making up the difference for college costs once student contributions (a combination of work and

limited loans), family contribution for family with means, and Federal Pell Grants and tax credits are applied to college costs. Illinois should incorporate innovative ideas like shared responsibility into its analysis of costs for the state and students to reach its 60x25 goal.

In addition, IBHE and ISAC are planning to partner with the Education Commission of the States (ECS) in its funded effort to explore the restructuring of financial aid programs in the very near future. Many state financial aid programs were designed more than thirty years ago to benefit full-time four-year college students who enroll immediately after high school. That scenario has evolved considerably to include students who frequently migrate from state to state, are adult learners, attend school part-time, and includes a much more diverse demographic. According to the ECS, student financial aid redesign efforts should be:

1. Student Centered
2. Goal Driven, Data Informed
3. Timely & Flexible
4. Broadly Inclusive

ISAC, too, is looking into creating a new MAP grant refund policy for drop-outs that mirrors the federal Pell Grant refund policy, thus providing a stronger reflow of funds back to the MAP program for reutilization. Recognizing these goals is meant to improve the ability of states to adapt to the current student demographic in order to produce better outcomes.

Conclusion

This paper brings to light aspects of college affordability, tailored specifically to Illinois' current conditions and fiscal management, and offers suggestions about how to alleviate what this Team believes are some of the primary impediments to making college more affordable for Illinois students and families. The objective is to utilize best practices and thoughtful means to create an affordable college experience that leads to a successful career for students without crushing debt. It is the intent of the Team to highlight significant factors influencing affordability in post-secondary degree attainment in Illinois. We hope to continue this dialogue with the state's many vested partners well into the future.

Appendix A: Supporting Information

Promotion of Institutional and Administrative Efficiency and Effectiveness

“Doing more with less,” is a simple credo, yet, when referring to large scale businesses, or, in this instance, institutions, it can be anything but. Lack of state appropriations to the public universities has forced a need to reevaluate operational expenses in order to maximize efficiency. This, in turn, serves to pare down costs to students by alleviating the need to increase tuition and fees. Unlike other industries, higher education has not yet managed to deal with the issue of cost per unit of output declines over time.¹⁹ With regard to institutions, this encompasses the cost of operating a campus in relation to the output (cost per credit hour and cost per graduate) of students, and whether these figures have sufficiently adapted over time.

Other avenues for promotion of efficiency include making articulation and credit transfer easier for students and paring down the number of essential course requirements and courses offered at multiple institutions.

Institutional Efficiency and Streamlining

Institutions in Illinois have done a lot more with less over the past several years, with admirable results. Schools have effectively worked to promote cost efficiencies on-campus, maximizing the use of available dollars. Public/private partnership bid-out of projects²⁰, and fundraisers for capital improvement projects are ways universities are coping with limited resources and economic decline. Illinois institutions are doing what they can to focus on core mission, reducing costs, and developing innovative programs, but there are other factors that the Team believes could provide both immediate, and long-term benefits, to how Illinois’ higher education system operates, including institutional program efficiency and accountability.

Senate Bill 1883/Public Act 97-610 instructed the public universities to report the dissolution, reduction, consolidation, low-performance, or termination of programs at their institutions on an annual basis to IBHE. IBHE then presents the report, as established by rule, to the General Assembly. IBHE now has the capacity to accommodate this task and is collecting this information and working with institutions to close, merge, or modify low producing academic programs. Legislators and IBHE Board members have mentioned on numerous occasions how redundant it is to have certain classes offered at multiple institutions in a region, or having so few students in certain classes at a given institution. Streamlining this process would redirect these resources toward other student-centered functions of the institution.

¹⁹ Bain & Company, *How to cut the waste at colleges that’s driving up tuition costs*, October 2, 2014

²⁰ Eastern Illinois University’s Renewable Energy Center, House Appropriations-Higher Education Committee Testimony, March 2015

NGA Efficiency and Effectiveness Effort

IBHE is excited to promote its partnership with the NGA in an effort to provide efficiency and effectiveness strategies at Illinois colleges and universities. An event is being planned for the near future that will bring together higher education and business partners from across the state in order to engage in discussions about how to best maximize resources and potential at Illinois institutions.

Due to increasing fiscal pressures, governors nationwide are seeking insights about the effectiveness and efficiency of investments in post-secondary educational institutions and systems in their states to develop policy agendas. In terms of effectiveness, issues such as whether post-secondary students are gaining the knowledge and skills needed to be successful workers and citizens and whether post-secondary graduates obtain good-paying jobs that can support families are of significant value. With regards to efficiency, the number of students who graduate from a post-secondary institution compared with the number of students who enroll coupled with what the return on a state and student's investment in post-secondary education has a direct correlation to completed degrees and certificates.

Illinois intends to host a day-long event that would focus on five primary agenda items, including current post-secondary system performance; Illinois innovation, which would highlight current best practices at Illinois institutions; innovation in other states; the Illinois higher education agenda, focusing on what policymakers can do to further the work of the Illinois higher education system to contain costs and increase access and success for students; and next steps for IBHE staff, legislative liaisons, and the governor's staff.

The NGA points out that states will continue to face pressure to fund key state services as state budget tighten, as we have seen first-hand in Illinois. Systems of post-secondary education must be prepared to show how productive colleges and universities are with the resources that they have and look for ways to improve their effectiveness and efficiency.²¹

Fluid Articulation and Transfer of Credits

The ability of students to transfer academic credits helps to provide access to high-quality educational opportunities that prepare them for current, and future, employment. Improving access while respecting and supporting the integrity of institutional and sector missions is part of the vision for Illinois as set forth in the *Public Agenda*. In order to meet the completion goal of 60x25, improving transitions all along the educational pipeline is essential. For postsecondary education, this means strengthening articulation through stable funding and expansion of transfer tools such as MyCreditsTransfer and the Illinois Articulation Initiative (IAI).

²¹ National Governors Association, *Beyond Completion: Getting Answers to the Questions Governors Ask to Improve Postsecondary Outcomes*, September 2013.

In Illinois, IBHE, the Illinois Community College Board (ICCB), and the transfer coordinators of Illinois colleges and universities jointly launched the IAI to help ease the transfer of students among Illinois public and independent, associate and bachelor's degree-granting institutions. The IAI fosters seamless transfer among more than 100 participating institutions through the development of a general education core curriculum and establishment of faculty panels to articulate courses that prepare students for work in specific majors. IAI major recommendations work best for students who have chosen their majors and will transfer eventually, but are undecided on the college or university that will grant their baccalaureate degree.

An associated mechanism, the MyCreditsTransfer portal, is a statewide initiative designed to facilitate transfer within Illinois using the nationally available tool, Transferology (www.mycreditstransfer.org/support/branding.asp). Transferology is a nation-wide network designed by CollegeSource, Inc. to help students explore their college transfer options. The goal is to save students time and money by providing a quick, intuitive way of getting their college transfer credit questions answered. Certain public and private institutions in Illinois use Transferology to publicize how they receive transfer at their institution, but *all* Illinois institutions participate as sending schools. Since its release in the spring of 2014, Transferology has become a very valuable, well-traversed resource for students.

Through these innovative measures, Illinois is picking up the pace in how it accommodates articulation and transfer of credits among institutions. Moving forward, it will be important to hone these programs and ensure that appropriate expansion and cohesion among participating entities is facilitated to maximize student success.

Prior Learning Assessment (PLA)

The largest market for Illinois higher education is the adult learner market. As the high school graduate population shrinks, Illinois must provide an accessible college education to the hundreds of thousands of adults without a college credential (57 percent of Illinois adults do not have a two or four year degree; 22 percent of the adult population actually have college credits but never completed).

The IBHE is focused on college opportunity for adult learners. The *Public Agenda: 5 Year Later* report referenced earlier shows little progress in reaching adult learners over the last five years. As the IBHE's Adult College Completion Action Team has clearly shown in the past year, one of the most powerful tools for improving adult college completion is to provide credit for prior learning to these adults. By providing adults (including veterans) with prior learning assessment (PLA) and credit for relevant learning obtained through work and life, institutions accelerate their progress to degree and reduce their costs.

The Council for Adult and Experiential Learning (CAEL) is working with the IBHE to expand prior learning assessment and credits in Illinois. Harper Community College is

working with a consortium of community colleges and CAEL to use a national non-profit organization “Learning Counts” to expand PLA in Illinois. The legislature has passed legislation to create a state task force, supported by the IBHE, to target prior learning credit for veterans in Illinois. IBHE also works with the Multi-State Collaborative on Military Credit (MCMC) consisting of a number of Midwestern-located states partnering to facilitate seamless military credits transfer among institutions in that region.

A comprehensive statewide effort to dramatically expand PLA for Illinois’ huge market of adults and veterans is needed to improve college affordability and college success for this population. Without them Illinois has little chance of creating a workforce that supports state success in the 21st century.

Shaping Informed Consumers

Making Informed College Choices

High school counselors (if equipped with adequate time, training, and resources) play a key role in connecting students with college planning resources. The Illinois Student Assistance Commission (ISAC) complements those efforts by providing a host of services to help Illinois families more effectively navigate the college-going process – from choosing a college to applying for financial aid. As this paper describes in the “Suggestions for Efficiency” portion, factors beyond actual college sticker price can impact college affordability. Helping students to identify institutions and programs that will be the right fit for their skills and interests can assist them in graduating on time with a minimum number of credit hours. The ISACorps, ISAC’s team of recent college graduates who work with high school students and their families throughout the state and act as near-peer mentors, can assist students at the outset by helping them make informed choices about colleges – from program fit to a real understanding of actual cost of attendance.

A new tool available to students exploring the college-going process is the ISAC Student Portal. The Portal provides links to free online tools that offer college and scholarship search, online financial literacy lessons and money management tools, and career and job resources. In addition, the portal provides interactive tools such as the *4 Steps to College Checklist* and the *Financial Aid Award Comparison Worksheet*.

Navigating Financial Aid

The primary state need-based student financial assistance program in Illinois is the Monetary Award Program (MAP) administered by ISAC. In order for students to be eligible to receive MAP grants, they must first complete a Free Application for Federal Student Aid (FAFSA). This process can sometimes present challenges for parents and students attempting to navigate the student financial aid system for the first time.

In addition to the ISAC website, www.isac.org, which provides detailed information and links to resources on how to complete the FAFSA, the ISACorps provide free FAFSA completion workshops across the state to provide in-person and one-on-one assistance to students and parents. A listing of ISAC FAFSA workshops and college access presentations provided through the state is available at ISAC's Outreach Even Calendar.

The ISAC website also provides information on a variety of other student financial assistance programs, and detailed explanations of loans, grants, scholarships and repayment programs.

Net Price and College Cost Calculators

At the national level, a resource very beneficial to students and parents seeking financial assistance tutelage is the Net Price Calculator administered by the College Board (<http://netpricecalculator.collegeboard.org/>). This application serves to provide a more conceptually accurate financial picture of a student's potential college costs, and defines the line between "sticker price" (tuition and fees, room and board, books, etc.) and "net price" (sticker price minus any grants and scholarships received) of college. Individuals can additionally calculate the ability to attend a participating institution listed for each state. A student selects a college and provides some basic financial information, and the calculator will estimate the student's cost of attendance. The estimated cost of attendance can be calculated for each school or interest, making cost comparisons possible.

ISAC also offers numerous college pricing calculators (<http://www.isac.org/calculators/>) on its website beneficial to students and parents seeking assistance with financial aid and associated college costs. The College Cost Calculator provides the current national average cost of attending college as provided by the College Board for community colleges, public universities, and private institutions. Students submit current annual cost information pertaining to a specific institution in order to receive future estimated costs (next year, or 3, 4, 5, etc. years). This enables students and parents to prepare and plan for college expenditures well in advance of the application period and to begin the financial aid process in a timely manner. ISAC's site also includes a Pell estimator, to determine the amount of federal student assistance individuals might be eligible for, as well as a MAP award estimator, and a loan repayment estimator.

Redesign of Financial Support Programs

The financial aid process can appear complicated to parents and students unfamiliar with it. There is a fear of loan debt, fueled by stories of students leaving schools with crushing debt levels. Numerous and varied restrictions on scholarship and grant financial aid contribute to the frustration. Finally, because there is more demand than funding for the MAP grant, students and parents must scramble to get in line early enough to receive the much-needed grant funds.

States like Virginia appear to have created completion plans that factor in debt relief. Virginia's *Statewide Strategic Plan for Higher Education* suggests that by 2030, more Virginians will graduate, not only with a high quality credential, but also without excessive debt.²² Illinois' completion goal does not speak to excessive debt, although under the current economic conditions facing the State, the nuances of the Virginia plan may not translate as well. When MAP grants in Illinois continue to be reduced leaving thousands of eligible students without awards, it is difficult to comprehend successfully alleviating student financial burden on a greater scale at this time.

In Fiscal Year 2015 in Illinois, for example, approximately 128,000 students received MAP funding, while approximately 162,000 were eligible for a MAP award but did not receive one due to lack of funds. The average MAP grant is \$2,700. If two-thirds of the 162,000 students that were eligible but did not receive the award accepted, this would warrant an additional approximate amount of \$292 million to cover these awards. Moreover, tuition has increased substantially while the MAP funding has remained flat. A MAP grant covered 100 percent of the average cost of attending a public university in 2002; today it covers about one-third.

Private vs. Federal Student Loans

The two primary categories of student loans include private loans, or non-federal loans made by a lender such as a bank, credit union, state agency, or school, and federal loans which are funded, as the name implies, by the federal government. Federal loans are generally the better option because they include many benefits (such as fixed, relatively low interest rates and income-based repayment plans) not typically associated with private loans. Private loans are generally more expensive than federal loans as well.

In terms of facilitating the best overall loan option for students, participation in loan repayment plans that correlate to borrowers' income levels appears to resonate more and more.²³ If outstanding federal student loan debt is higher than annual income, or if it represents a significant portion of annual income, an attractive preference for many students is an income-driven repayment plan.²⁴ Private loans, by contrast, are much more stringent with their repayment plans, including no ability to structure a plan based upon income level. Wells Fargo and Discover Bank announced that they would help private loan borrowers modify their plans late last year, but there is still little recourse. Overall, the federal loans come with a package deal that is much more appealing, including Direct Consolidation Loan, temporary postponement or lowering of payments, subsidized loans, lower interest rates, and several repayment plans.

²² <http://www.schev.edu/SCHEV/StrategicPlan.asp>

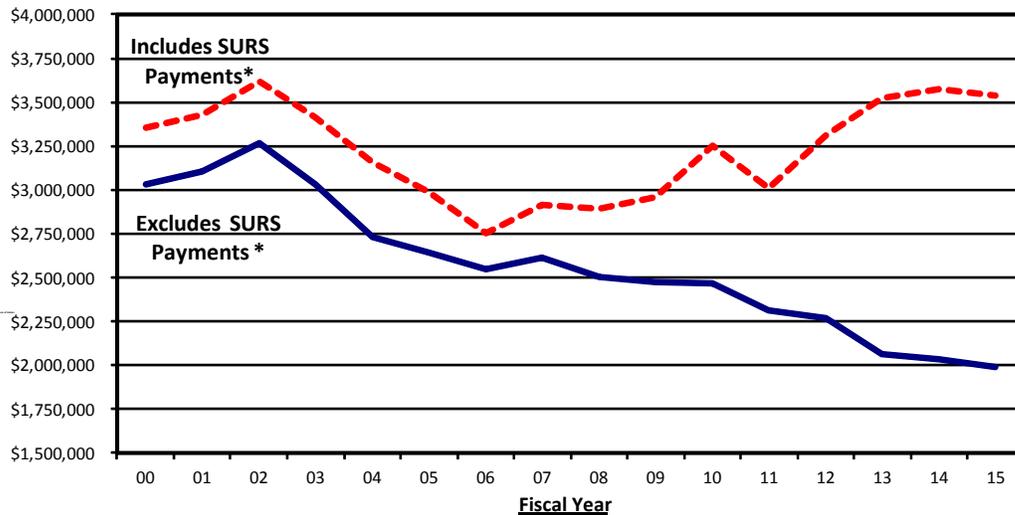
²³ Institute of Government & Public Affairs, University of Illinois, The Illinois Report 2014, *Issues in Higher Education: Student Aid and Student Debt*

²⁴ Federal Student Aid, An Office of the U.S. Dept. of Education, <http://studentaid.ed.gov/repay-loans/understand/plans/income-driven>

Understanding the distinctions between the various types of student financial aid is central to the ability of students and parents to sustain college affordability 4, 5, and 6 years down the road. Southern Illinois University, Carbondale's Student Financial Aid Coordinator suggests that the financial aid premise should be viewed as a partnership among the students, parents, colleges/universities, state and federal government, and available private resources. The partnership requires cooperation of all and an understanding by each of their responsibilities within the financial aid process, with the key component being *communication*. The following basic points should be kept in mind when investigating financial aid options:

- ✓ Become financially literate about key financial concepts in order to make informed budgeting, borrowing, and loan repayment decisions.
- ✓ Encourage parents to complete income tax forms early.
- ✓ As soon as possible after January 1, complete and submit the FAFSA, along with any other financial aid applications the school(s) of choice may require.
- ✓ Review college acceptances and compare the colleges' financial aid offers.
- ✓ Understand the benefits of federal student loans.
- ✓ Contact a school's financial aid office with questions about the aid the school is offering. Get to know financial aid personnel.
- ✓ Notify school of choice of commitment and submit any required financial deposit by May 1 (deadline for most schools).
- ✓ Understand the benefit from federal income tax credits for education expenses.

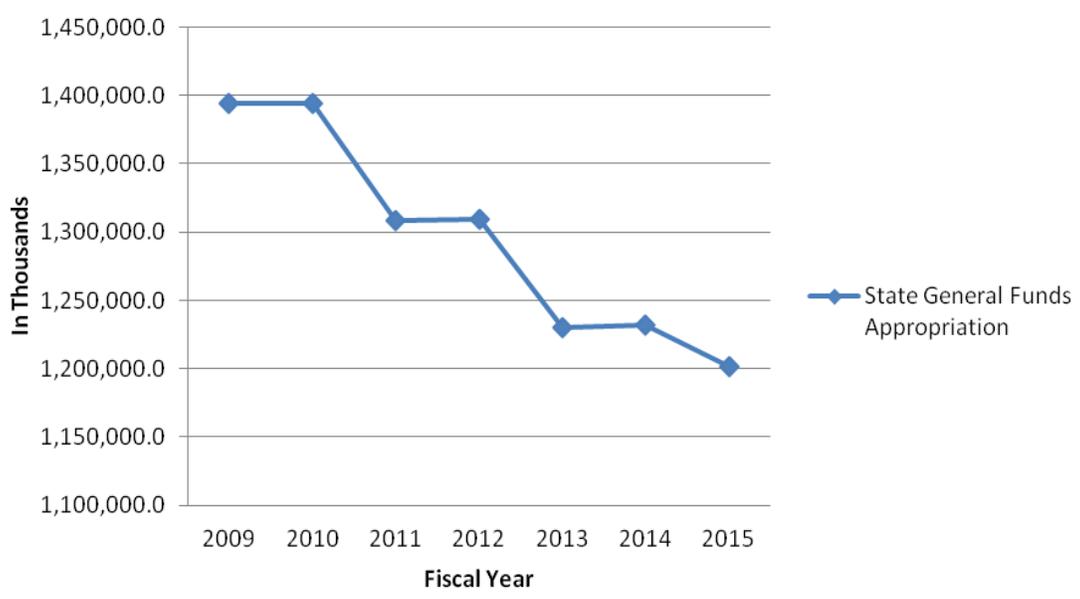
State Appropriations for Higher Education Operations and Grants, FY 2000- 2015 (In FY 2015 Dollars)



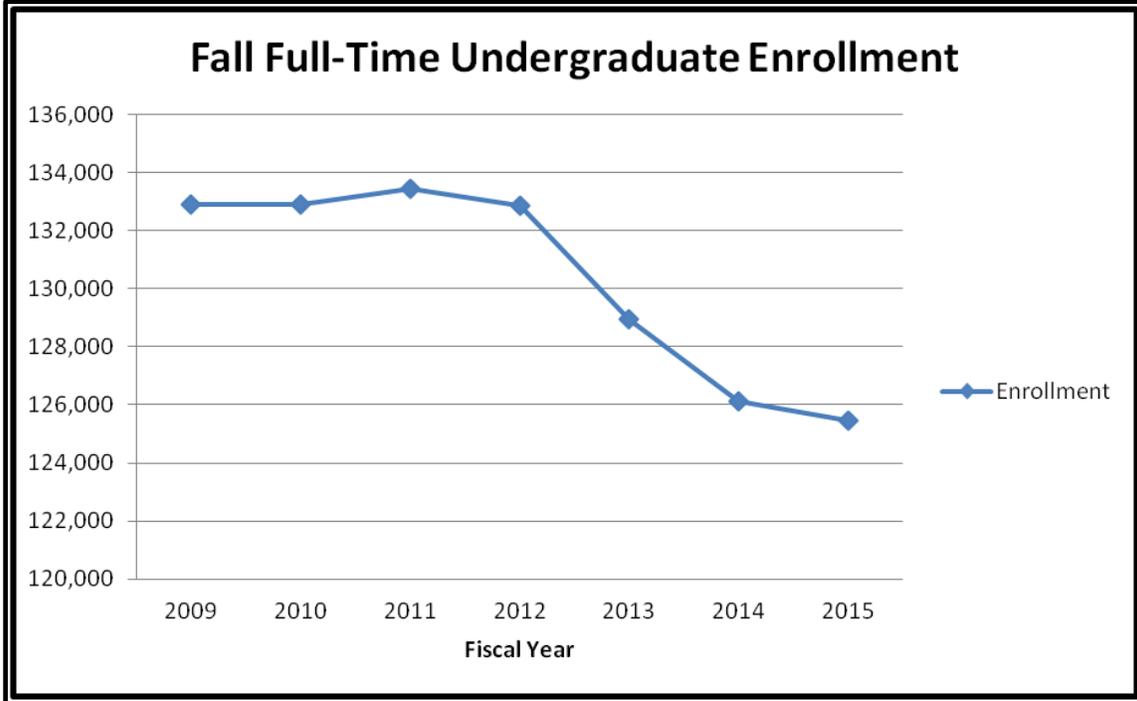
* Includes State General Funds, Student Loan Operating Fund (for MAP in FY07 and FY 012 and MAP Plus in FY07), Budget Relief Fund (FY 2009), and State Pension Fund appropriations
 Source: IBHE records.

Source: IBHE Records

State General Funds Appropriation for Illinois Public Universities, FY 2009 to FY 2015



Source: IBHE Records



Source: IBHE Records