

MINUTES
PERFORMANCE FUNDING STEERING COMMITTEE
July 21, 2011

A meeting of the Illinois Board of Higher Education Performance Funding Steering Committee was called to order at 10:30 a.m. in the Hall of Honors at Governors State University, University Park, Illinois, on July 21, 2011.

George W. Reid, Executive Director, presided.
Linda Oseland was Secretary for the meeting.

The following Board members were present:

David Benjaih	Santos Rivera
Jay Bergman	Elmer L. Washington
Allan Karnes	Addison E. Woodward, Jr.

The following Committee members were present:

Abbas Aminmansour	Michael Monaghan
David Anderson	Geoffrey Obrzut
Larry Frank	Liz Ortiz
Timothy Harrington	Honorable Robert Pritchard
Elaine Johnson	Julie Smith
Anne Ladky	Dave Tretter
Elaine Maimon	Wayne Watson
Honorable Edward Maloney	

The following Committee members were present via telephone:

Victor Brodrick	Scott Parke
Rita Cheng	Honorable Chapin Rose
Gay Larson Harrison	Honorable Sheila Simon
Honorable Naomi Jakobsson	Michael Toney
Susan Kleeman	Jerry Weber

Welcome and remarks by Chairman, George W. Reid

Dr. George Reid said, "First of all I would like to express my appreciation to all of you for being here this morning. We are glad that you are here. This is the inaugural meeting of the Performance Funding Steering Committee. The Performance Funding Steering Committee was created as a result of House Bill 1503. Senator Maloney and Representative Chapin Rose and Bob Pritchard and so many others chipped in together to create this Bill. In my judgment it is a notable example of the *Illinois Public Agenda for College and Career Success* in action. The *Public Agenda's* efficacy is that it is an

educational blueprint. It is a report which we hope will not sit on anyone's shelves, just collecting dust, but it is a document that we hope will be a living dynamic plan that we will use to drive higher education forward in this State.

"We will be engaged in this Committee in a series of meetings that will prepare us for, and head us toward Fiscal '13, so that the people around this table and in this room and the broader higher education community will come together under this umbrella to move Illinois forward to improve how we fund higher education here in the State. In order to do so we will have to forge many partnerships that have already begun, but we will build upon that. The Governor's office with the General Assembly with other State Agencies with our colleges and universities and all of this is to create more successful paths and true progress for our students to get them to the point where we will increase the number of them completing some form of post-secondary education. So, if you look around the country you will see where this movement has begun in many other places. So, ours is not a simple task. It is a roll-up your sleeve activity. This Committee will be a dig-in type committee. We will work hard. We want to get more Illinoisans who possess or who have completed some form of post-secondary education so that we will close the achievement gap which now exists in the State. We have some who live well, live long, educated, have a good life and others on the underside of this achievement gap who are not educated, who die and get sick earliest who do not have a good and decent life.

"So, this is good work and we are grateful to all you who have joined us. We are grateful. I look over to my right over here and I see this long table of food and this nice beautiful room, this hall, and we are grateful that President Elaine Maimon has graciously given us this facility without charge and so I want Elaine to just welcome us to her university. Elaine."

Welcome by Elaine Maimon, President, Governors State University

President Elaine Maimon said, "Thank you so much Dr. Reid and I do want to welcome you. It's a warm welcome, probably too warm today, to Governors State University. We do see ourselves as the *Public Agenda* University in so many ways with our dual degree program which I had the opportunity to talk with you about at an earlier Illinois Board of Higher Education (IBHE) meeting. We also see ourselves, not as an ivory tower, but as a public square and so hosting a meeting like this is exactly true to our mission, to bring us all together to talk about higher education in the State of Illinois. I also want to give greetings along with my colleague, Wayne Watson, from Chicago State on behalf of our colleagues, the public university presidents and chancellors, who are very much in support of our efforts today.

"Performance based funding is something that has been in the vocabulary for a little while and has been practiced in some states for good and for ill. The thing that distinguishes Illinois in this endeavor is partnership. On behalf of all of us in higher education, I want to give special thanks to Senator Maloney and Representative Pritchard

because our endeavor here has been a true dialogue with the universities and with the State and that is why it is going to work. So I really feel that we are off to a very good start.

“Just a couple of housekeeping details -- we do have some nice refreshments over here, we also will be concluding around lunch time and our cafeteria does a pretty good job and I think that if you would like to stay and have some lunch, please we will show you the way. It is very close to this room. You can talk to Penny Purdue who is over there. Penny would you just show everybody who you are? If you need any logistical help, directions to restrooms, directions to the cafeteria, Penny is the person and I would like to thank Penny for all the work she did on these arrangements. Thank you very much.

“Also, some of you have mentioned seeing Paul Bunyan on the way in. That is part of the Nathan Manilow Sculpture Park. We are very proud of it. It is one of the most important sculpture parks in the world in terms of late twentieth century, early twenty-first century sculpture. I know it is too warm to do the full tour, however, as Jay Bergman reminded me, we have in our e-lounge, which we can point you to. There is a way to see a number of the works. Our curator, wonderful curator Geoff Bates is available if you would like to learn a little bit more about the sculpture park before you depart or before you have lunch. Let Penny know and she will assign a meeting place for you to meet with Geoff Bates and see the park. Once again welcome. I’m excited about this enterprise that we are engaged in and please come back to Governors State many times.”

Dr. Reid said, “Thank you so much Elaine for the hospitality.”

Committee Member Introductions

Dr. Reid said, “I want the steering committee members to introduce themselves around the table to the Lieutenant Governor. You know Lieutenant Governor is Governor Quinn’s point person on education and she has lead our TEAM Illinois in our desire to push ahead the State’s goal of 60 percent of all adult Illinoisan to have some post-secondary credentials by the year 2025. But, before she comes forward with some comments for us and guidance, would we start with whoever is on the phone.”

Jerry Weber said, “Sure. I am Jerry Weber. I am the president of the Council of Lake County and just recently outgoing as the head of the President’s Council that is now taken over by Gayle Saunders, President at Richland Community College. Glad to participate in this. I really have seen this move along and so I will be anxious to move forward with this. I have tried to, I think the presidents of the community colleges, to just echo what Elaine Maimon said. We are aligned with this also. We want to join in and move ahead with this.”

Rita Cheng said, “Rita Cheng, Chancellor at Southern Illinois University. Hi Sheila. We are working hard down here on our first year retention and access issues, transfers among community college. We are really very proud to have the two plus two grant from ISAC to be part of the pilot in that program and see Southern Illinois University as being a key component to reaching the goals of the State of Illinois and we are aligning what we are doing to this important initiative.”

Michael Toney said, “Good morning everyone, this is Michael Toney and I am chairperson of the Illinois Committee for Black Concerns in Higher Education and also I am at the University of Illinois at Chicago, Executive Director of the Urban Health Program. Just want to share with the group that right now ICBCAT is engaged in hosting town hall meetings that reflect the educational pipeline K-12, community colleges, public and private, and four-year universities to talk about issues pertaining to education specific to the African-American community. And certainly this performance based issue is foremost on most people’s minds, particularly in terms of funding. So we are very excited to be represented in this body and look forward to working with everyone.”

Susan Kleeman said, “I’m Sue Kleeman. I’m representing ISAC. I’m the director of research. I’m sitting in for John Sinsheimer.”

Honorable Chapin Rose said, “Yeah, Chapin Rose.”

Honorable Naomi Jakobsson said, “This is Naomi Jakobsson.”

Victor Brodrick said “This is Victor Brodrick, I am the President of ICCCA, Illinois Council of Community College Administrators and affiliated with Lincoln Land Community College.”

Scott Parke said, “Scott Parke with the Illinois Community College Board in research and planning and had some experience with performance based incentives systems that community colleges worked with back in late ‘90s, early part of 2000.”

Gaye Larison said, “Gaye Larison, lobbyist with the Illinois Education Association.”

Jay Bergman said, “For those of us in the room, Jay Bergman, member of the Illinois Board of Higher Education.”

Dr. Timothy Harrington said, “I’m Dr. Timothy Harrington from the College of Education, Chicago State University, representing the Illinois Federation of Teachers.”

Wayne Watson said, “Wayne Watson, President of Chicago State University.”

Addison Woodward said, “Addison Woodward, IBHE member.”

Elaine Johnson said, “Elaine Johnson, Illinois Community College Board, went on the Richfield trip with the Complete College America Team. Hi Sheila.”

Elmer Washington said, “Elmer Washington, Illinois Board of Higher Education.”

Anne Ladky said, “Anne Ladky, Women Employed and former member of the Higher Education Finance Study Commission.”

Geoff Obrzut said, “Geoff Obrzut, President and CEO of the Illinois Community College Board.”

Elaine Maimon said, “Elaine Maimon, President at Governors State University.”

Stan Jones said, “Stan Jones with the Complete College America.”

Honorable Edward Maloney said, “State Senator Ed Maloney.”

Honorable Robert Pritchard said, “Bob Pritchard, State Representative.”

Julie Smith said, “Julie Smith from the office of the Governor.”

Dave Tretter said, “Dave Tretter, President of the Federation of Independent Colleges.”

Mike Monaghan said, “Mike Monaghan with the Illinois Community College Trustee’s Association.”

Abbas Aminmansour said, “Abbas Aminmansour, Chair of the Faculty Advisory Council to IBHE.”

Larry Frank said, “Larry Frank with the Illinois Education Association.”

Santos Rivera said, “Santos Rivera IBHE member.”

Elizabeth Ortiz said, “Elizabeth Ortiz, Illinois Latino Council on Higher Education as well as DePaul University Diversity and Equity.”

Allan Karnes said, “Allan Karnes, Board of Higher Education.”

Dr. Reid said, “So Sheila, as you could hear, we have a very outstanding committee. We are looking forward to your comments. I will turn the mic over to you now, Sheila.”

Welcome and remarks by Lieutenant Governor Sheila Simon

Lieutenant Governor Sheila Simon said, "Alright. George, thank you for the invitation to join you here today and I'm sorry I can't be there in person, but I'm ably represented there by two of my wonderful staffers, Sheila Chalmers and Maria Capoccia. Everyone should make sure you take advantage of introducing yourself to Sheila and Maria.

"George thanks in a big way for including me in the Complete College America trip to Florida because that was just a great opportunity to meet up with people from around the country and to really get some high quality resources to use back here in Illinois and also to meet up with the whole Team. I've been keeping track of the list of folks on the phone and so many of you are friends and folks that I have worked with already and in particular, Bob Pritchard and Ed Maloney to take time to go to that conference. I appreciate their leadership and their dedication.

"I had the opportunity to talk with Stan on the phone just before we started this meeting and the summary I gave him of what is going on is that I think in Illinois we are doing well in higher education, but we have so many opportunities to do even better and I think that is an exciting position to be in. We don't have tremendous resources to be using, but I think we have the commitment of people to really make a difference here. In particular the performance funding is something that is really easy to convey to members of the public, to the citizens of the State of Illinois, that we are focusing in on measuring our performance and giving an incentive to those who are doing the job well for the State of Illinois. I'm really pleased to be a part of this group and I think we have a great opportunity to target wisely to avoid unintended consequences in our targeting of what kind of performance we want to incentivize and we really have an opportunity to make... [a telephone was put on hold and a recorded message interrupted]. I will use that as my signal that I've been talking enough. I look forward to hearing what the rest of you come up with."

Remarks by Chairman, George W. Reid

Dr. Reid said, "Thank you so much. Isn't it great that the Lieutenant Governor of our State is highlighting education as her main objective in her office? It is just a great opportunity for us in higher ed. and we appreciate your leadership so much, Lieutenant Governor. We appreciate you a great deal."

Lieutenant Governor Sheila Simon said, "George thank you and I'm going to go onto my next stop, but I wish you the best of luck and I will catch up with you very soon. Alright."

Dr. Reid said, "Very good. Thank you so much."

Dr. Reid said, “Just so I will cover my bases here, are there any members of the General Assembly that we missed in introducing? Thank you. I am going to call on Ed Maloney in just a few minutes, but I wanted to ask Bob Pritchard if he would say a few words. First, let me just talk about Ed a little bit. So I’m introducing them both at the same time.

“Ed Maloney has been and continues to be a great friend of higher education to say the least. We appreciate all of his work on behalf of the students first and I think colleges and universities. For example, he is chair of the State Senate Higher Education Committee. He has sponsored notable measures including College and Career Readiness Pilot Act. He helped to create the *Illinois Public Agenda* Task Force. He was one of the principle people responsible for the creation of the Higher Education Finance Commission and of course, HB 1503. He and Representative Pritchard have given of their time and I know working with Ed how precious his time is to be members of TEAM Illinois, the CCA group that ventured down to Miami to learn more about how to increase college completion or post-secondary completion. I will call upon him in just a few minutes, but I wanted to also introduce Bob Pritchard.

“Bob too is a leading voice in higher ed. since he came aboard in 2003 from the 70th Legislative District which encompasses Northern Illinois University. He has been one of the strongest advocates in the legislature for higher ed. and for education in general. He serves on the House Appropriations Committee for Higher Education as the minority spokesperson and the House Committee for Higher Education. He along with Ed is the co-chair of the Education Caucus and vocal advocate for the P-20 issues, longitudinal data system, degree completion, CCA, and all of that, as well as some other strategies that will help us get to our goal. First, some opening comments by Robert Pritchard then I will introduce Stan Jones and then I will turn to Ed Maloney who will talk about the Bill.”

Remarks by Representative Robert Pritchard

Representative Robert Pritchard said, “Thank you and good morning everyone including those on the phone. Chapin Rose and Naomi Jakobsson have also been significant leaders along with Ed and myself in some of the reforms that we have had here in the State of Illinois. I think it is important to reflect upon the reforms over the last three years to set the stage for what we are trying to do today and with this particular Act 1503. You have to go back, I think, to 2007 when the legislature created the P-20 Council. It was a significant step to realize that we need better integration between early childhood and higher education. In that commission, that council is still getting its legs but it has done some significant work in re-enforcing some of the other legislation that we have dealt with here over the last three years. Certainly the *Public Agenda for College and Career Success* in 2008 set four clear benchmarks for us and affordability of higher education being one of those that ties in with what we are trying to do here today as well, the longitudinal data system in 2009, the common core learning standards that were adopted in 2010, teacher and principal assessment in 2010, as well as the principal

preparedness program. Then this year the significant pieces of legislation have dealt with this performance based college funding. The College Planning Act, teacher tenure reforms and also the educator licensure reforms. All significant pieces in their own right, but there is a puzzle that we are fitting together here, where we are looking at the qualifications of our teachers and school leaders and the institutions that prepare them. Where we are looking at the success of student learning in K-12 and now how we are trying to incorporate higher education into that student learning and performance as well. So, I think there is a clear pattern to what the legislature has been doing with many of your help and many of your leadership and hard work and looking in a holistic way at how we educate our future citizens and workforce contributors. I think it is logical to look at where we have come from and all of the pieces we are currently trying to work on as we focus on these topics today. It has been a pleasure to be a part of this, to look at the college financing, to look at the Complete College Illinois program and many of the pieces that have fed into this as well. So, George, thank you for the opportunity to participate.”

Dr. Reid said, “Thank you so much Bob, you really are a friend of higher education and we appreciate you a great deal.

“I would like to introduce to you Stan Jones. I would like to take a moment to go a little bit through his background, and I am mindful that many people do know him already. As you know he is the President of Complete College America and today he is giving up a full day of his time to be with us to help us to set the stage for developing our performance based funding policy here in Illinois. I think Stan brings tremendous value to the table, among which is that he will help us to maneuver away from the mistakes that may have plagued some other places and help us to build upon the successes that other areas have had with performance funding. Illinois is a proud member of Complete College America, we were an inaugural member of the Complete College America Alliance of States and as many have alluded to. In March of this year a group of us lead by Lieutenant Governor Sheila Simon went to Miami and it is true it was 85 degrees in Miami in March but we did not see the light of day until the end of the conference, because we were involved in some in-depth work on college completion. We looked at performance funding in detail and in detailed fashion we reviewed how to transform remediation as people are doing in some areas of the country and other strategies to increase completion including time-to-degree, etc. For me personally, he has provided wise counsel through the years. Stan is a person who has walked this walk. Like I am today, the SHEEO of Illinois, he was the SHEEO of Indiana. He was their Commissioner of Higher Ed. In Indiana he was a State Legislator there. He was the advisor or is the advisor to many Governors including Governors in Indiana and around the country. He founded the Complete College America based upon the call of President Barack Obama and many others that we need to do something about our nation being ninth in the world in post-secondary completers. So it is with great deal of pride that I turn the mic over now to Stan Jones and have him to talk to us in his own way. Stan.”

Opening Comments -- Stan Jones, President, Complete College America

Stan Jones said, “Thank you. I appreciate very much being here. I have my colleague Mike Baumgartner with me, who many of you may remember worked for the Illinois Board for a number of years. So you have already made an investment in us and we are very appreciative to have Mike’s talents. It is very impressive that the Lieutenant Governor is really leading TEAM Illinois, very impressive to have that kind of leadership and her skill to bring to this. I have gotten to know your legislators, especially Representative Pritchard and Senator Maloney over the last several years and you are blessed to have that kind of legislative leadership on this very important issue.

“I want to start my remarks on the reason why we are all here and take a step back from performance funding to say we are really all here about the students. One of the, I think, more remarkable things that has happened during this great recession is that while it is true that people aren’t buying houses and they aren’t buying cars and precious little of anything, the one thing they are buying in substantial numbers is education and across the country we have had record enrollment year after year, each year of this recession at the community colleges. Many of the community colleges are reporting double digit increases year over year. And so, what does this mean? It means that students have placed their bet on higher education. They see a very difficult economic situation and they have decided to take their money, of which they don’t have a lot, and their time, that they are taking from their family and their jobs, and they are betting on higher education. This is part of the long-standing American dream to have a college education. Unfortunately, not enough of these students will be successful and that is really why we are here. We do know that we are doing a much better job at having students start college. That if you look at the freshmen class across the country, it looks a lot more like this country ever has. It has more blacks, it has more Latinos, and it has more low income students, more first generation students than ever. But, if you look at the graduating class in the spring it is still remarkably white, middle class and not representative of this country. So, what happens in between?

[Break in tape...] “Successful access programs that this country has and graduation day is really what you are focused on. A key lever in that is performance funding and I have spent a lot of time on performance funding issues, both nationwide, but in Indiana, who has a performance funding formula and has had for several years. But, I want to be among the first to say that performance funding is not the silver bullet. If you successfully implement performance funding it doesn’t mean everything is going to be okay. It is not. It is part of an arsenal that you need to put together to really attack the completion problem, and it is a very important part and a very symbolic part, because it does represent if this is where we are going to put our money, this is what we think is important. So far in most states in this country we have not said that. So we have sent, actually the wrong signals, we essentially sent the signals we want to encourage people to enroll, but we don’t have the same kind of encouragement for graduation.

“I have some observations about performance funding formulas that I want to share with you and I will be happy to answer any questions, and look forward to the discussion. So these are just the highlights. We passed out a couple of hand-outs that we put together that I think do a good job of simply explaining some of the attributes of performance funding, and one of the things you ought to pay attention to. There are about four or five states right now that have performance funding formulas. They are different in every state. So, you can't say what do these look like, let's just go do what the national model. There is not a national model. I think some are better than others. There are at least another half a dozen states that are moving forward like you are. They have mandates from their general assembly or from their board of regents and are about the process of putting this together. So, in some respects, you can learn from others, but it has to be what works for Illinois that really makes the difference.

“Secondly, I'd say that simplicity is a benefit. There are some states that have put together some rather complex formulas that only one person can understand and you are not quite sure what factors are moving the money, and so I think that it benefits states to say 'here are the four or five key factors that we think are important,' and these are the levers that we think will help change and to focus on those. Those are also the things you can share with other people, with presidents, with deans, so that people understand this is what we are focused on.

“A very important point, a third point I want to share with you because there is sometimes a misunderstanding is generally you measure performance based on improvement, and so you are not penalized or rewarded for where you are today. So, some that have very low graduation rates wouldn't be penalized. They should actually look at it that they have more of an opportunity to improve and so everybody is really starting at the same place. It is really about improvement, not about where you start. I think that is pretty significant point to handle because a lot of people think 'well gee we have a low graduation rate we are going to get penalized.' That is not how these formulas generally are written. One of the concerns that people have is 'well gee if it is about graduation rates then we can improve our rates by limiting access.' That is not generally how these formulas are written. They are not written about rates, improving rates, they are written about producing more degrees. So, if you have a given college, you don't reward that college by improving the graduation rates, let's say last year they had 1,200 degrees that they granted and this year they have 1,300 degrees that they granted. So, they have a net increase of 100 degrees. That would be the improvement that they would be rewarded for. They can get that additional 100 degrees either by improving their rate, but also if they continue to provide access and attract and enroll more students. They can also graduate more students. So the real focus is on the numbers of degrees that you improve, not on rates, and we think that is the kinds of incentives that are the right kinds of incentives and not the wrong kind of incentives.

“I should talk about quality briefly. It is very important. I know it is very important to faculty. We consider that a couple of things: faculty are notorious for not wanting to take direction from administrations to begin with, and I'm sure we kind of see

the faculty as a firewall in respect to quality; and it is very important that there not be any diminishment of quality as you are putting this together. I think the faculty can play a significant role in making sure that doesn't happen.

“One of the important things, and I think your *Public Agenda* report was very good and one of the best I've seen in the country, but one of the things you talk about and we think is important is mission differentiation. The University of Illinois is very different than Chicago State that is very different from the community colleges in the State. Your performance funding can recognize that. Some states like Indiana, for example, have a research factor. So, in Indiana, for Indiana University in Bloomington and Purdue University in West Lafayette, if they bring in more federal research dollars, they get more state money and that may be appropriate for the University of Illinois as an incentive for them.

“University of Illinois is unlikely to grow very much more than they are currently, would be my bet. My bet would be that they have a pretty high graduation rate already so they are unlikely to improve that. So what would you say to them about how they would improve? Well, one way is to bring in more federal research dollars. Another way is, well a lot of four-year institutions, flagships like University of Illinois, have great eventual graduation rates. Their four-year on-time graduation rate is a lot lower. So, for example, I will just share Purdue University, their graduation rate is in the 60s, but their four-year on-time graduation rate is about 34%. So they can improve that. They can also improve on the number of minorities that they accept and low income students that they accept and graduate. There are things that they can do, that they can improve even though they have high graduation rates and even though their population is unlikely to increase a lot.

“On the other hand, at community colleges, several states, notably Washington and Ohio, have included what are called ‘progress metrics’ or ‘momentum points’ that are more pertinent to community colleges and they would be things like how many students started and completed remediation, how many passed the freshmen gateway courses in math and English? How many students earned a minimum of 12 credits as a part-time student or 24 credits as a full-time student the first year? Are they making progress towards a degree? Including things like one-year certificates which can be highly beneficial to students as part of what is counted. All of that can be the kinds of indicators that can be part of measurements for community colleges that also recognizes that their missions are different.

“The University of Illinois is unlikely to have to worry about remedial education, unlikely to have to worry about one-year certificates. So the formula can be written in such a way that it pays attention to the missions of each of the respective partners that you have in the system, and we think that is important. It is important that people see that they have an opportunity to win and that it is a fair distribution. How does that happen? It happens like this. You do a lot of listening, a lot of discussion, up front. It really is a whole lot less about writing an elegant formula and a whole lot more about getting the

input that you need from the various constituency groups and fashioning that into a formula that people think is fair and where they can see winners and losers.

“I think that these are the highlights that I have talked about. There is a lot more details that we are happy to share with you. In closing, I just want to say a couple of things. One is that we think you are on a strong course. This is a very important part. We have offered to work with Illinois as you do this. We have also offered to engage NCHEMS, specifically Dennis Jones, who many of you have worked with before, and we will contract with him and make him available to you at some of your subsequent meetings and some of your subsequent work as a resource person. Ultimately, you are making the decisions. We would like to provide support to you to do that. It is important that you stay the course. I have been down this path a lot and I think our legislative colleagues have as well. What will happen with the first time that somebody puts a formula together and there will be a print-out and distribution on each university and somebody will look at the list and they will say ‘I believed all those things you said until I looked at how much my university got and I don’t believe them anymore.’ So you have to kind of guard against this being too parochial, at the same time you have to be sensitive to. Representatives represent their districts and there are an awful lot of campuses in Illinois and an awful lot of legislators that represent those districts. So politics with a small piece is important as well. You have to find that balance between the principals that you want to support and the politics that you need in order to have the policies that you want. So having a focus on that and staying the course is a very important part. So that is a kind of brief overview. Be happy to answer any questions now and I will be here obviously for your discussion as well. Thank you George.”

Dr. Reid said, “Thank you so much. Stan is open for a few questions if you have any. I know he covered the waterfront. He did a great job with it. Elmer Washington from the Board.”

Dr. Elmer Washington said, “Stan, you started out with declaration and performance funding is not the complete picture. What are the other factors and give us some feeling as to the degree of importance of each of those factors.”

Stan Jones said, “I don’t think you can really have a conversation. Let me briefly talk about that and we are happy to work with you on these others issues as well, but remediation is significant. I don’t know off the top of my head the Illinois numbers, but in most states including Indiana, 60 percent of all students at community colleges start in remedial classes, including 60 percent that graduated from high school in the spring and walked across the street to start at a community college start remedial classes. So part of this is what happens in high school, but part of it is what happens in college because many of these remedial students are not successful. There is a lot of evidence that remediation programs are not successful at helping students onto graduation. It is not just at community colleges. At many many four-year institutions, as many as 30 or 40 percent of students will be in remedial classes starting out. So I would say overwhelmingly that is one in terms of importance.

“Second and maybe a little bit less obvious is what we call time-to-degree, how long does it take to graduate. Because the longer it takes, the less likely you are to graduate. So for example, if you are still there after year six, you are as likely to drop out as you are to graduate. The graduation rate from years six to year eight only goes up about two or three percent. So you get past year four and a half, your chances aren’t very good. Time is just very important. If you go full-time you are four times more likely to graduate than if you go part-time. Part-time graduation rates are generally about ten to fifteen percent, no matter where you go. No matter what program you are in. Time is important in terms of when you start. If you start right out of high school, you are three or four times more likely to graduate than if you wait. So taking a year off may sound good, but it is not. Time is the second biggest factor. How soon you start after, so dual credit programs, early college programs, advance placement programs, giving the placement tests in high school, those kind of programs that get students right from high school to college help. Programs that incent students to go full-time help, and programs that reduce the number of years that it takes to graduate help.

“The third factor we would say are different structures [break in tape]. The simplest way to talk about this is to say that there are a couple of places in the country that are essentially much more prescriptive. They limit the choice that students have when they start as freshmen. They pretty much say the first semester or the first year you need to be taking these courses. They have block schedules. It may be an 8:00 to 12:00 block or an afternoon. It may be an 8:00 to 2:30 block. They take attendance. So it is much more prescriptive and then as the student progresses they get more choices and can choose more of their courses and more of their program. Those are highly successful.

“Those are the three others that we say. We say the four – the performance funding, remediation, time and much more structure to provide students. I hope that is helpful and we will be happy to come back and talk about those as part of another committee you might want work on. Thank you.”

Dr. Reid said, “If there are no more questions, I just simply want to thank. Okay David.”

David Benjaih said, “My question relates to you were speaking about the improvement and I’m concerned about that in regards to as a parallel No Child Left Behind where the better schools, as the example you were giving, U of I, have a very small margin of improvement required. In No Child Left Behind those schools are almost penalized for not actually improving. How are we going to avoid that scenario in this type of funding?”

Stan Jones said, “We faced that in Indiana and so that is why, for example, there is a research factor in the formula. So Purdue University and IU get more money because they bring in federal research. I assume that University of Illinois and the med school bring in most of the federal research money in this State and they would benefit by

having a factor in the formula that would involve an incentive for research, would be one way. Secondly, in Indiana they have what they call an on-time rate. So, typically and I just saw some the other day, from Ohio, Miami of Ohio for example, which has a 80 percent graduation rate, but their four-year on-time rate is only 40 percent. Ohio State their eventual graduation rate is 71 percent, but their four-year rate is only 35 percent. So they can improve their four-year rate. The other thing and I don't know about University of Illinois, so I don't, so I just tell you about Ohio State and Purdue and some of the other flagships, typically don't have as many blacks or Latinos as representative of the state. Usually about half, or low income students. So they can be provided an incentive to attract and recruit and graduate certain populations that you might designate and so there are ways that they can improve where they are, but you have to recognize that, as you point out, they are unique. There is a different set of measures for them than there would be for a community college or there would be for another four-year institution."

David Benjaih said, "Well it is a matter of not judging all equally is what is important."

Stan Jones said, "Yes, because you have colleges and universities with different missions. It is finding the measures that differentiate those missions and using those. A research university, your students live on campus, we would expect more to graduate on time because you are representative of the state. We really need to have a representative number of minority students on your campus and first generation students and have them graduate on time. So those are reasonable things to ask of your flagships, but another campus it may be an access issue or it may be improving their overall graduation rate or their transfer rate. So pertinent to the mission I think makes a huge difference and I don't, I can't speak for any of your campuses, but I assume that they would be much more comfortable with measures that were more appropriate to what their mission was."

David Benjaih said, "David Anderson over here is a rep from Chicago State. I'm a rep from Northeastern Illinois University and Governors State. We all fall into the same grouping of non-resident schools. Very rarely do we have people that graduate within a four-year framework. It is almost impossible for us to do that. We are all, literally 90 percent of the students, are working and many of us full-time. Again, are we going to be able to work that into a formula as far as ..."

Stan Jones said, "Yeah, what I was talking about is that you wouldn't be held accountable for your rate. You would be held accountable for the number of degrees you produce. So, let's say last year you produced 500 degrees and this year you produced 550 degrees, so you had a 50 percent increase. That would be the improvement upon which you would get paid for. Now, those degrees could come from part-time students, from full-time students, from students that graduated on-time, from students that took 12 years to graduate. It doesn't make any difference. They graduated and they are a part of your degree count. So, that for four-year institutions and for community colleges simply counting the number of degrees and that also continues to emphasize access because you need to continue to grow to have more degrees as well."

David Benjaih said, "Thank you."

Dr. Reid said, "Any other questions for Dr. Jones. We are so glad to have Complete College America as a partner. He is given us free of charge Dennis Jones as our consultant who will work with us at our own pace and guide and put us in good stead in terms of statistics and his experience with performance funding around the country. He has also dispatched to us Mike Baumgartner who was our Chief Finance Officer here at IBHE for many years, who went on to CCA to be Illinois' liaison with CCA. We are very happy with all of that. In addition to all of that he has taken time out of his schedule to be with us and will be with us more in the future as we find a need. Thanks Stan so much.

"Now I want to turn it over to Senator Maloney who will talk about the Bill that we are here for today, HB 1503. Ed."

HB1503: The Legislative Interpretation -- Senator Edward Maloney

Senator Edward Maloney said, "Thank you George. I hope I am not out of line, but at the outset I would like to at the conclusion of my remarks ask if either Chapin Rose or Naomi Jakobsson, who were very much involved in this process. In fact, it was Chapin's bill that we will be working off today to make some comments. I want to thank Dr. Maimon for hosting this at Governors State University. Every time I come in this hallway it is pretty impressive, the hall of Governors there. I did notice two things today. There is one former Governor whose picture or bust is not up yet. I will leave you to guess who that might be and secondly, there is a nice message on the wall from Governor Quinn, but I think the picture needs updated. I'm pretty sure it is his high school yearbook picture.

"I would like to remind everybody that I can speak with expertise on higher ed. issues, after all I did go to college over 40 years ago when an improvement and advancement in technology was putting in a second pay phone in. But seriously, almost seven years ago when I became the Chairperson for higher education I had a background in education, but it was in secondary education, so I knew I had a lot to learn. While I have a lot more to learn, one of the things I have become convinced of is the value of higher education to this State. Its impact on the intellectual and economic level is far reaching. Earlier meeting today at Governors State here with some people from the area, it is just tremendous the impact that this university has on the whole southland region and true throughout the State at the other State Universities as well. Being convinced of that value and that is why I was an enthusiastic participant in the *Public Agenda* that NCHEMS engineered for the State of Illinois. Senate Joint Resolution 88 is the topic of our discussion today, performance based funding, has come out of, and I am a proud member of the Complete College America team.

“I want to thank first the entire Higher Education Committee for teaching me the importance of the role you have in this State and I’ve said this before, but quite frankly I don’t know of any other entity, whether it is business, industry or even politics that has adapted or adjusted to society’s changing needs and desires as higher education institutions have. We all here today know that, and yet every year we have to repeat this message to convince people involved in the budgetary process of how important higher education is to the State of Illinois. We are now getting use to the fact in this State that we consider victories flat funding or a slight decrease in funding, and I really think we have to change that. We need to be more aggressive in our approach to this, but I think that this performance based funding can be a step in that direction because essentially we are establishing more creditability for higher education. We are basically saying we are putting our money where our mouth is and we are willing to bet that we can succeed and here are the measurements that we are going to measure ourselves against.

“The Senate Joint Resolution 88 directed the Illinois Board of Higher Education to create the Higher Education Finance Study Commission and this Commission was given the responsibility of evaluating higher education budgeting and practices in Illinois and developing recommendations to the Governor and the General Assembly to ensure close alignment between college and university appropriations and goals of the *Public Agenda*. The performance funding various states we know have been involved in this process for a number of years now as a new way to incentivize higher education to improve its efficiency and performance. Stan Jones already mentioned some of the principals that we have concluded that should be part of this process and it is included in House Bill 1503.

“First of all, performance based funding should be developed through a consultative process. This has already been addressed here. Consensus must be built on collaborative manner in which representation from all school types. We made this clear, I think, in the beginning that this ensures transparency, ensures fairness, and it encourages input from all facets of the higher education community which I think is very important. Performance models should be tailored to each sector of higher education. Again, any model should take into consideration the unique mission of each sector of higher education. I think this is a very very important component given the diversity of this State and the diversity of higher education institutions that we have. It should encourage at risk students to complete a certificate or degrees program. We realize, and this was brought out in the Complete College America conference, that this remediation issue is a national issue. It is not something that is unique to Illinois. We have taken some steps, some positive steps, in this State to address that and I think it is beginning to show results. Funds should be tied to completion, course completion, degree completion, rather than simply course enrollment. In fact we may even look at the idea of just what is enrollment. Is it courses signed up for or should it be courses completed. That is one of the things as well. And finally, as Stan mentioned to maintain quality. The performance based funding mechanism should be designed to maintain the quality of degrees, certificates and the programs.

“We have come a long way to get here I really think, and the passage of this legislation was accomplished because quite frankly I think we did our homework ahead of time. We talked to people in the legislative process to convince them of this principal even before the legislation was drafted, and I think that went a long way towards its success. I want to thank Bob Pritchard in the House for his communication through education caucus. He basically single handedly pulls that caucus together and makes sure that interested people are aware of it. Again, Chapin and Naomi, for their support and sponsorship of this legislation. I want to thank my committee members of the Higher Ed. Committee members who were also very vocal in their support for this and convincing other legislators to go along. Lieutenant Governor Simon, whose testimony was crucial and carried a lot of weight at the committee. We brought in the Lieutenant Governor and people paid attention and as an emissary from the Governor’s office, Julie Smith, as well. I want to thank two people, Don Sevener and Dr. Elaine Johnson, who provides me with practical everyday advice on how to proceed here and that is very very important to me. I want to thank IBHE, the universities, the IEA, the IFT, the Illinois Student Assistance Commission for their early support of House Bill 1503 which was very very important in its passage. So, I think the real work begins now and I am confident that the collective knowledge and dedication that is in this room will result in more effective institutions and ultimately better service for our students. So, again thank you for inviting me. Chapin or Naomi if you guys have anything to say I would invite you to say it. Thanks very much.”

Remarks by Representative Chapin Rose

Representative Chapin Rose said, “I can’t speak better than Ed or Bob did earlier. I would note that I just got back from the Council of State Governments meeting and Bob was there as well, over in Indianapolis, and returned yesterday. You can imagine in a very serious economic outlook for the Midwest over the next decade and one of the presenters commented in response to a question of ‘what do we do to avoid this?’ and the response was quite simply invest in higher education. That is easy to say, a lot harder to do given the physical climate of where we are at. Senator Maloney was exactly right when he said a minute ago, as far as funding goes. I do think that this presents a rare opportunity to invest in a way that is strategic and invest in a way that accentuates our strengths, where those areas where we are on the cusp of greatness, gives us an opportunity to make us great, and quite frankly to address some of our weaknesses. I don’t expect this is going to be easy. I don’t expect this is certainly not going to be easy, but I think that from a policy standpoint, you look around the room, in the State of Illinois, and all the wonderful resources we have at our fingertips, and if we really put a focus on protecting our strengths and making us great in those areas where we are on the cusp of greatness, we can really do a lot. I just think we need some focus. So, with that I am pleased to be a part of this. I appreciate everyone’s efforts and look forward to working with you all for the next several months, if not year.”

Dr. Reid said, “Good. Thank you so much for joining us this morning. I was told, and I realize how tight your schedule was today, but for you to take time out to join us by phone is great. Thank you, Chapin. Ms. Jakobsson.”

Remarks by Representative Naomi Jakobsson

Representative Naomi Jakobsson said, “Thank you. Yes, I am here and thank you very much for including me. Thank you, Senator Maloney and Representative Pritchard, for those nice acknowledgements of both Representative Rose and me at the beginning.

“I was not able to attend the meeting that Chapin just referred to in Indiana this week because I was fulfilling my civic duty and I was on jury duty, but thanks to the efficiency of the Champaign County Courts there wasn’t anything for me to do today and I did serve on a jury. I was able to go to the Education Commission of the States meeting in Denver a couple of weeks ago and was able to learn there what so many states are doing, in particular, about what they kept talking about, developmental education. That is the language that was used there for remedial education. And I hope to be able to bring to the table some of the things that have been happening in other states for us to look at and directions that might help us move, continue to move forward in this great direction that we have started with this House Bill and, not just the House Bill, but all the work that both Ed Maloney and Bob Pritchard have put in so far and other people on both committees. I just want to thank you for making this opportunity for us to be able to call in today and listen and participate.”

Dr. Reid said, “Thank you so much Representative Jakobsson and Representative Rose and Representative Pritchard and Senator Maloney. We have a team in the General Assembly that is very supportive of higher education and has positioned us to do some great work here with performance funding and I hope you get the feeling of that. I appreciate all of you.

“We are down to Item #8, but I want to reverse and if Don feels ready I want him to walk us through a brief discussion of the Illinois *Public Agenda for College and Career Success*, and then what I will do is I will handle Item 8 and 11 together and then ask that Julie would give us the revenue picture right before we begin a sort of open discussion. Don.”

Discussion of *The Public Agenda for College and Career Success* -- Don Sevenser

Don Sevenser said, Thank you Dr. Reid and welcome everyone to the Board of Higher Education’s Annual Summer Task Force meeting. We try to have these annually in the hottest month so that you don’t have too much time to enjoy a vacation in better climates.

“Today’s meeting is really the product of a linear process that began four years ago with the passage of House Joint Resolution 69 which told the Board of Higher Education to develop a strategic plan for Illinois higher education and to create a task force to do so. So that is what the Board did. With the help of many, many people, several in this room today, the task force constructed the *Illinois Public Agenda for*

College and Career Success. In December 2008, the Board ratified it as the blueprint for higher education for the next ten years. What makes the *Public Agenda* different from other strategic plans or studies or reports that are so common from agencies such as the Board of Higher Education or the State Agencies. Three factors I think are relevant to us today.

“First, the *Public Agenda* is not an academic document, no offense to the academic here, but it is an action plan. It identified challenges facing Illinois. Low rates of educational attainment, an achievement gap affecting racial and ethnic minorities, a widening affordability gap affecting low income students, a skills gap affecting workers and employers and a disconnect between the essential research and innovation capacities of our universities and the economic needs of the State. *The Public Agenda* said there are two states of Illinois. One that is well-off, well educated and economically dynamic. And the other that struggles to make ends meet, is under educated and economically stagnant. But, it also identifies opportunities, strategies and specific action steps to attack those challenges. *The Public Agenda* is not a static and rigid prescription for the ills of Illinois, but a flexible, adaptable and dynamic roadmap that not only shows us the destination, but how to get there along the way. Part of that action plan is what we are about today – putting our money where our priorities are.

“Second, the General Assembly asked for *The Public Agenda*. It passed House Joint Resolution 69. Legislators served on the task force, including Senator Maloney and Representative Jakobsson and Representative Rose, and participated in a myriad of public forums, hearings, and briefings as the process unfolded, including Representative Pritchard and many other legislators. The General Assembly passed Senate Joint Resolution 88 that established the Higher Education Finance Study Commission, and again, legislators served and participated. The legislature has passed the P-20 Longitudinal Education Data System Act, the College and Career Readiness Act, the Collaborative Baccalaureate Completion Grant Program Act, the Dual Credit Quality Act and the Community College Transfer Grant Program Act. Each designed to implement key recommendations of *The Public Agenda*. A curious thing has happened with respect to the General Assembly. If you hang out at the capitol you see the *Public Agenda* sitting on the legislative desks, removed from legislative brief cases, and cited in legislative hearings. You legislators refer to the two states of Illinois and the need to bring those states together as one Illinois. Little by little and more and more the *Public Agenda* is taking route in the General Assembly as the go-to plan for moving the State forward and much thanks to Senator Maloney, Representative Pritchard, and the other legislators who have been mentioned and spoken this morning.

“The General Assembly has spoken again. House Bill 1503 gives the expression that it wants a mechanism for allocating resources in ways to serve state goals. We have legislators on this committee and participating in other ways as this process moves forward.

“And third, *The Public Agenda* is inclusive and collaborative. Its recommendations include strategies relating to pre-school, high school preparation for college, K-12 and higher ed. partnerships, colleges and universities. It asks support from every level and every sector of education, pre-school through grad school, and seeks participation from employers, employee unions and engages non-profit organizations and special interest associations. It was developed through a process and involved the 27 member task force and literally hundreds of others, legislators, state agency representatives, colleges and universities, unions and business leaders, mayors and school superintendents, health professionals, students and faculty, and anyone else we could drag off the street for the six formal meetings of the task force, the 17 public forums, the six public hearings, and special briefings for the General Assembly and various other stakeholder groups, and that brings us to today. Just as the *Public Agenda* was created through a collaborative process and the Higher Education Finance Study Commission involved a broad cross section of stakeholders, this committee engages all of you as the essential driving force for this vital endeavor. It is our job collectively and collaboratively to show us the way to use limited State and student resources to ensure we have one Illinois, not two Illinois.”

Dr. Reid said, “Thanks as always Don, that was eloquently put. What I asked Don to do he did precisely, that is to review with us the history on how we got to this point today – that we just didn’t get here by happenstance, that there have been many dozens of meetings, that there are documents abound that build up to this day that have convinced the legislature to pass 1503. And, so, we are almost required now to do the work that we are called upon to do. The State has weighed in and says this is what we want from higher education. This is how we want you to proceed. It is a very important endeavor in which you are involved and I wanted you to see the history of how we got here today.”

Further remarks by Chairman, George W. Reid

“What I do want to talk about next is a process for us to do business and I want to recommend three things to you that a number of you have told me you have used over the years in the dispatch of your business meetings and that I too, have used, as well, to get us onto accomplishing our overall goal.

“And the first one that I want to recommend to you that we should try to not repeat meetings. In other words, whatever we do in a meeting, let us do that work and not have to repeat it in the next meeting, because someone wasn’t present or whatever the case may be. Is that okay?

“The second principal that I wanted to get your buy-in on is that you were strategically chosen to be on this steering committee, strategically chosen. Therefore, in my judgment and in the judgment of many others, there is no one who can represent exactly your opinion about this issue, and so I would ask that you would not send your

surrogates, but that you would come to these meetings personally, yourselves. Is that okay?

“And thirdly and finally, in terms of how we are going to go forward and do business, I would like for us to do business without having to take votes because I think votes writhe us, pull us apart, and have the potential of polarizing us – one against the other. So I would like to steer us away from voting, but that perhaps we can do business by consensus. Now I have been on many groups that have tried to do business by consensus. Consensus can bog us down. So, I would want you to give me the privilege as Chair, if consensus bogged us down to say that we will go with majority consensus. Is that okay?

“Those are the three principals I think will help us get a lot of work done. Is there any opposition to any of that? Thank you very much.

“Now I want to turn to Ms. Julie Smith, who is going to talk a little bit about the revenue picture. When I asked Julie to do this, she cautioned me that there is not a lot of unchangeable information about the revenue picture, but she will do the best that she can to explain where we are today. Also, you already know that the revenue picture is not good. So, we are not going to blame Julie for the news that she gives us. We are just going to listen to her report for now. Julie.”

Discussion of Revenue Picture for Performance Funding – (Julie Smith, representative of Governor’s office)

Ms. Julie Smith said, “Thank you very much George. I’m sure that everyone in the room is very well aware of what the revenue picture has been for the State and I don’t want to take a lot of time today or go into the details of it, but I think that there are some elements that we need to consider as a group as we move forward.

“I particularly wanted to note that we have faced challenges both in the revenue that is generated for the State and also the ability of the State to pay those expenditures that are due to agencies and institutions across, and particularly hard hit by that have been the State Universities and the Illinois Community Colleges, because they have waited for extensive periods of time before getting the funding that was due to them for the past couple of years and it is likely that will continue as we go forward, at least for some period of time. The State does make revenue projections and for the past couple of years they have been significantly lower than what we had been experiencing in FY’08, FY’07 and so that, of course, had a tremendous impact overall on the budget. The projections that the Department of Revenue, the University of Illinois, and others have made COGFA, have been fairly accurate for FY’11. Through the third quarter it was just about where we would have expected it to be. It is still too early to say precisely for FY’12, but at least the economist who meet and look at this anticipate that it is pretty much on track to be where they would expect it to be again in FY’12.

“Having said that, what that means for the State as most of you probably recognize is that it doesn’t give us much latitude to look for new sources of revenue when we talk about things like performance funding. So, if you exclude the pension dollars and the repayment of the debt service, there is about \$26 billion that is available for the general operating budget of the State, and with that about 85 percent of that currently goes to either education or human services. So those two elements of the budget already comprise virtually all of the spending that we have in general operating funds.

“We have another element that has come into play in crafting the budget. In the previous General Assembly there was action taken that set a cap for expenditures for the State of Illinois and we will operate going forward under a two percent cap. That any increases in expenditure will be limited by that. When you take into account the fact that we do have increasing costs in the pension system for the State, and we have continued increasing costs well beyond a two percent level in Medicaid payments, then much of that two percent cap has already been eaten up by where we are. The budget that was passed for FY’12 did not hit the cap level. Part of that is because the legislature was very focused on trying to take revenues that might be available to the State and paying that backlog of bills that have accrued over the last four years, and that is an important effort. We need to get that under control. We need to be sure that the State can pay those vendors and agencies that are already owed, but again it limits our capacity to be able to look to any sources of new revenue.

“When I came in today I walked in with Anne and Mike and Mike said something, wouldn’t it be nice to come to a meeting where you didn’t have to talk consistently about where you get the money to do the things that you would like to be able to do. But, I think the reality is that we are going to have to talk about that.

“I think Stan made a very important point when he said in his, right up here, where it says that you have to do some amount of performance funding that gets the attention of the universities and colleges. That makes it worth their while to strive to achieve whatever these performance metrics might be. So, I think we are going to have to be creative as we look to programs, whatever initiatives might be as to how we incorporate those into what we are able to turn around and provide to colleges and universities in terms of performance funding.

“Elaine made a very important point when she started her welcome today, in talking about this as a real partnership between the colleges, the community colleges and the universities across the state. It will not work unless all of those institutions are an integral part of what is put together, what the metrics would be. I think that given the challenges of funding in the last three or four years for higher education, there is not a campus in this state that hasn’t already addressed this, that doesn’t know that they have to establish priorities, establish metrics, they are already looking at these kinds of things internally just to be able to make decisions about how they want to move forward with their academic programs. So, I think that we can build on what the kinds of things that they are already doing.

“I was at the U of I Board retreat yesterday, and I would say 80 percent of their conversation was around just exactly this kind of thing. How do we identify our priorities and how do we reallocate and redistribute and make sure that we are spending resources as wisely as we can so that we have the outcomes and successes that we want to be able to measure.

“I was very glad that Representative Pritchard brought up the P-20 Council because I think that is another place where we can try to integrate with the work that is ongoing with that group. They have a data assessment and accountability workgroup that has been very active over the past year. It is chaired by Robin Steans from Advance Illinois and Max McGee from IMSA, the Mathematics and Science Academy, and they have just undertaken for several months, a project where they have been looking at the K-12 report card that we have available in Illinois. They have had a lot of good help on that from the Boston consulting group, but in that conversation and in the work that they have been doing on that they have had parallel ongoing conversations about what do we do in early learning for data and accountability and what do we do at higher ed., post-K-12, and I think they are as a group, they have a lot of higher ed. membership there that are participating in this effort. I think they are ready to move as a group to look at these and I think it would be very good to sort of marry the efforts of what that group can do and what this group seeks to do when we try to define performance metrics for higher education. I think that is a good resource to keep in mind and to tie into this as well.

“Finally, I think that we are doing a lot of creative and innovative thinking in the State. Now we have to think about how to implement a lot of these things, but as we implement, whether we are talking about pathways to credentials, which is an ongoing discussion with respect to higher ed., college and career readiness, the kinds of joint agreements that we are talking about right now among the education agencies on how we do learning exchanges in the State, how we improve retention and graduation rates, that we think about also how to tie those initiatives into performance funding elements. Just yesterday or the day before, ISAC made the announcement about the two plus two program that they are kicking off with nine public and private institutions. That is a valuable incentive. That is a valuable resource to be able to have and bring to the table in a discussion, so perhaps we want to think about those kinds of programs and say we need to tie those into institutions that are succeeding when it comes to some of the performance metrics that we are trying to look at. So, we have a lot of projects underway, a lot of initiatives that we would like to get going with and I think we need to think about how to merge those efforts very successfully with what we do with performance measures and performance metrics.”

Dr. Reid said, “Thank you very much. So there you have the picture, so there is not a lot of new money, but the special assistant did say that there must be enough, and agree with Dr. Stan Jones, to be able to capture the interest of the colleges and universities. We need to have enough resources to do that. That is sort of where we are. We won’t discuss that much more today, but of course that is a key item for us to look at

as we go forward. I can't thank Julie enough, thank you so much for being on this committee, guiding us through this process and being a part of this effort. Mike."

Mike Monaghan said, "Yes. I would just like to add to Julie's comment where she indicated that we had about \$26 billion available to spend for this fiscal year and the thought that is a little bit better than it has been in the past couple of years. I just would like to point out for the benefit of the committee that compares to \$32 billion that we had in FY'02. We don't have new money yet."

Julie Smith said, "The \$26, it didn't include the pension payment in that so you do get a little bit closer to where we were, but you are correct. We certainly have not, we are certainly farther behind than where we would like to be."

Representative Pritchard said, "Let me just add, I think we have made light-year progress this last year's budget. 1) For the first time in 20 years, House of Representative members were engaged in a line by line budget discussion; 2) we set a revenue goal; 3) any additional revenue would be used to pay down the bills to all of you; and 4) we paid for the pensions, for bonding, for all of the obligations we had in healthcare and other things. Then we said what do we have left to spend for state services? So you are right, you could say \$33 billion or \$34 billion last year. Well it was \$33.2 billion this year, but after you discount \$9 billion for all those things that we have to pay, you get \$23 billion to really spend on programs. So I think we have made great progress and it is going to be four or five years before we can really probably implement what were going to be talking about here. It is going to take us that long to get the revenue to do the things that we want to do, but that shouldn't discourage us from setting out a very clear strategy and roadmap for what we want to do."

Roundtable Discussion

Dr. Reid said, "Thank you so much Bob. Any other comments? So, on the Agenda we have three questions for you to talk about if you wish and the way I want to do this is everybody doesn't have to talk about each question, but if you look down the list and if you have a question you want to make a comment on one or more questions, please do so. These sessions are recorded. We will have a transcript of it. The transcripts of these discussions will be posted on IBHE website and sent to you in hard copy form or by email.

"What is it that is important about performance funding to you as a member of the Steering Committee? That is question one. Think about among you who wishes to say a word or two about that. Second question is: What do you want to accomplish for the State using performance funding policies for the State? And the third question is: What is your biggest concern? And I know there are some concerns around the table, regarding the implementation of performance funding. So, anybody want to take a stab first at these questions?"

David Anderson said, "I'm sorry. Again, I am a senior from Chicago State University, a finance/econ major. Excuse me for my tardiness. I'm actually on my lunch break in my internship at J.P. Morgan Investment Bank. So, I have to get out so I can get back to work, but I did want to say that I am honored and it is a pleasure to be a part of this steering committee to represent the student's voice in this committee and I just wanted to say that I am a Chicagoland native, came through the public schools in Chicago, was a very high performing student, took calculus in high school, A.P. course. Interesting enough I went to U of I in Chicago and I don't know if I had a bad test day or either was not taught the proper skill set of taking tests, but was put in a remedial math course which was very interesting. With that, continued to strive, was doing well at UIC and found myself in a situation being from a low income family, mom becoming ill with leukemia and cancer, having to take care of my younger siblings. I was 19 years old. Unfortunately, maybe at that time and at that particular institution faced a support mechanism in that kind of situation. I say that because you know now I am finishing up school, I'm being courted by some of the grad schools from Oxford and Harvard for grad schools and a lot of different things and I am an Illinois product.

"But, I want to in my heart, in the first question, what is important about it and all of them encompass very similar topics is that I want to make sure that we represent the students' voice. The students' voice across the State, not just minority or majority, but those who like myself, I feel like would get lost in the shuffle with the policy and with the different parameters that we would implement because now, especially my generation, the notion of being able to go to college and just go to college has ended. In this global economy climate with global competition, and we know what we are testing in math, we know what we are testing in science, we know where we are as a country, a lot of students feel the pressure to not only, they can't just be smart, but now you have to come into companies, you have to come into your industry being smart, being competent and everything. So there is a pressure to just be everything you can and so with that I really want to make sure as we approach this, in my heart is to whether it is an ad hoc committee or have the Chief of Staff of the Governor's office, the Chairman of IBHE and all the others, that we really get the students' voice. The student is the customer. They are the customer. Whether it is a high school senior and finding out what are the new challenges that we are facing, because we have figured out kind of like, the systems are antiquated with 20 percent can go to college. We need now 50 percent or plus going to college out of high school, not just 20 percent. Whether 30 percent went to manufacturing that was the old model. We are trying to change that, but that is my heart and that is what I really want to help accomplish on this steering committee is getting those students' voice, those high school seniors, those freshmen who are coming into the system. I know we have this performance metrics, but how are we supporting them and making sure the customer is satisfied with the product. I just wanted to say that before I have to leave."

Dr. Reid said, "Well don't leave yet. I want to thank you for being here for speaking up for students. We, all around this table, are going to be representative of some group or another and it is our thinking that many of you will develop your own

little think tanks, your own task forces and when you come to this table that you will represent the views of your constituents as you speak. So please be guided by advice and counsel to meet with and represent your clientele on this Committee. On a personal note, I am very proud Sir that you are getting close to where we want you to be, graduating from Chicago State and all of that. I am very proud of that. And, you are correct, we cannot lose sight of the fact that students are our customers and we must make certain that they are dealt with fairly. So thank you so much.”

David Anderson said, “Okay, thank you.”

Dr. Reid said, “Any other comments about the three questions? Anne glad to have you.”

Anne Ladkey said, “Thank you George. I am very glad to be here. I am pleased to be a member of this group and I think that as Stan was talking about some key components, it took us right back to the discussion about performance based funding at the Higher Education Finance Study Commission where a lot of those points were reflected. I just want to say that I think one of the most vigorous discussions we had at that group was the whole issue of at-risk students and how we focus our attention on that, not only because we have many right now, but that is really our demographic future and it seems to me to be an absolute critical piece and not only at the policy level, but of course, at the institutional level. That again raises some resource issues, but I think they are essential. There are a lot of things that are important to Women Employed about this, but that is one very big one.

“In terms of what we want to accomplish for the State, I think this performance based funding issue is a tremendous opportunity to demonstrate the return on investment that higher education provides to the State and to build ongoing support for that investment. I also think it is an opportunity to create a culture of completion in our institutions across the board, where as I know there are many many really great efforts going on in that regard. I think, what I’m hopeful, is that it will spread and be everywhere. This culture of completion and that is how we think about what we are doing in these institutions.

“Finally, not to keep beating this, but I do think that we are going to have to figure out because of the issue of funding, how we find the dollars to attach to what I hope will be a smart and simple set of point measures. How can we move forward even in this environment? I think that for me is a big concern. I have no doubt we can figure this out, but I hope we will be able to move toward this and Stan I hope will advise us on that. Even in an environment where we may not see the obvious dollars to attach to something that we could create tomorrow. I think this is an immensely important and we are very pleased to be involved.”

Dr. Reid said, “We are pleased to have you here, very much so because many of those students are women who are on the underside of the achievement gap. We are glad

to have your voice and we know that you are deeply concerned about women, but not just women, all people who have not been treated fairly in this society. So thanks. Yes, Elaine.”

Elaine Johnson said, “George I would like to mention just a couple of things and I agree totally with what the student said and Anne on making sure that we are addressing student needs and completion, the culture of completion. But, I would just want to mention to you because I told the business roundtable I would do so, Jeff Mays which was one of our partners at Complete College America. I was at his executive meeting a couple of months ago and I had explained to them why it was important for them to sign off on the Complete College America and they asked me in return that I bring back to the committee their concerns. So on behalf of Jeff, and I will bring this forward, is they said we are concerned because what you are talking about and your assuring us that you are talking about certificates and degrees and credentials and that is what they are about as well. I think that is obviously what Anne’s group and community college system is about. They said they are afraid that our messaging of only saying complete college is sending the wrong message to the world, because it is indicating that we are not considering certificates and degrees, we are really considering just four-year degrees and beyond. I assured them that was not what we were doing by any means and they want to be involved and they also have a lot of resources. They are putting resources into learning exchanges and those kinds of initiatives. I think that we would be remiss if we don’t have someone at the table that would continually speak about what they want and how they want to invest money in what we are doing.”

Dr. Reid said, “There were three points and one I forgot. Thank you so much Elaine.”

Elaine Johnson said, “You are welcome.”

Dr. Reid said, “That one I forgot was on communications. Please know that we have a talented staff at IBHE who can help to coin our public message. My hope is that the principal by which we will operate is that you allow us at IBHE to be the public face for you in the answering of questions and press requests and things like that. So, that the message that is sent out from the steering committee will be consistent and clear and get to the points that we want to express. Is there any opposition to that? IBHE staff will be your staff to make certain that it will be the single point of contact for public information to get the message out from this committee. Is there any opposition to that? Thank you. Wayne, Dr. Watson, President of Chicago State.”

Dr. Wayne Watson, “I would first like to support what Elaine stated with regards to colleges being given credit for both graduation and certificate, especially at the community college level. I want to commend Stan Jones. Stan, because basically what you are saying and it is really music to a lot of educators, if I heard you right, is that IPEDS is not really the measure and that is, you know, I serve on ACE, I’m one of the board members of ACE. I am also a board member of NAFIO. ACE is American

Council on Education. NAFIO is that organization that is over 100 black universities. Both of them strongly support what you are saying Stan, if I am hearing you right, because a step from IPEDS is really a step into a new century, because IPEDS is the old century. That is basically what Elaine is saying. Thank you.

“Next is, number one, which is what my student stated, whoever came up with the tale of two states, or the tale of two cities is quite appropriate because David didn’t complete his story why he had to drop out, the financial struggles and etc. etc. and we were blessed to get him at Chicago State and we have been working with him, but that is just thousands of students, tens of thousands of students. A number of them do not land at Chicago State. A number of them do not land at a community college. They land on the streets. We have got to figure out how we make sure that the playing field is level for the Davids of the world, because if we are going to increase our graduation, the number of students who graduate, we have to level the financial playing field that sustains young men and young ladies through college and that we do not have, not just in our great State of Illinois. We do not have it in any of our states and that is our challenge. There are some countries that have it, but we do not have it. That is key that we do not lose the Davids of the world.

“Second is, we have to keep access open. I know we want to graduate more students, the numbers, yes, but we don’t want college presidents to start playing games with that and start closing the access and start raising the bar so high that only a very few, not a very few, that the diversity of students, that you lose your diversity of your student body. I’m not just talking about your ethnic diversity. I’m talking about your diversity of students being academically prepared. The great thing about higher education in the United States is that we do not do what England made the mistake of doing and England is now trying to do what we are doing. England had a tier system set up where once you were locked into further education, no matter what you were not allowed to go to the university level. England is now trying to do what we have. So we have to make sure that access to education is there, both ethnically and both in terms of academic preparation and in terms of economics. That lower economic quartile, 80 some percent of our students come from lower economic quartile. Take my alma mater Northwestern University, a great university, they’re trying now to diversify and not so much to diversify ethnically, but they are trying to diversify the economic base of their students, because a student who is from a very rich family learns from the student who is in classroom or who is his roommate who is from a very poor family. That diversity is important and that is what America is about. So second, we have to keep access open.

“Third is, Anne Ladkey already stated, at risk student. We can’t lose.

“Fourth is, we have to raise our standards. We have to figure out this is not just about graduating students, the number of students. If we graduate the same number of students in 2015, no if we increase the graduation rate by 40 percent by 2015 or 2020, whatever the date is, but if we have not improved the standard, the quality of students that we are putting out, we lose. I have not heard that, I have not heard anybody talk about

that one. I may have just missed it, but we need to improve the quality of the student that we are putting out at all of our public and private universities, our colleges of education, etc., etc. and we have to put raising standards as part of the performance.

“Last one is comparability and competitiveness, George will smile at me on this one, something that we need to figure out how we do. Chicago State, my sister universities, we all want to be competitive with each other, but we also need to be comparable. Comparable means that we need to make sure that we equalize the resource both for facilities and the funding base. We need to look, which is what comparability/competitiveness, the various lawsuits that are going around the country now is talking about is looking at it historically. How do we bring universities up to a level playing field from a historical depth so that they are competitive. Thank you George.”

Dr. Reid said, “Thank you very much. So when we thought about the committee I immediately said that I wanted your voice on this committee, because I think it is important for people to hear the philosophy of the president of Chicago State and things that you are thinking about because you represent a certain particular clientele, as each other of you do and that voice is so very important to all that we do. So, I appreciate you being here and hanging in here with us and we will work together to see if we can solve some of those problems. Elaine.”

Elaine Maimon said, “Yes, I agree so much with what Wayne has said. I would like to make two points. One is that I think everyone of us on the committee should be student centered. I think that is what we are all about, that we are looking at ways that students can reach their potential and achieve more. So, in terms of constituency representation I think everyone of us should be representing the students, and that is a really important point.

“My second point is that I see already with Stan’s presentation and the way this meeting has been conducted that we will be research driven. I think that is extremely important that we are data driven. That we are looking at what do we already know and there is several things that we already know when we look at how to measure performance. Wayne’s point about making sure that we are looking at raising standards, quality education, we have data on that. The book called *The Shape of the River* that some of you know about, shows that the higher the standards, the higher the graduation rate. That may be counterintuitive, but it is the way it works and I think that again, we have to be looking at what we know -- Stan’s presentation on the factors that lead to college completion, attention towards developmental education, looking at time-to-degree. Let me say that Governors State, as many of the institutions in this State, are always going to be very committed to the working adult, to the part-time student. But, I think we all need to look at the high school student and the high school student from the variety of ethnic groups, variety of income levels and to try to do better in helping those students with their time-to-degree, especially the students who have the most financial challenges. I think that is a tough one. I think it means a real culture change. Really

trying to educate students about how to access Pell Grants, how to work through various bureaucracies that they don't understand, how to provide incentives so students will take a full-time load, rather than think I've got a strong work ethic I better take a second job. And again, these are messages that we need to send because it is data driven. We know, let's remember what Stan said, if a student takes too long to finish there is a greater likelihood that the student will never finish. So although we have to serve that student, who is taking a long time, and I am always proud when the 80-year olds walk across the stage at our commencements. I'm thrilled about that, but I think that it is really holding the two ideas in our minds at the same time. That we have to serve the returning students, but we have to do better with the students who are coming from high school and moving forward. Very often through two institutions at least, and we have to make sure that student has a coherent program in the community college and that means trying to keep the student in one community college so they are not swirling around to three or four different ones and so far, then having a four-year plan from the freshman year on. Again, not stratifying students, students, who may not initially believe that they could get a bachelor's degree. Many of them can, most of them can in my view. I think that kind of advising and such is something we have to look at."

Dr. Reid said, "Thank you. You know I talked to President Maimon personally about being on this group and she graciously said yes almost immediately. Not only because of her views as an educator, but also because she is convener of the Presidents Council. One of the things I said earlier is that each of us represents our own groups. You represent the Faculty Advisory Council and so on. So I expect as we get into the meat of these discussions that you would take this back to your group, ideas and actions from this Performance Funding Steering Committee. What do you think about that? So, we look forward to getting the buy-in from the presidents and all other groups. It is going to be very important that we do.

"Secondly, I wanted to make certain that we hear again what Stan said earlier to us. That Performance funding is one of the measures that we need to deal with and there are many, many other things in our colleges and universities that we need to reform. Stan Jones named three others – reforming of remediation, to reduce the time-to-degree and to create within our colleges and universities special pathways that won't take students that long, so long to finish.

"So, I know for example, that Ed Maloney and Bob Pritchard have agreed to form sort of a legislative task force. You all need to think about your own groups, who you represent, and form your task forces so when you come back you are fully advised and counseled about what it is that your people would like. Yes Abbas."

Rita Cheng said, "I would just like to compliment you on setting the agenda for this group and also reflect on the comments that were made prior about the performance funding helping to simplify the message or bring attention to the importance of education as a solution perhaps to the economy in the Midwest and in Illinois. One of the things that I also reflect on is just how incredibly complicated and complex the issue is and how

much hard work it will be on our campuses to make these improvements because of how even being as student centered as we can, we see how challenging this is for many students and it was so eloquently described by the student who talked earlier. We are rolling up our sleeves and ready for the challenge, but I also really appreciate the fact that you set the stage that this is not easy work, but is so incredibly important.”

Dr. Reid said, “Thank you so much Rita, we look forward to working with you as always. Thank you so much.”

Representative Chapin Rose, “Hey George it is Chapin Rose. I’ve gotta run but I just wanted to thank everybody, and you and your staff and Don and everybody else who has been a part of this and look forward to working with you all.”

Dr. Reid said, “Thank you so much Representative Rose. I want to get to Mr. Abbas then I want to get to Liz Ortiz and then maybe we can circle it, then, end the conversation.”

Abbas Aminmansour said, “Yes, let me begin by mentioning that I am very delighted to be part of this group and I am looking forward to working with everyone. I would like to, as a faculty member, like to put a couple principals on the table for us to keep in the back of our heads as we move forward with our discussions. One has already been mentioned. Dr. Jones and Senator Maloney specifically mentioned it and President Watson also brought this up and others and that is maintaining quality. I think it is very key that we maintain quality in our education. Not only the current quality, but also raise the bar on our standards. I think that is one key to keep in mind.

“The other principal I’d like to share with you that is on my mind is that as we develop criteria, I hope that we keep in mind that the accomplishments really need to be real. I don’t know how we end up with coming up with the criteria, what our criteria would look like, would they be formulas or whatever, but we need to make sure that the numbers or whatever is presented, they show real accomplishments rather than responses that would appear to meet the criteria.”

Dr. Liz Ortiz said, “Yes. It is also an honor for me to be here today. I have been in higher ed. for 27 years and this is the first time I have been at a policy decision making table. So, thank you. Thank you so much for the opportunity. I have two concerns to add onto the concerns that were already expressed and it is definition of terms. As we define student center, let’s say that our students are not a challenge but they are a plus that they bring to our State and to our university, so I think there is a language that we can form around this, because as a diversity officer so often when we talk about at-risk students, whether social economic status or race or ethnicity, we see them as a deficit model and not as value added. So I think that is very very important.

“Lastly, I am very very excited that this builds in an accountability mechanism. I have been coming to IBHE meetings and the underrepresented groups report and it has

always been a snapshot, always a report of what we are doing, but never a reason why we haven't gotten to the end goal. So, I think this is very very positive. I would like to see, I'm very glad to see that we are going to be focusing on increasing participation and graduation, but not at the risk of diversity. So, again, it was fascinating hearing this conversation. There has been very many positives that were put on the table as we move forward, but again, I think language and how we define these things are so very very important."

Dr. Reid said, "Thank you so much. I think that I have to close this meeting because I promised people I wouldn't keep them so long, but I want to make one more comment then we will round it off. The comment is that as you form your advisory groups you have to realize that today we are sort of "preaching to the choir." All of us around this table believe in this concept, but as we go out with our people we are going to have some challenge of convincing them of the worthiness of this and I pledge that whenever you would like for me to go with you I would be glad to go and to speak to your groups and talk to them about what this is all about and to bring in extra expertise if you would need it. I do know when we get into September and October and November, when people realize that this is the law, this is not something that we like to do, this is law that we have to do, that the conversations are going to get to be tough, but that we need to band together and to make it happen even in the midst of some challenge.

"I want to point us to our next meeting if we can before you leave. I want to ask Al Phillips if he will come to the podium. The meetings in the future. This meeting was to get us started, to get us comfortable around the concept, to know essentially what we are talking about, to bring in our national expertise, to explain it to us, and to give you some opportunity to dialogue and listen to others. Now, from this moment forward, our meetings will be governed by what needs to happen in a given period of time. What needs to happen in August, what needs to happen in September, and so on and so forth. So Al is going to be our logistics persons so to keep us on track, "to keep the trains running," the "lights on," to keep us on track in terms of what we need to do to implement performance funding. So Al."

Discussion of Calendar of Meetings and Deadlines

Dr. Allan Phillips said, "First of all I want to add my thanks to everyone for taking your valuable time to be here, to participate in this, in this effort, because we understand that it is very valuable time and we certainly want to make the most of it. Of the major tasks that we have ahead, we have to develop state goals, we have to identify performance indicators for those areas where we want to focus, we have to establish metrics and criteria and tailor the metrics and criteria to the sectors, as well as possibly to individual institutions. Then we have to develop the model and apply the model. Along the way there are some questions that we will have to answer and we have touched on them some today. What will the mechanism be by which we fund performance? Will there be additional funding available? Will we have to set aside some of the money that is currently going to higher education to fund this effort? And then to what extent will

higher education funding be based on performance? What portion of the money will actually be based on performance? And then another concern and issue we will have to address is how are we going to do this for FY'13, which is already in terms of budget development, already here as a lot of the colleges are currently in the process of putting together their budgets for fiscal year '13. So we understand and appreciate the value of your time. In terms of the length of the effort, we hope to have the majority of the work done by the first of the year and we think that is doable.

“We plan to meet on a monthly basis to move the effort along. So today, as Dr. Reid said, the initial meeting to get everybody together and talk about the process, the way ahead and kind of how we are going to go about the business of putting performance funding into place. We are currently looking at the 29th and 30th of August, somewhere in that time frame for our next meeting where we will begin the task of identifying state goals and developing performance indicators. In October we are looking at the week of 24 through 26, October, where we will focus on applying metrics and criteria to each sector and to individual institutions. We are looking at mid-November for the development of the funding model and we, of course, will adjust our timelines and schedule as we work through this and as we have to adjust. We will work with the committee to finalize the dates and the agenda and look forward to working with you all. To help the process along we have created a website that is linked to the IBHE homepage. It is already up. We will put the schedule of meetings, background, related links, minutes. We have already put the purpose, charge, scope of work, as a good place to provide information where everyone can access it easily. Once again, this is going to be a challenging, but I think, very rewarding effort and we look forward to working with you all to make performance funding in the State of Illinois a reality. Dr. Reid.”

Dr. Reid said, “Okay, great. So you got the dates that we are thinking about. We will be in contact with you. I want to thank a number of people, I mean, Al Phillips, Don Sevener, Bob Blankenberger, Mike Mann, Arthur Sutton. I mean I could go through the list, but I tell you without Linda Oseland, this meeting wouldn't have happened. Is she still in the room? Thank you so much Linda, perfect timing. She made all of the arrangements for us today. She made sure we all had a packet. All of you should have had a packet with materials in it, among which would have been a *Public Agenda* document and then some other documents Stan brought with him, some documents on performance funding which we gave you, you have copies of those, you have copies of HB1503 which was authored by Ed Maloney. So, we want to thank Linda and her staff and Candace for the work with CCA. One last call, if you just have a burning issue that you have to present that will take one minute, then let's take one minute to get that done. Anybody? One minute.”

Comments

David Benjaih said, “Is that me? Okay, basically the burning issues is, my background is in biology and chemistry, and the burning issue to me is actually that we need to take this back all the way to infancy, and I hate to bring it forward like that, but

we have to start recognizing there are a vast amount of neurotoxins that exist in the diet of all of us and there is a diminishing I.Q. rate across the nation. We can do a lot to improve the intelligence of all of us and particularly those of lower income, number one and foremost by removing fluoridation of water and I know you guys are thinking that is off the wall, but it is not off the wall. The studies have been done, I can provide the data, peer review research on this matter that show that we are really harming people immensely and we need to do something about that. The other thing is, we'll bring it up later, but aspects of aspartame and other neurotoxins that we really need to address in order to help people.”

Dr. Reid said, “You are a board member, I can't really shut you down.”

Jay Bergman said, “George, one quick thing. The sooner that you can develop a specific schedule, with specific dates, the easier it is going to be for the rest of us to work around.”

Adjournment

Dr. Reid said, “We plan to have that schedule out to you next week. Also, what I will do at every meeting is I will present a tentative agenda to you. I will say this is a tentative agenda and then we will have consensus about whether or not to add anything or take away something. So, it is going to be your agenda and your timetable.

“Ladies and Gentlemen I thank you so much for your presence and look forward to working with you. Thank you.”