

Position Papers Submitted

Listed in the order submitted:

- Larry Frank
- Rita Cheng and Allan Karnes, Steering Committee Members
- Council of Public University Presidents and Chancellors
- John G. Peters, president of Northern Illinois University
- Women Employed
- Daniel J. Montgomery, Illinois Federation of Teachers
- Abbas Aminmansour, chair of Faculty Advisory Council
- Michael J. Hogan, president of University of Illinois

Faculty in higher education traditionally fill three roles, teaching, research, and service. While there is wide variance in the mix of these roles by the type of school and even within a school by teaching assignment, the three roles are important for the support and development of the student. As colleges and universities have adjusted the ratio of full and part time faculty to meet the challenges of the economy it has become more difficult for the faculty to sustain the three roles for which they are accountable and, in the end, this has provided a less supportive atmosphere for students. Part time faculty make up an increasing proportion of the total faculty on most campuses. This makes it much more difficult for students to find teachers for extra help and for the support the student needs to succeed in the higher education environment.

As a part of performance funding in Illinois the focus is correctly changing to the student success as the general metric of the success of each individual school. As a part of this change in focus it is critical that the school be held responsible to provide the support for students to succeed in their academic work and for the faculty to succeed in their work to provide the support the students need. A part of this critical institutional support is the provision of a base of full time faculty to provide the research and service that are critical to both the institutional mission and to student success. We suggest that one of the metrics of school success be a measure of the ratio of full to part time faculty and that this ratio be, at a minimum, 3:1; that is, three full time faculty for every one part time faculty member, measured school-wide.

Performance funding is predicated, in part, on the ability of outside agencies to have a clear picture of how each and every school allocates its resources. The current system of reporting this data in Illinois relies on either a traditional audit, done either at the school or system level or on self-reported data to the IBHE or the ICCB. In order that a clear picture of the financial practices of each school be provided a standard reporting instrument should be adopted for Illinois schools of higher education. This document should provide a summary of revenue by type for each of the various funds that the school maintains and should provide the same information for expenditures. In the case of multi-campus systems, the report should be compiled, from the annual audit, at both the system and at each individual campus level. The report would be very similar to the Annual Financial Report that each school district in the Illinois K-12 system is required to prepare each year. The annual reports for community colleges would be collected by the ICCB and posted to their website where those would be available to the public. The annual reports for four year schools would be collected by the IBHE and posted to their website where those would be available to the public.

Submitted by Larry Frank

MEMO

Date: September 19, 2011

To: George Reid, Executive Director, Alan Philips, Deputy Director and Bob Blankenberger, Deputy Director

From: Rita Cheng and Allan Karnes, Steering Committee Members

Re: Performance Funding Metrics

Thank you for the opportunity to provide input into the development of the performance based metrics. We have engaged a campus group of faculty, administrators and support staff that have raised some issues we feel that could contribute to a system that better serves the goals of the public agenda. For brevity purposes, we are providing the issues in a bulleted format. We are more than happy to discuss any of the issues in a more detailed manner at your convenience.

Compliance with HB 1503 (PA 097-0320)

Statute directs that institutions be...rewarded for advancing the success of students who are academically or financially at risk including first generation students, low-income students.....

There are no metrics for first generation students or students who are academically at risk.

Graduate Degrees and Research Expenditures

There is no mention of graduate degrees in the possible components for Comprehensive Four Year Universities. Graduate Degrees are much in demand in the workplace and an important part of many university's missions. We should be looking at all degrees awarded.

For Comprehensive Four Year Universities there is no mention of research activities. Again, research activities are an important part of many of our four year universities. Any increase in research expenditures from any funding source should be encouraged and rewarded.

General Classification of Universities

A better classification of the four year universities would be Highly Selective Admission schools and Non Highly Selective schools. At least two public universities are involved in a

research enterprise, but at the same time serve an academically diverse undergraduate student body.

Minority Students

Rewarding schools for success of students who are underrepresented in higher education is in the statute. We agree that eliminating the achievement gap is a goal we should all strive for. Our concern, however is that schools may compete for the minority student who may not offer an academic or social challenge to increase the number of minority degrees without needing to provide a support system for that student.

Schools should be rewarded only for those minority students who require extra effort or offer the school a challenge to successfully graduate them.

Low Performers

There is no metric for graduating students who are low performers. Schools should be rewarded for graduating students with lower ACT scores and high school GPAs, whatever their ethnic backgrounds and economic status. The only hope for increasing the number of graduates on a state wide basis is to concentrate efforts on those students who have traditionally had high failure rates. Schools that adapt their support systems to increase the success rates of these students should be rewarded.

There is also no metric for students requiring remediation. Successfully guiding students through remedial classes and college level courses should also be rewarded.

Hours Earned for a Degree

Attention needs to be directed at the number of hours graduates accumulate to earn a degree. At times students who graduate with excess hours do so because they have changed majors several times or transferred from school to school. Other times, it may be due to less than perfect advisement.

Community colleges should be rewarded for transferring students with AA degrees with minimal hours. Because of the funding process, CCs have been rewarded for keeping students as long as possible, often to the detriment of the student. The focus should be on getting the student in and transferring them to four year school as quickly as possible.

Phase in Period

Because we are concentrating on completions, it will take three to four years for new or altered institutional policies to show any effect. For that reason, it is recommended that year 1 be based on what the institutions have already accomplished. In other words, instead of looking at increases in degrees in year one, look at the number of degrees. For years 2 through 4, look at momentum points. For example, has a school increased the number of full time students earning 24 hours in their first year? Or has a school increased the number of students requiring a remedial class completing the first college level class in that subject area?

If new money is not available during the phase in period, the amount of funds at risk should be low-No more than 1% of the budget. To successfully support the type of students we need to recruit and educate to increase degree production, support systems will need to be developed and or expanded. Further funding cuts will destroy any opportunity to do so. Were we in the middle of a run of expanded higher education budgets, it could be argued that support systems could be funded through internal reallocation. That is simply not the case.

Six Performance Funding Principles for Illinois Higher Education

Linking the goals of the *Illinois Public Agenda for College and Career Success* (the Public Agenda) to the state's higher education budgeting process is a laudable objective that is supported by the Council of Public University Presidents and Chancellors (CPUPC). Illinois' public universities participated in the development of the Public Agenda and support the major goals of the Public Agenda:

Goal 1--Increase educational attainment;

Goal 2--Improve college affordability;

Goal 3--Strengthen workforce development;

Goal 4--Link research and innovation to economic growth.

CPUPC is committed to progress on the goals of the Public Agenda. Real progress is linked to several factors, some of which were identified in the Executive Summary of the Public Agenda report submitted by the Higher Education Finance Study Commission (Pursuant to Senate Joint Resolution 88) in December 2010. The Higher Education Finance Study Commission recommended in the Executive Summary of its report that the State implement a new finance and budgeting design for higher education within the next year that will:

1. Ensure adequacy and predictability of higher education revenues.
2. Reduce the burden of unfunded mandates and promote efficiency.
3. Move forward with development of performance-based funding.
4. Alter the state's current financial aid policy to ensure that affordability goals are met, particularly for the most vulnerable students.
5. Develop a financial aid policy that expands access to success.

Thus, performance funding, now under study by the Higher Education Performance Funding Steering Committee is just one part of a five-fold approach to the goals of the Public Agenda. The CPUPC encourages attention to all five recommendations in the Higher Education Performance Funding Steering Committee's deliberations.

CPUPC, in the context of the Higher Education Finance Study Commission's recommendations 1 through 5 above as a precursor to current discussions, supports the following six principles in performance funding considerations:

Principle 1. Adequacy and predictability of higher education revenues is a necessary condition for success in any performance funding system. The Higher Education Finance Study

Commission found in 2010 that state support for colleges and universities has dropped \$440 million in inflation adjusted dollars over the past 15 years. The Commission stated as fact that “colleges and universities are starving for state dollars.” (Exec. Summary, page 2.) To remove a portion of current higher education state funding to fund a performance funding system would be counterproductive. Moreover, a performance funding model built on the foundation of inadequate current funding, may exacerbate any existing disparities in funding.

Principle 2. Metrics or measures used in a performance funding system should be few in number and should support all of the goals of the Public Agenda. HB 1503 directs a focus on performance in achieving State goals related to student success and certificate and degree completion. This focus on Goal 1 of the Public Agenda represents a first step and enables adherence to a principle of few measures. However, the other goals of the Public Agenda are important too, and warrant discussion by the Higher Education Performance Funding Steering Committee.

Principle 3. Metrics or measures used in a performance funding system must support the quality of higher education. We are and have always been committed to excellence in higher education. We have the confidence of our citizens in the quality of our educational programs. Metrics or measures that support quantity only may diminish public perception of performance funding.

Principle 4. Metrics for performance should be developed to reflect the full scope of research productivity, at our universities (patents, licensing revenues, new start-up companies, national recognition awards, research grants and expenditures, including contracts with state and local agencies, community engagement research, and advanced degrees granted).

Principle 5. A performance funding system should account for additional costs incurred by universities for advancement of at-risk student populations, as well as the additional financial support these students need to complete degree programs. As students graduate from the K-12 system underprepared for a rigorous postsecondary education, universities and students take on additional costs to enable academic success at the college and university levels. The improvements in student performance would be a good metric to gauge this method of providing access to underprepared students.

Principle 6. Illinois’ performance funding system should not be taken whole “off the shelf” from another state. Our system should be developed by us, for the benefit of our citizens’ educations. What we develop should reflect thoughtful consideration of our state’s unique higher education and state fiscal issues. Care must be exercised, because what is developed will ripple through our higher education system for decades. We have the capability to use a combination of our knowledge of other states’ experiences with performance funding, our knowledge of our colleges and universities, and the expertise of many individuals to craft a performance funding system that will work for Illinois and enable progress toward the goals of the Public Agenda.



Via email

September 19, 2011

JOHN G. PETERS
PRESIDENT

**OFFICE OF THE
PRESIDENT**

ALTGELD HALL 300
DEKALB, ILLINOIS
60115-2828

815-753-9500
FAX: 815-753-8686

Dr. George Reid, Executive Director
Representative Bob Pritchard
Senator Ed Maloney
c/o The Illinois Board of Higher Education

Gentlemen:

The following is the response to recommendations on Performance Funding Components from Northern Illinois University.

The Illinois Board of Higher Education website notes that the “*Illinois Public Agenda* documents the untenable conclusion that Illinois has become divided into two states: one educated and prosperous, the other struggling to achieve educational success and financial security. The *Illinois Public Agenda for College and Career Success* is the pathway to one Illinois, where **all** [emphasis added] residents have affordable access to high-quality educational opportunities that prepare them for the jobs of the present and the future.”

Since the adoption of the *Public Agenda* in 2008 the public research universities in Illinois have played and will continue to play a central role in providing access to high quality undergraduate and graduate educational opportunities for Illinois citizens. They have made substantial contributions to the attainment of the *Public Agenda* goals targeted for performance funding by NCHEMS, namely:

Goal 1: Increase educational attainment to match best performing US states and world countries.

Goal 3: Increase the number of high-quality postsecondary credentials to meet the demands of the economy and increasingly global society.

It is our belief that performance funding should: 1) focus on both quality and quantity indicators, 2) address a small number of well-defined and mission-related indicators, 3) be tied to an adequate and predictable source of revenue in support of higher education, and 4) have a good fit with the overall system and the specific institutions in which it's implemented. As the components of performance funding for research universities and their metrics are developed it will be important that factors such as those outlined below are incorporated into decision making:

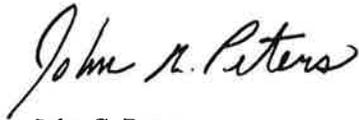
- The designation of institutions as research universities should be based upon accepted national standards and definitions such as those used by the Carnegie Foundation for the Advancement of Teaching. These classifications are used for multiple purposes, from IPEDS peer groups, to national ranking schemes, to professional organization memberships (e.g. APLU), to recruitment and marketing brands, among others.

IBHE Response
September 19, 2011
Page two

- With some of the largest enrollments of undergraduate students, the research universities have a longstanding commitment to academic quality and student success at the undergraduate level and contribute to the overall educational attainment of Illinois citizens. In addition they will play a pivotal role in helping Illinois meet its recently endorsed Complete College America goal that 60 percent of all Illinois adults will have earned a college degree or certificate by 2025.
- Gains/targets for all research university metrics should be benchmarked to national or peer institution data rather than using an increase in absolute numbers to prevent penalizing institutions that are already doing well on some or all proposed metrics.
- Weighting the degrees awarded to students from underrepresented groups in the performance funding metrics for research universities acknowledges the differential resource allocations necessary to support these students in earning a baccalaureate degree.
- Metrics related to the research mission should take into account the full scope of research productivity and acknowledge the overall contributions to graduate education and economic development through engagement activities, which can be tied to *Public Agenda* Goal 4 as well as Goal 3.
- The model for performance funding for the State of Illinois' research universities should be based upon effective practices from other states but customized to have a good fit with the structure of higher education in Illinois.
- The percent of the budget proposed for performance funding should be benchmarked against states where performance funding has been successful and recognize the disinvestment in higher education by the state and the need for a predictable revenue stream for that portion of the higher education budget that is funded by the state.

Thank you for your consideration.

Sincerely,



John G. Peters
President

General Recommendations

- Develop a list of guiding principles based on performance funding research, the Higher Education Finance Committee report, and Illinois performance funding legislation. Engage the steering committee in reviewing and approving these principles. Then use these principles to consider various proposals.

Examples of guiding principles include:

- Performance measures clearly support state goal attainment.
 - Performance measures and funding formula are simple and restricted to the most essential elements.
 - Performance measures use data that is currently available or readily available.
 - Performance measures are tailored to meet the missions of each type of institution.
 - Performance measures reflect student progress and completion in meaningful ways.
 - Institutions have some measure of control or influence over each performance measure.
 - The new system ensures that institutions are rewarded for the success of at-risk students, including students who are low-income, minority, non-traditional, underprepared, attend part-time, or have disabilities.
 - The new system promotes access, success, and quality.
- Significant changes to the system should be made in an orderly fashion to minimize confusion and disengagement. Develop a clear, orderly review process and require that the performance funding system metrics, funding, goals, and system impact be reviewed every five years. Ensure that the review process includes sufficient lead-time for campus leaders to engage team members from different areas of their institutions.
 - Additional funding has been essential in states that have sustained performance funding. Identifying outside funding or negotiating new appropriations should be an integral part of plans to develop a new performance funding system.¹

System Design Recommendations

- Create point system similar to that found in Washington and Tennessee.² Include a limited number of measurements but allow institutions to gain points for increases in any of the measurements related to their sector, including any elective measures of their choice.



¹ See Dougherty et al. [The Politics of Performance Funding in Eight States: Origins, Demise, and Change](#), February 2011.

² See Crellin et al. [Catalyst for Completion: Performance-Based Funding in Higher Education](#), March 2011. See also Shulock and Jenkin's [Performance Incentives to Improve Community College Completion: Learning from Washington State's Student Achievement Initiative](#), March 2011.

- Select a small number of core measures of progress and completion for each type of institution, as well as a handful of additional progress and completion measures that colleges or universities can choose from to include 1-2 elective measures that reflect unique aspects of that institution's population or mission. Institutions would then compete against their own baseline.
- Disaggregate progress and completion measures for underrepresented populations. Allow institutions to garner more points for these students. For example, similar to Ohio and Tennessee results for these students could be weighted (eg. by 40% or 1.4). Include the following measures: part-time status, MAP or Pell eligibility, minority status, students over 25, and students with disabilities.
- Develop a small seed money grant for schools with the hardest-to-serve students (including: high Pell, remedial, or MAP eligible populations). Or, fund technical assistance to help colleges and universities do internal pipeline studies to analyze what changes would have the most impact on student success.
- Phase in the system by using 2013 as a base-line year. Provide additional funding in 2014 that institutions keep as part of their baseline budget going forward. Increase the percentage of funding annually for 5 years 3%, 6%, 9%, 12%, 15%.³
- Integrate a stop-loss with cumulative decreases limited to 5% in first 3 years.
- Integrate safeguards that would recognize the challenges smaller or rural colleges with fewer students will face in competing using raw numbers.
- Consider integrating some type of measure of inputs, such as counting points per student or points per expenditure.⁴

Goal and Measurement Recommendations

The following includes potential measurements related to two core Public Agenda goals. The other Public Agenda goals have been left out in an effort to simplify the potential data elements. Our recommendations focus on community colleges as our core area of knowledge, but do include a few suggestions for four year institutions.

Public Agenda Goal 1: Increase educational attainment to match best-performing states.

- Sub-goal 1: Eliminate achievement gaps by race, ethnicity, socioeconomic status, gender, and disability.
- Sub-goal 2: Increase number of adults completing a postsecondary credential.

Public Agenda Goal 3: Increase the number of high-quality postsecondary credentials to meet the demands of the economy and an increasingly global society.

³ See Dennis Jones' August 31, 2011 presentation to the IBHE Performance Funding Steering Committee "A Starting Point for Developing a Performance Funding Model for Illinois."

⁴ See Shulock and Jenkin's [Performance Incentives to Improve Community College Completion: Learning from Washington State's Student Achievement Initiative](#), March 2011.

- Sub-goal 1: Increase the number of people with high-quality postsecondary credentials.
- Sub-goal 2: Improve transitions all along the education pipeline.
- Sub-goal 3: Increase the number of postsecondary degrees in fields of critical skills shortages.

Community Colleges

The following includes examples of potential success measures for community colleges. Each college or district can gain points based on an increase over their performance in the previous year or baseline year in any of several core or elective measures. This provides a variety of opportunities for each institution to show improved performance and receive additional funding for doing so. The Steering Committee will should gather additional feedback from campus teams to narrow the choices of indicators.

Measures of Student Progress

- Students who make significant adult education or English language proficiency test (eg. NRS) score gains. (PA Goals 1.2, 1.3, 3.2)
- Students who enroll in post-secondary courses while enrolled in or within 6 months of completing ESL or Adult Education (aligned with Accelerating Opportunity initiative; PA Goals 1.2, 1.3, 3.2).
- Optional Retention Points:
 - Students retained from fall to following year (aligned with [Voluntary Framework for Accountability](#))
 - Students who transfer to another 2-year institution (similar to VFA)
- Optional Momentum Points:
 - Remedial students who complete 1 or more remedial math or English courses in their first year (PA Goals 3.1, 3.2)
 - All students who complete first level college composition or math course within first year⁵ (Similar to VFA measures; PA Goals 3.1, 3.2)
 - Students who complete the highest level of English or math remediation
 - Students who complete 15 credits (PA Goals 3.1, 3.2)
 - Students who complete 30 credits (PA Goals 3.1, 3.2)

Measures of Student Success

- Students who complete the highest level of ESL or Adult Education (including GED) (similar to Accelerating Opportunity initiative; PA Goals 1.2, 1.3, 3.2).
- Recipients of degrees, industry recognized or certified certificates, and apprenticeships.
- Students who transfer to a 4-year institution after completing transfer core or with an associate's degree (PA Goals 1.1, 1.2, 3.2, 3.3).
- Potential Electives:
 - Completers of business contract training course or series of courses (PA Goal 3)
 - Degree-seekers from other institutions who complete a small number of general education courses to help them meet degree requirements at their home institution (PA Goal 1)

⁵ See Calcagno et al. [Stepping Stones to a Degree: The Impact of Enrollment Pathways and Milestones on Older Community College Student Outcomes](#), Oct 2006.

Measures of Underrepresented Student Progress and Success

Weight results for students who are (PA Goals 1.1, 1.2, 1.3, 3.1, 3.2, 3.3):

- Latino, African American, or Native American
- Pell or MAP eligible
- Attending part-time
- Underprepared (require remedial education)
- Disabled
- Recipients of Degrees in STEM, healthcare, or other critical needs fields

Comprehensive 4-year University

Examples of potential progress and success measures:

- Increase in numbers of degrees
- Number of community college transfers (PA Goals 1.1, 1.2, 3.2, 3.3)
- Number of community college transfers who attain junior status at the end of their first year (PA Goals 1.1, 1.2, 3.2, 3.3)
- Weight results for students who are (PA Goals 1.1, 1.2, 1.3, 3.1, 3.2, 3.3):
 - Latino, African American, or Native American
 - Pell or MAP eligible
 - Attending part-time
 - Underprepared (require remedial education)
 - Disabled
 - Recipients of Degrees in STEM, healthcare, or other critical needs fields

Research 4-year University

Examples of potential progress and success measures:

- Increase in numbers of degrees
- Number of community college transfers (PA Goals 1.1, 1.2, 3.2, 3.3)
- Number of community college transfers who attain junior status at the end of their first year (PA Goals 1.1, 1.2, 3.2, 3.3)
- Increase in research expenditures of funds from external sources (PA Goal 3.1)
- Weight results for students who are (PA Goals 1.1, 1.2, 1.3, 3.1, 3.2, 3.3):
 - Latino, African American, or Native American
 - Pell or MAP eligible
 - Attending Part-time
 - Underprepared (require remedial education)
 - Disabled
 - Recipients of Degrees in STEM, healthcare, or other critical needs fields



Illinois Federation of Teachers
A Union of Professionals

www.ift-aft.org

Daniel J. Montgomery
President

Karen GJ Lewis
Executive Vice President

Marcia K. Boone
Secretary-Treasurer

Westmont
500 Oakmont Lane
Westmont, IL 60559

T 630/468-4080
T 800/942-9242
F 630/468-4089

September 22, 2011

Dr. G. W. Reid, Executive Director
Illinois Board of Higher Education
Performance Funding Steering Committee Chair
431 East Adams, 2nd Floor
Springfield, Illinois 62701-1404

Dear Dr. Reid:

Please find attached questions and guiding principles compiled by the Illinois Federation of Teachers for continued discussion and consideration as the Performance Funding Steering Committee moves to identify metrics and the process for implementation. We urge that the mission statements of the various Illinois community colleges and four year institutions be utilized as a basis to identify metrics that are diverse and honor each institution's goals.

Also, please understand that the position of the IFT is that adequate funding for our higher education institutions must continue to be in the forefront of all discussions. We do not believe that incentives should be funded from existing allocations.

Thank you for your consideration. The Illinois Federation of Teachers will continue to be an active participant in the Performance Funding discussions.

Sincerely,

Daniel J. Montgomery
President

DJM:vn

Guiding principles for performance funding

Questions

Who will the state be measuring

- a. First time freshman
- b. Transfers
- c. Certificate programs
- d. Endorsement Programs
- e. Dual credit
- f. All students

How will the measurements be made?

- a. Based on comparisons of like universities
- b. Considerations of resident versus non-resident campuses/universities

Will unique mission of each university be considered?

What is the time frame for graduation completion?

- a. Why 4-6 years? Is there data to support this contention?
- b. How will remedial students/classes be considered?
- c. How will part-time students be measured? (same/different time frame?)
- d. Will returning or work-displaced students be measured differently?
- e. How will students who transfer to another institution be measured?

How will measurements be tracked?

- a. Who will pay for the tracking?
- b. Where will the data be available for public and faculty review?

How will this process be funded?

- a. Most models talk about 1-2% initial funding
- b. Will there be caps on loss level?
- c. 1-2% of what – is this additional funding?
- c. What are the funding sources

What will be the process of adding or clarifying the process?

Will there be a minority report?

What protections will be created to protect faculty?

- a. Pressure for grade inflation
- b. Penalized for high-dropout rates
- c. Penalized for more demanding classes (Intro to Biology for pre-med majors)

Major guiding Principles:

1. The system is not used as a means to penalize institutions or cut funding
2. Funding must not come from existing funds to the Universities
3. New funding will be made available to focus on at risk students
4. Faculty will be protected from any threats/intimidation
5. Faculty and universities will continue to have control over curriculum
6. IBHE will not gain governing authority over institutions
7. Committee must have complete oversight of the report – IBHE chair does not have final say or the power to complete the report
8. Data will not be used to close an institution\
9. No differing values placed on students who complete differing majors (an english degree versus an accounting degree).
10. Every two years a report analyzing the performance at institutions experiencing a net loss in funding.

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN



Abbas Aminmansour, Chair
Faculty Advisory Council
Illinois Board of Higher Education
c/o 117 Temple Buell Hall, MC-621
Champaign, IL 61820 USA

September 26, 2011

Dr. George Reid, Chair
Performance-Based Funding Steering Committee
Illinois Board of Higher Education

Dear Dr. Reid:

The Faculty Advisory Council of the Illinois Board of Higher Education respectfully offers the following for consideration by the Steering Committee in its deliberations to establish a process and metrics for Performance-Based Funding (PBF) in Illinois.

1. Performance-Based Funding is best applied to additional State funds that may be available for institutions of higher education. Page 20 of the Higher Education Finance Study Commission states, *“Illinois needs to invest more in higher education, and the simple, business-as-usual model needs to be modified to boost efficiency and productivity even more. Performance funding combined with additional funds can address both conclusions; it will push institutions to increase efficiency and bolster their case for additional state funds at the same time.”* However, given that additional State funds may not be available for higher education, care should be taken to minimize the potential adverse effects of reduced funding for our already severely underfunded institutions.
2. Illinois has a wide array of institutions with different missions and characteristics. Even among institutions with similar mission (e.g. four-year research universities), there may be a diversity of goals and practices. Therefore, establishing practical, efficient and fair metrics for PBF at the State level is a complex and sensitive process. We appreciate the Committee’s care in establishing such standards and urge you to take additional time, if necessary, to ensure outcomes that will meet the goals of PBF as articulated by the Higher Education Finance Study Commission noted above.
3. The percentage of funds allocated for PBF should be small, particularly in the beginning, to minimize potential unintended/unpredicted adverse effects on our universities and colleges.
4. Metrics established for PBF must recognize, build upon and reward the efforts of those institutions that have worked particularly hard over the last several years to increase efficiency while maintaining quality. The Steering Committee may wish to consider using data from recent years to recognize such efforts in the beginning.

5. Education must be viewed as a P-20 continuum. Any PBF metrics established for our institutions of higher education should consider the institution's ability to influence the relevant issues. For example, the level of preparedness of students entering our colleges and universities will definitely impact those institutions' cost and their ability to help such students succeed and graduate in a timely manner.
6. Accomplishing certain goals may be beyond the reach and control of our institutions because of the inter-relationship between relevant factors. For instance, expecting institutions to award more Ph.D. degrees and increase their research expenditures from external sources may not be practical when availability of such funds are becoming more and more limited with time.
7. Our public institutions have been good stewards of State funds. Their operations have indeed led to the State earning revenues several times greater than its investment in higher education - - as much as \$17 in return for every dollar allocated to the University of Illinois. As another example, a new economic impact study (<http://www.chancellor.siuc.edu/reports/Economic-Impact.pdf>) shows that SIU generates 2.8 billion per year in economic activity. Such significant contributions must be recognized, protected and maintained.
8. An increase in the number of graduates is often offered as an important component in PBF. If not properly implemented, this metric has the potential to increase enrollment at some institutions to make the numbers. Such actions may lead to unintended disproportionately higher costs to the institutions due to their limited capacity and other factors such as the need for additional sections and instructors. This, in turn, can reduce affordability and access.
9. Public Act 97-320 (HB1503) offers the following as a principle in establishing PBF standards: *"The metrics must be developed in consultation with public institutions of higher education..."* In keeping with this recommendation, we urge the Committee to hear directly from a panel of leaders of institutions who will be subject to PBF in order to include their perspectives and insight in your deliberations. Further, we believe there is value in the Committee hearing from credible research entities and public policy research organizations such as the University of Illinois' Institute of Government and Public Affairs (IPGA). They can offer considerable expertise in the field as part of your process to establish appropriate metrics for implementing PBF.
10. We request that you consider receiving input from IAI Steering Panel members and Transfer coordinators regarding transfer implication of PBF. Further, we recommend consideration of metrics that describe intermediate progress (e.g. course completion, successful transfer, even switching to a different career program) for students and recognize achievements of our community colleges.
11. Our community colleges play a vital role in serving non-degree-seeking students such as the small business owner who needs to learn a foreign language, the resident who wants to take a studio art course or the CPA who needs additional hours for professional recertification. We urge the Committee to pay particular attention to how the institution's performance is to be assessed in such scenarios and in the context of the student's reason for taking post secondary courses. Further, appropriating "credit" to the right institution(s) for dual-credit courses needs consideration under PBF.

12. We recognize that the public expects postsecondary graduates to become good wage earners. However, we encourage the Steering Committee to consider also the importance of a liberal arts education. Many of our colleges and universities contribute significantly to enhancing the quality of lives not only of their students but also of the surrounding communities in ways that may be difficult to measure financially.
13. Lastly, quality education is of utmost importance. Care must be taken to ensure that metrics established for PBF do not lead to undesirable consequences. Some institutions may be willing to suffer financially in lieu of adopting policies and practices that may adversely affect the quality of the education they offer (e.g. lowering their graduation requirements and standards). However, some financially stressed institutions may be forced to compromise their long-held standards and values in the interest of obtaining badly needed additional State funding. Such scenarios must be avoided.

We recognize the serious financial difficulties that our State and nation are facing; we are grateful to the sponsors and supporters of Public Act 97-320 (HB1503) for their care to ensure that taxpayers' monies are used in a responsible manner. We support holding all stewards of public funds, including institutions of higher education, accountable for use of such funds. As faculty in our institutions of higher education and as responsible citizens of the State we appreciate the opportunity to offer input to this process to ensure fair and effective use of our limited resources. Further, we trust that the Steering Committee will offer the Board metrics for PBF that are consistent with this goal while maintaining quality throughout our state's higher education system.

Thank you for your consideration. Please let us know how we can provide assistance in your future deliberations.

Sincerely,



Abbas Aminmansour, Chair
Faculty Advisory Council, Illinois Board of Higher Education

cc: IBHE-FAC

UNIVERSITY OF ILLINOIS

Urbana-Champaign • Chicago • Springfield

Office of the President
364 Henry Administration Building
506 South Wright Street
Urbana, IL 61801-3689

Michael J. Hogan
President

September 27, 2011

Dr. George Reid, Executive Director
Illinois Board of Higher Education (IBHE)
The Hon. Representative Bob Pritchard
The Hon. Senator Ed Maloney

Dear Dr. Reid, Rep. Pritchard, and Sen. Maloney,

I appreciate the attention being given to performance-based funding for the State's public universities. Our State's great universities are a tremendous asset to Illinois and its people. I believe we all share the aim of maximizing our performance in our research, teaching, service, economic development, and clinical missions. The current NCHEMS performance funding is aims to increase the educational performance of our students, bringing it to among the best in the U.S. and around the world, with particular attention to meeting the economic demands of a global society. These aims span all of our missions.

The University of Illinois shares much of the same suggestions that President Peters' made in his letter of 9/19/2011 regarding key considerations in decisions related to performance-based funding. Most notably, we offer the following:

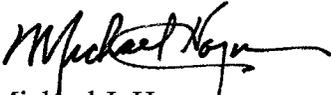
- We strongly urge that classification of an institution as a research university rely on national standards commonly used by professional organizations, including the Integrated Postsecondary Education Data System (IPEDS), the Association of American Universities (AAU), the Carnegie Foundation for the Advancement of Teaching, and the Association of Public and Land-Grant Universities (APLU).
- These determinations will establish peer groups, against which the goals for research universities should be benchmarked. To achieve the goal of bringing Illinois students' educational attainment to among the best in the nation, such benchmarking is critical. As President Peters notes, relying on absolute numbers and requiring improvement in those numbers, runs the risk of penalizing institutions that have already achieved national prominence and further risks undermining that prominence.
- Several states have already implemented performance-based funding models and Illinois may benefit from benchmarking and adopting their best-practices as appropriate.

- As performance-based budgeting is implemented, it should take into account declining support by the state in public higher education over the years, as well as recent challenges created by delayed payments by the state in achieving our missions. In the case of the University of Illinois, we are still owed over 40% of our state appropriation for the last fiscal year (FY 2011). Likewise, MAP funding has fallen off, been delayed, and remains uncertain, creating particular challenges in assisting qualified students who are eligible for this promised aid in enrolling and graduating.

As the State's land-grant university, member of the APLU, AAU, IPEDS, and home for the state's only two public Carnegie-classified Research Universities with Very High Research Activity, the University of Illinois plays a comprehensive role in preparing today's students for tomorrow's world. We would like the opportunity to be represented on the university leadership group of IBHE's Performance-Based Funding Committee as it continues to work toward effective performance-based funding models for public higher education. We feel we have a great deal to contribute to these efforts.

We're grateful for the opportunity to enter into this dialogue with you regarding the implementation of performance-based funding and look forward to continued discussion as we work together to improve opportunities for students and the State of Illinois.

Sincerely,



Michael J. Hogan
President