

**MINUTES**  
**PERFORMANCE FUNDING STEERING COMMITTEE**  
**September 28, 2011**

A meeting of the Illinois Board of Higher Education Performance Funding Steering Committee was called to order at 10:00 a.m. in the Hall of Honors at Governors State University, University Park, Illinois, on September 28, 2011.

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

The following Board members were present:

David Anderson	Santos Rivera
Allan Karnes	

The following Committee members were present:

Abbas Aminmansour	Honorable Edward Maloney
Rita Cheng	Geoffrey Obrzut
Larry Frank	Liz Ortiz
Timothy Harrington	Honorable Robert Pritchard
Elaine Johnson	Tom Pulver
Anne Ladky	Wayne Watson

The following Committee members were present via telephone:

Mike Monaghan	Honorable Sheila Simon
Gayle Saunder	Michael Toney

**Committee Member Introductions**

Dr. George Reid said, “We welcome all of you back to our third meeting of the Performance Funding Steering Committee. We had sessions in July and August. They all have been about the end of the month and as I said this is our third.

“We would like for those of you who are on the phone to introduce yourselves first and then I will turn to those who are seated around the table as members of the steering committee to introduce yourselves and then to our audience to introduce yourselves and then we will begin our discussions today.”

The group introduced themselves and their affiliations.

## Welcome and Opening Remarks

Dr. Reid said, “Lieutenant Governor Simon would you want to give us some words of advice and counsel and encouragement? We need it all.”

Lieutenant Governor Simon said, “Well thank you George for the opportunity and hello to all my buddies there. I wish I was with you but I can be on the phone for at least a little while this morning before I continue my community college tour at Elgin this morning.

“What I would say just in terms of words of advice at this point is there is a lot of interest in performance funding out there and I have been saying a lot of times out there. I have been traveling a lot. There is also a lot of fear. So I think this body has an outstanding opportunity at this point to really reach out and explain the process from the big picture down to the small picture and seek input from people that you work with, people that you represent. I think the more folks we get bought into this process, the more participation we have in the building of this system, the more likely it is to be a successful system and achieve what we want it to achieve. I just say to all of you who are participating on the phone or in person here, this is really significant work and I appreciate what you are doing and encourage you to keep doing it and I thank you.”

Dr. Reid said, “Thank you so much. Lieutenant Governor Simon I could not agree with you more. As you know, I have been traveling with you some, but not as much as you have, but some and there is a tremendous amount of interest out there and fear as you said. Whenever I am out there with you I try to address both issues. She has hammered home the important notion that I want to re-emphasize again this morning that each of us here around the table, each of us is an ambassador for the people we represent. We cannot view our participation on this committee as a one person seated person on the committee, but a representative like the United States House of Representatives representing so many more people who need to interface with you to learn about what we are doing in these meetings so when we get to a point of real decision, which we are approaching relatively quickly, the fear we hope will dissipate because of the information that you will share with your constituents.

“I wanted to turn before we do anything else to Senator Maloney to see if he wants to give us some words of counsel.”

Senator Edward Maloney said, “Thank you George. First of all I want to thank everybody again for participating and for all your input. We have received communication from a number of people on suggestions as to how we proceed on performance based funding from Abbas with the Faculty Advisory Council and from Dan Montgomery with Illinois Federation of Teachers (IFT); Women Employed submitted some very very solid suggestions, President Peters, President Hogan from Northern and the University of Illinois respectively. Rita, thank you for your suggestions as well. I would just say that as we proceed here just remember what our goal and mission is,

which is, I am perhaps simplifying a little bit, but it is simply to improve our performance or the higher education performance so we can better service the students. That is pretty much what it is all about. It is about performance, rewarding positive performance, accountability and as an institution I would simply, or as an interested party, ask the question, what do we do well and what can we do better at. If any institution looks at themselves honestly at that, this should be our collective goal is where we need improvement. Let us make improvement and what we are doing well, let us build on that. Perhaps that is over simplifying the process but as we get into this it seems to be getting more complex and more, as George mentioned, a lot more difficult and complicated. I think if we just keep the focus on improvement overall it will better service the students we are endeavoring to serve. Thank you.”

Dr. Reid said, “We thank you so much and we know how busy your schedule is, but for you to take out time to come and meet with us. Thank you so much for your counsel and wisdom.”

Representative Bob Pritchard said, “I would, as many of you have visited with faculty around the state and know that there is a lot of apprehension, but I guess the one point that I would like to keep emphasizing that we all have to be engaged in this process. I notice there were some comments of fear of being excluded from some of the discussions and if we are to reach our goal we have to have everyone’s participation and the faculty are critical in that mix. The other is that I have been in business and I know that if you are going to improve on anything you have to focus on the goal and the goal clearly here is student outcomes. If we stay focused on that goal as we look at the various metrics, as we look at how we are going to try to incentivize through performance funding, I think we will all reach our goals a little bit better and reach the goal of another group, the Complete College Illinois group that is trying to raise the number of citizens that have degrees beyond high school. So all of this is integrated and I think we are making great progress towards that goal. Thank you.”

Dr. Reid said, “Thank you so much. Julie Smith from the Governor’s office indicated to me late last week that she will be here a little later in the day depending on how her other meeting turns out. We will be glad to see her when she comes. Of course we are grateful for the hospitality of Governors State University. This is our third meeting and all three of them have been here at Governors State, using their electricity and all of the stuff and they putting out breakfast for us and this is just great hospitality. I spoke with Elaine Maimon, President here this morning extensively thanking her again in person and she told me to tell you to enjoy yourself, you will never visit another college any better than at Governors State University. That is what she said. So on behalf of Elaine we will ask Karen Kissel, who is the Associate Vice President and Comptroller of the University to come and give us some words of welcome.”

**Welcome by Karen Kissel, Associate Vice President and Comptroller, Governors State University**

Vice President Karen Kissel said, “President Maimon sends her regrets that she cannot be here today because she was invited by the President of the McGraw-Hill Foundation to come to New York City and attend the Innovation for Education Summit. So she is very glad to be in New York City but she apologizes for not being able to be with you today.

“Since we last met Governors State has experienced some exciting events. As Elaine told you last time, Dr. Martha Kanter, the Under Secretary of the United States in Education, was coming here. She did attend an event here on September 9 to talk about our dual degree program and the innovation that the dual degree program allows students and how that relates to President Obama’s 2020 college completion mission. Also in the spirit of finance and funding, I do not know if you saw our new wind turbine that is on campus. We just installed it a few weeks ago. We are very excited about that. The wind turbine was funded through all grant dollars so we did not expend any of our own money to get that and the power that it is going to generate will support our whole family development center. So we are very very excited about that as well.

“Again, welcome to Governors State and please enjoy some breakfast, some refreshments and thank you for being with us.”

Dr. Reid said, “Thank you so much again for the three meetings we have held here. I think we should give Governors State a round of applause really. Thank you. Our next meeting will be at Southern Illinois University in Carbondale. We will say more about that at the end of the meeting.”

### **Summary of Progress to Date and Agreed-Upon Issues – Chairman, George W. Reid**

Dr. Reid said, “Today I think it is safe to say that the rubber begins to meet the road. In our last two meetings really what we tried to do is familiarize you with all of the nuances and the facts about performance funding to let you know what is happening at other places and to make sure you understand that our work is in line with the work of many other great states. One of our goals in the *Public Agenda* is to be among the best performing states in the United States and therefore perhaps in the world. Of course if we do a good job here we take a giant leap toward the completion and attainment of that goal. Today we know that HB1503 has become a public act. On August 12 Governor Quinn signed HB1503 authored by Senator Maloney and others with the help of Bob Pritchard and so on. Today it is Public Act 97320.

“Today we will hear during a certain portion of our meeting too many comments from those of you who would like to speak to the papers that you have presented to us. I would say that every position paper we received from you even those of you are on the phone, we sent them out with no editorial just saying that we received this. We have taken your papers and we have synthesized them into a presentation that we are going to make today, but in the event that we missed one or two of your major ideas we would

invite you to use your two minutes to hammer home something that perhaps we have missed.

“Let us refresh ourselves with where we are. We have agreed to date that this effort is not about the total funding of higher education but it is about a small portion of the funding that will go into higher education. It is about the performance aspect of higher education funding.

“As a second refresher, we said that and, this is one of the unresolved issues that we need to continue to discuss today. The law says that we will implement this with or without new money, but we have received some position papers that recommend that we have new money so we have to talk about that a little bit more today.

“We know and we have agreed to do this work so as to be consistent with the opening of the fiscal year 2013 that in the 2013 budget there will be performance funding guidelines. We have agreed with the Office of the Governor, Finance Study Commission and the Board of Higher Education, the P-20 Council that we will do this work in trying to comply with the Illinois state goal of 60/25, that by the year 2025, 14 years from now, that we will have 60 percent of all adult age, college age citizens as completers of some form of post-secondary education. We have agreed that when we say some form of post-secondary education we are talking about certificates of high value in the market place of one year or more. We are talking about two-year degrees and four-year degrees. So far we have agreed that this work in performance funding pursues directly Goals 1, 3 and 4. We have received lots and lots of comment that we cannot leave aside the issue of affordability and I am sure that before the day is over you will hear more about affordability. These are the goals: increase educational attainment, increase the number of high quality post-secondary credentials and to integrate, to research other assets to meet economic needs of the state. Goal 2 is about affordability.

“One of the things we also agreed to when we synthesized your papers was that almost each one of you said we should have a guiding vision statement for our work here. This is what you see up now is our guiding vision statement, it is a three sentence statement. The first sentence talks about where we are at the present time. The second sentence talks about the imperative for change and the third sentence talks about what it is we want to be. We have the *Public Agenda*, it talks about college affordability and workforce and economic development. We have those things. We have the support of the Governor, legislature, they passed a law that is where we are. The imperative for change is that we have this overarching state of 60/25 but we are only at 41 percent as we speak. We have to somehow find 4,400 new post-secondary completers each year between now and 2025 so we see the answer as being performance based funding.”

Timothy Harrington said “Dr. Reid this 41 percent working age adults in Illinois having an associate degree or higher, does that also include certificates? People who obtain post-secondary certificates.”

Dr. Reid said, “We do not have good enough figures yet in certificates. That is probably a pretty good estimate though. Certificates you know, the area of certificates is an area that before this work has been undefined, but what we are going to identify are certificates of high market value, that involves a study of at least one year or more.

“I want to flip on your, in Item 3 on the Agenda, I want to flip 3 and 4, no I want to flip 4 down to 6, if you will and let Dennis Jones come up and talk about unresolved issues at the end of our conversation.”

Larry Frank said, “Could we back up to the goals for a second? One more to the vision statement, I am sorry. In the first sentence on that vision statement I would sure like it to say some place, like add a sentence on the end that says it should. I do not even care if it says it should when we can get there understanding that the state is not in great shape, but I would like...”

Dr. Reid said, “Adding a supposition, if this and we should.”

Larry Frank said, “Because if this is really a mission statement, I think part of what we ought to be working at is fixing the funding even if we recognize that this may not be the time when we can do it.”

Dr. Reid said, “I will bring that back by you in October with that added.”

Larry Frank said, “Thank you.”

Elaine Johnson said, “I think on the certificates it was a very good questions because I do not think that we as the certificate providers have really made the decision on exactly what should be included. We have a group of people from Illinois Community College Board (ICCB) and the Presidents Council and everybody else working on that. I think that will deserve more attention so I do not think that is resolved yet.”

Dr. Reid said, “Absolutely. That was in my thinking as I tried to answer that question.

“Let us hear from Dr. Phillips and from you as we talk through your two minute of position papers. I will let Al handle this Agenda Item.”

Geoffrey Obrzut said, “Can I just make a comment about what Elaine said. We are meeting this afternoon. We do not have a position paper at this time but we hope to have one by the October meeting at SIU.”

Dennis Jones said, “George just to clarify. We are talking about 2025 not 2020. You have two slides that talk about 2020.”

Dr. Reid said, “It should be 2025. 2020 is President Obama. We will make that correct.”

Dr. Bob Blankenberger said, “Well that 2020 figure is from the Georgetown study that was released just a few months ago so that is what that figure is for. That is the projection as to how many jobs will require that sort of post-secondary training. That is why it is 2020.”

Anne Ladky said, “Yes but we are talking about the next point.”

Dr. Alan Phillips said, “Yeah the second bullet is actually correct. That is national numbers but the third bullet that should say 2025 because that relates to us.”

Dr. Reid said, “Any other comments before I turn to Al Phillips?”

### **Summary Comments from Authors of Position Papers – Al Phillips**

Dr. Phillips said, “We received quite a bit of input after the last steering committee meeting and I want everyone to know that we greatly appreciate the effort and the time that was put into putting that information together. It was obvious that everyone is taking this very seriously and a lot of hard work was put into that. The input actually helps us to determine whether or not we are on track with this effort. It helps us confirm in many cases the direction that we are going. Some cases it helped to identify maybe some things we had not considered but need to. It certainly identified some issue that we are going to have to address if we are to be fully successful, some of which we are going to discuss later today. A lot of this data and the input that we received was included in the development of the principles, goals and even, not so much this time, but as we start to look into the specific performance measures and metrics. There was a great deal of good input that we received from a lot of people who did a lot of really good work. It is very helpful to us as we pull all this together. We appreciate all of the input that we did receive and it is extremely helpful as this is very much a collaborative process and if we are going to be successful we kind of need to move forward together in this and this very much helps us do that.

“Having said that, we received input from Larry Frank. Any comments on your data or any key or specific items you want to focus on.”

Larry Frank said, “Not really. I think our folks are just mostly concerned that it is a very complex issue that one size is not necessarily going to fit all when we get to looking at how this works for different kinds of schools in the higher ed. system. I think they are also really concerned since we represent teachers and other educational employees in the entire P-20 spectrum about how we sort of use this as a takeoff to really fix the whole system especially as we get into the issue of remedial education. It is really a P-20 problem although that is clearly outside the scope of this. Other than that no, we are good.”

Dr. Phillips said, “We also received input from SIU, Allan Karnes and Chancellor Cheng. Allan or Rita any comments?”

Dr. Allan Karnes said, “I think that many of the issues that we brought up have been addressed in the materials today especially the compliance issues with the statute. We did not see in the work before anything about academically or financially at-risk students. We did not see anything about first generation students even though the statute specified that. We were concerned that graduate degrees were not part of the metrics for comprehensive four-year schools. Most of the public universities generate graduate degrees. Graduate degrees are much in demand in the market and we think they ought to count for everyone, be rewarded for everyone. General classification of universities, it was comprehensive four-year schools, research school and community colleges. We think that a better classification would be to look at how selective the admission policies are of the university. One of the reasons Dennis said that for research schools we were not just going to count degrees no matter what kind of student it was. You said that basically University of Illinois could simply admit more students and that is true. I think if we classified schools more by their admissions policies when we determine what the metrics are, we can control for schools stealing each other’s students, so to speak. We want to grow more degrees instead of just changing the location of where a degree was granted. Low performers, we really did not see anything for graduating students who are low performers. Schools should be rewarded, we feel, for graduating students with lower ACT scores and high school GPAs whatever their ethnic background and economic status. Those are the students that cost quite a lot to educate and schools should be rewarded for that. In the prior version and I see we have some now, that there was no metrics for students requiring remediation. We feel that is very important. Those students are very costly and take lots of work by the University for them to be successful. We also would like to see some attention paid to hours earned for a degree. One of the problems we have are students who graduate, with say a four-year degree, with 170 credit hours. We need to reward schools who cut down on the overall number of hours earned per degree. Some of that can be transfer problems – students that transfer from school to school to school. They are going to have lots of hours because they are going to lose hours. It can also mean a student has changed majors four times. When they do that that causes a lot of credit hours. Some of it can be avoided with better advisement and spending more times with students at the front end. In other words, let us figure out what would be a good degree or occupation for you and get you on that path sooner. In the same vein, we see a lot of students that are transfer students from community colleges come in with tons of hours but say an AA degree. We need to reward community colleges for getting students either a degree with as few hours as possible or to transfer to a four-year school with as little hours as possible so they do not waste hours so to speak. If you look at how community colleges have been funded in the past, it is in their interest to keep students as long as possible, but we need to change that so it is their interest to get students in and out as quickly as they can. The phase-in period – look if we are concentrating on completions that is going to require schools to put in processes or expand processes and services for students so that we are able to help more of them be

successful. The problem is that is going to take time until we see any results. Everything we saw last month was an increase in degrees for certain classes of individuals. For the phase-in period for year one we would really like to see just, let us look at what schools have done so far and if we have a school that is successful in doing some of these things in the past or right now, let us base year one on what schools have actually done. Years two through four or two through three we ought to be looking at momentum points as we move forward and then by year four or year five we ought to see increases in completions by that time and we really could measure that and base performance funding on that at that time, but the phase-in period is going to be difficult to do that with any degree of success. We are also concerned about no new money. If we are going to slice off a piece of the budget and put it up for competition, so to speak, we would recommend that we go as low as one percent for the first year.”

Dr. Phillips said, “As we get to the principles and some of the metrics that we are going to talk about today, you are going to see a lot of your comments addressed because we did take a look at all those and certainly as a start point for the discussion. But what we tried to do is we went through all of the input, which we did in detail, was to try to take those things and include them into the development of the process, the design, the metrics, the model, because as I said before this is a collaborative process. We have to do this together and if we are going to do something that is not going work that is not going to be helpful. You will also see in their discussions about funding and later today we are going to talk more specifically about the funding issue because as that as we all know is probably one of the biggest issues that we have to wrestle with.”

Santos Rivera said, “I had a question and one thing that Allan talked about is he alluded to the question about the cost of preparing or serving underprepared students, but for some reason I believe I have seen some reports and maybe Dr. Jones can help us with this one, maybe not right now, but later on. But I think I have seen it is not as costly as it is to when you compare it to the amount of money that we are investing in the preparation of other students who are academically prepared. Is that correct Mr. Jones?”

Dennis Jones said, “The work that we did years and years ago said that the most expensive students in an institution are the absolutely best prepared students because they opt into all the most expensive disciplines. The best prepared students are the ones that go into engineering and etc. and so we take a look at a really finite cost analysis what you find is those are the students that are on the very high end of cost. Now having said, that the students that we are talking about really do need, and in too many institutions, those are the students that are served with part-time faculty, they are served way too cheaply with way too little attention to the wraparound services they need to be successful.”

Santos Rivera said, “This is what I was going to say is that my experience has been or others have shared across the nation who have been dealing with underprepared students and that has been for many of them their career, is that they operate on shoestring budgets and so there is a lot of attempt at window dressing that there is a lot of money invested to these students and we take issue with that.”

Dr. Reid said, “Bob Pritchard and I were walking in together and I do not know if he feels like he wants to make the comment now, but he made some significant comments about the need to be more aggressive with trying to round up some funding. You want to say anything about that now or?”

Representative Pritchard said, “We will do it later.”

Timothy Harrington said, “On the other side of that same coin, if we are serving the underserved and we are serving a population of people who are first generation college students, people who have typically not had access, those people are coming in with severe deficiencies that we then have to address in some way and that takes a certain amount of time, a certain amount of money, a certain amount of effort and they are not earning necessarily college credit at that point to get to a level where they can be served at the higher level that we want. We have to also take into account that their first year may be encompassed with remedial course work and I think that at the Tribune a few weeks ago talked about the idea of GPAs even in the best performing high schools, people with 3.0, 3.5 GPAs coming in and having 1.0, 1.5 GPAs in college. So even the best prepared sometimes are coming in and finding the transition to the higher ed. to be difficult. So that first year, that first semester has to be, we need to weigh that very heavily in that those students are not necessarily academically prepared.”

Dr. Karnes said, “I agree with Timothy. If we are going to be successful increasing the number of degrees we are going to have to do it by helping the students be successful that now are failing, the kids that are dropping out. We need to put systems into place that help those kids remain in school and see the kind of things that we need to help them with to make them successful and if we are really successful that kid is going to go into the high cost program that Dennis is talking about. We want those kids to go into engineering or math or science.”

Geoffrey Obrzut said, “Unfortunately with a lot of my students or a lot of the students they are not dropping out but after a year they are not being able to be funded and so once they are unable to be funded they are not going.”

Dr. Reid said, “We will get to that affordability issue before we conclude today. This is the kind of dialogue that I was hoping that we would get to and continue as we move through this.

“Let me just say a word or two to you about the folks who have submitted papers. The process that we used, Alan reminded me, and I went back and listened to the tapes, that we said that we would take your papers and then try to fold them into. So we have a presentation to give to you and you might see your principles there. So I would recommend to Al to go ahead through his presentation and then come back to the two minute comments. The other thing I want to say Elaine if I could. The other thing I want to say is we have to view this effort as putting in place the layers of an onion. We have a

vision, now we are going to wrap around that vision some principles and then we are going to put around the principles some metrics and then we are going to tailor those metrics per institution. That is going to make up the whole onion. So right now we are at the principles and what we have tried to do is to include your comments from your papers in Al's presentation and then we will get back to the two minute comments."

Elaine Johnson said, "I just want to make one comment please and I appreciate all your comments, very good. I would like to say though that I think the issue of students transferring in with too many hours that do not count has been a problem. I will say that the system right now, the chief academic officers especially, we are really looking at how many hours can transfer and knowing that we need to improve on that. I think there are a lot of circumstances why student change majors and no guidance, but as institutions as a system we are really looking at limiting the number of classes that can transfer in. So it is on our radar screen. We will be talking about it tomorrow at our chief academic officer meeting as well."

Dr. Reid said, "One thing I forgot to mention, every step of the way we are going to bring your work to the Board so that the Board will understand the process and the progress that we are making or lack thereof because there may be times when we will have to slow down just to make certain that we have everybody on board. We will carry it to the Board and at a certain moment in time we hope the Board will see fit to say yeah or nay, hopefully yeah."

David Anderson said, "Dr. Reid I just wanted to say I think the progress that we have made, I have talked to numerous students across the state recently, just kind of the progress on what they have been hearing from some of their administration and staff. The students feel a little bit comfortable with what is happening. We also will submit, I have to leave early because of an academic obligation, but this Saturday we have our IBHE student advisory committee meeting and we will draft a statement ourselves from the students across the state. But, I also want to say this regarding some of the more underprepared students that our institutions have to help graduate. I think also just take into consideration that for many of those students whether the race or geography, coming to college and some people may be removed from this, but I am a little closer to it, for many of those students it is a complete culture shock and I think this can be compared to when some of us go over to Spain or we go over to a foreign country, America realized our citizens it is hard to transition into that new environment, so we have set up embassies, we have set up things to help them transition over that time period, the same way in Dubai and in other places. I just wanted to keep on the forefront of everyone's mind as we are looking at the metrics, as we are looking at affordability and attainability that we also take into consideration, no matter who that student is, that if they are unprepared from an academic standpoint that the culture shock of transitioning into higher education is also one in which we have to help or assist in this performance funding measure, buffer that shock. I just wanted to make that statement."

Dr. Reid said, “That was David Anderson from the Student Advisory Council and just before we began this round of discussion you heard from Geoff Obrzut who said that the ICCB group was going to meet this afternoon and maybe even some more meetings and they will have a position paper. So as we get these additional position papers, this is the way I plan to handle it and you all tell me whether or not you want to do it differently. I will go back through the points that you all agreed to today and try to weave those in and then when we get back to our meeting on the 24<sup>th</sup> of October I will identify the new ideas that we have added into the principles since this meeting today. Because I suppose that now that everybody is seeing that we are paying close attention to those position papers some other groups might want to give to us position papers too. We will be weaving those in. Is that okay with everybody? I want to say to Geoff that his community college position paper, not that others are less significant but that one is of course very very significant.”

Geoffrey Obrzut said, “May I say we are moving along very well. Our second meeting went well and we are hoping the third meeting today goes very well.”

Dr. Phillips said, “Performance funding principles as we work to determine what the principles should be we tried to look at a wide range of sources for input to get some ideas on what they should be. We took a look at the *Public Agenda*, we took a look at the legislation, we took a look at the Finance Study Commission, we took a look at all the other states and the principles that they implemented, we did research, we went to different experts Dennis Jones and others to try to gather input and we certainly took your input into consideration. What we have done is to try to synthesize all of that into a manageable set of principles that we think addresses where we are going with our performance funding effort. The first one was we need a clear vision and common goals for what we are trying to achieve. As George talked about a few minutes ago I think we have kind of put together a pretty good mission and of course a lot of this is guided by the implementation of the *Public Agenda* and I think we are in synch with that very well.

“The next two bullets address some of the issues that Allan had. We are going to try to eliminate the achievement gap, reward performance of institutions by access, success, quality, and affordability with special emphasis on students who are academically or financially at risk. We certainly captured that in the principle.”

Dr. Reid said, “Somebody mentioned to me Al that we should not forget the disabled. Who said that to me? We have a committee of the Board that will be meeting in the next few days about that and so we need to put something in there about that.”

Dr. Phillips said, “There are a couple of categories that we could say that is included in underrepresented, underserved, veterans is another area where we might want to pay some particular attention to. We certainly have considered that. That is not in here but we are happy to put that in here and we will take a look at that.

“This would include first generation students, low income students and those who have, this is kind of the catch-all, but all those that have been underrepresented or underserved in higher education.”

Dr. Reid said, “And actually Dr. Arthur Sutton, he and his group have a definition for underrepresented that we will use.”

Dr. Phillips said, “I will tell you that the second and third bullets are very consistent with everything we have seen in pretty much every document that we have looked. This, by and large is what all the performance funding efforts strive to accomplish.

“The next principle we are going to focus on is the completion of college course, certificates and degrees and we are going to measure institutions against themselves as opposed to against each other. The other consideration we may have is also against national benchmarks or other things which are consistent across the board, but the intent is not to have colleges or universities compete against each other for performance funding dollars.”

Dr. Reid said, “By the way, you have your PowerPoint. This was sent to you. There are only a few areas of correction. Basically you have it at your desk as well.”

Dennis Jones said, “George if I could interject here. Some of the papers did reference the fact that institutions ought to be compared to their peers. Is that a concept that we embrace or are we simply looking at self improvement?”

Dr. Phillips said, “In terms of...”

Dr. Reid said, “I thought the agreement, you all can correct me, was that we would measure, and saw that in the papers, but that we would measure institutions against themselves. That we would establish a baseline of performance and then we would suggest, IBHE would suggest to the institutions in concert with them, their presidents, where we think the next level is and then we would look at the performance and judge an institution against itself.”

Rita Cheng said, “I recall it the same way. I think that what we want to avoid is an unfair comparison against each other and really it is about improvement for everyone from the benchmark of where we are.”

Representative Pritchard said, “I agree with that but the concept that I understood this other paper to mention was like institutions, peers. In other words, your comparing yourself against others in your same category.”

Dr. Karnes said, “I think you have to adjust for a lot of things if those peers are from other states. We have to look at population differences, cost differences so it would

make it pretty difficult to. I mean we could look at them generally, but to benchmark it I think it would be very difficult.”

Dr. Phillips said, “I think the way we are planning to address that is through consistent sets of criteria for different kinds of institutions. So the criteria or the performance measures that we would have for community colleges in some regard, maybe not all of them, but would be different than those from a comprehensive four-year university or a research university. So the intent is to compare like universities or use the same set of criteria for those. I am sure that community colleges would not want to use the same set criteria that we would use for a research university.”

Elaine Johnson said, “You know and I also think Al that when you start looking, and I think we did agree that we were going to benchmark on each institution and their improvement, but I think even at that though Representative is that when we start showing that data out there anyway even though Kishwaukee may be measuring up against themselves but when they are looking at what is happening at another college by default we are going to be comparing things. It may not be part of the metrics of what we get performance funding on but it will, by time, people will be compared to each other but probably not in the performance funding. That is how I understood it.”

Rita Cheng said, “My follow-up is that we are always comparing ourselves. We have different peer groups for different type of activities on the campus and so there is not just one peer group necessarily for any one of our institutions. We have aspirational peers; we have other peers that are defined by the HLC or by IBHE.”

Abbas Aminmansour said, “I just wanted to point out that I agree with the comments that have been made but if we have an institution, whatever category they fit in, if they are among the best in the country I think we need to recognize that somehow and that should be part of the equation. I do not know how we can address it as part of the metrics specifically but if they are doing very well nationally and there are metrics to establish the rankings of universities and colleges within their own groups. I think that would be something that might be helpful to keep in mind.”

Dr. Reid said, “Actually in our conversations with the Presidents the overall theme is that we want to measure you against yourself. I want you to tell me however Mr. or Ms. President what it is that you are using and as Rita just said she uses many indexes including peer groups. I think peers will come in there at a certain moment in time but that our overall motivation will be self improvement.”

Abbas Aminmansour said, “But George as we establish these metrics if a college or university is way up there already there is not a whole lot of room for improvement in certain categories and that...”

Dr. Reid said, “Not in certain categories but there is always room for improvement.”

Representative Pritchard said, “I would just add that even though we have some very premier universities they are weak in some metrics.”

Dr. Phillips said, “As I said before this is very much a deliberative and collaborative process. One of our principles in the process is that any changes will be made in an orderly fashion to minimize confusion and disengagement.”

Dr. Reid said, “Okay, this is what I mean by that. When we are going to begin our budgetary meetings, budget meetings with the Presidents in the next few days and so we are going to introduce in some way performance funding in our discussions. If for no other reason than to get it onto the table so that everybody will know at a certain moment in time the law will intersect with the process and performance funding will become a part of what we do for 13.”

Rita Cheng said, “The position paper from the four-year Presidents and Chancellor’s Council linked the work back to the *Public Agenda* goals as well as to the higher ed. finance study and set out six principles that were broad principles but that really have captured much of the discussion to date including a focus on quality as well as quantity to make sure that even the best institutions can aspire to being better.”

Dr. Phillips said, “Along the lines we are going to have an orderly review process to insure that they are reviewed and evaluated on a regular basis. In almost every case in other states where they have done this on a regular basis they go back in and adjust and revise. I think Tennessee has had their system in place for a number of years and they recently just revised their performance funding program. So this is something we will need to do on a regular basis. We also want to include sufficient lead time for key leaders to engage their constituents, which we are happy to say is obviously taking place and we certainly value everyone’s input and contribution.”

Dr. Reid said, “So at the end of each meeting what I try to do is to summarize where we go from here and I try to say what the agreements have been during that meeting and I try to move the agenda to the next level and state what that next level is. So in this item, this bullet here, if we are not at the place to look at the next level that is where we need to slow down so we could get buy-in from everybody. It is significantly important along the way to have the buy-in as so many of you have said. Either we can get it now or we get later or maybe not at all. So it is best that when we get to the end for a group, a significant group of people to say we do not agree with this. We want the buy-in along the way. When we get to that point in today’s meeting think about that. This is our exit from this meeting but opening the door to the next meeting. If you do not want to go to that next level we need to agree to stay on these topics today.”

Dr. Phillips said, “And last but not least on this chart, if additional money is not available to fund performance and this is in keeping in line with Allan’s comments, the

initial funds to be set aside should be kept to a minimum. We have talked about that before.

“Principles regarding performance measures, they will be developed in consultation with public institutions of higher education, state educational agencies and pretty much all the folks involved in this process. We certainly want to develop them in conjunction with everyone involved and solicit their input.”

Dr. Reid said, “Before you move from this, so when we meet with the Presidents and their senior officers next month or two AI is going to show you some of that today, the metrics that we have in our control at IBHE. When we meet with the Presidents and their team we will not only show them the metric categories but also we will add to the metric categories their number so that SIU will know how it stacks against a certain metric from our vantage point. The universities might have a different number. We will research until we get on the same page, but those budget scenarios will be a part of our discussions with the Presidents and their teams as we go forward.”

Timothy Harrington said, “I have a question that just came into my mind and maybe I missed and so correct me if I am wrong. Who is going to be doing the evaluation of the universities? Is it going to be IBHE? Is it going to be the state legislature?”

Dr. Reid said, “We do not want to see it that way even though at some moment somebody is going to have to say yes this was done or no, it was not, but we see it as a collaborative process. Here is the deal, if you know what your goal, which we hope that the Presidents and I and others will agree to, either you get to the goal or you do not. That is not for anybody to say, particularly both people will know, you have either made it or you have not. So it will be a collaborative discussion about whether or not.”

Timothy Harrington said, “If it is going to be a collaborative discussion and say we come up with X number of metrics, maybe I am putting the cart before the horse here, but...”

Dr. Reid said, “It is a little bit before the horse, but go ahead.”

Timothy Harrington said, “Do you have to reach all the metrics in order to?”

Dr. Reid said, “That is much before the horse. We will get there Tim.”

Dr. Phillips said, “Obviously performance measures will clearly support state goal attainment and this is important. They must be acceptable to educators as well as the Governor’s office, legislators and others. Balancing institutional autonomy with state level review and control, so there has to be a balance there as we go through and develop.”

Dr. Reid, “On this steering committee we have legislators who have agreed, even before we started the committee, to have a little caucus within the legislature to keep the legislative leaders and others informed of what we are doing. Julie Smith from the Governor’s office and the Lieutenant Governor sit on this group and they are to keep the Governor’s office and the Lieutenant Governor’s office advised about progress that we are making. We have college and university Presidents and so on and so forth, so each of these groups, Governor, legislature, others, educators, stakeholders, each of these groups will tell us where we are with their group as we go forward. So it is very very very very important after each of these meetings to summon your groups and talk about what we have done and shoot me an email and I will be ready to discuss it at the next meeting or something like that.”

Dr. Phillips said, “Next chart and this one is important. Performance measures and funding formulas will be simple and restricted to the most essential elements. I have run the gambit, I know some states have devised formulas that maybe one or two people in the state could figure out how they actually work. Our goal is to keep them to a minimum yet have enough data to have meaningful results.

“They will also be selected and designed to the extent possible to make it difficult to gain the system not that that would ever happen, of course. This gets back to using objective measure of performance or things that are easily understood. We are going to try to make sure that we avoid that where possible and we are going to try to use existing data, data we have. There may be some criteria that we decide that we want to track or some metrics we may not have. As I will talk about here shortly a lot of the metrics that we have looked at are Complete College America metrics which we have for one year, but they are very good measures. We will try to use what we have initially, over time we may want to develop more and this as we move this forward hopefully we will also see the development of the Longitudinal Database System which will make it much easier to track data and access the data in the future.

“Next chart, this bullet talks about differentiating for different missions which is critically important and the next bullet talks specifically about community colleges and I put that in there because that is directly out of the legislation so we make sure that they certainly have an equal seat at the table.”

Dr. Reid said, “This is specifically your bullet, you and Elaine.”

Geoffrey Obrzut said, “We will discuss that next time.”

Dr Phillips said, “And the last bullet kind of touches on Rita’s comments which we also have to address quality as well as quantity. So this is what we put together based on all the input. It is not everything there is but we thought this was kind of a good balance that addressed most of the concerns and would set up a reasonable framework for us to move the effort forward.”

Dr. Reid said, “So here is the way I am going to try to move us along on this one. I am going to go back through each of these principles to see if there is anything that anybody wants to add especially those who have written papers wants to add to a principle. We will hear that.”

Rita Cheng said, “One of the things that I did not see was that at-risk students not only need more support from the institution they are at risk financially and so without a proper connection to their needs for financial support I think we are running in conflict. It is the MAP funding issue that is connected in a pretty significant way.”

Dr. Reid said, “It is slide number eight and it is the third bullet, I think. We want to add something in there Rita says that says that we need to have additional funding metrics set aside for at-risk student and I guess you would include first generation, low income, along ethnic lines as well.”

Santos Rivera said, “So George what then we are saying is that the performance based funding should take into account the specific student profiles that are entering into the institutions. That is very important. You look at some of these students who are first generation, some of them whose parents do not have any type of formal education, very much on how it impacts community colleges and other institutions.”

Dr. Reid said, “And the way we have said it, which is the same way you are saying it is that we will look at it by differentiated.”

Santos Rivera said, “This will provide a very objective baseline from which to give an assessment.”

Dr. Reid said, “Differentiate the mission of Chicago State will be different from SIU and so on and so forth.”

Anne Ladky said, “There is also, I think, it is getting more into the implementation details, but we recommended that we also desegregate progress and completion measures for these particular underrepresented and hard to serve populations and consider allowing institutions to garner more points or have a weighted system so we are getting the implementation details but the principle is up there.”

Dr. Reid said, “That is right and what Anne is talking about is that next layer of the onion, it is the metrics layer what we are talking about. What is it that we are really going to measure?”

Wayne Watson said, “And what the concern is that, I think it is principle five or six, it states that we will fund universities additional dollars for dealing with these high risk students and that is good, but the students are the ones who need the additional dollars. We are talking about both, one is fund the University for taking the risk to deal with the student but you have to fund the student. I apologize for walking in seven

minutes late and just an antidote, a young lady came to me this morning, B average, suppose to be graduating in May. She is dropping out. She said Mr. President I want to tell you I have to drop out. I have no gas, my internet service at home had to be cut off, I have three children, my rent is paid up until November, but I just do not have any money. They cut back on MAP, I do not have that, I am not going to be able to graduate in May. I am dropping out today Mr. President. She is a B average student. Each one of us can tell thousands of stories and Elaine and Geoff I know you can just tell tens of thousands of stories. We have got to figure out how we do this. I in no way want to be funding students who are not appropriate, who do not deserve it, etc. but we cannot throw out the baby with the bath water.”

Dr. Reid said, “That is correct. We aim to get at this as we get to the metrics. We have got to get at this at this point.

“Let me go through these ad seriatim. That is the first one; does anyone want to add anything? Here is the second slide.”

Larry Frank said, “You know the conversation we started to have around measuring the institution against baseline data as opposed to peer groups. I mean it seems to me we are kind of talking about the difference in a sense between a summative evaluation and formative and one of the, to me I guess, unresolved issues is if at the end of, depending on which road we go down, it is possible to sit down with the stakeholders and say okay sort of your individualized plan for your school for the year is this and we are going to set the goals at whatever. A much different way is to sort of set external goals as measured against peer groups and I guess for me that is different than using the peer groups as sort of a benchmark that you would like to work toward rather than setting some kind of hard standard that you have got to reach. I do not know that we, not proposing that we have a huge debate right now to resolve that.”

Dr. Reid said, “See the conversation, Mr. Frank, was an earlier conversation. We said and we agreed to this that these would not be hard and fast decisions, these would be Mr. President this is where you are. Our data show in terms of college completion, this is where you are. Mr. President would you tell me if you agree with that figure where would you want to be this time next year and then that if we agree would be the goal. So it would not be hard and fast, it would be a collaborative discussion issue that we would agree to as to be the goal. Now if that is the case and if we pair that with *Public Agenda* goal, the Governor’s goal of 60/25, making sure that the numbers we agree to will get us to those bigger goals then I think that is where we should end up. A couple of Presidents have already said peer groups are okay, they will use their own peer groups, but a better measure would be to compare them against themselves.”

Anne Ladky said, “I think we also ought to just remember here that we are trying to design...”

Dr. Reid said, “Mr. Frank do you understand what I am saying.”

Larry Frank said, “Well, I mean, what I hear you saying is you have already had that conversation with the college Presidents.”

Dr. Reid said, “Here too.”

Anne Ladky said, “I just think, you know, if we remember the principle about trying to keep this as simple as possible that is our first job and there is nothing to prevent any institution or any group of institutions from looking at their peers and benchmarking themselves. We are not establishing something that is every evaluation device that anybody could ever use. You all are already doing that sort of thing and you probably will continue to do it. I think we are just trying to confine ourselves here to performance based funding and what is going to be the set of measurements there.”

Dr. Reid said, “Next, anything there? Next, is there anything there?”

Ellie Sullivan said, “Ellie Sullivan from UPI. And it was on the...”

Dr. Reid said, “That is not United Press International is it?”

Ellie Sullivan said, “University Professionals of Illinois, we represent a number of the public universities.

“On the measurement of funding, we continue to be really concerned about the funding aspect of this. Having lost a decade’s worth of progress in funding in the last few years we really want to emphasize that we agree with the report, it is a well thought out report, but that the funding penalties be kept to a minimum without any new funding where we are just putting those institutions that are in trouble further at risk. So like I said, we want to emphasize the funding aspect.”

Dr. Reid said, “Thank you so much and it is such a heartfelt comment and I can tell you that your comment is shared by so many around this table. All of us right now, we still owe the colleges and universities hundreds of millions of dollars and the two legislators who are here, every time we get together we talk about that, rectifying that and getting us back to a fair base. It is on the minds of, and thank you for reminding again, it is on the minds of all of us.”

Abbas Aminmansour said, “I would like some recognition of the fact that education is a P-20 continuum, although some of the aspects may be beyond our control, it is important to recognize that in our principles because there are some issues that have been discussed here that may be beyond the control of our institutions for example, remedial education. There needs to be some recognition of the fact of the continuity of education.”

Dr. Reid said, “I think and because the P-20 Council has gone on record as endorsing the 60/25 goal it could very well fit right here. Everyone said they understood the term game.

“This is the one Dr. Watson referred to perfectly on many occasions.”

Elaine Johnson said, “George we may want to tweak the second one because it does not have certificates and things.”

Dr. Reid said, “We will tweak it as soon as we get your report.”

Dr. Phillips said, “Yeah that was a lift directly out of the legislation.”

Dr. Reid said, “But we will get your report and we will see that, in fact we may send it over to you to make sure it is tweaked in the proper.”

Anne Ladky said, “Can I ask a question? What is the meaning to include enrollment? I understand the other things there, but why is enrollment included?”

Elaine Johnson said, “I think he said they just took that out of the legislation so we will revise that.”

Anne Ladky said, “I do not think that is what we are doing here.”

Dr. Reid said, “Right that may not show up in the final.”

Dr. Phillips said, “Although I will tell you, especially from a community college standpoint that is the performance metric. That is how they are funded.”

Anne Ladky said, “No I know, I am well aware.”

Dr. Allan Karnes, “The last one, performance measures will focus on both quality and quantity. The issue of quality is brought up by every faculty group or member that I talk to. It is a real fear among the faculty that well it is easy to complete completions, we will just pass them on through and the faculty are looking for assurances that that is not going to be the case. That needs to be on the face of our work.”

Dr. Phillips said, “As we move on through the discussion today, that is one of the issues we have identified as an unresolved issue and so we made sure that that was in fact put front and center that that is something we are going to have to address.”

Larry Frank said, “To kind of piggyback on a quality conversation, you know it seems to me in terms of remedial ed. we have sort of in higher ed. got a short term need and a long term need. In the short term we are not going to fix the K-12 system this morning and have it producing kids who are ready to come in and engage in course of the

proper academic rigor. So somebody has to deal with the students especially if we are going to serve the underserved populations, those at risk kids who come in and I think if we decide that work is going to be done at the community college system or at the four-year schools or wherever that gets done in the short term there ought to be some measure that recognizes success with those kids too.”

Dr. Reid said, “There will be. I am sure of that. At the core of the work of Chicago State and community colleges and so many other institutions including SIU in many instances, remediation is at the core at these President’s thinking in terms of what do we need to do next to make remediation a better experience for our students if they have to then what can we do to make it better.”

Rita Cheng said, “I had the good fortune of participating with the Presidents and Chancellors to put together the input as well as working with AI and to bring together a group of faculty and staff at the SIU campus and I would just like to again emphasize that what I felt was a consensus across the state among the four-year institutions on the key issues, what I was hearing on my campus that were important issues that Allan so thoroughly explained were also participating in conversations in other campuses. I think you have two documents here that really do speak very very detailed about the important issues that are coming from our constituents.”

Dr. Phillips said, “And we understand that. Some of the information we got we did not get in enough time to fully go through it. We got some of it fairly recently, but I can assure you we value that input very greatly and we are also going out and speaking with a number of groups. We have been invited to a lot of conferences to go talk about performance funding. I think next Friday I will be going to the Community College CFO conference to talk to them about performance funding because I know they are keenly interested in how this is all going to work out. I cannot tell you how much we do appreciate the work that has gone into that and we value that input very highly.”

Rita Cheng said, “Our accreditors are also interested in this. I do not know if you have had a call from the HLC but they are definitely talking.”

Dr. Reid said, “I have had conversations with them.”

Tim Harrington said, “Dr. Reid just one last thing. When as far as reporting goes, at the end of each cycle obviously we are going to have to report out, each institution is going to have to report out if they met their metrics and then the following year how that additional funding then helped them to fulfill the next set of metrics. Are we going to also be asking those that do not meet their metrics to write about how it has harmed or how it has hurt their ability to continue their mission?”

Dr. Reid said, “Yes that is a great research and design as you know. You go in, enter into a project with some goals and then you report out what you have done to attain

it or not attain it. How you reach your goal and why you did not. So yes, we do plan to do something like that.

“What we have agreed to is no less than the first cut of our principles upon which that is the second layer of the onion. We will get that back out to you before the next meeting to make certain that you have a clean copy for the next meeting, but that is completed work for the most part.

“Our next discussion is going to be about metrics. But before I go to the metrics I did want to introduce one letter that I received from a very distinguished educator in our state, President Michael Hogan and President of the University of Illinois and the various campuses. One of the requests that he made was to become a member of the steering committee. I have touched bases with maybe half of you about that and none of you expressed any negative inclination toward that. I just want to let you know that I am going to be receiving further input on that but I do plan to contact Michael in the next day or so to invite him to be a member of the group. I think that it would be a grave mistake to have the flagship president to request participation in this important endeavor and not have the opportunity to do so.”

Dr. Allan Karnes said, “George I am not going to say no, but at our first meeting you told us there were no substitutions, no additions. How do we reconcile that with then asking for addition in the middle of the process and are we going to have to allow other people in as well? I mean we have a letter from President Peters from Northern, are we going to invite him as well into the process? I understand where you are coming from but I think at the same time we are opening up a door that we may not want open.”

Dr. Reid said, “I will talk to you more about this. You are correct. It is a dilemma for me as Chair. I will talk to you more about it to get more guidance and to many others of you who may have strong opinions one way or the other and then I will try to make a good decision. I think that for example, if the Chief of Staff of the Governor said he wanted to be a part of this process I do not see how we could not invite that person. I am thinking along those lines but I can be corrected so I will be talking to you about it more.”

Abbas Aminmansour said, “George, I would like to make a comment about that as well. I appreciate the comments that have been made at the beginning but I think we need to show flexibility if there is an individual, whether it is President of the University of Illinois or anyone else who can add value to the conversation, I think we should seriously consider that. So there needs to be judgments made and I am sure you are very capable of making those judgments so I would not necessarily rule out adding more people because of a statement that was made at the beginning. The guiding principle should be what would the addition of that individual, what value would it add to the discussion. If it is valuable and if it is worth it, we should definitely, we do not want to close the door just because of a statement that was made. But on the other hand, if views

that may be expressed by a certain individual are already available and expressed and are on the table then maybe that individual does not need to be added to that list.”

Dr. Reid said, “Correct. That is a part of my thinking, I mean I have thought about both of your comments over the last few, I mean I just got the letter yesterday morning/afternoon and I have been thinking about it ever since. I have called the Convener of the President’s Council and I have talked to several Presidents. I did not get a chance to talk to Wayne. I was intending to and will do before the end of the day to talk to him. And before I go forward definitely I want to talk to Dr. Karnes again about it.”

Elaine Johnson said, “George can I make a comment about Dr. Hogan. I would just make a mention about value added also that President Hogan is serving on the Higher Ed Group for the park consortium on the steering so he is a representative for Illinois when you talk about the P-20 alignment. He is at the table with that.”

Dr. Reid said, “That is my thinking and I will talk to you, especially those who have expressed a strong point of view.”

Wayne Watson said, “Dr. Hogan is part of our group of the President’s Council, we highly respect him and we greatly value. Just speaking for my colleague, myself and we have not checked with the rest of the group but he would definitely add value and the Council of Presidents, once again not speaking for them, but just we would support the President of the University of Illinois joining us.”

Dr. Reid said, “I have spoken to several members of the Council of Presidents and they all have said the same thing basically. But, I want to speak to Dr. Karnes again and we will get this matter settled.”

Timothy Harrington said, “I just want to add that we are a living institution, we are not stagnant so adding anything that adds value adds to our process.”

Dr. Reid said, “One of the caveats that I am sticking to is that we...one of the things I am going to ask is that we stick to the principle that each of us represents ourselves and that we should not be sending surrogates to the meeting. That will be articulated to President Hogan as well. Thank you so much for that exercise.”

Senator Maloney said, “I was just going to make a closing comment. Tomorrow you are meeting with, beginning the budgetary talks. I would suggest a more aggressive stance quite honestly in terms of additional funding for higher education. Rita made the comment about the *Public Agenda* and Senate Joint Resolution 88 which is directly clearly the missions are connected there. Also the issue of the MAP award program is clearly connected to the *Public Agenda* goals and to Senate Joint Resolution 88 which we studied the affordability issue. Ellie Sullivan’s point too, if there is less funding I think that universities and people involved in this process are going to view the metrics as

somewhat punitive that unless you do this you are going to get less money kind of thing. If there is more money I think the whole attitude shifts toward the positive aspect of this. I have said this in the past that higher ed. people are very very polite and I think that it is time maybe we dropped the politeness and get a little more aggressive because I think all the ammunition is here and all the rationale is here too. Given the history of less funding in the last few years, the fact that here we are making a positive statement trying to do something positive that will impact, not only higher education but the future of the State of Illinois. Again, I am repeating myself but all the rationalization is here in terms of the *Public Agenda*, Senate Joint Resolution 88, what we are trying to do here and I think that message has to be carried by the Presidents when they begin their negotiations and by George when you begin negotiations with the Governor's office on a budget."

Dr. Reid said, "I think it is October 10. I would recommend without knowing all the nuances, I would have to get advice and counsel from Don Sevenser on this, but I would recommend some joint hearing by the Senate Higher Ed, Senate Appropriations, House Appropriations, House Higher Ed hearing on performance funding to be and definitely to include the members of the leadership of the education caucus at some point during the budget talks of the General Assembly if that is possible. Senator Maloney will get together with you on that to see if that is a possibility at which I would endeavor to invite the University Presidents and many of you around this table to testify."

Abbas Aminmansour said, "You mentioned budget hearing meetings coming up with different institutions. I assume those are public and open right? If they are it would be helpful if we had the schedule so maybe some of us."

Dr. Reid said, "Everything IBHE is public info."

Abbas Aminmansour said, "So it would be helpful if you could maybe share those schedules with us, some of us may be interested in sitting in some of those to just listen."

Dr. Reid said, "I am not sure if they are maybe on the website already, but I think we will put them on the website."

Abbas Aminmansour said, "That would be great. Some of us may be interested in sitting in some of them. I think I would find them educational. I have never been to one."

Santos Rivera said, "I am not quite sure if I am..."

Dr. Reid said, "They are not hearing as such, if you know what I mean. I miscalled them. They are merely meetings."

Santos Rivera said, "I am not quite sure if what I am going to say follows a little bit of what Senator Maloney pointed out. Let us be truthful, but we are talking about performance based funding, but public institutions operate as we all know under two

economies. There are two budgets. One of course is the monies they receive from the State and the other one is the local funds that they receive from tuition. Am I correct? Is this also going to impact that? We talk about this money, we are talking about putting parameters or addressing the issue of funding that the institutions from the State correct? My other question is, is this also, how will that impact or influence local funding?"

Dr. Reid said, "I think none."

Santos Rivera said, "But the monies they are using to operate their institutions."

Dr. Reid said, "Here is the way it happens. I think that once the Presidents and they can speak for themselves. I am just reflecting on when I was President. Once the Presidents get their budgets they have to realize how much more it will take to run their institutions and whether or not they need to raise tuition and fees. So the two are conjoined to make certain there is enough in the pot to operate the institution but the two decisions about how to make each of them is separate. One is generated from the General Assembly and the other is generated from the Boards of the institutions."

Geoffrey Obrzut said, "But as we have received less funding over the years our tuitions have gone up at the community colleges greatly."

Santos Rivera said, "But what I am saying is this. The State can tell the universities this is going to be your budget because of the dire condition of the economy, we are not going to be providing you monies for you to use for travel, but then the institutions will nevertheless be able to provide that through their own, through the funds that are generated through tuition, the local fund. Am I correct President Watson?"

Dr. Reid said, "Well that is a complicated question."

Santos Rivera said, "That is what I am trying to say. If we are going to be realistic are we only going to be realistic for the monies that is being provided by the State? I may be way off on this but I do not think so."

Dr. Reid said, "Not way off but we are only dealing with the performance funding portion of the budget only. We are not even dealing with the rest of the higher ed. budget just the performance funding portion of it."

Tim Harrington said, "Just real quickly I think I understand Senator Maloney and I applaud him in that this should not be a punitive process. This should not be a take away process. It should be a value added process. There should be a carrot for us all to attain but it should not be punitive to those universities who have higher or have different things that they are working towards. So I applaud you for mentioning that. That is a very important statement in the context of this meeting."

Wayne Watson said, “The process is excellent. It is forcing all of us to think outside of the box. It is forcing me to think for my university. It is forcing me to think for other universities. It is forcing me to think for community colleges. It is forcing all of us to do that. What Santos said not budget, but there are external factors and I do not have the answer. I just came back from Washington yesterday and January 2012 there is a potential possibility that they are cutting Pell \$17 billion. That is the goal. There is an external factor there that just has a major impact if that happens. I do not have the answer. I just want us to think about the fact, put a contingency thought some place that if something external to our state takes place.”

Dr. Reid said, “Of course, the best laid plans of mice of men can go awry. I remember when I was President of a university I use to stay up at night wondering about things that would happen the next day and 50 percent of the time it never happened. We can wonder about it but we have to just wait until the eventuality occurs and then we try to deal with it. What I did want to say however is just some word of team building a little bit. As we get down to the level of metrics discussion the comments are going to be a little more partisan because we are talking about numbers. Numbers are precise but wise men and women can deal with preciseness. If you have the desire to reach far beyond your particular entity to understand with empathy the ways of others who have to do the same thing. A part of the tragedy that we are experiencing in the Congress of the United States which has a ten percent approval rating by the country is that partisanship has moribund the Congress. They cannot move beyond particular ideas. I hope that when we get to a point where you disagree with somebody that you can find it somewhere to make this sausage by going over to see if there is something about that point a view that makes sense to you where we can compromise and get this done. It is not going to happen by any unilateral decision because I am a coordinator; the SHEEO in the state is a coordinating body but will happen through the good will of all of you.

“Let us move to the next point. We have finished our principles right Al. We do have a number of issues.”

Dr. Phillips said, “Do you want me to talk about criteria before or after? Metrics?”

Dr. Reid said, “No not yet. I want to ask Dennis if he would come to do the hard work here to resolve the unresolved issues.”

### **Unresolved Issues and Other Discussions – Dennis Jones**

Dennis Jones said, “I am not going to resolve anything. Here is the list of things that have not been answered and we do not have a lot of time, but what I want to do is just say we have talked the first one a good bit. That if there is no new money then that it should be small amounts. I suggested in my presentation last time that there should not be hold harmless in all of this but there should be a safety net so that there is a stop loss

provision so that institutions should not absolutely be held harmless but that any reductions if there were to be any would be manageable.

“What I do want to talk about are a couple of things that we really have not spent a lot of time at all talking about. Through the letters, through the input, we have got information on I think almost all of these bullets. We spent a lot of time talking about the various categories of underrepresented underserved. There are all kinds of information today on that topic. The only one that was mentioned last time that has not been mentioned today was I would call it the geographic aspects of where students come from. My note on my copy last time was one about regionality and serving students from parts of the state that are underserved.

“The one I want to talk about just a little bit because it hasn’t been mentioned, it is really the piece of this whole conversation that is about goal four. It is about the contribution of higher education. In goal four in the document talks about better integrating education, research and innovation assets to meet the economic needs of the state and its regions and that is a conversation that has been a little bit talked about when we talk about research and the research universities and etc., but that is a pretty limited definition of what goal four suggests. Clearly and I suspect Geoff when you do your work that there will be some stuff that talks about workforce development and how much kind of non-credit instruction is going into the guise of working with employers and etc. Other states have picked up that metric and you might want to take a look at Tennessee because they have built that explicitly into their performance funding model for the community colleges. If we talk to the research institutions there will always be the information about, there will be language at least about patents, start-up companies etc. etc. All absolutely wonderful ideas and they are the kinds of things where the data are absolutely abysmal. This in an area where the rhetoric really outraces the ability to do anything that is concrete enough to be trustable. I am just putting that on the table as something that, I am sure I will talk with Al some before about this before you see it at the next meeting, but that is an area that, you know because we spent all the time talking about completions of students and 60/25 etc. but this is a very important piece and especially for the more selective institutions, the institutions that have research as a very large part of their mission. You cannot forget this aspect of it.

“The second thing that I just want to spend a couple of minutes on and we can do as the Chair suggests. Because everywhere I go is like everywhere you go, a topic is one about quality and this is another one where there is not a really good answer. But, the thing that I would say, we got miserable measures of quality now and so if you are going to worry about the degradation of quality then there has got to be a bench line or a benchmark established for current levels. So if, I guess I will argue that you cannot use quality and the potential of degradation as an argument for not going forward, but if you are concerned about it then you will have to also agree to say we are going to come up with a definition of quality that we can in fact benchmark ourselves against in the future. That I put out as a challenge to you that just says we just cannot waive the flag and argue that quality is an issue unless you are willing to say by that we mean the following and

we can measure it enough to know that we are losing it or not. I just put that on the table as an outsider's argument about the topic at hand. I think that you have already got most of these covered. I think that the next time you meet you will probably see a proposal. I would argue you should see something much more concrete that says we know have enough principle, enough evidence about what you are interested in to say that this thing should look about like this and the conversation for the committee next time ought to be to polish that something that is fairly formed, no longer abstraction."

Dr. Reid said "Thank you. Any questions of Dennis? I want to talk about a process for resolving these matters."

Abbas Aminmansour said, "George I do not have a question for Dennis, but I do have a question for our three distinguished guests here from Springfield about question number one on the list. I do not think there is any argument here that we all support additional funding for higher education but I wondered if you could share with us your advice Senator, Representative and representative from the Governor's office. Is it inappropriate for us to emphasize the point that higher education needs to be supported more? The statement that the Higher Education Finance Study Commission made that there needs to be more funding for higher education because it is an investment in the future of the state, not only human capital or intellectual capital but literally financial investment. Is it inappropriate for this group to make, recognizing the fact that money is very very tight, is it inappropriate for us to make a very strong statement that that should be a major principle in higher education funding? We need more funding for higher education and then talk about how performance based funding would be part of that discussion. So that is my question for the three of you. I do want to add that we really appreciate your strong support. I am not asking about your personal opinions I know where you all stand and we appreciate that, but in terms of the political aspects of this or the potential impact. Are they going to say who are these people, they must be out of their minds there is no money? Or, would this possibly make a difference if we make a strong statement."

Representative Pritchard said, "If you look at the budgeting process that we had this year in the House at least it was a priority based process where we looked through and we made some choices. That is the argument that I think we have got to be making in higher education that if you are concerned about jobs, if you are concerned about stimulating the economy, making our workers more prepared for the work that is coming down the pike in the next five years, that is higher education and we have got to argue for funding to achieve those goals. I think we have been ineffective in making that argument in the past. Clearly through the work of this group, the finance group and the goals of higher education I think we have come up with good metric and that is what we need to put together in a renewed lobbying effort this year as we put the budget together with the Governor and as the legislature starts dissecting it that that is the goal that we keep in mind. If we are trying to stimulate this state, higher education needs the funding to do it."

Senator Maloney said, "I would agree with Bob totally on that that there is, everybody has got different priorities in the diversity of the state, but I think what I have found anyway is that legislators respond to funding based on the value of the dollar spent. Many of the social services and human services have capitalized on that philosophy. If we do not fund this drug rehabilitation program to the tune of so much money these guys are going to end up in jail and it costs more, etc. and I think that is the rationale we need to use here. I have used it and I have said ad nauseum many people have heard me several times say that. I think the rationale is there. If we fund higher education, we have more graduates, we have people getting better paying jobs, they are bigger taxpayers, they are bigger consumers, they tend to be involved in their community more and if I might add one more thing, I think that the people we begin with are our leadership with that rationale on both sides of the isle and then with our friends, people on the higher education committees because that is where any legislation is going to go through that is going to impact us. So I think those are the people we need to use this rationale on to get it going and so when the discussion begins on what those priorities are we can raise the level of higher education on that priority list."

Julie Smith said, "I am just going to add to that that from the Governor's perspective education has always been his highest priority and so I think that as many voices as can be raised to support that effort we would welcome it. Not to say that this will not once again be an extremely challenging budgeting year but I think it would be entirely within the purview of this group to articulate the reasons why this is so important for Illinois as we move forward."

Abbas Aminmansour said, "Thank you and if particularly I could pick up on what you just said Julie. That is what I was hoping to hear or looking for. We see you as strong supporters of higher education and I think it is our obligation to offer you the ammunition you need to go and convince your colleagues that this is the right decision to make and we appreciate your guidance and advice and how we can do that and I propose respectfully George that we make that a central issue in our report. The value of higher education and why the State should invest in higher education, why it is an investment and why the State will greatly benefit in doing that. I suggest that we make that a very important issue in our final report."

Dr. Reid said, "Just before this I said something, I alluded to this a little earlier that we really have to structure this and the political persuasion part of this whole effort and Don Sevener is affiliated with this committee as a part of our senior staff in charge of our governmental relations and so I am going to ask Don to work with Ms. Smith and the other legislators here and to try to put together a legislative initiative for the performance funding effort and how we should go forward with raising the attention of people and the interest and support of people for more funding for higher ed. and you and I can work on the details but basically that is the general idea."

Dennis Jones said, "I would just like to say two things. One, with regard to the case for return on investment I cannot release it yet but we are working on some things

that basically say for the 50 states here is a way to in fact quantify return on investment to higher education in the form of an additional degree means this more return to state and local taxes, this much diminution in some state costs and etc. There is going to be, I think, a little something that will help that conversation that another organization will put out but that we are doing for them. There is a little help in the background for this conversation specifically about return on investment.

“The second thing I want to say is there has been a strong and very legitimate concern about affordability that runs through the goal that we have not touched and we have not touched it because I do not think there is any way to tie performance based funding to affordability specifically but that does not mean you cannot work about it and do not have to recognize it. I mean you certainly have to recognize the importance of graduating low income students and etc. but one of the things that we do not have in all the conversation about, and so far we talked about MAP and etc., but most of the conversations still are about funding for institutions and tuition and the whole question about just like quality and how do you, what is the metric on quality. The real question is what is the metric on affordability and I just think that again not tied to specific performance funding metrics at each institution or even generally but there should be some conversation about how does the State of Illinois measure that word.”

Dr. Reid said, “Here is how I want to move about to resolve the unresolved issues. At the next meeting along with the number of performance funding general principles that you have agreed to today, I want to add in some wording that will capture the feeling of the steering committee regarding the unresolved issues. Allow me to exercise a prerogative of the Chair to form a small group that I would like to look into and provide some wording to resolve the unresolved issues. I would like the group to be convened by Rita Cheng and I would like the following persons to work with her Rita to, our next meeting is the 24<sup>th</sup>, so if we could get your work by the 17<sup>th</sup> of October, your final product that would be great. Rita I am asking Rita to convene the group, I am asking Santos to be a part of it, Senator Maloney if you would and I understand that you might have to have, Rita might have to because you are in Carbondale, might have to have some telephone calls, Anne Ladky, Elaine Johnson, Timothy Harrington and Wayne Watson. I always put an odd number so that if you have to vote on something you can make some progress. You know with an even number you might end up with three and three but you have seven members there. So please think through these unresolved issues even if you want to pull a broader group together than that it is fine and come to grips with what we should say about these to recommend to us. I am going to put them in our principles and go over them one more time at the top of our meeting on the 24<sup>th</sup> to see if I can get agreement on all those things. Is that alright with everybody? Okay very good.

“Al Phillips has put together a list of metrics. Have you handed them out already?”

Dr. Phillips said, “The metrics are in their packets.”

Dr. Reid said, “AI is just going to go through them real quickly. Here is what I would like for us, this is the old professor in me, here is what I want you to do. If you would take these home with you, our meeting on the 24<sup>th</sup> will be about putting some priority on these metrics. First of all we want to know how many metrics. You remember Dennis Jones, Stan Jones; so many people have told us that too many metrics will make us fail. How many metric should we have and then what should those metrics be from the state level.”

Tim Harrington said, “Dr. Reid not to add to the metrics or whatever, but when we are talking about enrollment here...”

Dr. Reid said, “I forgot I have got to mention another thing. If you think more need to be added just tell us and we will have that in the packet to be discussed at the next meeting.”

Geoffrey Obrzut said, “Are the metrics just for the four-year?”

Dr. Reid said, “No, these are not just for the four-year.”

Dr. Phillips said, “Let me tell you what it is. That will probably answer a lot of your questions. What we did was once again we took a look at the available information, we looked at the other states, we looked at, we did some research, we certainly looked at all of your input which was very helpful in guiding the discussion. So what we were able to determine was that in most cases goals and indicators addressed things such as retention or graduation rates; program delivery; improving access, range, efficiency, expediency or transferability; assessment processes and results; workforce development; student characteristics and diversity or staff/faculty diversity; alumni, enrolled students or employer survey results; mission specific objections; administration efficiencies; accreditation; linkages with K-12; affordable tuition and fees; and institutional program review and improvement. That kind of gives you kind of the range of the kinds of measures they looked at. We looked at four-year colleges, typically they look at persistence, completion, faculty productivity, graduation efficiency, and in some cases measures that would be unique to each college. For two-year colleges they look at transfer rates, course completions, earnings of occupational program graduates, and graduation efficiency. Of all those the most common are retention, articulation, graduation, workforce preparation, program delivery and student or faculty characteristics. We also tried to identify those that were factors or measure that could be, that universities are able to control and we also identified some of those that they were less able to control. So having gone through all of this what we then did was take a look at what data we currently have available to us. Primary sources were the IPEDS database and the Complete College America data. What you have is kind of a synopsis of some of the data. Now I will tell you this is just from one college. There is a lot of data out there and so what we are trying to do is this is a rough list. It is not all inclusive. Some of the data still has to be validated and verified, but what we tried to do also was to take a look and go through the process to address enrollments, articulation, remediation, retention,

completion, success, graduation. So we tried to go through the process and identify those areas that were significant as you went through the entire college experience to include graduate degrees, which I think was mentioned in the past. We also picked a couple, I would term overhead measures, such as things such as diversity of faculty or unit costs or research expenditures. There is a lot of different things to look at and actually way too much. What this is is merely a sample of what is available. There is no intent that we are going to use all of this. Do not say oh my gosh. This is merely the start point. What we would ask is that you take a look at this and maybe identify measures that you would think would be effective or useful. The other thing we are trying to do and we are in the process of doing is taking some of this data, putting the numbers with it and providing that to the Presidents so you kind of have a snapshot or a sample of what the data actually looks like for your college or institution. We will continue to look into this. Once again we appreciate your input. The goal is to pick measures that are to the extent possible objective, reasonable, simple, verifiable, that will allow us to come up with a model or models that will allow us to effectively implement performance funding. This is just a start point.”

Dr. Reid said, “We appreciate that Dr. Phillips, your hard work knowing that the harder work is yet to come to ferret this out among the nine universities over 12 campuses and working with ICCB and Geoff and Elaine. We know that is difficult stuff.”

Dr. Phillips said, “The other comment and this is just for four-year institutions. We have not even started with the community colleges yet. However having said that we are working hand and glove with ICCB and the community college folks to make sure that they are certainly a full part of the processes and certainly will be leaning on them a lot to help us put all this together.”

Dr. Reid said, “So we have agreed that their metrics will be different in some respects.

“Here is the work that I would like for you to do over the next few days between now and the next meeting. Look at this list of metrics, add to it, I know we will get some metrics from ICCB, no question about that and we should and we should get more from you as well if you think you need to. Send us your work one week before the next meeting of what you would like to see as the metrics. I cannot see us having more than five or six. I could actually see us having as small amount as two, but what are the things the big headlights that you want this State to try to grapple with in higher education during the year 2013.

“To summarize we have done the vision, the core of the onion. We have done the principles, the first layer and now we are beginning to look at the metrics that will define what the principles actually mean per campus and for the State.”

## Comments

Dr. Reid said, “Any questions, any comments before we end the meeting for the good of the order?”

Timothy Harrington said, “The next meeting is in Carbondale on the 24<sup>th</sup>? It is 10:00 a.m. on the 24<sup>th</sup>?”

Dr. Reid said, “No I just want to talk to Rita about that because somebody had suggested a later time to give people the opportunity to travel.”

Timothy Harrington said, “Later would be better.”

Dr. Reid said, “Anyway when Rita comes in she will add to this but we are thinking about starting the meeting at 11:00 in Carbondale. We are having the meeting in Carbondale because we have said that we want to at least have one meeting outside of the Chicago area and one at a community college and this is our Carbondale meeting. Please do not disappoint us and not come. You have to be there. I suggest we start at 11:00. I will have you out of the meeting by 2:00. I will have the meeting over by 2:00. Rita do you want to say a word or two about Carbondale just to get our interest peaked a little bit.”

Rita Cheng said, “Well Carbondale is about the same distance driving south as it is driving north, head wind and everything. It is about five and a half hours from Chicago straight down Highway 57 to Highway 13 at Marion and then another 11 miles into Carbondale. The town itself has SIU with a population of 20,000 students and there are another about 25,000 people in the community. Our faculty and staff number about 5,500 and we are definitely the economic engine of southern Illinois. So if you have not been to Carbondale, if you have not been to SIU I think you are going to find that it is a pleasant place to be particularly at the end of October and I would invite you to come down the night before. We do have hotels and we do have restaurants and we can definitely make your stay pleasant. There is also Amtrak, the train is reliable, it is called the Saluki going north and the Illini going south. It stops in Urbana/Champaign and in Carbondale and other stops along the way.”

Dr. Reid said, “Please come. Do not let us set this Carbondale meeting up and then you guys do not show up. Even you guys on the phone, we want you to come.”

Lieutenant Governor Sheila Simon said, “It is also the home of the Lieutenant Governor.”

Rita Cheng said, “Apologies to Sheila. Sheila has also been a member of our faculty, stepped away from that to be the Lieutenant Governor and will also hopefully be in town.”

Dr. Reid said, “I wanted to do a couple of more things before we end, to ask Julie Smith who came in from another meeting to join us, if she has anything she wanted to say on behalf of the Office of the Governor.”

Julie Smith said, “Thanks George. I did have the opportunity to listen as I was driving from Bloomington so I heard the discussion around the principles and the discussion that you had on that and I think we are in good stead with regard to the guiding principles that we want to have in place as we move forward with this. Back to your point I think that there is an important element of this to look at making it a positive approach to what we are attempting to do and so certainly funding is going to be an important element of this. There is a lot of work to do here to try to define these metrics and put something in place that everyone has confidence in in both our ability to define them and also to be able to measure them as we move forward. I think we still have some work to do.”

Dr. Reid said, “Thank you so much. I also want to recognize the presence again of Mike Baumgartner from Complete College America. He came all the way over from Washington D.C. in fact, the area, Maryland. Mike do you want to say something, a word or two to your people?”

Mike Baumgartner said, “I guess the first thing I would say is that we are very impressed by the way this is rolling out here, the collaborative manner that you do this is exemplary I think and this discussion is going on in several other states. I am actually assigned to three states and they are all working on performance funding right now and this is probably the most collaborative manner of going forward. Maryland is at the same place but I always appreciate the way that works out here in this State.

“Second thing from Complete College America we released a national report yesterday on metrics and you should take a look at that. It is a, 33 states submitted their metrics to us and the national report went out yesterday.

“The final thing I want to say is that we will be seeing a number of you in Austin in two or three weeks and look forward to sharing with you what is going on in the country and looking forward to you meeting with other people in other states that are also working on the completion goals and we think that will be of great benefit to everyone. Thank you.”

Dr. Reid said, “Thank you so much. We always appreciate you coming over Mike. Mike came over last night, had dinner with us and gave us some advice and counsel about today’s meeting. Appreciate all of it. I also want to say to you that some of you did not receive all of the handouts. They will be on the website by the time, or at least by tomorrow some time they will be on our website so you will get all of the stuff we talked about today including the unresolved issues.

## **Adjournment**

Dr. Reid said, “We are at the point of adjournment. Is there any other matter that should be discussed before we conclude the meeting today? If not, meeting is adjourned.”