

RESPONSES TO PERFORMANCE FUNDING UNRESOLVED ISSUES

1. How do you finance the performance funding effort?

The main unresolved issue concerning this principle is whether new funding will be available or if a "carve out" is envisioned to finance performance-based funding. Of primary concern is that during a stressful budget environment, any further budget cuts may have a negative impact on student success outcomes. We recommend that performance-based funding be supported with new state funding and be a focal point for discussions on the importance for supporting higher education in the State of Illinois.

The spirit of the legislation for performance-based funding was to provide positive incentives to all institutions to graduate more students. In keeping with this spirit, performance-based funding should be financed with additional money and our recommendation is that we continue to go to the general assembly and ask for increased funding for this effort. As colleges and universities are currently building budgets for 2013, we believe it is not logical to carve money out of a current budget process when we have not established the baseline. We propose to present the metrics and benchmark from our June 30, 2012 numbers. This would be very transparent and institutions then would have time to review data elements. Then at the end of the year, June 30, 2013, universities and colleges would receive additional funds for meeting their performance goals.

Timeline	
January 2012 – June 2012	Establish and build institutional capacity for collecting and analyzing
July 2012	Provide benchmark data
June 2013	Evaluate and receive PBF

We believe this timeline allows time for buy-in from the system and is fair for our colleges and universities.

2. To what extent do you hold institutions harmless as performance funding is phased in, if at all?

Performance funding should be implemented in two phases, addressing short-term challenges and then focusing on the longer term. In the short term, it will be important to give the universities time to implement changes in policy and begin data collection. During this time the universities cannot be held accountable for performance on all of the metrics. The focus in the early years should be about change in the university policies and involvement in the positive spirit of the change. After several years, the

hold harmless provisions can be dropped, since data will be in place on the efforts put forth in the short term and implementation of agreed upon outcome metrics can be adopted as measures of performance.

3. What should be the extent of a stop loss provision, if implemented?

This unresolved issue is related to #1, and the importance of a stop loss provision will depend on the amount of funding dedicated to this program. The focus of the program is on improvement. Therefore, each institution should be able to work toward mutually established goals. Over the short time period, organizational structures and programs may not be in place at all institutions, so a stop loss provision may be higher. After several years, no stop loss should exist.

4. How do you differentiate between the different types of four year institutions (i.e., Comprehensive vs. Research)?

We recommend that institutions be differentiated by:

- Mission
- Carnegie Classification of Institutions of Higher Education
- Demographic Profile (1st generation, race/ethnicity, Pell recipients, etc.)

5. What qualifies as an Underserved or Underrepresented Student

For the purposes of performance-based funding decisions, underrepresented and underserved students will be defined as:

- a. Students who are receiving needs-based financial aid, i.e., MAP, Veterans and/or Pell, and,
- b. Students taking remedial courses.

We feel these criteria are simple and reliable ways of ensuring that populations that have been historically underrepresented in college completion, i.e., ethnic/racial minorities, first generation, disabled, veterans, urban/rural, and non-traditional students, will be included. On another dimension of this issue, we believe that a performance-based system needs to provide additional weighting to students who are underserved and underrepresented in order to provide appropriate incentives for colleges to serve them.

6. How do you address Affordability?

The committee acknowledges that affordability is a very critical issue and concern for student completion in higher education. With that said, we believe that there has not been given sufficient time to deal with this unresolved issue. We would recommend the executive committee take a substantial amount of time to determine how affordability

should be measured within the context of PBF. This measure should be added at a later date.

7. How do you ensure that quality is not compromised?

Performance funding can and should support quality improvement. As stated in #1, budgets are already stressed, and performance funding should be funded with new money rather than a carve out of existing programs.

To address quality, it will be important that colleges and universities approach institutional changes through shared governance processes, including contributions by the faculty senates, and college and university curriculum committees.

Implementing metrics that incentivize completion must be done without reducing standards for learning outcomes and must be complemented by intervention and support programs for struggling students. Moreover, measures of employment data, licensure and certification, and matriculation to graduate school should be addressed in an IBHE annual report.

8. Contributions to economic development (Public Agenda Goal 4)

Higher education is a significant contributor to the creation of a vibrant economy in Illinois. We believe that if the state's economy is to recover from its recession and remain productive, the role of higher education is to produce the programs and the human resources to accomplish that goal. A performance funding model should allow each college and university to justify its role in the creation of both the programs and the human resources. Improvement in the number and quality of college graduates and employer-recognized certificate holders will contribute to economic development.

Respectfully Submitted:

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