

**MINUTES – BOARD MEETING
December 5, 2006**

Submitted for: Action.

Summary: Minutes of the December 5, 2006, meeting of the Illinois Board of Higher Education held at Harold Washington College, Chicago, Illinois.

Action Requested: That the Illinois Board of Higher Education approve the Minutes of the December 5, 2006 meeting.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

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A meeting of the Illinois Board of Higher Education was called to order at 9:10 a.m. in Washington Hall, located on the First Floor of Harold Washington University, Chicago, Illinois.

James L. Kaplan, Chairman, presided.
Linda Oseland was Secretary for the meeting.

The following Board Members were present:

Frances G. Carroll	Robert J. Ruiz
Matt DeRosa	Gilbert L. Rutman
Alice B. Hayes	Lucy A. Sloan
Donald J. McNeil	Elmer L. Washington
John P. Minogue	Addison E. Woodward, Jr.
Proshanta K. Nandi	Suzanne Morris, representing Guy H. Alongi

Also present by invitation of the Board were:

Judy Erwin, Executive Director, Illinois Board of Higher Education
Joyce Karon, Board Member, Illinois State Board of Education
Christopher Koch, State Superintendent, Illinois State Board of Education
Larry Matejka, Executive Director, Illinois Student Assistance Commission

Presidents and Chancellors

Al Bowman	John Peters
John Dunn	Glenn Poshard
Stuart Fagan	Salme H. Steinberg
Louis Hencken	Vaughn Vandegrift
Stephanie Marshall	Joseph White
Sylvia Manning	

Advisory Committee Chairpersons

Curtis White, Faculty	Dave Tretter, Private
Jerry Dill, Proprietary	Danielle Gaines, Student
Keith Miller, Community College	

1. Call Meeting to Order, Chairman James L. Kaplan

Chairman Kaplan called the meeting to order. A quorum was present.

2. Welcome, John Wozniak, President, Harold Washington College and Wayne Watson, Chancellor, City Colleges of Chicago

President Wozniak and Chancellor Watson welcomed everyone to the meeting.

3. Announcements and Remarks, Chairman James L. Kaplan

Chairman Kaplan recognized and welcomed former IBHE Chairman, Jerry Blakemore and thanked the administration and staff at Harold Washington for their hospitality.

Chairman Kaplan said, "At this time I would like to extend a warm welcome to Michael McPherson, our distinguished speaker for today's meeting. Dr. McPherson is President of the Spencer Foundation and a nationally recognized economist whose expertise has focused on the connection between education and economics. We look forward to an insightful and thought-provoking presentation this morning. Director Erwin and I were at the SHEEO meeting in Chicago and heard him speak, and thought it would be a wonderful idea to have him here for you today. So, welcome Dr. McPherson.

"I want to also welcome back Suzanne Morris, Vice Chair of the Illinois Community College Board, who is sitting in again for Chairman Guy Alongi. Thank you.

"I want to offer my personal congratulations and thank you to Larry Matejka, who has become a good friend to me and to this Board. This is Mr. Matejka's final Illinois Board of Higher Education meeting as Executive Director of the Illinois Student Assistance Commission, and we will shortly consider a resolution honoring him for his service to the state and to the students. I feel compelled to also extend my deepest personal regards to Larry, who has been a valued colleague and a good friend, and I wish him well.

"We must also bid farewell to another friend in the higher education community -- President Salme Steinberg of Northeastern Illinois University, who is retiring after eleven years as the University's chief executive. Congratulations, Salme, for all the fine work you have done for Northeastern and for higher education throughout this state. Best wishes in your future endeavors.

"Today is the first Board meeting for the Chancellor at Southern Illinois University at Carbondale, John Dunn. I look forward to working with him.

"Congratulations are also in order in a couple of other realms:

"Disabilityworks, a public-private partnership to create more employment opportunities for youth and adults with disabilities, recently was honored as the recipient of the 2006 New Freedom Initiative Award from the United States Secretary of Labor, Elaine Chao. The Disabilityworks Initiative grew out of Mayor Richard Daley's Task Force on the Employment of People with Disabilities, a three-year collaboration between city and state government, as well as representatives from the business, nonprofit, and disability communities. The New Freedom Initiative Award recognizes exemplary and innovative efforts to recruit, hire, and promote people with disabilities.

"I am pleased to recognize several universities and organizations that were recognized by the Illinois Campus Compact for exceptional collaborations between an Illinois college or university and

community organizations. Rosalynn Carter presented the awards at the Campus Compact's 20th Anniversary Celebration on October 16th in Chicago.

“Southern Illinois University-Carbondale and the Women’s Center in Carbondale received the Jimmy and Rosalynn Carter Partnership Award. The first finalist award went to a collaboration of Illinois State University, Illinois Wesleyan University, and the McLean County Habitat for Humanity. The second finalist award went to Dominican University and the San Miguel Schools in Chicago.

“Recently I read of an incident at the University of Illinois Urbana-Champaign where at a fraternity/sorority party had, as its theme, an ethnic slur. This may have been and probably was an isolated event, but the fraternity involved, ZBT, is the fraternity where I am a brother, although at a different university. I believe I can say that the shame I feel for this incident is the shame felt by the national organization and the members thereof, having in mind the basis on which ZBT was formed about a century ago. When I think of the hours of members’ time, staff time, HECA grants, and the like, and the Board’s stated policy of diversity and sensitivity and the development of citizens at universities recognized by *The Illinois Commitment* and the ethical words of our member Proshanta Nandi, and several purposes that we have tried to foster here at the Board, I am concerned that those sensitivities are not filtering down to the students. Punishing the house without ascertaining the thought process of the leadership and members of the fraternity and sorority involved, and whether this behavior is acceptable to the student body as a whole, is not adequately dealing with this Board’s policies. I have talked to and asked member Frances Carroll, a trustee at that wonderful university, to ascertain all of the facts and report back to this Board to determine a possible new focus for HECA funds to meet more closely the purposes that this Board has established in *The Illinois Commitment*.

“Also today, the Utilities Committee is going to report on the progress that we have made working with the Illinois Finance Authority.

“Congratulations also are due to Kathy Sturgeon, a science faculty member at Danville Area Community College, who was honored as the William Meardy Faculty Member Award recipient recently by the Association of Community College Trustees. This is the third time in the past five years that Danville Area Community College’s science faculty has received this recognition.

“This year will end on a bittersweet note for the Board of Higher Education staff and members. After seven years of distinguished service to the Board and over 25 years of distinguished service to the state, Sharon Ward will be retiring at the end of December. Sharon came to the Board from the Bureau of the Budget, where she was Division Chief of the Capital Division. She brought her capital project expertise to the Board as well as her comprehensive knowledge of state finance and the legislative process, her strong work ethic, her attention to detail, and her exceptional demeanor. She will be missed greatly by everyone who has had the privilege of working with her, and we wish her the best in retirement.

“The next Illinois Board of Higher Education meeting is Tuesday, February 6, 2007 in Springfield.”

4. Remarks by Judy Erwin, Executive Director

Ms. Erwin said, “In your Board agenda today, you will see the tuition reciprocity program for approval. We have studied this for more than a year, and we feel comfortable and have nearly unanimous consent on that. It is a tool for colleges and universities to use in terms of managing their enrollment. It is a tool for parents and students as well.

“You will also see the nursing educator grants we have just released. We will approve today the first round of stipends for critical nursing faculty, so that our nursing schools can retain critical faculty. That is part of the Governor’s initiative on addressing the nursing shortage.

“The state’s University Civil Service System received a ‘best practice’ award from the College and University Professional Association of Human Resources for its ‘E-Test’ program. We want to commend them. It certainly saves a lot of time and money.

“The Board has been involved in a number of activities. The Chairman mentioned the Campus Compact, which we are involved in as well. The diversifying faculty initiative is a critical program for this Board to support diversifying faculty in all public and private universities. They recently had an annual conference and with many of the Board members, we are working on trying to ensure that every dollar that we commit, which is never enough, is spent in the best possible way.

“Our textbook cost study is in a final draft. We did a presentation with the legislature. They are very interested in figuring out what we can do to reduce those expenses.

“I want to join in thanking Sharon Ward. This meeting marks the first year that I have been the Executive Director, and I would like to thank all the Board members for your help, support, and indulgences as I try to figure out how to get from first to second base on many things, as well as all of my colleagues in the audience. Thank you very much. My door is always open. Please never hesitate to let me know how I can do a better job for you.

“In saying good-bye to Sharon, we are also welcoming Eileen Jones. EJ, as we call her, is a new member of our staff in Springfield. EJ, thank you and welcome. We certainly appreciate your good work.

“I want to echo the Chairman’s remarks about welcoming Michael McPherson, who will speak shortly. The Spencer Foundation is based in Chicago, and I am really looking forward to the Board spending some time and energy in figuring how to leverage our investment, universities’ investments, the non-profit world’s investments, particularly in education, so that we can leverage our relative investments. I look forward to meeting with more of the education, non-profit, and foundation folks to figure out how we can do a better job of that, and Mike is certainly a leader in that group.

“Mike Baumgartner is going to take a few minutes to demonstrate a new, valuable addition to our website that is very empowering. Thanks also to Muzo Tabag from our staff for developing this addition and for his work on keeping this website interactive and updated. We welcome your thoughts and comments on trying to make sure that we are providing the tools we need to provide to students, campuses, and faculty.” A brief presentation was provided by Mike Baumgartner.

Ms. Erwin said, “We are working with ICCB and the ISAC staff, and our hope is to merge all of the information so that students, families, faculty, or your researchers do not have to figure out who has what. We ought to have all of the government data and information through a single portal or at least link. We are working very hard on that, and I do want to thank Mike and his staff, who does a terrific job.”

5. Resolution Honoring Larry Matejka

Dr. Washington read the following resolution:

We, the Members of the Illinois Board of Higher Education, congratulate Larry E. Matejka on his retirement from state government and for his long and distinguished service to Illinois higher education and to students throughout the state.

In his illustrious career spanning 26 years as Executive Director of the Illinois Student Assistance Commission (ISAC), Larry Matejka has personified the issue of college affordability. He has been a steadfast champion for students in need, and his efforts have touched the lives of countless students who might otherwise have found financing a college education an insurmountable obstacle.

Larry's roots are deep in Illinois higher education and in the field of student financial assistance. Before becoming Executive Director of ISAC in 1980, he served as Director of Financial Aid at both the University of Illinois and Illinois State University and as Director of Research and Development for the Deputy Commissioner for Postsecondary Education in the U.S. Office of Education.

Larry also is a respected national authority on issues of student financial aid. He is a past president of the Illinois Association of Student Financial Aid Administrators, and a past officer of both the Midwest and national associations of financial aid administrators. He also served as President and Chairman of the National Council of Higher Education Loan Programs. He has long been a forceful advocate for simplifying the financial assistance process and eliminating application fees.

He has presided over unprecedented growth and innovation in financial aid programs during his tenure at ISAC. Since July 1981, ISAC has awarded \$5.7 billion in need-based Monetary Award Program (MAP) grants to 3.1 million students while guaranteeing 4.2 million student loans valued at \$14 billion. In addition, ISAC initiated the College Illinois! prepaid tuition program to help families save for college expenses, the College Zone website, and the free "Illinois Mentor" college and career counseling program.

The Illinois Board of Higher Education has valued Larry Matejka's passionate voice on behalf of students, his reasoned and thoughtful judgment, and his wise counsel on broadening access to higher education and helping students pay for it. He has been a model public servant, a tireless friend to students, and an ardent fan of the World Series Champion St. Louis Cardinals, more or less in that order.

The Board looks forward to his ongoing contributions to higher education and wishes him well in his future endeavors.

The Illinois Board of Higher Education unanimously accepts and endorses the Resolution Honoring Larry Matejka.

Mr. Matjeka said, "Thank you, Dr. Washington and members of the Board. I appreciate that very much. I am reflecting briefly on my tenure in Illinois higher education, and I want to thank all of you for your support over the years."

Chairman Kaplan said, "I just want to point out that under your direction ISAC became self-sufficient and draws no funds from the General Revenue Fund, and I congratulate you on that. Thank you."

6. Advisory Committee Reports

Curtis White, representing the Faculty Advisory Council, presented his report to the Board (see attached). Following his report, the Board had the following discussion:

Chairman Kaplan said, “Thank you for this very thoughtful paper. I am going to ask our adjunct member to take this directly back to the Board of Education, so that will accomplish one of your goals. I will ask Judy to share this with the Deans of Education, as well. Thank you very much for the trouble and the work that the Faculty Advisory Council has done; it is appreciated.”

Dr. Carroll said, “I want to echo what you have just said. I think your recommendations are excellent.”

Danielle Gaines, representing the Student Advisory Committee, presented her report to the Board (see attached). There was no discussion following her report.

Jerry Dill, representing the Proprietary Advisory Committee, presented his report to the Board. There was no discussion following his report.

Keith Miller, representing the Council of Community College Presidents, presented his report to the Board (see attached). There was no discussion following his report.

Dave Tretter, representing the Private College and University Advisory Committee, presented his report to the Board. There was no discussion following his report.

7. Presentation by Dr. Michael S. McPherson, President, Spencer Foundation

Dr. McPherson gave a presentation entitled *Are Costs Really “Out of Control” in Public Higher Education?* Following the presentation, discussion occurred; however, due to recording difficulties, the questions/answer session between Board members and Dr. McPherson was inaudible.

8. Update on Program Review Committee

Dr. Washington said, “The institutional program approval working group held its initial meeting on Monday, October 9, and it is meeting for the second time this afternoon from 3:00 to 5:00 p.m. in Room 203. As you are aware, the group’s charge includes the core responsibility to ensure that criteria for operating authority and new program approval are sufficient to ensure the level of quality the Board wishes to meet in academic programs offered in this state and to recommend any changes that may be deemed necessary to fulfill this charge. So, the working group expects to report its findings and recommendations to the full Board in the spring of 2007.

The working group’s initial meeting was dedicated primarily to a review and discussion of the complexity of the contemporary higher education landscape. A fundamental concern, as the group moves forward concrete recommendations, will be the strategic allocation of staff time and Board financial resources, as we seek the most effective approaches to engaging the different types of educational institutions and delivery systems seeking Board approval.

One emerging theme is the intersection of not-for-profit and for-profit education. They are pleased that Mr. Michael Goldstein, an attorney with extensive experience in this area, has agreed to meet with the group this afternoon to lead a discussion of issues arising in this area. Mr. Goldstein, who is based in Washington, D.C., has written and lectured extensively on such issues as: the uses of technology

in delivering education, issues related to accreditation and licensure, interstate and international policy issues involving telecommunications and higher education, and joint ventures between for-profit and not-for-profit educational entities. It is our intention that this presentation and discussion will help provide the group's members with a deeper understanding of the practical concerns related to regulating institutional and program approval in the current phase. After today's session, I will work with the staff to begin developing concrete actions for the working group's consideration."

9. New Units of Instruction at Public Community Colleges

Dr. Alexander said, "I would like to read a correction into the record. At the Board's October meeting, the resolution approved for William Rainey Harper College incorrectly identified the requested program as the Associate in Applied Science in General Studies. The program write-up correctly described the program, the correct title of which is the Associate in General Studies. I apologize for the error and request that this correction be entered into the record."

Chairman Kaplan said, "The record will be noted as to that amendment."

Dr. Alexander briefly outlined the contents of Item 9.

Dr. Carroll said, "I do not have a question concerning any of the program approvals, but I wonder if there is any indication of the jobs that these students get -- are they employed? Is there any data for the job market? I know they indicate there is a need, but I wonder about employment?"

Dr. Alexander said, "The data is available, and we will work with the Community College Board to get this information to you."

Dr. Rutman's comments are inaudible.

Dr. Woodward's comments are inaudible; excerpts include Dr. Woodward saying, ". . . I think the community colleges should have articulation agreements with area public and private universities as part of their program approval. I suspect if they do that, that helps meet the likelihood of degree completion. I think it is important that community colleges and public universities make projections as to the number of new students for the proposed programs, some of the proposed programs we have approved in the past have not had that, as well as an analysis based on tuition costs, as well as the new program costs"

The Illinois Board of Higher Education, on motion made by Dr. Carroll and seconded by Ms. Morris, unanimously granted authority to Black Hawk College to offer the Associate of Applied Science in General Occupational and Technical Studies.

The Illinois Board of Higher Education hereby grants authority to the following institutions to offer the Associate of Arts in Teaching Early Childhood Education:

Oakton Community College

Black Hawk Community College

The Illinois Board of Higher Education hereby grants authority to William Rainey Harper College to offer the Associate of Applied Science in Computer Forensics and Security, and the Associate of Applied Science in Emergency Management Systems.

The Illinois Board of Higher Education hereby grants authority to Joliet Junior College to offer the Associate of Applied Science in Game Design and Development.

The Illinois Board of Higher Education hereby grants authority to Lake Land College to offer the Associate of Applied Science in Agricultural Machinery Sales.

The Illinois Board of Higher Education hereby grants authority to John A. Logan College, Kaskaskia College, Rend Lake College, Shawnee Community College, and Southeastern Illinois College, known as being a part of the Southern Illinois Collegiate Common Market, to offer the Associate of Applied Science in Veterinary Technology.

The Illinois Board of Higher Education hereby grants authority to Southwestern Illinois College to offer the Associate of Applied Science in Music Technology.

The Illinois Board of Higher Education hereby grants authority to Wilbur Wright College to offer the Associate of Applied Science in Emergency Management.

10. New Operating and/or Degree-Granting Authority for Independent Institutions

Dr. Alexander briefly outlined the contents of this item.

Dr. Woodward said, “I would ask that Coyne Institute keep us apprised on the progress of their accreditation. I do not know if we have time frames for that?”

Dr. Alexander said, “Once the program is approved, I am not sure how long they have to operate before they receive approval.”

Chairman Kaplan asked, “Are they in candidacy status now?”

Dr. Alexander said, “They cannot be until the program is approved.”

Chairman Kaplan said, “This is a physical therapy assistant, this is not for a physical therapist?”

Dr. Alexander said, “Yes.”

The Illinois Board of Higher Education on motion made by Dr. Minogue and seconded by Mr. Ruiz, hereby grants to Coyne American Institute, Authorization to Grant the Associate of Applied Science in Physical Therapy Assistant, subject to the institution’s maintenance of the conditions that were presented in its application and that form the basis upon which these authorizations are granted.

The Illinois Board of Higher Education hereby grants to Lewis University, Authorization to Grant the Master of Education in Educational Leadership in the Fox Valley Region, subject to the institution’s maintenance of the conditions that were presented in its application and that form the basis upon which these authorizations are granted.

11. New Units of Instruction, Public Service and Research at Public Universities

Dr. Alexander briefly outlined the contents of this item.

Dr. Minogue said, “Again, I am still confused between the Doctor of Nursing Practice and what they call a nurse practitioner.”

Dr. Sylvia Manning's comments are inaudible; excerpts include her saying, ". . . The nurse practitioner programs are not . . . that program, this is one step above . . ."

Dr. Minogue asked, "There is not licensure for this?"

Dr. Manning said, "No."

The Illinois Board of Higher Education on motion made by Dr. Carroll and seconded by Professor Nandi, hereby grants the following public universities approval to establish the new degree programs identified below, subject to each institution's maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted:

Governors State University

- *Master of Fine Arts in Independent Film and Digital Imaging*

Southern Illinois University Carbondale

- *Ph.D. in Computer Science*

University of Illinois at Chicago

- *Doctor of Nursing Practice, on-campus and off-campus in the Central, Fox Valley, Prairie, and Western Regions*

12. Participation in the Midwest Student Exchange Program and Other Tuition Reciprocity Agreements

Dr. Baumgartner briefly outlined the contents of this item.

Dr. Washington asked, "What are the time limits in terms of the evaluation?"

Dr. Baumgartner's response was inaudible.

The Illinois Board of Higher Education, on motion made by Dr. Rutman and seconded by Ms. Sloan hereby:

1. Authorizes the Executive Director to execute a state participation agreement that will allow Illinois to join the Midwest Student Exchange Program and agrees to provide coordinating, supervisory, and administrative support on behalf of the State as outlined in the state participation agreement;

2. Affirms the absolute authority of each public university, community college, and independent college and university to make its own decisions concerning participation in the Midwest Student Exchange Program;

3. Authorizes its Executive Director to facilitate bilateral and/or multilateral tuition reciprocity agreements, as appropriate, as they are requested by other states or by Illinois' public institutions of higher education; and

4. Directs its Executive Director to conduct an evaluation of Illinois' participation in the Midwest Student Exchange Program, to be concluded by June 30, 2011, to determine whether or not the State, its students, and its institutions of higher education have benefited adequately from their participation in the Midwest Student Exchange Program to justify continued participation.

13. Nurse Educator Fellowship Program Fiscal Year 2007 Award Allocation

Mr. Nunn briefly outlined the contents of this item.

Chairman Kaplan said, "We had an outside evaluator look at these, correct?"

Mr. Nunn said, "Yes."

Chairman Kaplan said, "Could you describe who we had and what they did?"

Ms. Erwin said, "With the recommendation of our staff and the Governor's office, we contracted with the former Dean of the Nursing School at the University of Virginia, Dr. Doris Greiner. She also has been the Dean of the Nursing School at the University of Alabama, and is very involved in the Ph.D. nursing practice movement that was just mentioned at UIC. She reviewed all 47 of the applications that we received. The staff developed a scoring sheet in terms of what her evaluation indicated, and we held several conference calls with her. We tried to be representative in terms of the sectors, so we did include community colleges, particularly those who have articulation agreements. This is the first round; the bill just passed last September. The idea is to retain critical faculty at nursing schools, particularly the faculty that may be able to make more money at an insurance company or a hospital. The Governor's office was pleased with the selection of our external evaluator, and we hope that it meets all of your expectations."

Dr. Woodward said, "This is a retention program, and I wonder if we have a requirement that the person who receives these grants at least stay around for another year?"

Mr. Nunn said, "Yes, we have a requirement in the rules that indicates that if they do not stay in Illinois for at least another year, that they return the funds."

Ms. Sloan said, "What does the DSN mean, I am curious what that term means?"

Ms. Erwin said, "It is Doctor of Nursing Science. Also, these recommendations were made by the Deans of the Nursing Colleges, and in the case of community colleges, the head of the nursing program. These were the critical faculty they feel they have to have, but might be at risk of losing just because of competitive salaries. It is not a lot of money, a \$10,000 stipend; but our hope is that it will be something to encourage them to stay teaching."

Dr. Hayes' comments were inaudible. Excerpts include her saying, "I think you used a very good approval process."

Chairman Kaplan said, "We are trying to do that more and more with our grants. It is another thing that we have done over the last year or so."

The Illinois Board of Higher Education on motion made by Professor Nandi and seconded by Mr. Ruiz, hereby approves the allocation of \$150,000 to eligible institutions on behalf of the 15 Fellows recommended for Nurse Educator Fellowship Program awards in Fiscal Year 2007 (see Appendix 1 to Item 13).

14. Meeting updates from Board Members

Dr. Rutman said, “At a meeting hosted by Steve Bragg on October 18, 2006, several universities and community colleges volunteered to participate in a ‘Virtual Pilot’ Utility Hedging program that will be implemented from December 2006 through February 2007. The Energy Resources Center (ERC, Mark Pruitt) at the University of Illinois at Chicago is coordinating the virtual pilot. Coordination of this effort involves:

1. Developing and monitoring performance of a model utility hedging program.
2. Using actual natural gas consumption data provided by participating institutions.
3. Tracking transaction and management costs consistent with market rates.
4. Determining market value costs for multiple utilities (natural gas and potentially fuel oil and electricity).
5. Establishing the underlying value of various hedging strategies (e.g., Swap Contracts and Cap Contracts) using a market-to-market modeling approach.

After the data are collected and analyzed, results will be shared with stakeholders in mid-March 2007. The virtual pilot program is a unique online approach of field-testing that will provide actual baseline data to make informed decisions regarding policy considerations, modifications, benefits, etc. Involvement in the virtual pilot requires no financial commitment from participants.

Virtual Pilot Participants include: Illinois State University, Western Illinois University, University of Illinois at Urbana-Champaign, Northern Illinois University, Northeastern Illinois University, Chicago City Colleges, Illinois Central College, and Lakeland College.

Legal considerations regarding hedging and procurement have been identified and will be addressed during the virtual pilot phase. UIUC has initiated some research in this area.

IBHE (Mike Baumgartner), ICCB (Ed Smith), the ERC (Mark Pruitt) and the Illinois Finance Authority (IFA, Townsend Albright and Nona Myers) have agreed to provide continuing support and collaboration throughout the virtual pilot phase.

In summary, the Energy Hedging program will:

1. Provide a risk management program structure to assist universities and community colleges stabilize natural gas costs and utility budgets.
2. Introduce best practices risk management methods for university and college business managers interested in managing instead of reacting to ongoing price volatility.
3. Provide an alternative to the current practice of long-term fixed price contracts with physical natural gas providers. This alternative – a financial hedge – allows universities and colleges to separate their budget and risk management decisions from their natural gas supplier selection and, in effect, expand the list of potential bidders.
4. Offer short-term financing, as needed, through IFA to support program objectives.

Mr. Chairman, I want to thank you. We have come a long way through your efforts.”

Mr. Ruiz’s comments were inaudible. Excerpts include him saying, “. . . Electricity in the northern region, those areas served by Commonwealth Edison are expected to go up 22 percent after January 1 and those areas served by Ameren, downstate, are expected to go up 55 percent, and that is just for power; it is not for the transmission and delivery, which will be about another 5-10 percent on top of

it. So, you are looking at substantial increases for electric power and costs associated with them for next year.”

Dr. Baumgartner said, “The initial pilot has been directed at natural gas consumption, but we are looking at electricity and collecting data on electricity at the same time. So far, it has been decided that natural gas is probably the most logical choice at this point, but we are doing the same virtual pilot on electricity.”

Chairman Kaplan said, “As a virtual pilot that is available to the schools, they will not have access to this until March or February? How long will their ability to get into the program last -- what is the cutoff date?”

Dr. Baumgartner said, “They need to be in it now, if they are going to be in it.”

Chairman Kaplan said, “I really encourage all the universities, community colleges, and privates to participate in this because we have done all kinds of studies on what can be done, and this appears to be the most effective way to deal with this at this time. If this works, electricity will work in the future. So, please pass on to the others, among higher education, information on this project. The more we get in, the better the data will be; and we will have something to show for it.”

Dr. Rutman said, “I would like for Mark Pruitt to give an update report on this program at the April meeting.”

Professor Nandi provided an update from the two ISBE meetings he attended since our last Board meeting. Due to recording difficulties, we are unable to provide his comments verbatim.

Following Professor Nandi’s comments, Chairman Kaplan said, “On the special education rules, I am very concerned with regard to the state advisory council on the education of children with disabilities that their approval over special education due process is being affected by the proposals at the State Board. I worked on that due process system for three years, and giving staff at the State Board and the Board itself, rather than outside consultancy with the advisory council, is a move backwards. I have asked the State Board to consider the work that Representative Cowlshaw, Senator Cronin, and the state advisory council did over three years in getting the system that was lessened in impact by the input of staff and Board members in that selection process. As we are trying to do here, inviting outsiders to look at our grants and the like, it is a step back to do just the opposite with the due process system at the State Board, and I ask you to carry that back to them.”

Ms. Karon said, “The Rules and Regulations have been revised, and you will see a new look at them in December. I am not sure that the Board will be totally adopting them in December, but the hearings have garnered a significant amount of controversy.”

Chairman Kaplan said, “Yes, there is always controversy in special education. This is a system that I have been intimately involved in, in the past that is, and I counsel you to carefully consider having an outside agency to have some authority of the selection of the due process hearing officers.”

Dr. Washington said, “ISAC has had two meetings since our last Board meeting. One was just yesterday, which led to the appointment of Andrew Davis as the new Executive Director, which will be effective January 1, 2007. At the meeting on November 17, we were able to cover a lot of territory. We looked at different options in terms of the availability of funds for students and different programs, how that could be impacted in terms of the affordability issue. That is really very critical, as we saw earlier; the area of subsidy in this area is far behind the price factor. ISAC is looking very closely at options as

related to each of its programs. One of the things that we should bear in mind is that we have two programs that are entitlement programs -- the Illinois Veterans Grant Program and the Illinois National Guard Program. Those programs are not funded at the level that they should be funded; however, if they are not funded by the state at that level, the institutions must provide the scholarships out of their own budgets. So, that is something that is quite important in looking at the total dollars that are available for scholarships. The bottom line is that the gap is becoming more difficult to fill, but I can say that, based on the analysis that I have seen, the staff of ISAC is doing a great job of looking at different options in light of the reality of the situation. Also, there were three new programs that rules have been established for -- the Monetary Award Program, the forensic science program, and the nurse educator scholarship program. So, those guidelines are in place and operational for 2006 and 2007.”

Mr. McNeil said, “The legislature passed a bill that requires the MAP-Plus Program be funded from the student loan sale/restructuring and that procedure is ongoing. We anticipate that the first transaction will go forward in time for the MAP-Plus Program and will be fully funded by the end of January. What has happened at most schools is that students that are eligible for the MAP-Plus grant have not yet received them because schools are waiting to see what money is available. We have no doubt that it will be available; we do not know the exact date yet, but we anticipate there will be a solicitation made regarding the sales portion of the portfolio within the next few days.”

Dr. Woodward provided an update from the ICCB meeting he attended since our last Board meeting. Due to recording difficulties, we are unable to provide his comments verbatim. Comments from Dr. Woodward included, “Three community colleges referenced articulation agreements as part of their program request. That is commendable. I would encourage other community colleges to seek articulation agreements with area public and private universities as part of the program approval. Such action probably increases the likelihood of degree completion.

“I think it important for community colleges as well as public universities to make projections as to numbers of new students in proposed programs as well as some sort of cost-income analysis based on tuition dollars as well as new program costs. Several of the needs analyses refer generally to increased occupational demand. That is not enough.

“Coyne American Institute will seek accreditation from the physical assistant program. I would ask that Coyne keep the IBHE apprised of progress in this regard.

“Lewis University is requesting an MA in Educational Leadership. How does this program address the issues raised in the School Leadership Preparation report made to the IBHE in August?”

15. Consent Agenda

The Illinois Board of Higher Education, on motion made by Dr. Carroll and seconded by Ms. Sloan, unanimously approved the following items:

CA-1. Board Minutes -- October 10, 2006

The Illinois Board of Higher Education unanimously approved the minutes of the October 10, 2006 meeting.

CA-2. Financial Report

The Illinois Board of Higher Education unanimously approved the update on expenditures and obligations from the fiscal year 2007 appropriations to the Illinois Board of Higher Education as of the end of October 31, 2006.

CA-3. Public University Noninstructional Project Approval

The Illinois Board of Higher Education hereby approves the noninstructional capital improvement projects included in this item.

CA-4. IBHE Administrative Rules: Regulatory Agenda

The Illinois Board of Higher Education hereby adopts the proposed 2007 Regulatory Agenda as contained in this item to be published in the Illinois Register.

CA-5. Adopted Amendments to Rules: Approval of Noninstructional Capital Projects

The Illinois Board of Higher Education hereby adopts the proposed amendments to rules for the Approval of Noninstructional Capital Projects (23 Ill. Adm. Code 1040) as contained in this item.

CA-6. Adopted Rules: Nurse Educator Fellowship Program

The Illinois Board of Higher Education hereby adopts the administrative rules for the Nurse Educator Fellowship Program (23 Ill. Adm. Code 1105) as contained in this item.

16. Other Matters/Public Comment Period

Judy Erwin said, "One of the things I want to mention is budget negotiations. The Illinois Community College Board Chairman and Executive Director, Mike Baumgartner, Chairman Kaplan, myself, Don McNeil, Larry Matejka, and Andy Davis have all had one budget negotiation meeting with the Governor's Office of Management and Budget. It is really laying out sort of frameworks to approach the budget. We have completed our meetings with each of the public colleges and universities and the sectors. We have also met with the Student Advisory Committee and other advisory committees to get their input on the budget negotiations. So, we are trying to lay out a context. It is a negotiation, and we have reports that are due back from ISAC and from ICCB to us by Dec. 15, and then the Governor's office is going set another meeting. So, as we proceed, we will be happy to give all of you progress, with our goal of adopting a budget recommendation in February."

Matt DeRosa introduced Mia Boyd, the new Board member, whose first meeting will be in February, pursuant to legislation appointing an additional member representing the student population in a non-traditional role.

17. Executive Session

Chairman Kaplan said, "The Board will go into executive session. Under the Open Meetings Act, there must be a motion in open session to authorize this executive session. A quorum must be present and

a motion must be approved by a majority of the quorum with a recorded vote. The Chair observes that a quorum is present.

“Is there a motion and second to authorize executive session?”

Dr. Washington said, “I move that the Board of Higher Education go into executive session at 12:02 p.m. on Tuesday, December 5, 2006 for the purpose of discussing employment issues, pursuant to Section 2(B)(1) of the Open Meetings Act.”

Chairman Kaplan said, “Is there a second?”

Ms. Sloan said, “I second the motion.”

The Illinois Board of Higher Education, on motion made by Dr. Washington and seconded by Ms. Sloan, unanimously approved the motion to go into executive session.

Chairman Kaplan said, “I will ask the Secretary for a roll call vote to go into executive session.”

The roll call vote was as follows: Yes – Carroll, DeRosa, Hayes, Kaplan, Karon, McNeil, Meyer, Minogue, Morris, Nandi, Ruiz, Rutman, Sloan, Washington, and Woodward. No – none.

Chairman Kaplan said, “We will go into Executive Session and re-convene at 12:20 p.m. or at the conclusion of the executive session, whichever comes first.”

The Board moved into executive session.

Chairman Kaplan said, “Can I have a motion from the floor that we reconvene in open session?”

The Illinois Board of Higher Education, on motion made by Mr. Ruiz and seconded by Dr. Woodward, unanimously approved the motion to reconvene.

The Board reconvened in open session.

Mr. Ruiz said, “I would like to make a motion that we enter into a contract with Judy Erwin to be the Executive Director of the Illinois Board of Higher Education through August 31, 2009, with an annual salary of \$191,100.

The Illinois Board of Higher Education, on motion made by Mr. Ruiz and seconded by Dr. Woodward, unanimously approved the contract with Judy Erwin to be the Executive Director of the Illinois Board of Higher Education through August 31, 2009, with an annual salary of \$191,100.

There being no further business to come before the Board, Chairman Kaplan adjourned the meeting at 12:30 p.m.

Respectfully submitted by Linda Oseland, Secretary to the Board.

Note: Copies of all items referred to in the minutes (i.e., letters, statements, reports, etc.) are on file with the official minutes of the December 5, 2006 meeting.

Illinois Board of Higher Education
December 5, 2006

Curtis White
Faculty Advisory Council

Chairman James Kaplan, Executive Director Judy Erwin, members of the Board:

In your Board packets you will find a position paper drafted and unanimously approved by the Faculty Advisory Council called “Breaking the Cycle of Teacher Inequality: New Standards for Teachers in a K-20 Education System in Illinois.” Our central thesis is that not all of our teachers are well prepared to teach, that these teachers in turn do not prepare students to perform well at higher levels, especially college, and that many of those students then become the next generation of poorly prepared teachers. The consequences of this vicious cycle fall on all of our schools, but they fall hardest on our poorest school districts and on racial minorities. The recent report of the National Assessment of Educational Progress (often called the nation’s report card) shows conclusively that nearly three quarters of the African-American and Hispanic students in our country lack either basic or advanced proficiency in science and reading. This problem is caused by a number of factors including home and community environment, lack of proper funding, decaying buildings, and lack of appropriate equipment. But it is also caused by the inability of some schools to attract, pay and retain quality faculty.

We live, as Jonathan Kozol argues in his book *The Shame of the Nation*, in a society that is disturbingly like the American society of 1954. Illinois is segregated in the south by class and in the north by class and race. In our state, it is primarily in these places that we “hit them hardest when they’re small.”

The logic of the Faculty Advisory Council’s position is not that we are blaming colleges of education for this situation. Obviously, the largest causes of the problems we must address are far beyond anything that colleges of education can do anything about. But they can, and we should, address the problem of unequal teacher preparedness, especially when it means that the most poorly prepared teachers tend to end up in the very schools most in need of the best teachers, our poorest schools. What we advocate is change in teacher preparation standards that will tend to ensure that *no* teachers move into teaching without being well prepared.

To that end, we recommend three major changes in teacher preparation. First, to make sure that our teachers have the most exposure to and mastery of at least one subject area, we suggest that teachers finish a BA or BS in a major, in most cases in Arts and Sciences. This will free valuable elective hours for students in which they can take more courses directly in the field that they will be teaching in. It will also allow them more time to master basic writing, reading, math, and science skills for themselves. A poor writer cannot teach writing, and we fear that in too many cases we are certifying poor writers. This same logic applies to critical literacy, mathematical reasoning, and scientific thinking.

Second, Elementary- and Secondary-level education majors should pursue what the *Education Project* report refers to as an “enriched major,” designed through collaboration of Liberal Arts and Education College faculty in conjunction with practicing teachers. Whether by adding requirements or specifying requirements in place of electives, the goal of major “enrichment” is for programs to lead students to focus on those specific courses offered in the major that will best prepare them for teaching careers in a given area.

Third, we recommend that all teachers maintain a B average. If we hope that our teachers will be excellent, we ought at least to expect them to be “good” in their undergraduate work.

These are recommendations from faculty at every kind of higher education institution from across the state with the equivalent of centuries of experience in teacher education. Our vote was unanimous. Moreover, our recommendations simply reflect the considered conclusions of the most prominent national studies like Arthur Levine’s *Education School Project*, the Education Trust, and the National Assessment of Education Progress. We understand that you will hear something very different from the deans of colleges of education, and we encourage you to give their position due consideration. We also understand and encourage the IBHE to work with the ISBE to revamp the professional teaching standards presently in place for initial certification. But we hope you will join us in seeing high quality teacher preparation as a moral imperative in pursuit of a just society where all children have a fair chance at a good education.

**Illinois Board of Higher Education
December 5, 2006**

**Danielle Gaines
Student Advisory Committee**

Chairman Kaplan, members of the Board, Director Erwin:

The Student Advisory Committee met this past weekend at the University of Chicago. Though attendance was down a little due to finals, our group still got a lot of work done.

We were honored to meet with Executive Director Erwin to discuss the FY 2008 budget priorities. We were particularly happy to see maintenance and capital funding; faculty and staff salary competitiveness; the shared data warehouse; and energy conservation as priorities. We are, however, still disenchanted with the uncertain status of the Map Plus program. Though the Student Advisory Committee supports the Board's priorities, we believe they should not be contingent upon the receipt of new money. If need be, we would like to see current funds reallocated to support the suggested priorities and best serve the students of the state of Illinois.

We also had an extended discussion on the Midwest Student Exchange Program. In general, we would support Illinois' decision to participate in MSEP, as we are confident that this program will benefit schools and students in the Midwest. Our group has several reservations about the program primarily the fairness of tuition rates for out-of-state and in-state-out-of-district community college students. However, we realize that receiving operating authority does not make the program a mandate and we trust the Board's oversight of this program. The responsibility for successful and fair implementation of the program, then, lies with each institution. We ask that schools choosing to participate in this program carefully evaluate the needs of their constituents so the program can achieve its ultimate goal - to provide an affordable, quality education.

We also welcomed two new members to our executive team: Malachi Dean from Richard J. Daley College will become our new vice chair, and Mia Boyd will begin to serve as the Board's new non-traditional student board member at the February meeting. Mia attends Malcolm X College, is 25 years old and cares for her daughter while attending school. She will be a great asset to the Board.

Some of the things we would like to look into in the future are campus safety funding increases, the execution of the diversifying faculty initiative, and University registration tables. Our next meeting will be February 3 and 4 at Lake Land Community College - we invite all of you to attend.

**Illinois Board of Higher Education
December 5, 2006**

**Keith Miller, President
Illinois Council of Community College Presidents**

**In the State's Best Interest:
Satisfying the Illinois Commitment – The Illinois Community College System:
Where Affordability, Accountability, and Performance Matter**

Affordability – for the student, the state, and for the sake of access

Universal K-12 public education is part of the social contract between government and the governed. That social contract has evolved and expanded to insure the economic vitality of the state. A college education has become as much of a necessity for gaining employment as a high school education was a generation ago. Making a college education available to all who desire it requires an unquestionable focus on access and affordability.

- ✓ Private and proprietary institutions receive tax funding in the form of public financial aid to some of their students, but are otherwise largely self-supporting. Average annual tuition and fees for FY2007 is \$21,384.
 - ✓ State universities receive state tax funding for their operations through a process that relies, for the most part, on the funding they had received in the previous fiscal year. These tax funds are not regulated by enrollments, types or numbers of classes offered or eliminated, or any other benchmark. Average undergraduate annual tuition and fees for FY2007 is \$7875.
 - ✓ Community college funding, though, is regulated by a performance-based formula in statute. Average annual tuition and fees for FY2007 is \$2465.
 - Tuition for community college students IS regulated in statute to not exceed one-third of actual costs. State fiscal year budgets acknowledge the formula, but decline to fund it at 100 percent of the formula total. Often community colleges receive less than 80 percent of the total funding that the formula computes.
- ❖ More than 50 percent of students enrolled in higher education institutions in Illinois are enrolled in community colleges. An estimated one out of nine Illinoisans age 18 years or older attended a community college during fiscal year 2005, nearly one million people.
- ❖ Nearly two-thirds of all minority students in Illinois public higher education attend our community colleges. In fact, statewide, minorities account for nearly 36 percent of community college credit enrollment, more than 250,000 students. Funding reductions in both community college basic operating grants and in student financial aid affect minority students disproportionately.
- ❖ Affordability issues for the “non-traditional” student - Dependents, job loss time, etc. - The average age of a community college student is more than 30 years old. Approximately 65% of the baccalaureate/transfer course enrollments are 21 years old or older. Approximately 80% of the career and technical education students are in that age group.

❖ Student Financial Aid:

- ✓ Were MAP grants biased toward institutions charging less tuition, a far greater number of students could take advantage of these grants by attending community colleges. The amount of dollars the state has available for its MAP program in any given year could be utilized more effectively by adjusting the timing of the award deadline and by reserving a larger sub-fund for community college students. Like the student, the state can better afford the community college for its financial aid investment.
- ✓ According to ISAC, during fiscal year 2006:
 - 57,967 community college students received MAP grants out of 112,638 who were eligible (about 51%)
 - 43,361 university students received MAP grants out of 56,366 who were eligible (almost 77%)
- ✓ A community college student receives an average of only \$813 on MAP grant funds versus more than \$2,000 for their university counterparts.
- ✓ Student debt can be reduced tremendously by attending a community college for the first two years of undergraduate studies and by strengthening articulation initiatives.
- ✓ Community colleges reduce student debt and accelerate time-to-degree through its many dual enrollment and dual credit programs with local high schools.

Performance

The community college funding formula is inherently performance-based. If the college cannot successfully attract and educate its students, it cannot receive funding for those students. This is the community college's performance "contract" with the state. Again, fully funding the formula every year would demonstrate the state's acknowledgment that community colleges are fulfilling their end of the contract.

Criteria for performance "awards" based on other factors, such as graduation rates, or time-to-degree, may be useful for baccalaureate institutions. Such criteria have far less relevance for the community college. In fact for FY2005, nearly 18 percent of the community college credit-generating students are known to already have earned some type of college certificate or degree. This includes more than 38,000 who had already earned a bachelors degree or higher. Additionally, community colleges have a base of part-time students whose goals are not necessarily graduation but completion of certain coursework for the attainment of enhanced job skills.

Beginning in fiscal year 1999, the Illinois Community College Board budget did in fact include a restricted grant for a Performance Based Incentive System. This grant was to reward community colleges above their formula-driven funding allocations for meeting certain statewide and district goals. The funding proved unsustainable as the General Assembly cut the line from the ICCB budget in fiscal year 2002.

- ✓ Without a long-term, sustained budget commitment for such performance programs from both the legislative and the executive branches, the notion of reward for meeting exceptional goals cannot bring about the systemic improvements in higher education for which the taxpayers' dollars are being invested.

We must also acknowledge that higher education is more than the attainment of a baccalaureate degree. It is the fulfillment of the need for people to continue their education beyond high school to make themselves more marketable for careers. More than one-half (52.1 percent) of the fiscal year 2005 credit students enrolled in community colleges indicated that they were not pursuing a degree, but attending to complete one or several courses.

Workforce Development

The Illinois economy is based on our ability to retain, grow, and attract business and industry. The adaptability and capability of our workforce is key to these efforts and crucial to global competition. The Illinois Community College System is the primary provider of workforce development. We must invest in our economy by investing in the community college system.

The Illinois Community College System has a significant stake in preparing individuals for initial employment in technical and skilled occupations, upgrading the skills of incumbent workers, and providing continuing professional education.

- ✓ Statewide, career and technical education credit program enrollments account for more than one-quarter of all credit students (27.4 percent).
- ✓ Students successfully completed more than 36,000 career and technical education degrees and certificates in Illinois community colleges during fiscal year 2005, an 8.9 percent increase from the previous year. Funding for these programs must keep pace with the demand for them.
- ✓ For FY2005 community colleges provided workforce development services to 12,353 businesses (145,820 individuals). The result was start up of 514 companies, 275 expansions, 1,234 companies retained, 5,043 jobs created, and 19,120 jobs retained.

Community colleges are important partners with the Department of Commerce and Economic Opportunity as workforce development and economic growth programs are rolled out across the state. We must sufficiently fund community college efforts in workforce development if our economy is to grow.

Adult Education

Illinois community colleges provide adult education instructional services to those individuals without a high school diploma, who lack basic literacy skills, and who want to learn the English language (over 137,000 served in FY2005). Funding increases should reflect the necessity to move these students into college level instruction to enable them to become contributing members of our economy.

❖ Required Funding:

- ✓ Flexible, accountable, with an exceptional performance-based component to recognize the diversity of providers - community colleges, school districts, Regional Offices of Education, and community based organizations.
- ✓ We must support adult education students' transition to postsecondary education by implementing a special grant for dual enrollment in GED and ESL programs with college credit programs. This would encourage adult education students to pursue additional education to prepare them for the employment needs of the future.

Summary - Requirements for strengthening the Illinois Economy

- An increasing amount of MAP dollars should be directed toward those seeking to complete their first two years at a lower cost college (community colleges). The amount of dollars the state has available in any given year would be more efficiently and effectively utilized with this strategy. Essentially, more students could be served with the same amount of funding.
- Community college funding is performance-based by statute. The state should fund the formula at 100%.
- Criteria for performance awards must be reflective of the characteristics of ALL student populations, not just those seeking a baccalaureate degree.
- Community colleges are the primary providers of workforce development services. Workforce development efforts of the community college system must be sufficiently funded to assist in the growth of the Illinois economy.
- Career and technical education degree and certificate completions continue to grow at an astounding rate and are crucial to an educated workforce and therefore the economy. Funding for these programs must keep pace with the demand for them.
- Adult education instructional services (for those lacking basic literacy skills, who want to learn the English language, and who do not possess a high school diploma) must experience funding increases to move students into college level instruction to enable them to become contributing members of our economy.