

MINUTES – BOARD MEETING
February 6, 2007

Submitted for: Action.

Summary: Minutes of the February 6, 2007, meeting of the Illinois Board of Higher Education held at the Hilton Hotel, Springfield, Illinois.

Action Requested: That the Illinois Board of Higher Education approve the Minutes of the February 6, 2007 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 9:07 a.m. in the Prairie Room, located on the mezzanine level of the Hilton Hotel, Springfield, Illinois.

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

The following Board Members were present:

Guy Alongi	Gilbert Rutman
Mia Boyd	Lucy Sloan
Frances Carroll	Steven Taslitz
Donald McNeil	Elmer Washington
John Minogue	Addison Woodward, Jr.
Proshanta Nandi	

Also present by invitation of the Board were:

Judy Erwin, Executive Director, Illinois Board of Higher Education
Geoffrey Obrzut, President/Chief Executive Officer, Illinois Community College Board
Andy Davis, Executive Director, Illinois Student Assistance Commission
Tom Morelock, Executive Director, State Universities Civil Service System

Presidents and Chancellors

Stuart Fagan
Louis Hencken
Sharon Hahs

Advisory Committee Chairpersons

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

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

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

2. Announcements and Remarks, Chairman James L. Kaplan

Chairman Kaplan said, "I would like to welcome Dr. Sharon Hahs, the new president of Northeastern Illinois University, and Andy Davis, the new Executive Director of the Illinois Student Assistance Commission. I would also like to introduce Mia Boyd, our new non-traditional student Board Member.

"I received a letter from Board Member Cordelia Meyer who has indicated to the Governor that she would like to resign as a member of the Illinois Board of Higher Education. It has been a joy and an honor to work with Dea Meyer. Her input to the Board was remarkable, and it is a big loss to the Board and to higher education in Illinois. I am sure we all accept her decision with a great deal of sorrow with the loss of her on our Board.

"I would like to congratulate Joe White, President of University of Illinois, for receiving the Martin Luther King Jr. Excellence in Leadership Award from the Illinois Commission on Diversity and Human Relations last month. I would also like to congratulate Curtis White, who was named a distinguished profession of English at Illinois State University and a Distinguished Professor at the Normal campus. We are proud to have him as representing the Faculty Advisory Council with our Board.

"Normally, we would act today on approving budget recommendations to the Governor and General Assembly. However, negotiations with the Governor's Office of Management and Budget and getting feedback from all Board Members and stakeholders have necessitated a delay in our typical schedule. We will be arranging a separate meeting as soon as is practical for the Board to approve the fiscal 2008 budget for higher education.

"Our Board agenda includes a report on the study recently completed into textbook rental programs and other ways to reduce costs for students. This has long been a matter of great concern to me, and I am pleased that we now have completed -- along with ICCB -- what is probably one of the most thorough examinations of this issue in the country. My understanding is that Senator Mattie Hunter and others intend to introduce legislation based on the findings and conclusions of this report, and we should be ready to assist in those efforts that will make college more affordable and accessible.

"The next IBHE meeting is Tuesday, March 27, 2007 at the Springfield Hilton."

3. Remarks by Judy Erwin, Executive Director

Ms. Erwin said, "As the Chairman said, the budget process is continuing and we hope to have a discussion budget out by the end of the week for Board comments as well as the many other higher ed constituencies.

"On the agenda today is the approval for new nursing grants. These are expansion and improvement grants to colleges of nursing in the state, totaling \$1.5 million, which is consistent with our efforts, along with ICCB and ISAC, in terms of trying to promote the education of health professionals to meet the needs of our citizens.

“We are working with a group of non-profit leaders and the Mexican Counsel General in Chicago on the issue of access to financial aid to immigrants and hopefully will have some ideas to bring to the Board on this. ISAC and ICCB are involved in this as well.

“Similarly, we are working with the Department of Children and Family Services and the leadership at ICCB to see what we can do to improve the academic achievement for wards of the state and for children in the child welfare system who have the lowest educational attainment of almost any group. That is something we definitely need to focus on.

“We are delighted to welcome Dr. Bob Sheets, who is a policy advisor at the Department of Commerce and Economic Opportunity. Dr. Sheets does as good a job as I have seen anybody do in helping to connect the dots between education, the state’s economy and economic success for individuals and for the state. In addition, Ocheng Jany from our Academic Affairs staff has put together some interesting and revealing background information on the state of the STEM fields and healthcare fields in Illinois, what the graduation rates are, and how many people are in these various programs. We need to do a much better job, particularly at the undergraduate level. We thought this information would go in tandem with Bob’s presentation.”

Ms. Erwin then asked IBHE staff members in attendance to stand and be recognized for all their hard work throughout the year and Chairman Kaplan thanked everyone for attending the meeting and their interest in what the IBHE does.

4. Advisory Committee Reports

Curtis White, representing the Faculty Advisory Council, was unable to attend the meeting due to inclement weather. However, he did provide a handout to the Board (see attached).

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 (see attached). At the conclusion of his report was the following discussion:

Chairman Kaplan said, “Some of your concerns will be addressed in the agenda items.”

5. Presentation by Robert Sheets, Policy Advisor Illinois Department of Commerce and Economic Opportunity

Following the presentation by Dr. Sheets, the Board had the following discussion:

Chairman Kaplan asked, “We have been struggling with trying to convince the Administration that the continuum is not K-12, that it is P-20. From your talk today, I get the feeling that your department would join us in that belief that we need to exercise the continuum to 20. How would you suggest that we convince the Administration that the protected area should be to 20?”

Dr. Sheets said, "I agree with you, it is hard to get those discussions going on in many states. I think it is best done by focusing on a specific initiative and showing how the P-20 logic produces results in specific areas. That is why I would urge us working together on an innovation initiative with a P-20 set of strategies and show how that could produce results that could be duplicated across the entire programmatic structure at secondary and post-secondary."

Chairman Kaplan said, "I hope that our Board will encourage the university presidents to work with us and with you to develop a P-20 strategy for the future. I commend you for bringing this to our attention."

Father Minogue said, "I would suggest that, right now if we tried to fill a computer chip with the education structure that we have in this state, it would be like trying to do it with a soldering iron and wire cutter. You are not going to get it built. It seems to me that one of the biggest innovations that has to happen is in the tool that we use to do the innovation in the educational system. Illinois puts billions of dollars into education; what a great place to invest in innovation."

Dr. Sheets said, "I agree with you. If you look at the comments from when the lead governors got together, they had university presidents, they had people representing secondary and community college, and they had a dialogue pretty much along those themes. I think that is a way in which they are saying that we cannot get to where we need to be without major overhauls in the fundamental systems that deliver these services. That is why there has got to be an imperative to cut through some of these issues, and we think that the economic development message that we all can get around would be a mechanism to get these discussions going."

Dr. Washington said, "Thank you for your very innovative presentation. The concept of innovation dove-tails well with something that I always try to emphasize -- creativity -- which is essential in today's world."

"I am wondering, considering some of the major trends that are occurring now in terms of the global marketplace, technical expertise that is available in China and India on a massive scale, and of course the logic of taking advantage of that on a global basis, and also recognizing that in the future, I would agree, that the persons who generate the kind of momentum for development and building of innovate systems for achieving things, will be very comprehensively educated, and that they will be also a very special breed. So I see a decrease of a particularly creative group of individuals, but I do not see how the innovation can necessarily go all the way down to reverse some of the negative trends that occur in this country in terms of people not having jobs that they can live on or can support a family on, and taking all of this into account, have you thought about just how this innovation scheme will play out in terms of lifting the whole region?"

Dr. Sheets said, "First of all, start with the assumption that the only way for job creation across all sectors, for anybody to create enough job growth to actually bring up anybody in Illinois, we are only going to compete on innovation. We are doing business profiles now of people in very traditional industries -- consumer products. The biggest attention at our whole summit was a person who is in the corrugated box business, who has 50 employees and did a massive overhaul of business model in Cicero, Illinois, drove up employment -- it was through technology, but also a massive business model in which he basically empowered a lot of employees, many of which did not have a baccalaureate degree, maybe just a high school degree. So we have to somehow create this movement upward -- everybody has to move up one. That is the innovation driving. The biggest problem you run into is that we have probably one-third of our population who do not have the fundamental skill sets right now to grab a hold of that engine -- and that is our biggest challenge in Illinois -- we have to do both at once."

“Why I like the innovation-centered education, is that it is consistent with what we know about K-12, science, and math performance of low-performing students. Inquiry-based science, applications, which is the cornerstone of innovation-centered education, is also the motivating factor for many students who do not do well in traditional curriculum, especially at the K-12 level. This also has to be done in out-of-school programs for adults. That is why it is workforce, education, and economic development. The workforce world that is outside of the educational institutions and our non-profit communities needs to be players in this as well because we have to take that one-third and get them ready. There is a demographic here -- we have to take that one-third up -- and not just for justice issues, but for sheer economics. We need a labor force. We have to somehow move that one-third to the best use, and I think that is through reform in education and link to economic development.”

Mr. Taslitz said, “On this collaborative innovative networks, I am in the private equity business, venture capital business, I do not know many entrepreneurs or people who own truly proprietary business models or ideas that are interested in giving it away and a bunch of people telling them how they do it, so I am sort of skeptical that that is a great use of anyone’s time.

“I think there are two policy issues that are may be relevant. One is that for years and years the State of Illinois sent its pension dollars and resources outside of the state, so some of our most entrepreneurial minds and scientific minds went to California and other states who supported entrepreneurs and supported the development in that state.

“The State of Illinois legislatively has always been way, way behind other states in giving money to people within the State of Illinois to support new ideas and new technology in the state. So, if there was more money going into venture and private equity in Chicago from our Illinois pension funds, and they are shifting more and more that way, some of these people would not be leaving the state and opening up businesses, and you would attract other people to this state, because not only do you want to grow it, you want to bring it here, too.

“If you look at attracting talent to the state and who does it well, University of Chicago, Northwestern -- private schools. Some of the best minds that come to our state go to these schools and they have an open idea where they want to bring in kids from all over the country. We talked a little bit about it yesterday, one of our problems -- I guess Mr. White had a problem with this -- is to try to get more out-of-state talent to the University of Illinois. He comes out with an announcement that he wants to try to make the University of Illinois more than just a state school, and everyone goes ballistic politically, and it falls apart. Well, that goes right in the face of what you are trying to do. We have a great science department there, but we cannot really even recruit nationally some entrepreneurial great minds because of the politics in the state. There are some easier fixes than collaborative technologies that if people really got on the bandwagon -- where businesses are started and how you recruit talent -- that might make this a little bit easier and effective.”

Dr. Sheets said, “The venture capital issue is front and center on what we are trying to do. You could make a great contribution to those kinds of things.”

Dr. Carroll said, “This was a great presentation, and I concur with the comments that have been shared. My concern is that in presenting the forums and the information as we move forward to try to work out a plan and get the involvement of all the people, how will we reach, or has there been any thought to, bringing this information to the grassroots? Generally, this kind of plan starts with the upper echelon and with the groups that are already successful. What seems to always be left out, and let’s think of it in a K-20 model, instead of the K-12. How do we reach those individuals in getting them involved at the beginning and looking at a new way to do business -- teachers, parents, students -- what plan is there?

Dr. Sheets said, "On the regional forums, the issue of collaborative networks is really more of a statewide or national discussion, but the innovation discussion on building the talent pool has to be grassroots-based. And so we are focusing that on a series of regional forums to raise awareness and talk about issues that are largely with K-20 world and workforce world, to get out and raise awareness in our communities, and also with the people who actually make it happen."

Dr. Carroll said, "I urge you to use those organizations that actually deal with grass roots and to get the people involved and informed that something is going on. Usually they hear about it twenty years later."

Dr. Sheets said, "Point well taken."

Chairman Kaplan thanked Dr. Sheets for his presentation.

6. Report on Institutional Program Reviews

Chairman Kaplan said, "A big issue for the Board this last year was institutional program reviews, and so we have asked Dr. Alexander to give us a summary report on the 2005-2006 program reviews."

Dr. Alexander gave a brief report on this item. Following his report, the Board had the following discussion:

Chairman Kaplan said, "There were 260 programs that were reviewed in 2005-2006. Out of 260, one program was phased out. That has got to raise a red flag to members of the Board and to the staff to show that these programs are not being phased out when there is little or no value to them existing. Leaving it up to the universities obviously is a problem. It seems to me that out of 260, you would find more than one that did not belong as an active program. How do you account for this?"

Dr. Alexander said, "I can only respond to say that this raises an issue that we need to discuss with the campuses. I cannot honestly account for it -- clearly these reviews resulted in the assumption that the programs should be improved, but only one was closed."

Chairman Kaplan said, "When you take this report, in light of what our Board committee studied and tried to do, it seems like there is no cohesiveness in what we are doing. The whole idea of that committee was to deal with programs that should be phased out in one way or another and to make more useful use of assets. This is a demonstration to me that that is not happening, and so that the work of the Board committee ended with the report and has not been of any value to anyone in the field. Knowing that faculty senates can be very difficult on presidents and the like on these issues, perhaps the Board needs to take a more active role and develop a more active plan in dealing with these things and taking that burden off the local campuses. I would suggest that the Board committee be re-convened and we put teeth in the idea of dealing with this issue. I would ask the Board to consider that in the future and perhaps re-convene the committee with that particular purpose in mind."

Father Minogue said, "AAUP guidelines say women, children, puppies, and kittens go overboard, then at sheer dire economic straits can you close down a program. It would be interesting to clarify state legislation that would give some teeth to this so that the whole thing isn't run by AAUP guidelines, which are extraordinarily difficult to meet their criteria for program closing. It would be interesting to get an opinion on that -- where a state can create legislation that says using a process like this, fair and just, they decide a program is not going, that you can have tougher criteria than AAUP."

Chairman Kaplan said, "I would suggest that the Board bring this to the attention of the Senate and House Education Committees; perhaps legislation is needed."

Dr. Rutman said, "They already have that. We have the right to say a program is not economically or educationally justified. We do not have the ability or the power, as I understand it, to close the program, but we do have the power to cut off the funding."

Chairman Kaplan said, "Is that so?"

Dr. Alexander said, "The Board does not have the power to close a program."

Chairman Kaplan said, "But we do not allocate on our budget for specific programs?"

Dr. Alexander said, "No."

Dr. Rutman said, "But we could penalize."

Chairman Kaplan said, "Maybe that would be a way to deal with it. I would ask that the Executive Director broach the subject with the House and Senate Education Committee."

Dr. Washington said, "Along the same line, and particularly in the context of what we just talked about -- innovation -- clearly there is not much innovation reflected here. We have gone through a process once before of closing and phasing out programs -- PQP. That process actually eliminated a lot of programs, and it was initiated by the Board. So, the process can occur. I do concur with the logic of institutions doing a critical review of their programs, but clearly that is not happening in this particular report. I would suggest that perhaps what is needed, in addition to other possibilities, is a need for specific metrics, quantitative or qualitative metrics that reflect what basis these programs continue to have good standing in terms of concrete variables that have meaning in terms of the quality of the program -- graduation rates, performance after graduation, qualitative measures -- something that is much more specific, not just numbers which reflect essentially that everything is ok."

Dr. Alexander said, "The report that is done at the campus level is far more extensive than the 3 or 4-page report that is provided to the Board staff. That was the way that the program was established in 2002."

Dr. Washington said, "Are the metrics there -- qualitative and quantitative -- which are useful in determining the quality of the program?"

Dr. Alexander said, "I cannot speak to that myself, but we will go back and see. I know that the campus level review is much more extensive than what we see. I will look into that."

Ms. Sloan said, "What happens to the multitude of programs that we approve from out of state institutions, online, etc.? What happens to the status of those programs, do we have any review?"

Dr. Alexander said, "We receive reviews from those on a voluntary basis, but it is not as extensive as what we get from the public universities."

Chairman Kaplan said, “Ms. Sloan, the only thing that I would point out is that it does not cost the state money for those programs, but it costs us an awful lot of money to maintain programs that are not being utilized by students. That should be one of the criteria that we use.”

Dr. Woodward said, “I would like to see some focus on the metrics at program approval time, and look at the date, look at the projected majors, the projected revenue from the majors, and look at the new program costs. It seems easier to do it at the front end than the back end, and I think we are assuming because not many programs have been eliminated that the process is bad -- I do not know that -- I do not know the data of the programs that were reviewed. We have all sorts of major data that is accessible to everyone; we have discipline cost studies that are accessible to everyone and numbers of majors from programs that graduate and so on. There is a lot of data there, and we see it. We had a presentation in November, program by program; so, it may be that the process is good, it may be bad; but we need to also look at the front end.”

Chairman Kaplan said, “I would like to look at both.”

Mr. Taslitz said, “This is just like any company that starts coming up with more and more products. At some point someone realized that we have 8,000 SKU’s, only 20 percent of them are getting used, we need to do an analysis and get rid of them. Obviously, you want to do your work on the front end, but this is a common problem across the world that people deal with. They generally deal with it in a crisis, which is what we are in right now -- a financial crisis. We are hemorrhaging money -- why? It is because people are spending so much time on the 80 percent of stuff that no one really cares about?”

Chairman Kaplan said, “The Board is looking at efficiency measures. Generally, this would be a key one. If there is a hemorrhage in money, this might be one of the sources.”

Dr. John Haller, Vice President for Academic Affairs at Southern Illinois University said, “I basically wanted to say that is probably the real litmus of any institution. It is your quality point. It is an extensive and very expensive process that we go through, in accordance with Board policy, but I know that most of our institutions were doing this in the early 70’s, even before it became Board policy.

“Program review is not adequately represented in the 1 or 2 pages that you receive on an annual basis. We do this on an eight-year cycle, except those programs that are flagged, those programs that are accredited follow a similar process that we use in their accrediting years. It begins with the IR people providing the department with extensive data points, metric points, about its workload and all of that. It involves an internal review with people from outside the program, followed by external reviewers who come in and spend a couple of days reviewing the program, and then the important aspect about it is they close the loop. In other words, after those reports come in, they go back to either the graduate council or the faculty senate, and from there they go to the provost, so that those recommendations that are made something happens with them. When they are flagged, then they go through a three-year cycle until we are satisfied that they are well.

“I just want to caution you about this before you go too far down the road. This is a very thorough process that I am sure all of the institutions take most seriously because this is, in fact, our bread and butter. This is the litmus of what we do.”

Chairman Kaplan said, “How many programs would you say you have closed in the last two, three, or four years?”

Dr. Haller said, "I do not have them at hand, but I know there have been a couple. Starting back in 1990, we eliminated all of our associate degrees except for one; we eliminated baccalaureate degrees; we eliminated masters and doctoral programs."

Chairman Kaplan said, "And that was the Board's PQP initiative?"

Dr. Haller said, "It started with PQP, correct."

Chairman Kaplan said, "So it has been 16 - 17 years, and now the Board is looking at it again. So, if it is two, eight-year cycles, I do not think it is too soon."

Dr. Haller said, "I just want to reinforce the thoroughness of the program that is used."

Chairman Kaplan said, "I understand, and thank you, Dr. Haller."

Professor Nandi said, "On the basis of my 30 years in academic institutions, I can fully support what Dr. Haller suggested. I have been participating in reviews of the programs which have been thorough, extensive, and sometimes a bit unkind. My own program was eliminated because we had only 15 graduate students, and the university thought the program was not viable anymore. So, I would be very cautious in making a summary judgment about programs just living on the hog. They are thoroughly investigated and I think universities are doing a very good job at that."

7. New Units of Instruction at Public Community Colleges

Dr. Alexander briefly outlined the contents of Item 7.

The Illinois Board of Higher Education, on motion made by Dr. Carroll and seconded by Professor Nandi, unanimously grants authority to Kankakee Community College to offer the Associate of Arts in Teaching in Secondary Mathematics.

The Illinois Board of Higher Education hereby grants authority to Lincoln Trail College to offer the Associate of Applied Science in Industrial Management.

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

Dr. Alexander briefly outlined the contents of Item 8.

Father Minogue said, "How do universities price this -- in-state or out-of-state tuition, or do they have a group rate?"

Ms. Erwin said, "There has been a lot of discussion about this program. We need to remind ourselves that the trigger to seeking our approval comes from the program and the institutions seeking the approval, not from the ultimate customer of the service. Sometimes I get the impression, particularly let's take for example a community college which is the McKendree alliance with John A. Logan. Logan does not have to come here and seek authority to ask for a baccalaureate completion or a program, just like in this instance, which is a little different because a group of library districts sought to advance the educational attainment of their employees -- which I think we all would agree is a really good thing -- they are not required to come to us to seek approval to do this. I understand that in whatever sector one works in, you may tend to be protective; but I think it is important for us to understand that our

responsibility is to the students and to making sure that quality education is accessible, and collectively, for the economy of the state.

“I will add that as Dave alluded to, we are committed to doing a better job in getting things out into the public domain. We are at the point now with some of these academic approvals that we almost need to hire forensic accountants to go through the business models and financial viability of some of them, and I am more comfortable that the next best thing would be getting things out in the public domain. For instance, this happened to be a case in this particular program, there were some assertions made about who the library system contacted and when, and what the responses were. Frankly, we do not have the time or interest in doing a ‘he said, she said, when did they say it.’ But what we could do is ask for greater disclosure on the process, as well as possibly building an e-mail tree of some kind. This was on our website last July, so that is the way we have traditionally done it. There have been complaints from time to time, so we will try to do a better job of informing people on the notice.”

Dr. Elaine Kline said, “I am the Assistant Dean and Director of Academic Planning, Program Review, and Assessment of Student Learning in the College of Letters and Science, which is where our School of Library and Information Studies is housed. I have with me Jane Pearlmetter, the Assistant Director of the School of Library and Information Studies, and Jane Learner, who is from the Prairie Area Library System.

“The question regarding the tuition model can be best answered by Dr. Pearlmetter.”

Dr. Pearlmetter said, “The students are currently paying a tuition that is the same as resident tuition in Wisconsin. We do not call it resident tuition because we leave that open to whether or not these are going to be discipline education fees assessed. But as is pretty typical for all of the distance education programs in our field, they do not differentiate in the fees that the students pay or there would be no way that anybody would ever enroll in your school, so they are paying substantially the same as a Wisconsin resident.”

Chairman Kaplan said, “What is the per-credit-hour cost to a student?”

Dr. Pearlmetter said, “About \$580 per credit. It has changed every year, but it is approximately \$580 per credit. It is a 42-credit program, and they have the option of transferring in nine credits. In fact, one of the things we really appreciate is that the University of Illinois’ distance program always posts at the beginning of the semester where they have vacant seats in their online courses that are open to other students. So, we let students in this program know about those as well because we will let them bring in nine credits that way -- if there are spaces in the Illinois program.”

Ms. Boyd said, “Is the \$580 the actual resident tuition as well?”

Dr. Pearlmetter said, “Yes, there are some differences in terms of some things that are segregated fees that fund some of the facilities on campus. We probably have them pay a little bit less -- we assume that they are not using things like the gym and the swimming pool, but they are using the library because we have them set up for that.”

The Illinois Board of Higher Education, on motion made by Mr. Alongi and seconded by Dr. Carroll, hereby grants to International Academy of Design and Technology, Authorization to Grant the Bachelor of Science in Computer Forensics, subject to the institution’s maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

The Illinois Board of Higher Education hereby grants to McKendree College, Authorization to Grant the Master of Science in Nursing in the Southern Region, subject to the institution's maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

The Illinois Board of Higher Education hereby grants to University of Wisconsin-Madison, Authority to Operate and Authorization to Grant the Master of Arts – Library and Information Studies in the Fox Valley, Western, and South Metro regions, 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.

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

Dr. Alexander briefly outlined the contents of Item 9.

Chairman Kaplan said, "This item carries a conditional approval -- maintenance of the conditions that were presented in its application?"

Dr. Alexander said, "We always, with all program approvals, actually there is a condition that it conform to the original conditions of approval."

Chairman Kaplan said, "So there is nothing special about this?"

Dr. Alexander said, "No."

The Illinois Board of Higher Education, on motion made by Dr. Washington and seconded by Professor Nandi, hereby grants the University of Illinois at Urbana-Champaign permanent approval for The European Union Center, subject to the institution's maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

10. Nursing School Grant Program, Fiscal Year 2007 Award Allocation

Mr. Nunn gave a brief presentation on this item. After the presentation, the Board had the following discussion:

Dr. Washington said, "I am curious as to how the amounts for the expansion grants all came to the same amount. How did that come about?"

Mr. Nunn said, "There was some rounding that we had to do to make this happen. Early in our development of our rules, we had determined that 90 percent of the grant dollars would go to the expansion grant category and 10 percent would be reserved for the improvement grants. We looked at it administratively in the office. The grant application requests were about all the same dollar amount; so, mathematically, it allowed us to make those recommendations."

Ms. Erwin said, "In the expansion grants, the Governor's office and legislature's goal was to pump money into programs that they know are doing the best job and produce the most. And so it is looking at how we prime that quickly and get the biggest bang for our bucks. On the other end, we wanted to make sure that those that are smaller had some -- thus, the improvement grant. So that is also why the numbers are much larger for the expansion grants."

Dr. Washington said, "Yes, I understood that."

Dr. Woodward said, "With respect to the audit, will the Board hear back the results of the audit? I assume the audit would include a change in student demographics, pre- and post- NCLEX pass rates and pre- and post-retention ratios?"

Mr. Nunn said, "The emphasis that we would like to place is on the external evaluation. I did mention the point of audit, and they will be audited, but certainly the external evaluation will indeed look at those performance factors and that information will be reported back to the Board."

Chairman Kaplan said, "Under the Executive Director's plan, external audits will occur on just about all of our grants."

The Illinois Board of Higher Education, on motion made by Ms. Sloan and seconded by Mr. Alongi, hereby approves the allocation of \$1.5 million for Fiscal Year 2007 Nursing School Grants as shown in Table 1 of this Item.

11. Fiscal Year 2008 Higher Education Budget Recommendations: Operations, Grants, and Capital Improvements

Dr. Baumgartner said, "The Fiscal Year 2008 budget recommendations are not complete at this point. They will be presented to you near the end of this week or early next week in a discussion budget format. We intend to request that you hold a special meeting in or about two weeks from now to make your recommendations final. The meeting will be held by video conference."

12. A Report On The Feasibility Of Textbook Rental Programs And Other Textbook Cost-Saving Alternatives In Illinois Public Higher Education

Mr. Sevenser made a brief presentation on this item. Following his report, the Board had the following discussion:

Mr. Alongi said, "Why are textbooks higher at community colleges than they at universities?"

Mr. Sevenser said, "I do not know specifically the answer to that; however, the community colleges -- the first two years -- have a lot of required courses, such as science and certain humanities courses that require textbooks that are very expensive."

Father Minogue said, "Every textbook exists today electronically before it hits paper. They were able with the I-pod to turn the music industry upside down from selling CD's to simply downloading music. If you simply download the data image of a textbook, you would eliminate printing, transportation, storage -- you take at least 60 percent of the hard costs out of the delivery. When that industry won't do it because they have bookstores, but this is a place where this is simply blockage and protection of an industry that needs to go bye-bye."

Mr. DeRosa said, "You mentioned the three measures that are being addressed with Senator Hunter's upcoming bill. Have you heard any reasons? You also mentioned that one of the reasons textbooks were higher was because of bundling. Have you heard anything as to why? I know that is something that has been recommended from the Student Advisory Committee's report. Why was that not included?"

Mr. Sevenser said, "I do not know specifically what the rationale was with Senator Hunter and the particular options that she selected; however, it is true that that particular matter of unbundling materials does engender some opposition from publishers as well as bookstore operators. That is not to say that it could not be done or should not be done, and it is not to say that the eventual legislation that is considered by the General Assembly won't include some measure relating to unbundling. Senator Hunter has indicated that her proposals are merely the starting point for discussions on what should be a final measure that she will pursue in the General Assembly. She has indicated that she would prefer to have all interested parties at the table to negotiate the final measure. So that certainly is a possibility as that process evolves."

Mr. DeRosa said, "Mr. Sevenser and I attended the Congressional hearing in Chicago in December in which we heard a professor talk about something he had done to reduce textbook costs. He had two books that he thought would be good for his course, and he called the publishers and began a bidding war between them. When I think about the measures that are being taken here, and I remember that Curtis White had mentioned that in his discussions with the Faculty Advisory Council the faculty said that they already take cost-saving measures into consideration -- I think there is a lot of room to visibly demonstrate that."

Chairman Kaplan said, "I think this report will be a foundation for the legislation that goes forth. It is a terrific report, and I commend you and the staff."

Dr. Washington said, "I would like to follow up on Father Minogue's point. Pearson Publishing does exactly what you are saying. They electronically make available e-books that are about 50 percent of the cost of a standard textbook. One of my old textbooks is available by way of e-book, and it is about 60 percent less -- and that is something that is being done, and I know some faculty members that are using e-books. The only restraint is that you have to have broadband capabilities to use them."

Mr. Taslitz said, "I am shocked that those are the recommendation of this study. I think they miss out on really how anything ever gets done, and that is aligning and incenting people to get to the correct behavior. None of the suggestions that are made in that align or incent the appropriate behavior. Whoever has the decision and the authority to determine what course books are being used, which is the teachers, either you incent teachers by how they are paid, or bonuses -- and if there are a lot of people that are getting money in their pocket, they might choose to use different behavior. That is the second best way to do it."

"The best way to do it, as part of our legislative power, is we have all these universities that we give money to. They need to get on the same page as we are, which is: we are going to group-buy stuff; and we are going to have somebody that is responsible. If you let every single teacher at every school independently negotiate their deal, it is a disaster. What a waste of everybody's time; and you are not leveraging the purchasing power. It just seems to me like a ridiculous system to try to get prices down."

Ms. Boyd said, "There are 3,000 available textbooks electronically -- e-reserves can be powered by BlackBoard, which every university and college already has set up. There are other options, such as I-chapters, which are just like electronic books. We are missing the more affordable and what will work right now in electronic forms of books and making them more available to students or to instructors. Many of them pick their own books that they want to use in their classes. So many times they do not care what the book costs; it is the book they want to use for their class. Some people prefer a traditional textbook, but some prefer to download the books. The suggestions are good, but there are better ways, a wide range of possibilities and suggestions, to make textbooks more affordable."

Father Minogue said, "Standard mark-up for an outsourced bookstore is 30 percent."

Ms. Erwin said, "We certainly encourage you to send other comments and suggestions as this is an ongoing discussion; and as technology changes, it will be a continuing discussion. The state cannot mandate that the publishers do something, that the private sector has to do something, but if we remember that it is the individual faculty members where the decisions lie, then there are ways that we can figure out to push that."

"The legislature has made it very clear that they are very serious about this. So, it behooves all of the institutions to push it down to the individual faculty levels, as it certainly is going to be monitored."

13. Legislative Update

Mr. Sevenser made a brief legislative report stating that there has been no legislative activity to date, but that the legislators will return this week for its first substantive business of this session. He does expect several issues to reoccur from previous sessions, such as the textbook issue, Harper College's request to offer baccalaureate degree programs, the addition of psychology to the Health Services Education Grant Act program administered by our Board, remedial education at colleges and universities, along with bills relating to MAP grants and merit scholarships to address the affordability issue. There will most likely be legislation introduced that will mandate full funding of veteran's grants at colleges and universities, and there is a great deal of interest in teacher preparation and school leadership preparation programs, so we can expect legislation related to this topic as well.

Mr. Sevenser also announced the Board's intention to hold a legislative briefing later this month -- sponsored by Senator Maloney and Representative McCarthy -- on higher education issues that are facing Illinois and the legislature. Several other state agencies and public universities will join IBHE in sponsoring this event, with the goal of bringing important issues to legislators, such as demographics of the population of Illinois, educational attainment, affordability, P-20 continuum, and access and success.

14. Meeting updates from Board Members

Professor Nandi said, "There was an Illinois State Board of Education (ISBE) meeting on January 18, 2007. Superintendent Randy Dunn and Becky Watts will be leaving for positions in Kentucky. Christopher Koch will be interim Superintendent. The Board is in the process of interviewing candidates for the Superintendent's position."

"The Board unanimously approved recommendation of a budget plan that includes funding for 60 new employees. The new hires would bring the total agency head count to 530. The estimated price tag for the extra staff is about \$3.5 million. ISBE's proposal would increase general state aid by \$299 million, which translates into \$355 boost for the State's foundation level, or the minimum amount guaranteed for each student. The foundation level presently is \$5,334. The overall budget plan represents about an \$800 million increase from the present fiscal year when the lawmakers and Governor agreed on an overall \$8.7 billion budget for pre-K-12 education. ISBE expects the Governor to go along with all, or most of, those latest budget recommendations."

Dr. Washington said, "I was out of town when the Illinois Student Assistance Commission (ISAC) met on January 26, 2007, but I have reviewed the agenda materials. There was an article in *The Chicago Tribune* on January 26 dealing with one of the most important actions taken at that meeting. This action dealt with the sale of \$640 million from the \$4.3 billion student loan portfolio. This is something

that we have all been waiting for -- and congratulations for a net on that sale -- \$35 million, which will be used to offset the cost for the MAP-Plus program.

“The MAP-Plus program is designed for families up to \$200,000. It turns out that based on the applications that have been received and eligible students that have been identified, the average family income is \$81,782 -- so it is not going to very wealthy families. Each student is entitled to an annual grant of \$500. As of January 9, the number of completed applications totals 80,006.

“Regarding the guidelines for the College Illinois! Program, which is now \$860 million and under management by a consulting firm, the Commission has improved the statement of investment policy. It has been revised, and it is done on a frequent basis depending on market conditions; but the primary purpose of that continual process is to provide a resource for future tuition payments to beneficiaries, to insulate the program assets from inflation factors, and to diversify assets across and within capital markets. The policy has benchmarks or target returns on investments for each investment or each asset class of investment. These guidelines are reviewed and updated based on investment performance on a quarterly basis.

“I have been impressed with the quality of the work that has been done by the ISAC, particularly considering the time frame that they had to do a lot of the work that they have done, and I would like to complement Don McNeil the Chairman of the Board, Andrew Davis, current Executive Director, Larry Matejka, previous Executive Director, and the ISAC commission, staff, and consultants. They have done an outstanding job in working through these issues, and it is clear that Illinois students will receive the benefits of this. Financial need is still very much alive in terms of these policies and procedures and the results shown.”

Mr. McNeil said, “I cannot strongly disagree with your kinds words. It has been a difficult task and the task continues. The money raised to date is about one-third of the money that we were directed to raise by the legislature in the spring when they passed a bill that said we needed to fund the MAP-Plus program at the level of \$34.4 million. We needed to generate additional money for MAP, and also some additional money for the General Revenue Fund, the total of which was \$100 million. We still have a ways to go; and we certainly intend over the next few months to continue our efforts to restructure, refinance, and in some cases, sell assets to generate the money.

“The other significant event was the hiring of Andy Davis, effective January 1. We look forward to his leading us into a more Illinois-centered ISAC. Right now that \$4.3 billion loan portfolio - more than three-fourths consisted of loans to students in other states that had no connection with Illinois whatsoever. Our public policy goal is to develop programs that assist Illinois students in affording the college education of their choice. We think that students who work hard enough to get into a school should be able to go there and not have financial problems stand in their way of attending the school that they prefer.”

Dr. Woodward said, “The Community College Board met, and there were a number of reports given. There was a student enrollment and completion report done for the community colleges that is a treasure-trove of data. I think two numbers that stuck in my mind were 238,300+ FTE students are enrolled in our community colleges -- down slightly from 2005 -- but up from 2002. The second highest number of degrees/certification were awarded, and that was at 49,628. There was a final recognition report on seven community colleges, and these are essentially institutional self-study reviews. They are really quite impressive.

“The final report was completed, the Illinois General Assembly Joint Task Force and Community Colleges; and finally, there was a report on accountability and productivity of programs. There were 183 academic programs reviewed; and of the academic programs, none were discontinued. There were 786 career and technical programs reviewed; 73 were eliminated; and there were 47 for further review, with 24 adult development programs reviewed with continuation status.”

15. Consent Agenda

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

CA-1. Board Minutes – December 5, 2006

The Illinois Board of Higher Education unanimously approved the minutes of the December 5, 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 December 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. Adopted Rules: Tuition and Fee Waiver Guidelines

The Illinois Board of Higher Education hereby adopts the proposed rules for Tuition and Fee Waiver Guidelines (23 Ill. Adm. Code 1075) and proposed amendments to the Master Plan for Postsecondary Education in Illinois (23 Ill. Adm. Code 1070) as contained in this item.

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 Rules: Nursing School Grant Program

The Illinois Board of Higher Education hereby adopts the administrative rules for the Nursing School Grant Program (23 Ill. Adm. Code 1100) as contained in this item.

16. Other Matters/Public Comment Period

Chairman Kaplan said, “At our last meeting, I asked Dr. Carroll to review what had happened at the University of Illinois at Urbana-Champaign with the ZBT fraternity party, and I would like for you to give your report on that.”

Dr. Carroll said, “I had the opportunity to look at the incidents on the campus from a different perspective, that is as representing the Illinois Board of Higher Education. It is quite a complex situation, and I would like to share a few of the items that we were able to determine as the major issues appearing on campus. I think it was an excellent suggestion that we start looking at this because the University of Illinois is our flagship institution, and what happens there is happening across the world. It is not an isolated incident.

“I was asked to investigate the incidents and activities surrounding the parties that were held on campus that were termed ‘racial.’ There was a party held in October called ‘tacos and tequilas,’ and these parties that were implemented included stereotypes. There were several parties held during the fall semester on the University of Illinois Urbana campus between October 5 and October 31. These parties made headlines.

“My assignment from Chairman Kaplan was to fact-find what had occurred and the University’s response to these incidents, along with any solutions, recommendations, etc. to improve the climate.

“Since these incidents, several meetings have occurred, and many groups have been involved. This was not a first occurrence. Some type of racial theme parties have been held for years, presumably by the Greek fraternities and sororities, most significantly, ZBT fraternity and Delta Delta Delta sorority. The current parties are basically attributed to these two groups.

“In the spring of 2006, there was a black face incident at a campus bar at a ghetto party. From October 5 to October 31, there were activities of ‘tacos and tequilas,’ ‘pilgrims and Indians’ followed by photos aired on the Facebook website. There was a protest rally and march on the campus involving 400 students following these incidents. Chancellor Herman of Urbana-Champaign held two town hall meetings with student leaders and began planning a forum. He met with the executive director of Zeta Beta T first and sent out a mass mailing on October 31 denouncing such events. Delta Delta Delta suspended participants internally, and the fraternity suspended their participants as well. The two presidents apologized to the president of the United Greek Council.

“I visited the university December 17 and January 22 to meet with the heads of the various Greek organizations, the fraternities and sororities, and the cultural houses and student leaders. I also met with the faculty members who represented the ethnic groups on campus.

“A forum was planned for February 1 and the Trustees were invited, specifically myself -- and I declined to accept the invitation to speak with 2,000 students because I did not see that as my role or assignment here. I did ask to speak with the student heads on campus, and met with them in a very productive meeting.

“The individuals attending the meeting representing the faculty were 15 members of the various cultural and ethnic groups on campus, and they agreed that the climate on the campus needed to be improved and that there were some safety factors going on and students were beginning to feel unsafe; and as most of you have read, I am sure you are familiar with the fact that there were several incidents occurring on campus where students either insulted or attacked each other. Unfortunately, the finding of

the students was that the climate of the campus was perpetuated by the symbol that is used by the University of Illinois at athletic games.

“We feel really encouraged that the students are working together with the faculty to try to resolve some of their issues; and as you know, the forum that was held was attended by 1,700 students, and they gave a list of some 35 demands. What is encouraging about the demands is that half of them were already on the table for the University of Illinois with the Trustees and the administration.

“The results of what we saw at these three meetings was that there is overt racism on campus, that the cultural houses are seen as safe houses, that students should be encouraged to participate in their cultural houses, that a climate study would identify some of the concerns, and -- a very interesting one -- there needs to be a change of the perspective of the Euro-American faculty on this campus. They do not face these issues, and do not see the problem. They also were very strongly in favor of courses that would help educate the community and to provide information and knowledge of all of the cultures on campus. There was a very positive response that there certainly needs to be education so that there can be a greater respect for all cultures.

“I found this to be a very excellent start. The university has already given a lot of time and energy to try to correct some of the wrongs that have occurred on campus, and they are also involved in the community that does not quite understand the diversity of students on the campus. So, once the students leave campus, they move into an unsafe community, while they can protect the students on campus.”

Chairman Kaplan said, “I hope the Board will continue its looking over the attitudes on campuses that we support with HECA grants and the like.”

Dr. Baumgartner said, “Tomorrow we have a conference call with various participants in the utilities pilot program that we are doing with the Energy Resource Center and with Nona Myers and Townsend Albright. We will be talking about where that is in the process and reiterating that we would like to have a report at the March meeting based on the outcome of the pilot study.”

Chairman Kaplan announced that this meeting is a completion of almost four years as Chairman and almost eight years as a Member of this Board and that this will be his last meeting as a Member and as Chairman of the Illinois Board of Higher Education.

Vice-chair Lucy Sloan, on behalf of all Board Members, thanked the Chairman for his positive leadership during challenging times and for his advocacy for all students in Illinois. Dr. Carroll thanked Chairman Kaplan for his commitment to higher education.

There being no further business to come before the Board, Chairman Kaplan adjourned the meeting at 11:30 a.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 February 6, 2007 meeting.

**Submitted Remarks of Danielle Gaines, President
Student Advisory Committee
Illinois Board of Higher Education Meeting – February 6, 2007**

The Student Advisory Committee met last weekend at Lake Land College to review the Board agenda and address other higher education issues. We had the opportunity to meet with Mike Sullivan, a founding member of our group. We are so grateful for the time he spent with us and are approaching issues with a renewed vigor.

We the members of the Illinois Board of Higher Education Student Advisory Committee feel that the issues and resolutions presented in the Student Debt-An Impending Crisis paper are relevant and hold true to the issues that are facing students of higher education. We appreciate the Faculty Advisory Council's recognition of the mounting debt of Illinois' higher education students.

While at Lake Land, we spent a considerable amount of time speaking about the Illinois Veterans and Illinois National Guard grants. As many of you know, this program has not been fully funded by the state for several years. This is beginning to affect tuition and has led to the cancellation of course offerings at Lake Land. The student advisory committee feels that unless this funding issue is solved, the problem will only continue to grow, as colleges will be absorbing the higher tuition rates as new students are accepted under this grant. We also feel that the problem is going under-reported since the students are still receiving their educations, but this can no longer be ignored.

The student advisory committee would again like to thank the Board for their work with textbook affordability issues. This is a problem that is dear to the students' hearts and pocketbooks. We will continue to help the Board in any way with regards to this issue.

Lastly, we are sad to say goodbye to Christy England-Siegerdt, our IBHE staff liaison. Christy has been an amazing and important member of our group. She has always helped when necessary and without passing judgment. We wish Christy the best of luck in her future and thank her for the time spent with us.

**Submitted Remarks of Curtis White, President
Faculty Advisory Council
Illinois Board of Higher Education Meeting – February 6, 2007**

1-10-07

**STUDENT DEBT-AN IMPENDING CRISIS
A DESCRIPTION OF THE PROBLEM AND RECOMMENDATIONS**

AS ADVANCED BY
THE FACULTY ADVISORY COUNCIL TO THE ILLINOIS BOARD OF HIGHER EDUCATION

ABSTRACT

LOWER AND MIDDLE INCOME FAMILIES ARE STRESSED BY RISING HEALTH COSTS, THE EROSION OF PRIVATE PENSION PLANS, AND THE LOSS OF HIGHER PAYING JOB OPPORTUNITIES. TO MAKE THIS SITUATION EVEN WORSE, COLLEGE AGE STUDENTS FROM THESE FAMILIES ARE CONFRONTED WITH HIGHER TUITION AND FEES FOR A COLLEGE EDUCATION. SCHOLARSHIP RESOURCES ARE INADEQUATE TO COMPENSATE FOR THESE HIGHER COSTS. AS A CONSEQUENCE, AN INCREASINGLY LARGE NUMBER OF STUDENTS HAVE HAD TO TURN TO EDUCATIONAL LOANS, AND MORE AND MORE STUDENTS ARE GRADUATING WITH UNCOMFORTABLY LARGE LEVELS OF DEBT.

THE STATE BENEFITS ENORMOUSLY FROM HIGHER EDUCATION THROUGH INCREASED TAX REVENUES, A MORE INFORMED CITIZENRY, AND LOWER SOCIAL COSTS (FOR PRISONS, WELFARE, AND DRUG REHABILITATION, ETC). THE BURDEN FOR PROVIDING THESE SOCIALLY DESIRABLE ENDS SHOULD NOT FALL DISPROPORTIONATELY ON THE BACKS OF STUDENTS.

TO MAKE MATTERS WORSE, EDUCATIONAL DEBTS WILL TEND TO DRIVE STUDENTS AWAY FROM LOW PAYING BUT SOCIALLY VALUABLE CAREERS IN TEACHING, SOCIAL WORK, AND NURSING. THIS SHOULD BE A PARTICULARLY POIGNANT FACT FOR THE BOARD IN LIGHT OF THE STATE'S CURRENT PROBLEMS WITH HIGH QUALITY TEACHER PREPARATION (AS DESCRIBED IN OUR LAST STATEMENT TO YOU), AND IN LIGHT OF THE STATE'S INCREASINGLY DESPERATE SHORTAGE OF TRAINED NURSES.

THEREFORE, THE FACULTY ADVISORY COUNCIL TO THE ILLINOIS BOARD OF HIGHER EDUCATION RECOMMENDS THAT AS A RESPONSE TO BOTH THE STUDENT DEBT CRISIS AND THE PROBLEM OF PROVIDING HIGH QUALITY CANDIDATES FOR TEACHING AND OTHER SOCIALLY VALUABLE OCCUPATIONS, THAT: THE BOARD SEEK LEGISLATIVE SPONSORS FOR A STUDENT DEBT FORGIVENESS PROGRAM FOR STUDENTS SEEKING CAREERS IN SOCIALLY VALUABLE FIELDS IN OUR STATE.

STUDENT DEBT-AN IMPENDING CRISIS

A DESCRIPTION OF THE PROBLEM AND RECOMMENDATIONS

It has become clear that policies adopted by many states and the federal government over the past decade concerning governmental support for higher education are beginning to bear bitter fruit. National and local media outlets have been running story after story about students and former students with educational loans that are so large they affect their standard of living and occupational choices.

THE ECONOMIC CONTEXT

Lower and middle income workers are under siege. Both nationally and in Illinois, they have seen their access to healthcare shrink. (The number of Americans without health coverage rose by 1.3 million last year, up to 46.6 million, according to the Census Bureau.¹) Likewise, private sector pension coverage for employees has dwindled (from 56% in the late 1970s and early 1980s to 50% in the early 2000s). Illinois has also been losing relatively high paying manufacturing jobs which are being replaced by lower paying service sector jobs. Median Illinois household income dropped by 10.8% in real (adjusted for inflation) terms from 1999 to 2005, compared to a drop of 2.8% over the same period at the national level.²

Worse yet, because of inadequate funding at both the state and federal levels, students of modest means are being priced out of the higher education market. This flies in the face of the recommendations of The National Center for Public Policy and Higher Education which has warned that in order to keep up with demographic and economic trends, Illinois must raise the level of education for all its citizens, particularly the growing minority populations.³ Failure to do so may doom the bulk of the state's citizens to a fragile economic future and Illinois may find itself dealing with shrinking tax revenues on a long-term basis.

POLICY MAKERS' REACTION

Given the facts above, policy makers at the state and federal level could be expected to ramp up the educational infrastructure and to ensure access to the system for as many qualified students as possible. After all, it is in the state and federal governments' interest to have a highly educated population. In 2005, the median earnings for a male with a college degree were 63% higher than a similar

¹ U.S. Census Bureau. Income, Poverty, and Health Insurance Coverage in the United States: 2005. Report P60-231, August 2006. Available at: www.census.gov/prod/2006pubs/p60-231.pdf.

² U.S. Census Bureau. <http://www.census.gov/hhes/www/income/historical/h08.html>.

³ National Center for Public Policy and Higher Education, *Educational Level of Illinois Workforce Projected to Decline* (November 2005), available at http://www.highereducation.org/reports/pa_decline/states/IL.pdf, last visited October 26, 2006.

male with a high school degree. Among women, the earnings premium for a college degree was 70%. Even the presence of more college graduates in a metropolitan area seems to influence the area's per capita income growth. Those metropolitan areas with the highest concentration of college graduates experienced a higher per capita income growth rate than those metropolitan areas with the lowest concentrations of college graduates from 1980 to 1997.⁴ As a result, college graduates will contribute between 60% and 70% more in income tax (assuming a flat rate) and similar amounts more in property taxes, sales taxes and excise taxes than high school graduates. The communities with high concentrations of college graduates can be expected to have better funded schools and other infrastructure than similar communities with a lower concentration of college graduates. There are other societal benefits as well. College graduates tend to be healthier, are less likely to smoke, less likely to be jailed, and less likely to be dependent on social safety net programs. They also tend to have higher levels of civic participation, volunteer and give blood more frequently, and talk with their children more about current events than do non-college graduates.⁵

Unfortunately, state and federal governments have not acted in their own best interests, and Illinois is a good case in point. Over the last five years, the state of Illinois has actually cut appropriations for higher education to accomplish the short-term goal of budget balancing. Appropriations for operations and grants to institutions of higher education in this state have declined by 8.2% in current dollars (slightly more than \$202 million) from FY 2002 to FY 2007.⁶ Despite staff cuts, increased class sizes, and other cost cutting measures, public universities had no choice but to increase tuition. (Weighted average tuition for the state's public four-year universities went up 47% between FY 2002 and FY 2005 while the state's undergraduate tuition subsidy [the portion of instructional costs of undergraduate education funded by the state] declined from 63% to 47%.⁷) Tuition is not the only cost students must pay to attend classes. Combined, tuition and fees at public four-year universities increased at varying amounts. At the highest cost public four-year university, tuition and fees increased 50% from FY 2002 to FY

⁴ College Board, *Historically Large Earnings Premium for College Graduates Persists* (2006), available at http://www.collegeboard.com/prod_downloads/press/cost06/education_pays2_06.pdf, last visited October 26, 2006.

⁵ Sandy Baum & Kathleen Payea, *The Benefits of Higher Education for Individuals and Society*. (College Board: Rev. Ed. 2005), available at http://www.collegeboard.com/prod_downloads/press/cost04/EducationPays2004.pdf, last visited October 25, 2006.

⁶ IBHE Staff, *Setting a Context for Fiscal Year 2008 Budget Development*, Aug. 2006, available at <http://www.ibhe.org/Board/agendas/2006/August/Item14.pdf>, last visited October 25, 2006.

⁷ IBHE Staff, *State General Funds Tuition Subsidy-FY1999-FY2005*, available at <http://www.ibhe.org/Fiscal%20Affairs/PDF/TuitionSubsidySummary99to05.pdf>, last visited October 25, 2006.

2007, while the increase was 58% at the lowest cost public four-year university.⁸ (The trends are similar for private and community colleges.)

Worse yet, student assistance has not kept up with these increases in cost. State appropriations to the Monetary Assistance Program (the state's primary need based financial aid program) increased only 3.7% from FY 2002 to FY 2007.⁹ The maximum MAP award for FY 2007 is \$4,968,¹⁰ up from the prior year's maximum award of \$4,521 after application of a 9% reduction factor. The maximum award amount (\$4,968) has not increased since FY 02.¹¹ At the federal level, financial aid to students comes in two primary forms: grants and loans. The Pell grant is the largest federal grant program. In the early 90s, Pell grants were 40% of all grant aid provided to students. Now they make up only 31%. The average Pell grant for 2005-06 was \$2,352 or \$294 lower than it was in 02-03, using 2005 constant dollars. In the face of rising college costs, Congress reduced funding for Pell grants by nearly a billion dollars in 05-06. In 1985-86 the maximum Pell grant award was nearly 60% of public four-year tuition, fees and room and board charges. In 2005-06 the maximum Pell grant award covered only a little over 30% of those costs.

Because of the steep increases in cost and the failure of need-based scholarships to keep pace, more and more students have had to turn to loans. More than half of all student aid comes in the form of federal loans: subsidized Stafford loans, unsubsidized Stafford loans, Perkins loans for high need students and Parent Loans for Undergraduate Students. Subsidized Stafford loans have gone from 57% of total loans to 34% from 1995-96 to 2005-06

THE DEBT CRISIS

Offered only dwindling or flat state and federal aid while college costs continue to rise, students have limited choices. They can attend part-time and work, they can choose to go to a less expensive school, or they can borrow. Unfortunately, the most readily available source of borrowing is the non-federal private student loan. They are unsubsidized and generally have floating interest rates. The annual amount of non-federal student loans grew from \$1.7 billion in 1995-96 to over \$17 billion in 2005-06, an increase of 914%.

⁸ IBHE Staff, *Illinois Public Universities, Annual Full-Time Resident Undergraduate Tuition and Fees: Entry Level, FY 1999-FY 2006*, available at <http://www.ibhe.org/Fiscal%20Affairs/PDF/Historical%20Pub%20Univ%20TF.pdf>, last visited October 25, 2006.

⁹ Note 1, *supra*.

¹⁰ ISAC Board Agenda Item 2, August 2, 2006 Board Agenda, available at http://www.collegezone.com/media/agenda0802_item8.pdf, last visited October 26, 2006.

¹¹ ISAC Board Agenda Item 4 Summary, January 27 Board Agenda, available at http://www.collegezone.com/media/agenda0127_item4.pdf, last visited October 25, 2006.

The Project on Student Debt reports that the average student debt for graduates of Illinois public universities in 2005 was \$17,089 and for graduates of the private four-year institutions it was \$18,431.¹² Those averages do not seem like extraordinarily high debt loads, but remember, they are just averages. On a national basis, debt levels for graduating seniors increased 109% over the past ten years.

Worst of all, there is evidence that the heaviest borrowers are the students of modest means. More than 88% of Pell grant recipients (students of average means) also had student debt upon graduation, compared to 52% of those graduates without Pell grants. Twenty-five percent of the Pell grant recipients had debt of at least of \$27,625 and 10% had debt of at least \$38,000!

DEBT EFFECTS

Carrying such heavy debt loads has many effects on the lives of college graduates and on the society in which they will live. Many graduates with debt report they must put off life decisions due to the debt: 44% - buying a house, 28% - having children, 27% - medical and dental procedures, and 18% - getting married. Most alarming is the fact that among those graduates with debt, 40% have accumulated at least \$50,000 of additional household debt, as opposed to only 15% of the graduates without debt.¹³

Debt may also impact decisions about careers. A report issued by the U.S. Public Interest Research Group estimates that 39% of college graduates have unmanageable student debt loads at the average starting salary of \$32,101.¹⁴ Obviously, graduates with debt will migrate toward positions paying higher salaries in order to be able to pay back their loans. Another study by the State PIRGs' Higher Education Project specifically looked at the effect of student debt on the teaching profession and social work (two traditionally low paying public service sector jobs). Nationally, among public university graduates, 23% and 37% would have unmanageable student debt if they entered the teaching and social work fields, respectively. For private institution graduates, the percentages jump to

¹² The Project on Student Debt, *Student Debt and the Class of 2005: Average Debt by State, Sector and School* (Aug. 2005), available at http://projectonstudentdebt.org/files/pub//State_by_State_report_FINAL.pdf, last visited on October 25, 2006. These figures were based on amounts reported by the institutions to Thompson Peterson Undergraduate Financial Aid and Undergraduate Databases. The amounts only include loans processed through the institution. As a result, amounts financed independently of the institution, amounts borrowed before transferring into the reporting school and credit card debt used to finance the student's education costs are not included.

¹³ Alliance Bernstein, Investments, *College Debt Crunch: The Biggest Threat to Young American's Financial Well Being?*, available at http://www.alliancebernstein.com/CmsObjectCDC/PDF/CDC_Brochure_BiggestThreat.pdf, last visited October 25, 2006.

¹⁴ Tracey King & Ellyne Bannon, *The Burden of Borrowing: A Report on the Rising Rates of Student Loan Debt* (March 2002), available at <http://uspirg.org/uspirg.asp?id2=5916&id3=USPIRG&>, last visited October 31, 2006.

38% for teaching and 55% for social work. For Illinois, the percentages were slightly better. The authors note that although only two public sector jobs were studied, they can serve as proxies for a whole range of low paying, but socially valuable professions like the arts, non profit community work, the ministry and journalism.¹⁵

These are not the only types of career choices that can be affected. For example, a medical school graduate with \$100,000 of debt is probably more likely to be attracted to a high paying city practice rather than a lower paying rural or low income area practice. Law graduates with high debt are probably more likely to be attracted to a high paying corporate position as opposed to a public service legal clinic, a public defender or assistant state's attorney position.

RECOMMENDATIONS:

First, we would like to propose an extension to our last report on the desirability of improving the quality of our state's elementary and secondary education teachers. Teaching as a socially valuable occupation needs to be able to attract the best students into the profession. High and climbing levels of student debt and low salaries for beginning teachers actively discourage students from even considering teaching, especially the very brightest students who have many options, most of them better paying, before them. We would propose, then, the following:

The Faculty Advisory Council is aware of current scholarship programs such as the Golden Apple Scholars of Illinois, Minority Teachers of Illinois Scholarship Program, Illinois Future Teacher Corps Program, Illinois Special Education Teacher Tuition Waiver Program, and Nursing Education Scholarship Program. Nonetheless, based on a comprehensive evaluation of these and similar loan forgiveness and scholarship programs, we believe that the Board should seek sponsors for legislation that would build upon the strengths of these programs to create a loan forgiveness program for graduates who take positions in elementary or secondary teaching, or who take positions in low paying positions in other socially valuable professions like social work, the arts, non profit community work, journalism, and nursing. A debt forgiveness program would remove one of the financial barriers for students seeking to enter low paying but socially valuable professions.

¹⁵ Luke Swarthout, *Paying Back, Not Giving Back: Student Debt's Negative Impact on Public service Career Opportunities* (April 2006), available at <http://pirg.org/highered/payingback.pdf>, last visited October 31, 2006.

The Board should also investigate innovative programs that have been proposed or instituted in other states. These include:

-The proposed Iowa “Learn and Earn College Program”. Students who go to an Iowa institution sign an agreement to work in Iowa for at least seven years. If the graduates fulfill their agreement, their student loans are paid by the state.

-Georgia’s HOPE plan. This is a universal merit scholarship program. All participating schools would be reimbursed at 90% of their published tuition and fees or 90% of the highest state tuition and fees, whichever is lower.

-The proposed “Wisconsin Covenant”. Eighth grade students would formally promise to maintain a B average, stay out of trouble, and take college prep courses. If the promises are fulfilled, the state would provide a (means tested) financial aid package to pay tuition at any private, public or technical institution in the state.

SUMMARY

The recommendations above are intended to relieve only some of the most socially worrisome symptoms created by rising tuition and rising levels of student debt for low and middle-income students. These students seek nothing more than to ensure their own future and the future of the state through higher education. The state is a huge benefactor of an educated public through increased revenue, a more informed citizenry, and lower social costs (for prisons, welfare, and drug rehabilitation, etc). The burden for providing these socially desirable ends should not fall disproportionately on the backs of the students themselves

**Submitted Remarks of Keith Miller, President
Council of Community College Presidents
Illinois Board of Higher Education Meeting – February 6, 2007**

Illinois Board of Higher Education
February 6, 2007

Keith Miller, President
Illinois Council of Community College Presidents

Chairman Kaplan, members of the Board, executive director Erwin

On several different occasions I have provided comments on the implementation of two new nursing grant programs administered by this Board. Thank you for that opportunity and for taking the input into consideration as you proceeded to structure the programs for the benefit of those we serve.

Educational benefits to Illinois Military Veterans: Public institutions of higher education are required by law to wave tuition and fees for all eligible military veterans. We remain committed to provide educational services to our veterans, not because we are required to do so but because it's the right thing to do. The Council of Community College Presidents also believes that it is the responsibility of the State to fully fund these grants since it is state law that requires the waiver. We appreciate your support.

FY08 Budget: We know that negotiations continue and we appreciate the fact that this Board is sensitive to the economic woes of the state. We also appreciate the fact that the Board realizes that higher education in Illinois is a tool for economic recovery; therefore, the Council of Community College Presidents supports your efforts to design an FY08 budget that will help us do our job.

Thank You!!

**Submitted Remarks of David Tretter, President
Federation of Independent Illinois Colleges and Universities
Illinois Board of Higher Education Meeting – February 7, 2007**

**The Private College and University Advisory Committee Remarks to the
Illinois Board of Higher Education, February 5, 2007**

Presented by

David Tretter, President
The Federation of Independent Illinois Colleges and Universities

Chairman Kaplan, Board Members and hard-working staff:

On behalf of the states private not-for-profit private colleges and university I would like to first focus my remarks on Agenda Item #8, New Operating and/or Degree-Granting Authority for Independent Institutions. This agenda item includes a staff recommendation to grant operating authority to the University of Wisconsin Madison for a Masters of Arts program in Library and Information Studies to be offered through an Illinois consortium of libraries.

My concern is not with the statutory authority of the board to act on this item, or the quality of the institutions seeking authority. I'm confident that the IBHE staff has properly vetted all these issues. Clearly, in today's higher education marketplace, it is not the job of the IBHE to protect institutions from competition. However, we do have two nationally recognized institutions (one public and one private) in the state that offer graduate programs in this same discipline, and in the same geographic boundaries.

I continue to believe that the Illinois Board of Higher Education plays a role in fostering an environment that encourages Illinois colleges and universities, public and private, to work together to meet the needs of Illinois residents. And if not, it should. I think it's fair to say that Illinois is viewed by out of state institutions as an attractive market to offer new programs. Given the demographics of most of the states bordering Illinois, one could easily argue based on high school graduate projections alone, that interest will intensify over the next 6-10 years.

I realize the Board's committee on Program Review is debating many questions, and we appreciate that the private colleges have a voice in that discussion. Still, at the risk of covering material that may be redundant to the committee's work already, I would respectfully like to address a couple of areas.

Transparency – I learned of the previously mentioned program approval item on Thursday from a member president, who was taken by surprise. With some searching, one can find posted Notices of Intent to offer new programs on the IBHE website. Still, is there a better way to give Illinois colleges and universities some advance notice on programs in the pipeline for approval? And, in our efforts to expedite approval, are we creating a playing field that in some ways favors out of state institutions in the program approval process?

Current Interest/Capacity – Should an institution seeking approval have to demonstrate that there is interest in their program, and within a reasonable time frame in relation to seeking approval? In other words, what is a sufficient measure of current interest/capacity?

External Subsidization – We spend a lot of time talking about the educational benefits of Illinois Colleges and Universities, but in economic terms we are also one of the biggest employers in the state. Should we be concerned about other states’ subsidized efforts to attract our students, and potentially eliminate some positions from our institutions? And in a virtual sense, doesn’t this exacerbate our already low ranking in exporting students?

Finally, I look forward also to the board’s recommendations for the 2008 budget cycle, and I hope that they include sizable increases in areas that I know all of us are working towards, specifically student aid and infrastructure improvements.

Thank you for your time.

