

MINUTES – BOARD MEETING
October 6, 2009

Submitted for: Action.

Summary: Minutes of the October 6, 2009, meeting of the Illinois Board of Higher Education held at Loyola University, Lake Shore Campus, Chicago, Illinois.

Action Requested: That the Illinois Board of Higher Education approve the Minutes of the October 6, 2009, 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 9:05 a.m. in the Mundelein Center Auditorium at Loyola University, Lake Shore Campus, Chicago, Illinois, on October 6, 2009.

Carrie J. Hightman, Chairwoman, presided.
Linda Oseland was Secretary for the meeting.

The following Board members were present:

Guy Alongi	John P. Minogue
Jay D. Bergman	Proshanta Nandi
Frances G. Carroll	William Obuchowski
Alice Hayes	Lucy Sloan - via teleconference
Dimitri Kametas	Elmer L. Washington
Donald J. McNeil	Addison E. Woodward, Jr.

Also present by invitation of the Board were:

Judy Erwin, Executive Director, Illinois Board of Higher Education
Andy Davis, Executive Director, Illinois Student Assistance Commission

Presidents and Chancellors

Paula Allen-Meares	Elaine Maimon
Al Bowman	William Perry
Alvin Goldfarb	John Peters
Sharon Hahs	Paul Sarvella
Max McGee	Wayne Watson

Advisory Committee Chairpersons

John Erwin, Community College Presidents Council
Tom Thompson, Disabilities Advisory Committee
John Bennett, Faculty Advisory Council
Dave Tretter, Independent College and University Advisory Committee
Jerry Dill, Proprietary Advisory Committee
John Peters, Public University Presidents
Dimitra Georgouses, Student Advisory Committee

Call Meeting to Order, Chairwoman Carrie J. Hightman

Chairwoman Hightman called the meeting to order. A quorum was present.

Chairwoman Hightman said, “One of our Board members is participating over the phone, which is totally permissible under the Open Meetings Act.”

The Illinois Board of Higher Education on motion made Dr. Carroll and seconded by Dr. Nandi, unanimously approved that Board member Lucy Sloan be allowed to participate in the October 6, 2009, Board meeting via telephone.

Welcome by Christine Wiseman, Provost, Loyola University Chicago

Dr. Wiseman welcomed everyone to Loyola University’s Lake Shore campus.

Welcome and Remarks by Chairwoman Carrie J. Hightman

Chairwoman Hightman said, “Your comments were so passionate and consistent with everything we are saying. I want to thank you and Phil Hale for your hospitality and for this meeting. Everything about this meeting has been perfect. You set it up so well, great signage, great directions, and your staff did a great job.

“I want to thank Andy Davis, executive director of ISAC, who is our guest speaker and is going to talk about some issues of extreme importance to us.

“I also want to welcome the presidents from the proprietary sector. We look forward to an interesting discussion over lunch after the meeting.

“I want to congratulate Alice Hayes on her 50 year anniversary of graduation from Mundelein College, and for her 27 years that she worked for Loyola University.

“I want to congratulate Max McGee and the honor that the Illinois Math and Science Academy received as a 2009 Star Innovator winner. They received the 2009 Star Innovator Award from Intel Corporation. IMSA was selected from among 700 applicants and will receive \$277,000 in prize money. The award recognizes schools that exhibit innovative use of technology, engagement of parents and community, professional development and teamwork, and consistent achievement of high academic standards. We know that award was well deserved by IMSA.

“I also want to offer the Board’s congratulations to Tom Bennett, who is the Vice Chairman of the Board of Trustees at Parkland College and will become the first Illinois Chair of the Association of Community College Trustees, which is the national organization for trustees. This is an honor for Dr. Bennett, for Parkland College, and for the State of Illinois. We are pleased that he is taking on that new role.

“We also want to welcome a new attendee at our meeting -- Dr. Wayne Watson, who joins us today as the new President of Chicago State University.

“I want to comment briefly on the recent actions revolving around the University of Illinois, and I want to congratulate Chris Kennedy, the new Chair of the University of Illinois Board of Trustees, all the new trustees who were appointed, and the continuing trustees on the Board. On behalf of our Board, I want to extend our congratulations to Stanley Ikenberry, and commend the Board for its appointment of Dr. Ikenberry as the Interim President of the university while the Board undertakes a search for a new permanent president. Dr. Ikenberry was involved extensively in the development of the *Public Agenda*, and is a legend in Illinois and around the country in higher education. His name is virtually synonymous with the University of Illinois and its rise to preeminence in the American education system. Clearly, these have been challenging times for the university, and we wish the new leadership well, and also pledge the support of the Board of Higher Education in any way that we can assist them as the University of Illinois emerges from this difficult time that it has been through.

“I want to talk about H1N1. The reason I am bringing up H1N1 today at this meeting is because the Illinois Board of Higher Education staff has been extensively involved with this issue. They have worked with the Illinois Department of Public Health and the Illinois Community College Board to develop H1N1 institutional contact lists, and they have also participated in informational teleconferences that the Illinois Department of Public Health is conducting with schools. We are also using our website and the Friday Memo to publicize H1N1 alerts, reminders, and guidance information. Oftentimes, the staff of the IBHE Board is invisible to you, but a lot of time and effort has gone into putting together this information and being a resource to the higher education institutions in the state and to the students and faculty there.

“Turning to the Longitudinal Data System, I want to thank all of the institutional and agency representatives who have been working on the effort to construct and launch a much expanded and improved statewide longitudinal data system. This system is a result of SB 1828 -- sponsored by Senator Steans -- and is a key component of the *Illinois Public Agenda for College and Career Success*. The system is going to gather information and help policymakers make decisions, and there will be more to come on this because there are always ways to improve and move this forward, but I wanted to thank those who have already spent time and effort trying to move this system forward, and appreciate the support of the state senator who sponsored the bill.

“I want to update you on the progress of the School Leader Initiative, which is entering a critical phase of taking recommendations to the General Assembly. Teams from IBHE and the Illinois State Board of Education have been conducting forums throughout the state to explain upcoming changes in the preparation and certification of school principals. Later this month they will brief legislators on the need for upgrading standards and criteria for training and for certifying principals to ensure they are equipped to make the school a place that fosters student improvement. These efforts are recommended in Goal 1 of the *Public Agenda*, and they are moving ahead nicely.

“The next topic I want to talk about is the budget. The Board spent a considerable time yesterday in its work session discussing the development of the fiscal year 2011 budget. Every year about this time we begin the process for the next fiscal year. This is not going to be a fun endeavor -- putting together the 2011 budget -- given the state’s ongoing financial crisis, the leftover challenges from this fiscal year, and the mounting needs of students, colleges and universities, and other demands and pressures on scarce state resources. We will have a more

detailed presentation of the budget environment later in the meeting, but suffice it to say, this is not going to be a pretty picture.

“Nonetheless, we will face up to the challenge, and we will -- in consultation with our public and private institutions, community colleges, sister agencies, and other stakeholders -- present a budget to the Governor and the General Assembly that honestly and forcefully reflects the needs of higher education. We are going to make the case to our elected officials that meeting the needs of higher education is one in the same with addressing the economic and social needs of the State of Illinois. Once they realize that and they put it together, then I think we can be more successful. The *Illinois Public Agenda for College and Career Success* has clearly demonstrated that the state’s future economic growth and its well-being depend upon increasing educational attainment, making college more affordable, developing a workforce prepared for 21st century jobs, and linking academic research to business innovation and growth. It is really that simple. Investing in the *Illinois Public Agenda* will pay dividends and will produce a more vibrant Illinois economy, increase state tax revenues, a more competitive workforce, and a state ready to meet its future.

“To assist in guiding the investment decisions that we are going to lay out and the budget that we are going to present, we are going to use the format that we have used in the prior two years, which is the tiered investment approach. What we are going to show is that even in limited budget growth scenarios or maybe even where it is declining, we can make an investment. If you give us money, we will pay dividends; we will make that investment worthwhile for the State of Illinois.

“Our step approach that we have used for developing a budget really best illustrates what the state gets for its investment in higher education, and it actually has been more effective than the approach we have used before where we have given one number. So, we are going to use the same approach again, and hopefully, we will be successful no matter how difficult the budget environment is going to be this next fiscal year.

“Turning next to the Monetary Award Program (MAP), the state must meet its commitment to help low-income students pay for college this year. I want to thank everyone who has participated in the campaign to persuade the General Assembly to restore \$200 million to the Monetary Award Program so needy students can complete the second semester of this academic year.

“This effort would not have been as successful as it has been without the leadership of the Illinois Student Assistance Commission -- Don McNeil, and Andy Davis. Governor Quinn has been very effective in making our case for us. The Illinois Board of Higher Education members, presidents of colleges and universities, people from all sectors, students, and student leaders from our Student Advisory Committee, student government associations at many campuses, the Faculty Advisory Council, the Federation of Independent Illinois Colleges and Universities, legislative liaisons from the campuses, and many others have been very important in this process. Jay Bergman spoke at the Illinois Student Assistance Commission hearing in Bloomington -- we appreciate that. We have written letters to the editor. We have called legislators. We have really made our case. What I find so exciting is that at our August meeting, when we talked about this, the wheels were starting to be in motion, but we really had not done anything yet. I remember talking with Andy Davis and Don Sevener, and they had this great plan -- they were going to create this website, we were going to get people energized, we were going to mobilize people, we were going to have these meetings -- and when you think about everything that has been

accomplished since the August meeting, I am just grateful for all the work that all of you have done. It really is amazing to see how powerful we can be when we get together and make the case for something that is not arguable. For anybody to be opposed to funds for needy students is beyond me.

“The Governor hosted a Town Hall meeting at the University of Illinois Chicago last week, which was attended by hundreds of students. There was also a rally at Northern Illinois University the week before. The Governor announced that he will be touring college and university campuses this week to further advocate for restoration for MAP funding.

“The Illinois Student Assistance Commission held hearings at Southern Illinois University Edwardsville, Illinois State University, and Carl Sandburg College; and there is a hearing scheduled Friday at Loyola University. There is another hearing scheduled at Southern Illinois University Carbondale.

“There is a huge Save MAP rally planned for October 15 in Springfield during the legislature’s first week of veto session, and we expect several thousand students to attend that, and then spend time lobbying individual legislators for restoration of the MAP funds.

“The Illinois Student Assistance Commission created a special website called saveillinoismapgrants.org, and that is the command center for this whole campaign.

“More than 5,000 students have signed an electronic petition urging the legislature to fund MAP for the second semester, and thousands more have signed petitions at college and university campuses across the state.

“Several campuses have set up ‘postcard tables’ where students can identify their local legislators and mail a postcard on the spot.

“Letters from students, parents, and others have poured into legislative offices, and students have also organized visits to lawmakers’ district offices to make the case for saving MAP.

“There have been dozens of news articles and editorials about the MAP crisis and calls for the General Assembly to fix it.

“So, I think it is fair to say that we got their attention. Again, it was not any individual; it was not any single group. It was everybody together -- all the stakeholders in higher education in the State of Illinois banding together to do this. You all did a great job, but we are not there yet. Obviously, we have a long way to go, but with the legislators interested -- a legislator is here today -- we know that legislators care about this. We just have to get the ball over the goal line.

“One thought I would like to leave with you about all of these efforts is that when you think about how much we can accomplish when we all get together, it really is pretty amazing. Once we save MAP, which I hope and I am confident that we will do, we have to keep this momentum going for all of the other challenges that we face in higher education. MAP is one little piece of the puzzle, clearly an important piece, but there are so many other issues that we need to address and for which we need legislative support. We have to keep the momentum going, and we have to use the momentum for all the other issues we face in higher education. In fact, even if we get MAP funding and if the 138,000 students who received grants in the fall get

their funding for the second semester, there are still lots of other students who did not get funding at all, who were not even going to get MAP dollars. The affordability issue is huge, and MAP does not solve that problem -- it just helps mitigate the problem.

“The *Public Agenda* we adopted has well documented the rising cost of college to students, families, and local taxpayers as state support for public universities and community colleges has dwindled during this decade. What the *Public Agenda* demonstrates is that the proportion of students from low-income families enrolling in Illinois colleges and universities has been shrinking. Getting MAP dollars is not going to solve that problem. When you look at the data I am describing to you, it does not demonstrate a record of a state that is serious about meeting the educational and employment needs of its citizens, and we cannot tolerate that. We are the ones who are advocates for higher education, and we have to continue arguing for better funding, for all the other reforms, and for changes that the *Public Agenda* calls for.

“The Save MAP campaign must be sustained. The organization, the energy, the networks of students, faculty, and administrators, the website, letters, talking points, and petitions, the rallies, hearings, and town hall meetings; the visits, calls, and e-mails to legislators -- all of this infrastructure of advocacy must be sustained if we are really going to reach the *Public Agenda* goal of becoming one of the five most affordable states for a college education.

“Do not rest on our laurels; we have not even accomplished the main goal yet, although I feel good about the visibility we have gotten. Let us get that one accomplished, and then let us move on to further solve the affordability goal of the *Illinois Public Agenda*.

“I think it is fair to say that all of the goals and action steps in the *Public Agenda* are all in play as you can tell from the comments and from everything that I have described. In August you were all given copies of the final *Public Agenda* document, including the *Executive Summary*, and I am pleased to see that report is not just sitting on some bookshelf somewhere. It has been the foundation for the cohesive, concerted voice heard not only from the higher education community, but also from the opinion leaders of our state: Illinois must ensure that its residents are prepared for the current and future workplace. I am encouraged by the fact that all who are sharing the message about the impact of MAP cuts, ‘get it’ -- that those Illinoisans eligible for MAP grants are the very students our state must embrace and invest in if the prosperity gap is to be narrowed.

“Usually at this point in the agenda for our meetings, we have a discussion about the dashboard that shows all the steps we have taken since the last meeting to achieve the goals of the *Public Agenda*. Given that there are no significant milestones, albeit there has been a lot of activity, do not misunderstand that there are no milestones that we want to talk about today. What I think would be more appropriate and given the big issues facing us, I think our time is better spent allowing Andy Davis additional time on the agenda to talk about the issues that he is addressing because they are fundamental to the whole affordability issue, which is key.”

The Illinois Public Agenda for College and Career Success - Discussion Item

Financial Aid in Crisis, Presentation by Andrew Davis, Executive Director, Illinois Student Assistance Commission

Mr. Andrew Davis said, “In addition to the hearings that were mentioned, at the special request from the University of Illinois at Urbana-Champaign, there will be a hearing tomorrow in

Champaign at 1:00 p.m. after the Governor's Town Hall meeting has concluded. Also, I would like to report that the website is now receiving over 1,000 new hits per day. We have received over 200 media stories, whether it is television, radio, or press. The downstate press, in particular, has been terrific. They are picking this up, and they are picking up the stories of the individual students that are coming out of the hearings as we had hoped.

"The Illinois Student Assistance Commission (ISAC) has been a coordinator at best in this, and it has been heartening to see the cooperation of the institutions and the individuals. The various advocacy groups really have come together. In all fairness, there are a couple of people who really have led this charge and without whose help this would not be happening. From Southern Illinois University, President Poshard has been out in front, and Dave Gross has been doing an enormous amount of work, and it has been very effective. Dave Tretter from the Federation of Independent Illinois Colleges and Universities has also been a real leader in this. Phil Hale from Loyola University has been making things happen.

"In addition, the Student Advisory Committee and the Faculty Advisory Council of the Illinois Board of Higher Education have been very constructively engaged in working with us on this topic and getting the word out. As recently as yesterday, we discussed that the Faculty Advisory Council is going to put out a letter to the faculty suggesting that they might want to excuse absences for the lobbying day in Springfield on October 15, which would be terrific.

"The other group that has been involved is the Chicago Public Schools, certainly understanding that it is hard enough for them to get their students through high school and to the graduation line, but if there is no money for them to go to college when they get there, it is all for naught. So, Katherine 'Kappy' Laing, their lobbyist, along with the Office of Postsecondary Education, has been very constructively involved, and I expect we will have a good showing from the Chicago Public Schools in this room on Friday when the Loyola hearing will be held.

"The other comment on MAP, while there has been an enormous amount of good work and attention paid to this, anyone who looks at the facts comes to the same conclusion, which is that this is a good investment that must be made. We clearly have had the editorial endorsement of the *Chicago Tribune*, the *Chicago Sun-Times*, and virtually every other paper in the state as well.

"The one thing that I know is a somewhat closer look at the state's finances, and that despite the merit, the slam dunk common sense of making this additional investment, the State of Illinois is stone broke. It is running on fumes. State employees' medical bills are nine months behind. There is no money. Despite the merit of this cause, you cannot give up. You cannot relent until the money is there because there is every reason to think, based on common sense and based on the availability of funds, that this will not be funded.

"At the hearing we had at Galesburg last Friday, one of the students turned very politely to a couple of the representatives that were there and said, 'We know you all support MAP. The Republicans support MAP. The Democrats support MAP. The House supports MAP. The Senate supports MAP. The Governor supports MAP. Private institutions support MAP. Public institutions support MAP. Community colleges support MAP and high schools support MAP.' What she said to the legislators, quoting from the movie *Jerry Maguire*: 'Show me the money.' Until we see the money, you cannot stop because there is so little of it at the state level that there is absolutely no assurance that this program will get the funding it is entitled to.

“In the larger picture, I am delighted to be here today to talk about college affordability in a larger context. The landscape of college affordability in Illinois has changed a great deal in this new century. In less than a decade, we have gone from being a leader among the states in higher education to somewhere in the middle of the pack. Our college participation rate for students from low-income families is 23.4 percent, which puts us 30th among states and below the national average of 25.7 percent. It has declined by nearly five percent over the past decade.

“While this decline cannot be attributed to economics alone, our survey data tell us the increasing difficulty of paying for college plays a substantial role. In 2002, our maximum MAP grant covered 100 percent of average tuition and fees at a public university; today it covers less than 48 percent, leaving our poorest students -- those coming from families with an average income of about \$19,000 per year -- responsible for over \$5,000 of their tuition bill each year. That is just tuition and fees. Adding in other costs and subtracting all grant aid, the student coming from a poor family needs to find about \$10,000 per year to make ends meet at a public university. It is a tribute to them that many do make it through with the combination of lots of loans, both federal and private, a lot of work, and taking fewer hours per semester to spread out the costs.

“What can be done to improve college affordability and help students complete their programs? Through the *Public Agenda* process, four recommendations were approved that correspond with goals and problems that ISAC has been working on and that many of the institutions have been working on as well.

“One -- get students through programs faster. If a four-year degree could once again be earned in four years instead of five or six, many student bills would be cut by nearly 20 percent. Improving preparation before college to reduce remedial classes, improving articulation agreements between community colleges and four-year schools to reduce the number of redundant classes taken, and matching more closely the demand of courses with the supply of courses each semester can all improve time to degree. From ISAC’s perspective, supplying MAP year round, especially to the community college students, would help, as would encouraging students attending four-year schools to stay on track by using community colleges in the summer to make up deficiencies. Some of the data from our MAP longitudinal study indicate that students who attend four-year schools that appear to encourage community college summer school attendance have higher graduation rates than those who do not. Students who stay on track are more likely to graduate.

“Two -- get students to complete their programs. Low year-to-year retention rates and poor completion rates at some public universities drive up costs to MAP to produce graduates. The cheapest degree at a public university, in terms of the cost of MAP for a baccalaureate, is \$17,500 at Southern Illinois University-Edwardsville. The most expensive is close to \$29,000 at Chicago State University. Even larger discrepancies can be seen when comparing total dollars spent on tuition and fees or state subsidy dollars.

“Dropouts are very expensive, no matter how you calculate the cost. Even worse, dropouts now are very likely to walk away with significant college loans that they will be hard-pressed to pay. Dropouts in default, walking around low-income neighborhoods, are not the kind of advertising you want when trying to get students from low-income families into college.

“Three -- we need to get control over college costs. Every time we get more grant aid -- or worse, when college loan limits rise -- I wonder if we are just enablers encouraging schools to raise their costs. Illinois public universities are among the most expensive in the country, charging about 50 percent more than the national average. We need more student aid, there is no question about that. But without cost containment by the universities, we will never have enough.

“There are many reasons why tuition and fees keep skyrocketing, and some of them, such as energy and healthcare costs, are tough to control. It is also hard to deny that the state funding for higher education has diminished rapidly in the last few years, and tuition has been -- as the last resort -- the catch-up factor for the institutions. But I think that the state schools should meet state goals. Some of the dollars spent at universities are aimed at competition among the universities and not cooperation in an effort to meet state goals. It is clear that some state goals are not being met. For example, public universities are constantly improving their facilities and adding staff, but they are not expanding their class size. Over the past 20 years, over 100,000 more students have entered higher education in this state. Public universities have made room for 5,000 of them.

“We are losing very good students -- over 17,000 of them according to a study from Illinois State University -- to campuses in adjacent states because we do not have places for them at the University of Illinois at Urbana-Champaign, and we lack an acceptable substitute. We have four other research universities battling it out for second place. Maybe it is time we redirected our state resources so that one of them wins. Bringing some of these 17,000 students back into Illinois -- where they will, with some luck, reside upon graduation -- could improve the quality of our state schools and keep those tuition dollars in-state. Many of these students are from higher income families with both the means and the will to pay for college.

“Four -- we ought to invest in more need-based aid for low- and middle-income students and spend it more wisely. Perhaps not by design, but at least by default, we are a ‘high tuition/high-aid’ state, although the level of aid -- which is state aid, not institutional aid -- is no longer keeping up with costs. While it might be nice to debate the fine points of this position before we assumed it, the genie is out of the bottle and is not going back in. With current college costs, if we were to serve everyone who is eligible for aid, we would need at least twice the need-based grant aid that we have now. We are suspending nearly as many students as we serve -- 130,000 of them, 90,000 at community colleges alone.

“The MAP grant does not cover tuition and fees adequately. Some students are not completing their programs because they run out of funds, and they start taking on too much debt of all kinds. We know from our research that students who do not complete have more kinds of debt and higher balances than students who do complete.

“One interesting proposal for alternative funding for need-based education grants comes from the Joyce Foundation in Chicago. The program is a variation of the real estate Tax Increment Financing (TIF) program and is being used in Michigan, Missouri, Kansas, and Iowa for workforce retraining programs. Instead of funding new construction by issuing bonds, as with a TIF, Illinois would fund a human capital investment by funding MAP grants with revenue bonds.

“The program could be restricted to funding community college MAP grants. Community college students’ needs differ from those who attend four-year schools. Many community college students are working, independent students who cannot decide in February to attend school the following September. These students apply later out of necessity, and need a later application deadline. The average size of the award for these students is only 40 percent of the average award for a four-year student, so fewer dollars are needed to serve the same number of students. Most community college students return to the workforce within a few years, and their higher earnings should lead to enhanced tax revenues that would pay the bonds off quickly.

“The process is straightforward. A revenue bond or bonds would be issued to fund MAP grants for all eligible community college students in a given academic year. The bonds would be paid down with a specific legislative diversion of state income taxes paid by those specific MAP recipients until those bonds were paid off. For example, students attending community colleges and receiving bond-funded MAP grants in fiscal year 2011 would have their future tax revenues dedicated to paying off that bond until it is retired. While this program would obligate future tax receipts, it has advantages.

“The single biggest failure of state and municipal funding strategies for many projects is the nature of linking countercyclical needs with countercyclical revenue sources. The demand for social services and programs, such as MAP, increases substantially during precisely the times when the state’s ability to fund them is at its lowest. During a recession, tax receipts are down, yet the demand for services rises, creating even greater hardship. With MAP funding, the demand for services has increased dramatically over the past decade, leaving us with a minimum \$200 million gap in funding. Falling tax receipts from the recession quickly added another \$185 million to our problem this year.

“Creating an ongoing bonding structure would allow the state to increase human capital investment when the demand is greatest, and then pay the bonds faster -- with increased tax revenue -- when the business cycle is stronger. Investment bankers have indicated that this type of bond is highly fundable at very attractive rates. Separating out community college students by funding source would also allow for program changes to make it work better for the community college students.

“A big change? Certainly, but maybe we need even more. Maybe we need to be more careful about what MAP funds. For example, some programs serving low-income students may have dubious value when it comes to actually improving students’ job opportunities. These types of programs appear to be replacing education that used to be obtained either in high school or on the job. Maybe developing apprentice programs in partnership with firms and business associations would be a better way to go.

“Maybe we should reconsider how many chances a student gets. From our studies -- we have been running our own longitudinal study on MAP recipients for six years -- we know that a student who flunks out of a public university and then enrolls in a community college has very low odds of succeeding at the community college. The likelihood of those students achieving any type of postsecondary credential is very poor. Maybe we should require a stop-out period for students who flunk out, and not just continue to pay for poor performance at the next school.

“Again, these are significant changes, but the data suggest that they may be worth thinking through, and the reality is we will be rationing scarce resources. The question is whether we will ration them in a thoughtful manner that seeks to maximize the outcome or whether we will take the arbitrary system we use today of first-come, first-served.

“What else can ISAC do? I think we can help with the asymmetric information problem, that schools know everything about perspective students and their parents, while those students and parents -- especially first-generation families -- know very little about the schools. Our website, including the recently launched What’s Next Illinois site, is already used by many perspective students in the state, and can be expanded to provide more information about careers, school choices, and the financial implications for those choices. The website is also being used in conjunction with our expanded outreach services funded through the College Access Challenge Grant program, which has allowed us to train and place ‘peer’ mentors throughout the state.

“Improving Illinois college continuation and graduation rates requires coordination and effort from all members of the higher education community. While ISAC is focused on the affordability issues -- primarily, aid to students -- we recognize that these issues are inseparable from a host of other issues -- academic, social, and political -- that determine whether we will succeed in regaining our stature as a state that cares about higher education, and produces enough well-educated individuals to enable us to compete in the challenging century that faces all of us.

“Since these challenges are so complex and multi-faceted, it should come as no surprise that along with the Illinois Board of Higher Education and the Illinois Community College Board, we are being asked to dig more deeply into the *Public Agenda* goal of ensuring affordability for students, families, and taxpayers.

“House lawmakers have unanimously approved House Joint Resolution 54, which we understand may be taken up in the Senate during the veto session. House Joint Resolution 54 directs IBHE, ISAC, and ICCB to study college affordability and funding, focusing on a review of state financial aid, strategies to get students to their educational goals faster, helping middle-income students, and finding institutional efficiencies. It is also a chance for us to consider what it is that we want or need our legislators to know about college costs and affordability.

“I have already talked a bit about some of the thoughts and ideas that ISAC has and would be delighted to continue this conversation and hear your ideas as well.”

Dr. Frances Carroll said, “You indicated the possibility of redirecting the tax dollars when students graduate to pay off their loans -- could you explain that a little more?”

Mr. Davis said, “The idea is this. Today, if we were to fund community college MAP grants with \$100 million, if that was the cost -- it is about double, actually, of what it is -- but with a number with an unmet need, that is probably a more realistic number of what is the right number for MAP grants for community college students. Today, that \$100 million comes out of current spending from the General Revenue Fund. So, it is money that the state took in this year through income taxes and sales taxes, largely, getting spent this year for MAP grants. The reality, though, is in the world of finance and funding, typically capital investments are not paid for with current income. The value of the asset is a multi-year asset -- the asset being the human capital that we have created by educating one of our citizens -- and the idea being, just as a bridge, or a toll road, or a home is financed over the period of the useful value, it makes sense to consider financing that education over a longer time frame. In doing so, we would relieve the current

year's budget of the requirement to fund that \$100 million. Future years' income would be earmarked for this, but all that we would really be doing is spreading out, over a period of time, the payment for the benefit, which we are enjoying over time. So, that is really just a trade-off, and if you can sell bonds for three or four percent -- there is no magic to it -- you are saving money today, and you are paying it in the future. So, you are creating some flexibility in the budget today, but you are constraining yourself in the future.

"The thing I think that is really important about the idea is the flexibility it gives you to increase spending and/or increase paying down the bonds, depending on what the genuine need is for education, as opposed to the state's temporary ability to fund. So, in a year like this when unemployment is up and applications are up, we would issue more bonds, and the corpus of the bond trust would grow. But in another three years from now when unemployment is back down to five percent instead of ten percent unemployment, relatively fewer people going to school, more people in the workforce, more tax revenue coming in, so we pay the bonds down. So, in the robust economy, the corpus would shrink as we pay bonds down faster than we paid out MAP grants. But again, in an economy like this, we would not be constrained by saying the state is broke, so we cannot fund something, which makes all the sense in the world to fund today because we do not have the money."

Dr. Carroll said, "I guess my question is really directed at who are you advocating to do this?"

Mr. Davis said, "Currently, we are researching the numbers involved in this with the cooperation of the Department of Revenue, Brian Hamer's department, and we are looking into the databases. We are examining all those folks who went to community colleges in the years 2002, 2003, 2004, 2005, and 2006. Then, with no investigation of individuals because there are privacy rules and regulations, we have given the department a list of all the Social Security numbers -- say a list of 50,000 Social Security numbers or 100,000 Social Security numbers -- that received an education in this year, and then we are tracking what their state income taxes look like after they went to school to see what, in fact, happens.

"We went into this assuming that the incomes went up based on education. If we find that is not true, then I think we all have to rethink some of our most fundamental ideas. But I am confident that we will find that education increases earning power. If that research bears out, and we get some very definitive numbers, what ISAC will do is propose a bill, and try to find a legislative sponsor. We already have authority to issue bonds. We have bonding authority up to \$5 billion, and currently, just have \$1 billion of bonds out that fund student loans. So, we have the authority to issue bonds, but what we would need is the state to legislatively carve out the future tax revenues for some number of years -- four, five, or six years probably being the likely time frame -- that would be explicitly marked to pay off those bonds. In doing so, that would give us the ability to sell the bonds because, while we have the right to sell the bonds, the actual ability to sell it is going to be based on the investors' viewpoint of our ability to pay them back. If we have the specific legislative carve-out for those tax revenues, then Wall Street will look at us and say, if you have a claim on those tax revenues, then we will buy your bonds."

Dr. Carroll said, "It sounds like it might be feasible. You indicated that when students drop out of the four-year institutions and enroll into community colleges, they drop out or flunk out there -- did you identify any reasons?"

Mr. Davis said, "We are continuing to look at the data, but what we suspect is the very same reasons that they did not succeed at the four-year school are the same reasons that they did not succeed at the two-year school. So, rather than just signing up for another helping of the same -- and at no point will the Illinois Student Assistant Commission ever take the viewpoint that we should abandon students -- but if someone is not succeeding at institution X, before we fund that same person with the same challenges at institution Y, maybe we should address the challenges that led them to drop out or flunk out of the first school before we re-fund them to go to a second institution."

Dr. Carroll said, "It sounds like to me an awful punishment for a student not to be able to enroll and continue their education basically because it seems like to me that it is a support system that they need. That is why I was asking what was identified so that they could continue but receive additional support or encouragement so that they could be successful."

Mr. Davis said, "I think that is a point well made, and we certainly are supportive of the sort of 360 degree mentoring, tutoring, and support that we know allows students to succeed. In fact, we have been working very carefully with the president of Chicago State University. In his previous role at City Colleges of Chicago, we worked together with the Illinois Education Foundation for a very innovative 360 degree program to take regular students -- not a cream-skimming process, but regular students -- and give them the support, whether it be some help for child care, or some money for bus fare, or help with their textbooks, or tutoring, or mentoring, all those sorts of services. We are very supportive, and actually have put some of our funds into that process along with Aetna Insurance and with the strong support of City Colleges of Chicago."

Dr. Wayne Watson, President of Chicago State University, said, "Following up with what Dr. Carroll was saying, usually what one finds is that when a student drops out of a four-year university and then attends a two-year community college, the external factors that contributed to that student not succeeding in the four-year university are the same external factors that will ensure that that student will not succeed at a two-year community college. What are those external factors? Those external factors are usually the fact that the student is from a lower socioeconomic status within society, and they are in the lower quartile, meaning that they do not have the financial means to succeed in a four-year university. Two-year community colleges are much more focused in terms of wrapping their arms around students who have that type of socioeconomic challenge. Bottom line -- all research nationally says that the socioeconomic status of a student is one of the greatest indicators as to whether or not that student is going to succeed. And therefore, we need to figure out how we take that young man or that young lady, who in many instances like at Chicago State University, do not have the money to even buy books. The Pell Grant or the MAP grant will assign dollars for students to buy books. But what will happen is if it is a student who has to make a survival or life decision for their child or for themselves, they will take those dollars that have been assigned for them to buy books out of a Pell Grant and buy their child some shoes or pay for food. That is the reality. Those are decisions that we as educators have insulated ourselves from at the university level, and those are the decisions that at the community college level students are faced with. Therefore, you will find students who then do not succeed when they go to the community college because that factor of finance -- socioeconomic reality -- is still in existence. We as a society, we as a state, have not addressed just a basic concept of one choosing between eating and one choosing to buy a book, or one choosing between buying shoes for their child or one choosing to have transportation to get to college."

Chairwoman Hightman said, "There was an earlier question in terms of the educational issue of K through 12. If they are starting out disadvantaged by not getting the same kind of education as the kids with more money from better neighborhoods, then they are doomed from the start, even putting aside how they use their MAP funds. Is that right?"

Dr. Watson said, "It is 100 percent applicable as you stated, and we in education at the universities and community colleges throughout America have not accepted the role of taking on those external factors to give students a level playing field. The key for the kids, who are coming to our colleges and universities from socioeconomic backgrounds that have great deprivation, is that we have not accepted that role to level their playing field so that those kids can compete. I guarantee you, if I take students from the No. 1 Carnegie universities in the nation, put them in the socioeconomic environment of one of the students from Chicago State University or from the City Colleges of Chicago, and ask them to study physics or finite math with gunshots, where they come home to a home setting where no one in that family has ever graduated from college The second thing the National research shows is that if the parents have not graduated from college, the chances of their student succeeding in graduating from college are even less. So, all of those factors -- and we keep saying that we give them a book, we give them a clean classroom, and then we give them a faculty member -- that is not enough. We have to go beyond, and I know that complicates life for us, but that is the reality of why these kids are not succeeding. And with regards to Dr. Carroll's question, unless we address that, they will continue not to succeed, and that is our challenge."

Chairwoman Hightman said, "If students that are receiving MAP money are taking the money and using it for non-educational purposes, isn't there a way to fix that problem more readily where you know that they are using the money properly? I know that does not address the big picture."

Dr. Watson said, "We are reaching out to the Department of Human Services, and we are dealing with some life survival issues of our students not having food. For example, I have a student who lives in the Jewel parking lot. He will drive his car to work, then he will drive his car to school, and then after school, he parks his car in the parking lot. He lives in the parking lot in his car because he cannot afford to live in the dormitory. We are addressing that, but that is one of 6,700 students that I have; and regrettably, there are a larger number of students than we can afford to admit that are making life survival decisions between reading Thoreau and eating that night."

Mr. Bergman said, "I am intrigued by this concept that you brought up, Mr. Davis. You said that this was from a letter or a report you got from the Joyce Foundation. Is it a really long report or fairly short?"

Mr. Davis said, "It is about 15 pages."

Mr. Bergman said, "I would hope that you could forward a copy to me and possibly some of the other Board members who might want also it. If this came to the legislature, I could see the legislature saying, that is fine, but that is that much less money we are going to have coming into the general revenue account until the loan is paid off. You said you are studying the numbers. What I would suggest you may look at are both community colleges and four-year schools because some of those students that go to a community college -- and would be under this program -- would then go to a four-year school also. If you look at the difference in income that this student is going to make because of having a college education, whether it be two years or

four years -- say over a 20-year period and let's say it is \$50,000 or is probably a whole lot more than that, maybe a couple hundred thousand -- and say, this is the amount of state tax revenue that is going to be generated over and above what would have been generated at the lower amount of earnings. And then perhaps you can say instead of taking the entire amount of their state tax payment for five years, we will take half of what they pay in state taxes for 10 years. It might make it more palatable to the legislature because they are not losing all of that money if you can say over the 20 years the state is going to make more money by doing this than they would if the man or woman never went to college. It is just something to take a look at."

Mr. Davis said, "That is precisely the sort of data we want to look at, but the fundamental point you are making -- and that is the reason that we are intrigued by this -- is that this is a capital investment. We are very used to speaking in the language in education of investing in education, but the reality is we do not finance it as though it were a capital investment. If it really is a capital investment, then let us explore the capital market to see if there is a way to make this investment. Just as building a bridge, or putting up a new water treatment plant, or allowing the state's tax exempt financing to support an ethanol plant, or whatever it might be, we make these investments because there will be a rate of return on them; and we believe that is true of education. We want to make sure we have the data to bear it out, but then we believe that if we invest in education, the state will get paid through the future increase in the tax revenues, which is exactly the point you are making."

Father Minogue said, "Obviously, the cost of education versus the ability to fund it through grants and other means has dwindled. I am aware from people who dealt in the loan markets with all the kinds of stuff that hit the housing markets, the car markets, and everything else, are starting to bring the same principles over to educational loans. What are you seeing in terms of the well drying up for other sources of funding to students to help them get through these exorbitant costs that we charge for education?"

Mr. Davis said, "In terms of the private loan market, clearly it has been one of the collateral victims of the global credit crisis. The private markets, though, do not have a sympathetic bone or an ounce of emotion in them. They are markets that are run by people looking to make money for their money. What we have seen is that because of the decreased appetite for risk in the global investment markets, the amount of money available in private lending has gone down dramatically. What that means is that only the most bankable candidates will be funded at this point, which is to say that if you are a student that seeks a professional degree at an elite institution -- whether it be dentistry, business, law, or medicine -- you can still borrow money. But if you are a first generation student who might not be so sure of what you want to do, but has the high school grades and the test scores to get into a fine institution of higher learning, the credit markets do not feel so warm and fuzzy about that. So the students in the middle and towards the bottom are, basically, being shut out of the credit market at this point. Certainly, if you look at it as an educational loan, they may be able to get a second mortgage if there is some equity remaining in their house or if their parent who has a job is willing to co-sign, but in reality, there are no education loans. Those are loans that are spent on education, but they are home equity loans, they are personal lines of credit. And for most people in the middle and to the lower quartile of income, it is safe to say that the private loan market has closed down altogether."

Father Minogue said, "You have got a number of students who have gotten through maybe up to their junior year in college, and then all kinds of things happen -- they have to go to work, they get married, or whatever. If certain amounts of MAP money were directed toward

students who have completed 50 or 60 percent of their education -- to get them over that last hump in terms of, *i.e.*, a degree -- I think you would see a high return on that kind of thing. Right now, we have been doing first-come-first-served kind of stuff. We started that over at DePaul when I did the numbers. The numbers were for the students who got through their sophomore year. The reason they left was finances. They had the academic capability, but if you wanted to pick off some extra degrees, that would be a cheaper shot than trying to take unknown risk.”

Mr. Davis said, “I think that is correct, and that is precisely the sort of issue that we are suggesting ought to be studied, not because we want to be in the business of picking winners and losers, not because we want to be in the business of closing doors on students. But if the reality is there is X amount of money, we can either find a thoughtful way to ration it based on, perhaps, the taxpayers’ legitimate interest in results -- being one criteria that would make some sense -- or we could do what we are presently doing, which is rationing. Let no one mistake the fact that we are rationing the money today. We have just done it in a rather arbitrary way, which is to say that on the first day of the year each year, we announce that there is a pot of money. We know roughly how much there is until a year like this, but let us just say we know how much is there. Then we tell all the students in the state on January 1 we are going to have a race. However many of you get to the pot of gold first, get it; and those that are in the back of the pack, tough luck. That does not seem like much of a way to invest the state’s money to me. I think it is somewhat arbitrary, degrading, and unpleasant from an appearance standpoint to put students into that kind of road race.”

Ms. Dimitra Georgouses, Chair, Student Advisory Committee, said, “I understand the need for students to have that excess money to buy food or buy shoes, but this is a bigger issue. There are students not being able to go to school because they do not have that bare minimum for their tuition, especially at the community colleges. Is there any way to eliminate that excess refund that some students get in order to make it more available for other students to go to college?”

Mr. Davis said, “In terms of the MAP grant, *per se*, it is for tuition and fees, but the fact is, money is fungible. The money comes in one place -- it is like water; it seeks its own level -- and the fact that our monies are spent on restricted-to-purpose acts does not mean that funds are not freed up, and other support programs are more flexible in the ability to spend. There are probably ways we can focus the money more, but I think the point that Dr. Watson made is not only a valid one, but an important one to understand.

“Again, in our work that we have done together with the Illinois Education Foundation, what we found -- our flagship experiment, it is actually run out at Prairie State College in their nursing program, and nursing is still one of the great ways for folks to increase their incomes relatively quickly and to move from low employment opportunities to relatively robust employment opportunities, and so we are big backers of that. But the challenge of nursing programs is that they typically have to fill high attrition rates, partly due to the licensing exams and some other factors. So, here is a state where we have a chronic shortage of nursing and other health professionals, and we have attrition rates approaching 50 percent in some of the programs. So, it has been suggested at one point that we need to double the size of the programs to which we, the Illinois Education Foundation, and the folks down at Prairie State said maybe we can decrease attrition. That might be a more efficient way of actually getting twice as many people through as to flunk half as many people out. What we found in doing that, and we have been successful, I say we -- we supply the money and a little bit of thought and help -- but Illinois Education Foundation is really doing the heavy lifting. But what we found was that we have

moved the attrition rate from nearly 50 percent ... what we have done for our graduation rate or retention rate from 48 or 49 up into the 70s, I believe, which is significant change. What did it take? Well, it took giving a student \$10 one week so they could put gas in their car. It took arranging for another student to have childcare when her regular childcare provider did not show up. We had students that were dropping out of a nursing program in the second year for lack of the ability to buy the stethoscope, which is a necessary part of the clinical part of the training.

“So, you really have to look at this in a holistic manner as Dr. Watson suggests. Again, while our role at the Student Assistance Commission is legislatively set up for scholarships and grants, the reality is if what you really are concerned about is getting students in need through the system, you have to look at the whole person, you have to look at the whole situation.”

Dr. Washington said, “Again, this is an excellent presentation, and a lot of interesting pieces have been pulled together. One of the things that comes to my mind -- and I think the last question sort of dealt with that -- as you look at the students who are graduating who get two-year degrees and you see the differential that they are able to achieve in terms of income, it seems to me that that differential will depend a great deal upon the discipline or the field that they are in. For example, nursing is an area where there is virtually no doubt that as a result of having a two-year degree you can increase your income, and that is a very significant impact. On the other hand, I think that the overall assumption that we have made for many years -- that education generally leads to higher income -- may not be as appropriate across the board, and especially now when we look at the nature of the job market and the kinds of jobs that are generally available. So, I hope your ability to discern the areas where one can expect a realistic payoff over four or five years is sufficient, and I hope that the optimism that you have displayed in terms of the program is supported by the data.”

Mr. Davis said, “I appreciate that comment, and I think it is very well made. I do not believe that education has changed so much over the last 20 years, and although we do know that the trends in the student population and who they are are changing, but as our entire state and nation become blacker and browner, we know that there are impacts that happen there. But I think that the point that you are identifying and the reason why I believe it is very important for us to help make the appropriate choices is that the global economy has changed. The idea that a bachelor of arts or an associate’s in whatever it might be, would send you out into a world where you can make good money has changed. The world has changed. I was reading a book this past weekend -- a frightening but wonderful book -- called *Methland: The Death and Life of an American Small Town*. It describes what happened to this town as the largest employers -- meat packers -- went from paying folks \$20 an hour with medical benefits in the union shop to largely employing illegal immigrants at \$5 an hour, and the obvious impact on the meat workers is clear. But the impact on the shop keepers, the dentists, the doctors, and everyone else is what I think you are referring to. So, we cannot just assume today that a credential is the ticket to the Promised Land, and yet, there are tickets to the Promised Land out there, and you folks in higher education provide them. We just need to make sure that the students are, in fact, choosing ones that are supportable by the outcomes.”

Chairwoman Hightman said, “Did you say that any other states are proposing the kind of funding that I call securitization act, which I think is what you described?”

Mr. Davis said, "There are four states that are using this, but they are using it on a much narrower basis. They have used it for part of job development programs, the sort of program that typically in our state would come out of a Department of Commerce and Economic Opportunity. The best example of it -- where you can get a grip on the concept -- is the State of Iowa made some inducements to the IBM Corporation to open a service center in Dubuque, Iowa. One of the inducements was, in effect, \$10 million worth of community college gift certificates, which they pushed across the table. They didn't call them gift certificates, but that is what they were. They told IBM anytime down the line, if you have an employee that you think needs training -- whether they need training in computer skills, computer-aided design, accounting, whatever it might be -- you just send them to the local community college with this chip and it will be on us, the State of Iowa. But to fund it, rather than funding it with current income, they issued revenue bonds, and in turn they did a carve-out so that the very students who went to school, their Social Security numbers would be entered into a file so that the Iowa Department of Revenue, as those Social Security numbers came through with their tax payments each year, would carve them out and pay down the bond until the bond was paid off.

"So, the concept has been used. It is not just a theory or an experiment, but it has been used in Michigan, Iowa, Missouri, and Kansas with a much more narrow focus. When the idea was presented to me, it seemed to me that it was a good enough idea that it was worth exploring, whether it could have a much broader usage, and hence, our work with the Revenue Department, and our thought that perhaps the community colleges presented a special opportunity, community college students are more likely to stay residents in the state. They are stickier than four-year students, which only makes sense. It does not make them better or worse; it is just different. If the taxpayers are going to make an investment that they are hoping to recoup through tax receipts from the individuals, we would want to make sure that they stayed around. So, if you have a program that is likely to create a physicist who is going to go to work in California at a high energy lab or something out there, or someone is going to be an investment banker on Wall Street, then New York State is going to get the tax revenue. So, that is probably not the sort of program you would want to use this for."

Chairwoman Hightman said, "I thought originally you were talking about funding MAP through that kind of bonding."

Mr. Davis said, "That is exactly what we are talking about."

Chairwoman Hightman said, "I would think that it could actually be used much more broadly than that because the GRF dollars that we currently use -- that we provide to public institutions, four-years, two-years, whatever -- all should have the same result as long as the person stays in Illinois that they are going to create somebody who is going to make a living, who is going to pay taxes, and contribute to the state in that way among other ways. Limiting it to just MAP may be too small of a universe because you could argue that other state dollars being used to fund higher education could also be the basis of that kind of securitization as well."

Mr. Davis said, "I think you could, although I would suggest one step at a time might be the right approach to take. In terms of our very tentative idea of where this could lead -- if we

were to get the extra \$200 million in this next fiscal year so that now we are looking at \$400 million for MAP, and if we were to have the opportunity to have a level funding for next year -- then possibly what we could do is say OK, but let us carve out the MAP grants for community college students and fund them through alternative mechanism B, and we are going to spend \$100 million on that, but \$50 million of it is replacing the \$50 million that got spent roughly this year for community college programs. So, what we would be left with is a program that had, in effect, a \$50 million increase for the support of students at four-year institutions while actually expanding the opportunity for the students at the community college level. So, we would issue \$100 million bond, and our proposal would also include a year-round, so we would have three deadlines a year that were some reasonable distance before the beginning of the semester, but would allow students to approach each new semester as a new opportunity, a new starting point to get funding. In doing so would actually increase the opportunity for the students going to four-year institutions, would increase the opportunity for the students at the community colleges, and while to some extent, and yes, we are tying up future revenues, but we are also freeing up current revenues in doing so because we would then be funding \$500 million on MAP with a cost to the general revenue fund of only \$400 million. So, it is really just a time value of money thing, it is not alchemy -- you are neither creating or destroying -- you are just borrowing a little bit and paying it back as you earn a return on the capital investment.”

Chairwoman Hightman said, “To the extent that this ends up being a jobless recovery, does that impact the viability of this kind of arrangement?”

Mr. Davis said, “It does, but we are no worse off than if we are funding the entire state off of a relatively paltry income tax and environment where job growth is not there. If we really do have a jobless recovery, I would argue all the more important that we have a better educated population so that if the entire country is going to suffer, it is incumbent on us to figure out a way so that people in Illinois suffer less -- let the unemployment be in one of the other 49 states.”

Ms. Erwin said, “One of the things I find really attractive about this proposal is that we know that community college students are the late appliers, so they tend to be lower income students who are most disadvantaged when the window to apply for MAP has to close early as it did this year. So, that student would be the student who, because of life circumstances, might not be able to decide that he or she can go until say the end of July. The window for the MAP application closed in early May this year. By carving out a fund, besides the really innovative way of funding it, which I think is terrific, you are also assuring that more community college students will have access to MAP. Right now, they have to compete with the student who is at a four-year, who clearly, many of them have their act together a lot more because of just the nature of what the students are. So, I think it is a particularly attractive way to get the most needy, and if we look at the *Public Agenda*, the students who we most need to help to increase their educational attainment.”

Dr. Carroll said, “I think what Judy just said is so important, and it relates to what we need to do as a citizenry, and in the State of Illinois that is what we are focusing on. With the *Public Agenda*, we have the authority to move down into the high school and work with the counselors. The issue that you just cited -- the lateness of students applying -- really is credited to the fact that they have no support or help at home in that area of knowledge. So they have to get that from the schools, and the counselors are overworked, and so they work with the students who are the most productive, the students who they feel will make it, and then the others are sort of left on their own and come in behind the deadline. That is not just for MAP; that is for all the scholarships. I think that probably in our role as supervision and in the *Public Agenda*, we might

be able to light a fire under that, and have the schools allocate some resources for helping those students who may not have help outside.”

Mr. Davis said, “I think that is a very well-made point. As we all know, the high school guidance counselors have an enormous task in this state. I believe the current data would show that there are roughly 700 students per guidance counselor. Can you imagine trying to give thoughtful, good advice to 700 people? It is unthinkable. So, that is a challenge. Actually, right here in Chicago, though, another program that we have entered into with the cooperation of Chicago Public Schools has been a way of integrating our database of the Chicago Public Schools roster with the database that we have access to as part of our role as a guarantor in the federal government’s lending programs. What we are able to do working with CPS is tell them who has and who has not filled out the financial aid application. And as amazing as it might seem, most schools cannot -- other than asking the student who may or may not give you the answer that actually reflects what is going on -- what their intentions are. Using this database, we have been able to tell CPS exactly who has not filed so that their guidance counselors, overworked while they may be, can at least concentrate on the ones where the rate of return will be highest -- the ones who have not filled out the FAFSA. You do not want to go after 100 kids, half of whom filled it out; you want to go after the 50 who have not. And with this program we have increased the completion rates from under 50 percent to over 70 percent over the last two years. Greg Darnieder has been talking to us and his former coworkers -- colleagues at CPS who would actually kind of take this program nationally.”

Chairwoman Hightman said, “You said you needed a legislative fix to accomplish this funding objective, right?”

Mr. Davis said, “Only the legislators are capable of writing a law that would guarantee that the revenue was coming to us in such a way that the bond investors would be comfortable if the revenue was, in fact, coming to them.”

Chairwoman Hightman said, “Have you done any lobbying yet to see whether there is any stomach for doing this?”

Mr. Davis said, “We have not talked to the legislators yet simply because we wanted to have data in place. This was an idea that I was hoping we would have several more months to work on, but given what is going on in MAP funding and state finances, I have been forced into sort of a pre-release announcement to tell them we may have some hope on the horizon. The huge caveat is that we are still working on the data. We expect to have it back by the end of October. By Halloween we should have a very good understanding of what the numbers show in terms of what you get when you invest in a student.”

Chairwoman Hightman said, “So, it is too soon to know whether they would really be willing to do it?”

Mr. Davis said, “Let us put it this way: If the numbers are compelling, we will start talking to them very quickly; and if the numbers are compelling, I would assume that it would be something that we could sell. If the numbers are not compelling, then we will have to go back to the drawing board, but not only are we going to have to go back to the drawing board, but everyone in this room is going to have to go back to the drawing board if we find that there is not a positive rate of return on investment in education.”

Father Minogue said, "What if the MAP money goes down the tubes because the kid does not graduate?"

Mr. Davis said, "That is a very interesting question; it is one that we have studied very closely. MAP students complete and drop out in the alternative at the same rate as other students actually."

Father Minogue said, "So, is it about 40 percent?"

Mr. Davis said, "That could change from institution to institution, but basically, what we find is that, over time, the MAP students, more or less, parallel their non-MAP compatriots."

Dr. John Peters, President of Northern Illinois University said, "I just saw a statistic that the persistence to graduation rate for MAP students is 56 percent, which is three percentage points above the national average."

Chairwoman Hightman said, "On behalf of the whole Board, I want to thank you very much for this great presentation, for your great thinking, for your out-of-the-box thinking, and for everything you are doing for higher education in the State of Illinois. We appreciate your comments today and all the work that you do. We are happy to walk arm and arm with you and support you and have you support us as we try to make a positive impact on the state with regard to higher education. Again, thank you for being here."

Mr. Davis said, "Having this *Public Agenda* really makes our task easier. It is nice to know where you are trying to go and to have a destination when you are going on a long march. The hard work that the IBHE led on the *Public Agenda* is really what makes it possible for us to engage in heavy lifting. Thank you."

Senator Heather Steans said, "I want to thank you, Chairwoman Hightman and all the Board members for doing what needs to be done to strengthen the state of education in Illinois and really drive economic growth in the state. One of my biggest concerns is that the kids who are in school right now for the first time ever are at risk of not having the same caliber of education that their parents did -- very scary statement. I think the right focus in what we need to be trying to do and drive in Illinois is to make sure that we are maintaining the caliber of our education system."

"I want to thank Judy. I have had the chance to get to know Judy Erwin a little bit over doing the P-20 longitudinal data system bill. She is an incredibly smart, straight-forward, and a very creative problem-solver in the way she thinks about things. It has been a real joy to get to work with Judy."

"Phil Hale and Loyola University are really quite an asset -- an amazing community partner here in the district. I am very fortunate to have a district that has Loyola University here."

"I would like to make two points -- one, on what I have been hearing about the legislative veto session that is coming up regarding MAP grants, and then, as bleak as it is now, what the future budget holds in store for us. What I have been hearing about MAP grants right now that will be coming out of this veto session is that everyone will agree that they love the MAP grants."

I think everybody wants to make sure that we do appropriation authority to maintain the MAP grants. However, I have heard that there is no agreement yet on a revenue source to fund any increased appropriation authority in MAP grants. Right now, we have unpaid bills that are over \$3.5 billion in the state -- an enormous level that we have never seen before. We do not have revenues. There is discussion that there is \$1.2 billion flexible dollars that the Governor's office had. Well, that has been spent two or three times over. There is not flexible money out there to help fund.

"You need to make sure you are maintaining your focus not on just appropriation authority, but that there is a revenue source to support it, or I am very concerned that the 130,000 kids that are at risk of losing the MAP grants really are not going to be able to sustain themselves in four-year and community college institutions next semester. So, the work is not done. As Andy said, the mantra really has to be, show me the money. I would go back to that.

"As bleak as it is now, our next year's budget is far worse. We solved our current year budget by doing \$3.5 billion in pension obligation notes, and we also have billions of dollars in federal stimulus dollars that helped us close our budget gap. These things both go away next year. Our bond ratings by the national bond rating agencies have already dropped two levels because of the financial irresponsibility with which we are dealing with our budget right now. So, doing bonding, while I agree it is good to think creatively, we are in a situation which is going to be getting harder and harder for us to be doing that. So, I caution you on that note, not because it is not a good idea and that we should be thinking creatively, but the overall financial liability in this state is growing so quickly that we are not in a very sustainable situation.

"So, one, we cannot possibly borrow again next year like we did this year on the pension obligation notes. Two, federal stimulus dollars go away next year unless the federal government decides to extend that, and three, our pension ramp-up has a significant increase that we need to pay as the state into our pension systems. So, we are from the get-go facing a far more severe budget crisis next year than we are right now. We have made prudent cuts, but we have got to get additional revenues out there. I know that there are concerted efforts on this. In the Senate, we passed House Bill 174, which also deals with funding and changing the way we fund the education system, but the House did not pass that bill. We have got to focus on a way that we craft a bill that we can get through and passed in both chambers and that the Governor will support.

"My own personal view is that if we do not also focus on educational funding reform when we pass this tax bill, we will never be coming back to educational funding reform. It is hard enough to get us to do one vote on tax increases as political entities here; we are not going to be able to come back and do it twice. So, if we do not focus on changing the way we are funding our education system when we do a tax bill now, I do not think we will get another bite at that apple for a very long time. So, those are my cheery words for you, and I am really very thankful of what you are all doing here."

Chairwoman Hightman said, "We appreciate you being here and your support of us. Thank you."

1. ACTION ITEMS

1a. New Units of Instruction at Public Community Colleges

Dr. Bob Blankenberger said, "I have two housekeeping items from the August meeting to read into the minutes. For the record, the approval item for Northern Illinois University's Bachelor of Science in Applied Management stated, *The curriculum of the proposed program consists of at least 120 semester hours in four groups of courses: (a) a minimum of 60 semester hours of credits from general education courses earned in the completed A.A.S. degree in computer science, public safety, or functional equivalent; . . . for the degree.* The description should read, *"The curriculum of the proposed program consists of at least 120 semester hours in four groups of courses: (a) 29 to 41 semester hours of credits from general education courses earned in addition to those completed in the A.A.S. degree in computer science, public safety, or the functional equivalent; . . . for the degree.*

"Second, for the record, McHenry County College was approved to offer the Associate in Arts in Teaching (A.A.T.) in Special Education. The College was mistakenly referred to as McHenry County Community College in the Board materials. The resolution should read, *The Illinois Board of Higher Education hereby grants to McHenry County College to offer the Associate in Arts in Teaching (A.A.T.) in Special Education, Statewide Model Curriculum subject to the institution's implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.* Any other references to the College in the Board packet will be amended to the correct name -- McHenry County College.

"We have included in your memo a listing of all pending academic programs and all authorization proposals submitted to the Board through September 21, a total of 140. Since then, two additional proposals have been received, both from independent institutions. As of Friday, October 2, there were 37 new requests for program modification."

Dr. Blankenberger briefly outlined the contents of this item. After his presentation, the Board had the following discussion:

Dr. Hayes said, "At our last meeting, I expressed concern that the cost of programs was not discussed. I just want to note, with pleasure, that the cost of every proposal is included this time, and maybe next time, we will talk about where we will get that money from."

Ms. Erwin said, "We have had some discussion with Dr. Elaine Johnson, vice president for academic affairs, from the Illinois Community College Board, and I think that one of the things we need to do -- and I have discussed this with Dr. Elmer Washington and some other folks that are on the Academic Affairs Committee -- is have a better understanding of the criteria that the Illinois Community College Board uses for program approval and the things that they believe that their Board needs to know because it goes to them first, and the information that this Board would like to have, so that we make sure that the information in the Board items reflect the information you think you need."

Dr. Hayes said, "I know that these have already been carefully reviewed and approved by the Illinois Community College Board before they come to us. I am just concerned that we are approving a number of proposals that we know in this package cost well over \$250,000 without

any indication of where that is coming from, given our present concern. So, it is not the proposals themselves, which I am confident that have been carefully reviewed. It is simply the way in which that information is presented, and I am pleased this time to see the improved attention to that.”

Ms. Erwin said, “One of the issues that this Board has raised a couple of times is that the response we frequently get to this question is reallocation of resources, and what we have heard from our Board is that is not a sufficient response, and that we need to have more specificity as to where the dollars are really coming from. So, we are communicating that, Dr. Hayes, as the applications come in. But in a more general way, we will have continuing discussions with the Illinois Community College Board to make sure that we are meeting both Boards’ needs.”

The Illinois Board of Higher Education, on motion made by Mr. Alongi and seconded by Dr. Washington, unanimously grants authority to Highland Community College to offer the Associate in Applied Science (A.A.S.) in Emergency Medical Technician subject to the institution’s implementation and maintenance of the conditions that were presented in its applications and that form the basis upon which this authorization is granted.

And grants authority to John A. Logan College to offer the Associate in Applied Science (A.A.S.) in ASL (American Sign Language) Deaf Studies and the Associate in Applied Science (A.A.S.) in Educational Interpreting Professional subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which these authorizations are granted.

And grants authority to Kankakee Community College to offer the Associate in Arts in Teaching (A.A.T.) in Special Education, Statewide Model Curriculum subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants authority to Spoon River College to offer the Associate in Applied Science (A.A.S.) in Gerontology subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants authority to Waubensee Community College to offer the Associate in Applied Science (A.A.S.) in Geographic Information Systems and the Associate in Applied Science (A.A.S.) in Library Technical Assistant subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which these authorizations are granted.

And grants authority to William Rainey Harper College to offer the Associate in Applied Science (A.A.S.) in Human Services subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

1b. New Operating and/or Degree-Granting Authority for Independent Institutions

Dr. Blankenberger said, “There is one change to this item for approval in your package. The item for Missouri Baptist University is being revised and will be considered at a later time.”

Dr. Blankenberger briefly outlined the contents of this item. There was no discussion following his report.

The Illinois Board of Higher Education, on motion made by Dr. Woodward and seconded by Dr. Carroll, hereby grants to Ellis University Authorization to Grant the Associate of Arts in Child Development and the Bachelor of Arts in Child Development in the Chicago Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which these authorizations are granted.

And grants to Lincoln Christian University (formerly Lincoln Christian College and Seminary) Authorization to Grant the Bachelor of Arts in General Ministry in the Prairie Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to Rosalind Franklin University of Medicine and Science Authorization to Grant the Master of Science in Health Professions Education in the North Suburban Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to Rush University Authorization to Grant the Bachelor of Science in Imaging Sciences and the Master of Science in Physician Assistant Studies in the Chicago Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which these authorizations are granted.

And grants to the University of St. Francis Authorization to Grant the Bachelor of Science in Nursing in the Chicago Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to the American Academy of Art Authorization to Grant the Bachelor of Fine Arts in Photography in the Chicago Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to Argosy University - Schaumburg Authorization to Grant the Master of Arts in Education in Educational Leadership, Master of Arts in Education in Instructional Leadership, Education Specialist in Educational Leadership, Education Specialist in Instructional Leadership, Doctor of Education in Educational Leadership, and the Doctor of Education in Instructional Leadership in the Fox Valley Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which these authorizations are granted.

And grants to ITT Technical Institute at Orland Park Authorization to Grant the Associate of Applied Science in Nursing in the South Metropolitan Region subject to the institution's implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to Sanford-Brown College, LLC (formerly Sanford-Brown College, Inc.) Authorization to Grant the Associate of Applied Science in Business Administration, Associate of Applied Science in Medical Billing and Coding, and the Associate of Applied Science in Medical Massage Therapy in the Southwestern Region subject to the institution's implementation and maintenance of the conditions that were presented in its application and that form the basis upon which these authorizations are granted

1c. New Units of Instruction, Public Service, and Research at Public Universities

Dr. Blankenberger briefly outlined the contents of this item. There was no discussion following his report.

The Illinois Board of Higher Education on motion made by Dr. Carroll and seconded by Mr. Obuchowski, unanimously hereby grants to Eastern Illinois University authorization to establish the Master of Science in Counseling in the Southern Region subject to the institution's implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to Southern Illinois University Carbondale authorization to establish the Bachelor of Science in Technical Resource Management in the Central, Prairie, and Western Regions subject to the institution's implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to the University of Illinois at Chicago authorization to establish the Master of Arts in Latin American and Latino Studies in the Chicago Region subject to the institution's implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to the University of Illinois Springfield authorization to establish the Bachelor of Science in Management Information Systems in the Central Region subject to the institution's implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

2. CONSENT AGENDA

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

2a. Board Meeting Minutes – August 11, 2009

The Illinois Board of Higher Education unanimously approved the Minutes of the August 11, 2009, meeting.

- 2b. Financial Report – final expenditure report for fiscal year 2009 appropriations

The Illinois Board of Higher Education unanimously approved the final expenditure report dated August 31, 2009, for fiscal year 2009 appropriations.

- 2c. Financial Report as of August 31, 2009

The Illinois Board of Higher Education unanimously approved the financial report dated August 31, 2009.

- 2d. Public University Noninstructional Capital Project Approval

The Illinois Board of Higher Education unanimously approved the noninstructional capital project described in this item.

- 2e. General Grants, Fiscal Year 2010 Allocation

The Illinois Board of Higher Education unanimously approved the fiscal year 2010 General Grants and the Higher Education Cooperation Act Grant described above. The Board authorizes the Executive Director to make adjustments to the grant awards in the event that appropriated funds are unavailable.

3. INFORMATION ITEMS

- 3a. Setting a Context for Fiscal Year 2011 Budget Development

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

Dr. Carroll said, “Do you have an idea of what the K-12 funding is going to be?”

Dr. Baumgartner said, “First of all, a number of categorical grants were not funded this year, so we have reductions in that. We have the problem that has been festering for many years about the funding source -- the over-reliance on property taxes and the imbalance or the inequity among school districts that have a great deal of funds and those that do not. Senator Steans mentioned the bill that they passed in the Senate this year to raise revenue. Part of that is to deal with the funding inequities that are in the system. Addressing those funding inequities is going to cost more.”

- 3b. Illinois Transfer and Articulation Initiatives, Annual Report (2008-2009) (written report)

4. OTHER MATTERS/PUBLIC COMMENT PERIOD

Chairwoman Hightman said, “I want to recognize Julie Smith from the Governor’s office. Julie has been at probably the vast majority of Board meetings since March, and has shown a level of support that I had not seen previously in the time that I have served as chair of the Board of Higher Education, and so, we want to thank her for her support and for her involvement with what we are doing.”

There being no further business to come before the Board, Chairwoman Hightman adjourned the meeting at 11:45 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 October 6, 2009, meeting.

**Submitted Report of Jerry Dill, Chair
Proprietary Advisory Committee
Illinois Board of Higher Education Meeting - October 6, 2009**

The members of the Proprietary Advisory Committee echo the comments of Chairwoman Hightman in encouraging the state to fulfill its obligation to students by restoring funding for the MAP program this year and to ease the uncertainty that students and their families have about being able to complete the educational programs that will help insure their futures.

Andrew Davis, Executive Director of the Illinois Student Assistance Commission, made several recommendations in his discussion of the financial aid crisis here in the state. One of these was to encourage institutions to help students get through their programs faster, and thus reduce cost and time to degree.

There are a number of ways that institutions can help their students address affordability including a business model that focuses on the effective delivery of educational programs. An effective pathway to graduation includes a number of features that are reflective of our sector. The programs our schools offer are high quality and career oriented in accordance with our institutional missions. These are associate and bachelor level degrees for students beginning a career after college as well as master and doctoral programs to help students advance in their careers.

These programs tend to run year round and often seamlessly blend on-site and on-line delivery to meet the student's need for flexibility in their education. Both of these approaches can help reduce time to degree and thus the cost of their education. Also, evaluating the credits that students may have accumulated at other colleges and universities in order to help them find an efficient path to degree completion is a key part of the service our institutions offer. While many schools focus on transfer credits from regionally accredited institutions, consideration should also be given to the rigorous credit that students earn at institutions that have national accreditation as well. Giving a student as much value as possible for previous course work will reduce the amount of re-work that students face and that adds to both the cost and total time it takes to complete their degree.

In addition, there are a number of ways that schools in our sector make assistance available to their students in the form of academic and need based scholarships and grants; employment assistantships, stipends etc., and institutional loans and payment plans. This includes programs such as the VA Yellow Ribbon program that schools across our sector participate in to provide a partial waiver of tuition beyond the amount of a student's veteran's benefit coverage. Also, there are a number of institutional specific programs that our schools offer.

For example, Midstate College has worked with its students who are Caterpillar employees to offer them a tuition reduction to help offset the loss of tuition reimbursement from their employer.

Argosy University offers clinical scholarships and fellowships for their graduate Psychology students.

University of Phoenix offers 10 scholarships a year through the Chicago Boys and Girls Club as part of its First Chance Program.

In all, the amount of assistance that institutions in our sector offer to their students in Illinois is measured in the millions. We are trying to do our part in helping address affordability for Illinois college students but we along with the other institutions in the state cannot make up the total amount of assistance that students need to be able to complete the educational program of their choice.

Restoring funding for the Spring 2010 semester MAP grants will go a long way in helping to restore confidence in students that they will have the resources they need to complete their degrees. In addition, creative ideas such as having cut-off dates throughout the year for each semester of the MAP program, as Executive Director Davis suggested, will also help match resources to the patterns that students have in deciding to pursue higher education programs.