

MINUTES – BOARD MEETING
April 7, 2009

Submitted for: Action.

Summary: Minutes of the April 7, 2009, meeting of the Illinois Board of Higher Education held at the President Abraham Lincoln Hotel & Conference Center, Springfield, Illinois.

Action Requested: That the Illinois Board of Higher Education approve the Minutes of the April 7, 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 9:06 a.m. in Salons A and B, First Floor of the Abraham Lincoln Hotel & Conference Center, Springfield, Illinois, on April 7, 2009.

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

The following Board members were present:

Guy Alongi	Robert J. Ruiz
Jay D. Bergman	Lucy Sloan
Frances G. Carroll	Jerry Thor
Ashley Dearborn	Elmer L. Washington
Donald J. McNeil	Addison E. Woodward, Jr.
John P. Minogue	

Also present by invitation of the Board were:

Judy Erwin, Executive Director, Illinois Board of Higher Education
Joyce Karon, Board Member, Illinois State Board of Education
Andy Davis, Executive Director, Illinois Student Assistance Commission

Presidents and Chancellors

Alvin Goldfarb	John Peters
Sharon Hahs	Glenn Poshard
Elaine Maimon	Joseph White
Max McGee	

Advisory Committee Chairpersons

Peg Lee, Community College Presidents Council
Tom Thompson, Disabilities Advisory Committee
John Bennett, Faculty Advisory Council
Paul Frank, Private College and University Advisory Committee
Jerry Dill, Proprietary Advisory Committee
Alvin Goldfarb, Public University Presidents
William Obuchowski, Student Advisory Committee

Welcome and Remarks by Chairwoman Carrie J. Hightman

Chairwoman Hightman said, “I want to welcome you to the April meeting of the Board of Higher Education. I would like to extend a welcome to Pat Callan who has graciously agreed to spend some time with us to assist in our consideration of an essential issue that underlies implementation of the Public Agenda, which is how we can better align the funding of higher education with the goals of the Public Agenda.

“I also want to welcome Julie Smith. Julie has taken on the responsibility of being the chief education adviser to Governor Pat Quinn. Dr. Smith comes to her position with a background in higher education. She previously served in the office of the provost of the University of Illinois in Chicago.

“I will devote the bulk of my remarks to the changes we are initiating with the Board agenda to ensure our time is used productively to advance the Public Agenda, but before I do that, there are a couple of items of old business that I want to discuss.

“First, on the money front, as you know, the Governor’s budget includes \$118.7 million from the State Fiscal Stabilization Fund for public universities and community colleges. The funds will restore operating support to Fiscal Year 2009 appropriated levels and provide for a small increase in Fiscal Year 2010, which we view as an important accomplishment given the state’s fiscal condition and strong evidence that the Governor has made higher education funding a very high priority.

“Last Wednesday, the United States Department of Education published the application and guidance for the State Fiscal Stabilization Funds. Like all federal stimulus money, the funds come with stringent reporting requirements that will ensure transparency and accountability. While the funds are intended primarily to keep faculty and staff on the job and mitigate the need for tuition increases for in-state students, they are also meant to drive long-term improvements in student achievement. The activities that states must agree to before receiving stabilization funds line up very nicely with the Public Agenda, including the requirement that states establish longitudinal data systems to measure progress through the education pipeline and a requirement that states improve academic content standards and student academic achievement standards. I am happy to say that we are working on these issues now through the American Diploma Project and our support of Senate Bill 1828, which will establish a statewide longitudinal data system.

“One other item I want to turn to is noninstructional capital projects. As many of you might recall from prior meetings, and particularly our December Board meeting, there was an extensive discussion about a noninstructional capital item brought to us by Southern Illinois University Carbondale. The Board members and I had many questions about the Board’s statutory authority to approve those kinds of projects. At the last Board meeting, I asked Bill Feurer, our outside legal counsel, to research the issue and give us some information so we would understand what our authority actually is. Bill did that; and Judy, some of the staff, and I had a conversation about ways to improve the process.

“Judy and some others on staff brought to the presidents and chancellors meeting some ideas for changes and improvements to the process, and I want everyone to understand that what we are trying to do is make improvements that are good for the universities and community colleges that help the Board carry out its statutory responsibility. We brought the issue to the presidents and chancellors to hear what their concerns might be and to get ideas from them on improvements to our very initial ideas for change. So, we are going to work with them. I

appreciate the assistance they are going to provide us in helping us brainstorm the concept, but I think it is important that we all have a clear understanding of what our responsibilities are with regard to approving noninstructional capital projects, especially in this very tight economic environment in which we are operating and given the goals of the Public Agenda -- affordability, attainment, and access. We need to be considering these issues as we look at all the matters that come before us.

“We have some good news. The Governor signed into law Senate Bill 2603, which gives the Board the authority to charge fees for the review of applications for new academic programs and new operating authority for Illinois proprietary colleges and universities and for all out-of-state institutions. This is very significant legislation, and I want to thank Elmer Washington and his Academic Affairs Committee for their work in bringing this idea to us.

“Later in this meeting, we will consider draft administrative rules to implement this new act. The revenue from these fees will be placed in a restricted fund for use by the Board to expand staff and cover other administrative activities associated with the costly and time-consuming review of these applications.

“To have a feel for how time-consuming and costly this is for the Board and for the staff and how understaffed we are for the workload that we have, for the first time included with the Board materials, we provided a complete listing of all new program applications that are pending for review and for which our academic review staff has responsibility -- 123 pending right now. So, when you think about four people looking at 123 applications, which does not even include the requests for changes to existing programs and which will add to the workload, you have a good idea about this quantity of work and why it is hard for us to fulfill our statutory duty to protect consumers if we do not have enough support to do that. We look forward to the revenues starting to come in so we can budget for some new positions.

“Dr. Washington has done a great job looking at the issues, and obviously, he has the experience to do this. He and his committee are scrutinizing the entire program review process to determine ways in which it can be more closely aligned with the goals of the Illinois Public Agenda.

“Everything that we should be doing now, since the Public Agenda has been adopted, is moving towards meeting the goals of the Public Agenda. As I said to you at the last meeting, we were going to look at and have looked at our agenda for Board meetings, and we thought about the layout and how the Board meetings actually take place, and we have made some changes. You have seen changes in both the agenda and what the room looks like, even though it is a slight change, but it is still a change that I believe is very important. What we are trying to do is to ensure that the limited time that the Board has together is spent wisely, productively, and in a manner that furthers the *Illinois Public Agenda for College and Career Success*. We sought the counsel of our NCHEMS friends, Dennis Jones and Aims McGuinness, in making these changes. Their experience really helped us because they have worked with coordinating boards to help boards adapt their procedures and policies to align with the master plan once adopted. So, their advice was very helpful.

“Again, this is a work in progress. So, we will make changes. Some of them will be great changes and others might not be as good as they might have first appeared. So, we will be making changes along the way, and I welcome any feedback that anybody in the audience has on how to do this better. We are going to see what works.

“For this meeting, we have changed the agenda. Again, the agenda should be designed to make sure that we spend most of our time on matters that further the Public Agenda that was adopted. If we are not dealing with the goals, recommendations, and action steps in the Public Agenda, then we are not fulfilling our core responsibilities as a Board.

“We have added a Public Agenda dashboard, which will be on the agenda for every Board of Higher Education meeting, and the goal of this brief presentation is to provide an update in a format that is readily understandable on the progress we have made, and the steps needed to be completed on each of the strategies that the Board is pursuing. These implementation steps are not limited to efforts of the Board, but also include participation from the Illinois Community College Board, the Illinois Student Assistance Commission, and the Illinois State Board of Education on certain P-20 related strategies. This ‘first edition’ of the dashboard is limited initially to the Phase I action strategies, those we are working on through this fiscal year, but it will be expanded as we move forward.

“The other change on the agenda is the Public Agenda discussion item, which will be on every IBHE meeting agenda. The purpose of the discussion is to have an in-depth conversation among Board members and our key constituent groups to launch a major initiative from the Public Agenda. Today, it is going to involve the question of how we link funding of higher education with the goals of the Public Agenda. In June and at each Board meeting going forward, we will consider another major issue that underlies or potentially impedes progress on the Public Agenda.

“So, we are going to have a conversation at each Board meeting on one of the major issues related to implementing the Public Agenda, and this leads to the table in front of me. You will notice not only has the agenda changed, but also our room setup has changed as well. The placement of this table for our advisory committee representatives has symbolic importance as well as practical significance. We want our advisers to participate in our discussion of the Public Agenda, and in the past that has not happened on any of the items we have discussed. And we have expanded the seating at the table, and we welcome President Al Goldfarb of Western Illinois University, who is the convener of the public presidents and chancellors group, and he is here on their behalf, and Tom Thompson, who is the Chair of the Disabilities Advisory Committee.

“The advisory committees will forego the reports they have traditionally given the Board because we feel it is much more important to engage you in the discussion of the issue that is going to be discussed by the Board, and I hope that you all agree that is the right way to go, but we do not want to foreclose you from providing us written reports, such as the ones you provided in the past, and we always welcome those. And, of course, as we work through the agenda on the other items that we are discussing, if you have an issue, you can talk to Judy in advance, hopefully, so that we are prepared to address comments from people other than the Board. We will also continue to host our luncheons for advisory committees following the Board meeting, and today it is the Faculty Advisory Council. In June, it will be the independent institution presidents.

“The other change I want to draw your attention to is the Consent Agenda. We have decided to go back to using a consent agenda because what we want to do is really focus the Board’s activities on the items that are key to meeting the goals and objectives of the Public Agenda, and many of the Consent Agenda items, as you will see, like meeting minutes and other routine activities, really are things we have to do, but they are not necessarily crucial to the Public Agenda being enacted. As in the past with the consent agenda that was used before, any Board member who feels that they want to address an item on the Consent Agenda can clearly do so,

and we welcome that. We do not want to foreclose conversation on any topic. That is, obviously, the opposite of what we are trying to accomplish here.

“I want to extend best wishes and congratulations to one of ours who is off to retirement at the end of the month -- Terry Nunn. As you all know Terry Nunn is the deputy director for diversity and outreach, and he began his service with this Board as the administrator of grant programs. For the past two years, he has served in his present capacity to expand diversity efforts at our colleges and universities and to oversee the Diversified Faculty in Illinois Higher Education program. I view the role as being a key role in accomplishing the mission of the Board in meeting the goals of the Public Agenda, and as we move forward, we will learn from what Terry has taught us, and take that and move forward. But I want to thank Terry because he has done so much to move the effort of really trying to have diversity in higher education and in education in the State of Illinois. So, thank you, Terry, and we wish you well.”

The Illinois Public Agenda for College and Career Success - Dashboard Report

Update on Implementation Progress - Presentation by Judy Erwin

Ms. Erwin said, “The first item on your agenda is an update on the implementation of the Public Agenda, and as the Chairwoman indicated, this is a work in progress in terms of trying to show a simple, graphical representation of where we are. We hope this dashboard report works for the Board and for you. If it does not, and there are other ways, just let us know. This dashboard approach is going to be a quick snapshot at every Board meeting on where we are.

“We are in Phase I of this. There are many of the recommendations that we have not yet had the opportunity to begin really researching. We are working with our partners at the Illinois Community College Board, with the constituencies at community colleges, with the Illinois Student Assistance Commission, with all of those who work on affordability and needs-based financial aid, and with the Illinois State Board of Education in this new P-20 world. Many of these recommendations need to be led by those agencies.

“You can see where we are going to state what some of the action steps are. We find that, particularly, in the legislative session, there might be progress today, but a barrier comes this afternoon, and then tomorrow we work it out -- just to give you the overview of where we are. Most of the implementation strategies, thus far, deal with Goal 1 - Increasing Educational Attainment to Match Best-Performing States. Almost everyone in this room worked on the development of this Public Agenda, so I am not going to go through each of these. Suffice to say that many of them, although it may be simplified in one line, like P-20 longitudinal data system, we have money in the Governor’s budget. The good news is that the Illinois State Board of Education just received a \$9 million grant from the federal government over three years. The President and Secretary Duncan have, as a requirement, as our Chairwoman said, that we have to have this to receive stimulus money. So, there is a lot of work going on with P-20 right now.

“Likewise, the American Diploma Project, our academic teams are working, and that will be an 18- to 24-month exercise. We are investigating early intervention programs that have been successful in other states. There is legislation modeling one similar to Indiana’s 21st Century Scholars. There is work to be done on this, and legislators and the agencies that administer it will work through those issues.

“On the next page you can see continuing our College and Career Readiness. This is something that Pat Callan mentioned yesterday, really pioneered by the California State

University System, David Spence, who some of you may remember was here about a year and a half ago. So, we do have a pilot going on that and look forward to the data coming in.

“The School Leadership issue, the second item, is another area of major work. The State Board of Education, with partners from higher education and local districts, are working to basically transform the profession of principal and superintendent; in other words, a school leader. There will be changes in teacher training, school leader training, but this is a very major shift in terms of improving the quality of instructional leadership.

“The high school feedback report, otherwise known as the High School to College Success report, is another thing that is in the works, again, with the data that will be part, ultimately, of the longitudinal data system. But we want to get that out to make sure that high schools, parents, teachers, and communities understand the progress of their graduates as they go to postsecondary education, our goal being to reduce remediation for traditional-age students.

“The P-20 Council, I know that Governor Quinn is looking at the appointments for that, and I know all of the education boards look forward to working with that board, which is going to help with the transitions from the various levels. The Illinois Community College Board has major work going on in the Perkins Programs of study area, and I think that this, in particular, the work of the Community College Board is really focusing on the high-need, middle-skills jobs in our economy that are so desperately needed. So, they are leading that, as they are leading a number of these.

“The GED area, again the Community College Board is leading that. There is money in the budget to increase testing, but I think that there is a lot we want to know about what the success is of those students who take the GED.

“The adult education area, as many of you know, Peg Lee is here today representing the Community College Presidents Council and chaired the major goal in the Public Agenda, and we know that returning adults -- be they adults that are English as a Second Language or Adult Basic Education or adults that have 30 credit hours and want to complete something -- present a big challenge, but really a great opportunity for us to increase the number of credentialed and degreed adults in our state. So, that is an ongoing effort, along with family and adult literacy. They are looking at, and we all will be looking at how we can bring greater financial aid support to those returning adults. So, the community colleges are looking at that, and we will be working with the Illinois Student Assistance Commission on that, as well.

“Again, if there is any individual strategy that we are working on that you want greater detail on, please just let us know. There are a number of items here, I am happy to say the Community College Board is leading adult learner credentials, the Governor’s budget did include, as well as expanding broadband access around the state. You will recall that one of the major issues is the geographic disparity in this state of educational attainment, and so the Governor, we certainly applaud for including this, which will be very instrumental for large rural areas of the State of Illinois. Many of these goals and the strategies overlap with other goals, and so Goal 2, which is affordability, as we know many of the things, in terms of increasing attainment, will also improve affordability. If we can reduce remediation for traditional-age students, they do not have to waste their MAP grant or their own dollars on remedial coursework, it will improve affordability. So, there are a number of overlapping areas under Goal 2.

“In Goal 3, we are happy to say, also, that the Governor, although I need not mention how desperate the state’s fiscal situation is, but I think it is telling in that Governor Quinn

recognized in his budget the high-need health care program area. Certainly nurses is a top labor shortage, but it goes all the way through the health care field on many of those middle skilled jobs that the community colleges are working on as well as physical therapy and others, but the Governor did include a high-need health care grant that we will be working on the definition of that. And then also, particularly in terms of meeting the goal of improving the articulation between community colleges, successful transfer and completion to a baccalaureate degree or the credential of choice, if you will, we did for the first time, we frankly have been begging for this for several years, the Governor did include money for what used to be called the Course Applicability System. It is now called u.select, but it is in a nutshell, that electronic tool that students and counselors use to determine what credits will transfer and be counted for as a major or as electives as our students, the majority of students are in community colleges or for that matter, students are swirling among nonprofits, for-profits, or public institutions. This is a tool that we have to get every institution in the state loaded into so that students are not wasting time, money, and energy in unnecessary and costly coursework. So, we are really delighted that funding was provided for that.

“Finally, in terms of, particularly Goal 4 -- Integrating Educational Research and Innovation Assets -- we are sorry that the fiscal situation is such that matching grants were not included. Those are the state dollars that match federal research grant dollars that go to our research institutions. The good news is that the federal stimulus package did include a substantial increase in NIH (National Institutes of Health) and NSF (National Science Foundation) funding. So, our institutions will be applying directly for those grants, and that is certainly something that Illinois will greatly benefit from because of our outstanding research institutions.

“That is it in a nutshell, and as I said, this is a work in progress. If you have suggestions on how better to do this, we look forward to your comments.”

Chairwoman Hightman said, “I want to thank Don Sevener for putting this together. We come up with crazy ideas, and say, Don, do them. And then he figures out a way of doing something that is probably not doable, and so, I appreciate your work Don in putting this together.

“If anybody has any ideas for improvements in displaying this information or if there is other information that you think would be helpful to have before you at every meeting, please let us know -- Board members, stakeholders. We are trying to do this in a way that is transparent and that gives you what you need, and if there are any barriers that you see and for which you have ideas on how they can be removed, come to Judy and talk to Judy about how to remove barriers because if we cannot remove barriers, we are not going to be able to accomplish the goals here.”

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

“Aligning State Funding with the Goals of the Public Agenda” - Presentation by Patrick M. Callan, President, The National Center for Public Policy and Higher Education

Chairwoman Hightman said, “Pat is the president for the National Center for Public Policy and Higher Education and previously served as the executive director of the California Higher Education Policy Center, the California Postsecondary Education Commission, the Washington State Council for Postsecondary Education, the Montana Commission on Postsecondary Education, and the vice president of the Education Commission of the States. He is the author of many articles and papers on education, educational opportunity, public

accountability, financing of higher education, and leadership, and has served as an adviser to blue ribbon commissions, state education, and higher education boards, governors' offices, and legislative committees in many states. Pat, welcome to Illinois, and we appreciate your time and effort here."

Dr. Patrick Callan said, "I appreciate the work that is being done here, and the opportunity to have this discussion with you.

"What I can try to do today, responding to my conversations with Judy and other staff members, is give you an outside-looking-in perspective on this issue of the Public Agenda and how to connect it to finance. There is no formulaic solution to this. We have studied Illinois; we have graded it in the national *Measuring Up* report card; we have used it as a case study in a couple of our books on finance and governance of higher education; but I do not claim to have any of the expertise or the answers. And it is what you mentioned, Madam Chairwoman -- it is the working through this that has to be done one state at a time. There is a national framework, and I think we are learning from each other since this is something relatively new. I especially appreciated your opening remarks where you talked about how, if we are serious about this, this is not something that is just an add-on; this is something that changes the way we do everything. If we find ourselves going very long, and we cannot answer the question -- what does what we are talking about have to do with the Public Agenda? -- then we are probably having the wrong conversation if we are serious about this.

"I want to congratulate you and all the people who have worked on this report, which I think is an absolutely first-rate piece of work and an excellent first step. It is a work in progress, and these are evolving and dynamic situations. And the big question in the Public Agenda is not the document; it is the educational needs of the State of Illinois. It is really how both your understanding of that and the ideas that are possible to address those needs evolves that will determine how well you are able to sustain it. Just to repeat, this Public Agenda is significant because it is really not about higher education in Illinois first and foremost or our pet ideas for fixing it. It is about the educational needs of the state, what the state needs to be effective in providing opportunity for its citizens, and to be effective competing in this knowledge-based global economy.

"But to reiterate a couple of the things that were both in your report and are in the discussion we talked about yesterday, before I say a few things about finance -- is it the critical things about a Public Agenda, as it focuses on outcomes and those outcomes as Judy was talking about earlier, that relate to educational attainment? At the end of the day, we are only successful if people are actually being educated to the level of degree, certificates, etc.

"And then the second thing, which brings us to the discussion today, is that it has to be connected to be serious to all the policy infrastructure of the states, which in this state and every other state was not designed to do what the Public Agenda is designed to do. It is our legacy from this hugely successful period of higher education, mostly in the last half of the 20th century, and it needs to be systematically reviewed to find out what are the old ways of doing business that support the new approach and what does not, and I would say, systematically, and almost ruthlessly.

"So, I guess the point of all this preliminary is that if you think getting to this point of having a Public Agenda was hard, the hard part is really just beginning, because it does mean, as we had in some of our discussion yesterday, the difficult problem, I think, for American higher education and for those who have responsibilities that have influence on it is that we are not

talking about an enterprise that has been unsuccessful. This was one of the great success stories of the country in the second half of the 20th century, particularly. It is not the fact that we are failing. Certainly we could be doing a lot of things better, but by any real world standard, this was the most successful system of higher education anywhere. But the world is moving past us, and unfortunately in this country, I think, as the international comparisons show, we still have the best 20th century system of higher education in the world. So, when we say that we are the best in the world, we mean we have some of the best colleges and universities, but not that we are doing the best job of getting people educated. Which is what the Public Agenda is all about -- are we preparing people, are we getting them into and through higher education.

“So, to some extent, I think the work of trying to change something that has been successful, about which we have become confident and even complacent sometimes, is hard, and it is hard to believe when you run into problems that the answer is not just to try harder at what we have been doing all along or to spend more at the way we have been spending it all along, rather than to think differently.

“So, I want to give you a few thoughts at least at the start of conversation about the connection of all this. If we are serious, we have to put our money where our Public Agenda is, and that does not mean just when we have got a lot of it. It means that we do it every year. If the Public Agenda is what is important to people and the future of this state, and that is not the basis of every decision about issues related to finance, then it is not and should not be taken seriously by anyone. And people in higher education and people in the population understand that the way we spend money counts more than our rhetoric in terms of what we are serious about and what we are not.

“There are three critical elements and some of this may push a little further on your Public Agenda in some area than you do, but I would argue that there are three pieces to addressing the connection of resources to the Public Agenda.

“The first is the idea of spending public money on higher education has to be about leveraging the outcomes we want. That is, it has to be about incentivizing and leveraging the things that are in the best interest of the state. It cannot simply be about the maintenance of institutions. That is important, too, but, on the margin, decisions about financing need to be about how we leverage the Public Agenda. What can we do to get, obviously, the most important thing, given your goal of attainment, is how do we get more people who are in college to successfully finish programs? How do we get more people who are not there, either by increasing the preparation or increasing the rates of graduation from high school? How do we get people from two- to four-year institutions? How do we get people in parts of the state, that was pointed out earlier, that may not have easy access to programs -- how do we give them opportunities, as well? So, that means looking at all of the protocols, all of the ways we negotiate budgets, and asking, again, in good years and in bad years, whether not only what we are supporting, but what are the signals we are giving to people in our institutions, in the public, and in government about what is important and what is not?

“So, the first piece of this is resource allocation and how it connects to the Public Agenda. And it would be interesting, and maybe you are doing this already, NCHEMS has done this in a number of states, to simply look at the appropriations process in light of the Public Agenda and do that. Dennis Jones calls it a policy audit, where you look at the extent to which the policies you have, and we have done those with him in a number of states, support the goals that you believe you have. I think that would be a useful start.

“The second, and there is a special message, both coming out of your work and out of our work about Illinois, is you cannot deal with the Public Agenda and the connection of the Public Agenda to finance unless you are willing to address the state’s affordability problem in a serious and urgent way. The country has declined seriously in terms of college affordability, but this state has slid more than most. Now, the reason I think that is worth noting is because I paid a lot of attention to the demographics you showed in your report. So, the people you most need to get to college to reach these educational attainment goals are among the poorest, they are first generation families, and you have prepared for these students by raising the effort that you require of families to send people to college to historically unprecedented levels. So, both because of your demographic situation and also I want to argue the affordability, if you simply change, as important as it is, and I hope I have made the point that it is important, if you simply change the way you do resource allocation, but leave that alone, then as far as the public is concerned, you are not going to have a Public Agenda.

“We have been doing public opinion research now for 15, believe it or not, even at 18 years, the longest longitudinal look that is every few years, we ask some of the same questions about higher education in the country, and the affordability problem is kind of at the front of public concerns. It has really created a crisis that goes beyond financing. It is a crisis in public confidence in higher education. So, in a report that you can find on our website at highereducation.org, our colleagues who do this work for us, the Public Agenda organization in New York, went out in the last week of December in the most recent national public opinion research we have on this.

“So, here is what the public is telling us about college affordability. That college is more important but less accessible than it has ever been before, and now a majority of Americans believe that. Those numbers are up. People believe that most Americans need college; a majority of Americans believe that now. As recently as 2000, it was only 30 percent. So, what people have seen is this economy that goes down and when it comes back up, we were talking about it yesterday; it does not mean that the factory jobs come back, it means that there is a set of expectations that is bringing a lot of pressure on higher education and on college affordability. So, this perception that it is more important than it has ever been before, in fact that you cannot be in the middle class if you do not get some education and training beyond high school, at the same time that it is becoming less available; so, that is why the title of this report is called *Squeeze Play* because that is how Americans feel.”

Chairwoman Hightman said, “I just want to ask you a question before you get too far because I want to make sure I understood, and I do not think I have one of the important points you made. I think you said that if we do not deal with the affordability issue and if we just moved dollars around in the budget, then we are going to fail. I am paraphrasing.”

Dr. Callan said, “That is right.”

Chairwoman Hightman said, “So, does that mean that you have to move the dollars to grants and those kinds of areas? How do you do that?”

Dr. Callan said, “Financial aid is one of the key factors, need-based financial aid as Judy was talking about that earlier, and we had some discussion on that yesterday. But I think the illusion is, and this is where I think this really does get tough and complicated for this state, that the general feeling among the leadership of the higher education community, nationally, has been that you can solve the affordability problem with student financial aid and that we can keep raising tuition. That is not going to happen. So, we are sort of on a national treadmill. The

country is putting a lot more money into aid if you look at its totality, but college is less affordable than it has ever been before, and most of the new money we put into aid has not bought us more access or affordability; it has just been absorbed by tuition increases. We were talking yesterday about Pell Grants. I will use the federal example. In the early 80's, \$3 billion or \$4 billion in the Pell Grant program, and it covered about 98 percent of the average tuition at a 4-year college or university. Now, we have got, and if the President gets his way, we will have a lot more; we have about \$15 billion or so in there, and it covers about half. So, there are more students, too, in all fairness."

Chairwoman Hightman said, "So, you are saying, you should not be putting the dollars in financial aid necessarily?"

Dr. Callan said, "If there is no constrained cost in price, even financial aid will not get you there. And so, a great dilemma the federal government has, and at the state level you have a bit of it, and that is there is a lot of pretty good proposals that the President has put forward, and to his credit, President Bush made a major investment in Pell Grants late in his administration, but states and institutions can offset the benefits to FAFSA and affordability by simply raising tuition to capture that money. And so, it seems to me we have got to really think about that relationship, and I am sure you have, since NCHEMS spent so much time there on all that stuff they did on the connection between appropriations, tuition, and aid, and the problem is here you really have not got them on the same page in this state. And I have to make that indelicate suggestion -- that it is not a total coincidence the way you have gone about the business of tuition policy in this state in the last decade and the huge decline in affordability that you have had, and so this is not working. I do not know what will work for Illinois, but whatever you can say, if you are interested in college affordability, what you are doing now is not getting you there. And I think you would have to be dreaming to believe that if it did not work for the last ten years, this is a route you want to go on for the next ten. So, that is as blunt as I know how to put it.

"That, again, is not suggesting that I have an easy answer to this. I can tell you, as we have studied these polls, both looking backward and looking at the current situation, when the public gets anxious about this -- they got anxious in the late 90's after the recession, the recession of the early 90's when tuition went up and then things settled down awhile, and then in 2007, before we even went into this current deep depression -- people were at the same level of anxiety that it had been in the mid-90's. And now I have just given you some of the results, and so, if you looked at data that you look at in your report and we look at it in *Measuring Up* -- it is the basic way we do the grades -- if you look at the percent of family income that the total cost of going to college to a 2-year public, a 4-year public, or a 4-year private, you can show a parallel. People are not objecting to paying, but as that percent of family income goes up, the poll numbers of concern go up, and what happened in this decade was that for most Americans, all but the top 10 percent, family income did not go up at all, and tuition kept going up, sometimes at unprecedented rates. And so, we have also backed ourselves into a corner. It is not the right way to do this, but it used to be that because we had not raised tuition seriously before we got into an economic downturn, the states would cut our budgets, and then we would raise it again.

"Well, we do not have as much room to move both because of these demographics that you point out in your report and because we have kind of used up our elbow room on this issue I think. And the difficulty is, if we do this polling, again the Public Agenda organization in New York does it for us, and then we go out and interpret it, and we do focus groups around the country and ask people to help us figure out what all this means, and the public pretty well has this idea. Now, public opinion research does not tell you who is right or wrong, it just tells you what the realities or the perceptions you have to deal with are, and so people believe, and I do not

think they are wrong about this personally, but you can decide for yourself, but they believe that this has been, basically, a sellers' market for higher education, but most institutions could raise tuition, and it might affect the socioeconomic composition of their student body, but it would not affect their numbers. If they had been losing enrollments every time they did this, they would not have done it. As many privates, especially medium and small privates can tell you, they are very careful about that. But they believe that it has been a sellers' market, and we have, the harsh word is exploited it, but that is governors, legislators, and higher education leaders, the same way that you expect a for-profit enterprise. Like if I am selling something, and supply is scarce, and demand is high, what do I do? I raise the price. So, we have had the combination of more kids, more young people, and some increase in older people wanting to go to college because of the economic pressure to have some education or training beyond high school. So, we have had that along with larger numbers of students in the country. Last year, the nation graduated the biggest high school graduating class in its history. So, those combinations did contribute to this kind of sellers' market.

"We have had corporate leaders on our board of directors, and the first time we talked about this issue, one of them was the then-CEO of the PepsiCo Company and a couple of others, and I showed them what the patterns were, and you can see this in the SHEEO reports on finance of higher education, that every recession that jumps and then stays at that level, even though some states will do tuition freezes just at the time people can afford to pay a little more because the economy is going well. California is terrible at that; they will do tuition freezes, but he said, 'Wait a minute. You are telling me they raised prices during recessions?' In a marketing sense, that means that you are going to lose market share, right? So, he ended up giving us a term that we have used to make both political and higher education leaders uncomfortable called 'pricing with impunity.' That is when you can raise the price and not pay anything for it in terms of your market share. And it is because of this sellers' market, because people understand, as these polls show, that graduating from college with a lot of debt is probably a bad thing although Americans are not against the idea that people should borrow something. But not going to college is economically the worst thing that could happen because you are not going to be in the middle class."

Chairwoman Hightman said, "But are the for-profits or independent schools doing the same kind of pricing with impunity?"

Dr. Callan said, "They have done it on a more steady basis, so they have certainly raised it, of course, from a higher base, but they have raised it. Because ours has reflected patterns in public finance, ours has been more of a herky-jerky, roller coaster ride, and our biggest increases have come when personal income is down, when unemployment is high, etc. So, we need to think about policies for tuition. We ought to be able to tell somebody who has a six-year-old and wants to send their kid to the state university, not down to the dollar, but this is about what you would expect your share to be, and if you can, you should save for that. But we go year to year; it is kind of the squeaky wheel principal. And if we have policies, I am not saying that they should be so rigid and formulaic that we cannot adapt to a circumstance, but a public policy that you are going to abandon every time there is an economic downturn is not a public policy."

Chairwoman Hightman said, "The issue I am trying to understand is you are talking about the market impacts on the pricing and how it is sort of counterintuitive to how we do it for higher education, but what I would like to understand better is the ways in which the different sectors of higher education do it and whether there is an impact on the overall higher education sector because these different parts of the higher education world have different signals they have to respond to."

Dr. Callan said, “They are looking at different market positions that they are in; there is no question about that. Some private institutions’ presidents have talked about this now, and there are some pretty good pieces written. We will try to assure that their tuition is at the same level as what they consider their peers because they believe that their particular constituency sees that as a proxy for quality. And I would argue, I do not know if that is right or not, but that in public higher education, I do not believe using peer comparisons -- especially comparisons out of state do not make any sense at all unless you know what the demographics of the state are, unless you know how much financial aid they have, what good does it do you just to compare price? What does that tell you? But a small consolation, if I am in that demographic group that is underserved in Illinois, the check that I have to write is the same as somebody in Indianapolis, so we could talk about it more, but the answer is, yes, there are different kinds, based on both mission and market, I think there are different takes of that.

“So, what I am really trying to get at on this is that I think you have been doing it wrong here. One of the things we talked about yesterday at the meeting is how you have got to have public support and understanding to sustain a Public Agenda, and you have also got to have a core of business, civic, and political leaders in the state that buy into it. Then you folks have to be stewards of it here. But at the end of the day, you cannot simply disregard. You can go out and try to change people’s minds, but you cannot simply take the issue that is most important to the public who are worried about their kids and grandkids getting in, who see us as piling on in hard times raising tuition at a time like this when people are losing their jobs and their benefits and having their hours cut, you cannot cavalierly disregard this and just work on part one. So, there is both a substantive problem in that you have, in fact, become less affordable, and you need to deal with that with both financial aid and with some attention to the cost of students and families of going to college.

“And then there is the financial aid piece, I am not suggesting you imitate this here, in fact, I do not think you should; you have a very different kind of system. I was in Pennsylvania a couple of weeks ago with Governor Rendell, and what he has done, he has found a source, some gambling he is going to tax that is going to support financial aid at the state colleges, and I am not suggesting that you do this here. Pennsylvania is different; they have privates; they have what they call publicly affiliated -- I cannot remember what the terminology is, but they are sort of more autonomous -- then they have the state ones, and he is putting all of the financial aid into the state ones, not to the others because he says we cannot assure that they do not raise tuition and eat this money. Now, I do not think that is a model for anyone else, but it does show that he understands that if you are not careful about the way you allocate financial aid, it just get absorbed by tuition increases. Again, I will repeat, I do not suggest that as a model for here; you do not have the same institutional structure, but I do suggest that we understand those relationships.

“Let me get to something on the affordability that is beyond the financial part because I think it has to do with whether and how you have a Public Agenda, and I get this directly out of polling data. One of the interesting things about higher education has been that Americans love their colleges and universities. This was the great enabler. This is what built the middle class in the last half of the twentieth century, not only that it provides great entertainment, sports, etc. There is a certain anti-intellectualism in American culture, but as far as these institutions go, people like them, and they have had kind of a naïve faith in them, naïve to the point of just believing that they are good things, and that if you go, you have access to something of value. By naïve, I mean unexamined.

“That has started to turn around. People are now starting to say colleges and universities -- they say in significant numbers -- are more concerned about their bottom line than they are about their educational values. They say we could educate more people with the resources we have without sacrificing quality. They say our leaders are not very concerned about cost-effectiveness.

“Now, again, public opinion research only tells you what people’s perceptions are. It does not tell you what is true; there is some truth and some not truth in all that, but that is the perceptual world we are living in, and it is all tied around this affordability that we went and charged more because we could and did not pay much attention to this, especially in this decade, this income stagnation that most American families have.

“So, middle class families -- and your report talks about debt levels -- middle class families have been basically financing higher education on credit, and that is how we have managed all these tuition increases, and we certainly want students to have access to credit that need it, but there is growing anxiety not about whether borrowing should be part of the way, especially the way middle class students pay for college, but about the amount of debt that young people in their 20’s and whatnot have. I have seen surveys of economists that have nothing to do with higher education, that say it is very likely that the country is going to come out of this downturn more gun-shy about consumer debt generally -- consumer debt, housing debt -- I do not know if that is true or not, but if it is, it is really going to force us to do some rethinking about higher education. And you can see that now in the private colleges where students have to borrow the most, there is already concern, and also the amount of people that are upside down on home equity loans because they were helping their kids. So, we really have to think about this, and I think we should give people clear signals, and I think when boards of trustees and whatnot approve tuition increases, they should be looking, if they are not now. So, what are the implications for the debt level of our graduates? That should be part of the conversation about higher education.

“So, the first piece of this is looking at resource allocation. The second is looking at affordability. Every state has to have this. I think you have just dug yourself into a slightly deeper hole than some others because of things that have happened in the last decade. And the third piece is how do we make higher education more cost-effective? How do we become more productive? How do we push the limits of what we can? We have no model, and none of us -- not NCHEMS, not us, not any of us who do work in this area -- have a model that tells us about the adequacy of the resources that we have. We do not know whether we should be able to do a lot more with what we have or whether we are severely underfunded. We are pretty convinced at my place that without additional public investment we are not going to be able to accomplish the kinds of things you talk about here, but we are also convinced that most of the money to solve the problems you lay out is the money that is in the system now already. So, the question is how to use that new public investment to leverage new and different ways of doing things that will get you up to those achievement areas.

“You might want to take a look at -- if NCHEMS did not talk about this when they were here -- a report we did jointly with them called *Good Policy, Good Practice*, which was a survey, basically, looking at the country and things that have already been tried that appear to be cost-effective, and that some of them have been explicitly tested that, in terms of student learning, do not have either a positive effect on quality or hold it the same. We show in there where we got these ideas so you can bring the people in here and talk about them, and figure out if any of them are applicable to Illinois.

“But I believe we will come out of this. Americans are not going to abandon higher education; they are not going to stop supporting it. But we are not going to get resources commensurate with the traditional cost of doing this. So, what we have to do is get the cost trajectory under control, and we also have to demonstrate why higher education is a good investment because this money does go to meet the Public Agenda.

“I thought one of the most interesting things that this Board was involved in not more than a decade ago, not necessarily popular on all the campuses I visited, was that the PQP (Priorities, Quality, Productivity) process because after it was all done, after all the moaning and complaining was done, you got a couple years of really good appropriations, and Governor Edgar said that once he had confidence that the system was operating efficiently, he could feel comfortable trying to make the case for better state support. So, I am not saying that you should do the same thing they did, but I am saying there is a relationship between our ability to convince people, it is not only about the effective use of resources. And Brit Kirwan had the same experience, the head of the Maryland system, who is cited, because he went in and made a very serious efficiency, including ten percent increase in faculty teaching productivity, and after that, the Maryland system got two of the largest appropriations. Now, it is not like this is a magic formula, and it does not mean that if you did that this year the money would be there.

“So, the final point I will make in closing, and then talk about whatever you would like to talk about is, it is very important to recognize as we go through this very difficult downtime, and we get this federal stimulus money to help us a little bit, that we recognize that if we make our goal for this next two or three years just to get back to the status quo ante, when the status quo ante was we were underperforming in terms of the goals you set for Illinois. We cannot afford to lose three years. The demographic clock is ticking. The baby boomers, the best educated Americans in our history are moving towards retirement as we speak, even if they hang around a little longer because their retirement portfolios have taken a hit, and these people who are going to have to take their place make you competitive internationally, so you lose another two or three years, you just sacrifice that to get where you were before.

“So, I do not know if you have seen, I know some of you have, Mike has looked at it, the piece we put out with NCHEMS and the Delta Project on the stimulus package. Obviously, we are going to use some of that money to backfill, but some of it ought to go into innovation. Some of it ought to go into trying to have us come out of this with some ideas and be more cost-effective.

“One of the allegations that cannot be proven, but one of the interesting things is how little innovation we tend to get in hard times in higher education, and part of the reason is because we backfill just enough with tuition so that the private sector is more market oriented, they have no alternative but to innovate, but we take the edge off of that need to innovate. So, we want to retrench on the existing model; that is how we do it. Just like the old factories used to do it, cut back to 50 percent, and then go back up to 90 or 100 percent. So, we need to create some ways of doing things while we are in this crisis, and use some of the resources that we get to help us get out of it, to think that way. That is going to be very difficult, because if I do not tell you, the presidents and whatnot are here to tell you, what a terribly painful and difficult time this is. But it is not a time when we can defer these urgent national and state needs, and I think you are right on target in terms of your Public Agenda, and in terms of making some of the first things you do to look at these issues about finance. And I repeat, I think this issue has three pieces: one is resource allocation, the second is affordability, and the third is cost-effectiveness and productivity.”

Father Minogue said, "I work with a group that identifies high-performing high school kids across the country -- 92 percent of them finish college in five years, which is unusual for the Latino population. Sixty percent of them go on to grad school. They have got about 30,000 alumni. The average debt is \$30,000 plus. So, what you have got here is a time bomb. You have got people who are making it into the middle class with a college education or maybe even a grad degree with a debt load that inhibits them from becoming a homeowner, a family, or anything else. So, I think we are seeing a delayed reaction in the higher education world. We go on like nothing is going on, but it is going to come, and it is going to bite us in the butt hard."

Dr. Callan said, "One of the problems is the economists do these studies, and all they can look at is historical data. So, when they tell us debt levels are under control, they are looking at data that is ten years old. Well, the amount of student debt doubled in this decade, and so, we see that all over the place. What about trying to get young people to become school teachers and social workers? What if they marry somebody that has debt, too? So, we are really constraining the opportunities for young people."

"My personal story of the week is last week I was at the Starbucks, which is a block away from the college campus, and I was talking to the young woman who was fixing my coffee, who I think was 22 or 23 years old, and she just graduated from San Jose State University with great grades and wanted to go to graduate school, and she was so scared about her debt that she was going to work a couple of years, working full-time at Starbucks and half-time at the Bali Health Club. She will probably make it, but she will go back to school at 25 or 26; she may have a family and a kid or two then. She will finish but at age 35, or at something like that."

"Then we have a lot of people who will not take on that debt, especially in the community you are talking about. We have a lot of evidence about that. If you are not socialized into this American debt culture, as a lot of these first generation families are, if you do not have someone in your family or neighborhood that understands the economic benefits of going to college, if your only experience about debt is the people down the street borrowed \$5,000 for furniture, somebody lost their job, and two weeks later there was a truck backed up to their front door, then someone says congratulations, you can go to Berkley, but, of course, you are going to owe \$30,000 or \$40,000. And so, we may turn out deciding these people who we have kind of looked down on who are not understanding what a great investment this is, this data version, they may be smarter than we thought they were. In any case, we are not going to get the kind of numbers you are talking about with this group that you work with, especially the Latino and the first generation population."

"And one of the difficulties, there was a sort of signaling effect. About six months ago, I was in a big high school in east Los Angeles -- Roosevelt High School -- and they have maybe 15 counselors for 5,000 or 6,000 students, and believe me, there was not one of those counselors the day that I was there that was helping people fill out FAFSAs or college applications; their job was to keep the place safe. They were dealing with discipline. So, when people read in the paper that the cost of college has gone up again, it is just one more signal to these folks that college is not for people like us, and we have done focus groups with Latino high school seniors around the country, and these kids are not economists, but they get that their worth is as much on the labor market the day after they graduate from high school as they were the day before. That is, high school is a minimum wage job; that is all high school will get you now."

"So, what they tell us is if they either drop out of high school or take a curriculum that does not require them to do homework, they can work 20 more hours a week at McDonald's. And when you are 17 years old and you are living at home, that may be the last increase in your

standard of living that you are going to see for a long time. But without the prospect of college, affordable and accessible higher education, I do not care what you do in school reform, these kids and their families have no reason to go through the agony, and we are just kidding ourselves and kidding them because they are street smart. They understand this. They get it.

“And, so, the three-legged stool about college access, I think, is preparation, affordability, and capacity. Your capacity is pretty good here except in specific areas, and you could probably use technology and inner institutional arrangements to reach most of those. And every state seems to prefer to work on one or two, and if you do not have all three, you are not going to have accessible higher education. Then you are going to have to start thinking about completion after that.”

Dr. Washington said, “First, let me thank you for a very fine presentation -- comprehensive and insightful. You mentioned yesterday as well as today, the Delta Project, and I find one of the findings -- many of them we are aware of -- but one of the findings that really struck me as being very important but we hear very little about it, and that finding is that more students are attending the institutions that have the least to invest in their success. Would you expound on that a little bit because it really is troubling to me?”

Dr. Callan said, “Well, I cannot expound for Illinois; I do not know the situation here well enough, but I think what I see around the country is that for a lot of the students we are trying. First of all, that usually means the broad access institutions, regional state colleges, and community colleges, and what many of the students who are going to those institutions, who are the kind of students often you are talking about -- they are first generation; they are low income; they come out of these underrepresented ethnic minority groups -- and what they often need, you have talked about remediation, they need academic support, they need tutorial services, they need counseling to get student financial aid, they need child care, they need these kinds of things. The problem is you cannot do this with even high quality instruction unless you recognize the real and complicated lives a lot of these folks lead. They are not coming out of high school. A large number of them have families to support, etc. They do not have the sort of resources behind them that your kids or my kids would have telling them how to work the system. It is the dilemma that the presidents of these places and provosts can tell you that they have, that on one hand, they want to support a high quality faculty, and on the other hand, they have got to balance that against all the other things these students need so that they can be successful. You simply cannot do it all in the classroom. So, that is what I think she is talking about.

“The places I know well, just because I happen to live there, in California, we have really stripped down those kind of support services as the population’s needs for them has gotten greater, and it is a hard problem. It is a hard problem also for faculty because they have got to understand that their students need this support, that you cannot put all the investment in the classroom, though you must have, obviously, if you do not have competent faculty, then there is not much point in doing this in the first place. So, it is getting that balance right, and I think what the Delta Project is suggesting, that we have not got it in much of American higher education. Not for the students we are serving now. We had, just like I said, about being the best 20th century model for the students, we had 30 years ago. What we did was probably pretty adequate, but we really have to rethink. If the Public Agenda means anything, it means rethinking the way we do this business in terms of the needs we see out there right now, not the ones we had in the past or the ones that helped us build these outstanding institutions.”

Mr. Alongi said, "Sometimes affordability starts with prevention. By prevention, I mean remediation. In this state, we spend about \$50 to \$70 million a year on remediation. Give me your thoughts on how we prevent that."

Dr. Callan said, "First of all, there has always been remediation; it has just been hidden. There is probably more of it now. There is more of it now than there has been historically, and I do not know that every institution can or should do it. Before I tell you what I think, I want to say, I think remediation right now, given the real world of the population we serve is one of the most important things we are doing in higher education because that is the only way we are going to get to these educational attainment rates you are talking about. But the answer is, obviously, as your question suggested; we will always have a certain amount of this because many of our students do not come directly out of high school. A person who has been out of school for 20 years and they come back to college, it is very doubtful that they are going to remember the math they were taught unless they had a job where they were using it. So, some of it will always be there. We should be very concerned about how well we are doing it. Do students who get this then succeed in doing college credit work? Do they graduate? And sometimes I think we put such an obsession about the dislike and disdain we have for remediation, we do not pay much attention to either its importance or its effectiveness.

"But secondly, I was pleased to learn about the work that is going on with the American Diploma Project. I think you are just sort of stepping into that now, but that is the right way to be thinking about this. The answer is to get more young people so that they are ready to go to college and to deal with it there. Often in higher education, we have been satisfied just to criticize the high schools for this. There are two problems. One is some kids really get an inferior education, and the other is, there is a huge, and this is what the American Diploma Project and that work of what they call alignment ought to do, there is often a huge mismatch between what high schools are teaching and that they believe kids who want to go to college need to have, and what is on that placement test that determines whether you do remedial English and math. What we should be doing I think, and I think it is very consistent with your goals, what we should really be doing, and the reason I like this, as Judy pointed out, the California State University process, which California has a mandatory end of junior year exam that all kids have to take, and then they can voluntarily, and a couple hundred thousand do, take another test which tells them, basically, if you were to go to the state university tomorrow, are you ready to do college level work, and you should be in English language skills and math at the end of your junior year. After all, just shortly after that, if you are going to a lot of private colleges that is when you would apply. And then they can give a report back to the school, and the senior year, which we have decades of research that shows that for most students the senior year is a wasteland, so for these students we can then use the senior year and try to do that remediation that year, so then they go to college prepared. Now, my argument is what we should also be doing is taking the ones who are ready to do college level work and getting them started, whether they stay on the campus at the high school so they can graduate with their friends, play football. What we are really trying to do, see in the old model, the 20th century model was only a minority of high school graduates went to college, and we tried to make it so the ones who were best able to benefit got in. We set up high school to sort -- was one of its major functions -- to help us figure out who those students were, and we tried to do it fairly, but now the majority go to higher education of some kind, some education or training beyond high school. Most high schools -- the ones that are sort of feeder schools to universities -- have not seen their mission as preparing most students to go to college, and colleges have not had that much reason to be concerned with high schools except for the ones that they either sent teachers to or that fed students in.

“But now in this model, we are really trying to blur the distinction between high school and college, and make learning, rather than time, the criterion by which people move forward. So, if you need the remediation, you do it in high school your senior year, and when you are ready to take college level work, you do it. That is one of the kinds of thoughts that if you think about it long enough, does get you to something that is cost-effective and that improves quality because you are moving everybody along. You are even helping with affordability if students take college credit work, and if it is accepted.

“So, if you combine those two where we give the remediation early to those who need it while they are still in high school, and then we let the people who are ready to move, not just as an exception, but as a systemic way of doing business, if you are ready to do college work, because it is not doing these young people any good if they do not take math their senior year of high school, or if they lose that year, that is not helping them any. So, we can help with quality, we can help with cost, and we can help with affordability, and still we are going to have to provide remediation for people who come back into the system, people who got high school some other place, state, or country and come here. So, it will always be with us, but we could sure do a lot better than we are doing now, and it fits this Public Agenda perfectly.

“What we lack are not ideas. This little *Good Policy, Good Practice* report shows you that people have done all of these things, what we lack is scaling them up and doing systematic implementation in regions and in entire states, so it becomes the way we do business rather than the exception. But we could do a lot better at this. And of course, in the long term, we are hoping that our schools will have fewer and fewer people that need to do remediation at all that senior year, but in the meantime, realistically, I think there are some pretty good options for getting a handle on this.”

Dr. Peg Lee said, “Thank you for your report. I think it was wonderful. Do I recall that several years ago you gave a presentation to the presidents of the Higher Learning Commission?”

Dr. Callan said, “Yes.”

Dr. Lee said, “And you challenged us there, I remember, to think about our responsibility as a country to do better at higher education, get away from the turf battles and all of those things. My hope for the Public Agenda is to use what we can use that we have as models of success, and I would love to see part of our Public Agenda financing policy be related to what we have learned as a country from the Achieving the Dream Project. Illinois is not an Achieving the Dream state this year, but the possibility of becoming part of the formal process is limited to institutions with certain qualifications regarding minority populations. What Achieving the Dream has told us, and this comes back to some of the stuff on remediation, is that the barrier to learning is often the math course, that people even coming out of high school, but I am looking from my perspective at the adult population, they need to get over that barrier, and the remedial needs to combine with the support services and also with college level learning, and that demands the engagement of the entire institution and the commitment to it. It is costly, but the end result is that you may spend a little bit more time, but you have the learning, and you equip the populations that are growing in the state. And this is part of what we learned in the Public Agenda process, equipping those populations to proceed into the middle skills level employment that will contribute to the good of the state. It is apart from the research agenda, the innovation, and the productivity, but it is an innovation in that we would be reaching people through a model that is really established. The research model and the practice model of the Achieving the Dream, I think is something that will be very important for us to learn from going forward.”

Chairwoman Hightman said, "Could you share some of that information with Judy and Mike?"

Dr. Lee said, "I am sure it was the last issue of *Change* magazine that talked about the Achieving the Dream, the research requirements, and the transformative effect it has on institutions, but it requires the acknowledgement that it is going to cost us, but it will benefit us greatly in the end."

Dr. Callan said, "One small point about the cost and that is I do not know if you talked to NCHEMS about this, one of the things we work with them on is the cost of failure. That is how much does it really cost to get an associate or baccalaureate degree or certificate if you have to have five students enrolled to get one? And so, we think about cost-effectiveness in a kind of strange way, but because what we are doing now is pretty expensive if our goal is to get educational attainment. No one would argue that if we kept these rates, the only way we could get there, obviously, would be just about enrolling everyone in the state in higher education so that we could get to the level of international competitiveness."

"The Public Agenda as all of you know is not a research agenda, it needs to be supported by research and analysis; it is an action agenda, and we have a lot of actionable ideas out there. A set of them has come out of this work, and there are a lot of others out there. It is going to be hard enough to get this done anyway. Let us learn everything we can. Let us not reinvent any wheels, and then let us build on the things we know, and adapt them to Illinois or to the Illinois communities."

Chairwoman Hightman said, "You talked about this being an action agenda, and that is what we have said; that has been our terminology; it is not just a good thought; it is not to sit on the shelf; it is an action agenda. So, are we doing the right things? Are we focusing on the right steps?"

Dr. Callan said, "It looks to me from everything I know this is a policy agenda. This is the right agenda I think. The two warnings I would give you, one of them Judy and I spoke about yesterday, but one of them is you have got to get public understanding and public engagement. That is why with our report card, we boil it down to five things we give states grades on. I am not suggesting you do that, but I am just saying that you need something so that you can tell a reporter in 5 minutes every year or have a press conference. So, that is the first thing."

"The second thing is that, and it sounds like you have thought your way beyond this by this point, but it is a trap that a lot of people fall into. One of the characteristics of a Public Agenda is that it is data-driven because you cannot figure out what the public needs are if you do not look. Otherwise it is just political, and it does not mean that we are not going to have politics and compromise along the way, but because it is data-driven, a lot of times, the data part of it starts to get The data is just what you monitor to see how you are doing. It is not what the Public Agenda is all about. You do need to get more sophisticated in your understanding of these problems, but again, it is a trap that a lot of places have fallen into."

"You need a fairly, and I think you have got it between your own staff and the support you got from the community and from NCHEMS, you need high-powered, analytic work to get this done, and it is very easy to think that that is what it is about -- is pushing that forward. So, the analytic work is only good so far as it supports this action agenda. The Public Agenda cannot be inside baseball. It cannot be something that just the kinds of people in this room get. If you cannot get the business leaders, if you cannot explain to the legislators and the editorial boards,

then I do not think you really have the Because that is what we need to sustain it, and because we are trying to do something so fundamentally different that we cannot do it without a large amount of public support. They do not have to agree with everything. I am not talking about getting consensus for everything you do across all of those groups, but there has got In the absence of this, then you cannot sustain it, and so, opposite sides of the same coin, the analytic is a necessary condition, but it can also drag you out of the arena where you are talking about action and have a communication strategy so people understand it, and so, it is just balancing those things and not losing track of any of it.”

Chairwoman Hightman said, “I think we recognize that, and in fact, we are not all the way there. So, we involved all the stakeholders so everyone would have skin in the game, and actually, I think we did get consensus from every type of stakeholder you described -- business leaders, elected officials, universities. There might be details within the Agenda that you might not fully like, but I do not think anybody was opposed to what is in the Agenda. But what we have not yet done and we know we have to do is to communicate in a very simple, non-jargon way what it is and what we are trying to accomplish and advocate for it. And that is the next step and we know we need everybody’s help in this room to do that. The challenge, I think, we face in Illinois, and I was just curious if this is the challenge in other states as well because we always seem to be a special state in so many ways, the challenge I see and maybe is unique to us, or maybe not, is whenever you talk about education the emotional focus always seems to be on K - 12. Even though higher education is important to everybody for all the reasons you said, there is always this greater focus on K-12, as opposed to higher education, so we are always the stepchild of the education discussions it seems. Is that just us? Is that maybe just me? And maybe that is not what everyone else observes? Does it happen in other states that way?”

Dr. Callan said, “Obviously, there is a sense that the country has always had, and that in some states is even legally established, that our first and foremost obligation is always to our children. And that is something that we have to find a way to build on. But as I look at the polling data and the way it has changed, in a field like higher education, you just do not get big swings in public opinion research, but this notion that most people need college, that we could not have too many college graduates in our state, that college is not just about credentials, you really need knowledge and skills to operate in this environment. None of that was there in the early 90s, and it is there pretty powerfully now. So, I think we can use the fact that people care about the schools. As we make that part of our strategy, we really need to recognize we are now dealing with a public that increasingly gets that people need more than that. And people want it for their kids; that is the other thing. I live in the Silicon Valley, and I am out talking to the Rotary Club, and somebody will always want to bring up well, what about Bill Gates? You know, he never graduated from college, and he does not seem to have done too badly. But my answer to that is so, how many in this room would like to volunteer your kid for that experiment?

“So, I think we are at a much stronger position if we can make the case in a way that really sounds like a Public Agenda, that does not sound so self-serving, and if we really are willing to negotiate the kind of social contract, which is we have to put something into this, too -- we, meaning college and universities. This cannot be about we will do the public’s work if you will give us all the money we think we need. On the other hand, we need public investment to get this work done. And I think we need more voices not just from places like the Board, but from inside higher education for the people we are not serving. That is the biggest difference in this since I started in this business. My mentor was Clark Kerr, who was the president of the University of California and did the California master plan for higher education in 1960, which we were the first state that made this public commitment that any adult who could benefit could go to college somewhere. But it seemed to me that we had many more voices inside higher

education worrying more about the people we did not serve, and so, we need it from you, and you need to find ways to engage presidents in that conversation. I have met very few that do not care about that; it has just kind of fallen off of the job description for them.”

Chairwoman Hightman said, “Many of them are sitting right here.”

Dr. Callan said, “Yes, I know. Believe me, I know, and I will be reading my emails about this.”

Mr. Paul Frank said, “You said that nationally, financial aid alone has not necessarily improved affordability. From our perspective, Illinois is maybe contrary to what has happened nationally in the last nine years. Our maximum grant for a need-based aid has not increased; it has been constant at \$4,968. And, so, from our perspective, 70 percent of MAP awards, I think according to ISAC data, are now going to students who come from households with less than \$40,000 in family income. That is a very low number, and the MAP awards are not even close to funding full tuition and fees at the public universities, let alone the private institutions and in some cases, not at community colleges either. So, I do not want that misperception to be out there that the MAP program should not be a priority for funding because nationally perhaps that is not always the solution.”

Dr. Callan said, “Let me just repeat what I said earlier. I do not want anyone to think that I think we would be better off without these programs or that they have not contributed. What I said was that most of the investment we have made in access in financial aid has been absorbed by tuition increases, and that you cannot, in my opinion, address the affordability problem without attention to controlling the tuition trajectory as well as need-based financial aid, and if you try to do either one of those, if you try to do the financial aid part alone, there will never be enough money to get the kind of accessibility and attainment that you are looking for in this state. That is my point. It is not a negative point about financial aid; it is the notion that if you try to ride that one train, the end of that is not better affordability.”

Chairwoman Hightman said, “It reminds me of an issue that I am dealing with in my professional life, my paid job world where I am hiring law firms, and I am saying -- because the economy is bad and my budget is cut for outside counsel, I am saying you have got to give me a discount. So, they say, well, OK, we will give you a discount for 2009. They told me this in January, but of course, I am supposed to absorb the rate increase from 2008 to 2009 first before I get the discount. So, if the rate increase is 8 percent, they are offering me a 5 percent discount. The math does not add up, and that is exactly what you are talking about. Right?”

Father Minogue said, “In your travels from state to state, do you sense the workforce in the academic higher education community has a clue about improving performance, which means more graduates for less money?”

Dr. Callan said, “We are probably the last enterprise that still has a kind of very traditional, in many cases, view of what academic quality is, which is to serve as few students as possible at the highest cost per student. That is what we thought was quality, but let me qualify that by saying I think there is great receptivity on the part of faculty, especially faculty that are a lot younger than I am, to using this technology. They grew up with it. If it is going to be used to wipe out thousands of jobs, they are not going to do it. If it is going to be used as part of a strategy to grow more people in college, I think you could find receptivity to that.

"I think the other thing is that some of our traditional attitudes about quality come from a time You know when we were going through this kind of transition the last time, which I think was in the baby boom transition, we did not have things like technology, and a lot of the ideas for improving productivity really were just speed up the assembly line, cram more people in, run them through faster, and so we learned how to resist and fight those things. So, we have got to get out of that. That mind set still exists.

"The third thing I think that is really inimical to quality is the view that causes mission creep -- that an institution which offers higher level programs is a higher quality institution than the one that does not. An institution that does its mission well is a high quality institution. You are going get poorer research and poor teaching out of that model, but it also, as states try to support more of this than they should at the very high end, it may also cause erosion of the quality of research, which we can ill afford. So, our advice to states is, take the places that you have the most stakes that can compete in the kind of arena where they will get some of this federal money. The nice thing about the way the federal government spends most money, unless it is earmarked on research, is that you have to compete for it. So the best places do get it, and you certainly have institutions here that are going to get their fair share. But the notion of trying to move other institutions in that arena, when our biggest problem is how we get the educational attainment we need, and then we should really support, especially in areas related to the state's own future, but we should really support the established high-end, world-class research capacity we have rather than erode it by trying to have one of those on every corner. So, we are now going to pay a price for this mission creep in a lot of the country, and it is a misalignment with what our priorities ought to be, and in this constrained fiscal environment, that after we get out of this, the federal government stimulating the economy, every state shows a structural deficit in the long term, so it is going to be a tough world out there, and we just cannot afford to do this if we are going to get the Public Agenda done."

Mr. Ruiz said, "I have two questions. One had to do with the notion that the Public Agenda is a long-term process that we are going to have to go through, and we have a lot of stakeholders throughout Illinois from various sectors and from various regions. What strategy should we be looking at to make sure that we carry these groups along with us as this Agenda gets moving so that we do not lose their support, we do not lose their interest, and we keep them engaged?"

Dr. Callan said, "I cannot give you concrete examples, but I think that one of the really tricky things about this is that you cannot possibly have the kind of consensus you built behind the framework, behind every piece of it, and people should argue about the things that I have been talking to you about today. There is no consensus in the world about it, and everyone is not going to agree, and yet you are going to have to come down, and governing boards are on one side or the other. So, I think the tricky thing is how do you allow that debate to take place inside the Public Agenda, so that when people lose on this one, they do not walk away from the whole process, and that is your job, as the stewards of this, to hold this thing together in a way that everybody, even if they take a few hits along the way, has a bigger investment in seeing this thing succeed than in trying to take their marbles elsewhere because this is new. You are dealing with a very diverse state, not just ethnically, but economically, and there is simply no way it is not going to be extremely hard work to get agreement. And the way Americans settle differences is by having public arguments about policy, and when we have those, sometimes we can compromise in a way that pleases everybody, but if that becomes a goal, you will not have a Public Agenda. You will just compromise it down to the least common denominator, and in the state I worked with, we never had any trouble getting consensus in the higher education community, we only had trouble getting consensus around something of substance. And I am all

for compromise, but I think that is going to be the problem -- is can you hold this thing together in a way so that people will take the wins and losses and stay with it? A lot of that depends on you keeping a lot of integrity in the process, and keeping these fundamental goals in front of people all the time.

“So, no one has the right to walk away from what this Public Agenda has put in front of the State of Illinois. Nobody has a right to walk away from that. The future of your kids, of your economy, everything depends on it. And so, I cannot tell you how to do it, but in the trenches, that is what it is really like and that is why it is so hard. While I really do congratulate you on getting the amount of agreement, and the legislature for instigating this, and the number of people that participated, if you approach this with the idea that you are going to get that kind of consensus around every piece of the implementation process, that is wrong.

“I think there are other things that you can think about doing that help. I like the analysis you have because it showed a lot of sensitivity to regions, and on issues where places have a way of getting to the Public Agenda that is different than another is providing enough latitude and freedom so they can do that, and still remembering that the more latitude you put out there, and I am for a lot of it, we have a lot of smart people out there that can help us figure this out. But I think the more latitude you put out there, the more performance accountability you need to put in, so that you are sure that latitude ultimately is being used to get to the goal. There is a lot of different ways to skin this cat, and it will not be the same for every institution or for every part of the state.”

Dr. John Bennett said, “Part of the Center’s challenge to states talks about using one-time federal funds to protect quality, and I wondered if you might amplify on that aspect.”

Dr. Callan said, “I think what I meant, you are talking about this statement, I do not know how many people have seen it, but we have issued one statement from the Center and one with a couple of other organizations about the stimulus package, and how to think about that from the state point of view. And the other is just about how to deal -- and our argument here is that protecting, in the past recessions, nationally, the phenomenon has been that access and affordability took the biggest hit, and that other things were protected. And so, the first point we are making is protect access and affordability this time because of things like the information you have in your Public Agenda. We just cannot afford to slide that, and say we will get to the Public Agenda when the world gets to be an easier place, when there is a lot of money around.

“Our point about quality, I think, is partly what I have already talked about, and that is you want to try to support the highest quality programs, especially in research and graduate education, but if there is ever a time where there are institutional aspirations that do not fit the long-term needs of this state, this would be a time to come to grips with some of that that maybe you do not need, some of the things that are sort of built into the culture of our profession to want, regardless of whether there is high public need.

“In my state, this is a place that has a nine-branch University of California. We have Stanford, Cal-Tech, USC; and we are building a new research university out in the central valley of California where there are no people, there is no plumbing, no infrastructure, and no electricity. It sounds like the nineteenth century. That is why we put these places in places like Champaign-Urbana and Ann Arbor. That is not the 20th century concept, and California needs another research university like it needs a hole in the head. We have got to protect what we have, which are these places of great preeminence, and we have got to educate these young kids that are

in our elementary and secondary schools now, and we are spending money on this white elephant out there.”

Chairwoman Hightman said, “So, we should not follow California’s lead?”

Dr. Callan said, “No. California was the best model from about 1960 until 1980, and that developmental period of higher education, largely thanks to Kerr and to the political leadership of the state. California really did figure out how to do this in a cost-effective way, but the system was kind of brittle. It has not had the adaptability. So for them to talk about a Public Agenda, we could not have a meeting like this in California. They do not have an organization that could put it together, or that has credibility, or that we could have a conversation about. I think it is an advantage not to have these big mega systems with 450,000 students. We need colleges and universities to be nimble; we need campus leadership to be accountable but not to be tied up in cookie cutter models where it is more important to be the same as the other campuses than it is to be meeting the needs of your community.”

Mr. Ruiz said, “You mentioned yesterday and again today that the Public Agenda cannot really be sustained without public support and public awareness, but you also discussed today about the public perception of colleges and universities shifting, and I am concerned that when we are out trying to present this Public Agenda, whether we should make sure that it is sort of geared in a way where it addresses some of these public perceptions, or whether it should be presented independent of that because this is a much broader agenda than those half-dozen or so shifts in public perception about universities and colleges?”

Dr. Callan said, “This work of a Public Agenda requires a more explicit communication strategy than we have usually had when we have organizations involved in policy like this, and I think the best policy is to take into account in the way we present things -- what we know the public’s concerns are. And so, I think where we will get in trouble is if we try to paper them over. So, we know the public cares about cost-effectiveness, that it cares about access, and that it cares about affordability. And I think in the way we put these ideas forward, we should make sure that some of what we have to say, we are not answering questions that no one is asking because I do not think the public is going to care what your Public Agenda is if you cannot speak to those things. And the good news is that you do. So, I think it is a matter of devising a very careful communication strategy which says, just like you would if you were in almost any other field, if you were trying to get a message to the public, and knew there were these problems, you would try and not wait for them to come back and bite you, but to incorporate the fact that part of what this is, is an attempt to address the things like that without making such a big deal out of the negative stuff, but not also appearing to be oblivious to it, or yes, we will get to the public’s interest after we have taken care of this stuff we really care about.”

Mr. McNeil said, “At ISAC, one of the things we are starting to see now are two generation student loan families where the parents have not yet finished paying off their loans by the time their son or daughter is ready to start college. There has been a tremendous increase in applications both to community colleges, four-years, and applications for financial aid, of course, and as a result, what we are looking at now is running out of money in the MAP program with about 40 percent of the eligible students still out there who will then get nothing. That is the way it works -- first come, first served. And the amount, the percentage of tuition fees and expenses that the MAP grant is paying for has, of course, gone down substantially.

“One thing that I want to mention about a pilot program that we have, which we have various names for, one of which is Two Plus Two, for students who are admitted to a four-year

university. So where the four-year university has said that you are eligible to come here, and you met all of our academic requirements, we have a pilot program next year in which the student would be allowed or invited to begin his or her education at a local community college for the first two years, and then graduate after four years from the local four-year university. The cost savings for that, if we take a traditional four-year student with a zero dollar expected family contribution and just have that person attend the four-year university for all four years, they will wind up with debt of about \$27,000 on average and an unmet need of \$9,000. So, that person who has a zero expected family contribution still has to come up with \$9,000. Under our plan where the student would spend the first two years at the community college, they will wind up at the end of the four years with the same four-year university degree with a debt of only \$15,000 as opposed to \$27,000 and zero dollars in terms of their additional need. The key to the program, though, is that the community college and the four-year have a good articulation program, and I want to turn it over to President Goldfarb from Western Illinois University to describe the plan that they have.”

President Goldfarb said, “We have worked this Two Plus Two agreement with Blackhawk College in the Quad Cities and with Carl Sandburg College just recently in Galesburg, and it allows the students in the Quad Cities -- Quad Cities is a transfer campus exclusively -- and we are piloting it with engineering, nursing, and our bachelor’s of liberal arts degree. In Macomb, a student can actually articulate with any degree program from Carl Sandburg because they are close enough to get down from the Macomb campus and use any one of our academic programs. We estimated, as we said before, the cost savings of about 25 percent to those students, and the other thing that we are doing is we are guaranteeing those students. We have a cost guarantee of tuition, room and board, and fees. The student who enters this program gets that guarantee from the moment they enter from the community college, which means they do not incur any additional cost when they come into Western as well. They will have the cost that they started with, and if they come in and do room and board on our campus, they will actually get the previous two-year cost on room and board. So, we are very excited about this, and think it has great potential in terms of working with the students.

“I have been in the state for 32 years, and I have to admit that -- I have been watching this for a long period of time -- in the last ten years, actually since 2002, there has been a kind of de facto public policy. We can talk about affordability, but the state has not come to the table at all in terms of support of public higher education -- no increase in operating budget; no capital budget, which means all facilities are being paid for or improved by students. The reality is that I recognize that there are always ways in which we might take a look at efficiencies and affordabilities, as well, but there has got to be some partnership where we have got to turn that around in the State of Illinois. The reality also is right now is this is a difficult time to be making those kinds of statements, but public higher education has been in a recession in the state long before there was a recession nationally, and that recession started in 2002 when we took our first cut after 9/11, and then saw no increases for the next eight years.”

Mr. McNeil said, “So, under this Two Plus Two system, the state spends the same amount of money. The total MAP grant for four years is the same. It is kind of back-end loaded. It is credited when the tuition goes up in the third or fourth year; it still pays for the tuition. The credit is larger in the last two years than in the first two years, but what you wind up saving is \$12,000 that the average student, at least, would not have to borrow, and also, the unmet need goes from \$9,000 to zero.

“We were talking about giving high school students college credits. What is the status these days with the advanced placement system? I remember when I was in high school 112

years ago, I got 14 college credits because I took the AP test and got two or three out of five and still got the credits. Is that system still working or functioning the same way where you take the test and get credits to most universities?”

Ms. Erwin said, “Yes. It absolutely is, and it is as it was when you were in school -- mainly focused at the students who are at the higher end of the income level and are most likely to succeed regardless of that opportunity. There are huge areas in the State of Illinois where there are school districts -- we have 877 school districts -- we have some who have no AP offered. They do not have the teachers in math, science, chemistry, physics that are teaching it. So, even if you went to take an exam on it or something, you have not had the middle school math and science to build upon; so, that is a challenge. I think more importantly the community colleges and four-year institutions will be and are looking at the dual credit model that Pat talked about earlier that California has done more successfully in that we proactively encourage a student who is ready to take college level work. We literally encourage them to do it as opposed to letting the kid find their way to a community college course. So, it still exists, but it is mainly for the privileged.”

Dr. Callan said, “I certainly agree that being able to take these college credits with you to college, if they are accepted and will accelerate your own completion, or at minimum, make it more affordable. That is a good thing. But one thing we should keep in mind. AP has its critics and its strengths and weaknesses, but the major purpose of AP -- and that is why the scenario Judy is describing is so scary -- the major advantage to AP and the reason we promote it, is only secondarily for affordability. It is primarily because it encourages kids to take a more rigorous high school curriculum, and the fact that some students do not have that opportunity ought to be of concern to all of us.”

Dr. Washington said, “I would like to follow up on the Public Agenda, and one of the critical issues in my mind is that there must be public buy-in. You made reference to that to some extent yesterday. As I listened to you and several of your references, public opinion surveys drive a lot of what you have said, and it is very useful in addition to focus groups. It seems to me that as we move toward implementing this Public Agenda, a critical dimension of it is to have at regular intervals public opinion surveys, which might be institutional-based or regional-based or statewide-based, but the public opinion surveys plus focus groups can help us to determine what kind of progress we are making in getting public buy-in. Would you expound on that please?”

Dr. Callan said, “It seems to me that there are three good reasons to be interested in public opinion research. One is that it tells you -- I would never ask them, nor I suspect would you, what they think of the Public Agenda -- whether they think the goals you are after are the right ones, whether they think you are pursuing them effectively, and issues about public confidence. So, one thing I think is very important is -- the worst polling I have seen, and we have been doing this for a long time with partners that are just brilliant at this with this Public Agenda group in New York, is if you ask the public to be policy wonks. But you can test whether their views of the world are consistent with the Public Agenda and how well they think you are doing. And that is also a strong political tool. I found very few legislative committees that were not interested in polls. So that is the first thing.

“The second thing is it is a listening post. Sometimes we get these blips of things that we take for granted that everybody out there agrees that we can now move on to page two, and we have not covered our bases.

“The third thing is it tells you whether the problem is in the policy system or in the public. So, some things you cannot get done because the public just does not agree with it, and you better change their minds if you want to get the political community to move very far. I have sat in front of legislative committees and had them say, ‘my constituents would not stand for that,’ and then put a poll in front of them showing them their constituents very much support it. That does not mean that they were lying. It means that their perceptions of how the ground has shifted on this issue may change a bit, and that is one of the ways of dealing with this broader problem of this plateauing of state support and stuff you have had, too, because I do not think you are going to find the people of Illinois do not want college to be available. So, I think it is very important to do that, and I think we -- meaning the higher education community -- have often been a little on the side of public engagement as we talk and you listen, and I think we really need to listen. That is the reason we do this work, and it is hugely important strategically. And if you want the public to care about X and the polls show they care about Y, then at least make the lead sentence about Y and then lead them to why they have to do X to get Y. Aristotle taught us about that a long time ago, about going from the known to the unknown is a good pedagogical device.”

Mr. Bergman said, “I very much enjoyed listening to you this morning, and I think you opened a lot of eyes, not only on the Board, but also people in the room. I do not know that I can disagree with you on almost anything, but if nothing further, if you go back to California and we go back to where we came from, all of this is going to be for naught. What would you suggest would be the next step or two that we should look at taking to further implement some of the things that you talked about?”

Dr. Callan said, “I do not have a formulaic answer that I have to give every state, and I do not know Illinois well enough to do that, but I think the two things I would do, and I think you are headed in that direction anyway. I think if you do not open these resource allocations and the three points -- that is, resource allocation, affordability, and productivity -- those are the three areas where, they are hard, these are areas that could make this whole thing fall apart if they are not done right. And the second thing is, I would really think hard and try to get whatever help was available and pool all the knowledge you have to try to figure out a really good public communications strategy for this stuff that will go on and on and on and that will never end, but that is really different than anything we have ever done. I was talking about polling. Well, we do polling in higher education when we are trying to pass a bond issue or something like that. This is an ongoing thing.

“The other thing I was going to suggest, by the way, one thing you might think about doing that a lot of states have done, if you do polling, is take some of the questions that we have developed over the years -- not that they are perfect -- but if you put them in your polls, you can then compare how people in Illinois compare to the nation. We have not found significant differences. But you need to know that. Is this a unique Illinois issue or is this an issue that people all over the whole country are feeling?

“Those are the two places I would start. I cannot tell you exactly how to do them because I just do not know.”

Father Minogue said, “Do you find your scorecard gets a lot of attention?”

Dr. Callan said, “Yes. It was designed to communicate. The reason we did the grades was because we felt that if we, and again, I am not suggesting that it would work for others and we are in the process of rethinking how we do this because the world has changed a lot in ten years, but we knew the part of what we were trying to do is, as I mentioned yesterday, we thought

we would use, rather than going out giving speeches and writing papers about what a Public Agenda would look like, we thought we would use *Measuring Up* to actually give states a Public Agenda and a start on one. It does not deal with research and other things that are important. So, we designed this thing for -- it had to be analytically rigorous, even for people who do not like our methodology or some part of it, I think agree that it is -- but we would not have done it if it was just more inside baseball. We felt then and feel now this country needs a public discussion about higher education, and that our work ought to partly be about that, and so, I think it is critical. I think I mentioned yesterday, the only big argument we had when we got to the end of the process on our Board of Directors was that the elected officials all argue that we should just give one grade instead of five like we do because they thought you could not have a public discussion about anything as complicated as five grades; yet my view -- and the one that the Board bought, thankfully -- was that it has no diagnostic value; it was just a grade; it does not tell you what to do, where you are strong, or where you are weak. So, then it would look to people like you and around the country as just a 'gotcha' game where we said you are not doing as well as somebody else, what good does that do?

"So, you have to have both, and it is hard, but we found pretty good receptivity in this thing. We monitor the media coverage, except for stuff on the sports page, the year it comes out; it gets more media coverage than any other higher education story most years. But it took a lot of work and it was expensive, too, but of course, we were trying to do it for 50 states."

Chairwoman Hightman said, "I think you have given me some ideas about how we need to do a communications plan, to develop a communications plan, and get funding for it, and move forward because we are not going to succeed in implementing the Public Agenda without a good communications plan."

"I do appreciate your time. I think your presentation was great. The questions and answers were very helpful and informative. We hope to invite you back here in the future to talk about some of the other issues that we have, and so give us a grade; how are we doing?"

Dr. Callan said, "I think you are right where you should be. You are right exactly where you should be. I give the Public Agenda report an A, but it is sort of like getting through kindergarten. It is damn hard work if you are five years old, but the real test is are you going to get the attainment level? Are you going to graduate from college?"

Chairwoman Hightman said, "I was going to make a different analogy. I thought it was like having a baby. You know when you have your first child, you think just having the baby is going to be like the biggest challenge, and you do not realize that getting home is a much greater challenge."

Dr. Callan said, "You have turned a big corner here, and you ought to feel very positive about that. This is the necessary, though not sufficient, condition for starting to move this state in the direction it needs to go, and you should, I hope, feel very positive about that. Thank you very much. I have enjoyed the time with you, and within the time and resources that the National Center can be of help, whether it is here or you just want to talk or have us look at things, we are happy to do that. I wish you the very best. I think what you do here is important not only to Illinois but to the country because this state has always been one of the leadership states."

Chairwoman Hightman said, "We put out Presidents and stuff, right?"

Dr. Callan said, “The President has given us the real Public Agenda, which is get educational attainment to first in the world in 2020. We can all key to that and look at what the share of each state is and what we have to do. So, that is another Illinois contribution to this discussion. I assumed we learned it all right here in Springfield.”

1. Action Items

1a. New Units of Instruction at Public Community Colleges

Dianne Bazell said, “We have included in your memo a listing of all the academic programs through March 26th. Since then, 14 additional proposals have been received. Also, 25 of those proposals are from seven public institutions, 112 are from independents, 16 are from eight new institutions, 25 are from eight not-for-profit institutions, 50 are from 14 for-profit institutions, and 21 are from one out-of-state institution. This is just to give you a picture of the scenario. We reported all of this orally at recent meetings at your request, and all of this information is available on the IBHE website, but we compiled it in written form for you to demonstrate the increasing volume and complexity, as Judy mentioned earlier, of the program proposals that the staff handles.

“As you know, the Board is statutorily mandated to do three things with respect to academic programs in Illinois. The first is to approve new programs from the publics, from institutions not grandfathered in 1961, and from out-of-region institutions. The second is to protect the public from fraud, deception resulting from offering, conferring, or use of fraudulent or substandard degrees. The third is to review periodically the previously approved programs.

“So, you know that we are reviewing our processes and protocols now to align what we are required to do by statute with the Public Agenda and to look for new things that we are not reporting or presenting in our program presentations to the Board agenda, so that we are giving you what you need, and will develop a revised set of these questions and presentation formats over the summer for the Academic Affairs Committee to review and recommend to the Board and will work with appropriate higher education stakeholders.”

Dr. Bazell briefly outlined the contents of this item. There was no discussion following her report.

The Illinois Board of Higher Education, on motion made by Mr. Alongi and seconded by Mr. Ruiz, unanimously grants authority to College of Lake County to offer the Associate in Applied Science (A.A.S.) in Health and Wellness Promotion, the Associate in Applied Science (A.A.S.) in Nursing, and the Associate in Applied Science (A.A.S.) in Trauma, Prevention and Victim Services subject to the institution’s implementation and maintenance of the conditions that were presented in its applications and that form the basis upon which these authorizations are granted.

And grants authority to Lincoln Trail College to offer the Associate in Applied Science (A.A.S.) in Process Technology 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 Olive-Harvey College to offer the Associate in Applied Science (A.A.S.) in Emergency Management 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 Triton 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.

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

Dr. Bazell briefly outlined the contents of this item. There was no discussion following her report.

The Illinois Board of Higher Education, on motion made by Ms. Sloan and seconded by Dr. Woodward, unanimously grants to Lewis University the Authorization to Grant the Master of Science in Aviation and Transportation in the Chicago and West Suburban Regions, the Master of Arts in School Counseling and Guidance in the Chicago Region, and the Doctor of Education in Educational Leadership for Teaching and Learning in the Chicago Region subject to the institution's implementation and maintenance of the conditions that were presented in its applications and that form the basis upon which these authorizations are granted.

And grants to Midwestern University Authorization to Grant the Doctor of Health Science in the West Suburban Region subject to the institution's implementation and maintenance of the conditions that were presented in its applications and that form the basis upon which these authorizations are granted.

And grants to Colorado Technical University Authorization to Grant the Bachelor of Science in Business Administration in the Chicago Region subject to the institution's implementation and maintenance of the conditions that were presented in its applications and that form the basis upon which these authorizations are granted.

And grants to IIT Technical Institute at Burr Ridge, Mount Prospect, and Orland Park Authorization to Grant the Associate of Applied Science in Criminal Justice in the West Suburban, North Suburban, and South Metropolitan Regions subject to the institution's implementation and maintenance of the conditions that were presented in its applications and that form the basis upon which these authorizations are granted

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

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

Chairwoman Hightman said, "For the Southern Illinois University Carbondale Bachelor of Science in Automotive Technology in the Chicago Region, where are the classes located?"

Dr. Paul Sarvela said, "The classes will be held at Truman College."

Ms. Dearborn said, "Is this going to be a degree of completion program with Truman?"

Dr. Sarvela said, "Yes. It is a Two Plus Two."

The Illinois Board of Higher Education, on motion made by Dr. Woodward and seconded by Mr. Ruiz, unanimously grants to Southern Illinois University Carbondale authorization to establish the Bachelor of Science in Automotive Technology in the Chicago Region and Master of Engineering in Civil and Environmental Engineering 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 the University of Illinois at Urbana-Champaign authorization to grant the Bachelor of Arts in Liberal Arts and Sciences in Gender and Women's Studies and the Master of Studies in Law 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 Western Illinois University, authorization to establish the Bachelor of Arts in Anthropology in the Western 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 Items

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

2a. Board Meeting Minutes - January 27, 2009

The Illinois Board of Higher Education unanimously approved the minutes of the January 27, 2009, meeting.

2b. Financial Report as of February 28, 2009

The Illinois Board of Higher Education unanimously approved the update on expenditures and obligations from the fiscal year 2009 appropriations to the Illinois Board of Higher Education as of the end of February 28, 2009.

2c. No Child Left Behind Act: Improving Teacher Quality State Grant Program Fiscal Year 2009 Supplemental Grant Allocation

The Illinois Board of Higher Education unanimously allocates Fiscal year 2009 grants totaling \$2,962,521 for the No Child Left Behind - Improving Teacher Quality State Grant Program to the institutions specified and in the amounts shown in Table 1. In the event that funds are not requested by a partnership, the Executive Director shall have the authority to re-allocate funds to another partnership.

2d. Diversifying Higher Education Faculty in Illinois Program Fiscal Year 2009 Supplemental Grant Allocation

The Illinois Board of Higher Education unanimously authorizes the Executive Director to allocate \$400,000 of fiscal year 2009 DFI funding and any additional funds that may become available to support supplemental DFI awards for grants authorized by the statute and recommended by the DFI Program Board.

2e. Proposed Amendments to Rules: Program Review (Private Colleges & Universities)

The Illinois Board of Higher Education unanimously approves the proposed amendments to the rules for the Program Review (Private Colleges and Universities) (23 Ill. Adm. Code 1030) as detailed in the attached document for publication in the Illinois Register contingent upon Governor Quinn signing SB2603.

3. Information Items

3a(1). Legislative Update

Mr. Sevenser gave a brief report on the status of the 96th General Assembly, Spring 2009 Session. After his presentation, the Board had the following discussion:

Father Minogue said, "Where is the money? Do you have a guess as to when that stimulus package money might get here?"

Mr. Sevenser said, "Well, it is dribbling in every day now. Mike is actually the expert on the stimulus."

3a(2). Fiscal Year 2010 Governor's Higher Education Budget Operations, Grants, and Capital Improvements

Dr. Baumgartner gave a brief report on the Fiscal Year 2010 Governor's Higher Education Budget Operations, Grants, and Capital Improvements

Ms. Erwin said, "Just to remind everyone that the stabilization fund is the federal stimulus dollars."

Dr. Baumgartner said, "Sometimes, it is called ARRA, the portion of that that Higher Education is getting is from the State's Fiscal Stabilization Fund."

Chairwoman Hightman said, "So what percentage funding will there be for SURS with that level of increase?"

Dr. Baumgartner said, "It would be the amount that the state has to pay on current earnings this year."

Chairwoman Hightman said, "So, if you are behind, you stay behind."

Dr. Baumgartner said, "But well behind the ramp-up that was implemented."

Chairwoman Hightman said, "And they lost ground this year?"

Dr. Baumgartner said, "They have lost considerable ground this year. But the ramp-up would change if the pension reforms that are advocated by the Governor's office go into effect because they will take some of the future savings in the next couple years -- savings that would be a result of different pension benefits and higher contributions by employees. So, that has a long way to go yet, but this is where it is in the Governor's proposal.

“Father Minogue, to get to your question about when the stimulus funds are coming, the application for the first part goes out this week. Higher education will not get any of those funds until 2010 because the application -- the state has determined that it needs to use the funds available this year for the K-12 system because that is such a big part of the budget hole. So, there are no supplemental appropriations for 2009 for higher education; it will all come in 2010, but that ought to be coming within the next month.”

Father Minogue said, “My particular concern was for the P-20 database system, so that will not be here until next year?”

Dr. Baumgartner said, “No. The good news there is that ISBE was successful in its grant application, which we were a piece of as well, and that begins July 1, 2009.”

Ms. Erwin said, “The other thing, as well, is that there are competitive grants under the federal stimulus package that the State Board of Education and the chief state school officers are usually the lead. The state will be doing the application though, and we will be a part of that. A lot of the rules on those competitive grants are not even out yet.”

Dr. Baumgartner said, “That is right. The only ones that are really out are the fiscal stabilization fund rules that apply to education, and those came out last Wednesday so there was real quick turn around in getting that application together.”

Chairwoman Hightman said, “The bottom line, though, is while we can be thrilled with the result that we have seen to date, we cannot be complacent because we do not know if we are going to end up with this as the final result. So, we all need to work to keep the dollars that Governor proposed that we get.”

Ms. Erwin said, “And the General Assembly has to figure out how to pay for these.”

Dr. Baumgartner said, “Feel very good about the federal part because there are very tight restrictions on what can be used for the federal money, but there is a chunk of general funds in here that we need to work on as well.”

Other Matters/Public Comment Period

There being no further business to come before the Board, Chairwoman Hightman adjourned the meeting at 12:00 p.m.

Respectfully submitted by Linda Oseland, Secretary to the Board.

Note: Copies of all items referred to in the minutes (i.e., letters, statements, reports, etc.) are on file with the official minutes of the April 7, 2009, meeting.

