

**APPROVED
APRIL 2, 2013**

Item #IV-11
April 2, 2013

**MINUTES – BOARD MEETING
February 5, 2013**

Submitted for:

Action.

Summary:

Minutes of the February 5, 2013, meeting of the Illinois Board of Higher Education held at Kendall College, Chicago, Illinois.

Action Requested:

That the Illinois Board of Higher Education approve the Minutes of the February 5, 2013, meeting.

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION**

**MINUTES - BOARD MEETING
February 5, 2013**

A meeting of the Illinois Board of Higher Education was called to order at 1:05 p.m. in the Skyline Room at Kendall College in Chicago, Illinois, on February 5, 2013.

Carrie J. Hightman, Chairwoman, presided.
Cindy Deitsch was Secretary for the meeting.

The following Board members were present:

Jay Bergman	Justin McDermott
Frances G. Carroll	Proshanta K. Nandi
Alexi Giannoulis	Santos Rivera
Heba Hamouda	Robert Ruiz
Kym Hubbard	Ari Shroyer
Allan Karnes	Elmer L. Washington
Paul Langer	Addison E. Woodward, Jr.

Also present by invitation of the Board were:

Harry J. Berman, Interim Executive Director, Illinois Board of Higher Education
Eric Zarnikow, Executive Director, Illinois Student Assistance Commission

Presidents and Chancellors

Al Bowman	William Perry
Rita Cheng	John Peters
Robert Easter	Wayne Watson
Elaine Maimon	

Advisory Committee Chairpersons

Marie Donovan, Faculty Advisory Council
Christine Sobek, Community College Presidents
Susan Friedberg, Proprietary University Presidents
Anthony Cozzi, Student Advisory Committee
Elaine Maimon, Public University Presidents
Debra Watkins, Disabilities Advisory Committee

I. Call to Order

1. Call Meeting to Order, Chairwoman Carrie J. Hightman

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

Chairwoman Hightman said, “Good afternoon, everyone. Welcome to the February meeting of the Illinois Board of Higher Education (IBHE). Board Member Heba Hamouda is unable to attend today’s Board meeting in person due to employment obligations but will be joining us by telephone. Is there a motion to allow Board Member Heba Hamouda to participate in this meeting by phone?”

The Illinois Board of Higher Education, on motion made by Dr. Frances Carroll and seconded by Dr. Santos Rivera, unanimously approved Board Member Heba Hamouda to participate via conference call.

Chairwoman Hightman said, “Dr. Carroll, thank you for making the motion. I also want to thank you for chairing the last Board meeting, which I was unable to attend. I read the minutes and you did a great job. Thank you very much for chairing the meeting.”

Dr. Frances Carroll said, “Thank you, dear.”

Chairwoman Hightman said, “It is great to be back here at Kendall College for our meeting. We had a meeting here, how long ago was the last Board meeting here, a year ago? We had a great time here and I actually had an event for my company here. It is really a great venue to hold a meeting at. I would like to invite President Emily Knight to welcome us.”

2. Welcome by President Emily Williams Knight, President, Kendall College

Ms. Knight welcomed everyone to Kendall College.

3. Welcome and remarks by Chairwoman Carrie J. Hightman

Chairwoman Hightman said, “I want to thank the Student Advisory Council (SAC) for being our luncheon guests today. No offense to the other groups, but meeting with SAC is always my favorite luncheon of the year. It reminds me of what we are doing here and who is important. It is the students and what we are doing is supporting them and their pursuit of academic excellence and college degrees. It is always sobering and fulfilling to be with them at lunch. Thank you very much for being with us and we look forward to you bringing your proposal to us on how we can help you going forward as an advocacy group to be more effective generally.

“One of the perks of serving on the Board of Higher Education is the opportunity to meet leaders of higher education in the state. Two of our great university presidents, Dr. John Peters and Dr. Alan Bowman, are retiring at the end of the 2013 academic year. I know that Dr. Berman already talked about this at the December meeting, but I was not able to be at the meeting so I wanted to add my personal appreciation to both of you for your service to Illinois and Illinois’ students over all the years you guys have been involved in higher education in the State of Illinois. I wish you well, as does everybody here in this room, in your future endeavors. I have to say, I am glad I am not on your Boards of Trustees because they are going to have a tough time filling your shoes. I just wanted to acknowledge your pending departures. Again, we still have

you for a few months so we will have to figure out some special project for you both to do or something. You would never say no to me if I asked, I know that, but I will be careful in not asking unless it is necessary.

“I also want to publicly acknowledge Dr. Wayne Watson. The President of Chicago State University is the recipient of the Thurgood Marshall College Fund’s Education Leadership Award. The Award is bestowed annually to an extraordinary president or education leader at a historically black college or university (HBCU) or a predominantly black institution (PBI) who serves as a pioneer or visionary. Wayne, you are a pioneer and a visionary both, so I guess you get double credit for that. We want to congratulate you on this prestigious honor. Congratulations.

“Now, turning to the business of the Board, I would like to take a look back at what we accomplished in 2012. To that end, the staff has provided copies of the 2012 Annual Report, which lays out significant accomplishments and steps that we took to move toward the achievement of the goals of the *Public Agenda for College and Career Success*. What I want to do, briefly, is to highlight five of those accomplishments, of which I am particularly proud and I know the Board is, as well. Some of it might seem like business as usual but you have to keep on taking every step to get to the goal line, right, so I think it is important to acknowledge what we have been doing.

“First, we implemented performance-based funding for the first time here in Illinois. Now, while more work clearly needs to be done and I think we are going to have an interesting conversation later today on this issue, we have a good model and the model was used to set funding for the current fiscal year. It really is an accomplishment for us that we should congratulate ourselves on.

“We also implemented the Private Business and Vocational Schools (PBVS) Act of 2012 with the development of an implementation plan and the adoption of new administrative rules. I have to say, it is hard for people outside the agency to understand the amount of work that comes with new statutory responsibilities but there was a lot of work involved, a lot of work on the part of the staff, and it was another good accomplishment last year.

“Thirdly, we continued our progress on the development of the Illinois Longitudinal Data System (ILDS), a collaboration with many state agencies and community partners. Collectively we are working toward a student unit record data system that educators and policy makers can use to analyze student progress from early learning programs to postsecondary education and into employment, a very important activity and one that we have been talking about as long as I have been on the Board, since 2007.

“The fourth achievement is that we approved revisions to our rules for approval of new institutions and new programs. These revisions tighten requirements for approval and they are going to also increase transparency and accountability through additional consumer-oriented data. These new requirements will improve post-approval accountability generally. Of course, this is an issue we have been looking at nationwide for a few years now, so it was a good step that we took here in Illinois.

“The last achievement I want to mention, and of course there are many others that I am not mentioning, is the continued support of the Diversifying Faculty in Illinois (DFI) program. The Board, staff, and the DFI program board collaborated to provide new and expanded opportunities for DFI fellows. Among the improvements to the DFI program last year were

improved collaboration with the Greater Chicago Midwest Higher Education Recruitment Consortium (HERC) to assist DFI fellows with employment preparation and also the requirement of annual reports on DFI fellows' career development, which is something that we were not doing before, which boggled the mind how we could not be looking for that information. Again, progress toward achieving our goals.

“Let us talk about Fiscal Year 2014 budget decisions. I hate this time of year when we talk about budgets because it is always disappointing but it is what it is. As a context for the state budget discussion, the fiscal cliff was averted, at least in the near term, at the federal level. One component of the fiscal cliff everyone in the room has been watching closely over the past several months has been the across the board budget cuts to domestic programs and to defense known as sequestration. Although sequestration was temporarily delayed until March 1, its threat to higher education continues to loom with drastic cuts on the horizon. To be specific, sequestration could result in a reduction of financial aid for college students by \$140 million, and a reduction in medical research by \$2.5 billion, which equates to a possible loss of 2,200 research grants. Let us hope that our Washington legislators are able to come up with an approach to the federal budget problem that avoids such dire consequences for higher education. We have somebody here, Martha Kanter, who can actually deliver that message, so that is great.

“Meanwhile, at the state level, one of the important discussions ahead of us today is the Fiscal Year 2014 budget recommendation. Now, we are going to hear more detail from Dr. Alan Phillips in a little bit, but I want to emphasize so it is clear to everybody, and you all know this, so I am probably preaching to the choir, but this Board advocates for higher education funding as an investment in this state's future. Funding for higher education will lead to a globally competitive state whose educated and trained workforce will attract business and industry, ultimately resulting in a broader Illinois tax base.

“However, the Board is painfully aware that the state's fiscal health is in critical condition and in need of immediate resuscitation. According to the Governor's 2013 Economic and Fiscal Policy Report, all education program, kindergarten through twelfth grade (K-12) and higher education, could face a \$400 million cut due to increased pension costs. Over the past decade, state appropriations for higher education operations and grants have decreased from an all time high of \$2.4 billion in Fiscal Year 2002 to less than \$2 billion in Fiscal Year 2013, a decrease of 18.1 percent or \$438 million. The six percent Fiscal Year 2013 reduction in state funding to public universities and community colleges has affected student access, college portability, the ability of colleges and universities to recruit and maintain faculty and staff, and maintenance of college campus facilities. This has forced our public institutions and community colleges to rely more on tuition revenues to support their instructional mission and to meet their operating costs.

“It is important to recognize that while higher education operating budgets have declined over the last decade, total appropriations, appropriations for operations plus pensions, have actually increased. This is because, as we all know, pension payments have now reached a level where they exceed the total appropriation for university operations. That is just not a tenable situation to be in.

“Also exacerbating the stress to our institutions is cash flow. As of December 31, 2012, public universities and community colleges were awaiting \$965 million in operating funds, which obviously has strained their ability to make payroll and pay their bills. Throughout, IBHE and its higher education partners, have been closely collaborating to identify and communicate critical needs and issues.

“The budget presented today is one that is pragmatic in the midst of our financial distress, stands firm in its ability to support the good work of our public universities and community colleges, and is a contribution to improving the state’s economy through the creation of an educated workforce. For the sixth year the IBHE budget recommendation uses the investment, or step level, approach. The recommendation addresses the goals of the *Illinois Public Agenda for College and Career Success* and reflects the incorporation of performance funding, as I mentioned before. The recommendation includes a flat funding scenario in step 1 and then adds incremental funding in each step, eventually culminating in step 4, which would restore funding to the Fiscal Year 2013 level. At all four steps, the budget recommendation reflects the State Universities Retirement System (SURS) certified amount of \$1.5 billion, an increase of \$107 million. That is the pension amount, so it is \$107 million over 2013’s pension expense.

“The Fiscal Year 2014 IBHE capital budget recommendation totals approximately \$1.5 billion and it is actually quite close to the recommendation we made last year.

“I know I am preaching to the choir, but state support is critical to maintaining affordability and ensuring educational attainment. It is necessary for ensuring the quality of the higher education system that provides the education and training needed for graduates to join the Illinois workforce. It is necessary for stimulating research and the Illinois economy by attracting grants, business, and industry to the State of Illinois. We are going to advocate as best we can. I think the budget that is going to come before you later today is a good budget and we will have further discussion about that shortly.

“I wanted to make everyone aware of the fact that we have a slight scheduling change. We are going to adjust the agenda to hear the *Public Agenda* showcase before the *Public Agenda* update in order to accommodate our guest speaker’s flight schedule. Then, during the *Public Agenda* update, Dr. Berman and Dr. Sutton will offer the Underrepresented Groups Report.”

6. *Public Agenda* Showcase

Chairwoman Hightman said, “Our Illinois *Public Agenda* strengthens the foundation of the state’s higher education system. Again, a strong higher education system provides direct economic benefits to the state of Illinois. It will eliminate the two states of Illinois that we know exist, the one in which there is well-educated, prosperous residents and the other in which people are not served educationally and they do not have the ability financially. They are struggling economically. According to a study released recently by the Social Impact Research Center of Chicago’s Heartland Alliance for Human Needs and Human Rights, one in three Illinoisans and one in five Illinois children lives near or below the poverty line. Unequivocally, higher education is the pathway to an Illinois where all residents have access to high-quality educational opportunities, leading toward financial stability.

“With that as a backdrop, we are very honored to welcome our guest, Dr. Martha J. Kanter, Under Secretary for the United States Department of Education, to lead the Board in a conversation about critical national policy initiatives aimed at increasing educational attainment in the country.

“I need to say a few words about Dr. Kanter’s background because she is so impressive. She was nominated by President Barack Obama on April 29, 2009, and was confirmed by the Senate in June of that year. As the Under Secretary of Education, Dr. Kanter oversees policies programs, and activities related to postsecondary education, adult and career technical education,

federal student aid, and five White House initiatives on Asian Americans and Pacific Islanders, educational excellence for Hispanics, HBCUs, tribal colleges and universities, and faith-based and neighborhood partnerships. You must not sleep and you must work seven days a week.

“In an effort to stimulate education, economic growth, and prosperity, Dr. Kanter is charged with implementing President Obama’s goal for the United States to have the best-educated, most competitive workforce in the world by 2020, as measured by the proportion of college graduates. We have been working on that goal here in Illinois, as you know. Under Secretary Kanter and her team are responsible for improving college access, affordability, quality, and completion to implement President Obama’s American Graduation Initiative. I know today’s conversation is going to be informative. We are really privileged to have such a high level speaker here. With great pleasure and admiration, I turn it over to Under Secretary Kanter for her presentation. Thank you.”

Dr. Martha Kanter said, “First I would like to thank all of you for being a leadership state in the nation. I say this because Secretary Arne Duncan, who you know well, is my boss, and when we started in 2009, his Race to the Top agenda was really a landmark statement to the country that we had to raise standards in our K-12 system. We followed that with the Early Learning Challenge Fund (ELC), so that we would create a pre-kindergarten through postgraduate (P-20) system that would ultimately reach every child and every adult who wanted the opportunity for a quality education.

“I come thanking the state for its leadership and certainly everyone here is the brain trust of the state, if you think of the collective intelligence that you all have brought to this meeting in particular. You are leading the economic prosperity of the country. Illinois should be and can be and will be a model for us. It has been. You have been successful in Race to the Top. You have implemented that for K-12. You are raising standards. You are integrating the data systems, as you mentioned. We are looking at how to turn around the lowest performing K-12 schools in the country and we have models there that Illinois can be very proud of. One of the things that I learned just coming here for the two hours before this meeting was the progress you are making with the most vulnerable students in the State of Illinois. That really is a bellwether for the country.

“As you said, one in five children is at or near the poverty line. Nationally it is one out of four. One third of children are not ready for kindergarten. We have, basically, a 75 percent graduation rate from high school and I think the latest statistics are a 58 percent graduation rate over six years for all the public, private, and for-profit colleges and universities in the country. It is everyone’s challenge and everyone’s responsibility. I think your *Public Agenda* is really capturing all the critical things that Dr. Berman and all of you are doing together to really create a country that is going to be a model for the world.

“The first thing that struck me coming into Washington was a phrase I have carried with me. What will it take for the federal government to partner with states, to partner with institutions, to partner with every K-12 school and early learning center in the country, and to partner with all the other state and federal agencies, so collectively, together, we can change the course of our country. I write a lot about civic learning and engagement. I talk a lot about college completion. I talk a lot, and the President has said this at every stop along the way in the last year, about the rising costs of college and the affordability of college education. I come here with a round of thanks to all of you for capturing what I see as the core issues facing higher education in this nation and for being the leadership partner for your K-12 schools, for your early

learning centers, and for your business community. We need to have much stronger, deeper partnerships with the various sectors that make up our states and our nation.

“I am thrilled to be here and I want to extend special round of thanks to President Knight for hosting us this afternoon and for President Maimon for bringing me to the presidents and chancellors meeting right before this meeting, and for Dr. Berman for capturing some of the work and some of the challenges that institutions are facing, not the least of which is the budget issue.

“I can tell you, at the federal level, what I see over the next few years, it looks like we are going to, hopefully, get an agreement on immigration reform. It is going to be a tough battle. We are going to hear the hues and cries and I am forever an optimist, so I am looking forward to immigration reform actually happening this year, if it is going to happen. What does it mean for our country? It means that our K-12 schools, our colleges and universities, and our early learning centers are going to have probably more children coming in. If you look at what is going to happen over the next 50 years and the fact that America has 310 million people today and we are going to grow to something like over 450 million. I will not be here to see that but we are going to continue to grow. Even though, in higher education for next year, we are seeing a little bit of softening in enrollment, generally when you look at the swings and changes in higher education over time, we recede and then we grow a spurt, then we recede even more and then we grow even more. With immigration reform, we will have some new people coming into our states and communities and we are very excited about that.

“The Department of Defense and the Veteran’s Administration (VA) leadership are talking about welcoming over 1 million veterans back into the United States over the next five years. Colleges and universities are going to provide a safe place to get educated and to reboot and to get to the next level in their lives and in their economies. I am very excited about that.

“You will hear Vice President Biden, President Obama, and Secretary Duncan, who you probably know even better than I do, talk about gun violence. Again, I want to thank the state for taking this on as a core issue. How can we keep our campuses safe, wherever they are, and our communities as safe as possible?

“We were talking this morning about what are the challenges facing education in general and higher education in specific. Certainly the funding challenges are first and foremost. I remember about six years ago I had discussions with my Board of Trustees about fixing the pension fund in California. We were separately organized, so every school district, every college or university was responsible for its own pension liability.

“When the Board was interviewing me I told them that they might not want to hire me for the presidency of Foothill-De Anza Community College because we have to tackle the pension fund. That is one of the long-term challenges we have at our institution. We actually brought everyone to the table and got an agreement. That was a huge amount of work and it took a couple of years to get that done. It was not something overnight and it was just a small step forward for one institution in a very complex California, which now has, I think, over 40 million people.

“This is a real core concern. I wish you well in that conversation and hopefully we can share the lessons learned for how you balance these budgets with the long-term liabilities that all of you inherited from decades past. These are very serious issues that need to be addressed.

“I prepared a PowerPoint presentation and the slides are available to all of you. I want to have time for at least 15-20 minutes of questions. Basically, our higher education agenda boils down to a few pillars or components.

“Access was first off the bat when President Obama took office. Keeping the Pell Grant whole or as whole as possible in this very fractious recession environment was a core principle of this administration. I can actually say, four years later, what has happened. I remember coming in at the end of 2008, when we had 6 million of the roughly 18 million students in American undergraduate higher education programs on a Pell Grant. Today we have 9.6 million students.

“In just a few short years we have increased the number of underrepresented students from low-income families with a Pell Grant who have enrolled in Illinois colleges and universities by fifty percent. I asked our data staff to drill down and look more deeply at the data to see who are the people enrolled in higher education and certainly the pillars of access, affordability, quality, and completion are all connected. Once they are in the door, what does it mean to have them actually graduate, get a certificate or a degree, get a job, and live the quality of life that is depicted in your *Public Agenda*? I asked them to drill down into this data and tell me some other facts and one of the facts that really stood out was that for students from families earning \$10,000 or less, we increased by 100 percent.

“I look at this as kind of an intergenerational challenge because the more we educate society, the better educated the next generation will be and the next and the next. If we do not think of education as an investment rather than as an expense, as Chairwoman Hightman so articulately said in her introduction, we are going to have a downward spiral.

“We have a lot of worry about that. We have to keep the focus not only on opening the door to success but also to maintaining the affordability of a college education. Whether you go to a community college in Illinois or you go to the University of Illinois or another state university, it is the American dream for people in this state and in this country. I am very concerned and would like to ask people to speak out about this wherever you can. I am very concerned as I go around to different meetings to state boards and institutions, I ask people to speak out more about that dream and about why the promise of education and why education as an investment is so critical.

“I did not bring this slide today, but I have a great slide that I am happy to send you that simply shows that the more education people in this country receive, the more income they will have, and the more they will pay into the tax base, and therefore the better the economy, the better American prosperity. It is a very simple chart but it shows that if you get a college education compared to high school only or a high school dropout, you are going to earn over your lifetime \$1 million more. You are going to have an employment rate that is double the employment of a high school graduate, and on and on. I think your university and community college presidents have that data set, but I think those talking points need to be brought to a national agenda because I think that people have lost the purpose and mission of a higher education and what this is about and why the work that this Board does is so critically important to America’s future.

“We have, as I said, too many problems and too high a dropout rate. Thomas Friedman made a prediction saying that the biggest domestic issue that we will face as a nation in the next four years, in his opinion, ‘will be how we respond to changes in technology, globalization and markets that have, in a very short space of time, made the decent-wage, middle-skilled job – the backbone of the middle class – increasingly obsolete. The only decent-wage jobs will be high-

skilled ones.’ You have to think of ‘high-skilled’ in a broader concept than you might think here. For every scientist who gets a Ph.D. from the University of Illinois, the country needs three people to support that scientist. It needs an administrator, it needs a lab technician, and it needs some kind of other intermediary. We have to think of the more that we populate the entire workforce at these higher-skilled levels, the more successful we will be on the innovation side and the more successful we will be on the economic side. What Friedman said was that the challenge will require a new level of imagination, and I think imagination is also something we need to talk about nationally, a combination of reforms in education, which we are talking about, and unprecedented collaboration between business, schools, universities, and government to change how workers are trained and empowered to keep learning. He sees that lifelong learning is going to be critical for so many Americans.

There is a great slide show presentation that you can get off the web called SHIFT Happens. There is a slide in that presentation that says that students are being trained today in our colleges and universities for jobs that do not exist. I think that if I look back on my 40 years in education and look at what has happened to, for example, nursing, I know that when I left my campus we had just installed multiple simulation labs and were pulling down from the Oregon University Institute of Health Sciences all these simulations because the nursing students needed to do things differently than they did thirty years ago. Every profession is changing as we speak, and we in higher education need to be ready and be nimble and be flexible to accommodate those changes. The changes will come, because faculty members are thinking differently about what students need to know and do. I know the leadership, as represented on the Board of Higher Education, needs to think through where we go next.

“I have talked about the American dream. What are we doing at the Department of Education? I have a simple agenda that boils down to, can we get more students more highly educated to have a better prepared economy and society? When I say society I mean the democracy. I do see a situation where the democracy is at risk and without more education we are not going to have the foundation that we built this country on. For us, President Obama early on posited a goal to move us beyond Korea, beyond Japan, beyond Canada, who are all ahead of us in the number of college educated citizens. We looked at what they did differently and what we can learn from that, so we can reboot and get back to where we were a generation ago, which was first in the world. That does not mean we have to be first in the world. I would be a happy camper if many other countries were first in the world but we have lost our way. We are fourteenth in the world right now.

“Arne Duncan moved ahead and one thing that President Obama says that has been forgotten is the idea that every American should at least have one year or more of postsecondary education or training. You will hear people in the public dialogue saying that college is not for everyone. If people say that to me I say that postsecondary education should be for everyone. Sometimes people get a foot in the door with a certificate or a training program and later on maybe their company will pay for them to go to Governors State University or some other great university here in Illinois. Everyone should have more education beyond high school, much less finish high school to be college and career ready.

“That has been the centerpiece of Race to the Top, to get the standards raised to get better assessments put into place to get information that teachers, students, communities, schools, states, and the federal government can use so we know where students are, what they are learning and what we need to do next for them, because they are going to need to get more education moving forward.

“All of this, ideally, would be a common agenda that the country could really build on. If you ask me what we have done in terms of our P-20 agenda, we have to do everything all at once. We cannot have one third of children not ready for kindergarten. We cannot have the fourth grade reading levels that we have in this country. We cannot have only 75 percent of students finishing high school. In a number of inner-city and rural high schools, only 50 percent are graduating from high school.

“We have to turn this around in a lot of ways and these are really the five pillars of what we are working on to implement college affordability and quality. Can we keep college costs reasonable? What can we do to move toward that goal?

“Can we move toward a teaching system where we are not taking the bottom half of the graduating classes from higher education into the teaching profession? We want a system like they have in Japan, where people actually fight for teaching positions. They fight for more education. We have a reputational issue about the teaching profession. We do not have enough support to raise the teaching profession to the level we have raised medicine, for example. That is what we really need to think about doing. Again, I want to really commend Illinois for looking at the teaching profession and figuring out what things you can do as a state to raise the competencies of teachers and to really have a much more robust assessment process, to hopefully put in place some national standards that would be replicating the best of what we have across the country.

“Aligning job training education with workforce demands, the business community complains that we have people who are graduating but who are not ready for the jobs they have. We have put a call to the business community to collaborate. I think you can use the example of advanced manufacturing, where the manufacturing companies have come together and said, ‘These are the standards we want for our employees. Higher education, can you help us by graduating students that meet these standards?’ I think those conversations need to go across many different professions.

“Protecting formula programs for at-risk populations, if the federal government were not here I am not sure what would be happening with formula programs for at-risk people. Goodness knows we have enough challenges in this area and we do want to protect those formula programs. They are the base funding, at this point, for many, many opportunities for children for learning and for teaching.

“Finally, and this is what you will hear most about, innovation and reform. Those aspects of what we are doing are critical to us.

“With my remarks I really want to talk about affordability and quality, because you are a higher education group. What we are doing in higher education is a three part approach. The first part is to cover and support much better innovation, innovation within systems of higher education, innovation within individual institutions, innovations within states as you saw in Race to the Top and ELC Grants.

“The next is state-based modernization. Can we modernize the criteria for the teaching profession, is one small example of many kinds of things we need to do in modernization.

“And finally, can we look toward redesigning or getting more out of the federal allocations that we have. I have streams of people coming into my office complaining about one thing or another and I say, ‘We are here for the next four years. We have to tackle the loan

program. We have to look at tax. The American Opportunity Tax Credit (AOTC) is a fantastic opportunity, but not enough people know that they can qualify for that and you do not even get the \$2,500 if you qualify, which would be \$10,000 for four years of an undergraduate education, as a tax credit until after the first year. You finish your first year, you get the tax credit if you know about it, and then the second, third, and fourth. Can we be smarter about the investments we already have? Are there too many challenges in the loan program?

“We are seeing this in the data. We have too many people taking loans that they cannot afford to pay back. Could we make sure, on the front end, that Americans have the literacy to make better financial decisions? You will see that on the newly designed StudentAid.gov. We inherited over 25 different websites and I think we are down to six or seven, but the big one is StudentAid.gov. I call it the 1.0 version, but it is our first attempt so say to a family, ‘How do I plan for college?’ The second set of information is, ‘How do I apply?’ We know that too many students do not fill out the Free Application for Federal Student Aid (FAFSA).

“We have a huge challenge there and, again, Illinois is leading the way, with the University of Chicago and Greg Darnieder. Some of you may have known him when he worked with Arne Duncan to ensure that every high school student would have the opportunity to fill out a student aid application. That would let them know if they qualified for state aid or for federal aid or if they could get a Pell Grant or if they should apply for a loan. This is a huge challenge for us. We have too many students in this country going first to a private loan or first to a credit card and then figuring out that a federal loan is available and that they could pay about 25 percent of the interest they are paying with the first two choices.

“I just ask you to help us think about financial literacy and the ways that we can help students not only apply for college but then make choices. Our goal is to get students and families choosing great schools. Anything we can do to incent quality in terms of having the public be able to choose, and we were seeing some data that something like over 70 percent of students are choosing only one college to apply to.

“There is a good book by Bowen and McPherson, *Crossing the Finish Line: Completing College at America’s Public Universities*, which shows the range of choices and says that we have a national under matching problem. We have a lot of talent in the student population but students go where their friends go or where the closest school is. Students do not make the leap to figure out, ‘Maybe I should be comparing two or three different schools, and maybe at one I have a one in ten chance of graduating and at another I have a four out of five or a five out of six chance of graduating.’

“We are very concerned about schools that have very low graduation rates and very high default rates, students that go into the loan program, cannot pay back the loans, families did not realize what a Parent Loans for Undergraduate Students (PLUS) Loan really was, and all of a sudden there is a burden and the student drops out and cannot get a job. We have too many problems in that arena, so we are going to hopefully work a lot harder to help families make decisions on the front end. It is really about trying to look at what those choices are.

“The last one is redesigning the allocations that we do have so that we can use the money that we have well.

“Let me just change the slide. I talked a lot about improving P-12 outcomes. I can also talk to you about the Advanced Research Projects Agency for Education (ARPA-ED). It is our innovation fund for K-12 and there is a proposal in the President’s budget to actually create

something like the Defense Advanced Research Projects Agency (DARPA) for education. I think that is exciting. Will it really happen? I do not know. Everything is up to Congress to be approved. We are supporting, obviously, Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). Again, Illinois is leading the way in GEAR UP, making sure that students really are getting the support in middle school and high school to be more college ready than they are today. Turnaround low-performing schools, college learning centers, those are other kinds of programs that we are supporting.

“When you think about what the President proposed in “An America Built to Last,” he talked about not only an economic imperative for higher education but also a moral imperative. I could not agree more with what he said. Everyone should be able to afford to go to college and to choose a good place to get an education and to get out with not only the skills but also the opportunities to advance over a lifetime.

“Under federal investments, the direct savings programs to help students get into college and redesigning the Pell Grant program have been pinnacles. Next fall the Pell Grant award for a full time student will be \$5,635. We have one more year and it is going to be every step of the way. There is a battle on the Pell Grant and we are ready for that, but we have stood as firm as we can.

“Within the Pell Grant we know some basic things. We know that students who go full-time will be more successful. That is why the President proposed doubling Work Study. Those are the kinds of things that, if we can give students 15 hours per week while they are in school and not have them overburdened by 40 hours per week, which too many are, and can we help them get a life, do work, and have time to really delve into their studies and do well. I think that is a tremendous goal. If I had my way I would say a job for every student in college and a 15-20 hour job. We are working on how to make that happen and how to call out to the business community to help us with that strategy.

“Going back to the veterans, I was at a meeting where a proposal was made that every veteran who entered a higher education institution or came back should not only have a veteran’s advisor from the VA, but they should have a tutor, a mentor, great professors, and a family member or friend to help keep them on track. I said, ‘That is what every student in P-20 needs.’ How can we think about that complement of student support? Some students are fine. They do not need anybody. They will do fine. I am not worried about those students. I am worried about everyone else who needs that support to succeed and how we can be smart about that.

“The other thing I should mention is a huge amount of work on simplification. I was asking the public university’s presidents and chancellors what we can get rid of in terms of the bureaucracy. Can we simplify in terms of student aid. We cut out almost half the questions on the FAFSA form. We did that by joining with the Internal Revenue Service (IRS) to form a team and work together to figure out that the government already had some of the information it was asking people to give us. We said that we did not need that information and kept only what information we did not have. It now takes 20 minutes to fill out. It used to take over an hour.

“The next phase is can we use IRS information while we protect privacy? So, we redesigned Family Education Rights & Privacy Act (FERPA) regulations and now families can import their prior year’s taxes. We have heard loud and clear from higher education that you would like two years, so you could package the students up earlier. That is the next piece of work we are moving forward on.

“I talked about helping students manage debt and the tax credits. I think really getting the word out on the AOTC is important. The Department of Labor will have \$500 million in competitive grants out this spring. They have not announced it yet, but what an opportunity for the dual enrollment between community colleges and four-year universities with a workforce goal in healthcare, information technology, or bioscience, any number of fields. Those grants go up to \$15 million to \$20 million over a three year period. They are big grants that would help the state and local economies. They would help the institutions. And, most importantly, they would help the students.

“Transparency has been a big thing in the President’s first term. You have read about open government. We have made a lot of our data sets available. We want researchers coming in and delving into our data sets and figuring out how we can use our data better and to make it available to researchers and local communities.

“We have a College Affordability and Transparency Center. Families can go there and compare different statistics on institutions. I want to thank the State of Illinois, again, all your public institutions for signing on to the Financial Aid Shopping Sheet. Again, Illinois is leading the way on that. The President called on us to make this information better known so students and families can understand what net price is, not what the sticker price is but what they are actually going to pay. The idea is to know what you are going to pay for four years. I know all the financial challenges to make that happen but the Shopping Sheet is one good way that we want to do this.

“We have a loan counseling tool and, you will see on the horizon, we have a first draft of a college scorecard. We want to make public the information on cohort default rates. Are students paying back their loans? We want to make public the information on graduation rates. We know graduation rates are insufficient. I am the Integrated Postsecondary Education Data System (IPEDS) lady, I am the first to say, and I am happy that we will be adding part-time and transfer data starting in the 2014-2015 year. If you need a contact on that, call me. I am sure people will debate this for a long time but we have had two technical review panels and we are going to have better data sets as we move forward over the next four years. Again, I mentioned the student aid website, which is in continuous redesign. We want people to go and say, ‘How do I plan? Where do I go? What choices do I have? How do I pay for college? What are the outcomes that I want that will give me success?’

“Finally, these are the things that I mentioned before that we are covering in our agenda for higher education. Before I open this up to comments, this is a picture of a girl I take around with me everywhere. She is a seventh grader. She will be a 2020 graduate, so she would meet the President’s goal of crossing the finish line in 2020. Really, it is going to depend on our educating the students who are with us today and preparing better so we do not have to backtrack the way we have done in my 40 years in education.

“I think we can lay a great foundation and I want to thank all of you for having me. I do want to say that our emails are all ‘first name.last name’@ed.gov. I know I talk pretty fast and I have a lot of statistics in my head, so if there are things that you want more information about, feel free to call or write us. We truly do pride ourselves on being responsive. Again, I want to thank you and President Knight for hosting us and I look forward to any questions you might have. Thank you very much.”

Chairwoman Hightman said, “First of all, thank you very much for your comments. They were great, for one particular reason, at least in my mind. Here in Illinois we sort of beat

ourselves up. We are always at the top of the list for bad things instead of good things, it seems, at least in the news lately, especially financial issues, so it is great to have somebody remind us that we actually do a lot of good things here in the State and that we are leaders in higher education. I appreciate you pointing that out to us.

“With that, I would open it up to the Board if you have any questions for Dr. Kanter.”

Dr. Elmer Washington said, “Thank you very much for a fine presentation. One of the things that you indicated at the very end is that we are concerned about having critical thinkers and engaged citizens. Of course, your article in *Change Magazine* focuses more on that. I wonder, to what extent do you see momentum building for that kind of concept in higher education and education in general?”

Dr. Kanter said, “I will give you an example. I visited Kentucky in November and the Lieutenant Governor actually just wrote me this week because he is making 14 stops throughout the state of Kentucky to talk about democracy and civic learning, to talk about what happened to social studies and civics education in K-12, and to put out a call to higher education to help with that. We brought together in 2011 125 scholars from around the country, and Dr. Maimon was one of those scholars, who came and helped us craft what became “A Crucible Moment: College Learning and Democracy's Future.” If you have not read it, we asked the scholars to talk to business, government, labor, philanthropy, K-12 schools, and higher education, to tell us what, if we were to move a civic agenda forward, would be some recommendations you would have as scholars who have done a retrospective look at why democracy and education for democracy is as it is today. I think momentum is building.

“Producing that report caused us at the federal level to produce a second report called “The Roadmap for Civic Learning.” That is a paper to the federal government itself. We have nine recommendations, one of which is civic indicators. What would we look at in addition to employment, in addition to how many students are graduating, in addition to whether people pay back their loans and are earning a good living. I think that is what we all want, a sustainable wage for every family and every graduate, but what else could we look at to really make our society the kind of society that believes in a democracy and will act democratically. That means everybody votes who has a chance. That means everybody participates in the community who has a chance. That means everybody does some kind of service, maybe in a job, maybe as a volunteer, but service is a core value of what built this country.

“I look forward to lots more work in this area. I would say it is probably a very young movement but there are people around the country who have an investment in moving forward with the kinds of work we have done at the federal level. We have our nine recommendations we want to see much better indicators. We want to track progress.

“I did not mention public service loan forgiveness. Now, anybody who goes into public service in a government job or a teaching job at a public institution will have no more than ten percent of their discretionary income to pay on their federal student loans and, with regular payments, can expunge the loans in ten years. That is something President Obama put forward early in his tenure. It is in place. Congress supported it. It is an element that we can use to track public service and see how many students are going into teaching, how many are going into government work, and so on.

“If you look at the roadmap, and I am happy to send you a copy, I think it is work that we really need to broaden the conversation. It is about the economy but it is about so much more than the economy. It is about how we are going to live and work together in a democracy.”

Mr. Alexi Giannoulis said, “I just, on a personal level, want to thank you for being here and you, Secretary Duncan, and Dr. Biden for your commitment to the community colleges across the country. Thank you for your service. Thank you for your leadership. Thank you for your advice. One of the first times we spoke on the phone you stressed the importance of engaging the business community, especially for community colleges, getting them more involved. We are working on it but we may continue to look to you for advice and feedback on how other states and other community college systems have succeeded.”

Dr. Kanter said, “I think the big challenge for states and for communities is to align the workforce investment boards with the education agenda, especially for higher education so it is coordinated. Some states have already done this. They have done the alignment at the state level. They are actually mapping workforce labor funds with education funds at the state level and providing more flexibility for the higher education institutions to really partner with business in much better ways. Every state is different. As I said to the public university presidents and chancellors this morning, one size does not fit all, but the business leadership can give every student an internship, can give every student a foot in the door.

“One example is Raytheon. I check in with Bill Swanson, the President of Raytheon. Four years ago when I first met him, he had 5,000 employees tutoring in K-12 schools. I asked him how he was doing last year. He has 10,000 now. With the veterans coming back there are so many opportunities to connect higher education and K-12. That is another piece that we need to do more of and business leadership can really do a significant part of that.

“The other part is tell us what those standards are so that institutions are not doing the ‘onesies’ and ‘twosies.’ Every business wants something just a little bit different and higher education cannot respond in that way. They cannot customize to the level that business needs so the idea of business consortia coming together, Chambers of Commerce helping in some way. Business leadership saying, for the healthcare pathway, for example, these are the different career pathways and these are the different jobs and we want people to become doctors and nurses but we also need technician training at the two-year institutions and down the ladder to home health. I know I will need my own home health worker in a few more years. How can we ladder those career pathways in the high demand fields that the state is going to need? That is a huge challenge for business and education to work together on.”

Mr. Ari Shroyer said, “Under Secretary, welcome. Again, I want to echo my colleagues. This was a great presentation. I am curious about another partnership, that with the key leaders on education on the hill. I am curious. Have you been able to make inroads personally with your department concerning members, Republican or Democrat, finding some group of concerned House and Senate members who are willing to work on making education reform a priority or at least not having it get caught up in the backlog?”

Dr. Kanter said, “I think there are people that want to come together. It is very hard work, I can tell you. Congress did come together on the interest rate and we were able to keep that at 4.5 percent for this next year. We are going to have another conversation pretty soon, after the fiscal cliff and sequestration. That interest rate discussion is looming and has got to be something in the budget we have to have a solution for because it was \$6 million just to cover that one year.

“We have to have the longer-term support on both sides of the House and Senate to do that. I think there is leadership. Certainly though, with Senator Harkin stepping down from the Health Education Labor and Pensions Committee there are going to be big shoes to fill there. We have support and people that are coming forward. From the State of Tennessee there is Governor Bill Haslam. There are a lot of great governors on both sides of the aisle that really want to make a difference for education. They are talking to each other and they are talking with us. I encourage you to keep supporting the fact that we have to have a bipartisan agenda for education.

“We cannot do everything. We were in a position where we were giving over 30 states, and I think it will be 40 states by the end of this year, favors from No Child Left Behind (NCLB). That is not the way you want to go. We really would have liked to see The Elementary and Secondary Education Act (ESEA) passed before now. It is still hung up in Congress and with the higher education reauthorization on the horizon, I think these next two years are a chance to really build back that bipartisan consensus that has been a hallmark of our country. Historically, we have not seen the polarization that we have seen the last few years, so hopefully we can do a lot better in Washington than we have been able to do.”

Dr. Santos Rivera said, “Thank you for joining us this afternoon. I have a question regarding the current status and future prospects of Title V of the Higher Education Act. What can you share with us about Title V? I know a lot of institutions are depending on this more, to be in line with the 2020 goal.”

Dr. Kanter said, “It is interesting. Somebody mentioned that HBCUs and PBIs are growing and it is so interesting being at a recent Census meeting, looking at the demographic changes and looking at Hispanic-serving institutions (HSI) and looking at the growing number of emerging HSIs. America is a melting pot and I think the growth of minority populations, I would call them majority populations now, because we are going to be a majority-minority country, has changed so dramatically. Protecting the programs for at-risk students, and I go back to looking at low-income or vulnerable students, students in minority-serving institutions that need more support than a student who can go straight through and does not need a mentor or a tutor because they had the family support all the way along, as well as the money and the rest of the complement to do well.

“We think that Title V programs are incredibly important. Everyone has taken a cut with the federal funding challenges. We lost \$100 million out of our Fund for the Improvement of Postsecondary Education (FIPSE) program and out of our international programs but we have been able to preserve Title V and Title III and a lot of the programs that protect those very vulnerable institutions. By the same token, we want more. We are asking more from all of our institutions.

“We are asking to help fix our graduation rate. I was at a meeting with several hundred college and university presidents and I said, ‘Can we not take a stand? Is not a five percent graduation rate unacceptable?’ Everybody agreed. One person put up their hand and said, ‘It is not. The five percent that I graduate from my institution are better off than they were and nobody is helping these students get through.’ To that I said, ‘But can we use some of the research to do more, to get you up to ten percent, to 15 percent, to 20 percent. That is what we want.’ I think what you are seeing is our thinking about a growth model.

“You saw this in what we did with K-12. Can we build something that will incentivize and reward better performance on a growth model? We want the growth in K-12 students. We

know that certain groups of students are further behind than others. In the State of Washington, faculty came up with a very interesting correction factor, so if you start out further behind you get corrected because you are going to need a little more time than a traditional student who is on track. I think those are the conversations we have to engage in to have what I would call a very fair platform so everyone, as the President said in the inauguration, everyone has a fair shot at an education at whatever level they start.”

Dr. Rivera said, “Thank you.”

Dr. Proshanta Nandi said, “Madam Under Secretary, thank you for your brilliant presentation. I have one comment. Having been born in another country and having been educated in another country but with all my graduate education in this country, I have this profound observation that this great society is undermined by two elements. One is violence and the other is drugs. To build a citizen into a responsible, ethical person, we have to start very early, like not when the personality is very well-formed but when the personality is still forming. In order to do that you have to inculcate in the educational system a spirit of nonviolence and a spirit of freedom from illicit drugs and all that. You are a public official. Is there any possibility that these items or these instructions can be presented in early childhood education?”

Dr. Kanter said, “In Illinois, the good news is that you have an ELC grant. You have money from the federal government that says you can do things differently with zero to third grade. We overlapped with K-12 because we said early learning needs a transition between childcare programs and pre-kindergarten through twelfth grade. I think that is the conversation that I would bring. Maybe the Board of Higher Education could talk with the early learning board in Illinois to discuss what the curriculum is, what is the social growth, what are we going to do for children that will allow them to build in those kinds of core values I mentioned because we just have absolutely too much violence and too little discussion of what we can do differently.

“At a meeting with Director Panetta from, at the time, the Central Intelligence Agency (CIA) said, ‘How can we as a country get 500 people more each year trained in critical languages?’ Everybody at that meeting talked about how the best time for people to learn a language is before the third or fourth grade. We need to really think about, and we produced an international education strategy this year, which you can take a look at, intercultural language development and that is a centerpiece of that strategy.

“Certainly the kinds of things you are talking about, nonviolence, world peace, and the kinds of things that would be built into a curriculum for children need to be thought through. However, as I said, every state is different. Every childcare center is different. Every kindergarten is different. How can we come to a common understanding about those values? How can they be expressed in the curriculum and how can they be shaped to get students educated in the ways that I think all would say is the America we want, a nonviolent, free expression, tremendously innovative, and unparalleled education that this country deserves.

“Thank you again for having me.”

Chairwoman Hightman said, “Thank you for being here. We really appreciate it. We are going to put your PowerPoint on our website, Dr. Kanter. Thank you.”

4. Remarks by Interim Executive Director Harry J. Berman

Chairwoman Hightman said, “I was so excited about having Dr. Kanter speak that I skipped over Dr. Berman’s welcome and opening remarks.”

Dr. Harry Berman said, “My priority was certainly to accommodate Dr. Kanter’s travel arrangements, so I am happy to be talking to you now. I want to add my thanks to President Knight for hosting us this month and also my gratitude to Under Secretary Kanter.

“I want to start my comments today by announcing the appointment of Dr. Dan Cullen as Deputy Director for Academic Affairs. Board members are well aware that Dr. Cullen has been ably serving as Interim Deputy Director since last summer. He earned his doctorate in Educational Organization and Leadership from the University of Illinois at Urbana-Champaign with a specialization in community colleges. In his dissertation, Dr. Cullen developed the concept of college literacy and determined that building college literacy among first-generation, urban college students could greatly improve their college success. In addition to overseeing the program approval process, he serves as the IBHE representative to a good number of significant state, regional, and national committees. Please join me in offering congratulations to Dr. Cullen on his appointment.

“By way of congratulations I also want to note that in the past couple days we learned of the retirement plans of Geoff Obrzut, the President of the Illinois Community College Board (ICCB). Is Geoff here this afternoon? I did not see him but I just wanted to let you know that he announced his planned retirement after a 30 year career in public service. He is retiring as the longest serving president of ICCB in recent memory. Among his accomplishments are advocating for additional resources for adult education and family literacy and completing comprehensive reports on textbook costs and baccalaureate degree access. He has been a staunch supporter of the *Public Agenda* and we commend him for his service and look forward to continuing to work with Geoff over the next several months.

“The *New York Times* has been running a series of columns about income inequality. The series is called, ‘The Great Divide.’ I think most people in this audience are familiar with the issue. The facts are striking and distressing. The top one percent of Americans control one third of the nation’s wealth. Ninety-three percent of the income gains from the 2009-2010 recovery went to the top one percent of tax payers. American incomes are lower in real dollars than they were a decade and a half ago. Various groups, for example, men and those without a college education have fared even worse. Median income of a full-time male worker, for example, is lower than it was four decades ago. In America today it is harder to escape the social class of your birth than it is in Europe. And, finally, the last time inequality approached the levels we see today was in the years before the Great Depression.

“I was particularly impressed by the January 19, 2013, column written by Nobel laureate Joseph Stiglitz. The central theme of the column is the way that economic recovery and economic inequality are intertwined. He argues that with inequality at its highest level since before the Depression, a robust recovery will be difficult in the short term and that the American dream, a good life in exchange for hard work, is disappearing. Unsurprisingly, Stiglitz points to the role of education in reducing income inequality. After decrying the soaring level of student debt, Stiglitz comments that ‘countries far poorer than ours have decided that all young people should have access to food, education, and healthcare so they can fulfill their aspirations.’ Notice the inclusion of education in that list.

“To paraphrase Stiglitz, as Mr. Obama’s second term begins, we must all face the fact that our country cannot quickly, meaningfully recover without policies that directly address inequality. What is needed is a comprehensive response that should include significant investment in education. I think you heard from Under Secretary Kanter some of the plans along those lines.

“I am mentioning the Stiglitz column not only because it is well-written and compelling but also because its arguments about income inequality are remarkably consistent of a central theme of our master plan for higher education in Illinois, the *Public Agenda for College and Career Success*. As our Chairwoman reminded us, the *Public Agenda* presents the idea of two States of Illinois, one that is well-off, well-educated, and economically dynamic, with a seemingly bright future, and a second Illinois that struggles to make ends meet, lags in economic attainment, and is economically stagnant. You will also recall that the vision of the *Public Agenda* is that Illinois will provide effective and quality education for all people and that the *Public Agenda* is the pathway to one Illinois, where all residents have affordable access to high-quality educational opportunities that prepare the m for the jobs of the present and the future.

“All sectors of higher education, community colleges; private, independent colleges and universities; and public universities can and must contribute to this effort. However, I want especially to highlight the role of our regional public universities in the effort to reduce educational inequality in our state. As stewards of place, the term used by the American Association of State Colleges and Universities (AASCU), our regional public universities provide a pathway to baccalaureate and graduate education to students who, for a variety of reasons, are tied to their geographic locations. The only way we will reach our 60/25 is to elevate educational attainment in all corners of the state. We need our regional public universities to thrive in the north, in the south, in the east, in the west, and in the central parts of the State, in order to increase educational attainment throughout the State and, in so doing, create opportunities for economic progress at the individual and community levels.

“Now, that said, we want the public and private dollars invested in postsecondary education to be used as effectively as possible. We want to make sure that those who begin college, whether in the community college or in a four-year institution, end up with a credential. Nationally, we are faced with an abhorrent situation. Forty-six percent of students who enroll in an institution of higher education do not graduate with any credential within six years. Not only do they not end up with a degree, but more often than not they also end up with no credential and a load of debt. They are worse off than when they started.

“What can be done to ensure that a higher proportion of students who enter college will actually earn that postsecondary credential? That question was, in essence, the central theme of a conference attended by an Illinois delegation to the third Complete College America (CCA) Convening last December. The attendees included Representative Naomi Jakobsson, Representative Bob Pritchard, Governors State University President Elaine Maimon, Oakton Community College President Peg Lee, City Colleges of Chicago Chancellor Cheryl Hyman, Lynne Haeffele of the Lieutenant Governor’s office, Elaine Johnson from ICCB, Illinois Student Assistance Commission (ISAC) Executive Director Eric Zarnikow, Candace Mueller from IBHE and our CCA state liaison, and myself.

“Many excellent ideas were presented at the conference, ideas that are being implemented across the country with measurable impact on retention and completion. It struck me that in Illinois we could benefit greatly by disseminating best practices in three areas. One is reforming remedial education. The second is providing greater curricular structure with more

intrusive advising to reduce wasted credits, something CCA calls ‘guided pathways.’ The third is encouraging students who have the means to attend college full-time to do so. You heard Under Secretary Kanter make reference to the benefits of attending full-time if at all possible and the proposals about increasing work study funding to enable students to attend full-time. Background information on all these ideas is presented on CCA’s website.

“I am well aware that good work is already taking place in Illinois to address these issues but it is my hope that with assistance from CCA we can identify practices that have been demonstrated to work, in Illinois and across the country and implement those best practices broadly across testate. More on this will come at future meetings.

“Finally I want to mention a significant report submitted to the Governor on December 31. I am speaking of the Monetary Assistance Program (MAP) taskforce report. The taskforce was chaired by ISAC Director Eric Zarnikow and included Dr. Frances Carroll as a member. The report serves as a valuable source document on the history of higher education financial aid and summarizes the committees’ deliberations on a wide range of possible ways to modify the distribution of MAP funds, particularly in the light of the growing shortfall in the program’s ability to meet the needs of eligible students.

“I have invited Director Zarnikow to make a presentation on the report at our next meeting. I will simply note at this time that one of the recommendations coming out of the report addresses the need for additional financial and academic advising for MAP recipients. The spirit of that recommendation mirrors the ideas that emerged from the CCA conference.

“Madam Chairwoman, that concludes my remarks.”

II. *The Illinois Public Agenda for College and Career Success*

5. *Public Agenda Update*

Chairwoman Hightman said, “And now are you ready to provide the *Public Agenda Update* with Dr. Sutton?”

Dr. Berman said, “I am indeed.

“Ladies and gentlemen, I just want to make an introductory comment about this year’s Underrepresented Groups Report while Dr. Sutton is moving to the podium. I saw a draft of this report last week and I was impressed by a couple of the core statistics. One was that there was a 3.7 percent increase in the enrollment of students from traditionally underrepresented groups in Illinois universities looking at the associates, bachelors, masters, and doctoral levels and there was a seven percent increase in completions.

“Now, those statistics really hit because I was responsible, at the University of Illinois at Springfield (UIS), for compiling information about underrepresented groups back in the mid-nineties. I am pained to report that in those years we were looking at increases like one-half percent, one percent, or 1.5 percent. That was the most progress we were making, so when I saw a 3.7 percent increase in enrollment in one year and a seven percent increase in completions in one year it really hit me.

“Then I wondered if this was a fluke or a one-of-a kind of thing. What has been the pattern for the past five years? Looking at that data we see a quite impressive trend. Over the

past five years there have been year over year increases, like the one that we are reporting this year, to the point that over the past five years there has been a 19 percent increase in enrollment of students in traditionally underrepresented groups and a 17 percent increase in completions.

“I am keenly aware of the challenges we face down this path, continuing to provide support for students from traditionally underrepresented groups and that we must not let up on that even one bit. However, it is not a bad thing to recognize a moment of achievement or success here in terms of what we have accomplished to this point with respect to the representation and participation of students in traditionally underrepresented categories in education.

“With that I will turn it over to Dr. Sutton.”

Dr. Arthur Sutton said, “Thank you, Dr. Berman. Thank you, Board members, and good afternoon.

“The report before you is the underrepresented groups report that is statutorily required. In brief, I would like to provide some general remarks about the report and respond to some comments at the end.

“Highlights of the report include enrollment of underrepresented groups, as Dr. Berman reported, increased by 7,575 students or 3.7 percent over the previous year. Also, more students with disabilities are requesting or participating in Illinois institutions in order to progress through the educational process. For example, 18,849 students in this reporting year reported disabilities as compared to 18,416 students, an increase of 433 students or 2.4 percent.

“Underrepresented students have also increased in areas of attainment, which is very important for the goals of the Illinois *Public Agenda*. At Illinois public institutions, 1,265 additional students or 7.1 percent have also increased as far as degree attainment or completion goals.

“Now, with that I still would like to point out areas of concern that came out. Over the years, IBHE staff has conducted studies with students and parent groups and from that some things came out as far as concerns that students and families wanted to point out. There are continued financial difficulties, which we have talked about through the presentations this afternoon. Students and families are still concerned as far as how they will be able to complete the process of degree attainment. Funding appears to be one of the greatest obstacles to retention, persistence, and degree completion for all students in the State of Illinois.

“In an effort to be brief, I would look at the concluding comments. Suggestions were recommended as far as continued progress on the goals of the *Public Agenda* to encourage and help students to be able to complete degrees. Students identified as underrepresented often need more support and are soliciting more support as far as means to stay in school. We need to promote those goals and we need to promote student progress as a part of continued state economic achievement and development. Gains in enrollment and completion must stay consistent. Further support for students are needed for further educational gains in the State of Illinois in all sectors.

“Thank you and I submit to you the Underrepresented Groups Report for this year. I welcome any questions at this point.”

Chairwoman Hightman said, “Thank you very much for putting the report together and for summarizing it for us. Do any of the Board members have any comments or questions?”

“I think we should be proud of our progress over the past year, as Dr. Berman said, and if there are no questions then we will move on.”

III. Action Items

7. Fiscal Year 2014 Higher Education Budget Recommendations: Operations, Grants, and Capital Improvements

Chairwoman Hightman said, “Item 7 is the budget recommendations. Dr. Phillips, if you would come up.”

Dr. Alan Phillips said, “Good afternoon. I have two presentations. The first one is performance funding and a discussion of the current model and the refinements to the performance funding methodology from last year. Then I will follow that up with the Fiscal Year 2014 budget recommendations.

“The purpose of the first presentation is to propose a funding model for Fiscal Year 2014 in accordance with the *Public Agenda* and Public Act 97-320, which is the performance funding legislation that was passed last year. Briefly I am going to talk about an overview, committee efforts, refinements to the model for Fiscal Year 2014, and recommendations.

“The performance funding objective, once again, was to develop a model for public universities and community colleges linked to the *Public Agenda*, equipped to recognize and account for each university’s mission and set of circumstances, adjustable to account for changes in policies and priorities, and not proscriptive in how to achieve excellent success. In other words, provide incentives to get universities to meet the goals that we would like them to but not set specific goals for each institution. They would be rewarded on improvements and performance.

“The Public Act specifically talks about what our task was to do: reward performance of institutions in certain categories; typically underrepresented, first generation, and low-income; account for the differences in missions for the various institutions of higher education; focus on the fundamental goal of increasing completion, which falls in line with the *Public Agenda* and, as Dr. Kanter talked about, the 60/25 goal, or getting more of our students through to completion, to meet the needs of the state and the nation down the road; maintain the quality of degrees; and, of course, recognizing the broad and unique mission of the community colleges.

“Very briefly, the community college model for this year is essentially the same as last year. There are 39 districts. Their model contains six separate measures and an equal portion of the funding is allocated to each of the measures. Each college competes separately for funding for each measure. Those that show a decreasing performance receive no funds. The remainder of the funds for that measure is allocated on a pro rata basis.

“These are the six measures that are assessed in the community college model. As I said, that model has not changed from last year to this year and in the handouts and on the charts there is a listing of those measures in more detail.

“For the public universities, all steps are identical. There is the same thing. They account for each institution’s unique mission by weighting each measure differently depending on the college or university. It is largely based on Carnegie Classifications. Each formula is independent and will change every year based on updated or more current data.

“Allocation is competitive. Funds are distributed on a pro rata basis based on each institution’s calculation. Once again, it is not proscriptive. Money is allocated based on improvements from performance roll to the other institutions.

“Turning to the refinement effort, we had four refinement goals in the refinement effort. As you know, we had a limited amount of time to implement performance funding last year. In some states it took as long as five years before they implemented performance funding. There are a number of areas that still need refinement or evaluation and modification.

“The first thing we looked at was to identify additional measures and subcategories to add to the model. One of the challenges is Item 2, which is the lack of available data. Some states have had longitudinal database systems (LDS) for a number of years. Some of the agencies in the state, such as ICCB and the Illinois State Board of Education (ISBE) have rather robust databases.

“Higher education, however, does not. We are in the process of creating a database for higher education, the Illinois Higher Education Consortium (IHEC), and we had our first data submission last summer. We managed to acquire 350,000 unit level records, but as you can imagine, the first go-through there were definitional issues, there were challenges with the data, and all the universities will be resubmitting their data. It will take probably a couple of years before the data in the longitudinal database is sufficient quality that we can use it.

“Additionally, as we build the data elements for LDS, we are ensuring that we have data elements in there that relate directly to performance funding so that we can, in fact, capture the data we need to improve the model.

“The next issue, and probably the one that was discussed the most last year, was normalizing the data or finding a way to make each of the measures roughly comparable to the others. As we said last year, it is very difficult to add 3,000 bachelors’ completions to \$100 million in research and get a number that means anything. The challenge there is that it had to be complex enough to accomplish what we needed it to do but simple enough to explain it so that people could understand it.

“We had lengthy discussions of how best to do that. On the refinement committee, all the universities were represented, largely by their internal research directors and some of their senior administrators. What we ended up with was, and there are a number of ways to do this and some are very complex, but if you have to walk down the street to the capital building and sit down with a bunch of legislators who are going to appropriate the money based on your recommendations, it has to be simple enough that you can explain it to them. At the end of the day we decided that we still had not found a better way to do this, so we stuck with the methodology that we used last year.

“Last but not least, the other issue was that a number of the institutions have high cost entities such as the University of Illinois at Chicago (UIC) Hospital, the Southern Illinois University (SIU) Medical School in Springfield. We have dental schools and we have medical schools. These are very high cost entities that count, in some cases, against the institutions

relative to performance but by design they do not produce a lot of completions or output. The concern was that when you allocate funding and when you add all those entities together you are talking about \$100 million in funding or one-half percent of the funding, that puts the institutions that have those medical and dental schools at a disadvantage. The challenge was to figure out how to accommodate or account for those entities that were very expensive but did not, by design, produce a lot of completions.

“So, what we decided was that we initially looked at about 25 different measures. We went back and looked at all the states. We looked at listings of everything everyone else had used in terms of performance measures and went through them all. As you can imagine, one of the challenges when you have all the universities and all the institutions, what may help one institution may not necessarily help another.

“After having gone through all these institutions and discussing them at length, we came to the conclusion that we would first delete the education and general spending for completion but we would add cost per credit hour, using cost study data; cost per completion, using cost study data; and credit hour accumulation. The intent was to measure retention and time to degree to give extra credit for those who get their graduates through in a shorter period of time. Both the last two, once again, we have challenges with the data and we actually queried the institutions for that information.

“Subcategories, again, include a number of other subcategories we want to consider but, once again, we do not have the data and under the LDS system we expect that we will have good data we can use to add things like first-generation students, veterans, and other things we want to look at.

“So, we did not change the subcategories. However, one of the other goals was to try to improve the source of the data or the quality of data with low-income. We used ISAC data last year. There was nothing wrong with the ISAC data, except that the institutions had more complete data, so this year we went directly to the institutions and queried them for their Pell and MAP eligible folks.

“We did not change the adult, Hispanic, and black non-Hispanic subcategories. For the science, technology, engineering, and mathematics (STEM) and healthcare fields we decided that we would use the Homeland Security (HLS) STEM listing, that we staffed at all the universities, and then we would also add to that the Classification of Instructional Programs (CIP) area 51, which is medical and other related fields, to better clarify exactly what would fall or would not fall under that criteria. The challenge, like many of the problems we have had, is what constitutes STEM. We had behavioral science programs and there was a whole range of things we looked at but, once again, to keep it simple and straight-forward, we stuck with the HLS list and the CIP 51.

“Generally, data continues to be a problem. Like I said, we received our first ILDS submission but the quality is not good enough for us to use. Timeliness of data is still an issue. We are still using data from two, three, four years ago just because that is the most current data we have. Since we started last year, that would not reflect any performance improvements at any institutions. And, some of the data we just did not have, so we had to query the institutions.

“Quality is another challenge. Whereas I could count the number of graduates, it is more difficult to count quality. First thing you have to do is agree what that is and then you have to determine an objective measure that reflects what you have determined quality to be. The other problem is that you have to, in terms of quality effort, if you are going to measure quality in an

institution, that, much like performance, covers a wide range of areas and so that would be a major effort for us to undertake. This is also an issue that has been a challenge to the other states that have implemented performance funding.

“Once again, some of the subcategories include first-generation. We have definitional issues. One of the places you get that information is the FAFSA form. As we have heard today, not everyone fills out a FAFSA form. Also, different institutions define it differently. We are working on that and that should be captured under ILDS. One of the other issues is geographical areas. You have large disparities between north, south, east, and west, urban and rural and we are trying to figure out how to capture that information as well.

“The model is essentially the same model as last year with the additional additions in terms of measures. We did add step seven, which is to add an adjustment factor for the high cost entities and I will talk about that as I go through. Other than that, the model itself has not changed. We just deleted one measure and added four measures and changed some of the sources of the data.

“Step one is to identify the measures and collect the data. Those in bold are the measures we had last year. As you can see, we deleted education and general spending per completion and added graduation rates, retention, cost per credit hour, and cost per completion. The graduation rates and the retention we view as one measure each, even though there are three components to each, as you can see there. Graduation rates would be 100 percent, 150 percent, 200 percent of time to complete and retention would be 24, 48, and 72 hours. Like I said, we viewed those as one measure with three components.

“For subcategories, we kept the weights at 40 percent. The difference is that for low-income we used institutional data, which was slightly better than the ISAC data, and we better defined the STEM and healthcare subcategory.

“In scaling factors, once again, this was what we did last year. The sole intent of the scaling is to normalize the measures so that you end up with numbers that are roughly equivalent that you can add together to get a performance value. What you do is you average the measures across all institutions. We used bachelor’s degrees as the base number. We scaled everything to that number and normalized everything to that number. Once we determined what those were we applied some common sense to adjust them. For instance, in the original scaling we viewed a Ph.D. as worth 15 times that of a bachelor’s degree and a master’s degree as four times that of a bachelor’s. We said that was probably a little too high. We scaled those back down.

“Other than that, we took those numbers, multiplied the initial data by the scaling factor to normalize the data, and that is how we computed it. Now, in the model, we used the scaling factors that we developed last year for consistency and then we created scaling factors for the measures that we added.

“This is how that looks. So, if you take bachelor’s degrees, 2,822, and we are going to add that to \$122 million in research and public service expenditures, which is a little difficult to do. By creating a scaling factor or an adjustment factor that we can multiply those by, that gives us numbers that are roughly equivalent and that we can add. Now, we understand that one of the issues is that this is, much like many things in the performance funding model, an imperfect system. There are biases in this as we go through and weight the measures. Later on we try to balance out some of those biases. The challenge was how to do this that was complex enough that it will do what you need it to do but simple enough to explain it.

“Performance measure weights, basically, one of the requirements was to account for the differences in institutions, so we took a look at each institution’s Carnegie Classification, their missions, their programs, and adjusted them accordingly. Basically what you see is, from the left to the right, and this is the research institutions, you will see the numbers change but when you get down to the master’s institutions they are roughly the same. They are different than those for the research institutions. This is how we adjusted the model for each institution. If you look at the bachelor’s degrees for the University of Illinois at Urbana-Champaign (UIUC), you will see that it is 17 percent, whereas research is very high, because that is a large component of their mission. When you get to Southern Illinois University Carbondale (SIUC), bachelor’s degrees are 42 percent and research is much smaller, because those are master’s institutions. Their missions are somewhat different. That is how we adjusted the model to account for the uniqueness at every institution.

“One of the things we learned very quickly was that every single institution in the state is completely different from every other institution in the state, which creates challenges when you are trying to balance all that out. However, in every case, the percentages add up to 100 percent, so every university’s measures have a percentage associated with each one. They are different depending what their missions are but they all add up to 100 percent.

“Then we calculate the data. You take the data, you add the premium for the subcategories, multiply it by the scaling factor, you get a number, and multiply the weight, which gives you a performance value for each institution. Basically what you have is a number.

“This is the step that we have added. We were not sure how to do this. There are some issues regarding the high cost entities. Some of the recommendations were to carve out the costs off the top. In other words, take the cost, and I will use the UIC Hospital as an example, take that funding off the top so it does not count against the institution for performance. The challenge is that we do not appropriate the funds and to try to go through the legislature and say, ‘We know you want us to allocate one-half of a percent but before you appropriate the money you need to remove a certain amount for these institutions and only appropriate on what is left and put it through the performance funding model.’ That seemed to present some challenges because we do not control the appropriations.

“The other problem with the carve-out is that if you take it off the top and, say, it is about \$100 million and we are taking one-half percent and we are reallocating to performance, that means we have to go back and take another \$100 million out of the base to offset the \$100 million that you took out. Otherwise you would not be taking one-half percent. So, there were some issues with how we would go about doing that and so it was our determination that the best way to approach this was to build it into the model. That way, regardless of the amount of money that is set aside, and basically what happened last year was that we were given a number that they were going to appropriate for higher education and we were to tell them how to allocate one-half a percent of that for performance. This way, this is built into the model so whatever the number is you put it into the model and it calculates the values and allocates the funding based on performance.

“The way this works, very simply, once again, one of the challenges is explaining all of this so we kept it simple. We took the percentage that entity was of their total General Revenue Fund (GRF) funding, which gave us a percentage. We took the performance value for that institution, multiplied it by that percentage, and then added it back into their total performance value. Once again, this is not perfect. It is simple and easy to understand and it avoids the issues

of trying to figure out how to carve the funding out of the appropriation before you figure the performance funding value.

“Then what you do is take the performance funding value for each institution and add them all up. Each institution then gets a pro rata share based on their performance value of the total funding amount. In the case of the example University 3, if it were 3,200 and you go back to the previous chart and see that the adjustment factor for the high cost entities was 320 then that means that instead of 3,200 it would be 3,520. That is how it works.

“The good news and one of the issues is, and we hear this a lot from legislators, that they want to make sure there is enough money to provide an incentive for the universities to take this seriously. I am certainly the first to tell you that they do. The other thing is that from last year to this year the performance funding values increased for all 12 of the four-year public universities, which shows that they are certainly doing all they can to improve their performance. As a result, most of the public universities, even though there was \$6.1 million set aside for last year, received most of that money back, some a little more and some a little less. I think the variance was roughly a little over one-tenth of one percent, so the universities gained back most of what was allocated as a part of the one-half percent.

“These are the issues that have come up and we have discussed at length and still have to resolve. One of the other problems is that when you come up with a solution to a problem, what we are finding is that it typically creates two or three other issues that we have to resolve. Part of the discussion was that in the model that we weighted the students very heavily up front. The underrepresented categories and STEM get four-tenths of a percent premium for each of those students they get to completion. One of the concerns is that they are not getting credit as they go through the process of going through college. The concern there is what is the best way to account for them as they go through the process? If you count them every time they go through with a 40 percent premium on each student each time you count them you are going to get very high numbers for those kinds of students, which means we would very likely have to go back in and reduce the 40 percent premium that we put on the students. We still have to figure that out and still have to determine whether it is better to weigh them heavily upfront or do we want to go through and identify every step of the process how we should weight those subcategories.

“Another issue that comes up, and when you are looking at systems or a model, typically the quality output is a function of the quality input, and so one of the issues is less prepared students, the issue of remediation, which we discuss frequently. The question is what is the best way to account for less prepared students in the model?

“One of the issues with cost per completion for the subcategories is how do we weight those because the cost for a STEM student to get through is probably different than the cost for an adult student. In addition with STEM students, some of their degrees may cost more and they may pay higher tuition for lab fees and other things. How do you incorporate that into the model and should it be incorporated into the model?

“The other issue that came up, and Dr. Kanter talked about that with the IPEDS data, is transfer and part-time students. A student can transfer with one credit hour or an associate’s degree. That certainly impacts the graduation rates and time to completion. We are not sure yet how to account for that. Part-time can be one course per semester or it can be 12 credits per semester. How do you capture that adequately? That is another question that we still have to work through. Once again, once they get the cohort data fixed, as Dr. Kanter said, here in a couple years, that will make that much easier but for now it is still a challenge.

“One of the issues that came up was that we limited the STEM and medical programs in terms of those we gave additional credit for but are there other high value degrees and programs to the state or to the nation that we want to add that give additional credit and how much additional credit should we give. In some cases, engineering programs are very desirable and very expensive. Should that be one we add? That is a discussion we will have to have.

“Are we giving enough priority measures to efficiency? We always talk about cost and increasing tuition. Do we need to adjust those so that universities are more lean and mean, although based on our discussions, they are fairly lean already? Is there a way to go back in and do that or do we not want to?

“Is there a way to account for high cost entities like hospitals and medical, dental, and veterinary schools? What we are using is a very simple measure. It may not be adequate for what we are trying to do. Is there a better way to do that?

“One of the other issues that came up is do we want to assess the performance of institutions against themselves year to year? The model does that to some extent but is that something we want to do more and how would we do that are questions that we still need to resolve.

“It seems like every time we address a particular issue that creates two or three more issues that we then in turn have to figure out how to address.

“Our recommendations in general are that performance funding should be implemented slowly starting with small funding amounts and they should allocate additional funding if there are increases in higher education appropriations. You will see this incorporated into our budget recommendation. If there is no additional funding to be reallocated, the amount should be kept small and our recommendation is consistent with our recommendation last year.

“We hear about this a lot from other states, that we need to increase the allocation to performance over time but that should be, in our case, only when we have better data, when we get the model to a point where it does what we want it to do, and when it is stable. What you want to do is get the model locked in for a period of time so universities do not have to chase the measures. We have run into that some in discussions already with changing the model from last year to this year and the issues that has raised. We want to get the model, keep the funding small until such a time we get the model stable and with good data so that we can lock it in so that it will not change so the universities are not changing measures every year and not knowing where they should put their priorities.

“Our recommendation is that if additional funding for performance is not available is that one-half percent of the Fiscal Year 2014 higher education appropriation should be allocated based on performance. This is the same recommendation we had last year and in our budget recommendation we are recommending one-half a percent which equates to the same \$6.1 million at current levels of funding.

“For the community colleges, the amount of \$360,000 is the recommendation for last year and is consistent with our performance recommendations for Fiscal Year 2013.

“That is the performance funding recommendations and changes to the model and our recommendations on how that should be incorporated into the Fiscal Year 2014 budget recommendation.”

Chairwoman Hightman said, “I know there are some issues that have been raised regarding how we handled the performance funding portion of the budget recommendation. We can address those issues now.”

Dr. Allan Karnes said, “First, let me make clear that performance funding has been a complicated task that has taken a long time. I have worked with AI for most of that time and we get along. We do get along, folks. It is just that we have some disagreements on a couple of basic issues.

“One problem that quickly materialized last year was related to those high cost enterprises like medical schools, hospitals, veterinary schools, and dental schools. While these specialized professional schools are needed by the state, they are very expensive and they produce very few completions. As a result, institutions that had such an enterprise as part of their budget, suffered a loss of funds for the Fiscal Year 2013 result. That was inadvertent and the refinement committee determined that that needed to be adjusted in future models.

“I and a representative from UIC argued that the adjustment should be in the carve-out. AI explained to you why he thought it was a better strategy to do it after the carve-out so we did not have a problem with the legislature, so they came up with a bonus computation. I was fine with the bonus computation except it did not do what it was designed to do. The bonus was supposed to return the funds from the carve-out that resulted from the high cost enterprises.

“Well, we got widely divergent results. One school lost 30 percent of those funds. Another school gained 30 percent more funds as a result of the system. Two other schools lost 7.7 percent and 8.8 percent of the funds from the carve-out. Basically, we went from an unfair system to a system that was a little less unfair, not where we want to be, especially when we look at one of the requirements that we identified for success in performance funding. That is that the model does not need to be perfect but it has to work and it has to be fair across all the institutions. A better bonus system would have been one that simply allocates enough bonus points to wipe out the carve-out. That is what it was supposed to do. It did not do that. Is there a way to do that? Yes, there is. A formula can be determined based on an equation that can do exactly that.

“Now, a second problem with the Fiscal Year 2013 model was in the computation of cost per completion and completions per 100 full time equivalents (FTE). A good portion of the time spent in the steering committee in prior years was spent identifying weighting the subpopulations making up the student bodies of the public universities and community colleges. There was agreement that graduating certain subpopulations, i.e. African Americans, Hispanics, Pell-eligible students, students over 25, and STEM students, deserved a premium or a weighting. Either the cost was higher or the students often take longer to make it to graduation than a traditional 18-year-old, well-prepared, and supported residential student.

“However, when cost per completion and completions per 100 FTEs were computed, the staff used raw completions rather than the weighted completions. The effect of using the raw completions for those two computations is to wipe out any incentive for schools to admit and work with students from the identified subpopulations. By not using weighted completions for cost per completion and completions per 100 FTEs, performance funding is actually punishing universities for having student bodies with high percentages of identified subpopulations.

“In fact, doing so is in direct conflict with Goal 1 of the *Public Agenda*, increasing educational attainment to match best performing states. What we are trying to do is bring down the educational gap between the prosperous Illinois and the not prosperous Illinois. The only way to do that is to increase completions by the identified subpopulations.

“The Fiscal Year 2014 performance funding model added measures that have inherent problems that will also disincentivize the recruitment and completion of subpopulations. The first is the graduation rate measure, or the percentage graduating within 100 percent, 150 percent, and 200 percent of time. The second is more of a retention measure that asks what percentage of students earn 24, 48, and 72 hours after one, two, and three years of college. Both of these measures are IPEDS-based or IPEDS-like in that they are computed using only first-time freshman cohorts.

“Students of meager economic means, the non-prosperous Illinois, take semesters off or drop down to part-time because of financial issues. Likewise, students over the age of 25 usually return to school or begin school as a part-time student because they must work or have family responsibilities. A significant problem with cohort-based data is that transfer students, which are a large percentage at many of our state schools, never enter the computation. For these reasons, the steering committee, during our deliberations last year, early on decided that IPEDS-based data were so flawed that we would not employ it as part of our performance funding model.

“When it came up in both the refinement committee and most recent meeting of the steering committee, I brought up the problem with IPEDS and said that I could only support it if we looked at each subpopulation and compared across universities on that basis. In other words, compare each university’s scores with, say, Hispanic students, students over the age of 25, Pell-eligible students, etc.

“I also suggested using the average number of credit hours earned by graduates as a proxy for time to degree. Sharon Hahs, President of Northeastern Illinois University (NEIU), sent Al a memo and copied all the university presidents and chancellors about the inclusion of the IPEDS data and the inherent problems IPEDS data represent. We are very close to losing the confidence of a good percentage of university administrators.

“The standard response when I bring up these problems and try to solve them is that it is not a lot of money. But what happens when it becomes a lot of money? We are recommending a one-half percent carve out this year. What happens if the legislature says to do five percent? It could happen. The way that the performance funding model is set up as of Fiscal Year 2014 is not in congruence with the goals of the *Public Agenda* and for that reason I will vote no.

Chairwoman Hightman said, “Are there any Board members who want to speak. I have asked Dr. Berman to address this issue, as well, but I think it would be best to have other Board member comments first.”

Mr. Jay Bergman said, “I have some comments, though not directly related to what Allan said. Would you like me to give them now or later?”

Chairwoman Hightman said, “Related to performance-based funding? Go ahead.”

Mr. Bergman said, “One concern of mine is the weighing of cost per credit hour and cost per completion. In some cases each one of those is only one-half of one percent of the money we

are talking about now. Really, it is one-half of one percent of one-half of one percent. Frankly, the state has real problems as economics goes. We all know that and, in my opinion, the economic efficiency of our universities should be given a lot greater weighting than as little as one-half of one percent of one-half of one percent. I know we cannot do anything for the current budget now but I certainly think that we should make it much higher in the next go-around.

“The second comment I have is, as was indicated before, the most anybody gained or lost is one-tenth of one percent of their budget. I can understand that all of our friends at the universities do not want to take a chance on losing money but somehow or another, when you have one tenth of one percent of your budget, and when you have so many factors that we are looking at, I think it might be a little bit too small. Next year, whether we get additional funding or not, I think that the performance funding portion should be more than one-half of one percent of the entire budget.

“My third and last comment is that I have been on the performance funding steering committee since it started and its predecessor committees. It seems like what we are dealing with here in terms of trying to come up with in terms of a ‘fair’ formula is that every time we try to solve one problem, two or three more come forward. We are getting such a complex formula and it is going to get more complex, because you hear the concerns that are here today. I think that we, the entire performance funding committee, should meet much more often and try and work through this. Also, and I know that this is going to be heresy to a lot of you that worked so hard, this thing is becoming so complex. Maybe there is a better way. Maybe it is time to look again at what some of the other states are doing, like we did several years ago, and try and find a simpler way to accomplish what we want to accomplish.”

Chairwoman Hightman said, “Let me just ask one question, just to make sure I understand what you said. If I understood you correctly, you are not suggesting a change to what has been put forth for this budget year. You are saying all of the issues you raised you would like to see addressed for next time.”

Mr. Bergman said, “That is correct.”

Chairwoman Hightman said, “Any other Board member have any comments before I ask Dr. Berman to address the issues that were raised, primarily by Dr. Karnes but also by Mr. Bergman?”

Dr. Berman said, “I want to thank Mr. Bergman for pointing out the whack-a-mole quality of what we are doing. Every time we try to get one thing down, another one pops up. I think that is evident from what happened this year. There was a suggestion that we include students’ progress toward degree but the attempt to do that raised some other concerns and issues and questions.

“I would say, Chairwoman Hightman, that we are committed to reconvening the refinement committee and addressing the problems that were outlined in this discussion and were outlined in the presentation, problems that have to do with the cost per completion and the nature of the carve-out and the use of the IPEDS cohort data. It is not IPEDS data in general; it is the IPEDS cohort data. This is an iterative process. We did it one year and there were problems. We did it in another year and we are hearing in the second year that there are problems. We are committed to addressing those and not sweeping them under the rug.

“I also want to come back to Mr. Bergman’s comment about looking again at what other states are doing. When I met with the presidents and chancellors, I talked about a meeting we had with Mike Baumgartner, who is a vice-president with CCA. They are great proponents of performance funding and we reviewed some of the struggles we have been having with it. We want to work with them and take his recommendation about states that we could look to, to get some guidance on this. As I say, it is an iterative process. We are trying to get to a kind of base-level of agreement of how to proceed on this. We are committed to another round of review next year.”

Mr. Bergman said, “Harry, could I say, you mentioned the refinement committee. I mentioned the performance funding steering committee. Are you saying that you do not think that the entire committee should meet frequently?”

Dr. Berman said, “No, and I am glad that you pointed out the distinction. I know that a lot of the technical discussion happens in the refinement committee and these are pretty technical things.”

Mr. Bergman said, “Understood.”

Dr. Berman said, “We need to make sure that we are convening the entire committee more frequently so that people can be kept up-to-date with the progress that the refinement committee is making.”

Mr. Bergman said, “Well, not only up-to-date but when we are talking about some of the items I mentioned, such as the weighting of the cost per credit hour and things such as that, that is something that the entire steering committee should be looking at rather than just the refinement committee, in my opinion.”

Dr. Berman said, “Point taken.”

Mr. Bergman said, “So I think that the steering committee needs to meet considerably more often and not only just look at what other states are doing but also look at, over all, what we are doing here and then let the refinement committee refine what the overall plan is.”

Dr. Berman said, “Thank you for that clarification.”

Dr. Karnes said, “One thing I suggest, too, when we look at new items to put in the model or new refinements to the model, let us run it with last year’s data so that we see the problems fall out. Our problem is that we do not see the full computation until shortly before this Board meeting and by then it is too late to change everything. Had we run the full computation earlier we would have had time to work on these problems.”

Dr. Berman said, “I take that as a very constructive suggestion.”

Dr. Phillips said, “There is no solution without additional problems. The challenge, once again, is that when we add new measures we do not have data from the previous year for those measures so we will not know what the impact will be until we actually get the data. Until we get the data for the new measures it is very difficult to compare this year’s model to last year’s model because they are not the same. Still, the point is well taken.”

Dr. Berman said, “Something like a simulation using the previous year’s data?”

Dr. Phillips said, “Right.”

Chairwoman Hightman said, “So, here is what I think and, I guess I am taking the temperature of the Board, I am going to say pretty much reflects the consensus of the Board based on what I have heard and what I know. Nobody thinks this is perfect. None of us are out here saying, ‘This is a perfect model and we are doing it perfectly and this is the way it should be.’ We are all learning and we are all trying to get this to the point where it is optimal given the data that we have available. Our data is not perfect either, at this point. I think that we have done the best that we can do at this point, generally speaking, and we understand that there is a lot of work to do going forward.

“I really do think that Jay’s point is valid. At some point we are micromanaging this and slicing and dicing a hair. It might be academically appropriate but the reality of the result of it just does not make sense. I am not saying that is where we are but I want to make sure we avoid that and look at the bigger picture and look at 30,000 feet, not get so into the details that we forget what we are trying to accomplish.

“I would propose that we move forward with what the staff has proposed in terms of performance-based funding and take all these issues that we all agree are issues and work as best we can to address them and to look from a 30,000 foot level, as Jay is saying, is probably the best way to approach it.

“I do not think we want to vote separately on the performance-based funding issue. It is just one part of the total budget recommendation, but does anybody disagree with what I just outlined as being the consensus of the Board?”

Dr. Addison Woodward said, “I would just say if it turns out we are instructed to put five percent in the performance funding model, we had better come back and visit this.”

Chairwoman Hightman said, “Oh, you mean for this year? Okay. I am fine with that.”

Dr. Elaine Maimon said, “On behalf of the public university presidents and chancellors, we discussed all of this very thoroughly and we are very committed to working out a model that will be something that other states look to. Other states have had a lot of problems with trying to do performance-based funding. It sounds good but when you get right to it you have to work out things that will work in the long run. I think some of the issues that Allan was raising and that we share concerns about are really in the spirit of trying to work out something that really is fair and fulfills our goals.

“Let me also say that in terms of the impatience to move forward more quickly with it, I think it is important to remind everybody that the data that has to be used right now is sometimes two, three, four years old, so the incentive factor of our moving forward and doing all the things that, believe me, the presidents are paying a lot of attention to and doing, are not going to be reflected in data that we were looking at before we even started talking seriously about performance-based funding. I just wanted to make that clear. We share Allan’s concerns but the goal is to have a model that really is fair.”

Chairwoman Hightman said, “Yes, and, by the way, to Addison’s point, it would be a very high-class problem to have if we have that much funding that would raise the need to adjust.”

Dr. Woodward said, “They could say, ‘Here is your budget. Five percent of your funds go here. Then we would really need to rework it.’”

Chairwoman Hightman said, “I would be surprised if that happened but, yes, it would be an issue.

“Anyway, I think we have discussed performance-based funding fully and I would like to turn now to the broader budget recommendation.”

Dr. Phillips said, “On to the next briefing. What I want to talk about now is the Fiscal Year 2014 budget recommendations. Here is a brief status of the State. This is certainly not news to anyone. I think we have covered this previously but pension and Medicaid costs are exceeding the rate of state growth. The state is \$8.5 billion behind in payments. Basically, even for cash flow for this year the state is behind about \$1 billion in payments to the universities. Adequate financial aid for both MAP and Pell continues to be a concern.

“As we discussed earlier, guidance from the Governor’s Office of Management and Budget (GOMB) based on budget predictions is that the Governor may go in with his budget recommendation with a 4.62 percent reduction. Unless they do something about pensions and Medicaid it will be another \$400 million out of education next year. The next year, I believe, the tax increase is set to expire, which means that the cost will go up \$1.1 billion in cuts to education. These are huge challenges and, of course, we still do not know the impact of any potential pension transfer.

“We have talked about how funding has declined. Minimal funding for capital projects, renovation and repair, unfunded state mandates, and financial aid are challenges. Institutions try to protect instruction to the extent they can but they are forced to squeeze costs out of instruction, student support services, and facilities, and other things. Increasingly, the burden of financing a college education has fallen on students and families.

“The budget framework for 2014 continues to use the step level, as the Chairwoman indicated. There is a performance funding component. We believe this supports the goals of the *Public Agenda* and we actually outlined it in those terms in the budget book. Our priority is directed toward core capacity, deferred maintenance, MAP, and funding for grant programs.

“What I am going to show you here is the goals of the *Public Agenda*. As you can see, underneath each of those are specific areas that we have addressed in the budget recommendations with regard to each goal. Then we have, at the end, a number of additional programs such as deferred maintenance, some of our grants, and base funding in addition to those four goals.

“Step one is flat funding for Fiscal Year 2014. There were some issues with, in one case, the GOMB said to put in the budget a reduction of 4.62 percent. Our recommendation is level funding. That is because the Governor’s projection is based on the availability of funding which is based on the \$400 million potential reduction to education funding. Ours is based on needs and requirements and based on meetings and discussions we had with all the college and university presidents and senior leadership.

“For the public universities we are recommending one-half of one percent allocated to performance. At the community colleges they have reallocated \$1.2 million out of their level funding, so their funding will stay level and, out of that, \$360,000 would be allocated for

performance. In each case, our recommendations include the mandated \$1.5 billion payment to SURS.

“We have four steps. In previous years, we have tried to get back to level funding from the previous year in the earlier steps, but because last year the cut was roughly 6.1 percent it is a little more difficult to get to that point quickly. That is what we are trying to do with the steps.

“In this case it includes increases for public universities and additional money for performance funding, not a set aside, but additional funding, and additional core institutional funding. For the community colleges there is \$1.1 million that is being reallocated and then you have an additional \$5.9 million that will go toward base funding, equalization grants, and other smaller programs. It includes an additional \$11 million for MAP, \$50,000 for Dependents’ Grants, \$4.1 million for administration at ISAC, and \$2.3 million for outreach and restoration for some of our selective grants.

“Down at the bottom we added \$590,000 for ILDS. We are very concerned that at the end of this fiscal year the federal grant for ILDS expires, which means that all the money we are currently using to fund the ILDS effort will go away. The intent, I believe, is for possibly a supplemental request to go in because it impacts not only us but also affects ISBE, ICCB, and some of the other agencies. This is recognized as a problem but in the event that they do not extend the grant, and we think the chances are very good that they will for another year, and provided that there is no additional money that they can find for ILDS, we have put the request in our budget recommendation for \$590,000 to cover the cost of continuing the ILDS effort.

“Step three includes \$49.2 million and we are now up to 4.5 percent. Four percent would go to public universities with more for performance funding and the rest for core institutional funding. It also outlines additional funding for community colleges, MAP, the DFI program, the Grow Your Own (GYO) program, the University Center of Lake County (UCLC), and the Illinois Mathematics and Science Academy (IMSA) requirements.

“Last but not least is step four. We are now up to 8.5 percent. That is above the 6.1 percent but there is additional money for other programs aside from just higher education. It is very similar. The only additional issue here is that we have asked for \$30 million for deferred maintenance. Since we have a capital budget that has not essentially been funded for the last several years because there has been no capital funding, we have requested additional deferred maintenance funding because currently the backlog of maintenance repairs is about \$3.6 billion dollars. Universities have difficulties even keeping the buildings they have operational and so we are asking for operational funds because capital money is not available.

“Turning to capital improvements, once again we approved a capital project list. It has not changed much, since none of the projects have been funded. There was no capital bill in Fiscal Year 2013 so the list is basically the same as last year. The only change is that, in some cases, the institutions funded some of the projects on their own, so we were able to add some projects to the list even though the total dollar amount stays the same. Nearly \$900 million in Illinois Jobs Now! funds have been released. They were going to have a bond sale of about \$500 million here in the near future but because the state’s credit was downgraded that has been postponed. We do not know when we will be able to see more capital funding.

“Our recommendation includes nearly \$1.5 billion support for the release of the Illinois Jobs Now! projects, capital renewal, and \$48 million for escalation and emergencies. The other little challenge we have is that every year that these projects stay on the list they get more

expensive, so we have to keep allocating additional funds just to cover the creep of the cost from year to year so that when the projects are finally approved we will have sufficient funds to actually do them.

“In summary, we focused on the goals of the *Public Agenda*. We allocated a portion to performance. Recommendations feature an investment level or step level approach and we tried to offer realistic scenarios. One of the things we found with the step approach was that even though there may be limited funds for higher education, the legislature may see things in higher-level steps that they like and want to fund, so this gives them the opportunity to do that. The best example would probably be MAP. I think last year they took our MAP recommendation out of step four and funded it. This is our approach for this year, these are our steps, and that is our recommendation.”

Chairwoman Hightman said, “Thank you for the comprehensive report. Are there any questions or concerns regarding everything beyond performance-based funding?”

Dr. Rivera said, “There is a recommendation of \$500,000 for GYO?”

Dr. Phillips said, “That actually is level funding. It was reduced by 60 percent last year, or \$1.5 million. In step two I believe it is \$200,000, in step 3 it is \$500,000, and in step 4 it is \$750,000. The problem with cutting the program so drastically is that it only leaves enough money in the program to cover the forgivable loans. That money, and we can show you, would be tied to programs to help these students get through the programs. So, basically that would be tuition, that would be tutoring, that might be childcare, or other things, because these typically are nontraditional students, minorities, single parents, or working students. These are students that have a difficult time getting through the program and it may take them a number of years to finish their degree.”

Dr. Rivera said, “So what you are saying is that the recommendation for the additional increase is to support the students who are in the program now.”

Dr. Phillips said, “Correct. On a better note, at the appropriation hearings this was a subject of discussion and it was not necessarily a pleasant discussion. We have actually done a number of things to improve the program. We made the grant competitive. We reduced the number of consortia. We have probably doubled the number of graduates. We have done, in the amount of time we have had the program, a pretty good job turning the programs around. We have new rules approved that are a little more stringent so we think the program intent is certainly laudable. There were problems, I would say, with the execution of the program. I think we are on the road to fixing a lot of those. The additional funding is for assistance programs to help these students get through because all the money that is left is only enough to fund their tuition.”

Dr. Rivera said, “Thank you.”

Chairwoman Hightman said, “Kym?”

Ms. Kym Hubbard said, “I have more of a comment. I understand, like everyone here, the challenges with working with the budget in a state that does not have money for just about anything, so I thank you for the hard work that you put into this.

“I am concerned and a little disappointed in the ISAC budget that is being put forward. We did ask for two additional line items because a lot of people here think ISAC is basically

MAP and College Illinois, depending on if we are in the paper or not. It is actually a three-legged stool. We have MAP, Colleges Illinois, and the student loan program. In the past, as you all are probably aware, we administered student loans. Right now we are basically in the rehabilitation business, which the Under Secretary commented on the need for something like that, as well as Chairwoman Hightman.

“There is a high probability that the federal government will cut the amount of funding we receive for student loan rehabilitations, which is a substantial part of what we do. It is not only significant to students who take out student loans and, as we all have heard, come out of college with more debt and no degree or certification, but also for their credit rating and their opportunity to become more successful in life.

“With the anticipation that the federal government is going to substantially cut this rehabilitation, we asked for a line item budget that was not included in the ISAC budget. We will need to find a way to replace those dollars because what you guys may not be aware of is that we get no monies from the state government at this time. It is a nonappropriated agency. The monies that we use to administer the MAP grant program actually comes out of the revenue that we generate from the Student Loan Operating Fund (SLOF) and the student loan administering and so forth. If there is a substantial cut, and we are anticipating at least 50 percent in the percentage that goes to ISAC, that will have a significant impact on us beginning to administer not only the MAP grant program but also any other program because that is our only source of revenue in our operating budget. To have no line item in any of the four steps presented in that is disheartening on our part.

“The other line item is a marketing budget that we requested. We have given the legislature a heads up that we would be asking for a marketing budget, not only for College Illinois, which was the key driver in requesting one, but also for some of our other grant programs. We have a few grant programs where people do not even apply for the loans. We, the Commission members, are absolutely convinced that it is because they do not know they exist. A marketing budget would take that effort substantially further across the State of Illinois to be able to do that. To have no dollars allocated, even though we requested dollars for an advertising budget, is also a little disappointing in that respect.”

Chairwoman Hightman said, “Alan, do you want to respond?”

Dr. Phillips said, “Our concern was that going in with a recommendation, and we did talk to ISAC about this at length, that to go in and take funding out of financial aid to students would show up very prominently that we were reducing funding at the expense of some of these other programs was problematic. We worked with ISAC to try to rework the additional steps to move that money forward and present a case to be made that when they actually appropriate the funds this may be something that they want to address.

“Our concern from a higher education perspective was to go in with a recommendation to take, and granted it is marketing and other funds, but what would look like money away from students at the expense of administrative costs was not something we wanted to do. We did work with ISAC and did everything else possible aside from that. Actually, in the steps we reduced the amount that we had allocated to the MAP program and rolled that money into the other initiatives they had requested, so we tried to accommodate them as best we could without lowering the level funding for financial aid to students.”

Chairwoman Hightman said, “Well, we can do better next time. All of us.”

Dr. Berman said, “I wanted to mention also that we are aware that one aspect of the problem is the very limited flexibility that ISAC has in providing funds for its own administration. I have talked with Director Zarnikow about the desire to have some legislation to increase the flexibility so that in the event that federal funds are not there to underwrite the administration ISAC could continue to function, which is something we all want.

Chairwoman Hightman said, “Any other comments? Okay, at this point I think we are ready to hear a motion to hear the budget recommendation.”

Mr. Giannoulis said, “If I may? I am probably going to vote present. I think IBHE received the same letter I did from Jerry Stermer saying that we have some devastating financial choices to make and at ICCB we are going to make some very difficult choices. We need to be realistic. Obviously I am going to fight as hard as I can and we all need to fight for more funds for our secondary school system. I know Julie Smith is here from the Governor’s office. I know she has been terrific and works very hard on our behalf, but the truth of the matter is that, best case scenario next year, we are looking down the barrel of a \$400 million deficit with \$1 billion going to pensions alone. I think in good conscious I am probably going to vote present because I think we are living in a dream world if we think we are going to get extra revenue.

“I can tell you that there were folks on the MAP taskforce, for example, that were great and who worked very hard but there is an example of the legislature saying, ‘Put this taskforce together and the only thing we are really going to ask of you is that you do not ask for more money.’ The taskforce meets. The community colleges got shafted badly, unfairly. I am very disappointed about that. That is a deeper conversation and I am not here in a grouch mood today but I am disappointed that the community colleges got kicked around again. The only tangible recommendation the taskforce came up with was, ‘We need more money.’ We were told not to ask for that, so, in good conscious, I will probably vote present, in case anybody cares.”

Chairwoman Hightman said, “Anybody else? Any comments? Should we do a roll call, then, to make sure everyone’s votes are accurate and reflective.

“At this point I would like to hear a motion to approve the budget recommendation.”

The Illinois Board of Higher Education, on motion made by Dr. Proshanta Nandi and seconded by Dr. Elmer Washington, approved the Fiscal Year 2014 Higher Education Budget Recommendations in a roll call vote.

<u>Board Member</u>	<u>Vote</u>
Jay Bergman	Aye
Frances G. Carroll	Aye
Alexi Giannoulis	Present
Heba Hamouda	Aye
Carrie J. Hightman	Aye
Kym Hubbard	Present
Allan Karnes	Nay
Paul Langer	Aye
Justin McDermott	Nay
Proshanta K. Nandi	Aye
Santos Rivera	Nay
Robert Ruiz	Aye

Ari Shroyer	Aye
Elmer L. Washington	Aye
Addison E. Woodward, Jr.	Aye

Chairwoman Hightman said, “The item passes with ten ‘yes,’ three ‘no,’ and two ‘present.’ Thank you for your work and I appreciate all the comments that everyone made regarding the budget issues.”

8. New Units of Instruction at Public Community Colleges

Dr. Cullen said, “Madam Chairwoman, we have included in the memo a listing of all pending academic programs and all authorization proposals submitted to the Board through January 18. Since then, one additional proposal has been received. Two applications have been withdrawn since the last Board meeting. As of Monday, February 4, there were 36 new requests for program modification in addition to the 78 reported in the memo.

Dr. Cullen briefly outlined the contents of this item. There was no discussion following his presentation.

The Illinois Board of Higher Education, on motion from Mr. Justin McDermott and seconded by Dr. Proshanta Nandi, hereby unanimously grants authority to Frontier Community College to offer the Associate in Applied Science in Executive Office Professional subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants authority to Kaskaskia College to offer the Associate in Applied Science in Construction Project 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 Wabash Valley College to offer the Associate in Applied Science in Executive Office Professional subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

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

Dr. Cullen briefly outlined the contents of this item. There was no discussion following his presentation.

The Illinois Board of Higher Education, on motion from Mr. Justin McDermott and seconded by Dr. Allan Karnes, hereby unanimously grants to Benedictine University Authorization to Grant the Bachelor of Arts in International Business and Economics and the Bachelor of Business Administration in Accounting in the Central 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 Hannibal-LaGrange University the Certificate of Approval and Authorization to Operate in the Central Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to Lindenwood University – Belleville Authorization to Grant the Bachelor of Science in Information Technology, the Master of Arts in Gerontology and the Master of Science in Administration in the Southwestern 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 Visible Music College the Certificate of Approval and Authorization to Operate in the South Metropolitan Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to the Chamberlain College of Nursing Authorization to Grant the Master of Science in Nursing, Family Nurse Practitioner Specialty Track, in the West Suburban Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to Chicago ORT Technical Institute, doing business as Zarem/Golde ORT Technical Institute the Certificate of Approval and Authorization to Operate in the North Suburban Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to DeVry University – Illinois, Keller Graduate School of Management Authorization to Grant the Master of Science in Accounting in the Chicago, South Metro, West Suburban, Fox Valley, and North Suburban 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.

And grants to ITT Technical Institute of Mount Prospect Authorization to Grant the Associate in Applied Science in Nursing in the North Suburban Region subject to the institution’s implementation and maintenance of the conditions that were presented in its application and that form the basis upon which this authorization is granted.

And grants to John Hancock University Authorization to Grant the Associate in Applied Science in Accounting, the Associate in Applied Science in Business Administration, the Associate in Applied Science in Paralegal Studies, the Bachelor of Arts in English, the Bachelor of Arts in Interdisciplinary Studies, the Bachelor of Arts in Political Science, the Bachelor of Science in Computer Science, the Bachelor of Science in Psychology, the Master of Arts in Criminal Justice, the Master of Arts in English, the Master of Science in Computer Science, and the Master of Science in Human Resource Management in the West Suburban Region subject to the institution’s implementation and maintenance of conditions that were presented in its applications and that form the basis upon which these authorizations are granted.

And grants to Vatterott College – Fairview Heights Campus Authorization to Grant the Associate in Applied Science in Alcohol Abuse Counselor, the Associate in Applied Science in Heating, Air Conditioning and Refrigeration Technology, the Associate in Applied Science in Medical Assistant with Office Management, the Associate in Applied Science in Pharmacy Technician, and the Associate in Applied Science in Veterinary Technician in the Southwestern Region subject to the institution’s implementation and maintenance of conditions that were presented in its applications and that form the basis upon which these authorizations are granted.

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

Dr. Cullen briefly outlined the contents of this item. There was no discussion following his presentation.

The Illinois Board of Higher Education, on motion from Mr. Justin McDermott and seconded by Dr. Elmer Washington, hereby unanimously grants to Illinois State University authorization to establish the Bachelor of Science in Molecular and Cellular Biology and the Master of Arts and Master of Science in Anthropology in the Central 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 the University of Illinois at Urbana-Champaign authorization to establish the Bachelor of Science in Liberal Arts and Sciences in Computer Science and Anthropology, the Bachelor of Science in Liberal Arts and Sciences in Computer Science and Astronomy, the Bachelor of Science in Liberal Arts and Sciences in Computer Science and Chemistry, the Bachelor of Science in Liberal Arts and Sciences in Computer Science and Linguistics, and the Master of Arts in Translation and Interpreting in the Prairie 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.

IV. Consent Agenda

Chairwoman Hightman said, "Moving to the consent agenda, Items 11 through 15. Is there a motion?"

The Illinois Board of Higher Education, on motion made by Dr. Elmer Washington and seconded by Dr. Allan Karnes, unanimously approved Item Nos. 11, 12, 13, 14, and 15.

11. Board Meeting Minutes – December 4, 2012

The Illinois Board of Higher Education unanimously approved the Minutes of the September 25, 2012, meeting.

12. Fiscal Year 2013 Financial Report as of December 31, 2012

The Illinois Board of Higher Education unanimously approved the Fiscal Year 2013 Financial Report as of December 31, 2012

13. Nursing School Grant Program, Fiscal Year 2013 Awards

The Illinois Board of Higher Education hereby unanimously approves allocating the Fiscal Year 2013 awards totaling \$425,000 for Expansion and Improvement Grant projects under the Nursing School Grants as detailed in this item and shown in Table 1 of the document. The Board also authorizes the Interim Executive Director to make pro rata adjustments to the grant awards in the event that appropriated funds are reduced or unavailable.

14. Illinois Cooperative Work Study 2013 Grant Allocation

The Illinois Board of Higher Education hereby unanimously approves allocating Fiscal year 2013 awards totaling \$1,114,500 for Illinois Cooperative Work Study grants as detailed in Table 1 of the document. The Board authorizes the Interim Executive Director to withhold payment or adjust a grant allocation, if necessary, to conform to existing statute, rule, or available funding or to assure compliance with any previous grant agreements.

15. DePaul University Illinois Longitudinal Data Systems Grant Approval

The Illinois Board of Higher Education hereby unanimously approves the General Grant described in the document. The Board authorizes the Interim Executive Director to make adjustments to the grant award in the event that the federal funds are reduced or unavailable.

V. Information Items

Chairwoman Hightman said, "We have a couple information items. I will turn it over to Dr. Berman."

16. Private Colleges and Universities Capital Distribution Formula

17. Full-Time Faculty and Civil Service Salaries at Illinois Colleges and Universities

18. Preliminary Fall 2012 Enrollments in Illinois Higher Education

Dr. Berman said, "Just a note that we are pulling Item 18, Preliminary Fall 2012 Enrollments in Illinois Higher Education. We discovered a problem with the data and we will get that redistributed as soon as possible."

VI. Public Comment

VII. Other Matters

Chairwoman Hightman said, "The next Board meeting is April 2 at Elgin Community College and the featured guests at lunch will be the Faculty Advisory Council."

VIII. Executive Session

Chairwoman Hightman said, "Is there a motion to go into Executive Session?"

Dr. Carroll said, "I move that the IBHE move into executive session for the purpose of discussing employment issues, pursuant to Section 2(c)(1) of the Open Meetings Act."

Chairwoman Hightman said, "Is there a second?"

Dr. Washington said, "I second."

Chairwoman Hightman said, "We need to have a roll call."

Secretary Deitsch called roll and a quorum was present. Motion carried. The Board moved into executive session.

At approximately 4:55 p.m. the Board moved out of execution session.

Mr. Langer said, "I would move that the Board direct its attorneys to protect and preserve any and all applicable attorney-client confidentiality privileges pursuant to the Open Meetings Act for all pending matters in Illinois."

Chairwoman Hightman said, "So moved. Is there a second?"

Dr. Washington said, "Second."

Chairwoman Hightman said, "All in favor?"

The motion carried unanimously.

IX. Adjournment

There being no further business to come before the Board, Chairwoman Hightman adjourned the meeting at 5:00 p.m.

Respectfully submitted by Cindy Deitsch, Secretary to the Board.

Note: Copies of all items referred to in the minutes (i.e., letters, statements, reports, etc.) are on file with the official minutes of the February 5, 2013, meeting.

