

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN



Abbas Aminmansour, Chair
Faculty Advisory Council
Illinois Board of Higher Education
c/o 117 Temple Buell Hall, MC-621
Champaign, IL 61820 USA

September 26, 2011

Dr. George Reid, Chair
Performance-Based Funding Steering Committee
Illinois Board of Higher Education

Dear Dr. Reid:

The Faculty Advisory Council of the Illinois Board of Higher Education respectfully offers the following for consideration by the Steering Committee in its deliberations to establish a process and metrics for Performance-Based Funding (PBF) in Illinois.

1. Performance-Based Funding is best applied to additional State funds that may be available for institutions of higher education. Page 20 of the Higher Education Finance Study Commission states, *“Illinois needs to invest more in higher education, and the simple, business-as-usual model needs to be modified to boost efficiency and productivity even more. Performance funding combined with additional funds can address both conclusions; it will push institutions to increase efficiency and bolster their case for additional state funds at the same time.”* However, given that additional State funds may not be available for higher education, care should be taken to minimize the potential adverse effects of reduced funding for our already severely underfunded institutions.
2. Illinois has a wide array of institutions with different missions and characteristics. Even among institutions with similar mission (e.g. four-year research universities), there may be a diversity of goals and practices. Therefore, establishing practical, efficient and fair metrics for PBF at the State level is a complex and sensitive process. We appreciate the Committee’s care in establishing such standards and urge you to take additional time, if necessary, to ensure outcomes that will meet the goals of PBF as articulated by the Higher Education Finance Study Commission noted above.
3. The percentage of funds allocated for PBF should be small, particularly in the beginning, to minimize potential unintended/unpredicted adverse effects on our universities and colleges.
4. Metrics established for PBF must recognize, build upon and reward the efforts of those institutions that have worked particularly hard over the last several years to increase efficiency while maintaining quality. The Steering Committee may wish to consider using data from recent years to recognize such efforts in the beginning.

5. Education must be viewed as a P-20 continuum. Any PBF metrics established for our institutions of higher education should consider the institution's ability to influence the relevant issues. For example, the level of preparedness of students entering our colleges and universities will definitely impact those institutions' cost and their ability to help such students succeed and graduate in a timely manner.
6. Accomplishing certain goals may be beyond the reach and control of our institutions because of the inter-relationship between relevant factors. For instance, expecting institutions to award more Ph.D. degrees and increase their research expenditures from external sources may not be practical when availability of such funds are becoming more and more limited with time.
7. Our public institutions have been good stewards of State funds. Their operations have indeed led to the State earning revenues several times greater than its investment in higher education - - as much as \$17 in return for every dollar allocated to the University of Illinois. As another example, a new economic impact study (<http://www.chancellor.siuc.edu/reports/Economic-Impact.pdf>) shows that SIU generates 2.8 billion per year in economic activity. Such significant contributions must be recognized, protected and maintained.
8. An increase in the number of graduates is often offered as an important component in PBF. If not properly implemented, this metric has the potential to increase enrollment at some institutions to make the numbers. Such actions may lead to unintended disproportionately higher costs to the institutions due to their limited capacity and other factors such as the need for additional sections and instructors. This, in turn, can reduce affordability and access.
9. Public Act 97-320 (HB1503) offers the following as a principle in establishing PBF standards: *"The metrics must be developed in consultation with public institutions of higher education..."* In keeping with this recommendation, we urge the Committee to hear directly from a panel of leaders of institutions who will be subject to PBF in order to include their perspectives and insight in your deliberations. Further, we believe there is value in the Committee hearing from credible research entities and public policy research organizations such as the University of Illinois' Institute of Government and Public Affairs (IPGA). They can offer considerable expertise in the field as part of your process to establish appropriate metrics for implementing PBF.
10. We request that you consider receiving input from IAI Steering Panel members and Transfer coordinators regarding transfer implication of PBF. Further, we recommend consideration of metrics that describe intermediate progress (e.g. course completion, successful transfer, even switching to a different career program) for students and recognize achievements of our community colleges.
11. Our community colleges play a vital role in serving non-degree-seeking students such as the small business owner who needs to learn a foreign language, the resident who wants to take a studio art course or the CPA who needs additional hours for professional recertification. We urge the Committee to pay particular attention to how the institution's performance is to be assessed in such scenarios and in the context of the student's reason for taking post secondary courses. Further, appropriating "credit" to the right institution(s) for dual-credit courses needs consideration under PBF.

12. We recognize that the public expects postsecondary graduates to become good wage earners. However, we encourage the Steering Committee to consider also the importance of a liberal arts education. Many of our colleges and universities contribute significantly to enhancing the quality of lives not only of their students but also of the surrounding communities in ways that may be difficult to measure financially.
13. Lastly, quality education is of utmost importance. Care must be taken to ensure that metrics established for PBF do not lead to undesirable consequences. Some institutions may be willing to suffer financially in lieu of adopting policies and practices that may adversely affect the quality of the education they offer (e.g. lowering their graduation requirements and standards). However, some financially stressed institutions may be forced to compromise their long-held standards and values in the interest of obtaining badly needed additional State funding. Such scenarios must be avoided.

We recognize the serious financial difficulties that our State and nation are facing; we are grateful to the sponsors and supporters of Public Act 97-320 (HB1503) for their care to ensure that taxpayers' monies are used in a responsible manner. We support holding all stewards of public funds, including institutions of higher education, accountable for use of such funds. As faculty in our institutions of higher education and as responsible citizens of the State we appreciate the opportunity to offer input to this process to ensure fair and effective use of our limited resources. Further, we trust that the Steering Committee will offer the Board metrics for PBF that are consistent with this goal while maintaining quality throughout our state's higher education system.

Thank you for your consideration. Please let us know how we can provide assistance in your future deliberations.

Sincerely,



Abbas Aminmansour, Chair
Faculty Advisory Council, Illinois Board of Higher Education

cc: IBHE-FAC