

Six Performance Funding Principles for Illinois Higher Education

By the Council of Public University Presidents and Chancellors

Linking the goals of the Illinois Public Agenda for College and Career Success (the Public Agenda) to the state's higher education budgeting process is a laudable objective that is supported by the Council of Public University Presidents and Chancellors (CPUPC). Illinois' public universities participated in the development of the Public Agenda and support the major goals of the Public Agenda:

Goal 1--Increase educational attainment;

Goal 2--Improve college affordability;

Goal 3--Strengthen workforce development;

Goal 4--Link research and innovation to economic growth.

CPUPC is committed to progress on the goals of the Public Agenda. Real progress is linked to several factors, some of which were identified in the Executive Summary of the Public Agenda report submitted by the Higher Education Finance Study Commission (Pursuant to Senate Joint Resolution 88) in December 2010. The Higher Education Finance Study Commission recommended in the Executive Summary of its report that the State implement a new finance and budgeting design for higher education within the next year that will:

Ensure adequacy and predictability of higher education revenues.

Reduce the burden of unfunded mandates and promote efficiency.

Move forward with development of performance-based funding.

Alter the state's current financial aid policy to ensure that affordability goals are met, particularly for the most vulnerable students.

Develop a financial aid policy that expands access to success.

Thus, performance funding, now under study by the Higher Education Performance Funding Steering Committee is just one part of a five-fold approach to the goals of the Public Agenda. The CPUPC encourages attention to all five recommendations in the Higher Education Performance Funding Steering Committee's deliberations.

CPUPC, in the context of the Higher Education Finance Study Commission's recommendations 1 through 5 above as a precursor to current discussions, supports the following six principles in performance funding considerations:

Principle 1. Adequacy and predictability of higher education revenues is a necessary condition for success in any performance funding system. The Higher Education Finance Study Commission found in 2010 that state support for colleges and universities has dropped \$440 million in inflation adjusted dollars over the past 15 years. The Commission stated as fact that "colleges and universities are starving for state dollars." (Exec. Summary, page 2.) To remove a portion of current higher education state funding to fund a performance funding system would be counterproductive. Moreover, a performance funding model built on the foundation of inadequate current funding, may exacerbate any existing disparities in funding.

Principle 2. Metrics or measures used in a performance funding system should be few in number and should support all of the goals of the Public Agenda. HB 1503 directs a focus on performance in achieving State goals related to student success and certificate and degree completion. This focus on Goal 1 of the Public Agenda represents a first step and enables adherence to a principle of few measures. However, the other goals of the Public Agenda are important too, and warrant discussion by the Higher Education Performance Funding Steering Committee.

Principle 3. Metrics or measures used in a performance funding system must support the quality of higher education. We are and have always been committed to excellence in higher education. We have the confidence of our citizens in the quality of our educational programs. Metrics or measures that support quantity only may diminish public perception of performance funding.

Principle 4. Metrics for performance should be developed to reflect the full scope of research productivity, at our universities (patents, licensing revenues, new start-up companies, national recognition awards, research grants and expenditures, including contracts with state and local agencies, community engagement research, and advanced degrees

granted).

Principle 5. A performance funding system should account for additional costs incurred by universities for advancement of at-risk student populations, as well as the additional financial support these students need to complete degree programs. As students graduate from the K-12 system underprepared for a rigorous postsecondary education, universities and students take on additional costs to enable academic success at the college and university levels. The improvements in student performance would be a good metric to gauge this method of providing access to underprepared students.

Principle 6. Illinois' performance funding system should not be taken whole "off the shelf" from another state. Our system should be developed by us, for the benefit of our citizens' educations. What we develop should reflect thoughtful consideration of our state's unique higher education and state fiscal issues. Care must be exercised, because what is developed will ripple through our higher education system for decades.

We have the capability to use a combination of our knowledge of other states' experiences with performance funding, our knowledge of our colleges and universities, and the expertise of many individuals to craft a performance funding system that will work for Illinois and enable progress toward the goals of the Public Agenda.