

HE.02.04
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**University of Illinois
Urbana-Champaign Senate
Final;Information**

HE.02.04 Report on the IBHE Faculty Advisory Council Meeting, December 7, 2001

The FAC met in Springfield hosted by Executive Director Keith Sanders and Douglass Day of the Board of Higher Education. Dr. Sanders, called away at 10 a.m. for a meeting of the Governor's Cabinet, returned after lunch for further discussion. He approved renaming the Faculty Advisory Committee the Faculty Advisory Council to the Board of Higher Education.

Director Sanders spoke at length about his concern that the state may require the public four-year universities to pay a portion (up to \$45M) of the employee's and retiree's health care costs this year. The universities draw more heavily upon the health insurance sponsored by Central Management Services according to CMS because most employees/retirees are not covered by social security and hence not on Medicare.

Sanders sees the BHE's legislative initiative to require a stronger curriculum for high school graduation as a key BHE effort. Illinois has the lowest high school graduation requirements of the fifty states. The Prairie State Examination set up many students for failure because they had no access to courses covering some of the test material. A Mathematics Advisory Group is being formed to discuss means to remedy the poor math performance on the Exam. Since 80% of Illinois high school graduates ultimately go on to college, they need to be prepared for college-level work. Over \$75M is spent by colleges on remedial instruction. While the probability of passing a bill to raise high school graduation standards is low, Sanders believes it important to have a dialogue and make the effort. Sponsors for the legislation are being found and visits made to editorial boards. Only one visit resulted in a strongly favorable editorial, that by the *Chicago Tribune*. Visits will be made to business associations, educational groups, etc. A report by 15 presidents of private, four-year and community colleges stated that the number one predictor of going to, success in, and graduation from college is the preparation brought to college.

A new scholarship program will go to the General Assembly under the title "I Teach" proposing increasing amounts of scholarship funds over the four years for students who plan to teach in high need program areas in high schools. If they do not teach in public schools the grants will convert to loans that must be repaid. There is a new focus on increasing the articulation between community colleges and teacher ed programs so that those who plan to become teachers will have the same first two year's experiences in the community colleges as if they were at a four-year institution. Prospective teachers will be required to pass a new, enhanced basic skills test pitched at the first year college level, replacing one that was at approximately the 9th grade level.

The 2002 budget recommendations for higher education being presented to the BHE on Dec. 11 are "a shot in the dark." Originally about \$900M new General Revenue Funds were projected, now the estimate is \$4-500M. The BHE budget asks for \$100M of new money—unlikely to get

that unless the economy turns around. The legislature seems convinced of two things: faculty salaries need to be competitive and our physical plants are not being well maintained. Beyond that there is little understanding of higher education's needs.

Debra Smitley, BHE budget staff member, elaborated on the current budget and '03 budget proposal. Higher education, asked to impose some austerity measures by the Governor, will "volunteer" to do so. We honor such requests because funds can be taken out of future budgets and we can be punished in several ways for failing to cooperate. Education was protected somewhat in that the cuts—currently 1% of state funds for operations and grants—are less for education than for code agencies. Student assistance programs were protected except for merit and veteran's scholarships. She warned that the health insurance cost shortfalls would be much more significant in the future. Funds appropriated to cover health care, largely in the Quality Care Program, will run out in March. While the basis is not clear, CMS says a \$45M shortfall is assigned to the public four-year institutions. We are likely to be asked for that money.

The discussion revealed a significant fact: formerly all money for health care was appropriated directly to CMS. This year's budget counted as going to higher education \$14.8M that has previously gone directly to CMS—the \$14.8M still went there but was counted as part of the higher education appropriation. So higher education did not get as big a budget increase as was "touted." The key question: "Will higher education be expected to cover all CMS health care costs for its employees, a very large figure?" CMS has not provided good information and BHE has no knowledge of the impact of negotiations with AFSME on benefits and benefit costs.

With regard to the FY '03 budget (setting aside health care costs) the BHE proposes a 3.7% increase. Salaries are targeted at 3% +1/2% +1/2% (\$30M from General Revenue State Funds and \$18M from university income funds plus an additional 1/2% from internal reallocation). Add the 4% increase in the maximum award for the scholarship program totaling about \$20M and \$30M for SURS and there is little money left for other programs, e.g., nothing for deferred maintenance or new programs. The capital request is down—43 projects totaling \$445M are recommended. Remodeling is not cheap as projects are becoming bigger and more expensive and the needs for remodeled and new space grow each year. Once planning money is appropriated, projects normally are assured of completion in time. (Funding typically comes from issuing bonds.)

When Sanders rejoined the group, he noted that there was not yet enough information on the health care shortfall to provide any indication of what will be done. If asked to pay for health care out of funds assigned to higher education, we may look at developing our own program apart from CMS. We might be able to do so more cheaply: at one time it was argued including higher education helped keep rates lower for all those covered. Will be the third week in December before the discussion moves forward.

Sanders praised the FAC's work this year and its assessment report. A late May conference on assessment will have FAC participation. Sanders noted we do far too little "value added" testing in higher education. He questioned the wisdom of challenging the allocation of funds to private education. The 8-10% of the BHE budget going to private institutions, relatively stable for many years, is probably the highest in the nation but reflects the political climate in Illinois, which is

unlikely to change. He stressed the value in keeping higher education united: public and private institutions support the BHE recommendations since both gain from increases. Asked about privatization in public higher education, Sanders opposed privatizing the core responsibility of teaching. While privatization of some services drives down costs, the campuses lose control over the people who are working on the campus, which can have negative effects.

Sanders spoke eloquently of three issues that Illinois has refused to confront:

1. Atrocious low salaries of public school teachers. (Of 16 leading nations we are 14th in amount of Gross National Product spent on public education.)
2. Enormous inequity of school funding in Illinois from \$4K per student in Cairo to \$16K in Chicago suburbs.
3. Working conditions so bad in many schools that nobody wants to work there.

Asked if some of the 47 community colleges would become four-year institutions, Sanders said “No, but they could serve as resources for baccalaureate completion.” There will likely be a cut in base budgets—perhaps as much as 2%. If forced to cover health care shortfalls, it could be more. He acknowledged that public institutions were behaving more like private institutions in terms of seeking external funds, higher tuition and fees, etc., particularly referencing the U of I. He argued that the BHE had no choice in licensing the University of Phoenix to offer courses in Illinois: Phoenix would have sued and won if denied permission. He asked why public or private schools could not compete. Since Phoenix is based out of state, its students, unlike DeVry, cannot use state scholarship funds.

In the business meeting, a resolution was adopted stressing that assessment is an important responsibility as institutions seek to improve the learning environment. Faculty must be central in the process of determining the standards and measuring whether the college experience as a whole and the student’s major in particular accomplishes the goals set by the institution and the various curricula.

A proposed resolution on budget priorities calling for giving less support to private institutions through the state scholarship program and capital appropriations was hotly debated. Ultimately a portion of the statement was adopted stressing the need to support higher education given its role in contributing to long-term economic viability of the state; the need to recruit and retain excellent faculty by closing the gap in salaries and benefits between public and private colleges; the continuation of the 30-and-out provision; and exporting fewer of our students to other states or counterbalancing this by giving tuition waivers to students from neighboring states allowing them to pay in-state tuition at colleges where space is readily available.

The two resolutions and the previously adopted Procedural Rules for the Faculty Advisory Council were presented to the BHE at its Dec. 11 meeting by FAC Chair, Ken Andersen.

Ken Andersen, Campus representative to the FAC of the BHE

N.B.: For purposes of clarity, statements dealing with a single topic are grouped rather than following the actual chronology of the meeting.