

A Story of Decline: Performance and Policy in Illinois Higher Education

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INTRODUCTION

In the mid- and late-1990s, Illinois was a top-performing state in preparing students for college, enrolling residents in college, and keeping college affordable:

- Compared with residents of other states, large percentages of Illinoisans earned a high school diploma or a General Education Development (GED) diploma by age 24; earned high scores on college entrance exams; and enrolled in college immediately after high school.
- Illinois led the nation in the proportion of young adults (ages 18 to 24) and working-age adults (ages 25 to 44) who were enrolled in college.
- Illinois was a leader in keeping higher education affordable for families, as measured by (1) the share of family income required to attend the state's public two-year and four-year institutions and (2) the availability of state need-based financial aid.

During the past decade, however, the state has experienced substantial declines in higher education performance. At the same time, the state has made no progress toward ameliorating a persistent pattern of inequity in higher education.

Participation: Despite an increase in the high school graduation rate, Illinois saw declines in the percentage of high school freshmen enrolling in college within four years (from 48.3% in 1998 to 43.5% in 2008, a 10% drop) and the percentage of high school graduates immediately enrolling in college (from 62.7% in 1998 to 57.4% in 2008, a decline of 8.5%).

Between 2001 and 2007, the percentage of young adults (ages 18 to 24) enrolled in college rose slightly (from 32.8% to 33.2%, an increase of about 1%). But the share of 25- to 49-year-olds enrolled in college fell markedly (from 8.5% to 6.6%, a decline of 22%).

Affordability: From 1999 to 2009, median family income in Illinois fell by 7% in constant dollars while tuition increased by 100% at public four-year universities and by 38% at public two-year colleges. At the same time, state support for need-based grants dropped from \$1,036 to \$745 per undergraduate full-time student—a decline of 28%.

Inequity: Illinois has failed to make inroads into large and persistent higher education achievement gaps by race/ethnicity, socioeconomic status, and region. Blacks and Hispanics, and individuals with low-incomes are far less likely than other Illinoisans to enroll in college or, if they do enroll, to earn degrees. For example, as of 2009, only 36% of black students and 44% of Hispanic students attending four-year colleges and universities were graduating within six years, compared with 66% of white students and 69% of Asian American students.

Inequity in higher education is especially prominent in Chicago. With a fifth of the state's population, the city has high proportions of black, Hispanic and low-income residents; any attempt to rebuild Illinois higher education will have to take Chicago into account.

The state's decline in higher education performance would be worrisome at any time, but several facts make it even more so:

- According to projections, 55% of Illinois' workforce (ages 25 to 64) will need to hold at least an associate degree by 2020. To reach that goal, Illinois must increase its production of associate and bachelor's degrees by 5.4% annually.
- Over the next two decades, the state's Hispanic population is projected to increase dramatically. Given that Hispanics in Illinois underperform in higher education, the growing Hispanic population presents a huge challenge to the state's higher education system.
- The economic downturn has brought large cuts to higher education for several years in a row. For fiscal year 2011 alone, Illinois has a projected budget shortfall of \$13 billion, or 47% of the state's general fund budget. And despite an increase in state income taxes that was approved in January 2011, Illinois' fiscal challenges are unlikely to end soon.

BEHIND THE DECLINE

Illinois' drop in higher education performance follows a fundamental change in the state's higher education governance. In spring 1995, the state Legislature, responding to institutional demands for greater autonomy and in order to reduce administrative costs, ended the "system of systems" that had governed Illinois higher education for three decades.

Under the system of systems, four governing boards represented 12 public universities. The 1995 reorganization replaced the governing boards of two of the systems with individual local boards at 7 of the state's 12 public universities. This change exacerbated two problems that have driven Illinois' recent decline in higher education performance:

- An inability to establish shared state goals and priorities for higher education.
- A failure to allocate resources strategically to meet state goals and priorities.

Inability to Establish Shared Goals and Priorities

In recent years, Illinois state leaders have been unable to establish and build consensus around shared statewide goals and priorities for higher education. The lack of statewide policy capacity for higher education can be traced to several developments, including dissolving the system of systems, political corruption and inattention to higher education at the state level, and lack of accountability for higher education performance.

Dissolving the System of Systems

The Illinois Board of Higher Education, created in 1961, is supposed to coordinate the state's public universities and community colleges, its independent not-for-profit colleges and universities, and its independent for-profit institutions. Before the 1995 reorganization, the state board worked with the leaders of four separate "systems" of higher education: the Board of Governors represented five universities; the Board of Regents represented three universities; the Board of Trustees of Southern Illinois University represented two campuses; and the Board of Trustees at University of Illinois represented two campuses.

Since the 1995 reorganization, the state board must coordinate with nine system and university heads, complicating its efforts to lead. The hybrid structure includes the boards of two university systems (the University of Illinois and Southern Illinois University) and the local boards of seven public universities. The reorganization did not increase the state board's authority, limiting the board's ability to provide a check on the increase in institutional autonomy created through the local boards.

Although the state board was once viewed as powerful and effective, it is now perceived as weak and ineffective. Presidents of the state's universities now bypass the board and go directly to the Legislature; the board no longer presents a unified front.

Political Corruption and Inattention to Higher Education at the State Level

Over the past decade, governors have made higher education a low priority. And corruption associated with two recent governors—George Homer Ryan and Rod Blagojevich—has limited state government effectiveness in general.

There are also doubts about the caliber of higher education appointments made by recent governors. In the 1990s, the perceived quality of the members of the Illinois Board of Higher Education enhanced its authority. But in recent years, particularly under Blagojevich, according to state leaders we interviewed, a seat on the board became a reward for political donors.

The Illinois Legislature, for its part, is seen as partisan and lacking consistent and substantive leadership for higher education. State leaders we interviewed, including state legislators, questioned the Legislature's ability to establish shared goals and priorities for higher education.

The most recent statewide master plan, *The Public Agenda*, exemplifies the state's inability to establish shared goals and priorities. This comprehensive 10-year strategic plan for higher education neither specifies targets for performance nor prioritizes its many recommendations.

Lack of Accountability

Illinois lacks incentives for public colleges and universities to improve performance or meet state needs. Formerly, the Board of Higher Education was able to use its grant

programs to promote institutional change that is aligned with state priorities. But the state's dire fiscal situation has meant the elimination of most these grant programs.

Even where the state has identified priorities for higher education, it has not developed incentives for institutions to improve performance. For example, the Legislature has mandated that the educational system work to close gaps in educational attainment across racial/ethnic groups, and the Board of Higher Education is required to present an "Underrepresented Groups Report" to the governor and Legislature annually. But no actions or consequences appear to follow from the information in these reports.

Appropriations to higher education institutions do not spur institutions to improve performance. Rather than being based on performance, appropriations to public universities reflect a base-plus approach, while appropriations to community colleges are based on reimbursable credit hours.

The state board has also failed to take full advantage of available data to identify and achieve state priorities.

Failure to Allocate Available Resources Strategically

Even before the recent economic downturn, Illinois was having trouble allocating resources to achieve statewide goals and priorities for higher education. Over the past decade, Illinois has shifted away from funding need-based student financial aid, has reduced support for students in the independent sector, has not developed a planned statewide approach to tuition increases, and has not aligned state appropriations with state priorities for higher education.

Shift Away from Need-Based Student Financial Aid

Despite a history of substantial investment, the state's appropriations for need-based aid have not kept pace with recent increases in inflation, tuition and fees, or demand.

In comparison with many other states, Illinois has allocated high amounts to need-based aid. Nonetheless, Illinois has lost ground in keeping college affordable for its families and students, and state appropriations for its Monetary Award Program have lagged behind increases in tuition and inflation in recent years. In fiscal year 2002, the maximum award covered 100% of average tuition and fees at public community colleges and four-year universities. By fiscal year 2010, the maximum award covered 66% at community colleges and 48% at public universities.

Funding shortfalls have resulted in the dispersal of aid on a first-come, first-served basis. In fiscal year 2010, about 130,000 eligible applicants did not receive a MAP grant because they applied after the available funding was exhausted. The Illinois Student Assistance Commission estimates that approximately 150,000 eligible applicants will be denied MAP funds by the end of fiscal year 2011.

Declining Support for Students in the Independent Sector

State financial aid and other grant programs have historically been used in Illinois to support enrollment at the state's private colleges and universities and to encourage these institutions to participate in statewide master planning. Yet some state programs that have previously offered incentives to enroll in private institutions have been cut due to budget shortfalls.

Students attending the state's private not-for-profit colleges and universities have received a declining share of MAP funds over the past decades: 69% of all MAP dollars in fiscal year 1980, 58% in 1990, 46% in 2000, and 40% in 2009. Recently, the Illinois Board of Higher Education proposed limiting MAP to public institutions.

Lack of Statewide Planning for Tuition

When the Legislature dissolved the system of systems, it ceded control of tuition to the institutions of higher education. Today, individual public universities set their own tuition without the involvement of the governor, the Legislature, or the Illinois Board of Higher Education.

State Appropriations Not Aligned with State Priorities

A few examples will suffice:

- At public community colleges in Illinois, state appropriations have been based largely on cost per credit hour, with little attention to developing incentives for improved performance or cost-restructuring based on other measures.
- The state has not been able to maintain financial support for the research functions of higher education. In fiscal year 2008, Illinois eliminated funding for the State Matching Grant Program, which offered matching grants for public and private colleges and universities competing for federal and corporate research grants. The state Board of Higher Education reported that the state's appropriation of \$9.5 million for this program in fiscal year 2007 resulted in \$111.6 million in grants from the federal government and other sources.
- Illinois has also been unable to allocate resources to expand pilot programs designed to improve student success rates.

In an effort to secure scarce public resources for higher education, improve the alignment of funding with state goals and priorities, and demonstrate accountability, the Illinois Board of Higher Education recently modified its approach to requesting appropriations from the Legislature. In fiscal year 2009, the state board adopted an "investment approach" that links its budget requests to goals and levels of performance identified in *The Public Agenda* (the state's master plan for higher education). But this new budget approach does not appear to have been effective in holding the line on state cuts to higher education.

CONCLUSION

Workforce trends and international competition suggest that Illinois will need larger numbers of better-educated workers over the coming decades. At the same time, demographic trends, combined with drops in higher education performance, appear to be creating a “prosperity gap” in educational attainment in the state—by race/ethnicity, by income, and by region. The state’s need for a highly educated workforce, combined with demographic trends and declining higher education performance, present significant challenges for higher education in Illinois. The state is also facing substantial fiscal shortfalls, but it is important to note that the decline in higher education performance began before the recent budget challenges; it is likely that increased funding alone will not improve performance. The magnitude of these challenges shows the need to develop policy leadership capacity for higher education in Illinois, identifying and gaining consensus on statewide goals and priorities, and determining how to use available resources to improve higher education’s performance and thereby reach state goals.

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State Review Project on Policy and Performance in Higher Education

Purpose of The Project

The National Center for Public Policy and Higher Education's biennial state-by-state report card, *Measuring Up*, shows that, between 2000 and 2008, many states improved their performance on key measures of college preparation, participation, and completion. While shedding light on performance in key areas relative to other states, the report cards do not reveal the policies and practices that contribute to a state's performance or the reasons that some states improved their performance while other states declined. Understanding these issues is a critical step toward identifying how to improve higher education performance within a particular state and subsequently realize the level of degree production required to compete in a global economy. This project improves our understanding of how states can improve degree attainment in the context of fiscal, demographic, and other challenges.

Methods

This project draws on data collected from case studies of five states: Georgia, Illinois, Maryland, Texas, and Washington. We used a number of data sources to construct the case studies. For each state, existing data sets, media reports, and government and other documents were first used to produce a "briefing book" that described trends in the state's higher education performance, as well as the state's demographic, economic, and political context. The briefing book also presented a preliminary report of the public policies that operate within the state. The briefing books were then used to generate state-specific hypotheses about the relationship between public policy and higher education performance in the state.

We then used state-specific protocols to collect data explaining the relationships between formal and informal policies and state performance. The research team spent three to five days in each state conducting individual and group interviews with institutional and state leaders who were expected to be knowledgeable about particular dimensions of higher education performance and relevant policies and practices. In each state we spoke with elected officials and staff in the executive and legislative branches of government, staff and leaders of administrative agencies and governing boards, K-12 and higher education leaders, business and civic leaders, and leaders of associations representing other relevant constituencies (e.g., private college association). Many of these informants provided us with additional relevant supporting documents. A case study report drawing on the multiple sources of data was produced for each state. Cross-state analyses identify themes that cut across the five states.

Project Team

This project was completed by a team of researchers from the National Center for Public Policy and Higher Education and The Institute for Research on Higher Education (IRHE). This team was led by Joni Finney and Laura Perna, co-directors of the project and professors of higher education at the University of Pennsylvania. Other members of the project team were Michael Armijo, Awilda Rodriguez, and Jamey Rorison. Scott Stimpfel and Christopher Miller also provided assistance.

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Project Sponsors

Founded in the mid-1980s, the Institute for Research on Higher Education (IRHE) is a university-wide research institute that conducts research relevant to policymakers and educational practitioners. Under the leadership of its first director, Robert Zemsky, one of the first projects, undertaken with the College Board, resulted in the development of a framework for understanding the higher education market for undergraduate education. IRHE also served a national convening role in the 1990s, publishing *Policy Perspectives* focused on the future of American higher education. In 1995 IRHE won the competition for a five-year federally funded National Center on the Improvement of Postsecondary Education. From 2009 to 2011, under the leadership of its new director, Joni Finney, IRHE collaborated with the National Center for Public Policy and Higher Education to complete a five-state policy review, to determine the relationship between public policy and state performance in higher education. For further information about the state policy review project, visit www.gse.upenn.edu/irhe/srp.

Founded in 1740 by Benjamin Franklin, the University of Pennsylvania is America's first university and one of the world's premier research universities. The Penn Graduate School of Education (Penn GSE)—one of only three schools of education in an Ivy League institution—is recognized as one of the best in the United States. Penn GSE is broadly interdisciplinary with a long history of excellence in qualitative research, language and literacy studies, practitioner inquiry and teacher education, quantitative research, policy studies, evaluation, higher education, and psychology and human development. Faculty in the School's Higher Education Division focus their research on access and equity; diversity and higher education; policy and public financing; civic engagement; organizational change; and the impact of the marketplace on colleges and universities.

The National Center for Public Policy and Higher Education promotes public policies that enhance Americans' opportunities to pursue and achieve high-quality education and training beyond high school. As an independent, nonprofit, nonpartisan organization, the National Center prepares action-oriented analyses of pressing policy issues facing the states and the nation regarding opportunity and achievement in higher education—including two- and four-year, public and private, for profit and nonprofit institutions. The National Center communicates performance results and key findings to the public, to civic, business, and higher education leaders, and to state and federal leaders who are in positions to improve higher education policy. This publication is supported by grants from the Bill & Melinda Gates Foundation and Lumina Foundation for Education. This statements and views in this report do not necessarily reflect those of the funders, and are solely the responsibility of its authors and the National Center for Public Policy and Higher Education.