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ABSTRACT

Recommendations and issues concerning reauthorization of the Higher Education Act of 1965 are presented in testimony from representatives of higher education from the State of Illinois and its postsecondary institutions. The Act provides the primary source of support for postsecondary institutions and students. The link between the amount of educational aid granted and the economic strength and development of a particular area is discussed, with attention to cooperation between colleges and industry, research and development, and continuing education for scientists and engineers. The rehabilitation and modernization of physical facilities is another issue facing many colleges today that is addressed by the act. To illustrate the problem, a building condition audit for the University of Illinois is included. It is argued that Illinois does not have the resources to replace federal student financial aid funds if the federal programs are reduced or fail to keep pace with increasing college costs. Specific recommendations are offered for reauthorization that would be beneficial to Illinois community colleges, including recommendations to make education better serve working adults and part-time students, to serve adult students needing occupational education, and to renew cooperative education. (SW)

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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

ED265771

HEARING BEFORE THE SUBCOMMITTEE ON POSTSECONDARY EDUCATION OF THE COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES NINETY-NINTH CONGRESS

FIRST SESSION

HEARING HELD IN URBANA, IL, ON APRIL 27, 1985

Serial No. 99-8

Printed for the use of the Committee on Education and Labor

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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

SATURDAY, APRIL 27, 1985

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to call, at 9:35 a.m., in room 275 Illini Union, Urbana, IL, Hon. William D. Ford (chairman of the subcommittee) presiding.

Members present: Representatives Ford, Hayes, and Bruce.

Staff present: Maryln L. McAdam, legislative associate; Kristin Gilbert, clerk, Subcommittee on Postsecondary Education; and Rose M. DiNapoli, minority legislative associate.

Mr. FORD. It is a pleasure to call to order this oversight hearing of the Subcommittee on Postsecondary Education of the U.S. House of Representatives. Our witnesses today will address their concerns and recommendations for the upcoming reauthorization of the Higher Education Act of 1965. This is actually a body of acts brought together in 1980 which provides the primary source of support for institutions and students attending institutions of post-secondary education.

We are particularly pleased to be here on the Champaign-Urbana campus of the University of Illinois at the specific request of a member of our subcommittee, Congressman Terry Bruce. We consider ourselves very fortunate to have Mr. Bruce among our members at this particular time.

We are under a time constraint because authorization for the Higher Education Act expires next year, and we have to get reauthorization through this Congress. It is going to be extremely difficult to do that job in the present environment of budget cutting. But we are particularly happy to have people like Terry, who has a record coming to the subcommittee of long time support for education, and higher education in particular, as a member of the Illinois Legislature. He has already, in a very short time on this subcommittee, demonstrated that he knows how to legislate and he knows how to get to the root of problems and work on solutions. We hope that this process we are going through is going to result in a reaffirmation of the Federal commitment to equal educational opportunity and excellence in higher education.

We are also delighted today to be joined by another Illinois Congressman, Charles Hayes of Chicago, who serves on our subcommittee.

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tee. Mr. Hayes is in his second term on the subcommittee and he brings to it a high level of personal commitment to ensuring that the higher education programs of the future maintain the goals of equal educational opportunity which they were created to promote.

Our witness list today contains many distinguished higher education professionals from the State of Illinois and its many institutions.

I should say at the outset that we are also operating on a time constraint here today, so we couldn't accommodate everyone who wanted to testify. But the record of this hearing will stay open, and anyone who wasn't able to testify can submit whatever statement they would wish. Anyone who is attending the hearing who has some ideas, or wants to disagree or agree with things that people testify to may submit them and we will be pleased to include those comments in the record contemporaneously with the comments made here before the subcommittee.

We are looking forward to having our witnesses help us put this Higher Education reauthorization together. We had hearings in Vermont, Iowa, and now here. We would have been in St. Louis on Monday but some things are happening in Washington which require us to be there, so we had to cancel the St. Louis hearing. The Missouri schools may not be able to get back on our list before the fall. We will be in Michigan next week and New York the following week, and then I think we go out to California, in an attempt to get a better perspective into the record of what the overall picture of higher education is in various parts of the country that have a lot of similarities but some differences.

Before calling our first panel of witnesses, I would like to yield to my colleague, Terry Bruce, for any opening remarks he might have, and then to Congressman Hayes for his opening statement.

Terry.

[Opening statement of Hon. Terry Bruce follows:]

OPENING STATEMENT OF HON. TERRY L. BRUCE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ILLINOIS

Today, we have come to central Illinois to gather testimony for the Postsecondary Education Subcommittee to use in studying reauthorization of the Higher Education Act. I wish to thank my colleagues Mr. Ford and Mr. Hayes for visiting my alma mater with me, and to express special thanks to all those who have agreed to testify today and to those who submitted testimony in writing.

A representative is just what the term describes. We are situated in Washington, but only because voters from our districts chose us to travel there and represent them. And to find out just what thoughts and ideas we should be expressing in Washington, we must keep in close contact with the people of our districts. Phone calls are not enough. Letters are not enough. The best way to find out the needs of the people in our districts is to go before them and ask for their ideas.

That is why we are here today—why we have asked members of the panel to testify, and asked others to submit written statements of the quality, state of, and problems concerning higher education in Illinois. Through your testimony, we will gain a broad view of higher education, and learn from the first-hand experiences we cannot get when we are out of the state.

We will cover many topics today. We will hear testimony on the state of higher education in Illinois, and examine the link between higher education and economic development, two vitally connected concerns. We will also explore the current state of student financial aid, and look at the special concerns of women in higher education and the needs of the non-traditional student. Student access to college and graduate education is of special concern to this subcommittee, because if you cannot

connect the consumer with the product, it really doesn't matter what condition the product is in.

The men and women who will speak today speak not only for themselves, but also for the 50,000 students and thousands of parents and faculty members throughout the 19th District. We on the committee are here to learn from all of you. The Higher Education Act will chart the course for the future of college and university education in Illinois and throughout the United States. It is of vital importance in determining the direction our country will take in the coming years. If we are to be competitive in foreign trade, if we are to secure jobs for all Americans, if we wish to be exporters, not importers, of technology, of skills, of agricultural goods, we must develop a comprehensive plan to educate the men and women of this country. The student is the key resource we must develop in order to capitalize on our other resources. Without an educated base to work from, we cannot profit from the bounty of this country.

But what of the federal government's role in this development? It is both major and venerable. Colonial grants established the first institutions of higher learning even before the American Revolution. Then, the federal government created land-grant universities, including the University of Illinois. More recently, the GI bill, Pell Grants, and GSLs have allowed the government to nurture higher education in this country.

Other government funding supports research facilities which not only disseminate knowledge, but stand at the cutting edge of scientific achievement. Just a few blocks from this hearing room, we have one of the best examples of the success that can result when the government works with institutions of higher learning. I'm speaking of the supercomputers developed here at the University of Illinois. Projects like this one show us that federal dollars—tax dollars—can bring a return on their investment.

There is also a tangible link between education and economic development. Industry is fueled by the students our state educates. New ideas and technologies grow from the educational seeds we have planted in institutions of higher learning. So without a good pool from which to draw leaders in industry, agriculture, economic thought, the economic development scheme of our state and our nation will falter. This is another way that tax money spent to help education benefits everyone—student and non-student alike.

Educational institutions can also act as partners with local businesses in meeting business and industry-related needs. With some fine-tuning of curriculum, a university can act as a broker for local industry, securing the properly trained personnel, or specifically training its students to meet the needs of existing or potential businesses. Other programs can be tailored to meet the exact needs of a business that wants to further train its employees. This interrelationship is vital to a growing educational and industrial community, and Illinois is at the forefront in this approach.

Still, there are problems on the educational horizon. This week, Secretary Bennett endorsed a proposal to cut more than one billion dollars of the financial aid available to students in fiscal year 1986. He would do this, in part, by cutting back on the Guaranteed Student Loan Program, a program he has impugned as rife with waste and exploited by students listening to expensive stereos, and driving sports cars on two-week vacations to Florida.

This is a distorted view. Most students are not coddled by their student loan disbursements. They use the money for tuition and books, and room and board. The real problem caused by cuts in the GSL program would not be a reduction in luxuries, but a diminishing of the opportunity to even attend a college or university.

We must not cut access to a university education to those unable to pay on their own, or unable to qualify for a newly restricted group of eligible loan recipients. We must not cut off the hope of the average wage earner that his child or children will be able to gain a higher education. We must keep the opportunity open for higher education, for an improved access to knowledge that benefits not only the person educated, but all people in this country.

Mr. BRUCE. First of all, I want to thank all the panel members, and particularly Congressman Ford and Congressman Hayes, who have graciously agreed to spend a Saturday on the University of Illinois campus. I think it is important that Congress holds field hearings. Therefore, it is gratifying for us to be here today and hear directly from the community about what they believe should be included in the reauthorization of the Higher Education Act.

The panel discussions will cover everything from student aid to economic development in terms of not only where we are but what we ought to do and where we ought to be going.

In every political campaign, a great deal of time is spent talking about specific issues and what we are going to do for this or that particular interest group, but the actual policy determinations are often made without the kind of input we ought to have from the field. What we are considering today is the policy we are going to have, and what the role of the Federal Government ought to be in assisting colleges and universities. That policy will affect the lives of all of us in this State, because education is really a partnership between the parents, the colleges involved, the students, and the teachers. Unless we keep that partnership very strong, we will have a weaker economic system and certainly a weaker educational system.

It is interesting, that our policy of assistance to higher education goes back almost to colonial times, when our Government made 10 grants to establish educational institutions. Beginning in the 1700's, the Government granted millions of dollars worth of land to create land grant colleges one of which is located here at the University of Illinois. It clearly was a good investment in our future.

Last evening's newspaper reported on a study, I think done by the University of Illinois, indicating that there is a strong tie between the amount of educational aid granted and the economic strength and development of a particular area. That is one reason we are here—to find ways through the Higher Education Act to revitalize this country, with the cooperative efforts of the educational system and local business communities.

So I am very happy we are here and I am looking forward to hearing from the witnesses.

Mr. FORD. Thank you very much.

Mr. Hayes.

Mr. HAYES. I would like to commend you, Mr. Chairman, and your staff, and my friend and colleague, Terry Bruce and his staff, for putting together what I anticipate will be a very informative and enlightening discussion on the reauthorization of the Higher Education Act.

I am extremely pleased to be here this morning, especially since we are convening the hearing in my home State. As we begin laying the groundwork and justification for reauthorization of the Higher Education Act, I think it is important that we continue to conduct these field hearings around the country so that we can garner a vast cross section of information and opinions as to the future and direction and role that the Federal Government should take with respect to postsecondary education.

Unfortunately, from all indications, it would appear that the current administration and not this subcommittee should be undertaking this task. The traditional role of the Federal Government in higher education has not only been to enable students to have access to an education beyond high school, but also to have the choice of the education best suited for their interests and talents.

The Reagan administration's proposal for higher education appears to have ignored this history. For example, is the reason proposals were enacted, at the University of Chicago, which is located

in my congressional district, 88.3 percent of the students receiving title IV Federal student aid would lose some portion of their aid, and 38.5 percent of those students would lose all their aid because of their family income.

I am sure our panelists here today can give equally negative data on their own student populations. I find it very ironic that the administration, on the one hand, can speak so highly of the benefits of a good education, and on the other hand make every attempt to deny that benefit to those who need it the most—the poor and the disadvantaged.

Needless to say, I could go on and on about the current administration. However, since I came here to hear from the panelists, I will not take any more of their time and will finish by saying thank you for joining us this morning. I sincerely enjoyed your hospitality and look forward to hearing your testimony this morning.

Mr. FORD. Thank you, Mr. Hayes.

I would like to first recognize President Stanley O. Ikenberry, president of the University of Illinois.

**STATEMENT OF STANLEY O. IKENBERRY, PRESIDENT,
UNIVERSITY OF ILLINOIS**

Dr. IKENBERRY. Chairman Ford, Congressman Hayes, Congressman Bruce, it is my personal privilege to welcome you to not only the campus of the University of Illinois at Urbana-Champaign but to welcome you on behalf of the higher education community and on behalf of the people of Illinois. It is a privilege to have you here; it is a privilege to have you in this State; it is a privilege to have you on this campus.

I look forward to hearing the testimony of my colleagues who sit to my immediate left and who represent a good, healthy cross section of the diversity of higher education that reflects not just the diversity of higher education in the State of Illinois, but reflects the diversity of higher education that is characteristic of America, private higher education, and a strong community college system in the State of Illinois. On my immediate left is a representative from the Illinois Board of Higher Education that deals with institutions as diverse as the University of Chicago, on the one hand, to all of higher education in this State.

I want to especially recognize the role of the chairman of this subcommittee, not just in reshaping the reauthorization of the Higher Education Act, but in shaping the basic policy under which higher education in this country has been developed over the years. The concepts of access and choice to which Congressman Hayes refers in his opening comments have been crafted into our current legislation very carefully over a number of years, and I think it is appropriate, Chairman Ford, that those of us in the higher education community recognize the special role that you have played in shaping a national policy which I think has served this country well.

If I may, I would like to just give a few introductory remarks to some of the testimony that you will hear later on today.

Congressman Bruce discussed in his opening comments the relationship between higher education and economic development. I

must say that of all the developments over the last half dozen years, the most dramatic at this university, and I think the most dramatic in our Nation, has been the rapid increase in the involvement of our universities and colleges in directing attention to the economic health of the Nation. This university, for example, has just put together within the last several months over \$100 million of research and development investment in the area of super computing that I believe will have a long-term, profound impact on the economy of the State of Illinois and the economy of our country. We are actively involved in Chicago in the development of the Chicago Technology Park, another new and unprecedented venture on behalf of this university to explore new and creative ways to support a long-term healthy economy.

We are actively involved in increasing the continuing education opportunities that we provide for scientists and engineers in companies employed in Illinois. We are actively involved in working with the Commercial Club in Chicago as it works to revitalize the economy of that city and begin to develop long-range economic plans for the future.

Finally, we are working actively with 14 different companies in the area of microelectronics as we scale up our own effort in this particular area, but also work more closely with the private sector in this field.

I mention these as certainly not exhaustive examples of what we are trying to do, to build a bridge between the University of Illinois and the economic health of this State and region, but simply as examples of what one university is attempting to do in this area.

I am sure much of your testimony will focus today on the whole area of student aid. The Higher Education Act, in its relatively short life, has become the cornerstone of national policy, guaranteeing the equality of access and the opportunity for choice in higher education. As you consider these programs, we hope that you will keep these dual commitments in mind and honor them to the fullest extent possible and preserve what I think are two fundamental precepts in American higher education.

I hope you will remain cognizant also of the special needs of special students. For example, the University of Illinois was one of only 12 institutions to participate in the Bio-medical Science Program, a Federal program which was designed to identify talented low-income minority high school students and help them prepare for careers in the biomedical sciences. Of 125 participating students at the University of Illinois, 35 are already enrolled in targeted college programs and another 16 in other professions. We hope there will be some provision contained in the reauthorization of the act that will allow us to reach out to special groups of students and help them gain the access and the choice that is the fundamental foundation of the Higher Education Act.

You will hear from Vice Chancellor Ted Brown, who is in our audience right now, later on today about the importance of the graduate education section of the act, as well as research libraries.

Congressmen, I should tell you, at a peak of some personal pride, that this particular university is privileged to have the largest and most comprehensive library of any public university in the United States. Therefore, the provisions contained in the Higher Education

Act as it pertains to helping us maintain a healthy library system in higher education across this country are of very special interest to us.

You will be hearing also from members of our faculty who will speak to the area of international education, will speak to our concerns for programs to assist women and minorities, and you will hear from other members of our faculty who will speak on specific areas.

Let me just address one specific concern and then conclude my comments. I hope you will find a way to address special attention to what may be the most fundamental and challenging issue that faces many of our universities today, and that is the rehabilitation and modernization of college and university physical facilities. The Federal Government traditionally, historically, has at different periods in its history played an important role in helping provide the capital investment necessary for higher education to carry forward its programs. I was quite pleased to see that in title VII, that was funded for the first time in fiscal year 1985 at \$50 million, that this commitment, even at a very modest level, is being carried forward.

I thought you would be interested to know in that regard that the University of Illinois has conducted an audit, a comprehensive building audit of every single building on this campus and on our Chicago campus, over 284 buildings of the University of Illinois utilized for our teaching and research and related activities. These buildings comprise nearly 10 million square feet of space, at a replacement cost estimated in excess of \$2 billion. They range in age from less than a year old to a building constructed here in 1876. And 124 of the buildings are more than 50 years old.

This building condition audit, a copy of which I would be pleased to make available to the committee, identifies very major deficiencies. For example, in the foundation of our buildings, in the superstructure, in the exterior skin, the plumbing, electrical, general systems which will require in the aggregate, for this one university alone, a requirement of over \$400 million for us to rehabilitate and preserve our existing capital investment.

Now, obviously, neither this university nor the State of Illinois nor the Federal Government is going to be able to move in and solve that problem overnight. But we need to get going, both in terms of State policy and in terms of Federal policy to begin to attack a very serious problem and to make sure that we preserve the tremendous investment that the States and Federal Government has made in our physical facilities across this country.

Again, I want to welcome you, Mr. Chairman, and members of this subcommittee, to the University of Illinois, to welcome you to Illinois. I hope you find your visit to be productive.

[Prepared statement of Stanley O. Ikenberry with attached building audit follows:]

STATEMENT BY STANLEY O. IKENBERRY, PRESIDENT, UNIVERSITY OF ILLINOIS

Mr. Chairman, Mr. Hayes, and Mr. Bruce, I am Stanley O. Ikenberry, President of the University of Illinois. We are delighted that the Post-Secondary Education Subcommittee has chosen this campus of the University of Illinois as a site for this field hearing on re-authorization of the Higher Education Act. Just as the University of Illinois and other land grant colleges are an important component of the federal system of higher education in the United States, the Higher Education Act is an

essential factor in maintaining the strength and diversity of that system. We, therefore, welcome the opportunity to add our comments to those of hundreds of others in your careful consideration of the re-authorization of the Act.

The breadth of testimony to be offered here today by University of Illinois personnel reflects the scope of programs conducted at the University and assisted by the various provisions of the Higher Education Act. Dr. Thomas Everhart, Chancellor of the Urbana-Champaign campus, will be leading a panel discussion on higher education and economic development. Colleagues and universities have played a key role throughout their history by providing highly trained personnel for business and industry as well as research and development. In recent years, the University of Illinois has taken on a more direct role in economic development as part of our mission. Our people work closely with state and regional planning authorities to design and implement development plans which take full advantage of the resources of the University of Illinois. We are reaching out across the state in research, teaching, and consultation through our Office of Advanced Engineering Studies. Research and development contracts with business and industry are one of the fastest growing areas of the University budget. I serve as co-chairman of Governor Thompson's Commission on Science and Technology, and many of my colleagues serve in similar roles on other economic development panels. The University has recently accepted a State of Illinois grant to build new links with business and industry. In short, the University of Illinois is committed to helping build the economy of this state and nation and the same is true of our sister land grant universities across the nation. We hope you will keep that role in mind as you consider revisions of the Act.

You will also be hearing from a University of Illinois student and a parent about the provisions of Title IV—Student Aid. We thought it important that you hear directly from a student and a parent rather than simply another university president because it is their story and their dilemma with which we should all be concerned. The Higher Education Act in its relatively short life has become the cornerstone of a national policy guaranteeing equality of access and the opportunity for choice in higher education. As you consider these programs, we hope that you will keep these dual commitments in mind and honor them to the fullest extent possible as you revise the Act which is their foundation.

We also hope you remain cognizant of the special needs of special students. For example, the University of Illinois was one of only twelve institutions to participate in the Biomedical Sciences Program, a federal program which identified talented low-income minority high school students and prepared them for careers in biomedical sciences. Of the 125 participating students at Illinois, 35 are currently enrolled in the targeted college programs and another 16 in other professions. This very important and successful program was terminated by the 1981 reconciliation process, but was included in last year's proposals for reauthorizing the Higher Education Act. We ask that you include this program in your deliberations.

In the special issues panel, you will hear from Dr. Theodore Brown, Vice Chancellor for Research about the importance of the Act's provisions for graduate student assistance and about support for research libraries. The future of our colleges and universities lies in our ability to attract outstanding young people to the academic enterprise. We must be certain that the very best aim for this goal, even if their personal finances are inadequate to support extended periods of study and learning. As for library support, generations have helped build the University of Illinois Library into the fifth largest in the country and the largest among all public universities. Its capacity to continue as the computerized hub of a library system serving all Illinois citizens and as a magnet for scholars throughout the world is markedly enhanced by the modest amount of funds received through the Act.

Dr. James Millar, head of international programs, will discuss the importance of Title VI. You may be somewhat surprised to find a renowned center for international programs and activities located out here on the prairie. Let me assure you that this important national resource could not have been built and can not be maintained without the assistance provided through Title VI.

You will also be hearing from Dr. Elaine Copeland, Associate Dean of the Graduate School, with special concerns for programs which assist women and minorities. Dr. Copeland's personal commitment reflects this institution's commitment to increase the numbers of minority group members and women in all segments of our enterprise in which they are underrepresented. As a nation, we cannot afford to waste our most precious resource—human talent.

I need not repeat the testimony which those individuals will be offering to you. I highlight it only to emphasize that each area is vitally important to this University and reflective of our diverse scope. We are also pleased that your hearing has brought to this campus our colleagues from Eastern Illinois University and the Illi-

nois community college system. We in Illinois are particularly proud of our higher education system.

As I address this hearing, I would like to focus on only one key issue—the importance of federal assistance for the rehabilitation and modernization of college and university physical facilities. I was quite pleased to see that Title VII was funded for the first time in FY 1985 at \$50 million. Those funds are critically important to the University of Illinois and our sister institutions in helping to revitalize a physical plant which is old and aging. We have recently completed a building condition audit of the 284 buildings the University of Illinois utilizes for teaching, research and related activities. These buildings comprise nearly 10 million square feet of space with a replacement cost estimated in excess of \$2 billion. They range in age from less than a year to a building constructed in 1876; 124 of the buildings are more than fifty years old. The audit identifies major deficiencies in the foundation, super structure, external skin, plumbing, electrical, and general systems which will require nearly \$400 million to correct. It would be a travesty to allow these precious assets to lose their utility through deterioration. Buildings can become useless without alterations to reflect modern scientific and program requirements. Since it is essential to the performance of our national responsibilities in research and education, we believe there is valid national interest in helping to preserve and improve this space. We hope that you concur and that the re-authorized Higher Education Act addresses this fundamental issue.

Let me conclude by again welcoming you to the University of Illinois. I hope your stay is a productive and pleasant one. I would be pleased to answer any questions before you begin with other witnesses.

THE 1984-85
ACADEMIC AND ADMINISTRATIVE
BUILDING CONDITION AUDIT

AT THE
UNIVERSITY OF ILLINOIS

PREPARED AT
THE REQUEST OF
THE
PRESIDENT OF THE UNIVERSITY

COORDINATED BY
UNIVERSITY OF ILLINOIS
OFFICE FOR CAPITAL PROGRAMS

March 1985

ACKNOWLEDGMENTS

The accumulation of data and preparation of the material for the Building Conditions Audit would not have been possible without the resources and cooperation of many groups within the University of Illinois. Special mention should be made of the following personnel who enthusiastically devoted a major portion of their time and effort to ensure that the Building Condition Audit accurately represents the current condition of the academic and administrative buildings.

Operation and Maintenance Division, Urbana Campus

G. F. Porter, Director
 P. I. Hanson, Superintendent, Building Maintenance and Facilities
 W. E. Folts, Chief Engineer
 W. U. Lawyer, Chief Engineer
 K. C. Murdock, Chief Engineer
 C. E. Gotschall, Mechanical Engineer
 B. W. Bowen, Assistant Electrical Engineer

Office of Space Utilization, Urbana Campus

W. E. Stallman, Director
 D. A. Weck, Assistant Director
 G. D. Schlessf, Space Administrator

Division of Environmental Health and Safety, Urbana Campus

H. E. Koertge, Director

Faculty at Urbana

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 P. J. Cleary, Budget and Resource Planning Director, College of Commerce and Business Administration
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 J. A. Fisk, Space Coordinator, College of Engineering
 J. E. McKenzis, Dean, College of Fine and Applied Arts
 R. J. Mooney, Associate Director, School of Architecture
 A. J. McDowell, Associate Director, School of Music
 C. Stephens, Associate Director, School of Art and Design
 M. M. Johnson, Assistant Director, Krannert Art Museum
 R. B. Pearson, Director, Krannert Center for the Performing Arts

ACKNOWLEDGMENTS (cont'd):**Faculty at Urbana (cont'd)**

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 L. R. Hanson, Associate Dean for Research, College of Veterinary Medicine
 G. D. Taylor, Acting Director of Laboratory Animal Resources, College of Veterinary Medicine
 C. A. Conerty, Administrative Secretary, Institute of Child Behavior and Development
 R. A. Miner, Director, Institute for Environmental Studies
 W. H. Franke, Director, Institute of Labor and Industrial Relations
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 A. F. Langmeyer, Architect II

Office of Academic Planning, Chicago Campus

V. A. Miller, Assistant Vice Chancellor for Academic Affairs, Director

Office of Administration Services, Chicago Campus

R. F. Ray, Director

Office of Space Utilization, Chicago Campus

J. F. Pfister, Assistant Vice Chancellor, Director

ACKNOWLEDGMENTS (cont'd):**Environmental Health and Safety Office, Chicago Campus**

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K. G. Moro, Safety Officer

Office of the Chancellor, Chicago Campus

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C. L. Gruder, Chairman, Department of Psychology
J. W. C. Johnstone, Head, Department of Sociology
S. K. Shapiro, Head, Department of Biological Sciences
J. Rocek, Head, Department of Chemistry
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L. L. Abels, Associate Head, Department of Physics
Chien-Heng Wu, Professor, Department of Civil Engineering
A. A. Savage, Associate Dean, Administration and Continuing Education, College of Associated Health Professions
A. W. Anderson, Associate Dean for Clinical Affairs, College of Dentistry
D. B. Brown, Associate Dean for Planning and Capital Programs, College of Medicine
J. I. Ames, Director, Business Affairs, College of Nursing
E. H. Taylor, Associate Dean, Administration, College of Pharmacy

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J. L. Jobe, Resource and Policy Analyst

University of Illinois Office for Capital Programs

J. F. Green, Associate Vice President, Director
K. E. Belford, Associate Director
C. E. Wise, Assistant Director

INTRODUCTION

Since 1867, the mission of the University of Illinois has been to provide a quality education to the citizens of the State of Illinois. While the mission has remained constant, the activities and programs to carry out that mission have changed. The faculty and administration have changed, new programs have been developed, and old programs have been eliminated; the student body has increased from 77 to approximately 60,000 and the faculty has increased from 10 to over 3,500. However, with few exceptions, the buildings constructed to house faculty, students, and activities have remained the same as originally constructed.

During the unparalleled growth of the 1950's through the 1970's, most of the new educational program thrusts were accommodated a part of the planning of new facilities and the use of temporary structures. In the 80's and the 90's, estimates for enrollments indicate that they will remain stable, but procedures must be developed to accommodate changing programs in existing facilities and to replace obsolete facilities.

University records contain data on physical facilities and building condition according to procedures outlined in the Facility Inventory and Classification Manual of 1973. However, they do not contain sufficient detail to indicate the specific improvements needed for each building. In many cases, remodeling or replacement needs for buildings are known by certain units on the campus but have not been categorized or summarized in total for each building.

It is the purpose of this report to outline the procedure utilized for completing a building condition audit of all academic and administrative buildings at the University of Illinois as a stand-alone document to support the University's physical facilities deficiencies or may be used with a land use plan, a utility infrastructure survey, and an academic plan survey

in the subsequent development of a long-range Capital Facilities Improvement Plan for renovation, realignment, and/or replacement of existing owned or leased facilities. The building condition audit provides a summary of the estimated replacement cost in a manner that identifies the deferred maintenance, safety, and handicapped deficiencies for each building on the basis of its existing use as well as identifies the buildings that should be considered for replacement. The audit will be revised on a periodic basis to record changes resulting from capital improvements, change or termination of use, or continued deterioration.

BUILDING CONDITION AUDIT

SCOPE - The audit includes buildings used for academic or administrative programs (excludes auxiliary and quasi-University facilities). Central utility plants will be included with the utility infrastructure condition audit being undertaken separately. A record of the leased academic and administrative facilities is included in the audit to identify the continuing need for additional permanent University-owned facilities.

Each building was rated in accordance with current building standard requirements. One-, two-, and three-story wood frame structures which are used for academic or administrative facilities at the Urbana campus, but not originally constructed for such use, are classified as temporary and recommended for replacement.

Organization - The building condition audit team for Phases 1 and 2 (as described below) consisted of a group of knowledgeable University professionals familiar with building construction and academic program requirements. Although the University Office for Capital Programs was in charge of coordinating the audit, representatives from the University

Office for Planning and Budgeting, the Physical Plant, the Office of Space Utilization, and Environmental Health and Safety for each campus provide the detailed resource necessary to accurately record the known deficiencies of each building by construction category.

Guideline - The guidelines followed during the building condition audit are as follows:

1. Each facility was evaluated for deficiencies based upon its current use.
2. Buildings that have a deficiency equal to or greater than 55 points are recommended for replacement.
3. HVAC systems older than 25 years should be replaced.
4. All buildings should be air conditioned.
5. All buildings determined to be unsafe or structurally unsound are recommended for replacement.
6. It should be noted that if the foundation, superstructure, and exterior skin (building envelope) of a building are kept in good condition, the building should last indefinitely.

Methodology - Each building was evaluated by the following building construction categories:

1. Foundation
2. Superstructure
3. Exterior Skin
4. General
5. Plumbing and Fire Protection Systems
6. Heating, Ventilating, and Air-Conditioning Systems
7. Electrical, Fire Alarm, and Lighting Systems

The rating of each building is based on 100 points (percent). The total points (percentage) allocated to each construction category corresponds to its percentage of replacement (construction) cost on the basis of its present use.

The point system used for this audit is similar to that developed in the university building construction cost study and analysis where various peer-type of university buildings were studied and evaluated. The point system of the Louisiana study shows a variation in the range based on a different mix of space type and geographic location (see Exhibit 1).

Deficiency points are recorded by building category according to current condition (allowance was made for rehabilitation work in progress). It should be noted that safety and handicapped evaluations were made separately, but the deficiencies were recorded within the appropriate construction category. The sum of the deficiency points applied to the replacement cost of the facility produces the estimated rehabilitation cost of the building as of January 1986.

Building Condition Audit Form - The condition of each building was recorded on the form (attached as Exhibit 2). The deficiency rating of each building category was developed by recording deficiency points of the specific construction component within each building category corresponding to its replacement cost. The point values were assigned for each construction component of each building category to provide uniformity in the rating procedure. Space on the form was provided for special comments on each building category and for the building.

Replacement Costs of Buildings - The replacement cost of each building is as of January 1986. Replacement costs were established using the same procedure in effect for preparing State capital appropriation requests for new facilities for the same use, which is on the basis of the space type cost escalated to January 1986 plus the cost of architectural and engineering services and construction contingency. The assignable square feet by space type for each building was obtained from the current University inventory records. The 1986 estimated replacement cost per square foot by space type is shown as Exhibit 3.

Procedure - The audit was completed in four phases.

Phase 1 - Most of the deficiencies of each building are known by the Physical Plant Department and, in many cases, detailed projects for their correction have been requested and/or documented. Additional deficiencies in space configuration and fixed equipment for some buildings have been identified and requests for correction have been submitted to the Office of Space Utilization. Phase 1 of the audit took advantage of this knowledge by having the audit team record the results of the known building deficiencies on the Building Condition Audit form.

Phase 2 - Upon the completion of Phase 1, the audit team consulted with building faculty and administrative representatives concerning the deficiencies of their building. Following the consultation, the Building Condition evaluation was revised accordingly.

Phase 3 - Upon the completion of Phase 2, a team of independent professionals (i.e., architect, and mechanical, electrical, and construction engineers) were employed to make on-site evaluations of a representative number of buildings. The team compared its audit with the University audit (a copy of the independent audit is included as Appendix I of this report).

Phase 4 - Upon the completion of Phase 3, some buildings were identified that have a deficiency of 55 or more points and others, such as leased facilities and one-, two-, and three-story wood frame structures, were recommended for replacement. Some of these buildings may have historical significance. The final status of these buildings will be determined by a review team appointed by the chancellor for each campus involved, and may include the Associate Vice President of the Office for Capital Programs; the Assistant Vice President for Planning and Budgeting; the Director of the Physical Plant, the Director of the Office of Space Utilization, the Vice Chancellor for Academic Affairs, and the Vice Chancellor for Administrative Affairs, or their designated representatives.

SUMMARY OF ACADEMIC AND ADMINISTRATIVE FACILITIES ADDED

<u>Campus</u>	<u>Number</u>	<u>ASF</u>	<u>Replacement Cost</u>	<u>Deficiencies Cost</u>
UIUC	205 ^{1/}	5,595,520	\$1,213,766,220	\$358,603,491 ^{2/}
UIUC	14(leased)	94,320	17,355,596	17,355,596
UIUC-UC	26 ^{3/}	1,767,283	406,414,686	\$1,797,976 ^{4/}
UIUC-UC	2(leased)	9,331	2,003,209	2,003,209
UIUC-HSC	37 ^{5/}	2,188,339	551,923,964	137,787,928 ^{6/}
Totals	284	9,654,793	\$2,192,475,775	\$597,548,200 ^{2/}

^{1/} 115 (or 56%) of these buildings are over 50 years old. 15 non-leased institutional-type buildings (422,371 asf) and 61 wood frame buildings (186,126 asf) are recommended for replacement.

^{2/} Includes replacement cost of wood frame facilities with institutional standard buildings (\$37,916,178), deficiency costs for buildings recommended for replacement (\$60,825,096), and the cost to renovate all other non-leased institutional-type buildings to current standards (\$259,862,216). Also assumes that all major facilities should be air conditioned, which may not be realistic (deficiency cost \$41,658,438).

^{3/} One of these buildings is over 50 years old and that same non-leased building is recommended for replacement (76,762 asf).

^{4/} Includes deficiency costs for one building recommended for replacement (\$10,995,542).

^{5/} Eight (21%) of these buildings are over 50 years old. Three non-leased buildings are recommended for replacement (152,917 asf).

^{6/} Includes deficiency costs for buildings recommended for replacement, HSC, (\$26,767,706) and assumes that all major facilities should be air conditioned, which may not be realistic (\$13,023,086).

^{2/} Adjusted total deficiency, \$387,005,349 (does not include institutional-type buildings recommended for replacement, wood frame structures, leased facilities, or unrealistic air conditioning).

Exhibit 1

Building Condition Audit
Point System Comparison to Other Surveys

	<u>U of I Audit</u>	<u>Building Construct. Cost Study & Analysis</u> (dated 5/19/71)	<u>The Condition of the Bldgs. & Util. Systems for the Louisiana Board of Regents</u> (dated 5/26/82)
Foundation	8	7.69	} 69
Superstructure	13	12.98	
Exterior Skin	11	11.52	
General	29	28.87	
Plumbing & Fire Protection	6	6.38	
HVAC	20	19.68	6
Electrical, Fire Alarm, & Lighting	<u>12</u>	<u>12.88</u>	15
	100	100.00	<u>10</u> 100

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING _____ NO. _____ CAMPUS _____ DATE CONSTR. _____

AREA _____ EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION		MAXIMUM 8 POINTS	
1.1 Cracked Foundation	Deduct up to 3 pts.....	_____	_____
1.2 Apparent Settlement	Deduct up to 8 pts.....	_____	_____
1.3 Other Problems.....	_____	_____	_____
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE		MAXIMUM 13 POINTS	
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....	_____	_____
2.2 Roof Sagging	Deduct up to 3 pts.....	_____	_____
2.3 Floor Movement Excessive	Deduct up to 4 pts.....	_____	_____
2.4 Roof Ponds	Deduct up to 1 pt.....	_____	_____
2.5 Other Problems.....	_____	_____	_____
3.0 EXTERIOR SKIN		MAXIMUM 11 POINTS	
3.1 Needs New Roof	Deduct up to 3 pts.....	_____	_____
3.2 Windows in Poor Condition	Deduct up to 4 pts.....	_____	_____
3.3 Tuckpointing Required	Deduct up to 4 pts.....	_____	_____
3.4 Other Problems.....	_____	_____	_____
4.0 GENERAL		MAXIMUM 29 POINTS	
4.1 Interior Needs Painting	Deduct up to 2 pts.....	_____	_____
4.2 Needs New Floorin.	Deduct up to 2 pts.....	_____	_____
4.3 Needs New Ceiling	Deduct up to 1 pts.....	_____	_____
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....	_____	_____
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....	_____	_____
4.6 Exits & Stairways.....	_____	_____	_____
4.7 Entry Ramp.....	_____	_____	_____
4.8 Elevator.....	_____	_____	_____
4.9 Other Problems.....	_____	_____	_____

5.0 PLUMBING AND FIRE PROTECTION SYSTEMS	MAXIMUM 6 POINTS
5.1 Fixture Replacement Deduct up to 1 pt.....	_____
5.2 Needs New Waste & Vent Deduct up to 2 pts.....	_____
5.3 Water Line Capacity Inadeq. Deduct up to 1 pt.....	_____
5.4 Sprinkler System Deduct up to 2 pts.....	_____
5.5 Handicap Access. Toilets.....	_____
5.6 Other Problems.....	_____

6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS	MAXIMUM 20 POINTS
6.1 Heating Deduct up to 5 pts.....	_____
6.2 Ventilation Deduct up to 6 pts.....	_____
6.3 Air Conditioning Deduct up to 7 pts.....	_____
6.4 Temperature Control Deduct up to 2 pts.....	_____
6.5 Other Problems.....	_____

7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS	MAXIMUM 13 POINTS
7.1 Capacity Deduct up to 1 pt.....	_____
7.2 Distribution Deduct up to 10 pts.....	_____
7.3 Fixtures Deduct up to 1 pt.....	_____
7.4 Fire Alarm System Deduct up to 1 pt.....	_____
7.5 Other Problems.....	_____

8.0 TOTAL BUILDING DEFICIENCY	
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9.0 COMMENTS:	

EVALUATORS: _____

DATE _____



Replacement Cost Development Procedure

The development of the 1986 cost per square foot by space is illustrated below:

1986 ESTIMATED REPLACEMENT COST PER SQUARE FOOT
FOR THE BUILDING SPACE TYPES

Space Type	Multip Factor	Jan. 1984 \$/CSF	Escalation Factor to Jan. 1984	A&E %	Contingency %	Cost \$/ASF
Inactive	1.64	104.20	0.12	0.10	0.05	217.03
Classroom	1.50	93.70	0.12	0.10	0.05	178.50
Class Lab (DRY)	1.64	104.20	0.12	0.10	0.05	217.03
Class Lab (WET)	1.64	111.00	0.12	0.10	0.05	231.19
Non-Class Lab (DRY)	1.67	138.85	0.12	0.10	0.05	294.49
Non-Class Lab (WET)	1.67	145.90	0.12	0.10	0.05	309.44
Office	1.70	93.70	0.12	0.10	0.05	202.30
Study	1.40	93.70	0.12	0.10	0.05	166.60
Special Use	1.80	100.70	0.12	0.10	0.05	230.20
General Use	1.90	111.00	0.12	0.10	0.05	267.84
Support Use	1.20	88.10	0.12	0.10	0.05	134.26
Medical Use	1.70	145.90	0.12	0.10	0.05	315.00
Residential	1.70	93.70	0.12	0.10	0.05	202.30

The type and amount of space per building was obtained from U of I space utilization report FI-050. The cost per square foot by space type was derived from the January 1984 CDB Cost Guidelines, and converted to cost/asf in the following manner:

$$\text{Inactive space } 1.64 \times 104.20 \times (.12 + .10 + .05) = 217.03$$

SRA SEVERNS, RISHLING & ASSOCIATES, INC

821 SOUTH NEIL STREET CHAMPAIGN ILLINOIS 61820 217 352 7696

January 29, 1985

Mr. Clark Wise
Office for Capital Programs
610 South Sixth Street
Champaign, Illinois 61820

RE: Building Condition Audit

Dear Mr. Wise:

Enclosed are the Building Condition Evaluation forms for the ten (10) buildings at the Urbana-Champaign campus, three (3) buildings at the UIC campus, and four (4) buildings at the UIHSC campus.

The team, A. Raufeisen, mechanical systems, S. Kiser, electrical systems, L. Read, architectural/structural systems, and J. Severns, architectural/structural systems, reviewed each of the buildings during the period from January 16 to January 22, 1985. The team was assisted at each campus by representatives of the Operation and Maintenance division. These personnel were primarily conversant with the mechanical systems of the buildings.

The observations made during the tour of each building were supplemented by discussions with other university personnel concerning the mechanical and electrical systems, roofing, elevators, and general building condition.

The Users were not consulted as to functional or equipment changes which may be required. Accordingly, items 4.5 (interior walls need resigning) and 4.6 (need new fixed equipment) were not included in the evaluation.

The Building Condition Evaluation form used in this evaluation should not be compared directly with the original survey form. The original form was somewhat different as to categories and the number of points per item allowed. In addition, items 4.5 and 4.6 were omitted from our survey as noted above.

Following the survey, we reviewed the team's evaluation and then compared the numbers with the evaluation by University personnel. The adjusted University total is noted in the margin. There is also a subtotal of general work, items 1-4 inclusive and the adjusted University total at the bottom of each page one. There was less consistency in individual factors than might be anticipated. A review of the University evaluations suggests that more than one team participated in the survey as indicated in the points noted for electrical work for the Commerce Building (1.0) and Huff Hall (0.5).

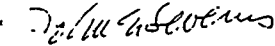
More important than the factor by factor variation is the total number of points per building. Of the seventeen (17) buildings surveyed by the team, the total points per building listed for our evaluation and the University evaluation (adjusted to omit 4.5 and 4.6), nine (9) were within a variation of 3% to 18%. This group included the four (4) buildings wherein the University evaluation of deficiency was greater than ours.

The remaining eight (8) buildings were rated as more deficient by our team than the University team. The margin of difference between these latter two (2) sets of evaluations varies substantially. It is significant to note, however, that the University evaluation of deficiency was lower for thirteen (13) of the seventeen (17) buildings compared. The level of correlation does not invalidate the survey in our judgement. It does suggest, however, that the deficiency level identified by the University is conservative (i.e. of lower cost) as compared with our figures.

We are pleased to have had the opportunity to assist in this most important effort. I can trace the need for a continuing and substantial budget for remodeling and renovation to some of the campus planning studies which we participated in as early as 1958-59.

Please let me know if you have any questions.

Respectfully submitted,



John E. Severns

JES/bjp

Enclosures

UNIVERSITY OF ILLINOIS
ACADEMIC AND ADMINISTRATIVE BUILDING CONDITION AUDIT
Buildings Surveyed by SRA Team

UIUC campus buildings

Natural History
Huff Hall
Mechanical Engr Lab
Electrical Engr Res Lab
Talbot Lab
David Kinley Hall
Ceramic Engr
Engineering Res Lab
Smith Music Hall
Commerce Building

UIC campus buildings

Forafit Building
Roosevelt Road Building
Architecture & Art Building

UIHSC campus buildings

College of Medicine - West
Administrative Service Building
College of Nursing
Biological Resource Lab

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING DAVID KINLEY HALL NO. 54 CAMPUS UIUC DATE CONSTR. 1926
AREA 47,655 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.		<u>.5</u>
1.2 Apparent Settlement	Deduct up to 8 pts.		_____
1.3 Other Problems.....	<i>MOISTURE (NE CORNER) IN WALL</i>		<u>.5</u>
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			1
2.0 SUPERSTRUCTURE MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.		<u>1</u>
2.2 Roof Sagging	Deduct up to 3 pts.		_____
2.3 Floor Movement Excessive	Deduct up to 4 pts.		_____
2.4 Roof Ponds	Deduct up to 1 pt.		_____
2.5 Other Problems.....			_____
3.0 EXTERIOR SKIN MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.		<u>1</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.		<u>2</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.		<u>.5</u>
3.4 Other Problems.....	<i>CUTTERS</i>		<u>.25</u>
			3.75
4.0 GENERAL MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.		<u>1</u>
4.2 Needs New Flooring	Deduct up to 2 pts.		<u>2</u>
4.3 Needs New Ceiling	Deduct up to 1 pts.		<u>.5</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.		_____
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.		_____
4.6 Exits & Stairways.....	<i>OPEN STAIRS</i>		<u>1</u>
4.7 Entry Ramp.....			_____
4.8 Elevator.....	<i>REPLACE</i>		<u>1</u>
4.9 Other Problems.....	<i>NON RATED DOORS TO CORRIDOR</i>		<u>.5</u>
			6

GT 11.75 124

5.0 PLUMBING AND FIRE PROTECTION SYSTEMS		MAXIMUM 6 POINTS	
5.1 Fixture Replacement	Deduct up to 1 pt.	1	6
5.2 Needs New Waste & Vent	Deduct up to 2 pts.	2	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.	1	
5.4 Sprinkler System	Deduct up to 2 pts.	2	
5.5 Handicap Access. Toilets			
5.6 Other Problems			

6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS		MAXIMUM 20 POINTS	
6.1 Heating	Deduct up to 5 pts.	5	20
6.2 Ventilation	Deduct up to 6 pts.	6	
6.3 Air Conditioning	Deduct up to 7 pts.	7	
6.4 Temperature Control	Deduct up to 2 pts.	2	
6.5 Other Problems	ASBESTOS INSULATION		

7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS		MAXIMUM 13 POINTS	
7.1 Capacity	Deduct up to 1 pt.	-	-3
7.2 Distribution (1)	Deduct up to 10 pts.	-1	
7.3 Fixtures (2)	Deduct up to 1 pt.	-2	
7.4 Fire Alarm System (3)	Deduct up to 1 pt.	-2	
7.5 Other Problems	Ed. and hood light. sup. light. n. (4)	-5	

8.0 TOTAL BUILDING DEFICIENCY	40.75
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9.0 COMMENTS:

(1) Heritage of livable space

(2) 8' to 10' floor to ground clear height - 6.2 sq ft area

(3) made up to well station, see architectural drawing. limited space, no room, no manual air conditioning system is in place.

(4) insufficient detail and poor quality of light.

EVALUATORS: AC SK LR DB

DATE 1/16/85



UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING COMMERCE NO. 159 CAMPUS UIUC DATE CONSTR. 1966
AREA 52.366 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....	_____	0
1.2 Apparent Settlement	Deduct up to 8 pts.....	_____	
1.3 Other Problems.....		_____	
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....	<u>.5</u>	.5
2.2 Roof Sagging	Deduct up to 3 pts.....	_____	
2.3 Floor Movement Excessive	Deduct up to 4 pts.....	_____	
2.4 Roof Ponds	Deduct up to 1 pt.....	_____	
2.5 Other Problems.....		_____	
3.0 EXTERIOR SKIN MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....	<u>.5</u>	2.5
3.2 Windows in Poor Condition	Deduct up to 4 pts.....	<u>1</u>	
3.3 Tuckpointing Required	Deduct up to 4 pts.....	<u>.5</u>	
3.4 Other Problems.....		<u>.5</u>	
4.0 GENERAL MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....	<u>.5</u>	1.1
4.2 Needs New Flooring	Deduct up to 2 pts.....	_____	
4.3 Needs New Ceiling	Deduct up to 1 pts.....	_____	
4.4 Inter. Walls Need Resign.	Deduct up to 16 pts.....	_____	
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....	_____	
4.6 Exits & Stairways.....		_____	
4.7 Entry Remp.....		_____	
4.8 Elevator.....	<i>NEW FLOOR COVERINGS</i>	<u>.1</u>	
4.9 Other Problems.....	<i>NON DATED DOORS IN CORRIDOR</i>	<u>.5</u>	

47 4.1 4

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	_____	/
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	_____	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	_____	
5.4 Sprinkler System	Deduct up to 2 pts.....	<u>1</u>	
5.5 Handicap Access. Toilets.....	_____	_____	
5.6 Other Problems.....	_____	_____	

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	<u>2</u>	11
6.2 Ventilation	Deduct up to 6 pts.....	<u>4</u>	
6.3 Air Conditioning	Deduct up to 7 pts.....	<u>3</u>	
6.4 Temperature Control	Deduct up to 2 pts.....	<u>2</u>	
6.5 Other Problems.....	_____	_____	

*COOLING TOWER - BAD
WASSTDS INSULATION*

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	_____	.5
7.2 Distribution	Deduct up to 10 pts.....	_____	
7.3 Fixtures	Deduct up to 1 pt.....	_____	
7.4 Fire Alarm System ①	Deduct up to 1 pt.....	<u>.25</u>	
7.5 Other Problems.....	_____	<u>.25</u>	

EMERGENCY ②

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	16.6	12.
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9.0 COMMENTS:

① FEW AUTOMATIC DEVICES & LIMITED SUPERVISION
 ② EMERGENCY POWER IS LINESIDE TAP

EVALUATORS: AP SK LR DBS _____

DATE 1/16/85

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING HUFF HALL NO. 58 CAMPUS UIUC DATE CONSTR. 1926
AREA 104,769 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION			
MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....		0
1.2 Apparent Settlement	Deduct up to 8 pts.....		
1.3 Other Problems.....			
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE			
MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....		0
2.2 Roof Sagging	Deduct up to 3 pts.....		
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		
2.4 Roof Ponds	Deduct up to 1 pt.....		
2.5 Other Problems.....			
3.0 EXTERIOR SKIN			
MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....	<i>DATE 10/20/05</i>	3.75
3.2 Windows in Poor Condition	Deduct up to 4 pts.....		
3.3 Tuckpointing Required	Deduct up to 4 pts.....		
3.4 Other Problems.....		<i>CRACKS</i>	
4.0 GENERAL			
MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....		4.25
4.2 Needs New Flooring	Deduct up to 2 pts.....		
4.3 Needs New Ceiling	Deduct up to 1 pt.....		
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....		
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....		
4.6 Exits & Stairways.....		<i>OPEN STAIRWAYS</i>	
4.7 Entry Ramp.....			
4.8 Elevator.....		<i>NONE</i>	
4.9 Other Problems.....		<i>NON RATED DOORS TO CORRIDOR DEAD END CORRIDORS</i>	

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	1	6
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	2	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	1	
5.4 Sprinkler System	Deduct up to 2 pts.....	2	
5.5 Handicap Access. Toilets.....	_____	_____	
5.6 Other Problems.....	<u>ASBESTOS INSULATION</u>	_____	

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	_____	20
6.2 Ventilation	Deduct up to 6 pts.....	_____	
6.3 Air Conditioning	Deduct up to 7 pts.....	_____	
6.4 Temperature Control	Deduct up to 2 pts.....	_____	
6.5 Other Problems.....	<u>ASBESTOS INSULATION</u>	_____	

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	_____	-3.75
7.2 Distribution (1)	Deduct up to 10 pts.....	-1	
7.3 Fixtures (2)	Deduct up to 1 pt.....	-1	
7.4 Fire Alarm System (3)	Deduct up to 1 pt.....	-1.5	
7.5 Other Problems.....	<u>ASBESTOS INSULATION</u>	-1	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	
	37.75

9.0 COMMENTS:

(1) the tank of the water pump

(2) the device beneath the sink area.

(3) the device to the south station, no air, at the device, the unit is not working properly. the unit is not working properly.

(4) sufficient test light to be used in the area of the pump.

EVALUATORS: AK SK LR DBS

DATE 1/16/85



UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING SMITH MUSIC HALL NO. 60 CAMPUS UIUC DATE CONSTR. 1921
AREA 31,226 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION		MAXIMUM 8 POINTS	
1.1 Cracked Foundation	Deduct up to 3 pts.		<u>5</u>
1.2 Apparent Settlement	Deduct up to 8 pts.		_____
1.3 Other Problems			<u>.5</u>
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE		MAXIMUM 13 POINTS	
2.1 Broken or Cracked Walls	Deduct up to 5 pts.		<u>1</u>
2.2 Roof Sagging	Deduct up to 3 pts.		_____
2.3 Floor Movement Excessive	Deduct up to 4 pts.		<u>1.5</u>
2.4 Roof Ponds	Deduct up to 1 pt.		_____
2.5 Other Problems		<i>EXIT DOOR?</i>	<u>.6</u>
3.0 EXTERIOR SKIN		MAXIMUM 11 POINTS	
3.1 Needs New Roof	Deduct up to 3 pts.		<u>3</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.		<u>2</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.		_____
3.4 Other Problems			_____
4.0 GENERAL		MAXIMUM 29 POINTS	
4.1 Interior Needs Painting	Deduct up to 2 pts.		<u>1.5</u>
4.2 Needs New Flooring	Deduct up to 2 pts.		<u>1.5</u>
4.3 Needs New Ceiling	Deduct up to 1 pts.		<u>.5</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.		_____
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.		_____
4.6 Exits & Stairway		<i>OPEN STAIRWAYS</i>	<u>1</u>
4.7 Entry Ramp			_____
4.8 Elevator		<i>REFURBISH</i>	<u>.25</u>
4.9 Other Problems		<i>NEW RATED DOORS TO CORRIDOR NO FIRE STOP @ TOP OF ELEV. SHAFT</i>	<u>.25</u>

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5.0 PLUMBING AND FIRE PROTECTION SYSTEMS		MAXIMUM 6 POINTS	
5.1 Fixture Replacement	Deduct up to 1 pt.	1	4
5.2 Needs New Waste & Vent	Deduct up to 2 pts.	1	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.	0	
5.4 Sprinkler System	Deduct up to 2 pts.	2	
5.5 Handicap Access. Toilets		0	
5.6 Other Problems	<i>REVERTED IN VENT</i>	0	

6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS		MAXIMUM 10 POINTS	
6.1 Heating	Deduct up to 5 pts.	4	15
6.2 Ventilation	Deduct up to 6 pts.	5	
6.3 Air Conditioning	Deduct up to 7 pts.	4	
6.4 Temperature Control	Deduct up to 2 pts.	2	
6.5 Other Problems		0	

7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS		MAXIMUM 13 POINTS	
7.1 Capacity	Deduct up to 1 pt.	0	2.75
7.2 Distribution (1)	Deduct up to 10 pts.	1	
7.3 Fixtures (2)	Deduct up to 1 pt.	0.75	
7.4 Fire Alarm System (3)	Deduct up to 1 pt.	0.25	
7.5 Other Problems	<i>Exit and emergency lighting (5A)</i>	0.5	

8.0 TOTAL BUILDING DEFICIENCY	34.0
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9.0 COMMENTS:

(1) Some old fixtures and discolored ceiling

(2) Difficult to find - good for 50% needed for code

(3) inadequate sprinkler stations, no automatic detection, limited supervision and manual alarm stations, systems are old.

(4) Exit lights are old, emergency lighting is inadequate

EVALUATORS: AR SK LL _____

DATE 1/16/85 _____

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING ME LAB NO. 29 CAMPUS JUIC DATE CONSTR. 1905-1917
 AREA 48,053 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION			
MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....		<u>1</u>
1.2 Apparent Settlement	Deduct up to 3 pts.....		<u>1</u>
1.3 Other Problems.....			—
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			2
2.0 SUPERSTRUCTURE			
MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....		<u>1</u>
2.2 Roof Sagging	Deduct up to 3 pts.....		<u>1</u>
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		<u>1</u>
2.4 Roof Ponds	Deduct up to 1 pt.....		—
2.5 Other Problems.....			—
			3
3.0 EXTERIOR SKIN			
MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....		<u>3</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.....		<u>4</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.....		<u>2.5</u>
3.4 Other Problems.....	<i>ROTTERS</i>		<u>.75</u>
			9.75
4.0 GENERAL			
MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....		<u>2</u>
4.2 Needs New Flooring	Deduct up to 2 pts.....		<u>1</u>
4.3 Needs New Ceiling	Deduct up to 1 pt.....		<u>.5</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....		—
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....		—
4.6 Exits & Stairways.....	<i>OPEN STAIRS</i>		<u>1</u>
4.7 Entry Ramp.....			—
4.8 Elevator.....	<i>NONE</i>		<u>1</u>
4.9 Other Problems.....	<i>NONRATED OCCAS TO CORRIDOR</i>		<u>.25</u>
			5.75

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<u>6.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	<u>1</u>	5
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	<u>1.5</u>	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	<u>1.5</u>	
5.4 Sprinkler System	Deduct up to 2 pts.....	<u>2</u>	
5.5 Handicap Access Toilets.....	<u>None</u>		
5.6 Other Problems.....			

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 3 pts.....	<u>4.5</u>	17.5
6.2 Ventilation	Deduct up to 6 pts.....	<u>4.5</u>	
6.3 Air Conditioning	Deduct up to 7 pts.....	<u>6</u> (WINDOW AC)	
6.4 Temperature Control	Deduct up to 2 pts.....	<u>1.5</u>	
6.5 Other Problems.....	<u>ASBESTOS INSULATION</u>		

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	<u>-</u>	-1.25
7.2 Distribution	Deduct up to 10 pts.....	<u>-</u>	
7.3 Fixtures	Deduct up to 1 pt.....	<u>-</u>	
7.4 Fire Alarm System (1)	Deduct up to 1 pt.....	<u>.75</u>	
7.5 Other Problems (2).....		<u>.5</u>	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	<u>44.25</u>
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40.5

9.0 COMMENTS:
 (1) These are addressed quite fully in the notes, and are not a
 device for the inspector to use.
 The wiring and dimmers are old.
 (2) Insufficient exit lights and no emergency lighting.

EVALUATORS: AR SK LR DBS _____

DATE 1/17/85



UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING ENG RES LAB NO. 36 CAMPUS UIUC DATE CONSTR. 1910
AREA 25,348 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts. <u>1</u>	1.5
1.2 Apparent Settlement	Deduct up to 8 pts.	..... <u>0</u>
1.3 Other Problems.....	<i>MOISTURE IN WALLS</i>	..... <u>5</u>
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts. <u>1</u>	2
2.2 Roof Sagging	Deduct up to 3 pts.	..... <u>1</u>
2.3 Floor Movement Excessive	Deduct up to 4 pts.	..... <u>1</u>
2.4 Roof Ponds	Deduct up to 1 pt.	..... <u>0</u>
2.5 Other Problems.....		..... <u>0</u>
3.0 EXTERIOR SKIN MAXIMUM 11 POINTS			
3.1 Needs New Roof	<i>SOME EVIDENCE OF LEAKS</i> Deduct up to 3 pts. <u>3</u>	7.25
3.2 Windows in Poor Condition	Deduct up to 4 pts.	..... <u>2</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.	..... <u>2</u>
3.4 Other Problems.....	<i>CURTAINS</i>	..... <u>1.25</u>
4.0 GENERAL MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts. <u>1.5</u>	3.5
4.2 Needs New Flooring	Deduct up to 2 pts.	..... <u>.5</u>
4.3 Needs New Ceiling	Deduct up to 1 pt.	..... <u>.25</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.	..... <u>0</u>
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.	..... <u>0</u>
4.6 Exits & Stairways.....	<i>NON RATED DOORS</i>	..... <u>.25</u>
4.7 Entry Ramp.....		..... <u>0</u>
4.8 Elevator.....	<i>RENOVATE</i>	..... <u>.3</u>
4.9 Other Problems.....	<i>NON RATED DOORS TO CORRIDOR WINDOWS TO CORRIDOR</i>	..... <u>.5</u>

11/10/51

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	<u>1</u>	5
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	<u>1.5</u>	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	<u>.5</u>	
5.4 Sprinkler System	Deduct up to 2 pts.....	<u>2</u>	
5.5 Handicap Access. Toilets.....	<u>PARTIAL</u>		
5.6 Other Problems.....			

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	<u>4.5</u>	17.5
6.2 Ventilation	Deduct up to 6 pts.....	<u>4.5</u>	
6.3 Air Conditioning	Deduct up to 7 pts.....	<u>7</u>	
6.4 Temperature Control	Deduct up to 2 pts.....	<u>1.5</u>	
6.5 Other Problems.....			

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 11 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	<u>-</u>	-2
7.2 Distribution (1)	Deduct up to 10 pts.....	<u>-1</u>	
7.3 Fixtures (2)	Deduct up to 1 pt.....	<u>-.25</u>	
7.4 Fire Alarm System (3)	Deduct up to 1 pt.....	<u>-.5</u>	
7.5 Other Problems.....		<u>-.25</u>	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	<u>38.75</u>	<u>40</u>
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<u>9.0 COMMENTS:</u>
<u>(1) Shortage of horizontal space</u>
<u>(2) 75% of fixtures fair - good ex. d. 25% in excess dim +</u>
<u>(3) No alternative to main, limited space seen, minimal</u>
<u>arrangement.</u>
<u>(4) No emergency lighting</u>

EVALUATORS: ARL SK LR OBS _____

DATE: 1/17/85

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING CERAMICS NO. 55 CAMPUS UIUC DATE CONSTR. 1915
 AREA 29,306 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....		0
1.2 Apparent Settlement	Deduct up to 8 pts.....		
1.3 Other Problems.....			
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....	.5	.5
2.2 Roof Sagging	Deduct up to 3 pts.....		
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		
2.4 Roof Ponds	Deduct up to 1 pt.....		
2.5 Other Problems.....			
3.0 EXTERIOR SKIN MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....	1	5.25
3.2 Windows in Poor Condition	Deduct up to 4 pts.....	3	
3.3 Tuckpointing Required	Deduct up to 4 pts.....	1	
3.4 Other Problems.....	<i>CUTTERS</i>	.25	
4.0 GENERAL MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....	1	4.25
4.2 Needs New Flooring	Deduct up to 2 pts.....	1	
4.3 Needs New Ceiling	Deduct up to 1 pts.....	.25	
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....		
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....		
4.6 Exits & Stairways.....	<i>OPEN STAIRWAYS</i>	1	
4.7 Entry Ramp.....			
4.8 Elevator.....	<i>LEVANTITE</i>	.5	
4.9 Other Problems.....	<i>NON RATED CONCERN DOORS</i>	.5	

5-106 11.



<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	1	5
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	1.5	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	5	
5.4 Sprinkler System	Deduct up to 2 pts.....	2	
5.5 Handicap Access. Toilets.....	NONE		
5.6 Other Problems.....			

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	5	20
6.2 Ventilation	Deduct up to 6 pts.....	6	
6.3 Air Conditioning	Deduct up to 7 pts... NONE.....	7	
6.4 Temperature Control	Deduct up to 2 pts.....	2	
6.5 Other Problems.....			

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity ①	Deduct up to 1 pt.....	5	4.25
7.2 Distribution ②	Deduct up to 10 pts.....	2	
7.3 Fixtures ③	Deduct up to 1 pt.....	5	
7.4 Fire Alarm System ④	Deduct up to 1 pt.....	1.5	
7.5 Other Problems.....	EXIT & EMERGENCY LIGHTING ⑤	5	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	39.25	29
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9.0 COMMENTS:

① TRANSFER PANEL CONTAINS PCB'S ② SHORTING OF BREAKER SPACE / OLD BOMER CIRCUITRY / NONE
 ③ 50% OIL / IN COND / 50% FLUE - FAIR TO GOOD CONDITION ④ SYSTEM OK / IN ADEQUATE
 FULL STATIONS, NO AUTOMATIC DEVICES, LIMITED SUPERVISION, MINIMAL MAINTENANCE
 ⑤ FEW EXIT LIGHTS, NO EMERGENCY LIGHTING

EVALUATORS: AR SL LR JB

DATE 11/7/05

UNIVERSITY OF ILLINOIS
 BUILDING CONDITION EVALUATION

 BUILDING EERL NO. 16 CAMPUS UIUC DATE CONSTR. 1899-1902
 AREA 33,351 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION		MAXIMUM 8 POINTS	
1.1 Cracked Foundation	Deduct up to 3 pts.....		<u>1</u>
1.2 Apparent Settlement	Deduct up to 8 pts.....		<u>2</u>
1.3 Other Problems.....	<i>CRACKS IN WALLS</i>		<u>1</u>
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			4
2.0 SUPERSTRUCTURE		MAXIMUM 13 POINTS	
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....		<u>1</u>
2.2 Roof Sagging	Deduct up to 3 pts.....		_____
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		_____
2.4 Roof Ponds	Deduct up to 1 pt.....		<u>1</u>
2.5 Other Problems.....			_____
			2
3.0 EXTERIOR SKIN		MAXIMUM 11 POINTS	
3.1 Needs New Roof	Deduct up to 3 pts.....		<u>3</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.....		<u>2</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.....		<u>1</u>
3.4 Other Problems.....			<u>1</u>
			7
4.0 GENERAL		MAXIMUM 29 POINTS	
4.1 Interior Needs Painting	Deduct up to 2 pts.....		<u>2</u>
4.2 Needs New Flooring	Deduct up to 2 pts.....		<u>2</u>
4.3 Needs New Ceiling	Deduct up to 1 pt.....		<u>1</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....		_____
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....		_____
4.6 Exits & Stairways.....	<i>OPEN STAIRWAYS, CORRIDORS</i>		<u>1</u>
4.7 Entry Ramp.....			_____
4.8 Elevator.....	<i>NONE</i>		<u>1</u>
4.9 Other Problems.....	<i>NON RATED DOORS TO CORRIDOR</i>		<u>5</u>
			7.5

1-11-15

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	1	5.5
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	1.5	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	1	
5.4 Sprinkler System	Deduct up to 2 pts.....	2	
5.5 Handicap Access. Toilets.....	NONE		
5.6 Other Problems.....			

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	4	18
6.2 Ventilation	Deduct up to 6 pts.....	6	
6.3 Air Conditioning	Deduct up to 7 pts.....	6	
6.4 Temperature Control	Deduct up to 2 pts.....	2	
6.5 Other Problems.....			

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	-	4.25
7.2 Distribution (1)	Deduct up to 10 pts.....	-2	
7.3 Fixtures (2)	Deduct up to 1 pt.....	-1	
7.4 Fire Alarm System (3)	Deduct up to 1 pt.....	-1	
7.5 Other Problems... <i>EXIT & EMERGENCY LIGHTS... 1/12/85</i>		-5	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	48.25
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9.0 COMMENTS:

(1) *check face of breaker spaces, some missing and circuit wires*

(2) *test for die 50% of lines & 50% of circuits. All are ok and in good condition*

(3) *check gas to pull stations, gas is turned down as limited response and minimal gas is in the system. The system is ok.*

(4) *710 5 y. old emergency lights.*

EVALUATORS: ATK SK UR JES

DATE 1/17/85

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING TALBOT LABORATORY NO. 13 CAMPUS UIUC DATE CONSTR. 1928
AREA 64,737 ASF EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION			MAXIMUM 8 POINTS
1.1 Cracked Foundation	Deduct up to 3 pts.		<u>.25</u>
1.2 Apparent Settlement	Deduct up to 8 pts.		_____
1.3 Other Problems			_____
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			.25
2.0 SUPERSTRUCTURE			MAXIMUM 13 POINTS
2.1 Broken or Cracked Walls	Deduct up to 5 pts.		<u>.25</u>
2.2 Roof Sagging	Deduct up to 3 pts.		_____
2.3 Floor Movement Excessive	Deduct up to 4 pts.		_____
2.4 Roof Ponds	Deduct up to 1 pt.		<u>1</u>
2.5 Other Problems			_____
			1.25
3.0 EXTERIOR SKIN			MAXIMUM 11 POINTS
3.1 Needs New Roof	Deduct up to 3 pts.		<u>2</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.		<u>4</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.		<u>1</u>
3.4 Other Problems		<i>CUTTERS</i>	<u>.5</u>
			7.5
4.0 GENERAL			MAXIMUM 29 POINTS
4.1 Interior Needs Painting	Deduct up to 2 pts.		<u>1</u>
4.2 Needs New Flooring	Deduct up to 2 pts.		<u>1</u>
4.3 Needs New Ceiling	Deduct up to 1 pts.		<u>.5</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.		_____
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.		_____
4.6 Exits & Stairways		<i>OPEN STAIRWAYS</i>	<u>1</u>
4.7 Entry Ramp			_____
4.8 Elevator			_____
4.9 Other Problems		<i>NON RATED. BOOKS TO CORRECT</i>	<u>.5</u>
			4.0

5-12-79 9.1

5.0 PLUMBING AND FIRE PROTECTION SYSTEMS		MAXIMUM 6 POINTS	
5.1 Fixture Replacement	Deduct up to 1 pt.....	<u>1</u>	5.5
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	<u>2</u>	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	<u>5</u>	
5.4 Sprinkler System	Deduct up to 2 pts.....	<u>2</u>	
5.5 Handicap Access. Toilets.....	.....	.....
5.6 Other Problems.....	.....	.....

6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS		MAXIMUM 30 POINTS	
6.1 Heating	Deduct up to 5 pts.....	<u>4.5</u>	17.5
6.2 Ventilation	Deduct up to 6 pts.....	<u>6</u>	
6.3 Air Conditioning	Deduct up to 7 pts.....	<u>6</u>	
6.4 Temperature Control	Deduct up to 2 pts.....	<u>1</u>	
6.5 Other Problems.....	.....	.....

7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS		MAXIMUM 13 POINTS	
7.1 Capacity (1)	Deduct up to 1 pt.....	<u>-.5</u>	-4
7.2 Distribution (2)	Deduct up to 10 pts.....	<u>-1.5</u>	
7.3 Fixtures (3)	Deduct up to 1 pt.....	<u>-.75</u>	
7.4 Fire Alarm System (4)	Deduct up to 1 pt.....	<u>-.75</u>	
7.5 Other Problems (5).....	<u>-.5</u>	

8.0 TOTAL BUILDING DEFICIENCY	40.0
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225

9.0 COMMENTS:

- (1) Can of paint contain PCBs
- (2) Some panels need to be replaced for better operation
- (3) 40% of lines which are well over 40 years old need to be replaced
- (4) Inadequate pull stations, fire automatic devices limited
- responsibility and minimal communication. The system is old
- (5) No exit signs emergency lighting

EVALUATORS: AL SK LR JB _____

DATE 1/17/85

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING NATURAL HISTORY NO. 32 CAMPUS UIUC DATE CONSTR. 1899-1909
 AREA 90,981 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....	<u>1</u>	3
1.2 Apparent Settlement	Deduct up to 8 pts.....	<u>1</u>	
1.3 Other Problems.....	<i>MOISTURE IN STONE FOUNDATION WALL</i>	<u>1</u>	
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....	<u>3</u>	7
2.2 Roof Sagging	Deduct up to 3 pts.....	<u>1</u>	
2.3 Floor Movement Excessive	Deduct up to 4 pts.....	<u>2</u>	
2.4 Roof Ponds	Deduct up to 1 pt.....	<u>1</u>	
2.5 Other Problems.....	_____	_____	
3.0 EXTERIOR SKIN MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....	<u>3</u>	9
3.2 Windows in Poor Condition	Deduct up to 4 pts.....	<u>3</u>	
3.3 Tuckpointing Required	Deduct up to 4 pts.....	<u>3</u>	
3.4 Other Problems.....	_____	_____	
4.0 GENERAL MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....	<u>2</u>	6.25
4.2 Needs New Flooring	Deduct up to 2 pts.....	<u>1.5</u>	
4.3 Needs New Ceiling	Deduct up to 1 pts.....	<u>1</u>	
4.4 Inter Walls Need Realign.	Deduct up to 16 pts.....	_____	
4.5 Needs New Fixed Equipment	Deduct up to 0 pts.....	_____	
4.6 Exits & Stairways.....	<i>SOME OPEN STAIRWAYS / OTHER NOT RATED (SMOOR CHECKED)</i>	<u>1</u>	
4.7 Entry Pans	<i>REFURBISH</i>	_____	
4.8 Elevator	<i>NON RATED DUE TO CORRIDOR</i>	<u>.25</u>	
4.9 Other Problems.....	<i>DEAD END CORRIDORS</i>	<u>.5</u>	

4-75.15 95

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	.75	4.5
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	2	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	.5	
5.4 Sprinkler System	Deduct up to 2 pts.....	1.25	
5.5 Handicap Access, Toilets.....	YES.....	—	
5.6 Other Problems.....	<u>UNDERSIZED STAND PIPES</u> <u>SANITARY IN GINDER FILL/NO DOMESTIC HW SYSTEM!</u>		

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	4.5	18.5
6.2 Ventilation	Deduct up to 6 pts.....	6	
6.3 Air Conditioning	Deduct up to 7 pts.....	6	
6.4 Temperature Control	Deduct up to 2 pts.....	2	
6.5 Other Problems.....		—	

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	—	-4.5
7.2 Distribution (1)	Deduct up to 10 pts.....	—2	
7.3 Features (2)	Deduct up to 1 pt.....	.75	
7.4 Fire Alarm System (3)	Deduct up to 1 pt.....	1.5	
7.5 Other Problems.....	<u>Ed. F. Emergency Lighting (q. 1)</u>		

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	52.75	50.5
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9.0 COMMENTS.

(1) None for fire alarm circuit work up to hood area of kitchen space

(2) see 7.0 floor new fan-good cond. 40% old area d.

(3) tested sprinkler and manual alarm station

(4) some exit lighting as old. No case of any lighting

EVALUATORS: MR SK LR DES _____

DATE 1/18/85 _____

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING ROOSEVELT ROAD BLDG NO. 021 CAMPUS UIC DATE CONSTR. 1948
AREA 74,074 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....		<u>1</u>
1.2 Apparent Settlement	Deduct up to 3 pts.....		<u>1</u>
1.3 Other Problems.....	<u>MOVEMENT IN WALLS</u>		<u>1</u>
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			2
2.0 SUPERSTRUCTURE MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....		_____
2.2 Roof Sagging	Deduct up to 3 pts.....		_____
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		_____
2.4 Roof Ponds	Deduct up to 1 pt.....		<u>1</u>
2.5 Other Problems.....			_____
3.0 EXTERIOR SKIN MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....		<u>1</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.....		<u>4</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.....		<u>2</u>
3.4 Other Problems.....			_____
4.0 GENERAL MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....		<u>1</u>
4.2 Needs New Flooring	Deduct up to 2 pts.....		<u>1.5</u>
4.3 Needs New Ceiling	Deduct up to 1 pts.....		<u>1</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....		_____
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....		_____
4.6 Exits & Stairways.....			_____
4.7 Entry Ramp.....			_____
4.8 Elevator.....	<u>REPAIRS (2)</u>		<u>2</u>
4.9 Other Problems.....	<u>NON RATED DOORS</u> <u>SOME DEMO AND CORRIDORS</u>		<u>5</u>
			6.0

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		MAXIMUM 6 POINTS	
5.1 Fixture Replacement	Deduct up to 1 pt.....	.5	4.5
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	1.5	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	.5	
5.4 Sprinkler System	Deduct up to 2 pts.....	2	
5.5 Handicap Access. Toilets.....	NONE		
5.6 Other Problems.....			

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		MAXIMUM 20 POINTS	
6.1 Heating	Deduct up to 5 pts.....	4	16
6.2 Ventilation	Deduct up to 6 pts.....	5	
6.3 Air Conditioning	Deduct up to 7 pts.....		
6.4 Temperature Control	Deduct up to 2 pts.....	2	
6.5 Other Problems.....	COMPUTER AC REFLECTOR INSULATION	5	

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		MAXIMUM 13 POINTS	
7.1 Capacity	Deduct up to 1 pt.....		4.25
7.2 Distribution ①	Deduct up to 10 pts.....	2.5	
7.3 Fixtures ②	Deduct up to 1 pt.....	.75	
7.4 Fire Alarm System ③	Deduct up to 1 pt.....	.75	
7.5 Other Problems.....	EXIT LIGHTING, EMERGENCY POWER ④ NO STANDBY TRANSFORMER FOR COMPUTER	2.5 1	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	40.75
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30.5

9.0 COMMENTS:

①-② INADEQUATE IN UNRECORDED AREA

④ NO BACKUP FOR TRANSFORMER FEEDING COMPUTER AREA

EVALUATORS: AR SK LR OBS _____

DATE 1/21/85 _____

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING FERMATT BLDG NO. 641 CAMPUS UIC DATE CONSTR. 1910-1920
AREA 76,762 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION		MAXIMUM 8 POINTS	
1.1 Cracked Foundation	Deduct up to 3 pts.		<u>1</u>
1.2 Apparent Settlement	Deduct up to 8 pts.		<u>1</u>
1.3 Other Problems			—
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
			2
2.0 SUPERSTRUCTURE		MAXIMUM 13 POINTS	
2.1 Broken or Cracked Walls	Deduct up to 5 pts.		<u>1</u>
2.2 Roof Sagging	Deduct up to 3 pts.		<u>1</u>
2.3 Floor Movement Excessive	Deduct up to 4 pts.		<u>2</u>
2.4 Roof Ponds	Deduct up to 1 pt.		—
2.5 Other Problems			—
			4
3.0 EXTERIOR SKIN		MAXIMUM 11 POINTS	
3.1 Needs New Roof	Deduct up to 3 pts.		<u>3</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.		<u>1</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.		<u>4</u>
3.4 Other Problems			—
			8
4.0 GENERAL		MAXIMUM 29 POINTS	
4.1 Interior Needs Painting	Deduct up to 2 pts.		<u>2</u>
4.2 Needs New Flooring	Deduct up to 2 pts.		<u>15</u>
4.3 Needs New Ceiling	Deduct up to 1 pts.		<u>1</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.		—
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.		—
4.6 Exits & Stairways	<u>UPGRADE STAIRS</u>		<u>25</u>
4.7 Entry Ramp			—
4.8 Elevator	<u>REPLACE (?)</u>		<u>2</u>
4.9 Other Problems	<u>SOME DEAD END COLLETTORS</u> <u>SOME FIRE DOORS NOT OPERABLE</u>		—
			6.75

<u>6.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	<u>.25</u>	2.75
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	<u>1.5</u>	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	<u>.5</u>	
5.4 Sprinkler System	Deduct up to 2 pts.....	<u>.5</u>	
5.5 Handicap Access. Toilets.....	<u>YES</u>		
5.6 Other Problems.....			

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	<u>1</u>	15
6.2 Ventilation	Deduct up to 6 pts.....	<u>5</u>	
6.3 Air Conditioning	Deduct up to 7 pts.....	<u>7</u>	
6.4 Temperature Control	Deduct up to 2 pts.....	<u>2</u>	
6.5 Other Problems.....	<u>NEW BOILERS</u>		

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....		3.75
7.2 Distribution ①	Deduct up to 10 pts.....	<u>2</u>	
7.3 Fixtures ②	Deduct up to 1 pt.....	<u>.5</u>	
7.4 Fire Alarm System ③	Deduct up to 1 pt.....	<u>.75</u>	
7.5 Other Problems.....	<u>EXIT & EMERGENCY LIGHTING ④</u>	<u>.5</u>	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	<u>42.25</u>
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9.0 COMMENTS:

UNREMODELED AREAS

① SOME BRANCH CIRCUIT WIRING OLD

② FIXTURES OLD & OBSOLETE

③ FIRE ALARM INADEQUATE ④ EXIT & EMERGENCY WIRING INADEQUATE

EVALUATORS: AR SK LA DBS _____

DATE: 1/21/85

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING ARCH. & ART BLDG NO. 628 CAMPUS UIC DATE CONSTR. 1968
AREA 82,414 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION			
MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....		0
1.2 Apparent Settlement	Deduct up to 8 pts.....		
1.3 Other Problems.....			
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE			
MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....		1
2.2 Roof Sagging	Deduct up to 3 pts.....		
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		
2.4 Roof Ponds	Deduct up to 1 pt.....		
2.5 Other Problems.....	<u>TERRACE LEAKS</u>		
3.0 EXTERIOR SKIN			
MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....		3
3.2 Windows in Poor Condition	Deduct up to 4 pts.....		
3.3 Tuckpointing Required	Deduct up to 4 pts.....		
3.4 Other Problems.....	<u>FLASHING</u>		
4.0 GENERAL			
MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....		4.75
4.2 Needs New Flooring	Deduct up to 2 pts.....		
4.3 Needs New Ceiling	Deduct up to 1 pts.....		
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....		
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....		
4.6 Exits & Stairways.....	<u>SOME OPEN STAIRS</u>		
4.7 Entry Ramp.....			
4.8 Elevator.....	<u>REPAIR-BISH(1) NEW(1)</u>		
4.9 Other Problems.....	<u>INTERIOR MOVABLE PARTITIONS INTERFERES WITH CLEAR EXIT PASSAGE</u>		

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	_____	0
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	_____	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	_____	
5.4 Sprinkler System	Deduct up to 2 pts.....	_____	
5.5 Handicap Access. Toilets.....	_____	_____	
5.6 Other Problems.....	_____	_____	

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	_____	0
6.2 Ventilation	Deduct up to 6 pts.....	_____	
6.3 Air Conditioning	Deduct up to 7 pts.....	_____	
6.4 Temperature Control	Deduct up to 2 pts.....	_____	
6.5 Other Problems.....	_____	_____	

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	_____	.75
7.2 Distribution	Deduct up to 10 pts.....	_____	
7.3 Fixture. ①	Deduct up to 1 pt.....	<u>.25</u>	
7.4 Fire Alarm System ①	Deduct up to 1 pt.....	<u>.25</u>	
7.5 Other Problems.....	<u>EMERGENCY POWER ②</u>	<u>.25</u>	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	9.5
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9.0 COMMENTS:

① LIMITED SUPERVISION / FEW AUTOMATIC DEVICES

② EMERGENCY POWER IS LINE SIDE TAP

③ SOME FIXTURES IN POOL REPAIR & LENS DISCOLORED

EVALUATORS: AR SE LR JES _____

DATE 1/21/85



UNIVERSITY OF ILLINOIS
 BUILDING CONDITION EVALUATION

 BUILDING ADMIN. SERVICES BLDG NO. 907 CAMPUS UIHSC DATE CONSTR. 1927-1942

 AREA 29,914 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION		MAXIMUM 8 POINTS	
1.1 Cracked Foundation	Deduct up to 3 pts.....		<u>1</u>
1.2 Apparent Settlement	Deduct up to 8 pts.....		<u>1</u>
1.3 Other Problems.....			<u>1</u>
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			2
2.0 SUPERSTRUCTURE		MAXIMUM 13 POINTS	
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....		_____
2.2 Roof Sagging	Deduct up to 3 pts.....		_____
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		_____
2.4 Roof Ponds	Deduct up to 1 pt.....		<u>25</u>
2.5 Other Problems.....			_____
			.25
3.0 EXTERIOR SKIN		MAXIMUM 11 POINTS	
3.1 Needs New Roof	Deduct up to 3 pts.....	<i>FLASHING</i>	<u>1</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.....		<u>4</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.....		<u>1</u>
3.4 Other Problems.....			_____
			6
4.0 GENERAL		MAXIMUM 29 POINTS	
4.1 Interior Needs Painting	Deduct up to 2 pts.....		<u>2</u>
4.2 Needs New Flooring	Deduct up to 2 pts.....		<u>2</u>
4.3 Needs New Ceiling	Deduct up to 1 pts.....		<u>1</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....		_____
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....		_____
4.6 Exits & Stairways.....	<i>ONE OPEN STAIR</i>		<u>5</u>
4.7 Entry Rump.....			_____
4.8 Elevator.....	<i>REPLACE</i>		<u>1</u>
4.9 Other Problems.....	<i>NON RATED DOORS TO CORRIDOR DEAD END CORRIDORS</i>		<u>5</u>
			70

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	<u>1</u>	6
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	<u>2</u>	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	<u>1</u>	
5.4 Sprinkler System	Deduct up to 2 pts.....	<u>2</u>	
5.5 Handicap Access. Toilets.....	<i>NO</i>		
5.6 Other Problems.....			

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	<u>5</u>	20
6.2 Ventilation	Deduct up to 6 pts.....	<u>6</u>	
6.3 Air Conditioning	Deduct up to 7 pts.....	<u>7</u>	
6.4 Temperature Control	Deduct up to 2 pts.....	<u>2</u>	
6.5 Other Problems.....	<i>ASBESTOS INSULATION! 25 TONS WASTE WATER COOLING</i>		

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTNING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity ①	Deduct up to 1 pt.....	<u>1</u>	8.75
7.2 Distribution ②	Deduct up to 10 pts.....	<u>5</u>	
7.3 Fixtures ③	Deduct up to 1 pt.....	<u>1</u>	
7.4 Fire Alarm System ④	Deduct up to 1 pt.....	<u>.75</u>	
7.5 Other Problems.....	<i>E.N.T. EMERGENCY LIGHTING ⑤</i>	<u>1</u>	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	<u>500</u>
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9.0 COMMENTS:

① SERVICE EXTENDED FROM CUBBY ② SWITZING, FEEDERS, PANELS, BRANCH CIRCUIT

③ WIRING - POOR CONDITION ④ FIXTURES - POOR CONDITION

⑤ SYSTEM OLD / FEW AUTOMATIC DEVICES, LIMITED SUPERVISION

⑥ EXIT LIGHTING - POOR CONDITION. NO OTHER EMERGENCY LIGHTING

EVALUATORS: SK AR LR JB'S _____

DATE 1/21/85 _____



UNIVERSITY OF ILLINOIS
 BUILDING CONDITION EVALUATION

 BUILDING COLLEGE OF MEDICINE-NEST NO. 908 CAMPUS UHS DATE CONSTR. 1925

 AREA 26,731 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION		MAXIMUM 8 POINTS	
1.1 Cracked Foundation	Deduct up to 3 pts.....		
1.2 Apparent Settlement	Deduct up to 3 pts.....		
1.3 Other Problems.....	<u>MAJOR SETTLEMENT IN FOUNDATION WALL</u>		<u>1</u>
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE		MAXIMUM 13 POINTS	
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....	<u>1</u>	
2.2 Roof Sagging	Deduct up to 3 pts.....		
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		<u>1</u>
2.4 Roof Ponds	Deduct up to 1 pt.....		
2.5 Other Problems.....			
3.0 EXTERIOR SKIN		MAXIMUM 11 POINTS	
3.1 Needs New Roof	Deduct up to 3 pts.....	<u>3</u>	
3.2 Windows in Poor Condition	Deduct up to 4 pts.....	<u>4</u>	<u>9</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.....	<u>2</u>	
3.4 Other Problems.....			
4.0 GENERAL		MAXIMUM 29 POINTS	
4.1 Interior Needs Painting	Deduct up to 2 pts.....	<u>2</u>	
4.2 Needs New Flooring	Deduct up to 2 pts.....	<u>1</u>	
4.3 Needs New Ceiling	Deduct up to 1 pts.....	<u>1</u>	
4.4 Inter. Walls Need Resign.	Deduct up to 16 pts.....		
4.5 Needs New Fixed Equipmen.	Deduct up to 8 pts.....		<u>5.5</u>
4.6 Exits & Stairways.....			
4.7 Entry Ramp.....			
4.8 Elevator.....	<u>REPLACE</u>	<u>1</u>	
4.9 Other Problems.....	<u>NON RATED DOORS TO CORRECT</u>	<u>5</u>	

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	<u>1</u>	5.75
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	<u>2</u>	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	<u>.75</u>	
5.4 Sprinkler System	Deduct up to 2 pts.....	<u>2</u>	
5.5 Handicap Access. Toilets.....			
5.6 Other Problems.....	<u>ASBESTOS INSULATION</u>		

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	<u>4</u>	16.5
6.2 Ventilation	Deduct up to 6 pts.....	<u>6</u>	
6.3 Air Conditioning	Deduct up to 7 pts.....	<u>5</u>	
6.4 Temperature Control	Deduct up to 2 pts.....	<u>1.5</u>	
6.5 Other Problems.....	<u>ASBESTOS INSULATION</u>		

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....		4.75
7.2 Distribution ①	Deduct up to 10 pts.....	<u>3</u>	
7.3 Fixtures ②	Deduct up to 1 pt.....	<u>.75</u>	
7.4 Fire Alarm System ③	Deduct up to 1 pt.....	<u>.5</u>	
7.5 Other Problems.....	<u>EMERGENCY POWER</u>	<u>.5</u>	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>		<u>42.5</u>	50.
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<u>9.0 COMMENTS:</u>

① <u>SOME OLD FEEDERS, PANELS, BRANCH CIRCUIT WIRING</u>
② <u>FIXTURES OLD & POOR CONDITION</u>
③ <u>OLD SYSTEM, FEW AUTOMATIC DEVICES & LIMITED SUPERVISION</u>

EVALUATORS: ACL SK LR JFS _____

DATE 1/21/85



UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING BIOLOGICAL RESEARCH LAB NO. 932 CAMPUS UIHSC DATE CONSTR. 1959
AREA 56,851 EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION			
MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....	_____	
1.2 Apparent Settlement	Deduct up to 8 pts.....	_____	
1.3 Other Problems.....	<i>MOISTURE IN WALL</i>	_____	<u>.5</u>
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			.5
2.0 SUPERSTRUCTURE			
MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....	_____	
2.2 Roof Sagging	Deduct up to 3 pts.....	_____	
2.3 Floor Movement Excessive	Deduct up to 4 pts.....	_____	
2.4 Roof Ponds	Deduct up to 1 pt.....	_____	<u>.25</u>
2.5 Other Problems.....		_____	.25
3.0 EXTERIOR SKIN			
MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....	_____	<u>3</u>
3.2 Windows in Poor Condition	Deduct up to 4 pts.....	_____	<u>.5</u>
3.3 Tuckpointing Required	Deduct up to 4 pts.....	_____	<u>1</u>
3.4 Other Problems.....	<i>ERROD STEEL (EXT. WALL)</i>	_____	4.5
4.0 GENERAL			
MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....	_____	<u>.5</u>
4.2 Needs New Flooring	Deduct up to 2 pts.....	_____	<u>.25</u>
4.3 Needs New Ceiling	Deduct up to 1 pts.....	_____	<u>.25</u>
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....	_____	
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....	_____	1.5
4.6 Exits & Stairways.....		_____	
4.7 Entry Ramp.....	<i>RENOVATE</i>	_____	<u>.5</u>
4.8 Elevator.....		_____	
4.9 Other Problems.....		_____	

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	<u>.5</u>	3.25
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	<u>1.5</u>	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	<u>.5</u>	
5.4 Sprinkler System	Deduct up to 2 pts.....	<u>1.5</u>	
5.5 Handicap Access. Toilets.....		<u>—</u>	
5.6 Other Problems.....	<i>HAS NEW SOLAR DHW HEATER</i>	<u>—</u>	

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	<u>2</u>	12.5
6.2 Ventilation	Deduct up to 6 pts.....	<u>4</u>	
6.3 Air Conditioning	Deduct up to 7 pts.....	<u>6</u>	
6.4 Temperature Control	Deduct up to 2 pts.....	<u>1.5</u>	
6.5 Other Problems.....		<u>—</u>	

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	<u>—</u>	1.25
7.2 Distribution ①	Deduct up to 10 pts.....	<u>1</u>	
7.3 Fixtures	Deduct up to 1 pt.....	<u>—</u>	
7.4 Fire Alarm System ②	Deduct up to 1 pt.....	<u>.25</u>	
7.5 Other Problems.....		<u>—</u>	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	23.75	14c
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9.0 COMMENTS:

① MOTOR CONTROL CENTER OBSOLETE
 ② LIMITED SUPERVISION

EVALUATORS: AR SK LR JES _____

DATE 1/22/85

UNIVERSITY OF ILLINOIS
BUILDING CONDITION EVALUATION

BUILDING COLLEGE OF NURSING NO. 936 CAMPUS UIHSC DATE CONSTR. 1969
AREA 160,104 SF EST. REPLACEMENT COST _____

EVALUATION FACTORS AND CONDITIONS	NOTES	COMMENTS	DEDUCT POINTS
1.0 FOUNDATION			
MAXIMUM 8 POINTS			
1.1 Cracked Foundation	Deduct up to 3 pts.....		0
1.2 Apparent Settlement	Deduct up to 8 pts.....		
1.3 Other Problems.....			
Note: If major settlement is apparent, indicate if opinion of Structural Engineer is required			
2.0 SUPERSTRUCTURE			
MAXIMUM 13 POINTS			
2.1 Broken or Cracked Walls	Deduct up to 5 pts.....		.7
2.2 Roof Sagging	Deduct up to 3 pts.....		
2.3 Floor Movement Excessive	Deduct up to 4 pts.....		
2.4 Roof Ponds	Deduct up to 1 pt.....		
2.5 Other Problems.....			
3.0 EXTERIOR SKIN			
MAXIMUM 11 POINTS			
3.1 Needs New Roof	Deduct up to 3 pts.....	<i>LOW @ ENTRY</i>	1
3.2 Windows in Poor Condition	Deduct up to 4 pts.....		
3.3 Tuckpointing Required	Deduct up to 4 pts.....	<i>PARENT SPALLS ON SOUTH FRONT</i>	
3.4 Other Problems.....			
4.0 GENERAL			
MAXIMUM 29 POINTS			
4.1 Interior Needs Painting	Deduct up to 2 pts.....		1.05
4.2 Needs New Flooring	Deduct up to 2 pts.....		
4.3 Needs New Ceiling	Deduct up to 1 pts.....		
4.4 Inter. Walls Need Realign.	Deduct up to 16 pts.....		
4.5 Needs New Fixed Equipment	Deduct up to 8 pts.....		
4.6 Exits & Stairways.....	<i>HANDICAPS DO NOT MEET CODE</i>		
4.7 Entry Ramp.....			
4.8 Elevator.....			
4.9 Other Problems.....	<i>MOVING STAIRWAY - MODIFY TO RETAIN SPEEDWAY</i>		

<u>5.0 PLUMBING AND FIRE PROTECTION SYSTEMS</u>		<u>MAXIMUM 6 POINTS</u>	
5.1 Fixture Replacement	Deduct up to 1 pt.....	_____	2.5
5.2 Needs New Waste & Vent	Deduct up to 2 pts.....	_____	
5.3 Water Line Capacity Inadeq.	Deduct up to 1 pt.....	_____	
5.4 Sprinkler System	Deduct up to 2 pts.....	_____	
5.5 Handicap Access. Toilets.....		_____	
5.6 Other Problems.....		_____	

*STAIRPIPE RISERS
(NO SPRINKLERS)* 2
.5

<u>6.0 HEATING, VENTILATION, AND AIR-CONDITIONING SYSTEMS</u>		<u>MAXIMUM 20 POINTS</u>	
6.1 Heating	Deduct up to 5 pts.....	_____	2
6.2 Ventilation	Deduct up to 6 pts.....	_____	
6.3 Air Conditioning	Deduct up to 7 pts.....	_____	
6.4 Temperature Control	Deduct up to 2 pts.....	_____	
6.5 Other Problems.....		_____	

*MODIFY E.P.A.'S
CONTROLS
FOR ENERGY
CONSERVATION*

<u>7.0 ELECTRICAL, FIRE ALARM, AND LIGHTING SYSTEMS</u>		<u>MAXIMUM 13 POINTS</u>	
7.1 Capacity	Deduct up to 1 pt.....	_____	0
7.2 Distribution	Deduct up to 10 pts.....	_____	
7.3 Fixtures	Deduct up to 1 pt.....	_____	
7.4 Fire Alarm System	Deduct up to 1 pt.....	_____	
7.5 Other Problems.....		_____	

<u>8.0 TOTAL BUILDING DEFICIENCY</u>	7.25
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7.5

9.0 COMMENTS.

EVALUATORS: LR DBS _____

DATE: 1/22/05

Mr. FORD. Thank you very much, President Ikenberry.

I don't know if we have questions of the president. I know he has a tough time schedule with "Mom's Day" here. We don't want to hold him up.

Dr. IKENBERRY. I wouldn't want to make a test between the mothers of the University of Illinois and this subcommittee. That's a very difficult priority, sir.

Mr. FORD. Well, don't let them come up here and see those graphs we have on the wall or they'll be complaining.

We have a panel now consisting of Paul Lingenfelter, deputy director for fiscal affairs, Illinois Board of Higher Education, Dave Pierce, executive director, Illinois Community College Board, and Don Fouts, president, Federation of Illinois Independent Colleges and Universities.

Before they proceed and the other panels following them, I would like to call everybody's attention to the charts we have on the wall.

The first chart over here on the right, which I call chart A for purpose of the record—and I have copies to be inserted at this point in the record—shows Illinois student financial aid recipients by institutional type. It shows community college, public college, and private college, the private being blue, the public red, and the community college green.

This shows just the period 1980 through 1984, 5 years. You can see that the private college percentage of the Illinois students has stayed fairly constant. The public college population has gone up, both in the 4-year colleges and community colleges. But you can see a rather remarkable growth between 1982 and 1984, the 3 years of 1982, 1983, and 1984, in the community college area on the percentage of people in this State going to institutions of higher education who are attending community colleges.

Now, I think that one is particularly important because this is exactly what you see over in my State of Michigan, and I suspect for the same kind of reasons, because of what has happened to us in this part of the country economically from 1980 through 1984.

Now, we go over to the other side to the other chart, "State and Federal Grant Aid as a Percentage of Tuition and Fees for Aid Recipients at Illinois Colleges and Universities." What that really means is how much would the combination of State and Federal aid to a student buy out of the total cost of going to school. In 1980, when you combine them, you can get—and this is only for students who are eligible for aid; this is not for all students 95 percent of the cost of higher education from a combination of State and Federal aid. By 1984, it was down to 50 percent. It is now back at 51 percent. You can see that we have almost cut in half the value of State and Federal aid to an Illinois college student. Now, that is college students at all levels, community colleges 4-year public and privates.

Then if you go over here, you see what is happening to the low income students. On the far right you see the chart entitled "Declining Percentage of Cost of Attending College Covered by Pell Grants." That means how much is the Pell grant worth now as a cost of going to college. These are national figures.

In 1975 it was worth 46 cents on the dollar. It would pay 46 percent of the cost of going to school for the average Pell grant recipient. By 1984, it is paying about 31 percent of the cost.

Now, in that period of time we actually increased the dollar amount of the Pell grant from \$1,800 to \$2,100, but that in no way keeps up with the increase in the cost of education. So the low income segment of the population that we were trying to help with that program is getting a lot less help from it in real terms now than at any time in the history of that program. That just shows you the last 10 years. Although you will see a similar pattern in the period of the Pell grants prior to that, it isn't as dramatic as this because the cost increases have occurred most rapidly during this period.

Now, that chart fools you a little bit because when you see the chart going down that's bad, not good. If you're looking at a chart on inflation, it's good. But this is the reverse of inflation. The period from 1980 to 1982, you see that very precipitous drop. That is how far the value of that grant came down in that short period of time.

Now, the last chart is "Average Family Income of Illinois Student Financial Aid Recipients." This is not national, this is Illinois student financial aid recipients. You can see that you had close to 28,000 people at the \$27,500 total family income level. Again, this is only families of students that were receiving grants in 1980. That percentage has changed very dramatically, so that when you look out here at 1984 you see that that number has now changed to \$18,500. So the people who contend that the money has been going to the more affluent in society at the expense of the less affluent just don't know what they're talking about. That has not been the trend at all. That has not been the pattern of the distribution of aid, and it isn't the pattern of the distribution of aid. It is in no way an excuse for trying to make dramatic changes under the guise of reforming a system that already is directing itself toward those who most need the assistance to go to school.

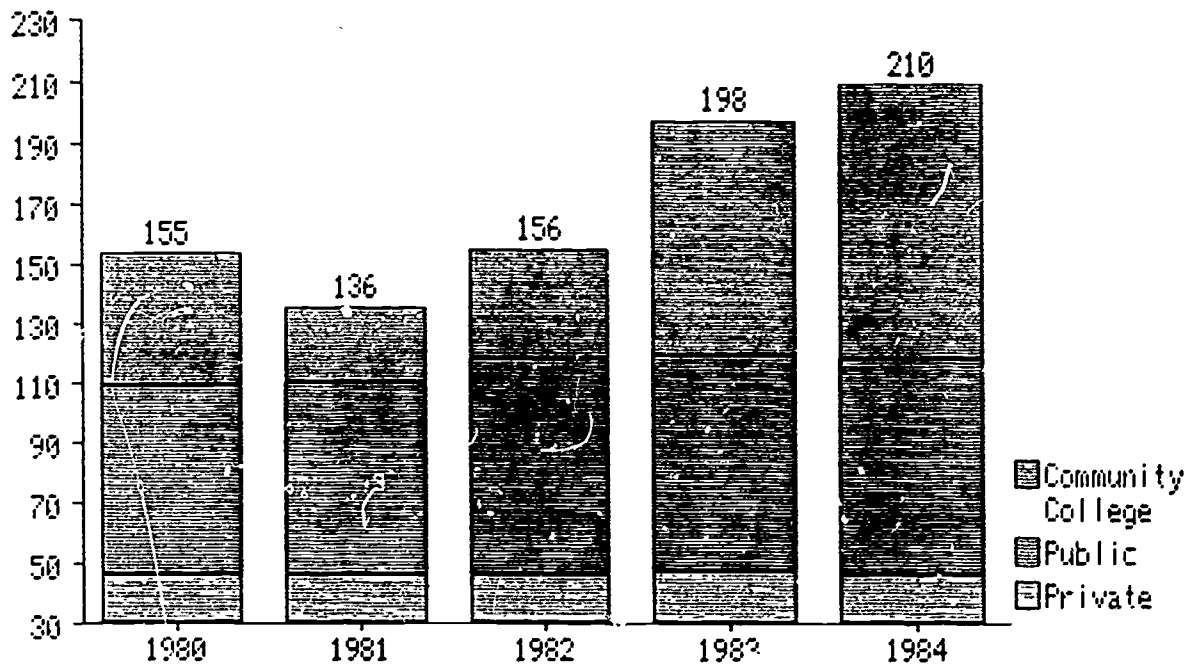
You can see also, by looking at those average family income figures, what happens to you if you adopt the proposal for a \$25,000 gross family income cutoff for all grant aid.

We will submit these charts for the record at this point. Without objection, they will be put in the record. If any of you want to refer to those as you are making your own comments or responding to questions, please feel free to do so.

[The referred to charts follow:]

Illinois Student Financial Aid Recipients By Institutional Type

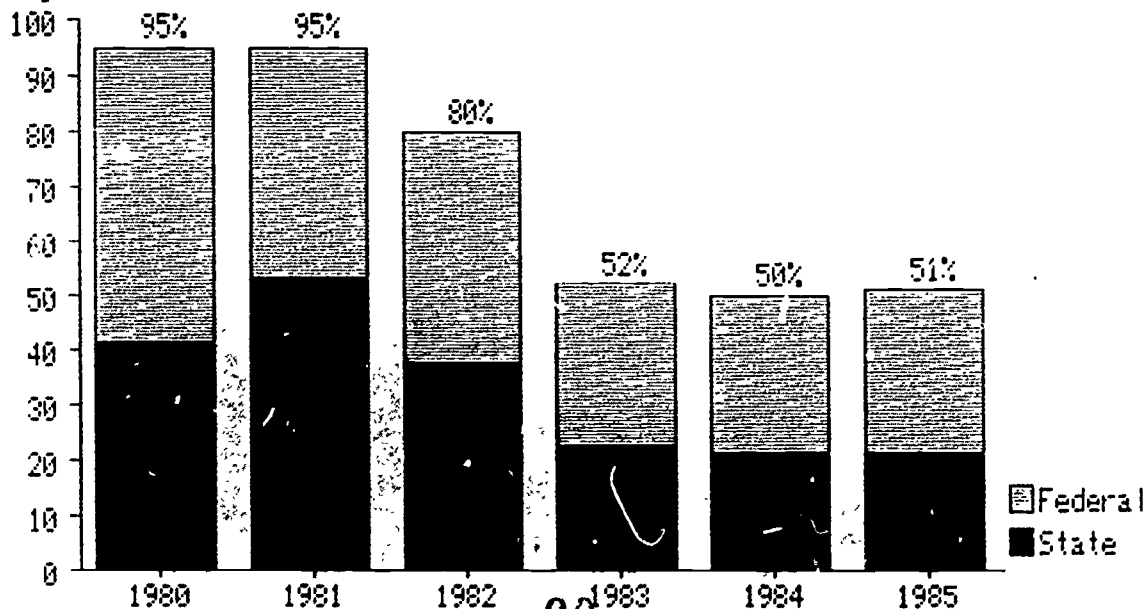
of Recipients
(in thousands)



2

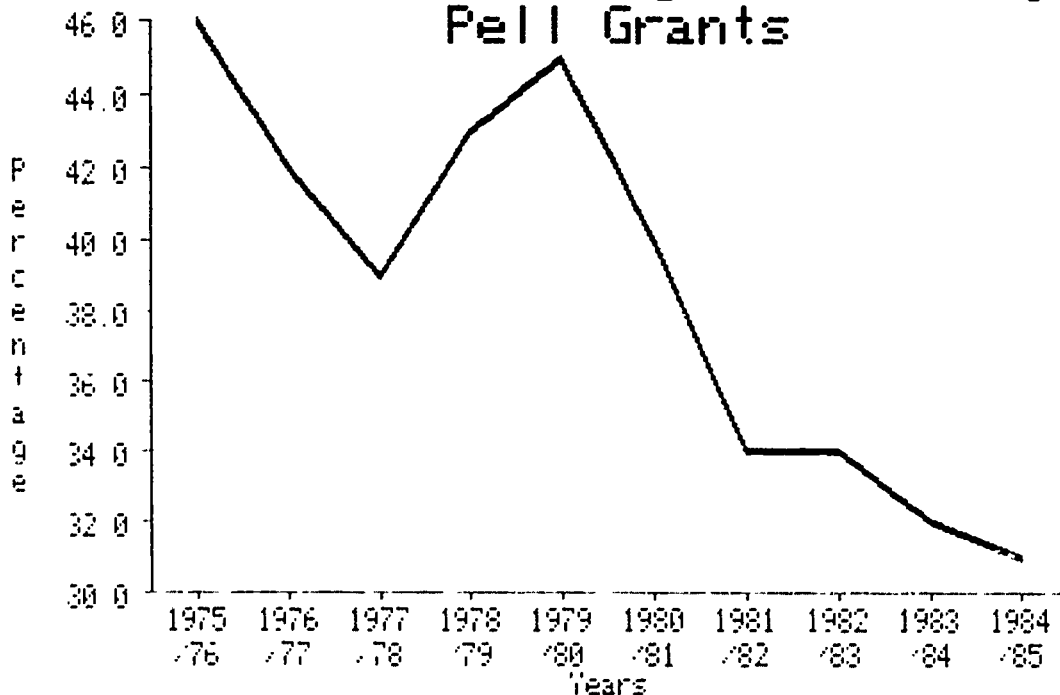
State and Federal Grant Aid as a Percentage of Tuition and Fees for Aid Recipients at Illinois Colleges and Universities

Percentage



69

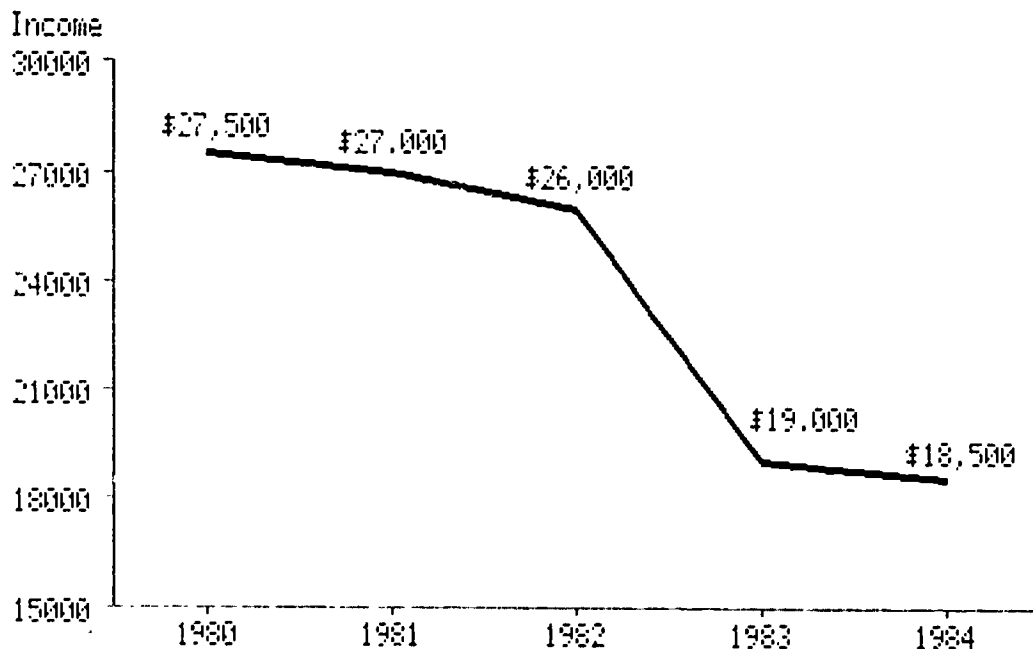
Declining Percentage of Cost of Attending College Covered by Pell Grants



65

Note: The cost of attending college is the total cost of tuition, fees, books, supplies, and room and board, less the amount of federal, state, and institutional grants and scholarships.

Average Family Income of Illinois Student Financial Aid Recipients *



* Data represents family incomes for dependent students receiving state grant aid

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Mr. FORD. President Ikenberry, thank you so much for your hospitality. I would rather be here watching Michigan beating you in a football game, but this—

Dr. IKENBERRY. I'll tell you, Congressman, we would be delighted to provide that opportunity for you next fall. [Laughter.]

Mr. FORD. I'm not so sure I would see that outcome.

Dr. IKENBERRY. There's a pretty good chance if you look at the history.

Mr. FORD. Mr. Lingenfelter, you may proceed.

STATEMENTS OF PAUL E. LINGENFELTER, DEPUTY DIRECTOR, FISCAL AFFAIRS, ILLINOIS BOARD OF HIGHER EDUCATION; DAVID R. PIERCE, EXECUTIVE DIRECTOR, ILLINOIS COMMUNITY COLLEGE BOARD; AND DONALD E. FOUTS, PRESIDENT, FEDERATION OF INDEPENDENT ILLINOIS COLLEGES AND UNIVERSITIES

Mr. LINGENFELTER. Congressman Ford, as an alumnus of the University of Michigan, I have enjoyed that on this campus many times myself. I hope you get back.

Chairman Ford, Congressman Bruce, Congressman Hayes, it is a pleasure for me to represent Dick Wagner, the executive director of the Board of Higher Education today. He couldn't be here due to a prior commitment, but I know he would want me to extend his greetings.

Mr. FORD. Excuse me. Let me just do one thing.

To the recorder, without objection, the prepared statement of each of these people will be inserted in the record prior to their comments, or wherever it is appropriate. Then you may summarize or highlight or add to your statement in any way you wish.

Mr. LINGENFELTER. Thank you very much.

I did want to say, just on a personal note, that Congressman Bruce, whom we have come to know as "Senator" Bruce over the past 10 years—I hope he doesn't mind if I make a mistake and call him that today inadvertently.

Mr. FORD. In the legislature that is a term of honor. It has a different connotation in Washington. [Laughter.]

Mr. LINGENFELTER. I understand. I stand corrected, sir.

He has been a real friend of higher education in Illinois for a long time and we are really delighted that he has an opportunity to be a friend of higher education in Congress as well.

Mr. BRUCE. Paul, I have to tell you that in my speeches I still say from time to time "in Springfield we are doing such and such". After 14 years of saying that, I now just say "the Capital" and that way I get it straight.

Mr. LINGENFELTER. That's good.

Illinois is a large State, as we all know, and I think in many respects its system of higher education is representative of the Nation as a whole. We have a distinguished system of public universities, many of which have made important national contributions, as well as contributions to this State. We have a distinguished system of community colleges and the honor of being the home of the first junior college in this country. We have two of the world's finest private research universities and a number of private

universities, liberal arts colleges, and specialized institutions that have made tremendous contributions to the State and the Nation as a whole.

I won't claim that Illinois is representative of the Nation in every respect, but I think most of the challenges facing postsecondary education can be found right in this State.

In view of the limited time available, I am going to try to focus my comments on a few general areas of importance to higher education in Illinois. These are enrollments, faculty salaries, inflation, facilities, student assistance, and State support for higher education.

I have given several tables to the committee members that highlight some of the comments, and if I could, I would like to focus on them in order.

Table 1 shows enrollment trends for Illinois since 1961. The important factor on this table I think is that in 1960 2 percent of the total State population was enrolled in higher education. By 1970, 4 percent of the population was enrolled in higher education. Today, more than 6 percent of our total population is enrolled in a degree credit program in a college or university in Illinois.

I think the growth in higher education enrollment participation reflects the increasing importance of higher education to our citizens. It is more important than it ever has been in the past for young people to obtain further education beyond high school in order to find productive work, and older people are returning to colleges in greater and greater numbers in order to keep pace with changing technology or to develop new skills that are required by the changing job market.

My second point on table 2 concerns faculty salaries. As illustrated on this figure, over the past 15 years faculty salaries in Illinois have lagged behind inflation. The Consumer Price Index since 1970 has gone up 156 percent. Public university faculty salaries have gone up 87 percent, private institutions 102 percent, and community colleges 118 percent in Illinois. This is not just an Illinois problem, however. It is a national problem as the recent studies of the AAUP will show.

No other single factor is as important to the quality of higher education than the quality of our faculty and staff. Without adequate resources to improve faculty compensation, higher education in America risks losing a disproportionate number of our bright young people to more lucrative, nonacademic professions. I am certainly not advocating direct Federal support for faculty salaries, but I think it is important as you enter the process of reauthorization to recognize that Federal laws and programs have a critical effect on the total financial stability of higher education. The ability of our colleges and universities to improve faculty salaries will be influenced in many important ways by what happens in the reauthorization process.

Figure 3 illustrates the effects of inflation on support costs, non-personnel costs, in Illinois higher education. Many of the most severe deficiencies facing higher education developed during recent periods in our Nation's economy when we had rapid cost inflation. During the past few years we have been able to make some

progress in addressing these deficiencies because the rate of inflation has decreased.

I certainly don't want to gloss over the difficulties facing the Congress as you attempt to support important public services and at the same time strengthen our private economy. There are no easy answers to these questions, but I think it is important in this context to acknowledge that important public services such as higher education also have a stake in the overall health of our economy.

One of the consequences of rapid inflation and also the growth we have seen in higher education has been the growth in buildings and facilities throughout Illinois. Dr. Ikenberry spoke of the need to renovate those facilities. A large portion of the buildings at our colleges and universities were constructed during the 1960's and they are now 20 years old and need the things that most 20-year-old buildings need. They need new roofs, they need in some cases considerable renovation internally in order to make them useful and functional for the changing academic programs. This is an important challenge for the State of Illinois and we're going to try to meet it. But there is room and there is an important role for the Federal Government as well, and I hope this is an issue that receives attention in the reauthorization process.

Briefly, I would like to point to the last two tables I have given you. First, table 4 summarizes student financial assistance by source and sector of Illinois higher education during fiscal years 1980 to 1984. I am not going to take the time to go into the details of that table, but I would like to make just two general points. First, the State of Illinois is a strong partner with the Federal Government in providing financial assistance to students. We had a strong student aid program before the basic educational opportunity grant, now the Pell Grant Program, was established. Over the years, as higher education has developed in Illinois, those two programs have played an incredibly important role in providing access and choice to our students.

The second point I would like to make is, as committed as Illinois is to student aid programs, it simply does not have the resources to replace Federal funds, if the Federal programs are reduced, or as you demonstrated here, fail to keep pace with increasing college costs.

The final table, table 5, included in my testimony also illustrates this point. In the 1960's, Illinois significantly increased its investment in higher education to build a strong system of public and private programs to support educational institutions in the State. In the dollars that we were spending in those days, our investment increased from about \$100 million in 1960 to about \$500 million by 1971. Enrollments more than doubled and, in constant dollars, even controlled for inflation, the State's investment more than doubled.

During the 1970's, the State support for higher education doubled again, up to \$1 billion. But a comparable rate of inflation meant that there was virtually no increase in constant dollar State support for higher education during the 1970's. Higher education continued to grow. We continued to expand the expensive programs in health education, engineering and such areas, but we

managed to do that by becoming more productive and in some cases by deferring costs that we are paying the price for today.

The bad news and the worst news occurred in the early 1980's when the recession, which I think hit this region of the country more severely than most, resulted in a 19-percent decrease in constant dollar support for higher education. We are working now to regain the ground that we lost during the period 1980 to 1983, and we have made some real progress during the last couple of years in Illinois to restore the level of support we need for the quality programs we want.

There is a clear commitment in Illinois to make that investment and to provide for our citizens today and in the future the kind of higher education programs we need. But there is no question that Federal support for higher education programs must be sustained and must continue to provide a foundation and a critical margin of support for us as we attempt to do that.

That concludes my remarks. I am pleased to have this opportunity and at the appropriate time will be glad to answer questions the subcommittee may have.

[Prepared statement of Paul E. Lingenfelter follows:]

PREPARED STATEMENT OF PAUL E. LINGENFELTER, DEPUTY DIRECTOR, FISCAL AFFAIRS,
ILLINOIS BOARD OF HIGHER EDUCATION

Chairman Ford and members of the Subcommittee, I am Paul Lingenfelter, Deputy Director for Fiscal Affairs of the Illinois Board of Higher Education staff. I am representing Executive Director of the Board staff, Richard D. Wagner, who could not be here today due to a prior commitment. I am pleased to have this opportunity to comment on the current condition of postsecondary education in Illinois.

Illinois is a large state, and its system of higher education in many respects is representative of the nation as a whole. We have a distinguished system of public universities, many of which have made important national and regional contributions in research and educational programs. This campus, in particular, has a world-wide reputation for excellence.

In the private sector we have two of the nation's most distinguished research universities and a diversified array of universities, liberal arts colleges, and more specialized institutions that serve this state and region. Illinois is also home of the nation's first junior college, and our state has built one of the finest public community college systems in the nation. And finally, a large number of trade and technical schools in Illinois provide vocational education for our people.

While I would not claim that Illinois is representative of the nation as a whole, most of the challenges facing postsecondary education can be found in Illinois.

In view of the limited time available today, I will focus on a few general facts and concerns in these areas: enrollments; faculty salaries; inflation; facilities; student assistance; and state support for higher education.

First, let me comment on enrollment trends in Illinois. As shown on Table 1, two percent of the total state population was enrolled in a higher education program in 1960. By 1970 four percent of the population was enrolled in higher education, and today more than six percent of our total population is enrolled in a college or university degree credit program.

This growth in higher education participation reflects its increasing importance to our citizens. More than ever before it is important for young people to obtain further education in order to find productive work. And as you know well, older people are returning to college in order to keep pace with changing technology or to develop the new skills required by a changing job market.

Because quality education is so important, the public is demanding greater effectiveness from our educational institutions. Our institutions need to meet that challenge and the public needs to maintain and, in several critical areas, to increase its financial support for educational programs.

My second point concerns faculty salaries. As illustrated by Figure 2, over the past fifteen years faculty salaries in Illinois have lagged behind inflation. This is consistent with a national trend, but in Illinois, especially in public universities, we have also found faculty salary increases lagging behind increases provided by similar institutions in other states.

No other single factor is more important to the quality of higher education than the quality of our faculty and staff. Our colleges and universities must have adequate resources to improve faculty compensation or we risk losing a disproportionate number of our bright young people to non-academic professions. While I am not advocating direct federal support for faculty salaries, it must be recognized that in many ways federal laws and programs have significant impact on the financial condition of colleges and universities. Ultimately, their ability to improve faculty compensation is affected by federal programs.

Figure 3 illustrates the effects of inflation on support costs, another persistent challenge for Illinois higher education. Many of the most severe financial deficiencies facing higher education developed in a period of rapid cost inflation. During the past several years we have been able to address in part some of these deficiencies because the rate of inflation has decreased.

I do not want to gloss over the difficulty of the challenges you face in attempting to support important public services and simultaneously to strengthen the private economy. While I have no easy answers to these challenges, it seems important to acknowledge that important public services such as higher education have a stake in the overall health of our economy.

As in most states, the 1960's was a period of significant expansion in higher education facilities in Illinois. Today many of the facilities constructed during that period require significant repairs or renovations. The future effectiveness of higher education depends in part on increased expenditures for repair and renovation to protect our investment in these facilities. This is an important challenge for the state of Illinois, and there is room for a significant federal role as well, particularly in the area of research facilities.

Table 4 summarizes student financial assistance by sector and source in Illinois from fiscal year 1980 to fiscal year 1984. This table includes data for all institutions that participate in state programs. As you can see, Illinois has a strong record of support for access and choice through student assistance programs.

Time doesn't permit a detailed discussion of this table or student aid trends before 1980, but I would like to make two general comments. One, Illinois is a strong partner with the federal government in providing financial assistance to students. In this respect, we are ahead of most states. Two, as committed as Illinois is to student assistance, it does not have the resources to replace federal funds if federal programs are reduced or fail to keep pace with college costs.

The final table included in my testimony, an overview of the past 25 years of state support for Illinois higher education, serves to illustrate this point. In the 1960's Illinois significantly increased its investment in higher education programs and built a strong system of higher education. During the 1970's state support for higher education doubled, but a comparable rate of inflation during that ten-year period resulted in virtually no increase in the constant dollar value of the state investment. Continued high inflation and a severe recession resulted in a 19 percent decrease in constant dollar state support for higher education between fiscal year 1980 and fiscal year 1983.

We are now working to regain the ground we have lost. More moderate rates of inflation since 1983 and a concerted effort to improve the financial base of Illinois higher education have restored part of the funding lost during this period, but the task is not yet completed.

There is a clear commitment within the state of Illinois to protect our investment in higher education programs and to restore state funding to an adequate level. There is no question, however, that federal support for higher education programs must be sustained if we are to be successful in this effort.

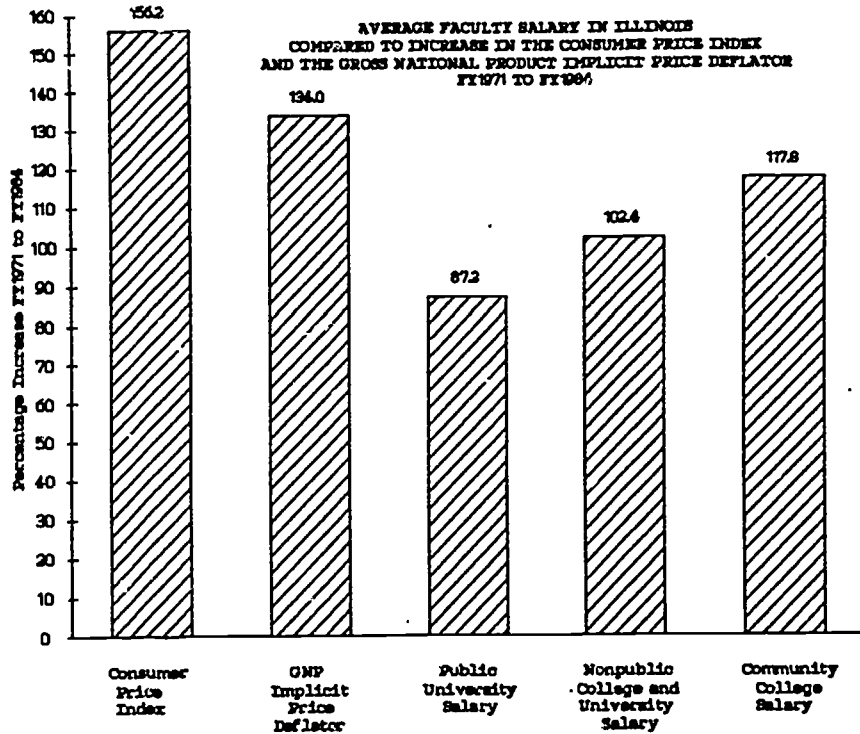
Thank you for the opportunity to present testimony to the Subcommittee. I would be pleased to respond to any questions at your convenience.

Table 1

HIGHER EDUCATION DEGREE CREDIT ENROLLMENT
AS PERCENTAGE OF ILLINOIS POPULATION, 1960-61 TO 1984-85

<u>Year</u>	<u>Fall Headcount Enrollment</u>	<u>Percentage of Illinois Population</u>	<u>Fall FTE Enrollment</u>	<u>Percentage of Illinois Population</u>
1960-61	200,092	1.98%	149,707	1.48%
1965-66	313,324	2.93	234,426	2.19
1966-67	332,855	3.07	259,949	2.40
1967-68	363,056	3.32	284,026	2.59
1968-69	398,061	3.62	310,233	2.82
1969-70	430,980	3.90	335,851	3.04
1970-71	464,533	4.17	359,196	3.23
1971-72	482,413	4.32	373,391	3.34
1972-73	494,483	4.41	375,174	3.34
1973-74	544,843	4.87	382,667	3.42
1974-75	582,653	5.89	394,538	3.54
1975-76	657,891	5.88	440,726	3.94
1976-77	666,331	5.95	439,448	3.93
1977-78	671,231	5.98	434,279	3.87
1978-79	661,969	5.89	425,447	3.79
1979-80	665,247	5.92	425,940	3.79
1980-81	714,218	6.25	466,892	4.08
1981-82	746,913	6.52	483,612	4.22
1982-83	744,636	6.49	483,125	4.21
1983-84	711,646	6.19	472,281	4.11
1984-85	714,888	6.22	466,695	4.06

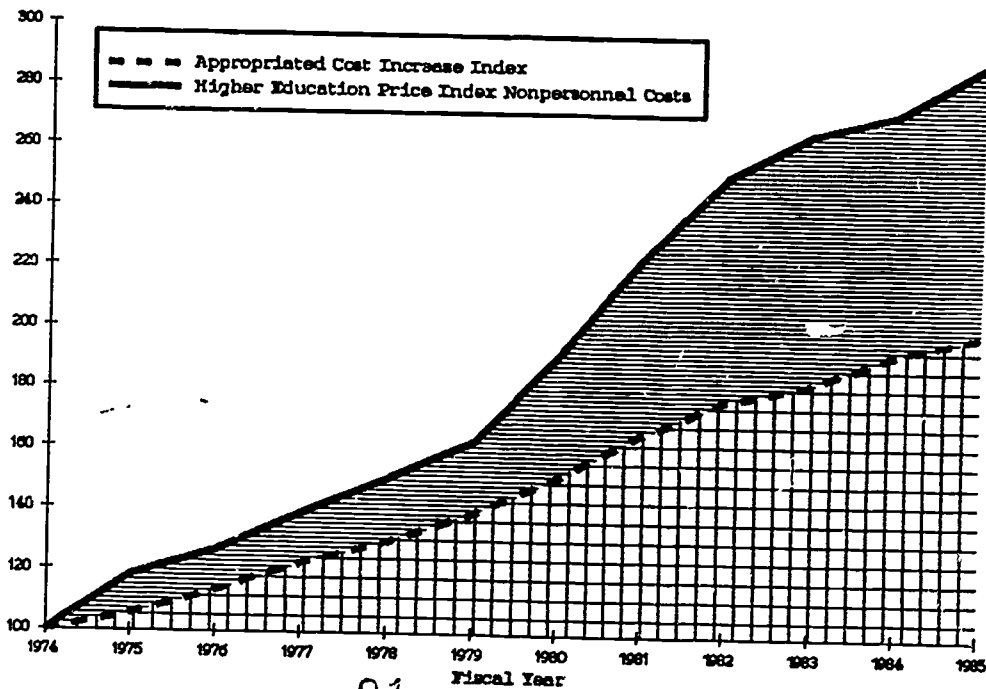
Figure 2



Note: Mean growth in salary for all ranks, reflecting the FY1994 mix of faculty among ranks.

Figure 3

FUNDS APPROPRIATED FOR NONPERSONNEL COST INCREASES
IN ILLINOIS IN COMPARISON WITH THE HIGHER EDUCATION PRICE INDEX



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Table 4

STUDENT FINANCIAL ASSISTANCE BY SECTOR AND SOURCE, FY1980-FY1984

(Colliers in thousands)

Sector/Source	FY1980		FY1981		FY1982		FY1983		FY1984	
	Dollars	Percent Change*	Dollars	Percent Change*	Dollars	Percent Change*	Dollars	Percent Change*	Dollars	Percent Change*
Public Universities										
Federal	\$ 56,116.9	34.8%	\$ 55,240.4	(1.6%)	\$ 51,798.6	(6.2%)	\$ 55,624.0	7.4%	\$ 67,058.9	20.4%
State**	82,527.0	1.9	92,112.0	11.6	95,154.0	3.3	96,497.7	1.4	103,084.5	6.8
Institutional	27,444.4	.4	29,610.4	7.9	29,659.3	(.5)	33,630.7	14.2	40,780.9	21.3
ICLP***	64,354.1	92.2	119,289.4	85.4	137,780.6	15.3	100,113.8	(27.3)	115,378.7	15.2
Other	6,166.4	24.8	10,144.0	57.8	11,628.5	12.4	10,939.0	(5.9)	13,930.4	27.3
Subtotal	236,608.8	25.8	306,596.2	29.9	325,817.2	6.3	296,805.2	(8.9)	340,235.4	14.6
Community Colleges										
Federal	30,207.5	23.1	33,804.8	11.9	31,514.1	(6.8)	35,500.7	12.7	44,202.9	24.5
State**	14,127.8	(2.4)	17,719.8	25.4	14,939.0	(15.7)	18,582.0	24.4	20,021.9	7.9
Institutional	6,245.3	24.0	7,266.7	16.3	10,778.7	8.4	9,884.3	(8.3)	10,671.6	9.3
ICLP***	7,802.1	152.2	18,730.2	140.1	25,492.4	36.1	22,985.3	(8.8)	35,552.6	54.7
Other	1,027.0	29.4	1,235.4	20.3	1,520.9	23.8	1,606.2	1.0	2,122.7	34.6
Subtotal	59,409.7	24.0	78,525.1	32.6	84,316.1	7.1	88,468.5	4.9	113,734.7	28.6
Private Institutions										
Federal	77,000.1	35.3	74,334.1	(3.5)	74,744.2	.5	75,430.0	.9	79,267.2	5.2
State**	55,704.8	8.2	57,464.4	.8	59,125.1	5.3	53,953.4	(8.7)	60,324.9	11.8
Institutional	91,519.5	10.7	11,994.6	23.5	132,626.3	17.4	147,521.0	11.2	149,566.2	14.9
ICLP***	46,851.8	77.8	7,184.3	62.2	89,145.6	17.3	81,051.6	(9.1)	90,557.3	11.7
Other	22,965.4	54.0	34,100.9	27.2	50,499.1	22.9	52,183.2	(13.2)	55,221.5	28.2
Subtotal	294,039.6	26.6	355,580.3	20.9	406,140.3	14.2	401,141.5	(1.2)	455,441.1	13.5
All Institutions										
Federal	163,324.5	32.7	163,379.3	-	258,046.9	(3.3)	166,554.7	5.4	190,529.0	14.4
State**	152,359.6	3.7	165,998.2	9.0	179,218.1	1.9	169,033.1	(1.1)	183,463.3	8.5
Institutional	125,209.2	8.8	149,849.7	19.7	172,874.3	15.3	191,056.0	10.5	221,148.7	15.8
ICLP***	119,008.0	89.1	214,003.9	79.8	252,419.6	18.0	204,150.7	(19.1)	241,488.6	18.9
Other	30,166.8	48.2	47,480.2	58.1	62,714.5	22.6	52,640.7	12.7	72,181.6	20.8
Grand Total	\$390,028.1	26.0%	\$740,931.6	22.6%	\$816,272.4	10.2%	\$788,613.2	(3.2%)	\$909,431.2	12.6%

* Percent change from immediately preceding year. Negative change indicated by minus signs.

** Includes all programs using State appropriated funds.

*** Illinois Guaranteed Loan Program. Includes PLUS and ALAS loans initiated in private financial institutions under loan guarantees and interest subsidies; private origination fees that offset administrative costs; ICLP and a small portion of federal government costs. The capital for loans under these programs is secured from the Federal government. Borrowers pay insurance and

Source: Annual Financial Aid Survey, Tables 7 and 12

Table 5
 GENERAL REVENUE FUND SUPPORT
 FOR ILLINOIS HIGHER EDUCATION

	Higher Education Expenditures (\$ in thousands)	Higher Education Expenditures in 1982 Dollars*	CEF Expenditures For Higher Education Per FTE In 1982 Dollars**	Percentage of State CEF Expenditures For Higher Education
FY1961	\$ 99,300.0	\$ 426,693.0	\$2,937	13.45**
FY1971	494,906.1	1,315,003.2	3,661	16.2
FY1972	501,050.4	1,260,743.2	3,376	16.4
FY1973	545,079.4	1,302,472.9	3,472	13.8
FY1974	590,049.7	1,316,961.6	3,442	14.0
FY1975	551,628.3	1,339,719.6	3,296	13.4
FY1976	578,884.3	1,309,112.7	2,970	12.8
FY1977	718,362.5	1,300,818.6	2,960	12.7
FY1978	762,408.5	1,294,162.9	2,980	12.9
FY1979	832,787.0	1,311,956.3	3,084	13.1
FY1980	917,408.7	1,316,030.6	3,090	13.2
FY1981	994,350.3	1,290,083.0	2,763	13.0
FY1982	1,015,198.8	1,194,526.6	2,470	12.8
FY1983	963,138.5	1,065,752.7	2,206	12.3
FY1984***	1,057,191.7	1,110,148.8	2,351	11.8
FY1985***	1,120,776.1	1,120,776.1	2,419	11.8
FY1986 HSE Recommendations	1,309,455.7	1,247,048.5	2,692	
FY1986 Governor's Budget	1,248,599.2	1,189,092.4	2,567	12.5

* Based on the Higher Education Price Index.

** CEF Warrants issued. Source: Comptroller's Office.

*** Appropriations.

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Mr. FORD. Thank you. We will continue to hold questions until the whole panel is finished.

Next is Dave Pierce.

Mr. PIERCE. Congressman Ford, Congressman Bruce, and Congressman Hayes, it is indeed a pleasure to be here to represent the system of community colleges in Illinois.

I think before I start the comments that I have prepared, I would like to acknowledge a couple of things. One, Congressman Ford just last week received our National Association's Harry S. Truman Award at our annual convention in San Diego. We were privileged to have him with us for 3 days. That award is given annually to that person in Congress who is judged by the community college movement to have contributed most to furthering the community college system. I think it is quite timely and apropos that this occurred and it should be acknowledged. I had the opportunity to spend some time with Congressman Ford and had the pleasure of getting better acquainted with him.

Also, comments have been made about Congressman Bruce and his contributions and the confusion of where he is now and where he's not. Let me predict that before too many years roll by Congressman Bruce will also be the recipient of that award. His involvement in supporting community college legislation in Illinois is legion and legendary. It does not need to be said that his leaving caused a great deal of mixed emotions on our part. Terry, we are still rebuilding and reconstructing here in this State with your having left, but we are pleased for you and certainly pleased to have your leadership and support at the level that it now is. We look forward to working closely with you.

Let me say that I am pleased that you have chosen to come to Illinois to conduct a hearing on the Higher Education Act reauthorization. I can't think of a time in history where this is a more critical and important decision. The choices to be made are truly significant. We are in a transition in our economy and we're in a transition in education. The choices which we have to make in front of us over this next 12 to 18 months are going to set the stage for what happens in higher education for many years to come.

Here in Illinois I will share with you some of the basic information about our community colleges and provide some suggestions that we would make at the State level relative to the reauthorization.

We have 39 public community college districts in the State, consisting of 52 colleges. More than 760,000 Illinois students were served in community college courses during the just-ended fiscal year 1984. We not only enroll the traditional 18 to 20 year old student who recently graduated from high school, but today we are also enrolling many adult students, many of whom are dislocated because of structural changes in the economy, and others who are homemakers seeking to enter the labor market after fulfilling their raising of a family, and many other types of nontraditional students are taking advantage of our programs. In fact, a dramatic statistic is that the average age of community college students this year is 32.

The charts you have shown on the wall over here show that community colleges expanded and increased dramatically in their re-

ipients of financial aid, and that is true. On the other hand, it can go down the other way almost as fast when you consider that we do serve students who are moving quickly in and out of the job market, and as the job market does decline somewhat, the number of students we serve increases, and as the job market expands, we tend to decline somewhat in a marginal way. So I think that is one of the unique characteristics of a community college, the sense that it is very flexible and must be adept at responding quickly to changes in the community that it serves.

Illinois community colleges have long provided access to higher education for many people with a variety of educational needs. Traditionally, these people have used community colleges to obtain preparation to transfer to a senior institution or to obtain preparatory job skills. More recently, the colleges have become an integral part of the State's economic development efforts, not only to train people for jobs but to create and retain jobs as well. Every district now has an economic development office designed to provide customized training for business, to provide entrepreneurship training and assistance, and/or to cooperate with other local economic development entities in retaining and attracting commerce and industry. You will be hearing a little later in one of the other panels from one of the leaders of our economic development centers.

The centers are funded primarily by State economic development grants and are complemented by a variety of other grant programs.

Illinois community colleges also provide comprehensive programs and services to educationally disadvantaged students. All colleges provide remedial programs and adult basic, adult secondary education for adults who have not completed schooling through the secondary level.

In several parts of the State there is a very real need to strengthen information, counseling, and academic support services for educationally disadvantaged students. Both environmental and educational barriers combine to prevent equitable and fair access to post-secondary education.

In addressing reauthorization of the Higher Education Act, I would like to place special focus on the continuation or modification of titles I, III, IV, and VIII.

In the case of title I, we would recommend that you revise the title to provide for a strengthened linkage between colleges and the world of work. Structural changes in this country's economy and in the nature of work have caused transition into a "learning society" where all persons who participate in society's economy will require recurring learning opportunities to maintain currency with technological and other forms of change. A reconceptualization of the provisions of this title holds great potential to assist this Nation's colleges and universities to fulfill their roles as centers for lifelong learning. A competitive grants program for institutions could be used to support basic skill development, the development of state-of-the-art technical curricula, and innovative approaches to becoming centers for lifelong learning.

Direct institutional aid under title III possesses the potential to make a real contribution to enhancing institutional excellence. The need for colleges to continually strengthen and improve their core

academic and administrative capabilities is increasing under the societal and economic changes now taking place.

In the case of title IV, thousands of community college students in Illinois are dependent on student financial aid. During 1983-84, over 54,000 Illinois community college students received \$36.5 million in Pell grants. Over 5,000 students received \$4.5 million through the college work-study program. Over 5,000 students received \$2 million through supplemental educational opportunity grants, and 17,000 students received \$35.3 million in guaranteed student loans.

To meet the needs of community college students, the Pell Grant Program should continue to be strengthened with the following provisions:

One, eligibility for students enrolling in occupational programs of less than 1-year duration; two, allowances for commuting expenses to and from a community college; three, eligibility for students enrolled part time; and four, provisions that enable students to apply for and obtain financial aid at any time throughout the year.

As I reported earlier, there is an urgent need to renew and strengthen programs which provide special assistances to colleges who serve students from economically disadvantaged backgrounds. This problem has become particularly acute for prospective students who are both minority and economically disadvantaged. A disproportionately high dropout rate from high school, high unemployment, difficulty with communication, and frequent language barriers combine to severely restrict access to higher education for these people. It is imperative that the TRIO Program be strengthened and broadened in any reauthorization of the Higher Education Act.

In summary, the following recommendations for reauthorization would be beneficial to the community colleges in Illinois:

One, focus the Higher Education Act more strongly on building postsecondary education's capacity to make education more responsive to national productivity and emerging work force needs and to serve better working adults and part-time students.

Two, renew and redirect the Continuing Education Program, title I, to serve adult students needing occupational education and to assist institutions to serve as centers for lifelong learning.

Three, reformulate institutional aid to achieve more economic benefits for each dollar spent.

Four, strengthen the Pell Grant Program through more equitable treatment of nontraditional and commuter students.

Five, continue the current level of support for the college work-study and the guaranteed student loan programs.

And six, renew cooperative education, title V^{II}, to stimulate the development of cooperative education programs between colleges and public and private employers.

Thank you very much for the opportunity to be here.

[Prepared statement of David R. Pierce follows.]

PREPARED STATEMENT OF DR. DAVID R. PIERCE, EXECUTIVE DIRECTOR, ILLINOIS
COMMUNITY COLLEGE BOARD

Congressman Ford and members of the Subcommittee on Postsecondary Education: Let me say that I am pleased that you have chosen to come to Illinois to con-

duct a hearing on the Higher Education Act Reauthorization. I am also pleased to have this opportunity to present a number of issues that are important from the perspective of the community college system in Illinois.

There are 39 public community college districts comprised of 52 colleges in Illinois. Over 50 percent of all students (on a headcount basis) in higher education in Illinois are enrolled in community colleges. More than 760,000 Illinois students were served in community college courses in Fiscal Year 1984. In addition to enrolling the traditional 18-20 year old student, community colleges also enroll many adult students, some of whom are dislocated workers and some of whom are homemakers seeking to enter the labor market. The average age of community college students this year is 32. Table 1 shows the annual unduplicated headcount of students enrolled in credit courses at community colleges during Fiscal Year 1983 and Fiscal Year 1984 by program of instruction.

TABLE 1.—FISCAL YEAR 1983 AND FISCAL YEAR 1984 ANNUAL UNDUPLICATED HEAD COUNT ENROLLMENT IN ILLINOIS PUBLIC COMMUNITY COLLEGES BY INSTRUCTIONAL PROGRAM AREA

Program area	Fiscal year 1983	Fiscal year 1984
Baccalaureate	209,843	237,174
Occupational	185,550	183,727
Vocational skills	61,598	55,536
General studies	149,246	124,483
Basic and remedial	131,156	120,248
Other	58,798	33,574
Total	796,191	760,742

While overall enrollments decreased in Fiscal Year 1984, enrollment in both baccalaureate/transfer and occupational programs increased. A substantial portion of students in community colleges (32 percent) are enrolled in programs designed to prepare individuals for employment or to upgrade the skills needed to maintain the students' marketability in this period of rapidly changing technology. Approximately 31 percent of community college students are enrolled in baccalaureate/transfer programs.

Community colleges offer a comprehensive choice of educational programs to meet the unique educational and employment training needs of the people in Illinois. Table 2 summarizes the number of curricula and courses offered by community colleges.

TABLE 2.—NUMBER OF CURRICULA AND COURSES IN ILLINOIS PUBLIC COMMUNITY COLLEGES, DECEMBER 1984

	Curricula		Courses	
	Number	Percentage	Number	Percentage
Baccalaureate	342	7	16,407	31
Occupational	3,610	74	19,440	37
Vocational skills	416	9	6,177	12
General studies	354	7	7,713	15
Remedial	52	1	941	20
Adult basic/secondary education	104	2	1,747	3
Total	4,878	100	52,425	100

Illinois community colleges have long provided access to higher education for many people from a variety of backgrounds and with a variety of educational needs. Traditionally, these people have used community colleges to obtain preparation to transfer into a baccalaureate curriculum at a senior institution or to obtain preparatory job skills for entry into the job market. More recently, Illinois community colleges have become an integral part of the state's economic development efforts, along with business, government, and labor, not only to train people for jobs but

create and retain jobs as well. Every district now has a business center or economic development office designed to provide customized training for business, to provide entrepreneurship training and assistance, and/or to cooperate with other local economic development entities in retaining and attracting commerce and industry. The centers are funded primarily by state economic development grants and are complemented by a variety of grant programs, including small business development center grants from the Illinois Department of Commerce and Community Affairs which provide funds to business centers to provide business management and entrepreneurship assistance; contract procurement assistance grants which enable numerous centers to provide assistance to area businesses in seeking federal contracts; and high impact training services (HITS) grants from the Illinois State Board of Education.

Illinois community colleges also provide comprehensive programs and services to educationally disadvantaged students. All colleges provide remedial programs for students who lack the basic communication and computational skills necessary for academic success and adult basic/adult secondary (ABE/ASE) education for adults who have not completed schooling through the secondary level. Though Illinois uses both secondary schools and community colleges to provide these services, the community colleges are serving approximately 75 percent of those currently enrolled in ABE/ASE.

In several parts of the state, there is a very real need to strengthen information, counseling, and academic support services for educationally disadvantaged students. Both environmental and educational barriers combine to prevent equitable and fair access to postsecondary education. Aggressive new or expanded thrusts by the federal government will be required if this very great need is to be met.

In addressing issues of quality and excellence, the Illinois community colleges recently have implemented a program review initiative which evaluates programs against the criteria of quality, need, and cost. Evaluation reports submitted by the community colleges indicate that the three areas requiring additional resources in order to improve program quality are equipment, program development, and staff development. The need to add equipment in program areas not previously requiring any and to replace out-dated equipment with current generation technology in others is tremendous both in numbers and dollar costs. At the same time, the addition or replacement of equipment requires that courses be updated or replaced as well, necessitating increased funding for program development. On-going and systematic staff development also is required in order for faculty members to incorporate new technologies into their programs and courses. Part-time faculty members, who are often experts in their fields, need assistance in developing appropriate teaching methodologies and techniques. Incentives are needed to foster the continuous cooperation with commerce and industry and with university faculties in order to address these diverse staff development needs.

In addressing reauthorization of the Higher Education Act, I would like to place special emphasis on the continuation or modification of Titles I, III, IV, and VIII.

TITLE I.—POSTSECONDARY CONTINUING EDUCATION

I recommend that you revise Title I to provide for a strengthened linkage between colleges and the world of work. Structural changes in this country's economy and in the nature of work have caused transition into a "learning society" where all persons who participate in society's economy will require recurring learning opportunities to maintain currency with technological and other forms of change. A reconceptualization of the provisions of this title holds great potential to assist this nation's colleges and universities to fulfill their roles and centers for lifelong learning. A competitive grants program for institutions could be used to support basic skill development, the development of state-of-the-art technical curricula, and innovative approaches to becoming lifelong learning centers. Persons served by these programs would include those seeking entry into the workforce, dislocated workers, workers needing to upgrade their education, and adults re-entering the workforce.

TITLE III.—INSTITUTIONAL AID

Direct institutional aid under Title III possessed the potential to make a real contribution to enhancing institutional excellence. The need for colleges to continually strengthen and improve their core academic and administrative capabilities is increasing under the societal and economic changes now taking place.

Consideration should be given to broadening eligibility criteria to enable institutions to keep abreast of change and to adjust more expertly their processes to achieve their evolving missions as centers of lifelong learning. It is also recommend-

ed that funding equity based on target populations served by eligible institutions be achieved.

TITLE IV.—STUDENT ASSISTANCE

Thousands of community college students in Illinois are dependent on student financial aid. Federal financial aid is supplemented with state financial aid provided through the Illinois State Scholarship Commission and with individual college programs. All these programs are essential for community college students. During 1983-84, 54,087 Illinois community college students received \$36,530,509 in Pell Grants; 5,268 students received \$4,534,800 through the College Work-Study program; 5,422 students received \$2,075,600 through Supplemental Educational Opportunity Grants; and 17,284 students received \$35,372,600 in Guaranteed Student Loans. Proposed funding cuts could deny 9,500 community college students loans of \$30.3 million and almost 5,000 students Pell Grants of \$10.3 million.

Due to the comprehensive mission of the community colleges and to the non-traditional nature of community college students, there are some unique needs that need to be addressed in the federal Higher Education Act so that these institutions can more effectively carry out their important mission. Community colleges serve many non-traditional students. Older adults, for example, have family responsibilities and can attend college only on a part-time basis. To meet the needs of community college students, the Pell Grant program should continue to be strengthened with the following provisions:

1. Eligibility for students enrolling in occupational education programs of less than one year duration;
2. Allowances for commuting expenses to and from a community college;
3. Eligibility for students enrolled part-time—(six semester hours or more); and
4. Provisions that enable students to apply for and obtain financial aid at anytime throughout the year.

The College Work-Study program is an important segment of the financial aid package for many community college students. This is an excellent program that not only provides financial assistance to needy students but also enables the students to obtain valuable job experience. The services provided by the students also provide a very valuable benefit to the colleges and other public institutions.

The Guaranteed Student Loan program is another important component of financial aid for community college students. Thousands of students from middle-income families depend on the GSL to enable them to attend a community college. Most of these students attend a community college to learn employment skills that are essential for them to gain job entry. Any cutback in this program would make it impossible for thousands of community college students to stay in school and would keep many students from obtaining the knowledge and skills necessary to gain employment.

Supplemental Educational Opportunity Grants are awarded to community colleges based on institutional need. Community colleges then select the most needy students and make awards to them. Any cutback in this program would hurt the economically disadvantaged students the most.

As I reported earlier in this presentation, there is an urgent need to renew and strengthen programs which provide special assistance for colleges who serve students from economically disadvantaged backgrounds. This problem has become particularly acute for prospective students who are both minority and economically disadvantaged. A disproportionately high dropout rate from high school, high unemployment, difficulty with communication, and frequent language barriers combine to severely restrict access to higher education for these people. It is imperative that the TRIO program be strengthened and broadened in any reauthorization of the Higher Education Act.

TITLE VIII.—COOPERATIVE EDUCATION

Community colleges in Illinois are establishing viable partnerships with commerce and industry to provide educational programs for both current employees and prospective employees. The funding of this title could provide incentives for institutions and public and private employers to enhance this partnership and to develop programs that meet the unique needs of employed individuals. Community colleges are in a position to develop cooperative education programs with small commercial and industrial firms. Since small firms provide a large proportion of employment, such cooperative agreements could reach a very large group of employees needing additional postsecondary education.

In summary, I believe the following recommendations for reauthorization of the Higher Education Act would be beneficial to the community college system in Illinois:

1. Focus the Higher Education Act more strongly on building postsecondary education's capacity to make education more responsive to national productivity and emerging workforce needs and to serve better working adults and part-time students.

2. Renew and redirect the Continuing Education Program (Title I) to serve adult students needing occupational education and to assist institutions to serve as centers for lifelong learning.

3. Reformulate Institutional Aid (Title III) to achieve more economic benefits for each dollar spent.

4. Strengthen the Pell Grant program through more equitable treatment of non-traditional and commuter students.

5. Continue the current level of support for the College Work-Study and the Guaranteed Student Loan programs.

Renew Cooperative Education (Title VIII) to stimulate the development of cooperative education programs between colleges and public and private employers.

Mr. FORD. Mr. Fouts.

Mr. Fouts. Chairman Ford and members of the subcommittee, I do appreciate the opportunity to be here this morning and speak on behalf of the Federation of Independent Illinois Colleges and Universities. We appreciate very much your presence here today and your willingness to listen to some of our concerns.

Independent colleges really are an integral part of the higher education system here in Illinois, and, indeed, the relationship among the sectors is very, very good. In fact, I was thinking on that earlier as I sat while Paul Lingenfelter, Dave Pierce and I actually drove over together from Springfield. In some States, I dare say, that might be a little bit more difficult. The relationship is good and I think all sectors are really committed to provide educational programs to meet the needs of Illinois young people.

What I would like to do is just make a few brief comments on the condition of the independent sector, to make you a little better acquainted on what we're all about. Let me just begin with a snapshot of the private colleges and universities.

We have 98 institutions, about 130,000 students, and we enroll about 25 percent of the total postsecondary enrollment in Illinois, graduate about 40 percent of the B.A.'s, and a good percentage of graduate degrees as well. We have a substantial minority enrollment. We are at about the same level as the public colleges and universities. We would like to improve that and we're working on that. We have a range of institutions that go from small, specialized 2-year colleges, all the way up to major research universities.

As to our condition as we face this critical period of reauthorization, a recent Illinois Board of Higher Education study on the status of nonpublic higher education reported that the private sector is strong, it is continuing to make vital contributions to the people of Illinois. We basically can agree with that assessment, and I just want to say that the reason for our continued strength is in no small measure the project of a State and Federal funding policy, as Paul indicated earlier, that recognizes the services provided by our institutions—in this case, the independent institutions—and, indeed, supports the concept of student choice which allows Illinois residents to choose the college that best meets their needs and aspirations.

I need to say, though, at the same time that, despite these positive indicators, there is a growing problem we see in our sector, and that is the basic problem that the need-based grant assistance, both State and Federal, though it has been going up, is still not keeping pace with rising college costs. As a consequence, private colleges and universities, because they do not have the other State sources of revenue, have to increase tuitions. The problem for students, obviously, is that as tuition goes up, it becomes harder and harder to attend and to make the choice to attend an independent sector institution.

Just one statistic in this regard. The tuition gap—that is to say, the difference in the average tuition between private colleges and universities in Illinois and public colleges and universities—has more than tripled in the last 15 years or so. That has become an increasing problem in terms of student access.

What that has meant is that students increasingly must turn to borrowing money in order to find the funds to continue and finance their education.

Now, let me say that we do not quarrel with borrowing, *per se*. We recognize it is quite appropriate for Government to ask parents and students to shoulder major responsibility for meeting the costs of higher education, even if this does, in fact, mean assuming a substantial debt burden.

But our real concern is with the extent of the debt burden for students in the independent college and university sector. Just a couple of quick examples which are also in my paper and part of the record.

According to the Illinois State Scholarship Commission, for example, student loan volume increased 354 percent in a recent 6-year period for students in the independent sector, while during the same period grant aid increased 70 percent. So there is a widening gap here as well that is of increasing concern, not only to private colleges and universities in Illinois, but in our companion institutions around the country.

This kind of problem also has some ramifications for institutions as well. Institutions, in their effort to maintain access for students and to reduce the reliance on loans, are being forced to make substantial increases in institutional student aid, oftentimes by shifting funds from other operating revenues. This has been accomplished at considerable institutional cost, as can well be imagined, including deferred faculty salary increases, maintenance of plant, equipment acquisitions, and so on.

So we do want to say that we see some problems out there, and we are very, very interested in looking ahead to reauthorization as a vehicle for a dialog on how we might contribute to the solution of these particular dilemmas for the independent colleges, as well as some of the problems facing the community colleges and public colleges and universities. Again, our principal focus and hope is that, on the Federal side, we can look to a grant and loan program that will help maintain access for those students who want to go to a private college or university.

Let me just close by saying that the present administration recommendations really, quite frankly, do not do the job as far as the independent sector is concerned. The Senate Republic. compro-

mise would have some very serious impacts on the independent sector in terms of student access. So we are working very hard, not only in Illinois but through our national group, the National Association of Independent Colleges and Universities, of which Chairman Ford is very familiar, to address these problems.

I will just stop at this point. I included in my paper some basic recommendations on reauthorization which are somewhat detailed. They reflect basically the position of our national group. I wanted to have them in the record for your subsequent reference.

Thank you.

[Prepared statement of Donald Fouts follows:]

PREPARED STATEMENT OF DONALD E. FOUTS, PRESIDENT, FEDERATION OF INDEPENDENT ILLINOIS COLLEGES AND UNIVERSITIES, CHAMPAIGN-URBANA, IL

Chairman Ford, members of the subcommittee, thank you for the opportunity to speak to you this morning on behalf of the Federation of Independent Illinois Colleges and Universities. We welcome this special opportunity to share our views on the needs and priorities of Illinois Higher Education.

My remarks today will focus on two areas: 1) The condition of the independent sector, and 2) an outline of our specific concerns on reauthorization with respect to student financial assistance.

A recent Illinois Board of Education study on the status of nonpublic higher education in Illinois reported that Illinois' private colleges and universities are strong and continue to make vital contributions to the people of Illinois. We believe that this continued strength and productivity is in no small measure the product of a state and federal funding policy that 1) recognizes the services provided by independent higher education, and 2) supports the concept of student choice, which enables Illinois residents to choose the education best suited to their needs and aspirations.

These generally positive indicators, however, mask a growing problem. The problem is that state and federal need-based grant assistance has not kept up with rising college cost. As a result, students are having to borrow more and private institutions are having to direct more of their own resources into institutional financial aid. The IBHE status report on the independent sector aptly describes the problem as follows: "Through fiscal year 1982 the decreases in federal grants and slower growth in state grants were largely offset by increases in guaranteed student loans and institutional sources of student aid. These adjustments helped to maintain enrollments and tuition revenues, but concomitantly increased the educational costs faced by students and posed new financial challenges to many higher education institutions." (IBHE, 1983, P.3.)

Let me expand a bit on the nature of the problem. Between 1973 and 1986 the tuition gap between Illinois public universities and independent institutions has more than tripled—widening to \$4,365 in academic year 1985-86, compared with \$1,380 in 1972-73. During the same time period, the net tuition gap—that is, tuition less state and federal grants—went from \$1,167 to \$3,481.

The result of these trends is that students at independent colleges and universities are borrowing at an unprecedented rate to finance their education. We do not quarrel with borrowing per se. We recognize that it is appropriate for government to ask parents and students to shoulder major responsibility for meeting the costs of higher education, even if this means assuming a substantial debt burden.

Our concern is with the extent of the debt burden for students in the independent sector. Let me give two examples. First, according to the Illinois State Scholarship Commission, student loan volume increased 354% (\$74 to \$336 million) between 1976 and 1982, while during the same period grant aid increased 70% (\$197 to \$334 million.)

Second, according to a recent national study, lower income students at independent colleges are becoming increasingly dependent on loans. For many of these lowest income students, their debt burden upon graduation is greater than their family's annual income. Debt burden of this magnitude raises serious questions.

The net tuition gap also has an impact on institutions. In an effort to reduce the reliance on loans and maintain access to the independent sector, private colleges and universities are being forced to make substantial increases in institutional student aid by shifting funds from other operating revenues. This has been accomplished at considerable institutional cost, including deferred faculty salary in-

creases, maintenance of plant, and equipment acquisition. Even these measures have not been sufficient to close the gap, and the problem remains.

REAUTHORIZATION

Let me now shift attention to reauthorization. Not surprisingly our top priority is student financial assistance.

We would urge this committee to consider major changes of federal student assistance policy during reauthorization of the Higher Education Act. This is because without change the current system could actually work against the federal goals of providing equal opportunity and ensuring access and choice for needy students. We ask your consideration of the following issues:

(1) Suggested improvements in federal student grants programs in order to reduce the growing debt burden for lowest income students:

PELL GRANTS

Make Pell Grants More Sensitive to Tuition Expenses.—Concentrate Pell Grants on "hard" educational costs (tuition, fees, books and supplies), thus making the programs more sensitive to the actual tuition price of education.

Target Pell Grants on Students from Low Income Families.—Target Pell Grants on students from low-income families in order that those students can be assured of access to the higher educational institutions that best meet their aspirations and abilities.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

Target SEOG Funds on Needy Students.—Restore statutory language that targets SEOG funding on those students with the greatest need (those whose family contribution is less than one-half of their total cost of education.)

Revise SEOG Institutional Allocation Formulae.—Revise the statutory formulae in such a manner that institutions may share equally in any increased appropriations while maintaining their current allocation levels.

STATE STUDENT INCENTIVE GRANTS

Provide Incentives for States to Create or Augment State Work and Grant Programs.—Extend the SSIG program and amend it to allow states to use up to half of any new federal allocations to help establish or sustain a 50-50 federal-state work-study program to supplement the grant assistance available under the existing 50-50 federal-state SSIG program.

(2) Suggested improvements in self-help programs which constitute an important part of need-based student aid packages:

COLLEGE WORK STUDY/COOPERATIVE EDUCATION

Maintain Separate Programs of College Work Study and Cooperative Education.—Maintain both separate programs which properly serve different purposes.

Maintain Non-Profit Nature of College Work Study.—Maintain the statutory requirement that CWS funds may be used only by not-for-profit businesses or institutions.

NATIONAL DIRECT STUDENT LOANS

Extend the NDSL Program and Rename it the Carl D. Perkins Loan Program.—Extend the NDSL program and rename it for its principal advocate, the late Carl D. Perkins. Maintain the low-interest, campus-based nature of the program that allows the campus aid administrator to determine student needs.

Extend Authority to Forgive or Cancel Loans.—Extend and broaden current provisions of law that allow loans to be forgiven for certain kinds of teaching to include persons providing other forms of special service to the nation.

GUARANTEED STUDENT LOANS/PLUS LOANS

Limit GSL to Need.—Limit coverage provided by the GSL program for undergraduate students to the amount of "remaining need" after all other grant, work, and loan benefits, together with all expected parental/student contributions, are taken fully into account.

Eliminate the GSL Student Origination Fee.—Repeal the GSL origination fee, which continues to reduce net student loan amounts by 5 percent, despite the fact

that the origination fee was intended only as a temporary measure to reduce federal GSL costs in 1981.

Increase Loan Limits.—Increase the annual and aggregate loan limits under the GSL program for three students in the last two years of undergraduate higher education and for all graduate students.

Allow Consolidation of Student Loan Repayments.—Allow students to consolidate loans taken under different programs and different terms into a single repayment plan, with options for early or extended repayment on a graduated or income-related schedule.

Authorize Income-Related Repayment.—Allow all borrowers to repay their loans under schedules which are income-related.

Establish a Federally-Guaranteed, Unsubsidized Student Loan Program to Complement GSL.—Establish an unsubsidized but federally-guaranteed student loan program as a "loan of last resort," with the federal guarantee serving as an umbrella over a variety of institutional, state, and secondary-market loan programs for students and families who are unable to meet their needs for loan capital under the GSL and/or the PLUS programs, or who may need to borrow some or all of their expected parental, independent student, or graduate student contribution.

(3) Suggested improvements in student aid delivery and needs analysis:

Review the Current System for Determining Family Ability to Pay for Higher Education.—Review the multiplicity of "need analysis" methodologies currently in use to determine whether a new, single methodology for determining family ability to pay can be developed for all federal student aid programs that simplifies the current system while maintaining discretion for financial aid administrators to adjust for individual student circumstances.

Establish a Master Calendar for the Delivery of Federal Student Aid.—Adopt a Master Calendar for the delivery of student aid along lines recommended by the National Commission on Student Financial Assistance, in order that the federal student aid system may function smoothly and allow all students to make timely decisions about their higher education plans.

Require Matching for All Federal Student Aid Benefits.—Require matching payments for federal aid payments as a demonstration of commitment by institutions, states, and parents/students that they are partners with the federal government in the student aid system.

Review Proper Measure of Family Income.—Provide a determination of the proper measure of income for purposes of determining family ability to pay for higher education, recognizing that provisions of the tax code that allow deductions from gross income were designed for purposes unrelated to higher education need analysis.

Thank you for the opportunity to speak before you today. I would be happy to respond to any questions.

Mr. FORD. Thank you.

Do you suppose, when you're riding back together, that you and Dave Pierce could work out a cease fire on half costs and get your two national organizations to sign off?

Mr. PIERCE. We started out in the hallway on that.

Mr. FORD. All I wanted was a cease fire.

Mr. Fouts, you pointed to a phenomenon that we have been watching since the cuts that took place in 1981. If you look at that declining percentage of costs of attending college covered by Pell grants, it shows very clearly that the value of the grant programs—that being the principal one, but you find a similar pattern with the SEOG money and work-study and the rest of them—is being eroded and that it stands to reason, if students are still in school, and the percentage of cost that is being paid with grant aid doesn't get put back, that they have to turn to the only available resource, which is loans.

Now, that stands to reason to me. The Office of Management and Budget, however, says that the growth in the loan program is because we're lending money too cheaply and they are borrowing money in preference to using the resources that they would have,

and that's why they want to tighten upon these dependent students and want to tighten on family income levels and so on.

Now, then, Pierce comes along and he points out that in just the years 1983 and 1984, when you look at the makeup of the population on the community college campus, you see that the population that increased most, while indeed, some part of that mix decreased in that year, you had a 27,331 student increase in the number of people going to community colleges, without intending to finish their education there, to become transfer students to another college for a baccalaureate degree. That might suggest—and I want you gentlemen to comment if this is erroneous—that somebody who is going to some other kind of college, or would have been going to another kind of college, for some reason decided to come to a community college for the first 2 years of their 4-year experience, and then go on to college.

I look at that as a shift. I can see here, with the difference in the cost, a very heavy incentive to shift from the traditional 4-year public college as well as the private college. I note the cost of your private colleges here tends to run a little higher than the private colleges over in my State, but nevertheless, a very dramatic difference between the privates and publics.

So, Mr. Fouts, can you detect a shift of people making choices that would have, by all other circumstances, wanted to go to one of your private schools, instead electing to go to a public college, and then is it reasonable to assume that some of them who would be going to this college are going to community colleges instead?

Mr. Fouts. A number of our directors of admissions have done some studies, and there is definitely a pattern of students, if they are confronted with this financial dilemma, of opting for an institution at the lower price or lower tuition. We are seeing in some cases a transfer phenomenon as well increasing.

Now, you understand, I am talking about 98 very diverse institutions, and there are different patterns. But what we are seeing basically is efforts by parents and children to adjust to these financial realities. We are seeing some of those kinds of choices reported to me by our admissions people.

Mr. Ford. The Secretary of Education says that's not bad because the private schools are overpriced, and while they have been increasing their price they haven't increased the quality of education.

How do you react to that?

Mr. Fouts. Well, I think he's dead wrong. I think, first of all, you have to distinguish carefully among three different kinds of cost considerations. There is cost to the student, which is price or tuition; then there's the basic cost of education. I think that it is fair to say that, in general, the cost of providing a comparable education in a public college or university or a private college or university is approximately the same per comparable program. So the simple fact is that each has to pay about the same for goods and services.

The price, the tuition, is higher in the private sector because the private sector does not receive the general State subsidy which the State colleges receive. That's a very appropriate subsidy. We are

not complaining about that at all, but just in terms of understanding the argument.

So I just really have to reject that contention.

Mr. FORD. Have any of your schools tried even an informal survey of what kind of choices their students now on the campus would make if the income caps and the total Federal aid dollars were adopted?

Mr. FOUTS. Quite frankly, our admissions people don't want to go out and ask students what they would do if these things come to pass, because that sets up an alarm syndrome, I'll tell you that quite frankly. But we do know, from responses from concerned parents, that there are a lot of students out there right now who are considering not attending our colleges because of concern over the proposed cuts.

In addition to that, I must add, there is some confusion over whether the substantial cuts will occur this fall or the following fall.

Mr. FORD. We heard testimony in Washington from students from St. Olaf up in Minnesota who actually did it on their own, and found that 200 students at St. Olaf would go over to the University of Minnesota. Minnesota has a per capita driven distribution formula that figures out to \$4,000 a head. So they computed what it would cost the taxpayers of Minnesota to pick up students like them from the private schools in the State and it comes to a very substantial amount.

You just pointed out the dilemma to school people. If the school people tell the parents and the children the story of what could happen, they scare them and they start making decisions on the basis of perception, even though it might not happen, and so they are reluctant to do that. On the other hand, if the public out there knew what kind of a shift was taking place, they probably wouldn't stand for the Congress accepting it. It is a Sophie's choice for us because we don't know which kind of conduct to encourage on the part of people. Should we get them stirring up Members of Congress so they reject what the Senate wants to do, and do that at the risk of having just the talk about it cause trouble?

In 1981, when the budget resolution passed and put a \$30,000 cap on, when the House and Senate went to conference they went outside the conference by mutual agreement and changed the \$30,000 cap into a needs analysis after \$30,000. But the perception remained with people that it was a \$30,000 cap, just like the \$32,500 that they are proposing now. We had many schools that had as much as a 22-percent drop in the next enrollment period in applicants for student aid. I think that's why the schools are very worried.

How could we get a developing the picture of "what if" in terms of shifting from you institutions to the public institutions and therefore not just shifting to the well-to-do parent, as some people would say, but shifting to all of the taxpayers of the State? How do we get a handle on some kind of credible estimate of what is involved here?

Mr. FOUTS. Well, we are talking about some cost analyses, in part, I think. I really am not prepared to hazard a guess as to how

that effort might go forward. But again, it is certainly a dilemma for us in trying to deal with the perspective students.

Mr. FORD. You have excellent representation in Washington with Paul Simon now sitting on this committee on the Senate side, who formerly chaired this committee. Terry, that's the kind of thing they're going to need when we get to that conference on the budget. You can't get many of those people to understand unless you give them numbers. They don't understand anything except numbers, with dollar signs in front of them.

Mr. FOURS. We'll work on it.

Mr. FORD. Stockman can't see anything that doesn't have a dollar sign in front of it. That's the kind of numbers that will win the battle for you.

All of my instincts tell me intuitively that this is what we would find, but none of our friends have figured out how we can plan it without causing a lot of damage. If you can come up with something, it would be helpful, either you or through your association. We have had NAICU (National Association for Independent Colleges and Universities) doing a lot of informal work for us—for example, trying to find the \$100,000 family. There is supposed to be 13,000 kids getting their way paid through college whose parents have a \$100,000 a year income. NAICU was able to find two or three. That's combing all the private colleges in the country. One has to assume they would be in private colleges because there is no conceivable way that in a school of less than about \$12,000 a year cost you could have any remaining need, even in a family of eight kids.

Mr. Bruce.

Mr. BRUCE. That was one phenomena. If you can find out how to find that information, I would appreciate it. Because my request was what impact this is going to have, and I was surprised to find as the chairman indicated, that when they tried to find that out in the last round, enrollment went down so dramatically that everyone was afraid to give us the information, or to go out and ask for the information. If you can put your heads together and figure out how to get that to us, I would certainly appreciate it.

The President's proposal is to put the \$8,000 cap on. Dave and Paul, what impact do you think that's going to have on your institutions by way of increased enrollments? Has anyone pushed the figures around on the impact of an \$8,000 cap?

Mr. FORD. Let me just correct it. This is a tricky one. I thought when their compromise came out they had changed the \$4,000 cap to \$8,000. That's not what they did. It won't hit Mr. Pierce's schools, but what it says is, no matter what the real cost of education is, you can only consider the cost of education as being \$8,000 to determine eligibility for grants and loans. So you reduce the base of the remaining need once you apply the needs analysis. They just simply say that Harvard costs \$8,000 a year, no matter what it costs.

Mr. BRUCE. I see.

Mr. FORD. Isn't that it, Don?

Mr. FOURS. That's it. That's it exactly. There was confusion on that.

Mr. FORD. That makes it easier for the private school than a plain \$8,000 cap. An \$8,000 cap would say "we won't give you any more than \$8,000." But this says it doesn't cost any more than \$8,000, and then you take the cost of attendance into account in determining every form of student aid. So they arbitrarily set a cap on how much it should cost to go to school.

Mr. BRUCE. As if the tuition is at \$8,000.

Mr. FORD. It's called college price-fixing.

Mr. LINGENFELTER. I think it's not just tuition that is involved here. It is the total cost, room and board, and other allowances. So actually, a private institution's tuition in the \$5,000 range or \$6,000 range would be adversely affected by the proposal.

Mr. PIERCE. Let me share a surprising piece of information with you. You just mentioned it would not impact community colleges very much. Most people feel the community colleges would be impacted more in the Pell Grant Program than in any other program. In one scenario that we have run out, it would impact our system in Illinois by approximately \$10 million in the Pell Grant Program.

What people don't realize is that we actually participate in the Guaranteed Student Loan Program at a very high level. We have 17,000 students getting \$35.3 million in the Guaranteed Student Loan Program, and with the changes that are being proposed by the administration, our sector would be hit the greatest in terms of percentage of reduction of Guaranteed Student Loan Program participants than any other sector, including private and public institutions.

Mr. FORD. That's because you have all the rich kids going to community colleges. [Laughter.]

Mr. PIERCE. I don't know exactly what the dynamics are, as to what drives that. It is just the way the formulas work out and the way that our students participate in it. So I haven't had a chance to dig underneath it. But the calculations that have been done by our State scholarship commission do produce those surprising results.

Mr. BRUCE. What's your loss rate?

Mr. PIERCE. In the case of the Guaranteed Student Loan Program, we would have a loss of approximately \$15 million out of \$35 million. That's the largest percentage drop of any sector in the State.

In the case of the Pell Grant Program, we would lose something in the vicinity of \$10 million out of \$36 million.

[Chairman and staff conferring.]

Mr. FORD. We're trying to figure out what would do that. The staff suggests the \$800 up-front cost hits you.

Mr. PIERCE. I don't know all of the reasons for it, but when Mr. Matejka is here this afternoon, he has done these calculations and he is where I get the source of information.

Mr. FORD. This is something we really need because that belies the suggestion that what is being done here with these student loans is going after the wealthy kids at Harvard.

Mr. PIERCE. Exactly, exactly. It simply has shocked me. I couldn't believe it. I talked with Larry about it and tried to confirm it, and he said "Dave, that's exactly the way it comes out." It surprised

him, too. He didn't believe it when he ran the model the first time through.

Mr. FORD. We have to get that and then figure out what the characteristic is that does that and make sure that doesn't end "p—

Mr. PIERCE. Right.

Mr. FORD. Go ahead, Terry.

Mr. BRUCE. Paul, on your one chart, figure 3, why isn't there a drop in the cost increases, given a reduction in the rate of inflation? Why does the chart tend to go up and up? What are the costs in there that drive that continually up? I would have thought, certainly after 1983 and 1984, we would see that top line start to crest back over. What happens to make it bump the other way?

Mr. LINGENFELTER. Actually, the way this chart is constructed, it adds inflation every year. It will keep going up, the way we designed it, always, even when the rate goes down. It's the steepness of the line. The line has become a little flatter in the last couple of years, as you can see in the higher education price index. It went up the fastest, the most steeply, between 1979 and 1982.

Mr. BRUCE. But the two lines seem to be flattening out—they're staying apart.

Mr. LINGENFELTER. Oh, yeah. That's because we haven't made up the ground. In other words, this gap between the lines is deferred maintenance, deferred equipment purchases—

Mr. FORD. Caps on salaries?

Mr. LINGENFELTER. Right. It is the ground that has been lost that we are now trying to catch up to.

Mr. BRUCE. And the only way you're going to make any improvement is to move the bottom line up?

Mr. LINGENFELTER. And to keep the top line from going up faster.

Mr. BRUCE. OK. That's all I have.

Mr. FORD. Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman. I will be very brief because I recognize the time constraints we're operating under. I must say each of the panelists have made us recipients of very comprehensive and informative prepared statements. But I do have a couple of concerns.

You mentioned the problem of salaries, the impact of salary level as maybe serving as a deterrent to keeping a number of good faculty members within the college system because of the competition, I guess, with private industry and other places.

Do you anticipate, No. 1—I realize there are other sources of income, but increasing tuition is always, I guess, a more logical pursuit trying to increase the income of the universities themselves. In the college system in Illinois, for the next term, do they plan any blanket increases in tuitions?

Mr. LINGENFELTER. We had some very substantial increases in tuition in the past 2 or 3 years, when conditions of the economy was as bad as we all know it was. This year the tuition increases planned for the next year are on the order of 5 percent, which is still an increase to reflect cost increases, but it is much more in line with what is happening in the general economy than what we experienced over the previous 2 or 3 years.

Mr. HAYES. You said in your statement—and I will quote from it—on the second page, “While I am not advocating direct Federal support for faculty salaries, it must be recognized that in many ways Federal laws and programs have significant impact on the financial condition of colleges and universities.”

Now, do you see anything wrong with some help from the Federal Government to undergird the deficiencies in the salary structure of universities? You’re not advocating it, but would you accept it? Let me put it that way.

Mr. LINGENFELTER. It would be hard to say no. I think there is some sense in the separation of State and Federal roles, State and institutional roles, on certain issues. But every so often I hear concern about how the cost of higher education is going up and we need to deal with that. I guess the thrust of my remarks was that we are not paying our faculty members, what we are paying are our engineers, our lawyers, and our accountants. Maybe the cost of higher education should go up some so we could get good people in those fields. There are other ways of dealing with that, including Student Aid Programs.

Mr. HAYES. Don’t be too bashful about asking for what you need.

Mr. Pierce, the community colleges, as you well know, are the only real higher educational institutions that are available to many of our disadvantaged and minority students. The chairman has just reminded me of some statistics I didn’t even know, that 73 percent of Hispanics, I think you said, attend community colleges, and approximately 60 percent blacks attend community colleges.

In the proposed cuts in support for students, do you see minorities being forced out of the system because they don’t get the help; would you see a great increase in that? What will happen to some of these community colleges in that event?

Mr. PIERCE. Of course, the issue is not as much as what would happen to the community colleges, as it is what would happen to the human potential of those people. I think the point you just put your finger on would be one of the truly tragic consequences and fallouts from any severe cut that would be made in these programs. Not only can we not afford to cut, we have got to aggressively increase our outreach, our information services, our recruiting services, seeking, identifying, and so forth these economically disadvantaged people and educationally disadvantaged people, many of whom are minorities, to provide them with access to higher education. Because the way our society is going, every day that we lose in that regard is almost a nonrecoverable loss.

I think the point you are making is one of the most significant points that can be made.

Mr. HAYES. I get quite a bit of constituents’ mail because I think there are either four or five community colleges located in my district in Chicago. Students are already saying, “I just won’t be able to continue without the help.” This is a very tragic situation, as you say.

Mr. PIERCE. We have nine public colleges under the City College of Chicago umbrella. About five or six of those are serving large numbers of minority students. So I am sure you are receiving a lot of contact on it. It’s a very serious problem.

Mr. HAYES. Mr. Fouts, since your concern is more in the direction of private institutions, I guess, your sphere of operations, I will just kind of ease into this as a commercial.

I have served on other subcommittees, at your behest, Mr. Chairman, and H.R. 700 will be coming up pretty soon, having to do with the Supreme Court's decision regarding sex discrimination which could lead to the whole question of, as we see it, the 1964 Civil Rights Act. We have had some opposition to the position of most members of our committee for H.R. 700, claiming it is an invasion of the privacy of the institution.

I just wanted to know what your position is in respect to H.R. 700, if you are familiar with it, which specifically will deprive an institution receiving Federal funds if they discriminate based on race or sex, age or handicapped condition, in any part of that institution. I would like to know what your reaction is to that.

Mr. FOUTS. Without appearing to beg the question, our federation, our group, has not taken a position on that. We will be working through NAICU to do so. I can only say that my own personal position is supportive. But we are in discussions on that right now.

Mr. HAYES. We need your support.

Thank you, Mr. Chairman.

Mr. FORD. Thank you.

We have to get on to the next panel, but Dave Pierce, Maryln McAdam has suggested three things you might want to have your computer look at, at what knocks your kids out. The first is the GED requirement knocking out all of those that are now qualifying in your schools with the ability to benefit. The second is the \$800 contribution from the student before they can become eligible for a guaranteed student loan. The third is changing the designation of an independent student to the 22-year-old requirement.

Mr. PIERCE. We will do that, and we thank you—

Mr. FORD. Those are just ones that come quickly to mind that might impact on your population. It doesn't reduce their grant; it just knocks them out.

Mr. PIERCE. Right. We are attempting to deal with the ability to benefit issue right now. We don't have good hard data on that. In fact, in just the last few days we sent out a questionnaire to the system, trying to get a handle on assessing what that impact will be. So this lines up with one of your suggestions.

Mr. FORD. Thank you very much.

Dr. Thomas Everhart, chancellor, University of Illinois; Dr. Stanley G. Rives, president, Eastern Illinois University; Deane Foote, vice president for economic development, Champaign Chamber of Commerce; and Carol Sanders, assistant to the president for business and economic development, Lake Land Community College.

Mr. BRUCE [presiding]. We are very happy to have a second panel testifying before this field hearing of the Subcommittee on Postsecondary Education. The chairman has stepped out for a moment and has asked me to chair the meeting in his absence and begin the testimony. He will be back very shortly.

We are happy to have, as already introduced, Tom Everhart, Deane Foote, Carol Sanders, and Stanley Rives. I would like to start just as you are listed, with Dr. Everhart. He is an extremely hard working individual. The only thing wrong with him is he

starts his days too early. He managed to catch his local Congressman at the Champaign airport at 6 a.m. in the morning and have a 2-hour discussion about super computers with a very sleepy Congressman, who had gotten up at 2:30 that morning. So he schedules his appointments very early. I think it is nice that he does, but it is awfully difficult for me to stay awake curing all of that.

Chancellor, if you will begin your testimony, we will go right on down the line.

STATEMENTS OF THOMAS E. EVERHART, CHANCELLOR, UNIVERSITY OF ILLINOIS; STANLEY G. RIVES, PRESIDENT, EASTERN ILLINOIS UNIVERSITY; DEANE C. FOOTE, VICE PRESIDENT, ECONOMIC DEVELOPMENT, CHAMPAIGN CHAMBER OF COMMERCE; AND CAROL S. SANDERS, ASSISTANT TO THE PRESIDENT FOR BUSINESS AND ECONOMIC DEVELOPMENT, LAKE LAND COLLEGE

Dr. EVERHART. I understand you would like perhaps about 5 minutes of oral testimony so that there is time for questions.

Mr. BRUCE. That's correct.

Dr. EVERHART. I also understand that we should be talking about the relationship between higher education and economic development.

It seems to me that at this point in our history universities and industry are working more closely together, with an eye toward economic development of the various States in the Nation than they have for perhaps the last 20 or 30 years. I think that is a very hopeful sign and it has been caused by a variety of factors. There is a recognition in industry that universities have skills that can help them and a recognition on the part of many universities that, unless the economy stays strong, the tax base from which many of us draw our support will not be there to support us in the style we think the Nation needs.

The national leadership of the country has pushed industry to help universities more, and I think that has been beneficial.

What I would like to do, rather than spend a long time detailing all the ways the University of Illinois is working with industry and how the programs we have will be beneficial to the economic development of the State and nation, I would like to just spend a little bit of time on that initially and then go on and tell you about a problem which I think your committee should be very well aware of that will impact all universities, all institutions of higher education, if we are to give the type of education that will best benefit the nation in terms of its future economic development.

Let me review briefly some of the initiatives that have happened in this past year, just on the Urbana-Champaign campus because that's the campus I know the best, that I think will have a strong impact on economic development in the State and Nation.

Last autumn it was announced that IBM had made a grant of \$12.4 million to the university for over a 5-year period, primarily in equipment, or as drawing rights against equipment, so that we could develop a curriculum in using personal computers to teach students concepts and to involve the computer in many more phases of our educational programs than we have hitherto been

able to do because we did not have the equipment. That is indicative, I think, of the source of support that industry is looking to provide to higher education, and we welcome it, of course.

We have also been working rather hard over the past year on two grants involving super computers, one a research and development grant in which we will actually design, develop and build more powerful super computers than have yet been built in the country, and the second is a grant on the research and applications of super computers that will be headed by Larry Smarr in astrophysics in our Department of Astronomy. Those two grants together will total over the next 5 years something like \$50 million, I think, from the Federal Government, and we expect another \$50 million to come in from gifts from State sources, gifts from industry, and from cooperative research with industry. So all of these things will have an impact on the way the country develops into the information society we are very rapidly entering.

Just this last week the Commerce and Business Administration was informed by IBM that they had been one of the few universities selected for educational development grant, project MICA, in Commerce and Business Administration. That grant will total \$2.7 million over the next few years and will be used to develop a management of information in a computer society.

Now, one of the things that is happening here, and I am sure at many other universities, is that as we get more personal computer equipment on our campuses, we are finding, although much of it we have received as gifts, we have to maintain it. We have to keep it working. We have to develop educational programs on that equipment which will enable not only students in our university but students in many universities to enter the information age with greater skills that can be used for the better economic development of the State and nation. I think I would like to give you a sense of the scope of the problem.

We estimate that by the end of 1984 we have something like 2,000 personal computers on campus, up from approximately zero 4 or 5 years before. We are acquiring personal computers through purchase and gift at the rate of about 1,500 per year. So in just a couple of years we will have over double the number we have.

If we were to pay the full price at this rate of acquisition for these computers, we would be expending \$7 million a year just to buy new equipment. Much of this equipment, you must remember, is used in areas of the university that never used this sort of equipment before, so it is a new cost to the university. We estimate that by 1988 we will have approximately 10,000 personal computers on campus, probably at a list price value of about \$47 million, and by 1993, about double that number again, up to about 20,000.

Now, the good news is that corporations are helping us bring these computers in so we can develop programs, develop educational programs, teach students in a more efficient way and really prepare them to enter an information economy and be competitive in that economy and keep our Nation competitive in that economy. The bad news is that we're not quite sure where we're going to find the funds to maintain these computers, and at the rate of the development of the computer market today, these computers will

probably have a useful life of about 5 years, so the depreciation is pretty significant as well if we are to stay state-of-the-art.

In fact, we have done an estimate based on the cost per year per student of what it takes to keep engineering and science students, who require significantly more computer help than many of our other students, and just for the students in this university alone, the annual bill to buy, maintain, and operate this equipment is about \$11 million for students. And to bring our faculty up to speed, for them to do their research, to prepare their lectures, to prepare their course materials, it will cost about another \$10 million per year, bringing us to a total bill of about \$21 million per year.

Some of the faculty computer costs will come out of research grants. Much of it will come out of gifts. But the maintenance of these computers is something that we are really not as prepared to deal with in our essentially zero-based university funding in this university as we would like. I think I must be speaking for other colleges in the State of Illinois and colleges across the Nation when I say this is a common problem in higher education. It must be addressed if we are to really become economically competitive with our offshore competitors, the Japanese, our colleagues in Europe and so on.

I think that is probably enough for an introduction, Mr. Chairman. I will try to answer questions now or later, after my colleagues on the panel speak.

[Prepared statement of Thomas E. Everhart follows:]

PREPARED STATEMENT OF THOMAS E. EVERHART, CHANCELLOR, URBANA-CHAMPAIGN CAMPUS, UNIVERSITY OF ILLINOIS

Mr. Chairman and members of the Subcommittee, my name is Thomas E. Everhart, I am Chancellor of the Urbana-Champaign campus of the University of Illinois, and I am pleased to have been asked to speak on the reauthorization of the Higher Education Act and the role of higher education in economic development. I am a professor of Electrical and Computer Engineering, and my experience both with government and industry tells me that economic development is directly related to collaboration and cooperation among higher education, industry and government.

I am encouraged to find that the academic community is increasingly concerned about issues which also are on the agenda of corporate America. These issues include the interrelationships between research, development, and manufacturing, and the need for more effective technology transfer. Another issue is the need to preserve appropriate autonomy for both corporations and academic institutions, yet at the same time assuring their responsiveness to societal needs. We are all concerned about the health of the nation's and the world's economy, and the increasing need for greater productivity, fueled by innovation and research in both universities and industry.

Productive interaction between the university and the business community is not new to the Urbana-Champaign campus of the University of Illinois, no to a great number of our nation's research universities. Faculty in business, engineering, and agriculture, as well as the natural and social sciences, have been involved significantly in the solution of problems affecting the nation. Our ability to positively impact those problems depends in large measure on the extent to which faculty and students understand the complex array of forces which impact industry, both from the inside and the outside, in a rapidly and ever-changing world.

This is a critical period for higher education. Our economy is shifting, from a national economy to a global one. We are shifting from a post-industrial society to an information society. As our society makes these transitions, the importance of education at all levels and particularly higher education, is being recognized as critical to the social and economic development of our nation. Productive links between the nation's major research universities and industry and government are being made,

all working toward a common goal for the common good. As a land-grant university, the University of Illinois has an extraordinarily rich history of service to the citizens of the state and nation. We have seen examples in other states—particularly California, North Carolina and Massachusetts—where universities, working with the private sector and government, have been able to turn around entire economies by redirecting resources to address contemporary problems. By so doing, they have improved the quality of life for all citizens. The University of Illinois is poised to provide exactly the kind of leadership which has characterized such high technology developments in other parts of the country.

Let me provide a few examples from the experience of the University of Illinois which illustrate the kinds of existing new opportunities which are taking place between higher education, business, and government. Just this past week, IBM announced that it had selected the College of Commerce and Business Administration at the University of Illinois at Urbana-Champaign to receive a five year, \$2.7 million grant of equipment, software, and cash for research and curricular and faculty development in the emerging field of management information systems. This multi-million dollar grant for Project MICA—Managing Information for Competitive Advantage—will ensure that faculty and students in business disciplines at the Urbana-Champaign campus will have access to the state-of-the-art management information technologies for instruction and research which increasingly are required to keep American businesses competitive in world markets.

To ensure research and curricula development is as relevant and productive as possible, the college has initiated a Corporate Partners Program that will link businesses with special expertise in information systems to Project MICA. The initial six partners—nominated by the Business Advisory Council of the college—include Arthur Andersen & Co., American Hospital Supply Corporation, Northern Trust Bank, Motorola, Natural Gas Pipeline Corporation of America, and State Farm Insurance.

We anticipate that another important result of Project MICA will be increased understanding of the impact of new technologies on industrial organizations themselves. This cooperative venture between one of the nation's leading corporations and one of its leading universities is but the latest indication that the academic community and corporate America increasingly share several common agendas. That bodes well for each and for the nation. And, it's a great tribute to the quality of the faculty in the College of Commerce and Business Administration that their proposal was selected from among 77 submitted to IBM. Ultimately 13 leading schools of business were selected under this program to receive a total of \$25 million in grants, and the grant at the Urbana-Champaign campus was one of the largest.

This most recent IBM grant complements the \$12.5 million IBM grant made last fall to this campus in computer hardware and software for Project EXCEL—Excellence in Computer-Aided Instruction. Its purpose is to help improve instruction in a wide array of disciplines from the humanities to engineering and the sciences. These IBM grants stand alongside the nearly \$1 million grant just announced from Texas Instruments of computer equipment and software for "Explorer" workstations which will boost our research and teaching capacity in artificial intelligence and cognitive sciences. The computer age is upon us and the computer is a centrally important, indeed indispensable, tool for education and research, and this University and several others are playing a national leadership role in joining with other universities and industries in the effort to keep pace in this important area.

At a slightly different level of complexity in computing, you no doubt have read about the recent establishment at the Urbana-Champaign campus of two federally-funded centers for supercomputer research. In February, Professor David Kuck and his colleagues—widely regarded as the strongest scientific team in the nation in supercomputer design—received word that two federal agencies had awarded some \$9 million to support the establishment of a new Center for Supercomputer Research and Development. Dr. Kuck and his colleagues will be building an experimental supercomputer using pioneering ideas in supercomputer architecture and software. This project, which has had the strong support of Illinois Governor James Thompson and leaders of the Illinois General Assembly, is expected to receive a total of \$30 million over the next five years, from federal, state and private sources.

In a complementary development, the National Science Foundation announced last month that the University of Illinois has been selected, along with three other major U.S. Universities, to share \$200 million to establish national centers for Supercomputing Applications and Research. The Illinois Project, now known as the National Center for Supercomputing Applications, is expected to generate some \$75 million in Federal, state and private grants over the next five years. The center's Cray-XMP Supercomputer, the most powerful computational machine ever built,

which incidentally was developed by Stephen Chen, a Cray Vice President and a former graduate student of Professor Kuck's, will be made available to scientists at our campus and elsewhere, including scientists from industry, to attack problems involving all phases of human endeavor—science, industry, education, the business of the university and of the nation. Plans already underway involving members of our faculty call for the supercomputer to be used in such areas as weather forecasting, chemical processing and design of chemical plants, development of ultrafast computer chips, astrophysical research and cancer research. With these two supercomputing centers, the Urbana-Champaign campus will serve as a magnet, attracting to Illinois many of the best scientific and engineering minds in the nation. In an age where knowledge is power, it will make the State of Illinois and our nation more powerful than ever before. The strategic advantage to American industry will be its proximity to this extraordinary supercomputing power.

Beyond the supercomputers, I anticipate we will see spinoff industries being developed as a result of our faculty's research interests, and that of faculty at other major research universities, in biotechnology/genetic engineering and electrical engineering and computer science. Developments in these areas are likely to lead to entrepreneurial efforts resulting from faculty research and new levels of collaboration with the business world.

I highlight the awarding of the IBM grants, the award from Texas Instruments, the supercomputing grants to the University, and exciting new developments in biotechnology and electrical and computer engineering to illustrate the ways in which universities, state governments, the federal government, and industry are working together to keep the United States at the forefront of technological innovation and development. Already, Professor Kuck and Professor Larry Smarr, the brilliant young astrophysicist who is the Director of our National Center for Supercomputing Applications, have heard from a number of Fortune 100 companies who want to work in close proximity with our supercomputer and our scientists and engineers. Just as creative use of steel led to the establishment of whole new industries during the industrial revolution, we are convinced that the scholars and scientists in supercomputers and other programs at the University of Illinois will provide national leadership as we enter the information age.

I've talked a great deal today about the shift from the post-industrial society to the information society and have tried to highlight a few examples of how that transition will effect the ways universities interact with the corporate sector. The future of America's economic strength and development is directly related to the nation's capacity to quickly and immediately understand the dimensions of technological change and the extent of the nation's commitment to transmitting those changes effectively to an educated citizenry. Like it or not, we are caught up in the rapid change of an unprecedented information revolution—a revolution at least as profound as the industrial revolution, and with considerable implications for universities and industry and for our nation's economic well-being.

A centrally important aspect of the nation's capacity to deal effectively and competitively with the technological revolution is a national commitment to the computerization of America's major research universities. By that I mean making personal computers directly available to all students and faculty, and available for all instruction, so that the tools of this new information revolution are well known to our future leaders who will be required to use them with ease and ability. However, the costs of making this new technology available on a widespread, national and timely basis to students and faculty who, in many instances, will soon be using it in business and industry is beyond the capacity of institutions and the private sector to provide.

The University of Illinois at Urbana-Champaign, and a few of its peer research universities, have been fortunate to receive major gifts and grants from industry and government which have gotten us started in this important project of large-scale computerization of higher education. But the rate of technological change in this area is so great and the costs so extensive that a national commitment is required if our universities are to keep abreast with technological change, and if we are to provide the nation with technically literate graduates to assume leadership in American industry, government, agriculture, etc.

Permit me to draw once again on the University of Illinois experience to illustrate the dimension of the problem and the needs. At the present time, we have approximately 2,000 personal computers which are owned by the University, and we are acquiring PC's at a rate of more than 1,500/year. The \$7 million annual cost of these acquisitions has been possible only because of a number of gifts and discount prices for many acquisitions.

By 1988, we estimate the need for 10,000 personal systems on the Urbana-Champaign campus at a total price of nearly \$47 million, based on current cost figures. By 1993, we expect the faculty and student demand for PC's to have reached twice that amount. It is important to point out that although costs per unit are expected to decline, the advances in the technology are happening so fast that the average useful life of these systems is only about five years, so we will be facing sizeable and recurring replacement costs. A reasonable estimate of steady state, actual cash expense by the University, not including equipment donations and assuming campus-wide access to a computer system, is \$500/year for engineering students and \$250/year for other students. On this campus we have nearly 7,000 students in engineering and nearly 35,000 students total. Thus, the annual student cost would be nearly \$11 million. The annual facility expense is estimated to be substantially higher—\$8,000/year for capital and support for approximately 775 faculty in engineering and the laboratory sciences and \$3,000/year for more than 1,200 faculty in other fields for a total annual faculty cost of nearly \$10 million. If we are successful in making PC's available to the entire campus, the combined annual steady state cost for student and faculty access to the system will be nearly \$21 million, including the costs of equipment, maintenance, basic support personnel, and networking.

If we are to meet these needs, it is obvious we must increase the level of support we receive from industry, state government, and the federal government. It is obvious, as well, that many of our faculty and students will have to continue to spend some of their own dollars; but the dimension of the problem nationwide is such that it will require a national response.

I would like to conclude my remarks on the reauthorization of the Higher Education Act and the role of higher education in economic development by reiterating the importance of providing to our nation's research universities the sophisticated equipment which is necessary to teach our students and researchers who are and will be making important contributions to keeping the American economy strong and competitive in an unprecedented technologically-based information age.

American higher education is a central, national resource. Investment in better education is an investment in our future, and particularly so today as we enter the information age. The states, along with grants from the private sector, are providing the basic instructional and material needs of our colleges and universities. However, the national government has, in my judgment, a critically important responsibility to higher education if we are to fulfill the nation's needs and expectations to keep up with technological change and to provide long-term economic development and national competitiveness in the world market.

Thank you.

Mr. BRUCE. Stanley Rives, president of Eastern Illinois University at Charleston.

Dr. RIVES. Thank you, Representative Bruce, Representative Hayes.

I would like to do just very briefly three things: describe something of Eastern Illinois University, describe what we believe should be the highest priority in reauthorization of the Higher Education Act, and comment briefly on the importance of higher education to both economic development or the economic competence, but also the political competence of the nation.

Eastern was founded in 1895. It is a regional university with 40,000 graduates and 10,000 students currently enrolled. Ninety percent of our students are undergraduate students to whom we offer a range of master's degree programs. Our primary mission is to provide quality undergraduate education with a solid foundation in the liberal arts, and to do so at a reasonable cost. With total costs of tuition, fees, including textbooks, and room and board, of \$3,418 for this year, we are, in fact, the most cost-effective senior public university in Illinois.

Two-thirds of our students receive some form of financial aid, either from the university, from the State of Illinois, or from the Federal Government. The average annual income of our students who are applicants for the Illinois State Scholarship Commission is

\$21,400, and 2,800 or 26 percent of our students receive some form of Federal financial assistance, most of them Pell grants, National Direct Student loans, and College Work-Study assignments. It is very clear that, even with our relatively low costs, many of our students would not be able to obtain a college education without direct financial assistance.

Second, a sense of priority about the reauthorization of the Higher Education Act. The facts and conclusions which I just presented require me, I believe, to take the position that adequate student financial aid must be the single highest priority in the reauthorization of the Higher Education Act. Our vice president for Student Affairs, Dr. Glenn Williams, will testify later today on specific suggestions, but stated as clearly as I can, my position is that, if this Nation can afford no other form of financial support of higher education than adequate financial aid directly to students, who must have that aid to obtain a college education, then let the chips fall where they may, or, more specifically, let it focus on that issue alone. This Nation can and should, of course, do better in support of other programs contained in the Higher Education Act, but nothing is more important than direct financial assistance to students.

My institution is a member of the American Council on Education and I believe their agenda for the reauthorization—which I will furnish you a copy of—adequately represents our position with regard to that.

We are also a member of the American Association of State Colleges and Universities. During the past year, the group of Illinois AASCU college presidents has met monthly, and the primary conclusions of that group are that increased attention should be given to grants in order to avoid an over-reliance on loans, that attention should be given to indexing Pell grants to the higher education price index to avoid a further decline in the percent of total costs covered by these grants, and that among the student assistance program the highest priorities are Pell, SEOG, and the college work-study programs. I would only add that if indexing taxes and indexing defense expenditures is a good idea, so is indexing student assistance grants, so that we can avoid this decline which has been pointed out most clearly on the chart, the declining percentage of college costs covered by Pell grants.

Third, I think we may get lost in the numbers, and for that reason, I would like to spend just a moment more on the "why" than the "what". The single best investment this Nation can make, I think, without question, toward our continued viability as a Nation in both an economic sense and in a political sense, must be an investment in the education of our citizens. No society can prevail, economically or politically, unless it is willing to make that kind of a commitment to its young people. I think this Nation has always understood that basic concept, and that is why free public education was the first priority of the founders of this Nation, and that is why, as our resources have allowed, we have extended compulsory education from elementary through secondary education, and that is why we created universities to provide teachers for the common schools and to promote agricultural and industrial development through instruction, research and service. Simply put, edu-

cation is a most fundamental part of the infrastructure of this society. Economic development is, in fact, hinged upon educated citizens.

I have not been in agreement with all the recommendations of the national Commission on Excellence in Education, but in that particular area, their recommendations make good sense. That commission report, "A Nation at Risk," also goes beyond coupling the Nation's economic and educational competence. It also couples the Nation's educational and political competence. To quote briefly from it, "The people of the U.S. need to know that individuals in our society who do not possess the levels of skill, literacy, and training essential to the new era will be effectively disenfranchised, not simply from the material rewards that accompany competent performance, but also from the chance to participate fully in our national life."

Thomas Jefferson, of course, said it better. "I know of no safe depository of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them but to inform their discretion."

In short, a good education is important to an individual, but what is more important, a good educational system is essential to national political and economic viability. The best educational system in the world, which is what we ought always to seek, may be defined by some as an impossible dream, but so at one time were automobiles, television, aircraft, and the computers which have proliferated so rapidly on this campus and mine.

These are the more fundamental reasons, I believe, why your work toward reauthorization of the Higher Education Act is absolutely vital to the future of this Nation.

Thank you.

[Prepared statement of Stanley G. Rives follows:]

PREPARED STATEMENT OF STANLEY G. RIVES, PRESIDENT, EASTERN ILLINOIS UNIVERSITY

Chairman Ford and Representatives Bruce and Hayes, my name is Stanley G. Rives. I reside at 1112 Williamsburg, Charleston, Illinois, and I serve as President of Eastern Illinois University. On behalf of our more than 10,000 students, thank you for this opportunity to express our views on reauthorization of the Higher Education Act. I want to do three things: (1) describe briefly Eastern Illinois University, (2) indicate our highest priority in reauthorization legislation, and (3) comment on the importance of higher education to the economic and political competence of Illinois and the nation.

Eastern Illinois University: Founded in 1895, Eastern is a regional public university with 40,000 graduates and 10,481 currently-enrolled students, 90 percent of whom are undergraduates, though we also offer a comprehensive range of master's degree programs. Our primary mission is to offer quality undergraduate education with a solid foundation in the liberal arts and do so at a reasonable cost. Evidence that we are getting the job done is contained in the report of our North Central Association Evaluation Team which states that "Eastern Illinois University is accomplishing its mission and doing so with distinction." With total costs—tuition, fees (including textbooks), and room and board—of \$3,418 for 1984-85, we are in fact the most cost-effective public senior university in Illinois.

Two-thirds of our students (6,869 out of 10,481, or 65.5 percent) receive some form of financial aid from the University, the State of Illinois, or the federal government. The average annual family income of our ISSC (Illinois State Scholarship Commission) applicants is \$21,400, and 2,800 or 26 percent of our students receive some form of federal financial assistance, most of them Pell grants, NDS loans, and col-

lege Work-Study assignments. It is very clear that, even with our relatively low costs, many of our students would not be able to obtain their college educations without financial assistance.

Priority in Higher Education Act Reauthorization. The facts and conclusions just presented require that Eastern take the position that provision of adequate student financial aid be the highest priority in reauthorization of the Higher Education Act. Our Vice President for Student Affairs, Dr. Glenn Williams, will testify later today on our specific suggestions regarding the form of federal assistance to students. Stated as clearly as I can, my position is that, if this nation can afford no other form of financial support of higher education than adequate assistance to students who must have that aid to obtain a college education, then let reauthorization focus on that issue alone. This nation can and should do better in support of other programs contained in the Higher Education Act, but nothing is more important than direct assistance to students.

Eastern is an institutional member of the American Council on Education (ACE) and the American Association of State Colleges and Universities (AASCU). I have supplied the committee with the ACE's A Higher Education Agenda for the 99th Congress, which adequately represents our views on issues before you, including Reauthorization of the Higher Education Act. The Presidents of all Illinois AASCU institutions meet monthly. The primary conclusions of our AASCU group are that increased attention should be given to grants to avoid over-reliance on loans, that attention should be given to indexing Pell Grants to the higher education price index to avoid further decline in the percentage of total costs covered by those grants, and that among the student assistance programs the highest priorities are Pell and SEOG grants and College Work-Study programs. I only add that if indexing taxes and defense expenditures is a good idea, so is indexing student assistance grants.

Education as Infrastructure. Allow me to address for a few moments the "why" rather than the "what."

The wisest and best investment a society can make toward its continued viability is an investment in the development of its human resources through education. The most precious asset or natural resource of any society is well-educated people.

No society can prevail—economically or politically—unless it is willing to make a significant commitment to the education of its young people. This nation has always understood these simple concepts. That is why free public education was a first priority of the founders of this country; that is why we have, as our resources allowed, extended compulsory education from elementary through secondary education, and that is why we created universities to provide teachers for the common schools and to promote agricultural and industrial development through instruction, research, and service. Simply put, education is a fundamental part of the infrastructure of a progressive society.

By definition, "infrastructure" is that permanent foundation of essential elements of structure or system without which it cannot function effectively and efficiently. Thus raw materials, an energy source, skilled people, and transportation are essential elements of an economic infrastructure equation.

Economic development hinges upon educated citizens. The message of the National Commission on Excellence in Education calls for improving education in the common schools and in our colleges and universities as a means of maintaining and increasing the competitive edge of this nation. Of all the actions launched as a reaction to Sputnik, the one most revealing or our national character was a commitment to revitalize public education. Repair of our economic infrastructure now requires that we better prepare our young people to compete more effectively in an increasingly competitive world.

The commission's report goes beyond coupling the nation's economic and educational competence—it also couples our nation's educational and political competence. The commission report states: "The people of the U.S. need to know that individuals in our society who do not possess the levels of skills, literacy, and training essential to the new era will be effectively disenfranchised, not simply from the material rewards that accompany competent performance, but also from the chance to participate fully in our national life."

Thomas Jefferson said it better: "I know no safe depository of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them but to inform their discretion."

While a good education is important to the individual, a good educational system is essential to national political as well as economic viability. The best educational system in the world for our children and their children may be an "impossible dream," but so at one time were automobiles, television, aircraft, and computers.

These are the fundamental reasons why your work toward reauthorization of the Higher Education Act is vital to the future of our nation.

Thank you for your kind attention.

Mr. BRUCE. Thank you, President Rives.

I think Deane Foote is next.

Mr. FOOTE. Thank you. Congressman Hayes, welcome to Champaign-Urbana, on behalf of the business community, and Congressman Bruce, welcome back, as always.

I represent the Champaign Chamber of Commerce, which has over 750 businesses. The fastest growing segment of the business community at this point in time is the high technology community. Currently, there are over 40 high technology companies within Champaign-Urbana, most of which are in the computer hardware and software area, some of which are in the biotechnology area. There is particular emphasis on educational based software and electronic peripherals in our community. Most of these companies did not exist 10 years ago. Most are spinoffs from the University of Illinois, and most still maintain close working relationships with the University of Illinois and also with Parkland College, our local community college.

There are currently over 2,000 jobs in the high technology sector in our community. We anticipate that this will grow to 5,000 jobs by 1995, given certain business parameters. The proposed National Super Computer Center and the microelectronics center for the University of Illinois holds tremendous promise for the high tech sector.

Even though the University of Illinois is a leading public research university, the high tech sector of our community is still in its infancy stages. Our community does not yet possess a mature critical mass, and by critical mass I define that as certain secondary support industry, services, and trained personnel. The critical mass is clearly a "chicken or egg" situation. A community must have a substantial number of high tech companies to attract a critical mass and yet a critical mass must exist to attract and grow high tech companies.

Certain areas of the country that have overcome this problem and have developed this mature critical mass include Silicon Valley, Boston, the Phoenix, AZ, area, Dallas and Austin, and several others, including certain overseas locations, including Scotland, Japan, Korea, Mexico, and Indonesia. Areas that are still struggling to develop the critical mass include Champaign-Urbana, the North Carolina triangle area, Madison, WI, and many others.

We have witnessed a number of companies from our community that have given up doing business here and have relocated to more mature high tech areas. It is a growing trend for manufacturing and assembly operations to move overseas. This loss of jobs certainly is going to hurt our balance of trade which is currently an important problem.

The greatest critical mass problem in Champaign-Urbana is the lack of certain talents within the labor force. Included in this area are programmers, electronic technicians and assemblers, plant breeding specialists, and machinists, all with needed experience. I

refer to these people as worker bees. It is these important workers that make up the importance of an area's critical mass. If we do not build this experience through training, we're going to lose more jobs, not only to other parts of the country, but overseas.

The majority of the companies in Champaign-Urbana can be defined as entrepreneurial startup operations. The process of moving from an idea to a prototype, to a product, to the marketplace, is known as commercialization. This is certainly one thing that most of these companies have experienced.

Oftentimes commercialization is a long and expensive proposition for small business, and unfortunately, something like 80 percent of all small businesses fail within the first 3 years of operation. The commercialization process of many companies often begins with a research arrangement with the university. The contracting fees and overhead associated with this arrangement may be very taxing on a young company. Oftentimes the commercialization process involves members of the university faculty developing a private business through research done at that university. The development of the business may involve little or no compensation from the university and require extensive overtime on the part of a faculty member. The university may even prohibit faculty members from participating in a business interest that is involved with his or her research.

The commercialization process also involves licensing agreements and patenting of inventions funded by university research. Licensing agreements often require long and expensive legal proceedings and much administrative redtape.

The University of Illinois has done much in the last 5 to 10 years to liberalize the patent process and allow the commercialization process to proceed more smoothly, but much more is needed.

I would like to make a couple of suggestions that you might take back with you to the subcommittee. One important solution to our critical mass problem is the training in certain key areas. Certain types of classroom training will be important, but the critical need is hands on work experience in such areas as cleanroom techniques, plant breeding techniques, circuit board manufacturing, electronic assembly techniques, programming skills, and machinist skills.

It would be logical for the 2-year community colleges to offer most of this type of training. Some could be done at the high school level. However, it would be unfair for community colleges or high schools to take on the expensive remodeling and purchasing of expensive equipment needed to set up training facilities properly. I urge the subcommittee to recommend Federal grants for the establishment of high tech training centers for select parts of the Nation.

Help is also needed in the commercialization process. The subcommittee should encourage the establishment of a special commercialization fund designed to stimulate the development, marketing, and commercialization of new, technically based products that have a significant potential for employment creation and retention. The State of Illinois' business innovation fund, administered by the Illinois Department of Commerce and Community Affairs, would serve as an excellent model. Grants should be made to

and administered by centers of higher education. They, in turn, would loan the funds to companies who desire direct interaction with university research and development. Resulting product rights may be jointly shared and funds may be paid back with royalties and stock options rather than direct payments. The fund would be intended to bridge the gap between higher education resources and the technological and financial needs of small business and, most importantly, to create jobs.

I listened with interest to President Reagan's address to the Nation the other night concerning the urgent need to cut the Federal deficit. The Chamber of Commerce certainly supports the Reagan administration on this endeavor. However, President Reagan also mentioned the need to strengthen the Nation's educational system and he further mentioned the importance of reestablishing our balance of trade. The points I have raised this morning may be a cost-efficient and nonbudget busting method of providing new educational techniques and also creating new U.S.-based jobs and business.

Thank you.

[Prepared statement of Deane Foote follows:]

PREPARED STATEMENT OF DEANE C. FOOTE, VICE PRESIDENT, ECONOMIC DEVELOPMENT,
CHAMPAIGN CHAMBER OF COMMERCE

INTRODUCTION

I would like to thank the Subcommittee on behalf of the Board of Directors of the Champaign Chamber of Commerce for allowing me the opportunity to address this most important subject. I'd like to extend a special thank-you to Congressman William D. Ford, Charles A. Hayes and Terry L. Bruce for taking time out of their busy schedules to conduct this field hearing in Champaign-Urbana.

The Champaign Chamber of Commerce represents over 750 businesses within Champaign County. The Chamber has been providing business assistance continuously since 1903. We are a 10 year accredited Chamber of Commerce. I have served as Vice President for Economic Development for the Chamber of Commerce since 1980. The Economic Development Division of the Chamber has worked on projects that have created over 1200 "basic" jobs since 1980.

Champaign-Urbana is rapidly growing into a high technology center. There are currently over 40 high technology related companies doing business in the area. The majority of these companies are computer hardware and software related or biotechnology related. There is particular emphasis on educational based software and electronic peripherals for the computer industry.

The majority of these companies did not exist ten years ago. Most started as "spin-offs" of the University of Illinois and the majority still maintain a working relationship with the University and with Parkland College, Champaign-Urbana's local community college. Total high-tech jobs in Champaign-Urbana now exceeds 2,000 and we anticipate this total may grow to an excess of 5,000 jobs by 1995, if the proper business climate is maintained. The proposed National Supercomputer Research Center and Microelectronics Research Center planned for the University of Illinois campus holds tremendous promise for the communities high tech future.

Over the past several years, the Champaign Chamber of Commerce Economic Development Division has worked with several companies looking to locate within the community primarily due to the presence of the University of Illinois. I have had the opportunity to speak with officials of three companies who fall into this category in preparation for this hearing. They are: 1. United Agriseeds, a "start-up" seed research/biotechnology company specializing in corn, wheat and soy beans, 2. URI Therm-X, Inc., a "start-up" company in the medical field specializing in Cancer treatment using hyperthermia and 3. Electronic Decisions, Inc. (EDI), "start-up" semiconductor manufacturing company. Two of these companies Therm-X and EDI have either successfully completed or are in the negotiation stages for patent rights on certain products developed through research conducted at the University of Illinois.

PROBLEMS OF THE GROWING HIGH-TECH COMMUNITY

Even though the University of Illinois has been a leading public research institution for many years, the local high tech business community is still in its infancy stages of growth. As mentioned earlier, most of the companies in town did not exist ten years ago. Many companies are, therefore, facing serious growing pains.

The community does not yet possess a mature "critical mass". Critical mass has been defined as the secondary support industry, services and personnel needed to serve the high tech interests of the community. The presence of a critical mass is clearly a "chicken or egg" situation. A community must have a substantial number of high tech companies to attract a critical mass and a critical mass must exist to attract and grow high tech companies.

Areas who have overcome this problem and developed a mature critical mass include Silicon Valley, Orlanda, Florida, Boston, Phoenix, Arizona, Dallas/Austin, Minneapolis/St. Paul, as well as several overseas locations including Scotland, Japan, Korea, Mexico and Indonesia. Areas that are still struggling with the critical mass problem include Champaign-Urbana, the North Carolina Triangle, Madison, WI, and many others.

We have witnessed a number of companies relocate operations from Champaign-Urbana to more mature high tech areas. It is a growing trend nationwide for companies to relocate manufacturing and assembly operations overseas. This has not only caused a loss of jobs but has added to the tremendous trade imbalance that is hurting this nation's economy today.

The greatest critical mass problem in Champaign-Urbana is a lack of certain talents within the labor force. While most companies are able to attract the small number of top management and scientific people needed from outside the area and there appears to be quite a plentiful supply of graduates from technical disciplines from the University of Illinois, there exists a missing component. This missing component would include such categories as programmers with experience, electronic technicians and assemblers with experience, machinist with experience, and plant breeding specialist with experience. It is these "worker bees" which make up an important part of an area's critical mass. Mature high tech areas have plenty of these types of people because the high concentration of companies turn out many with valuable work experience. Our area is now forced to train our own, or face the loss of more jobs.

The majority of the high tech companies in Champaign-Urbana began as entrepreneurial "start up" operations. The greatest hope for future job creation remains with the encouragement of future "startup" companies rather than the encouragement of outside companies to relocate. This process is often referred to as commercialization.

The commercialization process takes an idea from an idea to a prototype product to the marketplace. Often times this is a long and expensive proposition for a small business. And unfortunately, something like 80 percent of all small businesses fail within the first three years of operation.

The commercialization process of many high tech companies often begins with a research arrangement with a University. The contracting fees and overhead associated with this arrangement may be very taxing on a young company. Often times, the commercialization process involves members of the University faculty developing a private business through research done at that University. The development of the business may involve little or no compensation from the University and require extensive overtime if the faculty member is to fulfill his/her University obligations. The University may even prohibit a faculty member from having a business interest in his/her research interest.

The commercialization process may also involve licensing agreements and patenting of inventions funded by University research. Licensing agreements often require long and expensive legal proceedings and much administrative "red tape."

The University of Illinois has done much in the last five years to liberalize their patent process and allow the commercialization process to proceed more smoothly. However, more progress is needed.

SOLUTIONS TO HIGH-TECH PROBLEMS

I wish to suggest to you possible solutions to some of the problems just discussed. I hope that the Subcommittee will find these useful.

One very important solution to our critical mass problem is specialized training in certain key areas. Certain types of classroom training will be important but the critical need is "hand-on" work experience in such areas as clean-room techniques,

plant breeding techniques, circuit board manufacturing, electronic assembly techniques, programming skills and machinist skills.

It would be logical for the two-year community colleges to offer most of this type of training. Some should begin at the high school level. However, it would be unfair for community colleges or high schools to take on the expensive remodeling and purchasing of expensive equipment needed to set up training facilities properly. I urge the Subcommittee to recommend federal grants for the establishment of high tech training centers for select parts of the nation, including Champaign-Urbana.

Help is needed in the commercialization process. The Subcommittee should encourage the establishment of a special commercialization fund designed to stimulate the development, marketing and commercialization of new, technically based-products that have a significant potential for employment creation and retention. The State of Illinois' Business Innovation Fund administered by the Department of Commerce and Community Affairs will serve as a good model. Grants should be made to and administered by centers of higher education. They in turn will loan the funds to companies who desire direct interaction with university research and development. Resulting product rights may be jointly shared and loans may be paid back with royalties and stock options rather than direct payments. The fund would be intended to bridge the gap between higher education resources, and the technological and financial needs of small business and to create jobs.

CONCLUSION

I listened with interest to President Reagan's address to the nation the other night concerning the urgent need to cut the federal deficit. The Champaign Chamber of Commerce supports the Reagan Administration on this important task. However, President Reagan also mentioned the need to strengthen the nation's educational system. And he further mentioned the importance of reestablishing our balance of trade. The points I have raised this morning may be a cost efficient and non-"budget busting" method of providing new educational techniques and also creating new U.S. based jobs and businesses. Thank you for the opportunity to address the Subcommittee this morning.

Mr. BRUCE. Thank you, Deane.

Carol Sanders, Lake Land College.

Ms. SANDERS. Congressman Hayes, Congressman Bruce, I want to thank you for the opportunity for allowing me to come here and share with you some of the things we are doing at Lake Land College regarding economic development, and also to share with you some of my feelings from the local level as to what needs to be done to enhance economic revitalization.

But before I make my comments, I would just like to say that I am one of those moms that President Ikenberry was referring to. I am here on campus for the weekend. I have two daughters here on campus, and probably a third in another 2 years, and I am concerned about the data that I see displayed here on those charts.

I would like to tell you a little bit about Lake Land College. We are located about 50 miles south of here. We serve a district covering all or parts of about 15 counties. We cover 4,000 square miles. Lake Land College had one of the first business systems centers that Dr. Pierce was referring to this morning. It was established in 1981 with the strong commitment and financial support of the business community. The Center for Business and Industry, as we call it, has since expanded and we now boast an Office of Business and Economic Development which encompasses four components—the Center for Business and Industry, the Economic Development Services, the Dislocated Worker Program, and some phases of the Job Training Partnership Act. A fifth unit that we are currently proposing, a small business development center, will hopefully be operational in September or October.

Each of these units contribute to the process of retention, expansion, and attraction of business and industry within the Lake Land College district, with the aim to expand the tax base and to create and/or retain jobs.

The Center for Business and Industry desigus, develops, or brokers specialized training programs and services providing tailor-made training from executive management to hourly, technical, and clerical levels. CBI offers public and customized in-plant seminars, workshops, and conferences, led by qualified professionals either from the local area or from the region.

CBI also offers a number of supportive services, which include: assessment of training needs, examination of existing training services, assessment of employee skill levels, brokering of consultant services, development of instructional materials and procedural manuals, assistance in securing State and Federal funds, coordinating oncampus services for specialized needs, and we act as an informational agent.

In working with the new and expanding industries in our area, we provide assistance in securing funds for employee training and supportive materials. This past year CBI was successful in obtaining eight high impact training services grants from the Illinois State Board of Education, Department of Adult Vocational and Technical Education, totaling in excess of \$257,000. We have also helped five companies to write proposals to obtain Industrial Training Program funds through the Department of Commerce and Community Affairs. These combined budgets totaled in excess of \$1 million.

Since July 1984, CBI offered 30 public workshops and seminars to area business people and served over 200 businesses. We were also awarded a \$20,000 grant to develop statistical quality control training materials.

The economic development component provides assistance to businesses facing serious financial problems. Advice is offered on cost estimating, inventory controls, scheduling, understanding overhead costs, effective volume, and break-even points.

Lake Land College was also very much involved in establishing the recently formed East Central Illinois Economic Development Corp., which promotes regional economic development efforts.

In March the East Central Illinois Development Corp., along with Eastern Illinois University and Lake Land College, jointly sponsored a highly successful conference that drew attendance from and beyond east central Illinois member counties.

The Dislocated Worker Program provides assistance to unemployed workers, people unemployed because of plant closing and permanent layoffs. We serve 16 counties. We have two outreach offices, one in Olney Central College and one at Kaskaskia College. Last year the Dislocated Worker Program was ranked third in overall services out of 20 participating Illinois Dislocated Worker Programs. Since July of 1984, over 262 people have been placed, exceeding by 62 the goal of 200 for the entire fiscal year.

As you all know, we have had a lot of plant closings in our area, and because of those plant closings, we have submitted two additional proposals to the Department of Commerce and Community Affairs to obtain funds to serve these newly laid off workers. In ad-

dition, three proposals were also submitted on behalf of three expanding industries in our area that wished to train and hire dislocated workers. Thus, the Lake Land College DWP is exceeding its fiscal year 1985 funding by approximately \$297,000. Projected placement by June 30, 1985, totals 340. Now, this nowhere comes near to the number of people that were displaced because of the many plant closings in our area, however.

We also serve as the grant recipient for the Job Training Partnership Act for service delivery area 23, which serves 14 counties in the State. As I indicated before, we are presently proposing to become a small business development center, and what we are proposing to do here is to work with the chambers and associations of commerce within our 15 county area so that we can form a consortium to meet the needs of the small businesses in our area. This is vital because there are only 8 companies in our area that employ more than 250 people. So it is very necessary that we have a small business assistance center.

No one can deny the fact that higher education plays a role in economic development. But for higher education, and all of education, to be recognized as a partner in the economic development process, along with business, industry, and government, we need planned and cooperative efforts between the public and private sectors. Roles and responsibilities of all the groups involved need to be defined and recognized.

Business, industry, labor, government, and education can no longer operate independently to achieve economic growth. Given the necessity for economic growth during this time of declining resources, efforts need to be systematically planned and coordinated. The groups each have primary roles in meeting the goals of human development, job development, and community development.

Education in east central Illinois is contributing to economic development, but could be much more effective if, one, education would be packaged and marketed as a resource. We all know that when a business is seeking a site in which to locate, they look toward the education community. It provides the environment that will enhance the quality of life for their employees. It provides the educational resources for their families, and it provides the training that they need for their workforce.

We need to place more attention on upgrading and retraining. If businesses and industries are to remain competitive in world markets, they need to keep pace with the ever-changing technology. Retention assistance needs to be provided to the businesses and industries presently located in east central Illinois.

Programs need to be marketed to meet the needs of the nontraditional student, the adult from the business community wanting enrichment as well as knowledge and skills to be applied to the job.

Representatives from education need to be recognized as a vital component to industry recruitment teams.

Responses to requests from the business community regarding training needs need to be acted upon quickly, creatively, and with flexibility.

Research needs to be conducted related to new products, new services, and new markets.

Last, and certainly not least, the concept of lifelong learning needs to be accepted by all. It's a fact.

In closing, I would just like to say that I strongly support the recommendations Dr. Pierce made this morning regarding reauthorization of the Higher Education Act. Thank you.

[Prepared statement of Carol S. Sanders follows:]

PREPARED STATEMENT OF CAROL S. SANDERS, ASSISTANT TO THE PRESIDENT FOR BUSINESS AND ECONOMIC DEVELOPMENT, LAKE LAND COLLEGE, MATTOON, IL

Community Colleges in Illinois are facing eroding tax bases and declining enrollments. Equipment that was once considered to be state-of-art, when the colleges were built in the later sixties has not been replaced and is now outdated. And yet, community colleges are rising to the challenge to continue to train future workers as well as upgrade and retrain existing workers to help industries to remain competitive in a world economy.

Until recently community colleges, and other levels of education, were not considered to contribute or play a role in economic development. Currently, each community college in Illinois has a Business Center (as most are called), a center devoted specifically to activities associated with economic development. No other state in the nation has a community college economic development network such as Illinois'. Illinois is also proud of the fact that it is the only state with a community college association devoted to economic development.

Lake Land College in Mattoon, Illinois established one of the first centers devoted to business and industry within the State. Lake Land College personnel interested in the development of an educational relationship with business and industry approached the business community with an invitation to combine the expertise of business and industry with the college. Thus the idea to provide educational offerings and services to address the demands of employee productivity, motivation, communication, free enterprise, management assessment and training, and other needs determined by the business community, took form. With a strong commitment and financial backing of the business community, the Center for Business and Industry (CBI) was formed in 1981. From the onset, CBI was committed to the development of human resources, a vital ingredient of economic development. CBI joined with business and industry in providing cost-effective training aimed at increasing productivity.

A unique feature of the CBI was the establishment of a 13 member Board of Consultants, made up of industrialists, business persons and bankers, with the intent to formulate policy recommendations, conduct periodic evaluations and develop long range plans. The Board of Consultants guided the activities of the CBI for three years at which time, upon the request of the members, was resolved. It was felt that the Board had fulfilled the intent for which it was formed.

As institutions of higher education began to feel the economic pressures which had weighed upon businesses and industries for some time, educators realized that if their institutions were to remain vigorous that they must forge new alliances. Realizing that the well being of our nation is directly related to the strength of the private sector, the Illinois Community College Board, through state appropriations, started financing Business Centers on other community college campuses.

Lake Land College has since expanded the efforts of the CBI and now boasts an Office of Business and Economic Development, the director of which maintains a Dean's level position and reports directly to the President of the College.

The Office of Business and Economic Development encompasses four units:

1. The Center for Business and Industry;
2. Economic Development Services;
3. The Dislocated Worker Program, and
4. The Job Training Partnership Act.

A fifth unit, currently in the proposal state, a Small Business Development Center, will hopefully be operational in September or October.

Each of the units contribute to the process of retention, expansion, and attraction of business and industry within the Lake Land College District with the aim to expand the tax base and to create and/or retain jobs.

The Center for Business and Industry Designs, develops or brokers specialized training programs and services providing tailor made training from executive management to hourly, technical and clerical levels. CBI offers public and customized in-plant seminars, workshops and conferences lead by qualified professionals.

To aid business and industry in receiving optimum results from training investments, CBI also offers a number of supportive services including:

1. Assessment of training needs;
2. Examination of existing training services;
3. Assessment of employee skill levels;
4. Brokering of consultant services;
5. Development of instructional materials and procedural manuals;
6. Assistance in securing state and federal funds;
7. Coordinating on-campus services for specialized needs, and
8. Acting as an informational agent.

Working with new and expanding industries, CBI provides assistance in securing funds for employee training and supportive materials. This past year CBI was successful in obtaining eight High Impact Training Services Grants from the Illinois State Board of Education, Department of Adult Vocational and Technical Education, totaling in excess of \$257,000. CBI also helped five companies to write proposals to obtain Industrial Training Program. Funds through the Department of Commerce and Community Affairs, with the combined budgets totaling in excess of one million dollars.

Since July, 1984, the CBI offered 30 public workshops and seminars to area business people and served over 200 businesses. CBI was also awarded a \$20,000 grant to develop statistical quality control training materials.

In May, of 1984, the CBI was selected by the Illinois Community College Board as a model for other community colleges to follow in developing their Business centers.

In the Economic Development Services component, assistance is provided to local communities to promote business retention, business retention and business attraction. Assistance is provided to businesses facing serious financial problems. Advice is offered on cost-estimating, inventory controls, scheduling, understanding overhead cost, effective volume, and break even points.

Lake Land College was very much involved in establishing the recently formed East Central Illinois Development Corporation, the goals, of which are:

1. To create and foster a sense of regionalism and an improved sense of identity;
2. To improve the social, political, and economic climate;
3. To retain, expand and diversify the economic base to increase employment opportunities, income and tax base;
4. To improve the capabilities of the human resources through training, development and education, and
5. To promote the natural, recreational, historical and cultural resources.

In March the East Central Illinois Development Corporation, Eastern Illinois University and Lake Land College jointly sponsored a highly successful conference that drew attendance from and beyond the East Central Illinois member counties.

The Dislocated Worker Program (DWP) provides assistance to unemployed workers, people unemployed because of plant closings and permanent lay-offs. The DWC serves 16 counties, and Lake Land College District plus those counties served by the Service Delivery Area (SDA) of the Job Training Partnership Act (JTPA). Outreach Offices are located at Kaskaskia and Olney Colleges. Last year the DWP was ranked third in overall services out of 20 participating Illinois DWPs, placing 220 people, exceeding a goal of 1983 by 20 percent. Since July of 1984, over 262 people have been placed exceeding, by 62, the goal of 200 for the entire fiscal year.

Due to the number of recent plant closing within the area, two additional proposals were submitted on behalf of the DWP, to the Department of Commerce and Community Affairs, to obtain funds to serve the newly laid off workers. In addition, three proposals were submitted on behalf of three expanding area companies that wished to train and hire dislocated workers. Thus, the Lake Land College DWP is exceeding its FY1985 funding of \$548,000 (\$500,000 + \$48,000 carryover) by \$297,000. Projected placement by June 30, 1985 totals 340.

Lake Land College serves as the Grant Recipient for the Job Training Partnership Act (JTPA) for Service Delivery Area (SDA) 23, which serves 14 counties. JTPA provides training and assistance to the economically disadvantaged with the intent of returning the unemployed to the work force. Lake Land works with two administrative entities, the Embarras River Basin Agency and C.E.F.S. Economic Opportunity Corporation, who provide all services and training. An outreach center is located within each of the counties. The focus of JTPA is on training for both youths and adults. Programs include vocational and academic classroom training, intensive short term vocational training, on-the-job training, limited work experience and work experience.

Lake Land is presently proposing to the Department of Commerce and Community Affairs to become a Small Business Development Center (SBDC) consisting of a

consortium of the College and the chambers and associations of commerce within the college district. No other SBDC in Illinois is fashioned in this way. The SBDC concept is to provide one-stop shopping centers for small businesses. Training, consultation and technical assistance is available for persons seeking help, whether they have been in business for a number of years or whether they are just getting started. There is definitely a need for a SBDC in the college district. Of all the businesses located within the 4,000 square miles, only eight employ more than 250 people. As defined by some, a small business is a company employing less than 250 employees.

No one can deny the fact that higher education plays a role in economic development, defined as "a process that occurs within a geographic area that encourages the creation, revitalization, and expansion of business and industry, maintains or increases employment opportunities, and maintains or enhances the quality of life of its citizens." Educations' primary roles are identified as providing:

1. Basic education for and about work;
2. Training to meet current and future needs of business, industry, and labor;
3. Articulation between program offerings, K-adult, on local, regional, and state-wide efforts;
4. Research, and
5. Program improvement—revising and updating programs and services to meet the changing needs of business, industry, labor, and government.

For higher education, and all of education, to be recognized as a partner in the economic development process, along with business, industry, and government, planned and cooperative efforts are needed between the public and private sectors. Roles and responsibilities of all the groups involved need to be defined and recognized.

Business, industry, labor, government and education can no longer operate independently to achieve economic growth. Given the necessity for economic growth during this time of declining resources, efforts need to be systematically planned and coordinated. The groups each have primary roles in meeting the goals of human development, job development, and community development.

Education in East Central Illinois is definitely contributing to economic development, but could be much more effective if:

1. Education would be packaged and marketed as a resource—when business seeks a site in which to locate, they look for: (1) A community with an institution of higher education, for the environment enhances the quality of work for their employees; (2) educational resources for their families, and (3) training for their workforce.
2. More attention would be placed upon upgrading and retraining—if businesses and industries are to remain competitive in world markets they need to keep pace with the ever changing technology—retention assistance needs to be provided to the businesses and industries presently located in East Central Illinois.
3. Programs would be marketed to meet the needs of the non-traditional student, the adult from the business community wanting enrichment as well as knowledge and skills to be applied on the job.
4. Representatives from education would be recognized as a vital component to industry recruitment teams.
5. Responses to requests from the business community regarding training needs would be acted upon quickly, creatively, and with flexibility.
6. Research would be conducted related to new products, new services and new markets.
7. The concept of life long learning would become accepted by all ages.

It has been said that the best offense is a good defense. If education, business, industry, labor and government join forces as partners, the outcome of economic development can and will be realized: increased productivity and satisfaction from work; increased employment opportunities; and improved quality of life.

Mr. BRUCE. Thank you, Carol.

Mr. Hayes, do you have questions of this panel?

Mr. HAYES. Let me get from you, Mr. Everhart, some census of the enrollment at the University of Illinois. I have heard rumors. What is your total enrollment?

Dr. EVERHART. The total enrollment at the University of Illinois, at this campus, is 35,000 students.

Mr. HAYES. And what percentage of that is minority?

Dr. EVERHART. The percentage of minority is about 10 percent. I may not have the numbers exact in my mind because I came here recently and I haven't memorized these numbers and was prepared for questions on economic development, sir. But there may be someone in the audience who knows.

VOICE. It is way less than that.

VOICE. I think there are about 4 percent black students and about 2 percent Hispanic students, and about 5 percent Asian-American students.

Dr. EVERHART. So it is about 11 percent in total, including Asian-American students.

Mr. HAYES. The tragedy that we are confronted with is that number will decrease, it would seem obvious to me, if the current proposals of budget cuts go through by the administration.

Dr. EVERHART. Well, I agree with you in general, but for this campus, I would like to report that President Ikenberry and I have identified increasing minority enrollment on the campus as one of our major initiatives. In this last week, for example, on Tuesday we held a luncheon in Chicago for something like 160-plus of the top black students from the Chicago schools, most of them predominantly minority schools. Most of these students who came to the luncheon were black students. They are excellent students. They are certainly capable of being admitted to this university. We are trying very hard to recruit them and attract them to the university, with some success.

We have not gone out in that recruiting mode quite as actively in the past. While I agree with you, we have a problem, and what is being proposed in financial aid by the administration and would impact that problem and make it worse. We are trying to counterbalance that by our own initiative.

Mr. HAYES. You are for the Education Restoration Act being—

Dr. EVERHART. Yes. I had thought other people for the university had already testified to that and we were trying to balance—

Mr. HAYES. Yes, but when you say "Chancellor", to me I see you as being up there at a real policymaking level. Am I right?

Dr. EVERHART. I hope so. [Laughter.]

On the other hand, I do report to President Ikenberry. I noticed he was on the panel this morning. That was his role to speak to that, and mine to speak to economic development. So I should have said just right off that I agreed with whatever the president said and now I'm going to talk about economic development.

Mr. HAYES. Mr. Rives, you're from eastern Illinois. Is that around Jacksonville, somewhere in that area?

Dr. RIVES. No, sir, it's at Charleston, IL, which is 50 miles direct south of here.

Mr. HAYES. You made your position very clear. You are for the educational restoration act, is that right?

Dr. RIVES. Yes, sir.

Mr. HAYES. I'm not too sure of your position, Mr. Foote. I want to get it clear. I looked at the summation of your statement and I was a little bit confused. You said you listened to the President the other night and you expressed, I guess, complete agreement with him.

Mr. FOOTE. Well, I don't know about complete agreement.

Mr. HAYES. Well, let me just read it. You said "The Chamber of Commerce supports the Reagan administration on this important task—" talking about reducing the deficit, and I do, too. But I don't like the way it is being done and I am going to oppose some of the ways he proposes to reduce the deficit. I want that clearly understood.

In your statement you say, "However, the President also mentioned the need to strengthen the Nation's educational system," which is true. "And he further mentioned the importance of reestablishing our balance of trade," which is all right. "The points I have raised this morning may be a cost efficient and nonbudget busting method of providing new educational techniques. . ."

I happen to think some of the proposals you make are cost efficient.

Mr. FOOTE. I hope so.

Mr. HAYES. After all, most of the chambers of commerce around the country have great influence on this administration. I would hope that you convey the position of your group here to the Secretary of Education so that we might be able to turn around some of the proposed cuts that are now being made as it impacts adversely, particularly on the disadvantaged.

Mr. FOOTE. I certainly will.

Mr. HAYES. You did mention, too, in your statement—I think it was you—that as you deal with this whole problem of trying to develop a mature critical mass program in the area here, there is a terrific reservoir of students out there who might help resolve that problem, but are going to be deprived of that privilege if these proposed budgets are carried out. I just wanted to bring that out.

Thank you, Mr. Chairman. I was just trying to get some help from my colleague from the chamber of commerce.

Mr. BRUCE. Very good.

Mr. FOOTE. Just one comment, Congressman Hayes.

The reason we made the point regarding the critical mass is that there are many people out there that aren't going to be able to take advantage of a full college education, and yet there is a missing component out there in the business world, in Champaign-Urbana and many other places, where those people, if they are trained properly, could fill in and create jobs and really help this area and many other areas grow.

Mr. HAYES. There is no question about that.

Mr. BRUCE. I would be curious to your reaction to this idea. We have a very successful State Agricultural Extension program operated through the University of Illinois. In each county, an agricultural extension adviser is placed to help the agricultural communities.

Have we learned anything from that model, that could apply to an extension office in each county for business and economic development? What would be your reaction to a proposal for a cooperative extension service for business located together with an agricultural extension office or in other locations within a community, for instance through our educational community colleges or through the senior institutions, like Eastern and the University of Illinois?

Ms. SANDERS. Just this past week I met with the Chair of our agricultural division. We were talking about ways in which we could

coordinate efforts to meet the needs of the whole agricultural area in our area of the State. We were talking about the agricultural extension advisers in the process. Perhaps we could meet with them and combine some efforts with them.

The need was identified to help the farm industry to learn to develop business plans. They are very definitely small businesses. They need assistance in financial planning. In the past, for the most part, they started out very small and did not really have any goals as to where they hoped to go in 1, 2, 3, or 4 years, and didn't plan as they should have planned. Consequently, now they find themselves in trouble. Also, we want to bring in the banks as a part of that training.

Mr. BRUCE. Do you think we should start an extension office like agriculture, only for business?

Mr. FOOTE. I don't know exactly what the model would be, but there are certainly some needs out there. In regard to agriculture, I think we find here and in a lot of places in Illinois there is a growing biotechnology area, an area that is probably going to explode in the next 15 to 20 years. We're going to see a lot of private sector interest in the biotech area. That certainly is an agricultural-related area and should be brought in.

I know the University of Illinois has a new biotechnology center underway now, and I am not exactly sure how that is funded or too much about it.

Mr. BRUCE. We fund it, and I'm trying to get the money for it.

Mr. FOOTE. Good. Let's have some more.

Mr. BRUCE. Mr. Everhart?

Dr. EVERHART. If I interpret your question correctly, it is not should we do something a little different with agricultural extension, but shouldn't we have an entirely different extension service—

Mr. BRUCE. That's correct.

Dr. EVERHART [continuing]. Which is to help in economic development, particularly small businesses, across the State. I think, while that would require some study, that might be an interesting thing to do on a pilot basis in a few counties—

Mr. BRUCE. Absolutely.

Dr. EVERHART [continuing]. To test the waters, as it were.

It seems to me, as we look ahead in the next 10 or 20 years, the types of businesses that one wants to develop, are likely to be quite different than the types of businesses we have had in the past. What you really need to develop those types of businesses are two or three people who have an idea and have a commitment to it, to provide the leadership for that type of business, who may have technical skills but lack managerial skills, for example. So one would like to help with sort of a financial support structure, a managerial support structure, to go with probably the technical skills that will be essential to start many of these businesses.

There will be other types of businesses that will be new that won't be manufacturing new high tech things but they may be servicing things. For example, 10 years from now most homes will have a personal computer. We may not have a very good infrastructure to service those personal computers, particularly in some of the smaller towns in the State. I would think that would be a

fast growing business that is part of the infrastructure of the information age, which is not yet in place. So for businesses of that sort, that might be a very attractive idea to try to implement.

Mr. BRUCE. It is interesting to me that as I travel throughout the district, in almost every county in my district, if I had a problem with stock pens for feeder cattle I could go into an office in the smallest county and there would be a whole rack of brochures telling me everything from how to grow wheat, what the yields were in various counties, every particular seed that was produced and grown in Illinois, and how to process honey.

But if I have a problem with the IRS or problems with any kind of computer, basically I'm at the will of the lawyers in the community with an IRS problem, or with the computer, I have to go back to the company. There is no one who says, "Here are all the different computer programs you can do for setting forth your books." We can have, as the cooperative extension does, small seminars for businessmen. Anyway, it seems to me to be something we ought to consider.

Dr. EVERHART. One thing that might be helpful in every county of the State would be an information office which has two or three people that are really aware of all of the information they can have immediate access to via computer and via telephone line. For example, if you have a computer any place in any home in the State of Illinois on a communication network, you can dial up our library and you can have access to our entire library card catalogue and the card catalogues at eight other libraries in the State of Illinois, and you can order a book from any one of those libraries. You can find out what is there and you can order to have it mailed to you and borrow it on a library loan, from our library or any of these other libraries.

My guess is very few people in the State are taking advantage of that. You know, you can get the Dow Jones Index and a lot of other things in exactly the same way. We really haven't started to think in these terms. The information is available but the citizens of the State are not taking advantage of it.

Mr. BRUCE. President Rives?

Dr. RIVES. Well, if Dave Pierce were still here, I believe he would comment that, de facto, we are moving in that direction through the community college system. Carol described quite adequately what is going on at our local community college. We are also involved in that kind of activity through a community business assistance center which is aimed directly at not only new but existing businesses coming to us and saying "We have this kind of a problem." We attempt, within the limit of our resources, to deal with those problems. It is an excellent laboratory for our faculty and our senior level students.

I think the concept of the extension model is a very good one. I would comment, Terry, that I think it is almost, de facto, happening through the community college system. I am pleased to see the Illinois Board of Higher Education identify one of its top priorities as economic development.

Maybe the one thing I didn't get said—because I sincerely believe that direct student financial aid must be the highest priority—I think it might make some sense in your consideration of the

reauthorization act to perhaps dig out and make a separate section of this business about economic development which is becoming an increasing priority, certainly in this State, as well as the Nation. Instead of attempting to address that in a number of places, maybe that would create a good, new section, and maybe that model is very much worth exploring.

Mr. BRUCE. Stan, I would just comment that I agree with you that the community colleges are doing a kind of economic development. What I worry a bit about is that we have the Department of Commerce and Community Affairs (DCCA), community colleges and everyone else getting into the business. It seems to me it might be handy to have, as it says in all those posters across the State of Illinois and across the United States, "Federal, State and local cooperation." That's why it is called a cooperative extension office. It might be nice to have on your campus a chamber of commerce, a union representing everyone else, all knowing that if they went to one place called a "cooperative extension office for economic development", you would administer it in some areas, they would administer it in some areas, DCCA in others, and the chambers of commerce in others. With Federal, State and local cooperation we could possibly get some developing accord of what it is we are all trying to do.

Thank you, Mr. Chairman. I will return the meeting to you.

Mr. FORD [presiding]. Thank you. I want to thank the panel. It was a good panel. When I saw it on paper, I thought it was going to be too diverse to bring it together, but you have more in common than I expected. You were very helpful to us.

We will break the meeting for lunch and start up again at 1:30 in this room.

Our panel will be Larry Matejka, executive director, Illinois State Scholarship Commission; Dr. Glenn D. Williams, vice president for student affairs, Eastern Illinois University; Mrs. Delores Geiger; Dave Edquist, past president of University of Illinois Student Government Association; Barry M. Roberts, assistant marketing officer, Mt. Carmel Security Bank & Trust; and John Hanley, executive vice president, Chauffeur's Training School, Inc., Charleston, IL.

[Whereupon, at 12 noon, the subcommittee was in luncheon recess, to reconvene at 1:30 p.m. the same day.]

AFTERNOON SESSION

Mr. BRUCE [presiding]. The meeting will reconvene.

In the absence of Congressman Ford who has had to return to Michigan, I will chair the meeting. I am Terry Bruce from the 19th District. We are happy to have with us Congressman Charles Hayes from the First District of Illinois in Chicago, who will be with us for the remainder of the hearing.

This afternoon we have two panels: a panel on student financial aid under title IV, and another panel on special issues in higher education that are related but very diverse.

We have with us on the next panel Mr. Larry Matejka, who is executive director of the Illinois State Scholarship Commission and a good friend of mine. I am happy to see Larry having a chance to

testify. Glenn Williams is vice president for student affairs at Eastern Illinois University, and they have been very helpful. Mrs. Dolores Geiger, who is a parent, and we will have a chance to have her comments as it relates to student aid and how it relates to parents throughout the State of Illinois and the Nation. Also, David Edquist, who is past president of the University of Illinois Student Government Association. Mr. Barry Roberts, a marketing officer with the Mt. Carmel Security Bank & Trust at Mt. Carmel, IL. He has kindly consented to drive the farthest I believe, to have a chance to testify. And last is Mr. John Hanley, who operates a chauffeurs training school in Charleston and will speak from the proprietary school perspective as it relates to student financial aid.

We have asked each of the members to try to limit their comments to 5 minutes. We know how much of a limitation that is. Then after having completed the presentations, we will ask questions and try to have some interaction between the panel and the committee.

Mr. Matejka, if you would begin.

STATEMENTS OF LARRY MATEJKA, EXECUTIVE DIRECTOR, ILLINOIS STATE SCHOLARSHIP COMMISSION; GLENN D. WILLIAMS, VICE PRESIDENT FOR STUDENT AFFAIRS, EASTERN ILLINOIS UNIVERSITY; DELORES GEIGER, ALHAMBRA, IL; E. DAVID EDQUIST, PAST PRESIDENT, UNIVERSITY OF ILLINOIS STUDENT GOVERNMENT ASSOCIATION; BARRY M. ROBERTS, STUDENT LOAN OFFICER, SECURITY BANK & TRUST CO., MT. CARMEL, IL; AND JOHN F. HANLEY, VICE PRESIDENT, CHAUFFEUR'S TRAINING SCHOOL, INC., CHARLESTON, IL

Mr. MATEJKA. Thank you, Mr. Chairman. I welcome this opportunity to comment on the reauthorization and the concerns of the State Scholarship Commission of Illinois about Federal Student Financial Aid Programs.

Deliberations on reauthorization are perhaps more intense this year than usual because we are not looking to improve programs so much as we seem to be looking at ways to reduce costs. Before sanctioning any changes to the Federal Aid Programs, the fallout, both short and long term, I feel needs to be examined. The purpose of this hearing should augment that process.

Since the founding of our country some two centuries ago, our wisest leaders have consistently recognized the paramount importance of education of our citizens to the effective functioning of the Nation's political system. Similarly, in this century, the role of education in the effective performance of the Nation's economic system has been recognized as job growth has occurred in sectors of the economy requiring increasingly better educated manpower.

More recently, education has assumed a central role in the design of the Nation's social system based on equality of opportunity and awareness and sensitivity of the richness and diversity of our heritage. We believe that education of our citizens provides the fabric which defines our Nation in all of these dimensions and carries that tradition forward in time through the continual regeneration of our human resources.

We all recognize that education costs money—in fact, we're beginning to recognize it costs a great deal of money. In 1981-82, State and local governments in this country spent well over \$150 billion on education for their citizens, and private educational institutions added billions more to that total. Many students obviously pay a significant portion of the cost of their education, but not all students have the resources to pay tuition and fees, books and supplies, food, housing, transportation, and the other costs related to college enrollment.

Because our political system requires an educated citizenry, and because our economic system requires trained manpower, and because our social system requires true access to the many opportunities made available by education in our Nation for all of its citizens, we educate, we train, and we equalize. We could not have achieved our present status without those commitments. They remain the foundation of governmental service to its citizens.

Periodically we are reminded of the efforts required to provide these commitments. At such times, the commitments are reaffirmed, sometimes redefined, and ultimately renewed. In October 1957, when the Soviet Union launched Sputnik, the Nation reexamined its educational commitments in detail and in breadth. Racial strife in the sixties led to another reexamination. Economic dislocation in the eighties has prompted another examination of our commitments to educate, to train and to equalize—a process which is far from complete. These efforts are characteristic of the political, economic and social system geared toward the welfare of citizens, namely, democratic.

At each of the national crises that provoked a reassessment of our fundamental commitments to educate, train and equalize, we have reexamined the role of public investments in the education of our citizens. In 1958, as a part of the national reassessment following the launching of Sputnik, both the Federal Government and the State of Illinois initiated student financial aid programs to encourage the training of our most talented youth in fields judged important to national and State interest, such as science and education.

During the racial turbulence of the sixties, we formulated the war on poverty and redesigned and expanded support for student aid programs based on financial need. Now in the eighties, with the process still incomplete, we are once again assessing the consequences of economic upheaval and political change.

When the Federal Government enacted the National Defense Education Act in 1958, the State of Illinois enacted the State scholarship law. In the intervening 2½ decades, a variety of loan, work-study and grant programs were developed at both the Federal and State levels, often in partnership, but always with the common end of helping students meet their educational costs. A significant combination is the Pell grant, created in 1972 to focus on access, and the State grant programs, which were created in 1959, most of which were directed toward paying tuition and fees.

In Illinois we have a very effective Federal-State cooperative application and aid delivery system which we may get into later.

The creative and subsequent growth of the Pell Grant Program in the seventies gave needy students what, in retrospect, appears to

be the most bountiful years of student aid when combined with State aid programs that this country has ever known. But that situation was fairly short lived.

An expected outgrowth of limited grant aid, which is seeming to occur recently, would be an additional reliance on loans as a source of funding for college, and this pattern seems to have emerged. In 1981-82, Illinois students borrowed over \$252 million and for the first time, in a recent survey, Illinois institutions indicated that loans represented the largest portion of student financial resources, far exceeding gift assistance. The Guaranteed Loan Programs alone constitutes one-third of all the student financial aid available to Illinois graduate students. If we continue to increase the student's and family's obligation to pay for college, then the Guaranteed Student Loan Program could become something more than it was originally designed to be.

I have provided to the staff a copy of the National Council of Higher Education Loan Program's position paper on reauthorization. There are several details that are spelled out in there. I have some specific comments and recommendations on the reauthorization which are included in my written text. I will not go into that verbally at this point.

As the Congress begins to seriously address reauthorization, especially of the guaranteed loan and the other student aid programs, a host of proposals will be set forth. Many of them have come forth already. These proposals, as we see them, seem to focus attention on redefining the Federal role in higher education. This represents a major policy shift from the direction that Congress has followed for the past 20 years. Many of the proposals which have surfaced directly attack the fundamental objectives which the Student Aid Programs have attempted to achieve. These objectives include the promotion of access to, choice among, and retention in, the higher education enterprise for needy students.

I would hope that the Congress, in its review of the Title IV Programs, will not just examine the cost of the programs but the success which has been achieved under the current structure. A fundamental threshold question that needs to be asked is whether the benefits in the development of human capital which have resulted from the student aid programs exceed the cost of the programs.

The decision to utilize private capital through the Guaranteed Student Loan Program has resulted in the leveraging of billions of dollars of private capital into the mainstream of higher education. This use of credit to finance higher education has surely resulted in millions of young people having the opportunity to pursue post-secondary education at the institution of their choice, an opportunity which would not have been available to them without private capital and an opportunity which has resulted in a more educated and productive society.

A basic premise behind the operation of the Guaranteed Student Loan Program has been one of shared responsibilities and shared risks among students, lenders, and the State and Federal Government. While the effectiveness of the program is dependent upon the availability of private loan capital, lender participation and lower default rates are enhanced by a more viable secondary market activity and decentralized State-based program administra-

tion. All these contribute to increased access to student loans and subsequently increased access to higher education.

While we are faced with some difficult issues and decisions regarding student financial aid, we cannot forget the importance of those decisions over the long term. Certainly there are areas where savings can be made without affecting the concept of equal educational opportunity that the State and Federal Government have worked together to promote. Our programs should continue to be cohesive and to work in a complementary relationship with each other for maximum leverage.

Similarly, a delivery system which can be utilized by all students to Federal, State, and institutional aid resources can only serve to simplify, expedite, and create a better awareness of the financial aid process.

Finally, thoughtful communication and planning is a must between the State and Federal Government in order to enhance the cooperative working relationship we have enjoyed for so many years. I trust that hearings such as this will continue to contribute to that process and will serve to benefit students and higher education as well.

I would be pleased to respond to questions you will have.

[Prepared statement of Larry Matejka, with attachment, follows:]

PREPARED STATEMENT OF LARRY MATEJKA, EXECUTIVE DIRECTOR, ILLINOIS STATE SCHOLARSHIP COMMISSION

INTRODUCTION

I welcome the opportunity to comment on the concerns of the Illinois State Scholarship Commission about federal student financial aid reauthorization issues. Deliberations on reauthorization are more intense than usual because we are not looking to improve programs so much as we are to reduce costs. Before sanctioning any changes to the federal aid programs, the fallout both short and long-term, needs to be examined. The purpose of this hearing should be to augment that process.

My comments today will focus on three topics. First, I want to comment on the environment in which reauthorization takes place, then on the federal and state partnership in providing equal education opportunity for financially needy students in higher education. Finally I will address some proposals which could effect student eligibility for the Guaranteed Student Loan Program. This particular program is the largest source of student financial aid for Illinois students and I am concerned about the continued availability of loans while at the same time cognizant of the weighty cost to the federal government and national taxpayers.

THE REAUTHORIZATION ENVIRONMENT

Since the founding of our country some two centuries ago, our wisest leaders have consistently recognized the paramount importance of education of our citizens to the effective functioning of the nation's political system.

Similarly, in this century, the role of education in the effective performance of the nation's economic system has been recognized as job growth has occurred in sectors of the economy requiring increasingly better educated manpower.

More recently, education has assumed a central role in the design of the nation's social system based on equality of opportunity and awareness and sensitivity of the richness and diversity of our heritage. We believe that education of our citizens provides the fabric which defines our nation in all of these dimensions, and carries that tradition forward in time through the continual regeneration of our human resources.

We all recognize that education costs money—a very great deal of money. In 1981-82 state and local governments spent well over \$150 billion on education for their citizens, and private educational institutions added billions more to that total. Many students obviously pay a significant portion of the costs of their education. But not all students have the resources to pay tuition and fees, books and supplies,

food, housing, transportation and the many other costs faced in the collegiate enrollment decision.

Because our political system requires an educated citizenry and because our economic system requires trained manpower, and because our social system requires true access to the many opportunities made available by education in our nation for all of its citizens, we educate, we train, and we equalize. We could not have achieved our present status without those commitments. They remain the foundation of governmental social service to its citizens.

Periodically we are reminded of the efforts required to provide these commitments. At such times the commitments are reaffirmed, sometimes redefined, and ultimately renewed. In October of 1957 the Soviet Union launched Sputnik and the nation reexamined its educational commitments in detail and breadth. Racial strife in the 1960's led to another reexamination. Economic dislocation in the 1980's has prompted another examination of our commitments to educate, to train and to equalize—a process far from complete. These efforts are characteristic of the political, economic and social system geared toward the welfare of citizens, namely democratic.

At each of the national crises that provoked a reassessment of our fundamental commitments to educate, to train and to equalize, we have reexamined the role of public investments in the education of our citizens. In 1958, as a part of the national reassessment following the launching of Sputnik, both the federal government and the State of Illinois initiated student financial aid programs to encourage the training of our most talented youth in fields judged important to national and state interests such as science and education. During the mid-1960's, during racial turbulence, we formulated the War on Poverty and redesigned and expanded support for student aid programs based on financial need. Now in the 1980's, with the process still incomplete, we are once again assessing the consequences of economic upheaval and political change.

The reauthorization of federal student aid programs occurs, unfortunately, before we have reached a new national consensus on what our problems are and how they should be addressed. Therefore, what we undertake here today under the pressure of statutory reauthorization, may not serve us well, or for very long, or with the strong sense of commitment and purpose achieved when that national consensus has been reached. Our need to educate, to train, and to equalize are being reexamined now and the outcome is far from certain. Our steps initiated here today are tentative and probing, not sure of direction.

Despite these unresolved national commitments to educate, to train and to equalize, we know that in some form they should survive the period of reexamination. To preserve the national fabric, we must not lose sight of the original intent which molded the development and character of student aid programs.

THE FEDERAL-STATE PARTNERSHIP

When the federal government enacted the National Defense Education Act in 1958 the State of Illinois enacted the State Scholarship Law. In the intervening two and a half decades, a variety of grant, loan, and work-study programs were developed at both the federal and state levels, often in partnership, but always with the common end of helping students to meet their educational costs. A significant combination is the Pell Grant, created in 1972 to focus on access, and state grant programs, most of which were directed toward paying tuition and fees.

Another dimension of the federal and state partnership to improve access and choice, and more personal to Illinois, was our decision to allow Illinois students to apply for the state grant in 1982-83 by using one of the multiple data entry forms as opposed to a separate application. The result has been to simplify the application process for students and to increase the awareness of the relationship between federal and state programs in financing higher education.

This approach to processing has also allowed us to tie in not only to the national processing calendar, but to the nationally accepted need analysis as well. We feel the utilization of a central processor is more efficient, less costly, and therefore represents a lower cost to the taxpayer. The centralization of processing also allows the Scholarship Commission to regulate the combination of its process and announcements more efficiently with that of the Pell Program.

Some would seek to criticize a centralized processor because it disenfranchises the student. Our finding has been that at the state level we have more time to provide information and counsel individual students because we aren't spending time duplicating processing efforts.

While funding levels are important, there are other considerations which greatly affect access and choice. One of these is the delivery of financial aid. Delays in making announcements of awards to students affect access and enrollment decisions. Many of the inherent problems with the delivery of aid could be corrected with timely decision-making. Factors such as what type of validation procedures are to be used, the payment schedule, and the formula to calculate eligibility, must be determined on a timely basis unless we seek to propagate uncertainty which can be as damaging to student enrollment decisions as the lack of sufficient funds.

While the delivery system remains critical to the processing of Illinois student grants, we have considered further piggy-backing in order to expedite and regulate the aid application process. Every student in Illinois who wants to apply for a state grant must first file a need analysis form with the federal processor and thereby automatically is considered for a Pell Grant first. The proposal we've considered is to have all Guaranteed Loan applicants as well as state grant applicants apply first for the Pell Grant thereby insuring a coordinated application process and accessibility of all aid applicants in Illinois to grants prior to using loans.

The financial aid community in Illinois recommended that we not enter into such a processing system for the Guaranteed Student Loan, primarily because of potential delays in the federal processing calendar and perceived resistance from non-Pell applicants. Many institutions believe that students need to apply for loans at about the same time they apply for grants in order to know the total financial resources which would be available to them early enough to make enrollment decisions.

This linking of the delivery process nevertheless should be a desirable goal to simplify the financial aid process for parents and students.

GUARANTEED STUDENT LOAN ELIGIBILITY

The creative and subsequent growth of the Pell Grant Program in the 1970's gave needy students what, in retrospect, appears to be the most bountiful years of student aid when combined with state aid programs that we have known. But that situation was fairly short-lived.

Over the last few years we have experienced a substantial increase in the number of aid applicants in Illinois. Applications increased by 50 percent between 1981 to 1984. A new application processing system was part of the reason for this increase but the economic recession was just as much a contributory factor. College costs also increased in response to inflation and together these increases, served to negate dollar increases in state and federal grant aid. While we're assisting more students than we did in 1981, we're helping them at a lower level of support.

An expected outgrowth of limited grant aid would be additional reliance on loans as a source of funding for college and this pattern seems to have emerged. In 1981-82, Illinois students borrowed over \$252 million and for the first time, a survey of Illinois institutions indicated that loans represented the largest portion of student financial aid resources, beating out gift assistance. The Guaranteed Loan Program alone, constitutes one-third of all the financial aid available to Illinois graduate students. If we continue to increase the student's and family's obligation to pay for college, then the Guaranteed Loan Program becomes more than it was originally designed to be.

The National Council of Higher Education Loan Programs, NCHLP, has prepared a position paper on the reauthorization of the Guaranteed Student Loan Program and other Title IV Programs. I have made copies of this paper available and in general we support the recommendations put forth by NCHLP. But I would like to comment on a few specific reauthorization proposals and their potential impact on students in the Guaranteed Student Loan Program.

The primary concern which seems to be driving reauthorization proposals related to the Guaranteed Student Loan program is limiting student eligibility for the program in order to reduce the amount of subsidy the federal government has to pay for the program. Because the loan program was originally designed to be a resource for middle-income families, we would suggest that the concept of need analysis be applied toward determining eligibility for a loan subsidy and not in determining eligibility for a loan. Reduction of the federal subsidy can still be accomplished by setting qualifications for federal interest benefits but at the same time keeping educational loans available for families who may not qualify for the interest subsidy.

Another proposal has been to set an \$8,000 college cost cap on student aid. This means that if the total college cost is \$12,000 and the student's family could contribute \$6,000, the most aid the student could receive would be \$2,000. This obviously is directed to eliminating needy students from enrollment at private institutions. Proposals such as this are being pedaled as a mechanism to reduce federal involvement,

reduce taxpayer costs, and return control to the state level. The result however, would be increased enrollment at public institutions, increased state subsidies, increased state taxpayer costs, and reduced equal educational opportunity.

As the Congress begins to seriously address reauthorization of the Guaranteed Student Loan and other Title IV Programs, a host of proposals will be set forth. The proposals we've already seen seem to focus attention on redefining the federal role in higher education. This represents a major policy shift from the direction that Congress has followed for the past 20 years. And many of the proposals which have surfaced directly attack the fundamental objectives which the student aid programs have attempted to achieve. These objectives include the promotion of access to, choice among, and retention in, the higher education enterprise for needy students.

I would hope that the Congress, in its review of the Title IV Programs, will not just examine the cost of the programs, but the success which has been achieved under the current structure. A fundamental threshold question that needs to be asked is whether the benefits in the development of human capital which have resulted from the student aid programs, exceed the cost of the programs.

The decision to utilize private capital through the Guaranteed Student Loan Program has resulted in the leveraging of billions of dollars of private capital into the mainstream of higher education. This use of credit to finance higher education has surely resulted in millions of young people having the opportunity to pursue post-secondary education at the institution of their choice, an opportunity which would not have been available without private capital and an opportunity which has resulted in a more educated and productive society.

A basis premise behind the operation of the Guaranteed Student Loan Program has been one of shared responsibilities and shared risks among students, lenders and the state and federal government. While the effectiveness of the program is dependent on the availability of private loan capital, lender participation, and lower default rates are enhanced by more viable secondary market activity and decentralized state-based program administration. All these contribute to increased access to student loans.

Within the last month, an arbitrary pronouncement by the federal government has threatened the stability of the long-standing relationship between the state and federal governments in administering the Guaranteed Loan Program. Twenty years ago, when we made a commitment to process loan applications and collect on defaulted loans for the GSL program, it was with the understanding that we would not incur any administrative costs. We did understand that we would incur the costs associated with increased default reimbursements when we tripped the federal reinsurance trigger and took steps to prepare for that eventuality. We did understand that we might lose the federal seed money. But we did not understand that we might suddenly lose Administrative Cost Allowance funds.

The loss of the ACA especially when coupled with any other reductions which affect administration, would cripple our ability to continue processing loan applications and collecting on defaulted loans. But our primary concern is the capriciousness with which the decision was made and our lack of opportunity to provide input. I hope this does not signal the beginning of a major change in the mutually beneficial working relationship we've had for 20 years, a relationship which has benefitted thousands of Illinois students.

CONCLUSION

While we are faced with some difficult issues and decisions regarding student financial aid, we cannot forget the importance of those decisions over the long-term. Certainly there are areas where savings can be made without affecting the concept of equal educational opportunity that the state and federal government have worked together to promote. Our programs should continue to be cohesive, and to work in a complementary relationship with each other for maximum leverage.

Similarly a delivery system which can be utilized by all students to federal, state, and institutional aid resources can only serve to simplify, expedite, and create a better awareness of the financial aid process.

Finally, thoughtful communication and planning is a must between the state and federal government in order to enhance the cooperative working relationship we have enjoyed for so many years. Hearings such as this contribute to that process and such efforts can only serve to benefit students.

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**POSITION PAPER ON THE
REAUTHORIZATION OF
THE GUARANTEED
STUDENT LOAN PROGRAM
AND OTHER
TITLE IV PROGRAMS**

Revised
April 11, 1985

POSITION PAPER ON THE
REAUTHORIZATION OF THE GUARANTEED STUDENT LOAN PROGRAM
AND OTHER TITLE IV PROGRAMS
REVISED
April 11, 1985

INTRODUCTION

This NCHELP position paper proposes to make 26 specific recommendations around three major themes:

1. Reaffirmation of the fundamental soundness and effectiveness of the GSL Program.
2. Simplification and stabilization of the GSL program.
3. Realistic distribution of cost for the GSL program.

In reaffirming the soundness and effectiveness of the GSL Program it is important to emphasize that the GSL Program is the major source of financing postsecondary education today. It should also be pointed out that Congress has made thoughtful decisions in order to make the GSL Program operate as a viable credit mechanism, depending primarily on private loan capital.

and to promote effective decentralized, state-based program administration. Our position on reauthorization reaffirms the need for stability and Congressional commitment to protect lender incentives to participate and to maintain a high level of access to all eligible students in every state.

THE FUNDAMENTAL SOUNDNESS AND EFFECTIVENESS OF THE GSL PROGRAM

Since its beginning in 1965, the GSL Program has provided over \$50 billion dollars in loans to students pursuing post-secondary education. During this same period, the Program has evolved into a decentralized state-based mode of administration which has contributed much to the overall success of the Program. This success can be measured in terms of broader, more active lender participation, greater access to student loans, more viable secondary market activity, and lower default rates in state guarantee agency operations than occurred under the centrally-administered FISL Program.

In the coming months Congress will consider the reauthorization of all federal student assistance programs. Serious questions will be raised concerning the future role of the federal government to meet the nation's needs for trained manpower, to provide economic stability, to control inflation, to encourage excellence in our educational system, and to meet the

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ever-changing demands of a rapidly developing technological society. Congress will re-examine its long-standing commitment to provide equal educational opportunities to the American people and hopefully move forward to renew that commitment and to expand its support for all Title IV student assistance programs.

In the belief that the GSL Program is a cornerstone in the nation's effort to remove financial barriers to postsecondary education and that, overall, the GSL Program is fundamentally a sound and effective means of removing financial barriers, three major recommendations are offered:

1. Recognizing a need for a proper balance between grant funds and loan funds for needy students, substantial increases should be made to the federal grant programs to insure that needy students are not overly reliant on loans to meet their educational costs, particularly in the lower division undergraduate student population. GSL default experience will definitely be affected by the funding balances achieved for grants and loans to needy students in the years ahead.
2. The GSL Program should be maintained and enhanced to:
 - (a) assure the proper funding balance between available loan and grant funds to needy students as described in Recommendation #1.
 - (b) protect the true entitlement concept of the Program.
 - (c) encourage private lender participation in the Program by maintaining the current special allowance rates.

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- (d) insure the continued state or private, nonprofit responsibility for administration of the Program, and
 - (e) maintain a stable environment in which to provide an adequate supply of loan capital.
3. Provide total access to student loan capital to meet determined eligible educational costs to all eligible borrowers in every state by:
- (a) requiring a state-approved mechanism to provide a public or private lender-of-last-resort program to be made available in that state to assure access to subsidized loans.
 - (b) increasing the annual and aggregate loan limits according to the following schedule: as of the effective date of the legislation, the annual limits shall be \$4,000 for undergraduate students and \$8,000 for graduate students; the aggregate limits shall be \$20,000 for undergraduates and \$40,000 for graduate students. Congress should periodically review these limits.

THE NEED FOR GSL PROGRAM SIMPLIFICATION AND STABILITY

Since 1958, the number of federal student aid programs has multiplied and evolved into a very complex, difficult to administer, highly overregulated matrix we call the "student aid

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delivery system". At almost every legislative opportunity, attempts to simplify these programs have been debated, discussed, and ultimately discarded with few positive results. This continued proliferation, as well as the complexity of student aid programs, has made total access for students and the removal of financial barriers more difficult with the passage of time and regulations. If Congress and the higher education communities are serious about moving forward to fulfill our national commitment to provide equal educational opportunity for all eligible students, then meaningful steps must be taken now to simplify student aid programs. No less important is the need to reauthorize the programs within a framework that provides conciseness and stability, assuring eligible students and their families that student aid funds will be available in the years ahead. In this context the following recommendations are made:

4. Incorporate all federal Title IV student loan programs into the GSL Program (NDSL and FISL). Since FISL is being terminated administratively by the Department of Education, it should be eliminated legislatively. For institutions participating in the NDSL Program, allow them to continue an institutional loan program (at the option of the institution), or, as eligible lenders under the GSL Program, to utilize NDSL funds in their need-based grant and/or a work-study program. This would provide additional assurances to the institutions of the continued availability of loan

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capital for students served by these programs and also provide a guarantee of the fund corpus which they do not now enjoy. The guarantee provided these loan funds would apply only to new borrowers after the effective date of this legislation.

5. Restructure the legislation authorizing the PLUS/ALAS Programs to clarify the goals of what really are two separate programs and simplify the administration of these programs in order to increase the supply of loans available to meet the needs of both parents and students as follows:
- (a) The current section authorizing the Auxiliary Loans to Assist Students Program (Section 428-B) of the Higher Education Act should be replaced with two sections: one authorizing a supplemental, nonsubsidized loan program for students and a second authorizing Loans for Parents. This new Supplemental Student Loan Program would have the following features:
- (1) The maximum interest rate would be market rate (defined as Treasury-bill plus 3.5 percent), with a cap of 12%; special allowance payments would be made if interest rates rose above 12%
 - (2) Students, at the option of the lender, would be given a choice of paying the interest while they are in school or having the interest capitalized at the close of each calendar quarter.

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- (3) Dependent undergraduate students, as well as graduate students and independent undergraduate students, would be eligible for these loans.
- (4) The annual loan limit would be \$4,000 and the aggregate loan limit would be \$20,000. These limits would be in addition to any amounts borrowed through the GSL Program, not to exceed the total cost of education minus other financial aid, not including parent contributions.
- (5) The loans would have the same repayment terms and grace periods as regular GSL loans. Special allowances would be paid, if market rate rose above 12%. These loans should have the same consolidation provisions as regular GSL loans. In summary, the nonsubsidized supplemental loans should have exactly the same terms and conditions as the regular Guaranteed Student Loans with two exceptions: the interest rate of T-bill + 3.5%, capped at 12%, and the absence of the federal interest subsidy.
- (6) Notwithstanding the annual loan limits of this new Supplemental Nonsubsidized Loan Program, any students who have received loans in the past under Section 428-B should be able to refinance those loans under the new program.

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(b) The new Loans for Parents Program would have the following features:

- (1) The maximum interest rate would be market rate (defined as Treasury bill plus 3.5%), with a cap of 12%, and special allowances would be paid if interest rates rose above 12%.
- (2) Parents would be able to borrow \$4,000 per year for a student, limited to the total cost of education minus other financial aid, not including parent contribution. The student could be a graduate or undergraduate student. The aggregate borrowing limit would be \$20,000 per student. These amounts would be in addition to any amounts borrowed by students.
- (3) Other than deferments for unemployment, temporary disability and rehabilitation, and in-school status, parent borrowers would not be eligible for any of the deferments available to student loan borrowers.
- (4) When a parent borrows for a dependent child, the parent should be able to refinance any previous loans taken for that child and consolidate those loans with the new loan. This would include any loans previously taken out under the PLUS Program as previously authorized under Section 428-B.

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This consolidation opportunity should include old loans, including 14% loans, which would be refinanced at the (capped) market rate.

- (5) The maximum repayment period on parent loans would be ten years from the time a loan is taken out or refinanced.
 - (6) All other terms and conditions of the new parent loan program would be the same as the program currently in law.
6. Determine the eligibility of a student to receive a subsidized GSL by the method described below:

For students with an AGI (adjusted gross income) of over \$30,000, the maximum loan amount would be equal to total cost of education less financial aid received less a "credit eligibility index" (CEI). The CEI would be established by law, either by means of a formula or benchmarks for a table. The CEI would be used in the same manner as the current GSL Contribution Tables. Separate indices would be established for dependent students from one and two-parent families, and independent students who are married, single, or single heads-of-household. The CEI would be based on family size and the AGI in the tax year prior to the academic year in which the loan is made; however, campus aid administrators could exercise professional judgment in amending the CEI in those cases where there have been exceptional changes in family circumstances.

Students with AGI's under \$30,000 would not receive loans in excess of \$2500 for undergraduates and \$5000 for graduate students unless their eligibility is determined using the CEI. Any student eligible for less than \$500 but more than \$1 would receive \$500. The amount of the loan in combination with other aid could not exceed the total cost of education.

7. Changes specific to the administration of the GSL Program which would simplify and/or stabilize it include:

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- (a) The maximum repayment rule of 15 years should be eliminated.
 - (b) Half-time students should be allowed an in-school deferment.
 - (c) Standards for foreign school participation in the GSL Program should be established in statute.
 - (d) The initial grace period after the student's in-school period should be returned to a 9 month period. Borrowers with one or more loans eligible for a 6 month post-deferment grace period should receive the post-deferment grace on all their loans.
 - (e) Agencies should be permitted to retain a flat 30% of collections on accounts in default.
 - (f) The statute should provide that subrogation would not apply to an agency that, in any fiscal year, collects an amount equal to or greater than 4% of the total balance of loans in default at the close of the previous fiscal year.
8. Repeal section 438(d)(1)(G) of the Higher Education Act of 1965 and empower state-level secondary markets and/or direct lenders to generate student loan capital by use of public purpose, tax-exempt bonds in order to maintain an adequate and stable supply of loan capital, under the provisions of the Deficit Reduction Act of 1984.

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REALISTIC DISTRIBUTION OF COST OF THE GSL PROGRAM

In recent years with the dramatic increases in GSL volume nationwide and the unpredictably high interest rates at certain periods, there has been growing concern over the questions of controlling the costs of the GSL Program and who should share in those costs. Recognizing the need to structure the GSL Program in such a way as to distribute the costs in a reasonable manner to all parties involved (lenders, students, state guarantee agencies, and the federal government), one must approach the distribution of costs in a realistic manner which maintains as much equity as possible without threatening the viable role of any one of the parties. It should be recognized first and foremost that the major burden of cost must be borne by the federal government for the Program to work effectively in all states and to maintain total loan access to all eligible borrowers. No less important, it should also be recognized that the major cost-contributing factor, interest rates, must be controlled by the nation's overall economic and monetary policies and not by manipulation of the fundamental aspects of the GSL Program.

In meeting the challenge of providing a viable credit mechanism to remove financial barriers to postsecondary education in the years ahead, great care must be taken in the reasonable

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distribution of the cost of the GSL Program not to inhibit the Program's ability to:

- (a) provide total loan access to all eligible students,
- (b) maintain adequate and continued private lender participation,
- (c) promote a stable environment for maintaining an adequate supply of loan capital year after year, and
- (d) control student defaults at reasonable levels.

With these guiding principles in mind, the following recommendations are offered:

- 9. Eliminate the 5% loan origination fee.
- 10. Convert all subsidized GSL's to new borrowers to repayment at the same rate of interest as the unsubsidized programs (T-bill + 3.5%), variable quarterly, subject to a maximum rate of 12% in any quarter, in which case special allowance payments by the Federal government would be payable. The 10-year maximum repayment period rule would be modified by permitting the lender and borrower to agree to a repayment period extending beyond 10 years, but not to exceed 25 years, subject to adjusting the loan to market rates (T-bill + 3.5%), without a cap, for repayment periods extending beyond the 10th year.

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11. Increase the minimum monthly payment to \$75 for all new borrowers. It is unrealistic to recommend higher loan limits and longer repayment terms without corresponding increases to the actual minimum monthly repayment amounts.
12. Encourage and permit states to return all federal advances to the federal government within a reasonable time frame based on an independent determination of the overall financial condition of the agency's loan guarantee program. As state guarantee agencies become more firmly established financially, it is appropriate that some of the cost of the GSL Program be shared by them.
13. Limit the total fee charged to students (insurance premiums) to 3% of the loan amount. Guarantee agencies shall be authorized to charge a flat fee to all students.
14. Allow for loan consolidation by all eligible lenders and holders of loans in the GSL Program. In addition, guarantee agencies should have the ability to guarantee loans consolidated by eligible lenders within the state.
15. Apply Federal income tax refunds due to defaulted borrowers, at the request of the guarantor, to their defaulted loan indebtedness. Similar requirements have been successfully implemented at the state level in some states. It is not unreasonable for the federal government to use such leverage, given the ample opportunity a student has to repay the loan before such action would be taken.

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16. Enact Federal legislation to override existing State and local laws which prevent guarantee agencies from garnishing GSL defaulter earnings to collect on defaulted loans.
17. In order to maintain a reasonable sharing of the cost of reinsurance between the federal government and state guarantee agencies, retain the current methodology for reinsurance.
18. For the administrative cost allowance (ACA), retain the existing ACA of up to 1 percent of loans guaranteed annually.
19. Establish a statute of limitations of at least six years on defaulted student loans in federal law. States with longer statutes would not be affected.
20. On all new loans, authorize guarantee agencies to raise the interest rate, in the event of default, up to the maximum rate permitted by State law.
21. Require multiple disbursement of GSL funds to students, to reduce defaults and to save money on dropouts, and eliminate the minimum volume requirements on lenders to qualify for such agreements.
22. Require lenders to make loan checks jointly payable to the educational institution and the student borrower (unless such borrower is attending a foreign institution); or require that student borrowers' checks be mailed to the institution.

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23. Provide an incentive to existing borrowers to prepay their student loans ahead of schedule, through offering reduced interest or discount options.
24. Require guarantee agencies, lenders, or subsequent holders to submit the names, addresses, and Social Security numbers and loan amounts of GSL, PLUS, and unsubsidized loans to credit reporting bureaus at the time of disbursement.
25. Define the "Secretary's equitable share" as not to exceed the amount of reinsurance paid plus accrued interest on that amount, less the 30% amount retained by the guarantee agency.
26. Permit guarantee agencies to sell rehabilitated defaulted loans to eligible lenders, retaining 10% of the principal amount, with the reinstatement of the State guarantee, Federal reinsurance, and any special allowance payments to which the holder of the rehabilitated loan would be entitled. Such repurchased loans shall be subtracted from the numerator in any calculation of the agency's applicable reinsurance trigger rate, including defaulted loans repurchased within the same year.

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Mr. BRUCE. We will hear all the testimony and then come to questions. Dr. Williams.

Dr. WILLIAMS. I am Glenn D. Williams, vice president for student affairs at Eastern Illinois University. I have been at the university for 25 years and the Office of Financial Aid is under my office at the university. I appreciate the opportunity to address this subcommittee to express our views and recommendations concerning financial aid reauthorization.

It appears that there is some attempt to restructure financial aid through the budget process rather than through reauthorization. I am speaking here solely to reauthorization and I believe that a distinction between the two approaches is important. I will deal with the several financial aid entities in taxonomic fashion, running from a brief discussion of general provisions, through Pell grants, supplemental educational opportunity grants, State student incentive grants, Guaranteed Loan Program, the National Direct Student Loan Program, college work study, and ending with a brief comment on graduate aid.

With regard to general provisions, we feel it is necessary to establish a uniform methodology as the single national needs analysis system for measuring a family's ability to contribute toward educational expenses. We now have three formulas to determine ability to pay—campus-based, Pell, and guaranteed loans. We should enhance and promote the philosophy that student and parent have the primary responsibility for meeting educational expenses.

There should be a reexamination of the definition of an independent student. Too many students under current law use financial aid as a means of establishing self-supporting status. We would also suggest that an additional base year not be added to the current regulations. This means a great deal more paperwork but, more importantly, we do not feel it will realize an appreciable gain in remedying the situation. We would rather have a given age established, with certain exceptions accepted— orphan, ward of the court, et cetera. We would suggest the age be 22, and once a student has reached that established age, then he or she must continue to meet the base year and current year requirements as under present regulations.

Audit tolerance levels should be incorporated into the law, under which no institution would be assessed a financial liability. This type of tolerance is allowed by other Federal agencies.

Provision should be instituted that would prohibit States from spending less dollars in any one area—public, private, 2-year, 4-year—because of an increase in Federal dollars, particularly the Pell grant.

With regard to Pell grants, allow institutions, at their option, to recalculate a student's Pell grant eligibility and make payment without sending the change to the central processor for correction. Currently, the process of correcting student aid reports can only occur through the Pell grant processor, even if the error is a simple address change. What seems to happen here is the institution detects an error, informs the Pell grant processor, and the processor then reinforms the institution of the error it has already discov-

ered. The main problem here is the delay in the student receiving his or her funds.

In supplemental educational opportunity grants, under the current regulations it appears that the funds now being placed in the SEOG Program might be better spent with Pell grant funds.

For the Guaranteed Loan Program there should be a needs test for all applicants on the GSL. Presently, those at the \$30,000 level and above require a needs test. Those under \$30,000 may borrow the expected parental contribution.

Mail full-year loan checks to the educational institution, made co-payable. Make provisions to allow schools to disburse funds in equal payments according to the number of school terms and to invest funds not yet disbursed. Money obtained as a result of investment should be used to offset the administrative cost of the program. This could be in lieu of Federal administrative reimbursement.

Require a common GSL application. Right now we do not have such. It would facilitate the entire process to have a standard form.

National direct student loans. It would be helpful to have the 2-year waiting period before NDSL notes may be assigned repealed. There is not a lot to be gained after an institution has exercised the due diligence requirements with vigor. It would appear that retaining the notes for an extended period, after due diligence on the part of the institution, simply lessens the chance of the Department of Education being effective in pursuit of the negligent person.

The College Work-Study Program, this program is working well. It combines effort with reward. It is not difficult to administer and generally gives students a good feeling of not accepting the money they get. The only modification that we would suggest is to fund the program at a higher level.

Graduate aid. With the increased emphasis on graduate work and the current economic conditions, we would suggest that campus-based aid and Pell grant aid be extended to graduate students. It would also be helpful to give attention to the definition of a graduate student. Currently that definition encompasses 12 or more hours. For those engaged in some capacities, that limits the number of hours they can carry to nine. We would suggest recognizing them as full-time graduate students.

As a final commentary, it seems logical to give consideration to a program that might be described as one work, one loan, one grant. Put another way, a single program encompassing the features of financial aid now extant in the several programs.

Thank you very much for this opportunity to address the committee.

[Prepared statement of Glenn D. Williams follows:]

PREPARED STATEMENT OF GLENN D. WILLIAMS, VICE PRESIDENT FOR STUDENT AFFAIRS, EASTERN ILLINOIS UNIVERSITY

President Reagan has attempted to restructure existing financial aid programs through the budget process rather than through the Reauthorization Process. This series of meetings is being held to consider changes in current financial aid programs through reauthorization. This is an important distinction to keep in mind.

The following dialogue will attempt to present, program-by-program, those changes which we believe should be addressed by reauthorization. Please keep in

mind that some changes will only be acceptable if other modifications also take place.

GENERAL PROVISIONS

1. Uniform methodology should be designated as the single national needs analysis system for measuring a family's ability to contribute toward educational expenses. Separate family contribution schedules should not be established for various programs.

2. The philosophy that student and parent have the primary responsibility for meeting educational expenses should be maintained. There should be a re-examination of the definition of an Independent Student. Too many students under current law use financial aid as a means of establishing "self supporting" status. We oppose adding an additional base year to the current regulation as it means a great deal more paper work to be checked and stored while realizing minimal gain therefrom. We would rather have a given age established with certain exceptions accepted (orphan, ward of the court, etc.). Once a student has reached that established age then he/she must continue to meet the base year and current year requirements as under present regulations.

3. The cost of attendance should be established by the institution, based on a realistic determination of all expenses to be borne by that student. The government cannot realistically arrive at a figure that would be applicable for all students at all institutions.

4. Draft Registration Compliance should be abolished. The additional cost to all institutions is not warranted for the small percentage of eligible men who do not register for the draft (less than 7%).

5. Audit tolerance levels should be incorporated into the law; under which no institution would be assessed a financial liability. This type of tolerance is allowed by other federal agencies.

6. The administrative allowance for Pell Grants (\$5.00 per grant) and the campus-based programs (5% of total expenditures) should be increased. In addition, the administrative allowance for Guaranteed Loans should be reinstated at the \$10.00 per loan level.

7. If we adopt a one-loan program, and one-grant program on the federal level then we should be allowed to keep the NDSL as an institutional revolving loan. Hopefully we would continue to receive administrative costs even though we have no federal capital contribution.

8. Provisions should be instituted that would prohibit states from spending less dollars in any one area (public, Private, two-year, four-year) because of an increase in federal dollars.

9. Provisions should be adopted that would allow institutions to destroy records after any audit has been accepted by the Office of Education. Presently, records must be kept five years even if there has been an audit conducted.

PELL GRANTS

1. Establish Pell Grants as an entitlement program. The entitlement concept has been inherent since its inception.

2. Increase yearly maximums to keep pace with the yearly increases in tuition and fees. Increases in the maximum amounts a student can receive should be advanced from the current 50% of the cost of education to 70% of the cost of education, in 5% steps.

3. Allow institutions, at their option, to recalculate a student's Pell Grant eligibility and make payment without sending the change back to the central processor for correction. Currently the process of correcting Student Aid Reports can only occur through the Pell Grant Processor, even if the error is a simple address change.

4. Establish an earlier date as mandatory for having the Pell Grant Payment Schedule available. Also, establish a date beyond which no changes can be made to the payment schedule. We presently have several hundred Pell Grant Student Aid Reports in house but cannot notify the student of his/her award because we do not have payment schedules.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

1. Do away with the distinction between Initial Year and Continuing Year awards. For all practical purposes this was done by the 1980 amendments. To continue this distinction now is burdensome.

2. Eliminate maximum amounts. Let the financial aid officer use professional judgment in awarding.

3. Under current regulations it is not apparent that there is a continuing purpose for the SEOG Program. Possibly these funds would be better spent as Pell Grant Funds.

STATE STUDENT INCENTIVE GRANTS

1. Elimination of this program in Illinois would hardly be felt. Presently about five million dollars go to ISSC for their distribution, along with state monies. The total \$70 million (estimate) nationwide would probably be better spent as part of the Pell Grant dollars. The fact that ISSC has received these dollars from the federal government has created administrative burdens. Examples—Registration Compliance, Satisfactory Progress, etc.

GUARANTEED LOAN PROGRAM

1. Increased loan limits for both undergraduate and graduate students are advisable.

2. There should be a needs test for all applicants on G.S.L. Presently those at the \$30,000 level and above require a needs test. Those under \$30,000 may borrow the expected parental contribution.

3. Increase repayment time as students borrow above certain plateaus.

4. Mail full-year loan checks to the educational institution, made co-payable. Provisions to allow schools to disburse in equal payments according to number of school terms and to invest funds not yet disbursed. Money obtained as a result of investment should be used to off-set the administrative cost of the program. This could be in lieu of Federal Administrative Reimbursement.

5. The loan consolidation program should be reinstated when the student reaches a certain level of total indebtedness.

6. Require a common GSL Application.

NATIONAL DIRECT STUDENT LOAN

1. Repeal the two-year waiting period before NDSL notes may be assigned to the Department of Education. Allow assignments immediately upon completion of due diligence requirements.

2. Increase loan limits.

3. Increase interest rates (presently 5%).

4. Increase "Grace Period" from six to nine months.

5. Use the \$110 living allowance for students not living on campus or at home with parents as a minimum and allow institutions to set the figure at a more realistic level.

COLLEGE WORK STUDY PROGRAM

1. Increase authorization levels.

2. This program is working well, it just needs to be at a higher level of funding.

GRADUATE AID

1. Extend all campus-based aid and Pell Grant aid to graduate students.

2. Change the full-time definition for graduate students.

Mr. BRUCE. Mr. Williams, they told me you were going to speak on all seven programs. I said, "How's he ever going to get done?" And you did it. I applaud you. You covered a lot of ground in a short while and we appreciate that.

Mrs. Geiger.

Mrs. GEIGER. You see here before you a proud, yet quite humble mother and farm wife from downstate Madison County, some 30 miles east of St. Louis. My husband Ott and I, along with our son Steve, operate a 425-acre grain and pork farm known as Wilo Acres. This farm is located near the small town of Alhambra. My name is Delores Geiger.

If you all will bear with me for a few minutes, I would like to tell you just a little bit about my family.

In 1972, our oldest son Jerry began the first of his 8 long years of study here at the university toward his degree in veterinary medicine. Now he and his wife Kathy are both presently veterinarians, associated with a large animal practice across the State line in Veedersburg, IN. Jerry is specializing in food animals, and his wife Kathy in equine.

Dan, our second son, enrolled back here at the University of Illinois in 1973. During his junior year he joined the work force of United Parcel Service as a part-time worker, washing package cars at 2 a.m. to help fund his education. Dan has since advanced through the ranks to supervisor here at the Champaign center.

Sue, our oldest daughter, enrolled in the College of Agriculture and she received her bachelor's degree the same day as brother Jerry received his DVM, in 1980. It was a proud day for mom and dad. Sue was then hired by Shell Ag Chemicals as a sales rep in the southeast corner of Iowa, serving dealers in five counties.

Steve and his love for the west took him to a technical school in Laramie, WY, where he received training in diesel mechanics. He worked for a John Deere dealership for some time after graduation, but was later lured back to the family farm. Needless to say, his training is quite valuable when it comes to keeping that farm machinery out there at work in the field.

Yet, today the ag college still claims two Geiger sisters—Karen, of senior status, majoring in farm management, and Barb, a sophomore, majoring in ag mechanization and agronomy. To the best of my knowledge, I might add Barb, I think, has pioneered as being the first girl here on campus to be admitted to the Ag Mech Club.

In case you haven't been keeping score, our family numbers six. And you ask, how did we finance these ~~23~~ some years of education. With a small margin of profit today's farmer can muster up, impossible, absolutely impossible, without financial aid.

Oh, yes. I did fail to mention that during the 1976-77 college year all three of our oldest students were here at the university at the same time. Not too good a job of planning, I would say.

It was our good fortune, though, that each of our students did receive a full 4-year tuition and fees from ISSC. The older students were in the BEOG era, now replaced, of course, by Pell. All were helped in various amounts by NDSL, all of which has been repaid except for the doctor who still has a few payments to go. Our experience with GSL thus far has been minimal, just a few dollars to help Sue finish her senior year, when all else ran dry.

As I look proudly at our family's accomplishments, I can't help but wonder just where they would be today if all this financial assistance had not been available when they needed it so direly. Quite possibly they may be an addition to the statistics of unemployed, or even welfare recipients. Or could the smaller colleges or junior colleges have given them the tools of learning to accomplish what they have accomplished? Certainly not in the case of the grad student, the veterinarian. There is no other college in the State of Illinois with a vet program, and other States refuse to accept Illinois students, even if they have the bucks. I know that first hand

because my son tried to apply to two other universities and they wouldn't even send him an application.

I believe I can truthfully say that we, both parents and students, have given all we could toward education, and then some, to the point of depriving ourselves of many of the luxuries we all desire, and absolutely without regret. However, all this could not have been accomplished without some financial assistance.

We believe educating our youth is the best investment we can make to ensure a better world. There is an abundance of talent out there in the youth of those low- and middle-income families who are hit the hardest by the reduction of aid. These are the students who are eager, if we will just help them. These are our taxpayers of tomorrow. Or, on the other hand, are we going to educate only the wealthy students, many of whom lack motivation and could really care less about education? Is there any question that we should be increasing instead of decreasing the budget for postsecondary education?

Thank you.

[Prepared statement of Delores Geiger follows:]

PREPARED STATEMENT OF DELORES GEIGER, ALHAMBRA, IL

Mr. Chairman, Mr. Bruce, and other members of the panel, you see here a proud, yet humble mother and farm wife from down-state-Madison County, some 30 miles East of St. Louis. My husband Ott and I, along with our son Steve, operate a 425 A. grain and pork farm, known as Wilo Acres, located near the small town of Alhambra. My name is Delores Geiger.

If you will bear with me for a few moments, I'd like to tell you a little about my family.

In 1972 our oldest son Jerry began the 1st of his 8 long years of study toward his degree in Veterinary Medicine. He and his wife, Kathy, are both presently Associates in a large animal practice in Veedersburg, IN.—Jerry specializing in Food Animals, and Kathy in Equine.

Dan, our second son, enrolled at the U. of I. in 1973 and during his Junior year joined the work force of United Parcel Service as a part-time worker, washing package cars at 2 A.M. to help fund his education. He has since advanced through the ranks to Supervisor here at the Champaign Center.

Sue, our oldest daughter enrolled in the College of Agriculture and received her B.S. the same day as Jerry received his DVM (1980). Sue was then hired by Shell Ag. Chemicals as a sales rep. in South East Iowa, serving dealers in five counties.

Steve's love for the West lured him to a Technical school in Laramie, Wyoming where he received training in Diesel Mechanics. He worked for a John Deere dealership for some time after graduation, but later came back to the family farm. Needless to say, his training is quite helpful in keeping the machinery at work in the field.

Today, the Ag. College still claims two Geiger sisters; Karen, of Senior status, majoring in Farm Management, and Barb, a Soph., majoring in Ag. Mechanization and Agronomy. To the best of my knowledge, Barb has pioneered in being the first girl here on campus to be admitted to the Ag. Mech. Club.

In case you haven't been keeping score, our family totals 6.

Now you ask, "How did we finance all these 23 years of education"?

"Impossible", I say, "with the small margin of profit today's farmer can muster". Absolutely impossible without financial aid.

Oh yes, I failed to mention that during the 76-77 College year, all three of the oldest students were here at the Univ. at the same time. (Not too good a job of planning, you say?)

It was our good fortune that each of our students received a full 4 year tuition and fees from ISSC. The older students were in the BEOG era, now replaced of course, by PELL. All were helped in various amounts by NDSL, all of which has been repaid, except for the Dr., who still has a few payments to go. Our experience with GSL thus far has been very minimal—just a few \$'s to help finish Sue's Senior year, when all else ran out.

As I look proudly at our family's accomplishments, I can't help but wonder just where they'd be today, if all this financial assistance were not available when they needed it so direly. Quite possibly they may be an addition to the statistics of unemployed, or even welfare recipients, OR, could the smaller colleges or Junior colleges have given them the tools of learning to accomplish what they have? Certainly NOT in the case of the Grad. student. There is no other college in the state of Illinois with a Vet. Program, and other states refuse to accept Illinois students, even if they have the "bucks".

I believe I can truthfully say we (students and parents) have given all we could toward education, and then some, to the point of depriving ourselves of many of the luxuries we all desire and with no regrets. However, all this could not have been accomplished without some financial assistance.

Educating our youth is the best investment we can make to insure a better world. There's an abundance of talent out there in the youth of those low and middle-income families who are hit the hardest by reduction of aid. These are the students who are eager, if we'll just help them . . . these are the tax-payers of tomorrow. Or are we going to educate only the wealthy, many of whom lack motivation, and could care less about an education. Is there any question that we should be increasing, instead of decreasing the budget for secondary education?

Mr. BRUCE. Thank you, Mrs. Geiger.

David Edquist, please.

Mr. EDQUIST. Hello. My name is David Edquist and I have lived in and voted in Champaign for the last 4 years. I would like to thank Congressmen Hayes and Bruce for taking the time to come here today, as well as Congressman Ford, who was here this morning. I am glad they are taking the time from their busy schedules to actively participate in the reauthorization process.

Reauthorization of the 1965 Higher Education Act is a process that will dictate the course of higher education in our country. Shall we begin to slide backward, as the administration and William Penn advocate? Shall we continue to decrease funding for financial aid, which has already been reduced 20 percent in the last 4 years? Shall we impose arbitrary income caps that would unfairly discriminate against students from large families, such as Mrs. Geiger's? Shall we implement a cost of education cap that would deny low income students access to private universities? Well, I say no, and thank goodness, I'm not alone.

Higher education has many supporters in Washington. Members of Congress, from Republican Senator Robert Stafford of Vermont, who recently received the U.S. Student Association Friend of Education Award, to freshman Democrat Terry Bruce of Illinois, realize the vital importance of education to our Nation. Unfortunately, higher education also has some opponents in Washington. It is becoming increasingly apparent that these opponents are attempting to use this year's budget process to do a reauthorization of their own. The big problem with this pseudo-reauthorization that the administration and others are attempting is that they have done little research, they have done no field hearings such as this one, they have talked to no students or parents or financial aid administrators. They have no concept of what their budget cuts would do to the system of higher education in our country.

Not only must Congress pursue an adequate and equitable reauthorization for the 1965 Higher Education Act, but Congress must not allow their efforts to be undermined by this year's budget process.

Today's Federal financial aid programs are many and varied. Many people argue that they should be condensed or that some

should be eliminated. Perhaps this is true. But two things must be kept in mind. One is that the total amount of Federal financial aid cannot fall any further than it already has. The second is that by condensing the programs, we cannot allow any segment of the student population to fall through the cracks in the system.

The Federal Government must also maintain an appropriate balance between loans and grants. The Pell grant should remain the cornerstone of all Federal financial aid programs. If the supplemental equal opportunity grant and the State student incentive grant programs are to be eliminated, which I do not recommend, we must be absolutely sure that the essential aid these programs provide be available somewhere else in the system.

The guaranteed student loan and national direct student loan are both important sources of financial aid. Unfortunately, there are some problems with these programs. In 1981, a temporary origination fee was imposed on GSL's. This origination fee has yet to be eliminated. I also believe the GSL insurance premium, which is the percentage of the loan value paid by the student to the State agency on receipt of the loan, should be eliminated. This premium amounts to nothing less than implicit interest on the loan.

These additional origination fees and insurance premiums that have been unfairly attached to GSL's should be applied to NDSL's.

College work study is also an important and necessary part of financial aid. However, college work study cannot be forced to play a predominant financial aid role. A student who is working 40 hours a week to earn minimum wage college work study earnings cannot effectively compete with the traditional student.

I also believe that the TRIO programs need to be expanded to meet the needs of disadvantaged students. Currently, TRIO programs serve less than 10 percent of the eligible population.

There are many other important issues in the reauthorization process that are too numerous to mention here. However, education groups such as the U.S. Student Association have submitted full proposals on how the Department of Education could best serve students. I hope that Congress will seriously consider the reauthorization proposals of the various higher education organizations who are in the best position to know how to effectively serve students.

I would like to again emphasize that that this is the real reauthorization process. Congress simply cannot allow this year's budget debate to circumvent that process.

In conclusion, I would like to say that higher education is at a crossroads in 1985. We can continue to do our best to provide access and choice for all Americans, or we can begin to return to a system of higher education only for those who can afford it.

I would like to thank the Congressmen and their staff for coming here today and wish them the best of luck in the pursuit of reauthorization.

[Prepared statement of E. David Edquist follows.]

PREPARED STATEMENT OF E. DAVID EDQUIST, PAST PRESIDENT, UNIVERSITY OF ILLINOIS
STUDENT GOVERNMENT ASSOCIATION

I believe that financial aid programs must be able to provide access and choice in higher education for all qualified Americans. The Federal Government is an important part of this endeavor. The Federal Government needs to maintain an adequate and appropriate balance between the various available loan and grant programs.

For Pell Grants to continue to be the significant source of financial aid that it is today, funding of the Pell Grant program must keep pace with student financial aid needs. Pell Grants should continue to serve as the foundation of the financial aid program. Loans and college work study should only be used as a supplement to Pell Grants and other Grant programs.

The Guaranteed Student Loan origination fee that was imposed in 1981 as a temporary measure should be eliminated. The Guaranteed Student Loan Insurance Premium should also be eliminated. This premium amounts to nothing less than implicit interest on the loan. Furthermore, the Guaranteed Student Loan in-school interest subsidy should be maintained. This interest subsidy paid by the government is a vital and irreplaceable component of the Guaranteed Student Loan and should be maintained to minimize indebtedness.

Concerning National Direct Student Loans, the interest rate and eligibility criteria should continue to favor lower income students who are the target National Direct Student Loan population. Also, the origination fees and insurance premiums that have been unfairly attached to Guaranteed Student Loans should not be attached to National Direct Student Loans.

College Work Study is a vital part of today's financial aid. However, it can not become the primary source of aid to students. If students are working forty hours a week to earn college work study earnings, they can not truly receive an education.

Congress should continue to fund the Supplement Education Opportunity Grant program to an extent sufficient to offset the insufficiencies in the Pell Grant program.

Congress should maintain the State Student Incentive Grant authorization levels. This is an important form of financial aid and helps to encourage state funding of financial aid.

I strongly believe that the TRIO programs should be expanded to meet the needs of disadvantaged students. Currently, TRIO programs serve less than 10% of the eligible population. The TRIO programs are especially needed in communities like Champaign with significant minority and underprivileged populations.

Students should be able to classify themselves as independent without constantly proving this status and being under administrative suspicion when in fact this status is seldom abused. Imposing a minimum age requirement, such as 21, to qualify for independent student status is ridiculous.

Reauthorization has been and will be, a long and involved process. Hopefully this process will allow for the most equitable and thoughtful Reauthorization Congress can not allow this year's education budget process to dictate the outcome of these important hearings.

Mr. BRUCE. Thank you, David.

Mr. Roberts.

Mr. ROBERTS. Before I do begin my comments I would like to thank both Congressman Hayes and Congressman Bruce for allowing me to have the opportunity to speak before the subcommittee in this field hearing today on behalf of the banking industry.

To start out, I would like to give you a few facts from a letter written to all lenders of the State of Illinois Guaranteed Loan Program only weeks ago by Larry Matejka, who commented on several factors. He stated that volume continues to grow within the Illinois program and within the next 12 months the ISSC, the Illinois State Scholarship Commission, will process in excess of 200,000 applications and, in doing so, they will guarantee \$3 billion in student loans. The strength of our program is due to the fact that we in Illinois enjoy the benefits of one of the largest Student Loan Programs because we have more participating lenders than any other State in the Union.

With those comments in mind, I feel that I do speak for the banking industry as a whole when I say that we participate because of the ability and the excellence that is found within our Commission. Taking June 1981 as a beginning point, I have seen many changes occur in 4 short years in the program. Loans have gone from 7 to 9 to 8 percent, additional fees have been added, the PLUS/ALAS Program has been brought into existence, and a number of other reforms have been implemented. Through the course of all these changes, large and small, I feel that we have been kept informed, supported, and kept as a member of a closely knit team. The ISSC has worked hard to train a tremendous group of lender support personnel who answer problems both by phone and in person. Support of this type which is tiered from the top of the organization is often nonexistent.

Never have I nor any of our student loan people called for assistance and not received it from ISSC. We are currently kept up-to-date with spring and fall seminars and a monthly newsletter, and these are but a few of the modes of intercommunication which blend together to produce a superior system. The Illinois State Scholarship Commission is continuing to review forms for ease of readability, possible combination, updates, and ways which will make the job of lending and paperwork easier for us, the banking institutions.

The newest group of loans under the Illinois Guaranteed Loan Program are the PLUS/ALAS loans. Classified as parent loans to assist undergraduate students, and auxiliary loans to assist students, they give the lender the ability to have extra loan capability. This is an option for the lender and one of the few areas within the ISSC where I see hesitation on the part of the banking community. Many feel there is little need for such loans in their area, and that feeling is a falsehood. We are a participating lender in the PLUS/ALAS Program and have students borrowing throughout the State, from Carbondale to Chicago. In fact, it takes but a few short moments of looking at a student fiscal budget for any graduate student in the State to see that the maximum student loan amount of \$5,000 is not sufficient to meet most students' needs. This problem is particularly evident in the medical field, where yearly costs can easily exceed \$15,000. More lenders are needed in this area to meet the demand which currently exists.

During attendance at the annual spring seminars, lenders were alerted to the possibilities of legislation pending current approval and urged to contact their representatives. As for specifics coming from the legislative branch, the latest basics include some of the following: The current content of the fiscal year 1986 budget proposal requires cuts in the GSL Program of \$220 million and overall cuts of \$370 million in the student financial aid area.

The first provision, and one of many for discussion, is the idea of multiple disbursement and the fact that lenders would receive interest and special allowance only on the amounts disbursed. Multiple disbursements for lenders will incur two major problems—increased paperwork and bookkeeping. Small lenders no doubt will not like the idea, as many did voice their opinion at the seminars, and large lenders I think would just as easily and quickly become engulfed in a bookkeeping nightmare. This multiple disbursement

idea would also add a great deal of time and effort to quarterly billing situations for lenders.

The proposed drop in special allowance from 3.5 percent to 3.2 percent for lenders is not a drastic margin at all, but it could cause several small lenders to drop the program in anticipation of such a reduction becoming a yearly possibility. The rumor of dropping the allowance from 3.5 percent to 1 percent would not doubt wreak a devastating blow against the program. The profit margin for bankers, large and small alike, is in the allowance and interest subsidy which is billed for and received from the Government on a quarterly basis.

Looking at the fact that they're talking about possibly taking the 90-percent reinsurance dropping to 80 percent when student default rates exceed 5 percent, then dropping to 70 percent when default rates exceed 9 percent, I feel this is a rather radical approach to dropping the default rate. More work needs to be done, I feel, with the student instead of penalizing the lender. By excluding such a guarantee, you will, in effect, discourage loans.

An absolute cap of \$60,000 in adjusted gross income for GSL eligibility is a more sensible approach in looking at today's income. This is a step in the right direction, especially for families of professionals with several students in college.

A 2-year lookback in determining independent student status would give all parties involved—the lender, the school, and the student—a clearer picture of today's families' needs and the ability to meet those financial needs.

Profit margins must be maintained for lenders, with paperwork and manhours being reduced. These problems are currently being explored by the Illinois branch of the GSL Program. If accomplished, the banking community will continue to support the Guaranteed Loan Program. In looking at the current package, the impact of such a proposal becoming law would strike a devastating blow to the world of postsecondary education and the ability to finance it. The shock wave of such a tactic would be felt across the board, ranging from loss in enrollment to loss of lenders and ultimately a loss of tax dollars. The technology of tomorrow will not be built on the budget cuts of today.

As one of the few downstate open door lenders, Security Bank & Trust Co. has found that there are many students statewide who have trouble finding a lending institution which will work with them under the Illinois Guaranteed Loan Program and the number of graduate students looking for PLUS/ALAS lenders is a problem of equal, if not more, intensity.

In light of these problems, I, as a banker, cannot understand the passage of bills which would make the program less attractive to lenders, in effect, encouraging them to leave and therefore making it next to impossible for some students to get assistance. Those remaining in such a program would see a great increase in their workload and a narrowing of their profit margin and further deterioration of the program.

Thank you.

[Prepared statement of Barry M. Roberts follows:]

PREPARED STATEMENT OF BARRY M. ROBERTS STUDENT LOAN OFFICER, SECURITY BANK & TRUST CO., MT. CARMEL, IL

In a letter written to all lenders of the Illinois Guaranteed Loan Program only weeks ago, Larry Matejka commented on several factors. He stated that volume continues to grow and that within the next 12 months the Illinois State Scholarship Commission will process in excess of 200,000 applications and in doing so will guarantee it's three billionth dollar. The strength of our program is due to the fact that we in Illinois enjoy the benefits of one of the largest student loan programs because we have more participating lenders than any other state in the Union.

With those comments in mind I feel that I speak for the Banking Industry as a whole when I say that we participate because of the ability and excellence found within the commission. Upon joining the staff at Security Bank & Trust Co., in March of 1981, I was given the job of maintaining the student loan program. Taking June 1, 1981 as a beginning point I have seen many changes occur in the program. Loans have gone from 7% to 9% to 8%, additional fees have been added, the PLUS/ALAS program was brought into existence and a number of other reforms have been implemented. Through the course of all these changes large and small I have felt informed, supported, and like a member of a closely knit team. The ISSC has worked hard to train a tremendous group of lender support personnel who answer problems both by phone and in person. Support of this type which is tiered from the top of the organization is often nonexistent.

The driving force and main burden in a statewide program of this type rests mainly on the backs of the support group assembled by the ISSC for lender assistance. I feel this is where the program excels the greatest. Never have I, or any of our student loan people called for assistance and not received it. The addition of computerization is a great added benefit and the instantaneous information a godsend. Lenders are kept up to date with Spring and Fall seminars and a monthly newsletter ("The Courier"). These modes of inter communication blend together to produce a superior system, but the work doesn't stop there. The Illinois State Scholarship Commission is continuing to review forms for ease of readability, possible combination, updates, and ways which will make the job of lending and paperwork even easier.

The newest group of loans under the Illinois Guaranteed Loan Program are the PLUS/ALAS loans. Classified as Parent Loans to Assist Undergraduate Students and Auxiliary Loans to Assist Students, they give the lender the ability to have extra loan capability. This is an option for the lender and one of the few areas within the program in which I see a hesitation on the part of the Banking Community. Many feel there is little need of such loans in their area; that feeling is a falsehood. We are a participating lender in PLUS/ALAS and have students borrowing throughout the state from Carbondale to Chicago. In fact it takes but a few short moments of looking at a student fiscal budget for any Graduate student in the state to see that the maximum student loan amount of \$5,000 is not sufficient to meet most student's needs. This problem is particularly evident in the medical field where yearly costs can easily exceed \$15,000. More lenders are needed in this area to meet the demand that currently exists.

During attendance at the annual Spring seminars lenders were alerted to the possibilities of legislation pending current approval and urged to contact their representatives. As for specifics coming from the legislative branch, the latest basics include the following. The current content of the Fiscal Year 1986 budget proposal requires cuts in GSL program of \$220 Million and overall cuts of \$370 in student financial aid.

The first provision for discussion is the idea of Multiple disbursement, and the fact that lenders would receive interest and special allowance only on the amounts disbursed. Multiple disbursements incur two major problems, increased paperwork and bookkeeping. Small lenders would not like the idea and large lenders would become engulfed in a bookkeeping nightmare. This would also add time and effort to the quarterly billing situation.

The proposed drop in special allowance from 3.5% to 3.2% is not drastic but could cause several small lenders to drop the program in anticipation of such a reduction becoming a yearly possibility. The rumor of dropping the allowance from 3.5% to 1% would wreak a devastating blow against the program. The margin of profit for bankers large and small alike is in the allowance and interest subsidy which is billed for and received from the government on a quarterly basis.

The lessening of the allowance would affect all lenders but because of the volume the large lenders generate they might continue to show a diminished profit. The small lender however would be out of business because of a smaller asset base and

better places to use those funds to produce income. In effect, the program could lose 40-50% of its current lender base.

Ninety percent reinsurance dropping to 80% when defaults exceed 5% and to 70% when defaults exceed 9% is a rather radical approach to dropping the default rates. More work needs to be done with the student instead of penalizing the lender. Many banks would like to have a 5% default rate in their loan portfolios. By excluding the guarantee you will in effect discourage loans.

An absolute cap of \$60,000 in adjusted gross income for GSL eligibility is a more sensible approach in looking at today's income. This is a step in the right direction especially for families of professionals with several children in college.

A "2-year look-back" in determining independent student status would give all parties involved a clearer picture of the family's need and ability to meet financial needs.

An \$8,000 ceiling on cost of education is a fine idea but it could be next to impossible to implement especially at the private school level. I join many other concerned citizens in the feeling that the cost of education is skyrocketing; however government intervention on this level is not warranted.

Profit margins must be maintained with paperwork and manhours being reduced. These problems are being explored by the Illinois branch of the GSL program. If accomplished the Banking Community will continue to support the Guaranteed Loan Program. In looking at the current package, the impact of such a proposal becoming law would strike a devastating blow to the world of post-secondary education and the ability to finance it. The shock wave of such a tactic would be felt across the board ranging from loss of enrollment to loss of lenders and ultimately a loss of tax dollars. The technology of tomorrow will not be built on the budget cuts of today.

As one of the few downstate "Open Door Lenders", Security Bank and Trust Co., has found that there are many students statewide who have trouble finding a lending institution which will work with them under the Illinois Guaranteed Loan Program and the number of graduate students looking for PLUS/ALAS lenders is a problem of equal intensity. In light of these problems I as a banker cannot understand the passage of bills which would make the program less attractive to lenders, in effect, encouraging them to leave therefore making it next to impossible for some students to get assistance. Those remaining would see an increase in their workload and a narrowing of their profit margin, and further deterioration of the program.

Mr. BRUCE. Thank you, Mr. Roberts.

Mr. John Hanley.

Mr. HANLEY. Mr. Hayes, Mr. Bruce, I appreciate the opportunity to appear before you today to express the views of Chauffeur's Training School, Inc., its staff and students, regarding special provisions under consideration for reauthorization of the Higher Education Act of 1965, Title IV Programs.

My name is John Hanley. I am vice-president of Chauffeur's Training School, Inc. Chauffeur's Training School has schools in Charleston, IL, Chicago, IL, Detroit, MI, and Albany, NY, and is an active member of the National Association of Trade and Technical Schools. The school is also a member of the National and Illinois Association of Student Financial Aid Administrators. We are a tractor-trailer driver training school and about 93 percent of our students receive some form of financial aid.

I was invited here today to talk about the concerns of our school in its perspective as a proprietary school and how our students will be affected by reauthorization. Like everyone else, my staff and I were a little concerned because it seems that reauthorization of the higher education programs are being done as part of the budget process this year. I understand that budget and reauthorization are two completely different processes. I believe that these issues are too important to be left to congressional budget processes each year and should be considered during reauthorization.

Let me give you an example of a proposal that would have the effect of limiting access to skill training for many of our students.

As a part of the budget for fiscal year 1986, the administration proposes to require a high school diploma or its equivalent in order to establish student eligibility for financial aid. Currently, non-high school graduates above the compulsory school age with ability to benefit are eligible for aid. These ability to benefit students would be completely denied access to any type of postsecondary education and training.

Let me explain how this will affect our students. Chauffeur's Training School trains men and women to become tractor-trailer drivers. We have minimum admission standards, which include 1 year's driving experience, a valid driver's license, a minimum age of 18—for in-State driving—passing of the Department of Transportation physical requirements, and the ability to read, write, and understand English.

We do not require a high school diploma or its equivalent, and further, we can prove that it is not a necessity for placement upon graduation. In a survey that we did of our graduates of one of our schools, we found that of those who responded to our employment survey, we had a placement rate of 87 percent. Of that percentage, a whopping 20 percent of those graduates had never graduated high school or received a GED. Yet, these very same people were employed in the trucking industry with salaries beginning around \$8 to \$10 an hour on the average.

Please don't take the opportunity for advancement away from these students by denying these students financial aid. By doing so, you will keep many of them on the welfare rolls for years to come.

Now I would like to direct my testimony to proposed changes in the Guaranteed Student Loan Program.

The reauthorized Higher Education Act should have a nondiscrimination clause which prevents any lender who participates in the Guaranteed Student Loan Program from discriminating against any student based on the type of program in which they are enrolled, the length of that program, or attendance at a particular institution.

We support efforts to increase the lending limits to \$3,500 for undergraduate students so that students can meet minimal education related expenses. Presently, a qualified undergraduate student could only hope to receive \$2,370 of his or her guaranteed student loan. The origination fee is deducted from what is currently a maximum of \$2,500 which allows the student less than 95 percent of what he or she actually has to repay, plus interest. Therefore, we support the elimination of the origination fee so that the student can be closer to meeting these minimal education-related expenses.

As a cost saving measure, we support the current efforts to make the Guaranteed Student Loan Program a needs-based program. We currently do a needs test on each of our students requesting financial aid. As long as the needs analysis system developed is one that is fair and equitable, we support the move to limit the GSL program to low- and middle-income families with an income cap of \$60,000.

Concurrently, the Federal Government should establish a national student loan data base to ensure that borrowers do not borrow

more than is authorized, both annually and in the aggregate. The cost of this data system would likely be paid for many times over by a reduction in loan volume and defaults.

Mr. Bruce, Mr. Hayes, members of the subcommittee, that completes my prepared statement. Thank you for providing me the opportunity to appear before you today. I will be happy to answer any questions that you or the subcommittee members may have.

[Prepared statement of John F. Hanley follows:]

PREPARED STATEMENT OF JOHN F. HANLEY, VICE PRESIDENT, CHAUFFEUR'S TRAINING SCHOOL, INC.

Mr. Chairman, members of the Subcommittee, I appreciate the opportunity to appear before you today to express the views of Chauffeur's Training School, Inc. (CTS)—its staff and students—regarding several provisions under consideration for Reauthorization of the Higher Education Act of 1965, Title IV programs.

My name is John Hanley, and I am Vice-President of Chauffeur's Training School, Inc. Chauffeur's Training School has schools in Charleston, IL, Chicago, IL, Detroit, MI, and Albany, NY, and is an active member of the National Association of Trade and Technical Schools. The school is also a member of the National and Illinois Associations of Student Financial Aid Administrators. We are a tractor-trailer driver-training school and about 93% of our students receive some form of financial aid.

I was invited here today to talk about concerns of our school in its perspective as a proprietary school, and how our students will be affected by Reauthorization. My staff and I were a little concerned because it seems that Reauthorization of the Higher Education programs are being done as part of the Budget process this year, and I understand that Budget and Reauthorization are two completely different processes. I believe that these issues are too important to be left to Congressional Budget process each year and should be considered during Reauthorization.

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As a part of Budget for FY1986, the Administration proposes to require a high school diploma or its equivalent in order to establish student eligibility for financial aid. Currently, nonhigh school graduates above the compulsory school age with "ability to benefit" are eligible for aid.

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Concurrently, the federal government should establish a national student loan data base to ensure that borrowers do not borrow more than is authorized, both annually and in the aggregate. The cost of this data system would likely be paid for many times over by a reduction in loan volume and defaults.

Mr. Chairman, members of the Subcommittee, that completes my prepared statement. Thank you for providing me the opportunity to appear before you today. I will be happy to answer any questions that you or the Subcommittee members may have.

Mr. BRUCE. Charlie, do you have any questions?

Mr. HAYES. Not really, just a comment.

I think all of these witnesses have presented some very informative statements, delineating their respective positions. I was particularly impressed by you, Mrs. Geiger, and what you have been able to accomplish with your family. I just wish you could go to Washington and sit down with some of those people who oppose the reauthorization of the Higher Education Act. Maybe the good Lord will have it so that you will be able to do it. I was just so impressed with what you said—not to take anything away from the rest of you. But I just thought I would single out that statement. As a parent and a father of 6, I came out of a family of 13.

Mrs. GEIGER. If I may, I would like to repeat, without all the financial assistance, it could not have been accomplished.

Mr. HAYES. You just couldn't have done it.

Mrs. GEIGER. No way.

Mr. HAYES. Mr. Matejka, I didn't get from your statement as to whether or not you were for the reauthorization.

Mr. MATEJKA. The Commission is very strong in its support of the reauthorization process. We think the Congress should be involved. The proposals that have been laid out, however, the ones we are very much in opposition to, the original \$4,000 cap, the \$32,000 cap on the Guaranteed Student Loan Program, would just be unconscionable additions that could destroy postsecondary student assistance in this State.

You have some charts around the room here that are very nice. I enjoy them. They graphically display what has been happening in Illinois in terms of—like the one over there on the far left, "Declining Percentage of Costs of Attending College Covered by Pell Grants," you can see in our programs what is happening in the average income of students throughout the State that participate. They are going down dramatically. That's a reflection of the economy, that's a reflection of the fact that a lot more people are recognizing their need for postsecondary education and they're pursuing it when they never had the opportunity before. They tend to come from low incomes, quite frankly, urban settings, and we were able to respond to them in the programs we have now. With these proposals, we would not be.

Mr. HAYES. You mention in your statement, Mr. Roberts, that you are a participating lender in the PLUS/ALAS and have stu-

dents coming from throughout the State, from Carbondale to Chicago. Does that include Chicago?

Mr. ROBERTS. Yes, sir. We lend a great deal to—

Mr. HAYES. Do you have any specific bank you work with in Chicago?

Mr. ROBERTS. No. We actually do the lending ourselves. We lend to some students who go to Chicago Circle. We also lend to some students who attend the Dr. William Scholl School of Podiatric Medicine. We do quite a bit of lending in the Chicago area.

Mr. HAYES. To put a plug in for my hometown, do you go as far down as Cairo, IL?

Mr. ROBERTS. Yes, sir.

Mr. HAYES. No further questions.

Mr. BRUCE. Thank you, Mr. Hayes.

I just wondered. There was a question about whether or not we were going to break up the loan into multiple disbursements. You had indicated you wanted to have one payment; the banker indicated that multiple disbursements would be a problem for you, Barry.

Mr. ROBERTS. As I mentioned, at the spring seminar many of the people at our table felt that the bookkeeping idea of having the \$2,500 loan on our books but trying to keep track of the student's getting x -number of dollars this semester, x -number of dollars the next, or even if you're lending to someone on a quarterly basis, you know, you would split that into three payments to the school. There were people at our table who talked about the idea of going ahead and disbursing the entire check to the college and letting them do that. I think they would find a headache at that point in trying to keep track of what has been disbursed and what has not.

Mr. BRUCE. Mr. Williams, in your testimony you said you would like to have a single payment, make it co-payable; is that correct?

Dr. WILLIAMS. Correct.

Mr. BRUCE. Why?

Dr. WILLIAMS. The money would realize a certain amount of interest that would provide for the administrative fund of carrying on the mechanics.

Mr. BRUCE. So you would receive the money all in one chunk from the bank?

Dr. WILLIAMS. Yes.

Mr. ROBERTS. Which is the way it's done currently.

Mr. BRUCE. There is no copayment program now is there? How do we operate that in Illinois?

Larry?

Mr. MATEJKA. Sometimes it is on a co-payable basis. It depends upon the lending institution, and quite often on the relationship between the lender and the educational institution, as to how those checks are paid. But right now there is not multiple disbursement for the most part.

Mr. BRUCE. One of the things that is being discussed in Washington is to put in place a multiple disbursement requirement. The difficulty comes in students who are not there the second semester and have already received a loan. About 13 percent receive money that are not supposed to. We're in a situation where we don't want to do that, but also we're in a situation where we have got to look every place we can to save a few dollars.

If reauthorization required multiple disbursements, I would like to know what problem that would create for you and what impact that would have in the field? Barry, if you could tell me just what kind of problems that would cause and how many lenders you might lose.

Mr. MATEJKA. Well, it's speculative. I have to admit that and be candid about it. We feel there would be a significant decrease in some of the small lenders. As Barry said, Illinois has more lenders than any other State participating in this program. Many of them are small banks, savings and loans, and credit unions. If they were asked to participate in a program that required a multiple disbursement process, it might eliminate or reduce their margin of profitability so that the trustees of that bank would decline to participate in the program any more. That is our major concern.

There are some benefits to it, and you have cited some of them. We at the Commission would obviously, if something like that came along, make every attempt to provide assistance to the lending community in that area. There are some major banks in this State that already have software programs that are available for multiple disbursement, but that is limited at this point. Again, it gets back to the individual lender making that decision.

Mr. BRUCE. Glenn?

Dr. WILLIAMS. That's pretty much what I would say.

Mr. BRUCE. What about a co-payable system, then, rather than multiple disbursements?

Dr. WILLIAMS. I don't think there's a problem there. Larry may feel differently about it.

Mr. MATEJKA. That's not a problem, no.

Mr. BRUCE. Would the institutions mainly go along with a co-payable situation, where the requirement would be to have the check made out jointly to the institution and the student?

Dr. WILLIAMS. Well—

Mr. MATEJKA. Let me respond. I think you could get probably as many answers to that as there are institutions.

Mr. BRUCE. That's why we're out here.

Mr. MATEJKA. I think you have got some institutions that would jump at the chance for a copayable because they went to get their hands on the money first. In other situations, the educational institution just does not have the resources to handle them. I mean, the financial aid offices are so strapped with a shortage of personnel that they're doing their best to stay afloat right now. It just creates another administrative burden on them. I'm afraid they could have difficulty. There is going to have to be cooperative effort and the thing needs to be thought out very carefully before something is mandated from on high.

Mr. BRUCE. That's why we're all reluctant to get into it because the last thing we want to do is have lenders drop out.

Barry, do you have any idea what kind of problem that would create for the bankers?

Mr. ROBERTS. I think Larry has really touched it pretty well. In fact, I think he hit the point right on the head, the fact that some lenders in the State do have the ability to have software through their computer programs to be able to handle that multiple disbursement idea.

Coming from southern Illinois, I would say that in my area a lot of lenders are not computerized. When you go to a manual book-keeping and accounting type system, manual disbursements would, in fact, add to the man-hours and paperwork which is always generated due to student loans. So I think that is where you would find your reduction in the number of lenders.

As far as talking about making checks co-payable to institutions and students together, that is not currently a problem for us. I don't think you would find too much apprehension really on the part of lenders to do that. In fact, some institutions now already do that in the State. The University of Illinois is an example. Right on the application in their section it says "Please make the check payable to the University of Illinois and the student." So I don't think that would be a big problem for lenders.

Mr. BRUCE. Just one final question.

First of all, Larry, and all of you here, it is very nice to go from Illinois to Washington and find out that your State is one of the leaders in student loans and student assistance. They seem to look at Illinois as one of the largest States whose participation rate is fine. The general assembly here has been a big supporter.

One of the things I would like to get a better understanding of, Larry, is the use of the Pell grant system to make your determinations. What happens when we delay, like we are again this year? How do you handle that?

Mr. MATEJKA. Perhaps I'm not the right one to ask that. I will respond to it. But the real problem occurs in that if the Federal Government is slow in making decisions, or deciding what it is actually going to do with Pell dollars, it has a direct, dollar-for-dollar impact upon what happens in our monetary award program.

In our program the State has been very supportive. We have \$110 million in grants. But those are directly impacted by the Pell dollars, and that impacts to students and it impacts to schools. Decisions for incoming freshmen are negatively affected, they are delayed. The schools have extreme difficulty in packaging their student aid for the coming school year.

I don't want to sound like this is the end of the world, but this year, with the uncertainty with the Pell Program—and it appears that the supplemental appropriation, if there is going to be one, will not be determined until probably May or early June—

Mr. BRUCE. June 15.

Mr. MATEJKA. There is just tremendous uncertainty. That creates problems for the schools.

They are trying right now—I see several aid officers in the audience—they are trying to get their announcements out to schools, and they are basing those announcements on what they think Pell will be upon what we told them we will do if Pell is what we think it will be. If all of that changes, it just upsets the apple cart and we all start all over again. It really creates confusion.

What we have had is a very good relationship in that we have facilitated the application process. You can see on that chart over there that decisions jumped in 1982 from 156,000 to 210,000 in this State. And that's not in applications. Applications went in excess of 300,000. That means people are aware and they can utilize this process. But if the process of getting the application in isn't com-

plemented by some stability in Washington, then it is very difficult for us and for the schools.

Mr. BRUCE. Glenn, do you agree?

Dr. WILLIAMS. Yes, I really do. It is a two-pronged problem for us. In the first place, we are unsure, as Larry said, of where we'll really come out. When you recruit, a great deal of the recruiting nowadays is based upon the ability to go—not the desire to go, but the ability to go. If it is a kind of "jello" situation for a while, it makes it very difficult to stabilize your recruiting effort and bring people to your school with the assurance that they're going to have the dollars.

But the second problem is that if you package—and we have to do something; we can't tell them you'll get something—if the dollars come out differently upon the due date in June, then we have to go back with the same staff and repackage the entire thing again. Sometimes they remember what we told them tentatively rather than what we tell them definitely and that creates a great problem in public relations and everything else.

Mr. BRUCE. Ms. Geiger, did that ever happen in the loans that you have had?

Mrs. GEIGER. We have not had too much problem with that, no.

Mr. BRUCE. Larry?

Mr. MATEJKA. If I may just make a comment, I appreciated the remarks from Mrs. Geiger about the Scholarship Commission helping. Unfortunately, I can't take any credit for that because I was at the University of Illinois when that was going on, but thank you, anyway. [Laughter.]

But prior to about 1977, the Pell Program really did not have that significant of an effect upon what happened at the State level. But when you recognize how many Pell dollars are coming into this State, in excess of \$145 million next year, that has a direct impact upon what the State decisionmakers do.

That is why I am harping so much—and I know it sounds like a stuck record—it has to be a cooperative planned effort. It can't happen haphazardly.

Mr. BRUCE. Thank you, members of the panel, very much.

Mr. HAYES. I just want to say to Mrs. Geiger, if you would send the last paragraph of your statement to the Secretary of Education, it might be helpful.

Mr. BRUCE. Larry, I am told by the staff that if you would like, you can have these documents hanging up here after the close of the hearing.

Mr. MATEJKA. Thank you very much.

Mr. BRUCE. Our last panel is composed of those particular people who have special issues that they wish to bring before the subcommittee. They are Dr. Edgar Schick, provost of Eastern Illinois University; Dr. Theodore Brown, vice chancellor for research, University of Illinois; Dr. Elaine Copeland, associate dean, Graduate College, University of Illinois; Dr. James Millar, director of international programs and studies, University of Illinois; and Stephen J. Kridelbaugh, president of Olney Central College in Olney, IL.

So, with that introduction, I would like to have the panel give their testimony. As you have probably observed, we will go through your testimony and then we will ask questions.

We will start off with Dr. Schick. And, Dr. Schick, you have the distinction of being the tallest panel member we have had today.

STATEMENTS OF EDGAR B. SCHICK, PROVOST AND VICE PRESIDENT FOR ACADEMIC AFFAIRS, EASTERN ILLINOIS UNIVERSITY; THEODORE L. BROWN, VICE CHANCELLOR FOR RESEARCH AND DEAN, THE GRADUATE COLLEGE, UNIVERSITY OF ILLINOIS; ELAINE J. COPELAND, ASSOCIATE DEAN, GRADUATE COLLEGE, UNIVERSITY OF ILLINOIS; JAMES R. MILLAR, DIRECTOR OF INTERNATIONAL PROGRAMS AND STUDIES, UNIVERSITY OF ILLINOIS; AND STEPHEN J. KRIDELBAUGH, PRESIDENT, OLNEY CENTRAL COLLEGE

Dr. SCHICK. Well, when you're 6 foot 8, it is very easy to talk long. That's called punishment.

There are two parts to my statement to you today, most of which, however, deals with graduate study and research. While all of us support the concern to bring expenditures and income at the Federal level into a closer balance at least, the attitude of some governmental leaders who are committed to reducing the national commitment to education and research is shortsighted. The intellectual skills in our population are the basic foundation which has provided and must continue to provide the margin of success in our struggle for leadership in such areas as technology, basic research, and international trade.

These are national issues, with national benefits, not only for fiscal year 1986 but for the 21st century as well. Failure to recognize this will also bring national liabilities. For example, whether or not one agrees with the President's so-called strategic defense initiative, there can be no doubt that it would require a major long-term investment in brain power and research. This proposal, and ones like it, are jeopardized when the national commitment to graduate education and research is discouraged and when the burden for the cost of such study is placed upon the individual student and the university.

Moreover, a major contribution to increased productivity has been made over the years through technological advancement. Since future generations clearly are going to have to pay for the burden of our current national debt, these future generations should be provided with the intellectual tools they need to increase efficiency in all areas of the gross national product and, of course, future generations also need sophisticated knowledge to reduce the cost of damage already done to our environment.

Assistance for graduate students flows both through the availability of grants and loans, on the one hand, and through the availability of tax benefits on the other.

We oppose those proposals which would sharply reduce the availability to graduate students of national direct student loans and guaranteed student loans. History shows, after all, that intellectual accomplishment is not limited to those people who can pay for their own education. Ending interest subsidies or reducing them substantially would raise costs for students. Minority students, many of whom are economically disadvantaged, would be particularly hard hit. We will not be effective in solving our scientific and

socio-economic problems if we discourage women and minority students from pursuing postbaccalaureate study. In addition, the introduction of a complex system of full need analysis would add to the cost of paperwork without demonstrable financial savings.

The repetitive challenges to graduate student funding confuses that discourage students about to begin their studies when they realize that during the course of their programs, which may run 4 or 5 years or more, the level and character of the funding they need may be sharply altered or reduced.

We should continue support for the Graduate and Professional Study Grant Program and the Public Service Fellowship Program which the Congress has supported in the face of administration opposition.

My second concern is for graduate students in the area of tax liability which they face in tuition benefits and assistantships. We are pleased that Public Law 98-611 did continue for this calendar year the benefits to teaching and research assistants who get tuition reductions and waivers as employees. We urge that the Congress continue this provision.

We hope that stipends beyond tuition reductions will continue to be nontaxable, but we are concerned about one critical test, namely, that equivalent service be required of all degree candidates, and we suggest the elimination of this requirement.

We believe that section 127 of the Tax Code should be continued which would allow employers to pay tuition for employees up to \$5,000 a year per employee. But a narrow definition that courses be strictly related to an employee's current work is short-sighted and we think contrary to the Nation's needs for long-term intellectual growth.

Second, and briefly, I want to talk about continuing education. I mention only two issues here.

First of all, colleges and universities in this particular area are repeatedly being asked to provide credit programs for people at Chanute Air Force Base. We are glad to do so, but there are significant costs related to travel by instructors and for our staff at the base. The Department of Defense benefits from these programs and courses, and we would hope there will be some form of partial payment at least for these added costs from the Department.

Second, we support continuation of those tax regulations which would allow a tax deduction for continuing professional education at the baccalaureate as well as the graduate levels.

We appreciate your attention to these concerns.

Mr. BRUCE. Thank you, Dr. Schick.

[Prepared statement of Edgar B. Schick follows:]

PREPARED STATEMENT OF EDGAR B. SCHICK, PROVOST AND VICE PRESIDENT FOR ACADEMIC AFFAIRS, EASTERN ILLINOIS UNIVERSITY, CHARLESTON, IL

There are two parts to this statement.

1. GRADUATE STUDY AND RESEARCH

While all of us must support the concern to bring expenditures and income at the federal level into a closer balance, the attitude of some governmental leaders who are committed to reducing the rational commitment to education and research is short-sighted. The intellectual skills in our population are the basic foundation which has provided and must continue to provide the margin of success in our

struggle for leadership in such areas as technology, basic research, and international trade. These are national issues with national benefits not only for FY86 but also for the twenty-first century. Failure to recognize this will bring national liabilities, as well. For example, whether or not one agrees with the President's "strategic defense initiative," there can be no doubt that it could require a major, long-term investment in "brain power" and research. This proposal, and ones like it, are jeopardized when the national commitment to graduate education and research is discouraged and when the burden for the cost of such study is placed upon the individual student and the university.

Moreover, a major contribution to increased productivity has been made through technological advancement. Since future generations must pay for the burden of our current national debt, they should be provided with the intellectual tools needed to increase efficiency in all areas of the G.N.P., and they also need the sophisticated knowledge to reduce the cost of damage already done to our environment.

Assistance for graduate students flows both through the availability of grants and loans, on the one hand, and through the availability of tax benefits, on the other.

We oppose proposals which would sharply reduce the availability to graduate students of National Direct Student Loans and Guaranteed Student Loans. History shows that intellectual accomplishment is not limited to those people who can pay for their own education. Ending interest subsidies would raise costs for students. Minority students, many of whom are economically disadvantaged, would be particularly hard hit. We will not be effective in solving our scientific and socio-economic problems if we discourage women and minority students from pursuing post-baccalaureate study. In addition, the introduction of a complex system of full need analysis would add to the cost of paperwork without demonstrable financial savings.

The repetitive challenges to graduate student funding confuse and discourage students about to begin their studies when they realize that during the course of their programs, which may run four or five years, the level and character of the funding they need may be sharply altered or reduced.

We also support the continuation of the Graduate and Professional Study Grant Program and the Public Service Fellowship Program which the congress have supported in the face of the Administration's opposition.

Our second concern for graduate students focuses on tax liability for tuition benefits and assistantships.

We are pleased that P.L. 98-611 did continue for this calendar year the benefits to teaching and research assistants who get tuition reductions and waivers as employees. We urge that the congress continue this provision.

We hope that stipends beyond tuition reductions will continue to be non-taxable, but we are concerned about one critical test, namely, that equivalent services be required of all degree candidates, and we suggest the elimination of this requirement.

We believe that section 127 of the Tax Code should be continued which would allow employers to pay tuition for employees up to \$5,000 per year per employee. A narrow definition of that courses be "strictly related" to an employee's current work is short-sighted and contrary to the nation's needs for long-term intellectual growth.

2. CONTINUING EDUCATION

While there are many needs for increased funding for adult and continuing education at the baccalaureate level, I will mention only two.

First of all, colleges and universities in this area are repeatedly asked to provide credit program to people at Chanute Air Force Base. We are glad to do so, but there are significant costs related to travel by instructors and for staff support at the Base. The Department of Defense benefits from these programs and courses, and we would welcome some form of partial payment, at least, for these added costs from the Department.

Second, we support continuation of those tax regulations which would allow a tax deduction for continuing professional education at the baccalaureate as well as at the graduate level.

We appreciate your attention to these concerns.

Mr. BRUCE. Dr. Brown.

Dr. BROWN. Representative Hayes, Representative Bruce, thank you for the opportunity to speak before this hearing.

I should note that I am the vice chancellor for research at the Urbana campus of the University of Illinois. I am also a member of

the AAU working group on graduate education and research in connection with the reauthorization of the Higher Education Act. In that capacity, I was to have appeared in St. Louis on Monday. I hope that, since that hearing has been cancelled, there will be an opportunity for myself or perhaps for President McGraw of the University of Minnesota to appear before the subcommittee at some later time on this specific issues of reauthorization as they apply to graduate education and research.

Today I would like to speak to some issues that confront me as a research administrator in a major public research university. The University of Illinois here at Urbana-Champaign is one of the major public research universities in the Nation. Just to give you some idea of the numbers that are involved, the total Federal expenditures for science and engineering research and development on this campus in fiscal year 1984 was \$71 million. Private sponsorship of such research in that same year totaled about \$5 million. If you total all of the external sources of engineering and science research and development for this campus in fiscal year 1984, it came to \$119 million.

When you consider that we don't have a major medical school on this campus, that puts this campus as one of the top three or four universities in the Nation in terms of the external support of research in those areas.

By any standards, one would like to view that this has been a very successful campus in attracting external research support. I would like to just mention a few recent examples of some of those successes. We have on the campus a center for the study of reading, which is one of the national centers for such study, very well funded and doing very important work in that area.

Recently we established a center for supercomputing research and development here. That center is funded by the Department of Energy and the National Science Foundation.

Another supercomputing center, this one termed the national center for supercomputing applications, was recently established, because the University of Illinois at Urbana-Champaign was awarded one of the four National Science Foundation awards for a 5-year program of supercomputing to establish a national center here.

A year ago we also established a biotechnology center, largely with State funds. In that center we have established an Industrial Affiliates Program, which is getting off to a very good start.

Well, all of these successes sound very fine, but they have put the university in a very strained position because we found that for the past several years all of the providers of the resources for doing research and development have been challenging the university to find some other sources of support to leverage the sources that they have put up. Each agency, each external player in this game, wants the other parties to put up a larger and larger share. The result is that the university finds itself stretched almost to the breaking point by these opportunities.

I say this because I believe it illustrates that there is a very important Federal role in the operations of the major public universities such as this in connection with research and in connection

with graduate education, which is one of the major components of that research activity.

With respect to the support of graduate students, I will not say much at this point. As I indicated earlier, I had hoped we would be able to address that in another context, although, of course, I would be happy to answer any questions you might have about our position on that issue of support for graduate students and of the various titles that relate to graduate education.

I would like to say a little bit about another matter, which has to do with the library. When President Ikenberry spoke at the beginning of the hearing this morning, he alluded to the fact that the University of Illinois has one of the truly great libraries in the Nation. Certainly it is the finest library of any public university in the country. It is known not only for its great collections but also for the fact that we have begun to employ a good deal of high technology in transforming that library from the traditional kind of library into the kind of library that we must have in the next century if we're going to maintain a collection that is accessible.

But the costs of that development and the costs of that transformation are very high, and they are certainly beyond the capacity of the university or, for that matter, of the State to support by itself.

Now, I think it is important because of that to note that the library is not just a local or a State treasure. It is, in fact, a national resource. To give one example of that, we have a very fine collection here in East European and Russian literature. As a matter of fact, it is so good, it is one of the best in the Nation. It brings every year to this campus hundreds of scholars who come here just to use that collection. In the summer we have a very active program of summer visitors who come to use the library and to do their scholarship in the area of Russian and East European studies.

So I think you can see just from that one example the library is really a national resource and one that should therefore fall within the purview of the Federal policy of support of research and scholarship.

When we are in the situation that we are in now, we don't have adequate funds to maintain the acquisition rate that we should. When acquisitions fall behind, it is very, very difficult to make them up later. Sometimes it's impossible to acquire the materials that were not acquired at the time when they should have been acquired because of lack of funds, and when they can be acquired, they are often very much more expensive.

Finally, I want to stress that it's becoming very urgent that ways be found to implement new technologies in the maintenance of the library collections. We had just 2 years ago the dedication of the most recent addition to the library, the sixth stack. I am afraid that that stack is already depressingly full. We don't see anywhere coming down the pike in the near future the seventh stack. I am sure the Governor would blanch at the thought that he's going to have to foot the dollars for the seventh stack even before we are finally putting the books in the sixth stack. But at the rate at which materials are being acquired, that terrible pressure, that sort of tyranny of times, is upon every library. The only way we're going to solve that problem is to go to new technologies. We're

going to have to implement techniques such as videodisc techniques and other new technologies which provide a more compact and readily accessible means of storage.

Unfortunately, those are very expensive techniques to implement. As a matter of fact, it is doubly unfortunate that there is no totally agreed upon means of doing that yet. We are still in a mode in which some research and development needs to be done, and I believe there is a very important role for the Federal Government to play through the Title II Program to provide funds to libraries, especially the major libraries, the major research university libraries which have already established their ability to implement new technologies, to give them the opportunities to try some of these new techniques. For example, we might implement a technique like that in just one of our departmental libraries, to see whether videodisc techniques and the retrieval of information from them would be a viable means of enlarging that technology to the entire library. We really don't have much time to do that and I think it is an extremely important consideration for this committee.

Finally, I would like to also take off on something the president remarked upon this morning. I happen to be a chemist by background and that large red structure which is to your right out the window there is the Noyes Chemical Laboratory. I have had my office in that building now for many years. The front side of the building was built in 1902, and I'm in the new part in the back, which was built in 1916. I can guarantee you, the new part of the building is not fit for modern chemical research. I'm afraid there are very many departments on the campus which are in that situation, in which all or some of our facilities for science and research are in terribly old quarters. The university simply has not been able in any way, nor has the State, been able to keep up with the capital development needs.

The newest building our chemistry department has, was in fact, built with the help of the Federal Government when the National Science Foundation had a program of facilities, and that building was completed 15 years ago, or something on that order. We desperately need programs of that sort again, because the university is rapidly deteriorating in terms of its physical facilities.

Thank you very much.

[Prepared statement of Theodore Brown follows:]

PREPARED STATEMENT OF THEODORE L. BROWN, VICE CHANCELLOR FOR RESEARCH AND DEAN, THE GRADUATE COLLEGE, UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN

I am grateful for the opportunity to appear as a witness at this hearing on reauthorization of the Higher Education Act. I should note that I am Vice Chancellor for Research and Dean of the Graduate College, at the University of Illinois, Urbana-Champaign. I am also a member of the Working Group of Graduate Education of the Association of American Universities, which has concerned itself with those aspects of the Higher Education Act that pertain to graduate education and research.

I would like to speak today to some of the issues that confront me as a research administrator in a major public research University. The University of Illinois at Urbana-Champaign is one of the major research campuses in the nation. The total Federal expenditures for Science and Engineering Research and Development on this campus in FY84 were \$71 Million. Interactions with industry are also extensive; in FY84 expenditures from funds provided by private sponsors amounted to \$5 Million. Total expenditures at Urbana-Champaign for Science and Engineering Research and Development, from all sources, totaled \$119 Million in FY84.

By any standards, this campus has been highly successful in developing new research and scholarship opportunities. A few examples will suffice: our highly regarded Center for the Study of Reading continues to enjoy substantial support, and continues to make important contributions to our basic knowledge in this important area. We recently established a Center for Supercomputing Research and Development, funded by the Department of Energy, the National Science Foundation and supported also by State funds. We have also established a National Center for Supercomputing Applications. This Center, which will provide access to supercomputing for researchers from all over the nation, will be funded by the National Science Foundation. The University will also receive substantial State funding for this Center during the next five years. A year ago we established a Biotechnology Center, largely with State funds. This Center encompasses a program of University-Industry cooperation which is getting off to a good start. We will hold our second annual symposium under the auspices of this Center in just a couple of weeks.

These successes auger well for the future of research and scholarship on this campus. Yet, we face great difficulties. Our resources are strained to the limits by the pressures exerted from each provider of research resources for reduction in their contribution, in favor of a greater contribution from somewhere else. In these times of scarce resources and tight budgets, at both the State and Federal level, the University is caught in a vice-like squeeze that threatens to drain its vitality. It is vitally important to the continuing health of the research universities, such as Illinois, that the Federal government continue to play an important role, particularly in supporting programs and facilities with broad, national significance.

With respect to the support of graduate education, I will not say a great deal here about the specific programs already proposed, or that might be advocated. Rather, I would like simply to make the point that, to the extent possible, the allocation of resources for the support of graduate education should be made on the basis of a competitive process involving peer review in terms of both the institution and the student receiving the graduate education support.

To turn to another matter, the Library of the University of Illinois at Urbana-Champaign is truly one of the great libraries of the world. It is known not only for its great collections, but also for the extent to which technological innovations have been implemented. However, the costs of maintaining the superb collections of the Library, and a further development and implementation of new technologies, are very high. They are beyond the capacities of the University in terms of the budget it receives from the State of Illinois.

A great Library, such as that present on this campus, is a national resource. To give just one example, the Russian and East European collection is among the best in the nation. Scholars from all over the world come to Champaign-Urbana to use the collection. We have a special Summer Scholars Program to enhance this use. The University cannot maintain this superb collection without assistance beyond that provided by the State. When acquisitions fall behind in critical areas such as the Russian and East European area, because of budgetary limitations, it often becomes impossible later to fill in the gaps. It is therefore essential that the Library maintains sufficient support to maintain the outstanding collections of critical importance to scholars everywhere.

It is becoming increasingly urgent that ways be found to implement new technologies in the maintenance of library collections. Even comparatively good environments such as that present in Urbana-Champaign, printed material is not capable of lasting indefinitely. It is essential that current holdings be transferred to digital data-bases. This is true not only because books or other printed materials will decay in time, but because the space required for their storage is excessive. It is simply impracticable for a university such as ours to continue to build additions to the Library in a futile attempt to cope with the rapidly expanding volume of printed material. Digital storage of documents appears to be the only way in which to cope. Many new technologies for such storage might be considered, e.g., optical disk storage. For the most part these technologies are in their early stages, and their widespread application can follow only after further research and development. The Federal government can play an important, perhaps even essential, role in helping to develop these new technologies.

Mr. BRUCE. Thank you.

Dr. Copeland.

Dr. COPELAND. Representative Hayes, Representative Bruce, I am pleased to have the opportunity to address some of the major con-

cerns in increasing access of minorities and women to higher education opportunities.

As associate dean in the Graduate College here at the University of Illinois, one of my responsibilities is serving as the director for the Graduate and Professional Opportunity Program [GPOP]. I am also involved in developing and implementing programs to increase access of minority students to our graduate programs.

Today, I would like to present some of the trends in enrollment of minorities and women in graduate school especially, both nationally and locally, to describe the importance of GPOP here at the University of Illinois, and make recommendations for continued funding, and also to discuss the importance of early intervention programs which encourage involvement of minority students in research activities at the undergraduate level.

The 1983 summary report of doctorate recipients from U.S. Universities, prepared by the National Research Council, reveals that minorities and women continue to be underrepresented in certain fields. Minorities, especially blacks, Hispanics, and American Indians, are underrepresented in all disciplines at the graduate level. The 1983 NRC report indicates that black doctorate recipients are older than any other group. The fact that this group is becoming older and increasingly more female would support the assumption that black doctoral students frequently do not rely on parental support to finance their graduate education.

The finding that black doctoral students take longer to complete the degree also implies that they may have to interrupt their studies for personal and financial reasons or pursue graduate work part time. In 1983, the percentage of recipients receiving the degree by race are as follows:

Black Americans, 4.1 percent; Hispanic Americans—and this includes all Hispanics, Puerto Ricans, Mexican-Americans, and others—2.5 percent; American Indians, 0.3 percent; and Asian Americans, 4.2 percent. While women represent approximately 38 percent of the doctoral recipients, they continue to be underrepresented in certain disciplines. For example, while from 1976 to 1983 the number of women entering college in engineering increased significantly, that number has leveled off. Women now represent about 14 percent of all graduating engineers at the undergraduate level, and less than 5 percent of the doctorates in 1983 were awarded to women.

Here at the University of Illinois the Graduate and Professional Opportunity Program fellowship supports one-fourth of our minority graduate students. We received our first award in 1980 and we have continued to receive support since that time. Forty students have received fellowships. The program supports presently three of our most underrepresented groups—blacks, Hispanics, and American Indians. Twenty students have completed the master's degree, and two students have received the joint law/master's degree.

Currently, six students are enrolled as doctoral students and 10 at the masters level. I might just give examples of how I think GPOP is really contributing to increasing representation in specific fields.

Two students, one in electrical engineering and one in metallurgy, expect to complete the doctoral degree in 1986. The doctoral

student in metallurgy will be the first black student to complete the doctoral program here at the University of Illinois in that field. Other Illinois institutions receiving GPOP funds for the 1984-85 school year are DePaul University, Loyola University of Chicago, Northeastern Illinois University, Northern Illinois University, Northwestern University, Southern Illinois University at Carbondale, the University of Chicago, and the University of Illinois at Chicago.

It is imperative that this program receive continued funding. The stipend level of \$4,500 for 12 months has remained at this level since the beginning of the program and should be increased to be competitive with other national fellowship programs. I also recommend that the financial need requirement be eliminated and that the award be made on merit. Presently, no other federally supported graduate fellowship program has such a requirement.

GPOP is one program designed to increase access of underrepresented minority students to graduate programs. It is essential, however, that other programs be designed to increase the pool of students who are eligible to pursue graduate degrees. Attention must be given to identifying students both at the high school and undergraduate level who with academic experience, career counseling, and other support services, might successfully pursue graduate degrees, particularly in the sciences and engineering.

I might mention that there have been some minor efforts with some of our Committee on Institutional Cooperation institutions, and those include the Big 10 and the University of Chicago. We have small programs designed to increase opportunities, especially in the areas of research for our undergraduate students. These programs, however, have only supported a small number of students to date. The University of Illinois is planning to expand these efforts to reach more students. Examples of successful programs that work—and these are primarily at the high school level—are the Minority Introduction to Engineering Program and the Principal Scholars Program. Both programs were developed here at the University of Illinois for high school students. Programs such as these must be considered if we are to increase the pool of minority students who will consider graduate study.

It was mentioned earlier by one of the panelists that TRIO programs to serve disadvantaged low-income and first-generation college students presently serve less than 10 percent of those eligible for assistance. These programs should receive continued funding to be effective.

I might mention that these programs are not limited to minority students and presently do not have the early intervention program in terms of research careers that I mentioned earlier.

These findings indicate the need to continue to adequately fund such programs as GPOP and TRIO. Other programs to develop new initiatives should also be considered.

Thank you for the opportunity to express some of my concerns.
[Prepared statement of Elaine J. Copeland follows:]

PREPARED STATEMENT OF ELLAINE J. COPELAND, ASSOCIATE DEAN, GRADUATE COLLEGE,
UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

I am pleased to have the opportunity to address some major concerns in increasing access of minorities and women to higher education opportunities.

As Associate Dean, one of my responsibilities is serving as the director for the Graduate and Professional Opportunity Program (GPOP). I am also involved in developing and implementing programs to increase access of minority students to our graduate programs.

Today I would like to present some of the trends in enrollment of minorities and women in graduate school nationally and locally, describe the importance of GPOP here at the University of Illinois and make recommendations for continued funding, and discuss the importance of early intervention programs which encourage involvement of minority students in research activities at the undergraduate level.

The 1983 Summary Report of Doctorate Recipients from United States Universities prepared by the National Research Council (NRC) reveals that minorities and women continue to be underrepresented in certain fields. Minorities, i.e., Blacks, Hispanics, and American Indians are underrepresented in all disciplines at the graduate level. The 1983 NRC Report indicates that black doctorate recipients are older than any other group. The fact that this group is becoming older and increasingly more female would support the assumption that black doctoral students frequently do not rely on parental support to finance their education. The finding that black doctoral recipients take longer to complete the degree implies that many may interrupt their studies for personal and financial reasons or pursue graduate work part-time. In 1983 the percentage of recipients receiving the degree by race are as follows: black Americans 4.1 percent, Hispanic Americans 2.5 percent, American Indians 0.3 percent and Asian Americans 4.28 percent. While women represent approximately 38 percent of the doctoral recipients, they continue to be underrepresented in certain disciplines. For example, while in 1976 and 1983 the number of women entering college in engineering increased significantly, that number has leveled off. Women now represent about 14 percent of all graduating engineers at the undergraduate level and less than 5 percent of the doctorates in 1983 were awarded to women.

GRADUATE AND PROFESSIONAL OPPORTUNITY PROGRAM

The Graduate and Professional Opportunity Program (GPOP) supports one-fourth of our minority graduate fellowship students annually. The University of Illinois at Urbana-Champaign (UIUC) received the first Graduate and Professional Opportunity Program (GPOP) award in 1980. Grants have been awarded annually since that time.

Forty students have received fellowships. The program supports three underrepresented groups, blacks, Hispanics, and American Indians. Twenty students have completed the masters degree and two students received the Joint Law/Masters degree.

Currently six students are enrolled as doctoral students and 10 at the masters level. Two students, one in Electrical Engineering and one in Metallurgical Engineering expect to complete the doctorate in 1986. The doctoral student in Metallurgy will be the first black student to complete that doctorate at the University of Illinois. Other Illinois institutions receiving GPOP funds for the 1984-85 school year are: DePaul University, Loyola University of Chicago, Northeastern Illinois University, Northern Illinois University, Northwestern University, Southern Illinois University-Carbondale, University of Chicago and the University of Illinois at Chicago.

It is imperative that this program receive continued funding. The stipend level of (\$4,500.00) for twelve months has remained at the same level since the beginning of the program and should be increased to be competitive with other national fellowship programs. I recommend that the financial need requirement be eliminated and that the award be made on merit. Presently no other federal supported graduate fellowship has such a requirement.

EARLY INTERVENTION PROGRAM

GPOP is one program designed to increase access of underrepresented minority students to graduate programs. It is essential, however, that other programs be designed to increase the pool of students who are eligible to pursue graduate degrees. Attention must be given to identifying students both at the high school and undergraduate level who with academic experience, career counseling, and other support services, might successfully pursue graduate degrees particularly in the sciences, and engineering. Several major research institutions are offering summer enrich-

ment programs for both high school and undergraduate students. The aims of such programs are to provide academic courses and research experiences to minority students. Several Committee on Institutional Cooperation (CIC) institutions (Purdue, Wisconsin, Illinois) have small programs which were developed by cooperative efforts with the Minority Access to Research Careers (MARC) supported by the National Institute of Health (NIH). These programs however support only a small number of students annually. The University of Illinois is planning to expand these efforts to reach more students. Examples of successful programs that work are the Minority Introduction to Engineering (MITE) Program and the Principal Scholars Program. Both programs were developed at the University of Illinois for high school students. Programs such as these must be considered if we are to increase the pool of minority students who will consider graduate study.

Trio programs designed to serve "disadvantaged" low-income, first generation college students presently serve less than 10 percent of those eligible for assistance. These programs should receive sufficient funding to be effective. These programs are not limited to minority populations and while intended to increase access for low-income students at the undergraduate level, and they do not currently have resources to support the research component described earlier.

These findings indicate the need to continue to adequately fund such programs as GPOP and Trio. Other programs to fund new initiatives should also be considered.

UNIVERSITY OF ILLINOIS—URBANA-CHAMPAIGN, GRADUATE AND PROFESSIONAL OPPORTUNITY PROGRAM (GPOP) SUPPORT—1980-86

	Award	Students	Institutional award
1980-81	80,700	8	13,500
1981-82	149,295	16	14,895
1982-83	151,200	18	(¹)
1983-84	142,800	17	(¹)
1984-85	142,800	17	(¹)
1985-86	142,800	17	
Total	809,595		

¹ Institutional award for recruiting and administration discontinued in 1982-83

Disciplines supported	New	Continuing	Total
1980-81-			
Engineering	5		
Architecture	2		
Law/Joint Masters	1		
Total	8		
1981-82			
Engineering	2	5	8
Architecture	2	2	5
Chemical Sciences			2
Agriculture	3		3
Law/Joint Masters	1	1	1
Total	8	8	16
1982-83-			
Architecture	2	3	5
Agriculture	1	3	4
Chemical Sciences	1	0	1
Engineering	2	4	6
Law	0	2	2
Total	6	12	18
1983-84-			
Agriculture	1	2	4
Architecture	2	3	3
Chemical Sciences	2		2
Engineering	2	3	6
Speech & hearing	1		1

	Disciplines supported	New	Continuing	Total
	Law		1	1
	Total	8	9	17
1984-85	Engineering	2	4	6
	Architecture	1	2	3
	Chemical Sciences	1	2	3
	Agriculture	1	2	3
	Speech & hearing	1	1	2
	Total	6	11	17
1985-86	Engineering	1	4	5
	Architecture	1	1	2
	Chemical Sciences	1	1	3
	Agriculture	1	3	3
	Speech & hearing	2	2	4
	Total	6	11	17

Mr. BRUCE. Thank you, Dr. Copeland.
Dr. Millar.

Dr. MILLAR. Representatives Hayes and Bruce, I appreciate the opportunity to address you on the issue of title VI, international programs and studies, at the University of Illinois. I have submitted a written statement which gives a little more detail than I can give in the time allocated.

Let me merely say we are very heavily committed in international affairs at the University of Illinois. We have some 85 active educational agreements with 38 countries at the present time. We had in the past year 740 visiting scholars from 59 different countries, and 1,776 foreign students enrolled in the university. We have the largest study abroad program for undergraduates, for our own students, of any university in the United States. Almost 500 students are studying somewhere in the world at the present time. So, we are very much involved in that, and we are particularly interested in title VI because, while it does not contribute directly to teaching, it does so, in a very heavy way indirectly because it helps support our centers.

The University of Illinois is one of only eight major research institutions that has four area centers listed as national resource centers, which means they receive funding under the 3-year current funding cycle. They are the Latin American and Caribbean Studies Center—which this year, incidentally, was rated as No. 1 in the United States—the East Asian Center, the Russian and East European Center, and the African Studies Center. Only eight other universities can claim that many major centers.

We also have several centers that have received fellowship support and have received curriculum support but did not receive the regular annual grant. Support under title VI has averaged a little more than \$700,000 for the university over the past 3 years. So, we have quite a stake in those programs.

I might say that \$700,000 is a figure that generates quite a bit in return. The target ratio for the impact of title VI is something like 10 to 1. That means if we were at that target ratio, the university is spending about \$7 million in response or in reaction to or in con-

junction with that \$700,000 that is received each year from title VI. I might say the University of Illinois, in fact, contributes a great deal more than that in international studies. Our ratio is much higher than 10 to 1 in terms of our kinds of contributions.

We cover the Office of West European Studies, we have strategic arms control programs, and we have programs in international development and several other areas that contribute to our coverage of the world. The mere existence of title VI, therefore, really serves as a beacon for the development of centers at many universities throughout the United States.

In a comparison of the list of universities that bid each 2 or 3 year funding cycle for designation as our national research centers reveals unmistakably the fact this is a true competition. Title VI is in no way a handout or a giveaway program by the Federal Government. It is a competition in which there is substantial turnover in each funding cycle. In the most recent year there were 15 centers in the various areas of the world that were not refunded for the second funding cycle, and 17 new centers did receive funds. So, there are numerous hungry competitors ready to displace current holders.

A second important fact about title VI is that the Department of Education has an opportunity to exert some control and some influence over the way that institutions spend their general funds in international area programs. By and large, what title VI does is provide funds which add just that sum which makes it possible to achieve a degree or real margin of excellence. Thus, for example, thanks to title VI, the University of Illinois has the largest African language enrollments in the United States. We teach not only Wolof, the language of the Senegal River Basin, but also Swahili, Hausa, and Lingala.

Our program is the most extensive and the most popular of any in the United States. Also, the library that Vice Chancellor Brown referred to exceeds 500,000 volumes in Slavic collection. That is larger than all other universities in the world except for Harvard Widener and the Library of Congress. It is that library that forms the basis of this large program of individuals who study here in the summertime.

So, competition for the title VI grant encourages the top area centers and the universities to provide comprehensive programs. We try to cover all areas of the social sciences and humanities in each of these major areas. As the University of Illinois is sort of the flagship institution for the State of Illinois, and as an institution that is involved in preparing students, both at the undergraduate and graduate level, for participation in international affairs in this world, both business and government and elsewhere, it has an obligation to maintain those areas.

The third area in which title VI has influenced the development and the character of international studies on this campus and other campuses is through the evaluation process itself. Unlike most other programs in higher education, title VI is a competitive process. As I said earlier, it is a true competition. That means when an area center receives a grant and is awarded the title of "national resource center", that's a clear sign of merit. It not only benefits the faculty and the students in that area, it also gives ad-

ministrators and the university and the funders of the university an idea of how well they have been spending their funds. I think it is a testimony to the quality of the program, the Department of Education, in providing title VI, that academic leaders in the various areas have, in fact, accepted the rank order by which grants are awarded as a measure of merit in academic programs. This is because academics themselves have been involved in the evaluation and because the awards have been so clearly and unambiguously based upon professional merit.

I doubt very seriously whether there is any other Federal program that has been more successful in accomplishing the aims of its founders than has title VI. Title VI truly supports those institutions that help themselves, that themselves make the major investment in these programs.

The University of Illinois' program in international studies, area studies, would not collapse without title VI. The university is too committed to and is too strong for that to happen. But the absence of title VI would cause a serious gap in leadership of area studies that the Department of Education has successfully carried out. It would also eliminate a very important means of communication among people in this area. These tend to be fairly small programs at each institution, even an institution like the University of Illinois. They are essentially small. Consequently, that competition provides a way of measuring ourselves against other centers and a way of communicating changing trends in the field. Therefore, I and my colleagues hope that the Congress will see fit not only to maintain title VI of the Higher Education Act, but will consider expanding it.

[Prepared statement of James R. Millar follows:]

PREPARED STATEMENT OF JAMES R. MILLAR, DIRECTOR OF INTERNATIONAL PROGRAMS AND STUDIES, UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

I very much appreciate the opportunity to address this committee on behalf of international programs and studies at the University of Illinois at Urbana-Champaign (UIUC). Although it may be unnecessary, let me first underline for the record the extent to which the University of Illinois is an international institution. It has in force at the present time, for example, active cooperative agreements with some 85 educational institutions in 38 countries. During 1984-85 the University hosted 740 visiting scholars from 59 countries, and 1776 foreign students were enrolled representing 90 countries. The presence of so many foreign scholars and students reflects the recognition abroad of the high quality of our faculty and programs. In fact, the University of Illinois was reported by U.S. News and World Reports (November 1983) as one of the top eight "National Universities" according to a survey of 1,308 four-year college presidents. The others were Harvard, Yale, Princeton, Stanford, Berkeley, Chicago, Cornell and Michigan.

The UIUC Study Abroad Program is the largest single university program for its own students in the U.S., and we have more than 425 students studying abroad this year in a variety of fields, including architecture, engineering, business, administration and agriculture in France, Austria, Greece, Great Britain, Brazil, Spain, Japan and China, to mention only a few. The University is also noted for delivering more computer-assisted language instruction, through the PLATO system which was developed here at UIUC, than any other institution in the world. Last year students took 52,000 hours of computer foreign language instruction.

The Office of International Agriculture is currently managing overseas projects totalling more than \$30 million, which include major efforts in Pakistan, Zambia and the Caribbean. As a partner in the Midwest Universities Consortium for International Activities, UIUC serves as the lead institution and manager for about one-tenth of the \$80 million in outstanding MUCIA projects. These include Business

Management Education in Bangladesh, Accountancy Education in Indonesia, and Technical Assistance to the University of North Sumatra.

The largest single research project ever funded in international studies—\$10 million over a six-year period—is currently underway at UIUC. The Soviet Interview Project is funded by the National Council for Soviet and East European Research, (a not-for-profit private institution). It involves interviewing more than 3,000 recent immigrants from the Soviet Union about their lives in that country. Eleven other major universities participate in the project through sub contracts with UIUC. They include, among others, Michigan, Michigan State, Chicago, Vanderbilt, New York University and the University of Houston.

The University of Illinois at Urbana-Champaign is, then, totally committed to international education and research, and it has, therefore, a large stake in the reauthorization of the Higher Education Act. My purpose today is not to address the act as a whole, but to speak to one part only: Title VI.

Four area centers at UIUC were designated as "National Resource Centers" and are receiving annual funding from the U.S. Department of Education during the current funding cycle: Latin American and Caribbean Studies Center; East Asian Center; Russian and East European Center; and African Studies Center.

Only eight other universities can claim as many as four. And, in addition, several other area programs at UIUC have received funding for curriculum development and foreign area and language fellowships. Support under Title VI in recent years has averaged approximately \$700 thousand per year for area programs as a whole at the University of Illinois.

It goes without saying, therefore, that Title VI funding is extremely important to international programs at UIUC. We believe that this university represents a good case study in the benefits created by Title VI, and we are pleased to have an opportunity to illustrate the crucial role Title VI has played in the development and maintenance of area studies and international programs on this campus.

Title VI support for area centers and for graduate students is distinguished by the fact that it is a competitive program based exclusively upon excellence. The quality of programs at the various institutions across the United States has been the essential criterion for the allocation of funds, and the scholarly community participates in program evaluation. These features are critical to the success that Title VI has achieved over the years, because it has allocated the funds available to the highest quality institutions and this has meant allocating funds to the institutions that have themselves invested most heavily in area programs and international studies. Title VI helps those who help themselves.

Title VI has benefited international programs at Illinois and elsewhere along three dimensions. First, the funds provided by the act are intended to serve as a stimulus to the development of programs, faculty, library facilities and the like, not as principal sources of funds. The target ratio of institutional to Title VI funds is approximately 10:1, but the ratio on this campus is even more favorable. One reason is that there is a spillover effect of the original stimulus into other, unfunded areas. For example, an Office of West European Studies has been developed at UIUC modelled upon the other area centers. It has received funds to support fellowships and curriculum development under Title VI, but it has yet to succeed in becoming a National Resource Center. We continue to support and even to invest in West European studies because we believe it is an important area and we have the expectation that we shall eventually succeed in obtaining funding.

The mere existence of Title VI, therefore, serves as a beacon for the development of centers at many universities throughout this country, as each attempts to achieve a level of quality that would justify a regular annual grant. A comparison of the list of candidates and the list of successful applications for designation as National Resource centers reveals the unmistakable fact that it is a real competition and that no institution can afford to rest on its laurels. There are numerous hungry competitors ready to displace the current holders of Title VI funds. As a result, the Department of Education obtains great leverage for the funds it invests in area programs—even at institutions that do not receive funds.

A second important dimension of the current structure of Title VI grants also provides leverage to the Department of Education in a different sense. Institutions that wish to compete for Title VI funds are expected to provide certain minimum coverages of various languages, subjects and so forth and to provide for certain activities such as outreach to the community and library development. Title VI is built upon a core program, and it provides that extra sum that makes for the margin of excellence. Thus, thanks to Title VI, the University of Illinois has the largest African language enrollments in the United States. We teach not only Wolof, the language

of the senegal River Basin, which is the most popular, but also Swahali, Hausa and Lingala (spoken in Zaire).

Thanks also inlarge part to Title VI, the Slavic and East European Library at UIUC exceeds 500,000 volumes. Only Harvard Widener and the Library of Congress have larger Slavic collections. As a result of the quality of this collection the Slavic and East European Library serves over 200 researchers and graduate students each summer, and they have come from over 400 different institutions over the years and from 19 different countries to conduct their research in Urbana-Champaign.

Competition for Title VI grants encourages the top area centers to remain comprehensive research and teaching units with substantial outreach capabilities. That requirement helps center directors make a case to the University administration and to the Illinois Board of Higher Education for coverage in areas of the social sciences such as economics or sociology where it has been difficult to sustain disciplinary representatives. It has generated teaching materials for secondary schools and encouragement and support for language training in secondary schools as well. A similar story could be related about the influence of center outreach to the professional schools on campus. Through the mechanism of Title VI, the Department of Education has been able to influence not only the way area centers allocate the funds the act provides, but also the overall budget of area centers.

The third dimension through which Title VI has influenced the development and the character of area and international programs is by means of the evaluative process by which grants are awarded. Selection as a National Resource Center in a particular area is regarded as a clear sign of merit. It represents a reward, of course, to those who are engaged in the area in question, but it is also seen as a return on investment by the university administration. Success in obtaining a Title VI grant is the principal way by which university administrators may reassure themselves that their money has been well spent. It speaks well for the administration of Title VI awards that it has become the prime measure of quality of area centers throughout the country. This has come to be so because the academic community has been encouraged to become involved in the evaluation and selection processes and because the awards have so clearly and unambiguously been based upon professional merit.

I doubt very seriously whether there exists any other federal program that has been more successful in accomplishing the aims of its founders than has Title VI. Area and international studies on the campus of the University of Illinois would not, of course, collapse without Title VI. The University's commitment to international programs and studies is too strong for that to happen. But the elimination of Title VI would leave a leadership gap that would have to be filled somehow. It would also leave a communications gap, because the Title VI competition represents an important form of communication regarding quality, changing trends and new developments in area and international affairs. I and my colleagues at the University of Illinois commend the Department of Education for the excellent job it has done in the administration of Title VI of the Higher Education Act, and we strongly urge the Congress not only to maintain the program, but to expand it if at all possible.

Mr. BRUCE. Thank you, Dr. Millar.

Dr. Kridelbaugh.

Dr. KRIDELBAUGH. Representative Bruce and Representative Hayes, I appreciate the opportunity to come here today to testify before you on nontraditional students. I believe that that population group is pertinent to title I, title III, and title IV of the reauthorization.

The national attention that is being focused on the problems and barriers for adult, nontraditional students in higher education is extremely relevant at this time, and will have a direct bearing on the economic and social well-being of this Nation's future. Community colleges have been in the forefront of serving nontraditional students in the past, and it is a long and successful history.

Olney Central College is located in the southeastern part of Illinois and is representative of the over 400 rural community colleges in the United States. It is a small college, but a major service provider to Olney, IL and the surrounding area. Its student population numbers 2,500, 55 percent women, 61 percent part time, with the

average age being 27 years. Its traditional educational program is 50 percent academic and 50 percent vocational. Through specialized programs, it provides remedial education, services in counseling and training to the unemployed, the underemployed, and displaced homemakers, educational opportunities to the elderly in nursing homes and senior centers, and child care services for its students.

Serving the adult, nontraditional student is a major cornerstone of Olney Central College's mission, as it is for community colleges nationally. Fifty-five percent of all blacks in higher education attend community colleges; 70 percent of all Hispanics in higher education attend community colleges; the majority of economically disadvantaged students, at or below the poverty level, attend community colleges; 55 percent of all students starting college do so at community colleges; and the average age for students attending community colleges nationally has been over 26 for the past 8 years. We do, and have, and are going to serve the nontraditional student.

Although we have been successful, the problems of illiteracy, functional and structural unemployment, an aging population, minorities, and adult training requirements nationally have reached levels that necessitate recognition and assistance from the Federal Government.

Specific problems faced by Olney Central College in serving the nontraditional student, which I think are common in a majority of institutions in all of higher education, is:

A piecemeal approach to programs to address and resolve the problems of the adult, nontraditional learner, especially in relationship to employment.

Unemployment regulations that preclude individuals receiving unemployment compensation to receive training during the day.

Funding models that do not recognize the special needs of the nontraditional student. As an example, funding has been for traditional academic and vocational courses and is not provided for child care, specialized counseling, elaborate career planning and job placement programs—service that the adult, nontraditional students require.

There is not adequate funding for remedial education, at least in the community college area.

Because of our rural isolation, our nontraditional students must be trained for jobs that are not available in our geographic area. Much time must therefore be spent in counseling students in matters totally unrelated to career planning: a change in life style, stress, and financial management and planning.

The rewrite of title I is an intelligent, needed, timely, and welcomed approach to recognizing and addressing the issue of the nontraditional student in higher education. It is my recommendation that because of the expertise that community colleges have developed in this area, and our record of achievement in serving the nontraditional student, that there be a set aside in the funding of title I programs for the community colleges. The Federal Government should utilize—exploit, if you will—and support this national resource in addressing the multifaceted problems in educating, training and assisting our adult, nontraditional student. I recom-

ment a set aside of no less than 50 percent, if the total dollar amount for title I is \$25 million.

Finally, I would like to go on record as opposing any elimination of the set aside for community colleges in the title III program of the Higher Education Act. I know there are movements and recommendations to do so. The title III program has been critical to over 150 community colleges in providing a relevant education to adults in this country. That education has centered basically around vocational areas in robotics, data processing, and other areas that are critical to the country. Community colleges, because of the educational and other services they provide to the citizens of this country, should receive a fair share of the resources provided by the Federal Government for postsecondary education.

Thank you.

[Prepared statement of Stephen Kridelbaugh follows:]

PREPARED STATEMENT OF DR. STEPHEN J. KRIDELBAUGH, PRESIDENT, OLNEY CENTRAL COLLEGE, OLNEY, IL

The national attention that is being focused on the problems and barriers for adult, non-traditional students in higher education is extremely relevant at this time, and will have a direct bearing on the economic and social well being of this nation's future. Community colleges have been in the forefront of serving non-traditional students in the past, and it is a long and successful history.

Olney Central College is located in the southeastern part of Illinois and is representative of the over 400 rural community colleges in the United States. It is a small college, but a major service provider to Olney, Illinois, and the surrounding area. Its student population numbers 2,500; 55 percent women, 61 percent part-time, with the average age being 27 years. Its traditional educational program is 50 percent academic and 50 percent vocational. Through specialized programs it provides remedial education; services in counseling and training to the unemployed, the underemployed, and displaced homemakers; educational opportunities to the elderly in nursing homes, and child care services for its students.

Serving the adult, non-traditional student is a major cornerstone of Olney Central College's mission, as it is for community colleges nationally: 55 percent of all blacks in higher education attend community colleges; 70 percent of all hispanics in higher education attend community colleges; the majority of economically disadvantaged students, at or below the poverty level, attend community colleges, and the average age for students attending community colleges nationally has been over 26 for the past eight years.

Although we have been successful, the problems of illiteracy, functional and structural unemployment, an aging population, minorities, and adult training requirements nationally have reached levels that necessitate recognition and assistance from the federal government.

Specific problems faced by Olney Central College in serving the non traditional student are:

A piecemeal approach to programs to address and resolve the problems of the adult, non-traditional learner.

Unemployment regulations that preclude individuals receiving unemployment compensation to receive training during the day.

Funding models that do not recognize the special needs of the non-traditional student. As an example, funding has been for traditional academic and vocational courses and is not provided for child care, specialized counseling, elaborate career planning and job placement programs—services that the adult, non-traditional student require.

Adequate funding for remedial educational programs.

Because of our rural isolation our non-traditional students must be training for jobs that are not available in our geographic area. Much time must therefore be spent in counseling students in matters totally unrelated to career planning: a change in life style, stress, and financial management and planning.

The rewrite of Title I is an intelligent, needed, timely, and welcomed approach to recognizing and addressing the issue of the non-traditional student in higher education. It is my recommendation that because of the expertise that community colleges have developed in this area, and our record of achievement in serving the non-

traditional student that there be a "set-aside" in the funding of Title I programs for the community colleges. The federal government should utilize and support this national resource in addressing the multi-faceted problems in educating, training and assisting our adult, non-traditional student. I recommend a "set-aside" of no less than 50 percent, if the total dollar amount for Title I is \$25,000,000.

Finally, I would like to go on record as opposing any elimination of the "set-aside" for community colleges in the Title III program of the Higher Education Act. The Title III program has been critical to over 150 community colleges in providing a relevant education to adults in this country. Community colleges, because of the educational and other services they provide to the citizens of this country, should receive a fair share of the resources provided by the Federal government for post-secondary education.

Mr. BRUCE. Thank you, Dr. Kridelbaugh.

Mr. Hayes.

Mr. HAYES. Miss Copeland, I was really shocked by some of the statistics which you brought out in your statement. On the first page—your source of information, I guess, is the National Research Council, at least in part—you said minorities, blacks and Hispanics and American Indians, are underrepresented in all disciplines at the graduate level. The report indicates that black doctorate recipients are older than any other group, and you cite the reasons why.

Then you go on down in the statement:

In 1983 the percentage of recipients receiving the degree by race are as follows: black Americans, 4.1 percent, Hispanic Americans 2.5 percent, American Indians 0.2 percent, and Asian Americans 4.28 percent.

Do you mean there are more Asian Americans—

Dr. COPELAND. That is correct.

Mr. HAYES [continuing]. Than there are blacks?

Dr. COPELAND. For 1983, that's correct. In fact, the number of black degree recipients, doctoral recipients, peaked about 1981 at higher than 5 percent. But this has declined significantly at the national level.

Mr. HAYES. Now, GOPP, which I guess is the organization—

Dr. COPELAND. Funded through title IX, yes.

Mr. HAYES. It is funded through title IX?

Dr. COPELAND. Yes.

Mr. HAYES. Are these figures right? You say 40 students have received fellowships—

Dr. COPELAND. On this campus.

Mr. HAYES. On this campus.

Dr. COPELAND. Yes.

Mr. HAYES. Only 40?

Dr. COPELAND. Forty. I might mention we weren't funded the first 2 years of the program, but presently we have the largest award of any institution in the State of Illinois. So it emphasizes that the program is currently funded at \$11 million nationally, and what I was trying to point out here is that we have been successful with our program, but it funds such a small number for any one institution.

Mr. HAYES. What will happen? You have only 40. Couldn't that number possibly decrease if the current budget cuts as proposed go through and title IX goes by the boards?

Dr. COPELAND. That's correct. We do have some of our own institutional funds to fund graduate students, but as I mentioned in this summary, approximately one-fourth of our fellowship students

have been supported through GPOP. This is a 3-year Fellowship Program and does really encourage students, especially in some of those underrepresented areas, to go on and to pursue the masters or Ph.D.

Mr. HAYES. It has been reported that the University of Illinois has one of the largest and best engineering schools in the whole country. Sometimes I guess we compete with Purdue over here in Indiana. When we look to the future, they tell us this is the direction we need to steer our young kids, the area of science and math.

Yes, sir; go ahead.

Dr. BROWN. I just wanted to underscore what has just been said here from a different perspective. I'm at Eastern Illinois University, as you know, which is a predominantly undergraduate institution. We strive to increase the enrollment and retain the undergraduate minority students whom we have, and one of our problems in serving them properly is a limited, inadequate number of doctorally-qualified black faculty members.

Chancellor Wharton of the State University of New York has recently spoken to the double burden which falls on the small number of black faculty members to be not only professionals in their own fields but role models and advisors for undergraduate black students. So that the concerns that are expressed here for the University of Illinois, without saying they're not their concerns, have a tremendous ripple effect at other institutions, where we really need these people.

Mr. HAYES. What can we do in Congress to change this picture? If you only have 4 percent graduating, you know, how in the heck can you become teachers?

Dr. COPELAND. That was my reason for including a recommendation for Early Intervention Programs that is currently not being supported through the Higher Education Act. That program would identify students as early as perhaps at the high school level, but also fund students who might during their undergraduate study or during the summer become involved in research activities, so that they are encouraged to go into some of the nontraditional areas.

I think what needs to happen is that we really need to increase the pool of students. While the number of black and Hispanic students who are eligible to go on to college has increased, the number or the percentage has not. In fact, it has declined. So we need to do something to increase the pool.

Mr. HAYES. Even if it means finding a means of funding the disadvantaged, the blacks and Hispanics, in assisting them to get an education.

Dr. BROWN. I would like to speak to that same point.

The AAU working group on graduate education and research stressed very heavily the need to retain the GPOP Program and to strengthen it by increasing the stipend—for one thing, the stipends are too low—but also to put in a new program, which indeed is an Early Intervention Program, and that program would provide grants to universities that had good ideas for what to do.

You know, the MARC Program that was run out of the NIH, the Minority Access to Research Careers, was a kind of program, something along that line. We're beginning to talk about having such a program here within the university. But there is a need for addi-

tional resources to help bring young people into the university environment, put them in laboratories during their early undergraduate careers, so they can have a sense that that's an alternative they can really look toward as a possible career for themselves.

We have to do it at that level, because if we wait until they get their bachelor's degrees, it is too late. We are all out there fighting for a sort of fixed pool of talented minority students, particularly black students—you know, a really good black student has got his or her choice of any major university in the United States. We're out there fighting over a too small an applicant pool and we have got to enlarge that pool by this kind of process or we're not going to make much progress with this problem.

Dr. SCHICK. I just might add—and this may not strike some people in the audience as a serious issue right now—but statistics developed by the Illinois Board of Higher Education indicate that at the turn of the century 30 percent of the young people who will be eligible to go to college will be members of minority groups, 30 percent. You know, to the degree we are not addressing these issues, already in the high school, through some kind of a buddy system of bringing these disadvantaged students on to college and university campuses early in the summer, perhaps at the end of their 11th grade, so they begin to get a feeling already in high school of the excitement and the benefits for them, both those who have been academically weaker and those that are stronger, that should be encouraged, as well as other forms of retention programs. We're just going to be missing a giant and important pool in this st.

Mr. HAYES. I could think of no better security this country could have than to educate its youth. It is unfortunate, that it appears to me that some of the people in power have already determined who the expendables in our society are. We just can't let them get away with it.

Thank you, Mr. Chairman.

Mr. BRUCE. Thank you.

For Dr. Brown and Dr. Schick, I am just curious, if we were able to find more money or change the way we distribute money, would you want to have graduate student assistance go directly to the student or do you think we ought to be spending more money in institutions for graduate support?

Dr. BROWN. Well, speaking for this institution, and I think for the AAU, we believe that the funds should be wherever that's feasible, allocated on a competitive basis to the best students and to the best institutions.

Now, the stress should be on the word competitive. There are good proposals. The Javits Program is a good program and it should be definitely continued. We have a very great need for encouragement for the brightest young people to take graduate work in the humanities and the arts areas, which at the present time we have lost a lot of graduate student enrollment there. In fact, it is to the point of endangering the futures of the American universities for lack of high quality young people to assume faculty roles in the future. So I very much favor competitive grants.

Now, they can be competitively awarded to institutions. The Coleman bill strikes us as a good proposal, a proposal that would

award moneys to institutions on a competitive basis. We think that the program should be judged competitive by peer review panels of some kind. There are precedents for that sort of program in the past and we think programs of that sort are good ones.

Dr. SCHICK. Obviously I'm not in complete agreement with my colleague on that. I think the funds have to be allocated in two ways. One—and I have no disagreement at all with the concept—a portion on a competitive basis to the institutions, and another portion actually available to students who choose, for very valid reasons, not to attend the most prestigious universities, at least to begin their doctoral work. They can complete their masters degree at a fine institution like many that we have here in Illinois, that can provide benefits to the individual which some of the other universities may not be able to do.

So I think the money would have to be divided in two ways, to the student and then also to the university. Obviously, some of our programs differ, and where we happen to have even some programs with the same names, the goals of the programs are quite different and I think, therefore, one has to recognize that the student needs would differ as well.

For example, in education, at the graduate level we are more concerned with working with teacher practitioners and trying to upgrade them, and a major university like the University of Illinois would tend to place greater emphasis—not that we would exclude it—but upon research and certain longer term areas. To say that one area should be funded and the other should not, either way, I think would be shortsighted. So I would urge a balanced approach, both ways.

Mr. BRUCE. Dr. Kridelbaugh, you talked about a Set-aside Program. I was just wondering, under the 1980 authorization there was a discretionary allowance for community colleges and all colleges to set aside 10 percent of their SEOG grants for less than full-time students, less than half-time. Yet, across the country, less than one-tenth of one percent of that money was set aside and used for that nontraditional, less than half-time student.

Can you give us some idea, from your perspective, why that occurred, even though this institutions had the option to set that 10 percent aside?

Dr. KRIDELBAUGH. I really don't know, to tell you the truth. I can only think that probably what's happened is that money was used, instead of putting it in a set aside, to give it to the people that were going full time, to be used in that fashion. I'll have to look into that. I wasn't familiar with that, so I'll have to look into it.

Mr. BRUCE. Dr. Schick, you were indicating some agreement?

Dr. SCHICK. Yes. I think it's obvious that the dollar amount, when you just look at a large lump of the tuition costs, whether it's at a community college or at a private institution, you see that big dollar lump out there and the tendency is to award it where that big problem is, namely, for the virtually full-time student and ignore the personnel. It's only 30-credit hours, so I worry about. We'll take care of the big problem. I don't think we have adequately addressed that.

Mr. BRUCE. It was not a matter of lack of concern about the less than full-time student. It was just the lack of dollars to take care of perhaps the larger need.

Dr. SCHICK. Yes, I think that. Obviously, the community colleges have traditionally been concerned about the part-time students, but an institution like Eastern Illinois University until this year, has not even begun to face the importance of part-time students, and very small, fractional, little bits of pieces of students. It's an issue which we are now beginning to address quite seriously. This will impact our financial aid situation seriously.

Mr. BRUCE. Dr. Millar, they told me that when you got here you probably wiggle out more money than anybody in the United States, and you have done an excellent job. If you were "king for the day" and you didn't have any restrictions, what would be your ideal setting for the Federal Government to be involved in these international educational programs?

Dr. MILLAR. As I said in my statement, I happen to be a great admirer of the way title VI has been administered. I think, of course, we can always use more money in such a program. I think the effectiveness of title VI, as I suggested, has been because of its competitiveness and because it has been spread fairly thinly across institutions. It hasn't been concentrated in one or two institutions. I would say that every now and then that comes to be a question that is raised, as to how it should be allocated.

In terms of how we would allocate it, title VI tends to refer primarily to what we call the area centers, the areas of the world that we feel need support, that wouldn't otherwise receive the kind of attention they need in order to ensure that we have the kind of knowledge we need in order to achieve the kind of economic penetration we need in the rest of the world, and also to maintain national security.

I think there are a number of other areas that are developing that aren't really keyed to area studies, that are very important. One, for example, is this whole area of national security, strategic studies, disarmament, what have you. That's an area of growing attention in academia, an area in which I think some Federal funds could be wisely used—not a great deal, but wisely used in the same way that title VI funds are used, to try to evaluate these programs and to serve as a stimulus to programs throughout the country. That is one of the most important.

Mr. BRUCE. The University of Illinois has such a center?

Dr. MILLAR. The University of Illinois has such a center and recently received a MacArthur grant toward that end.

Mr. BRUCE. Dr. Copeland, in your testimony you asked that the financial need requirement for GPOP awards be eliminated and provided on the basis of merit.

Can you explain the rationale for that, just briefly?

Dr. COPELAND. Well, as I indicated earlier, since we are talking about a very small number of students to start with, if we want to encourage some students who have interrupted their education and who are employed, and then we attempt to recruit those individuals back to the institution, sometimes they are not eligible to be supported through GPOP.

The other reason, I think, is the fact that this program is the only Federal program at the graduate level that is based on need. If we're trying to really support outstanding students through the program, this seems to be a second class fellowship program. We do find that in the past, because we have received our funding very late in the year, a number of times having to establish the need of a student, it becomes problematic.

Mr. BRUCE So it's a paper problem, somewhat?

Dr. COPELAND. It's a paper problem, but I also think it is a problem of stigmatizing a program, indicating that the student must have financial need.

Mr. BRUCE. Dr. Brown.

Dr. BROWN. May I speak to that issue?

Mr. BRUCE. Absolutely.

Dr. BROWN. It seems to me that we have agreed, I believe, that we have a very serious problem in attracting minority students to graduate education. As a matter of public policy, it is absolutely urgent that the nation develop a stronger program and a stronger cadre of minority Ph.D's, particularly blacks. So in that sense alone, it seems to me to be good public policy to put aside this issue of financial need. It is a matter of urgent public concern that we increase the number of black Ph.D's. So we have got to do it by making it attractive in comparison with alternative courses of action for those students.

Mr. BRUCE. Thank you.

Are there any further comments from the panel?

Dr. Kridelbaugh.

Dr. KRIDELBAUGH. I would just like to make a comment on your remarks, Representative Bruce. If the Congress and society wants to do something about part-time students in respect to financial assistance, they should do that in a discreet way. As long as the Congress is going to have a set aside voluntarily for full-time/part-time students, the full-time student is always going to win out, because the financing of our institutions is based upon full-time students; that's where we get most of our money from the State. So my main comment with respect to the problem of minorities in graduate school, if society wants that—and you are society's representatives—I think you ought to come up with a discreet program so it can work.

Mr. BRUCE. In other words, that we would make the decision to set aside additional funds rather than allowing it to be done by the institution?

Dr. KRIDELBAUGH. That's correct.

Mr. BRUCE. I realize the problem. I believe it is you who did not want to discriminate against the part-time student. No one went out and said "let's see if we can do them in." The problem was you had too many demands by full-time students and you had to make a priority commitment of your funds.

Dr. KRIDELBAUGH. We might even do that on purpose because of the funding. That's what I'm trying to say.

Mr. BRUCE. I see. In addition to that there's the head count problem.

Dr. KRIDELBAUGH. That's correct.

Mr. BRUCE. Dr. Millar.

Dr. MILLAR. Just one last comment about what might be done in international studies that would have a major effect.

As you know, Americans by and large don't learn foreign languages, and they don't for some good reasons. One of the main reasons is they don't travel to foreign countries. If you don't travel to foreign countries, it is very hard to understand why you need to know a foreign language. When they do travel occasionally as they get older, it is too late to learn and people speak English to you.

Now, one of the things that we need to do, there is a barrier there in terms of Americans, and this, of course, cuts across all classes and all races in American society, and the lower the economic status of the individual student, the less likely that student will have an opportunity to use a foreign language. Here we are, in effect, economically disadvantaged in international trade, responsible for more than half the world strategically, and we're not learning the kinds of language and the kinds of knowledge. If you look at the Educational Testing Services recent survey of what students know about the world, it is really frightening. They know very little. They can't locate Africa on the globe.

Now, I think we have good programs in our institutions that teach about the rest of the world. They could, of course, be expanded if you had more professors. Probably the most dramatic thing that could take place is for more students to study abroad, to find some way to break down that barrier so they can spend a year or half-a-year studying abroad, so they find out what the rest of the world is like.

When you figure from the University of Illinois, with a total undergraduate student body of 25,000, we have 500 abroad, and we're one of the largest programs in the United States, you know we're not going to compete successfully with the Japanese or anyone else when it comes to that.

Mr. BRUCE. Thank you, Dr. Millar.

Any further comments? Mr. Hayes, any further questions?

Mr. HAYES. No, Mr. Chairman.

Mr. BRUCE. Are there any other matters to come before the hearing? If not, we will determine the hearing to be closed and the record taken. Thank you very much.

[Whereupon, at 4:45 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

APR 26 1979



Dr. Gary Frank Petty
Executive Director

**Illinois Community College
Trustees Association**

509 South Sixth Street
Springfield, Illinois 62701
Telephone 217-528-2858

MEMORANDUM:

TO: William D. Ford, Chairman
and Members, Committee on Education and Labor

FROM: Gary Frank Petty, Executive Director, and
Karen Jennings Miller, Deputy Executive Director
Illinois Community College Trustees Association

We are pleased that you and members of the subcommittee on Postsecondary Education have come to Illinois to conduct a hearing on the Higher Education Act Reauthorization. As representatives of the Illinois Community College Trustees Association, we are conscious of the needs and contributions made by the higher education community across the state of Illinois. As representatives of the Illinois community college system, we would like to point out that our schools offer a unique system of programs for the educational and employment training needs of the people of Illinois. During the economically difficult times and lingering recession of the past few years, we have taken the forefront on economic development projects ranging from the creation and promotion of small businesses to the training and retraining of our local work force. We play a particularly key role in offering economic opportunity to the less advantaged and/or those most in need of upgrading skills for continued employment. As such, any cuts in program funding affect our students in more immediate and dramatic ways.

In keeping with the testimony offered by the Illinois Community College Board, we would like to make the following recommendations for Reauthorization of the Higher Education Act:

1. Strengthen the Pell Grant Program through more equitable treatment of non-traditional and commuter students.
2. Continue the current level of support for the College Work Study and the Guaranteed Student Loan program
3. Reformulate institutional aid (Title III) to achieve more economic benefits for each dollar spent.

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4. Renew cooperative education (Title VIII) to stimulate the development of cooperative education programs between colleges and public and private employers.
5. Renew and redirect the Continuing Education Program (Title I) to serve adult students needing occupational education and to assist institutions to serve as centers for life long learning.
6. Focus the Higher Education Act more strongly on building postsecondary education capacity to make education more responsive to national productivity and emerging work force needs, and to better serve working adults and part-time students.

We realize that during this budget reduction year of high deficits, many federally funded programs must be reexamined. We believe, however, to cut those programs which have successfully fought unemployment, and which have successfully promoted commerce would be shortsighted.

Again, we thank you for your interest and time and respectfully request that our concerns be made part of your record.

KJM:dg



**LAKE
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COLLEGE**

MATTOON, ILLINOIS 61838-8001 PHONE (217) 235-3131

May 1, 1985

Honorable William D. Ford
Chairman, Subcommittee on
Postsecondary Education
Committee on Education and Labor
320 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Ford:

The following information is in response to Senator Terry L. Bruce's letter of April 19, 1985. The fourth paragraph in this letter was an invitation to submit a written statement that would be included in the official hearing record. The statement was to focus on programs contained within the Higher Education Act and would provide, in our opinion, what would be an improvement of these programs on students and on the College. Our response is as follows.

An issue of primary concern falls within the re-authorization process for Title IV financial aid.

- 1) Guaranteed Student Loan
Our staff would like to see that lenders forward GSL awards to the College in the college's name from multiple disbursements to the student recipients.

Rationale

- a) Greater control would reduce abuse.
- b) Colleges could use interest monies for administrative allowance.

- 2) One Grant Program, One Work Program (PELL, CW-S, GSL)
Our financial aid officer feels that there needs to be a simplification of Title IV programs to include this "triad" concept.

Rationale

- a) This would reduce the confusion of the public sector regarding the programs.
- b) It would streamline the Federal regulations and increase uniformity of institutional administration of the programs.

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- 3) Abolish Selective Service Registration Compliance.
This would reduce paper work and streamline delivery of financial aid funds to students.

Rationale

- a) There is no evidence of consequence to suggest that students currently abuse this requirement.
- 4) Support for 100% Verification for Financial Aid Applicants.
This would be most helpful in increasing the fair distribution of Title IV financial aid dollars.

Rationale

- a) It would be uniform across programs and institutions. This greater control of funds would reduce the likelihood of abuse.
- b) The Federal government could cross-check financial aid applicants with IRS records.
- 5) It would be most helpful if a specific age (say 23) would be selected and declared that for that age, all students under that age would be considered as dependent students. Exceptions could include wards of Court, etc.

Rationale

- a) This would provide for uniform administration of programs.
- b) It would streamline the delivery of financial aid dollars.
- c) It would give greater control to reduce abuse.
- 6) Colleges should be allowed to calculate needed corrections in the Pell grant student aid report (SAR) and disburse funds based on correction.

Currently, if the College finds an error in the student's reporting of financial aid data for a Pell grant then he must submit his SAR for re-calculation.

Rationale

- a) This would reduce the red tape and confusion for the public.
- b) It would alleviate the delivery of Pell funds.
- 7) Cost of education should be determined by the College rather than the Federal government. The Federal government is too far removed from the campus to be able to know what it costs for a student to attend a specific institution.

Example:

Specifically, to this institution a dependent living at home budget is \$4,240.00; a dependent living away from home budget is \$4,330. Anybody can readily see there is significant difference beyond \$90.00.

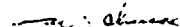
- 8) It is most important that a single system be adopted for assessing the family contribution toward meeting the cost of education. Currently there are three formulas for arriving at the same concept. These are the uniform methodology formula, Pell grant formula, and Guaranteed Student Loan formula.

A single formula would reduce confusion and increase uniform administration of programs.

These are a few of the concerns that we have in an area that involves many students. Multiply this item by all the institutions and it becomes a significant observation.

We appreciate having the opportunity of forwarding this to you for additional consideration.

Sincerely,


David V. Schultz
President

DVS:jas

cc: Senator Terry L. Bruce

Illinois Department of
Commerce and Community Affairs

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Michael T. Weffer
Director

Stephen F. Selcke
Assistant Director

May 6, 1985

Chairman William D. Ford
Subcommittee on Postsecondary Education
Committee on Education and Labor
325 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

At the request of Congressman Terry Bruce, I have enclosed written testimony, to be entered into the record for the recent Champaign, Illinois Field Hearing of the House Subcommittee on Postsecondary Education on Reauthorization of the Higher Education Act. We were unable to have someone attend the hearing, but appreciate the opportunity to submit written testimony.

Thank you.

Sincerely,

Steve Selcke by Hsd

Steve Selcke
Assistant Director

SS:hsd

cc: Congressman Terry Bruce

TESTIMONY FOR THE HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

Offered by Mr. Michael T. Woelffer, Director

Illinois Department of Commerce and Community Affairs

The role of higher education in economic development is one of great interest to us in Illinois because we are keenly aware of the kinds of resources our colleges and universities offer and the importance of utilizing those resources to strengthen our economy. Over the last several years, Governor James R. Thompson and the Department of Commerce and Community Affairs have been assisted in the process of evaluating the areas where our institutions of higher learning may be more helpful, first by a Task Force, that is now known as the Governor's Commission on Science and Technology. This commission has examined higher education and offered suggestions on how to tap these valuable resources and to draw education, private and public, into a partnership with business and government. An excellent example of this partnership is the new DCCA program known as the Technology Commercialization Program that Governor Thompson, with the help of the State Legislature, enacted last year.

This program, just underway this year, has established Commercialization Centers at eight (8) of our universities and a Business Innovation Fund of nearly \$1 million for state investment in high technology, business and product opportunities. These Commercialization Centers have been asked to coordinate and develop the applied research capacities of our universities in order to support inventors or entrepreneurs on our campuses or in the business community at large. They have provided DCCA with a number of very interesting

product ideas for development that our agency has agreed to support by reimbursing the universities for 50 - 75% of the development cost of specific products or product ideas. The balance of those costs are shared by the University and/or the businesses or inventors of the products under consideration. DCCA is hopeful that this kind of product development orientation with technology will foster a new spirit of commercialization on our campuses that will produce more in the way of new business development and business "spin-offs" near our Illinois universities.

Likewise, our Business Innovation Fund is looking to invest up to \$100,000 of State funds along with matching private funds to encourage new business starts in high growth commercial opportunities that will produce economic growth and new jobs for Illinois. This fund looks to recover its investment on successful projects through a negotiated royalty repayment this year and by taking equity and ownership in the next fiscal year.

In addition to this new program, the Governor's Commission has provided leadership in other areas in support of major Federal projects such as the Supercolliding Super Conductor for the Fermi Laboratory and the Supercomputer funding for the University of Illinois at Urbana-Champaign. Both are examples of our universities' resources being utilized in support of major projects important to our state that hold tremendous economic promise. Clearly, without our outstanding universities acting as conduits for these research efforts, the opportunity for this economic "ripple" would have been precluded. In Illinois, we need more of this kind of sponsored research to feel the great benefit that it offers.

Further evidence that some of this economic promise already exists at Urbana-Champaign is displayed by the new Entrepreneurs Association that has formed there, with a large part of its members from the electrical engineering and computer science fields having a variety of associations and affiliations with the University of Illinois. This organization has developed because of the kinds of new business opportunities that have been created around the University. The state and federally funded Supercomputer research recently announced has provided a tremendous boost to this organization already and to this kind of entrepreneurial spirit. We expect even more of this kind of small business development to take place in the coming months, as a result of other university economic activities, as well.

Another important economic development role of our universities lies in the area of support for "incubator" activities like the Chicago Technology Park, the Evanston/University Research Park, and specialized centers such as the Materials Technology Center at SIU-Carbondale and the Microelectronics Center at U of I-Urbana, that have been established. Others are also being discussed this year in conjunction with the Governor's "Build Illinois" proposals now before the Illinois General Assembly. These incubators can offer support to the new and emerging businesses and may also offer the strength of our university research capacity to businesses that are developing technology-based products. The more we can do in government to bring our technological researchers closer to our businesses and producers, the more competitive our products and the stronger our economy will be, in the balance of this century. We know the world markets of the 21st century will surely

require technology-driven products and manufacturing processes in our businesses, if they are to be competitive and viable.

Our higher education community offers more in the way of support for economic development, as well. In Illinois, we are extremely proud of our Small Business Development Center activities underway at 34 of our Illinois institutions, serving more than 50 of our counties in support of new business development and economic growth. They offer a tremendous resource and are serving as a model for the nation in the area of business development for small businesses and prospective businesses in Illinois.

In pursuit of important economic opportunities for our state like the GM Saturn project, the leadership and support of the university community is a critical aspect of a state's proposal. We are fortunate to have that kind of support and leadership in Illinois and will have to call on it even more as we move ahead on other projects like this one that require the support, cooperation and expertise of our universities.

Governor Thompson firmly believes that education is a major component in the economic development "machinery" of Illinois. His "Build Illinois" programs proposed this year, with \$200 million for education, demonstrate his belief that we need to support education if we are to ask its help in preparing for the future. These education funds, dedicated to things like university research, food production research, scientific surveys and re-equipping of science classrooms, join with other major initiatives in the areas of Business Development, Infrastructure, Transportation, Housing and the Environment, to

form a united front and a broad commitment to economic development in Illinois.

I believe these offer examples of higher education support for economic development throughout Illinois and I believe they have application throughout the nation. A commitment at the federal level to support similar activities as well as federal support for "applied" research at our universities directed at commercialization opportunities, would add to the strength of the effort this sector can provide in the way of economic development. With this kind of support, I believe we can look to our universities for an expanded role in economic development.

I have also attached a copy of a recent editorial from High Technology magazine, and Governor Thompson's comment, that address this issue of a university role in technology development extremely well. I think it offers some suggestion for the kind of assistance our universities can be, given the right direction and support.

Thank you for the opportunity to discuss Illinois' economic development activities involving higher education. I hope you find them helpful and that they provide some insight as to how valuable the resources of higher education are to real economic development

OPINION



The U.S. needs market-oriented technology centers

The United States has built an unparalleled system for supporting basic research. Government grants through agencies such as the National Science Foundation and National Institutes of Health, for example, produce a steady stream of advances in a wide range of sciences and technologies.

Turning these advances into useful products is another story. Many of the discoveries made in U.S. laboratories lead to new markets, even new industries, that are often pioneered by manufacturers in other nations. Ideally, once promising advances are reported by U.S. researchers, the private sector should use them to develop new products or services. In reality, many industries struggle along, settling for incremental advances, while laboratory work that could open new vistas remains on the shelf.

The problem here is in the focus. Basic research is properly aimed at advancing the state of the art rather than at creating products. An entirely different viewpoint is needed for testing new technology to the market, often an arduous and costly process. Such long-range risk taking does not appeal to bankers, or even to most venture capitalists. It calls for a sort of real-world laboratory, in which new technology can be tested, modified, and redesigned without the pressures for a quick return. Yet few companies have the resources of a General Electric, which can afford to build an experimental automated factory just to serve as a test bed for innovative technology.

The U.S. needs to establish applied technology centers that would foster innovation for a whole industry. Of course, mechanisms to do this well would have to be carefully conceived. They should not interfere with support for basic R&D. Nor should public funds be squandered on park-benched projects or new bureaucracies. But a concerted, mission-oriented approach could help emerging or beleaguered industries apply new advances more rapidly. Here are some possibilities:

- Technology farms could be dedicated to testing and improving new agricultural systems and techniques.

- Institutes could be set up for experimental machine tools, optical systems, textile processes, and other fields that have other great potential or a critical need for innovation.

- A network of clinics and hospitals could coordinate tests of new medical technology, while providing feedback from patients and doctors to the developers.

Broad participation, particularly by industry, would be essential to these efforts. And academic research, funded through graduate and postdoctoral grants, could produce advances in applied technology just as it does now in basic R&D. Sharing of patent rights between sponsors and the actual developers would provide strong incentives to produce economically viable results. Eventually, royalties might make such centers self-supporting or even profitable.

There is no reason the U.S. can't have as strong a system for applied technology as it does for basic research.

Robert Havard

highTechnology

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Danville Area Community College

May 3, 1985

Office of the President

The Honorable William D. Ford
 Chairman
 Subcommittee on Postsecondary Education
 Committee on Education and Labor
 320 Cannon House Office Building
 Washington, D.C. 20515

Attention: Kristin Gilbert

Dear Representative Ford:

I was asked by Representative Terry Bruce to testify before your Subcommittee in Champaign last weekend. Although I had hoped to be able to rearrange my schedule in order to do so, a prior commitment prevented it. However, I would like to submit written testimony for your consideration.

Before I begin my testimony, I want to congratulate you on the award you received at the AACJC Convention in San Diego. I was one of the 2,300 people who rose and applauded not only your selection but also your very timely remarks.

I would also like to tell you how pleased I am that you have Terry Bruce on your Subcommittee. As you have probably discovered already, Representative Bruce is one of the most dedicated, hard-working, conscientious legislators that has ever represented the State of Illinois and a genuine advocate and supporter of the community college. He will be a real asset to your deliberations.

I promised Terry that I would comment briefly on the role that Danville Area Community College has played (and continues to play) in the economic recovery program of the district it serves, as well as on the kind of assistance most needed to support this effort through the reauthorization of the Higher Education Act.

Role of DACC in Economic Development

Basically, the role that DACC has played in economic development has been that of: alerting the public to the problems confronting our community, building consensus for organized approaches to addressing those problems, obtaining funding and providing services to support the systems developed, and serving as the major source of training/retraining for this area.

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The systems developed to attack the economic problems of the Danville Area and the College's involvement in them are as follows:

1. Business and Economic Institute - Formed in 1980 by the College to establish economic development as a high priority.

It plans, organizes, and hosts seminars on major topics that affect the economic recovery of the Danville Area. It also designs and offers intensive training/retraining programs for the employees of local businesses and industries on a contract basis.

2. Economic Development Corporation - Formed in June of 1981 as an outgrowth of the community-wide "Symposium on Economic Development" sponsored by the College's Business and Economic Institute.

The Economic Development Corporation is a public-private partnership, funded through an initial fund drive that raised almost \$600,000 from local banks, businesses, individuals, and the Danville City Council and the Vermillion County Board. It serves as the coordinating unit for all economic development activities of the Danville Area, including retention and expansion of existing businesses and industries as well as recruitment and follow-up.

3. Labor-Management Council - Formed in March of 1982 as an outgrowth of the community-wide "Symposium on Labor-Management Cooperation" sponsored by the DACC Business and Economic Institute.

The Council is made up of the six (6) most influential company presidents or plant managers and the six (6) most powerful labor leaders in the area. It meets monthly at the College and is supported by the Economic Development Corporation, the firms/unions represented thereon, and an employment-generating services grant from the JTPA Program.

4. JTPA Program - Formed in 1983 following a community-wide effort, led by the College, to have Vermillion County designated as a Service Delivery Area for the State.

It is administered, staffed, and housed by the College, and works through subcontracts with numerous community agencies, organizations, businesses and industries. It is overseen by an impressive Private Industry Council, and in its first year of operation met or exceeded all of its enrollment, training/retraining, and placement goals.

5. Attitude and Marketing Program - Formed in 1983 by the Denville Area Chamber of Commerce Board, working with key College staff, and the Economic Development Corporation. It was conceived and led by a former College Board member.

This program produced an impressive and inspiring slide-tape presentation and launched a community-wide effort to lift the spirits and renew the optimism of area citizens. The program entitled "We believe we achieve!" was very successful and spawned a new Convention and Visitors Bureau and "Keep Denville Clean" Program.

6. Small Business Development Center - A proposal is currently being conceptualized by Business and Economic Institute, Chamber, and Economic Development Corporation staff and should be submitted to the Department of Commerce and Community Affairs in a few weeks.

For the past two years, the College's Business and Economic Institute and the Denville Area Chamber of Commerce have co-sponsored workshops, seminars, short courses, and a Small Business Awards Breakfast with the regional office of the U.S. Small Business Administration.

What kind of assistance do we need?

As you can see, the Denville Area Community College has played a leadership role in the economic recovery of the district we serve. The systems we have helped to create, obtained funding for, and worked to support have been effective in stemming the flow of precious jobs out of the Denville Area. In addition, they are directly responsible for the attraction of more than 700 new jobs to the area over the last four years.

Unfortunately, unemployment remains high, and our principal manufacturing industries must continue to invest in new equipment, manufacturing procedures, and cooperative efforts with their workforces in order to remain competitive in the global marketplace. The College, if it is to continue to play a leadership role in the economic recovery of this area, must have state-of-the-art equipment to provide the training and retraining to assist our existing industries, to retrain the hundreds of "structurally unemployed" workers who will never return to the jobs they have held for such of their lives, and to help attract new businesses and industries to our community.

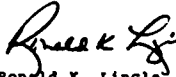
Denville Area Community College feels this commitment so strongly that we have already announced plans for a tax referendum in November of 1985 to obtain the funds needed for this effort. However, all of the community colleges in the industrial Northeast and Midwest

are facing similar problems, and all are in desperate need of funds to provide the facilities and equipment required to make a difference in the economic development programs of their respective districts and states.

I do not know if the reauthorization of the Higher Education Act is the appropriate vehicle to address this problem, but I ask your consideration of it as you deliberate the challenges and issues confronting the nation's higher education system.

Thank you for your consideration.

Sincerely,



Ronald K. Lingle
President

P

cc: Dr. David Pierce, Executive Director,
Illinois Community College Board

○