

Report of the  
Board of Trustees Meeting  
July 23, 2009

Tih-Fen Ting and I attended the July 23 Board of Trustees meeting in Chicago. The meeting was short by Board standards. They had met for a retreat in executive session the day before on July 22. That shortened the executive session during the official meeting. The main issues addressed at this meeting were faculty furloughs, tuition increases, and the proposal for a new online initiative to replace the Global Campus.

There was more press present than usual for one of these meetings, as might be expected considering the high level of interest in the testimony that individual trustees have given to the Mikva Commission (review of admissions procedures) over the past few weeks. Accusations, recriminations, and calls for resignation that have come out in the press took a noticeable toll on the tone of the meeting. In my opinion, the mood of the Board was a little more guarded and deliberate than at past meetings I have attended. In particular, Chairman Shah was relatively quiet throughout the meeting and with the exception of some capital projects, only added to the conversation when necessary in his roll as chair. Another faculty observer commented that this was not the “air of a funeral” that they had expected and that it outwardly appeared that the Board had used their retreat to productively work through some issues.

Before the meeting the faculty observers met with Trustees Carroll, McMillan, and Schmidt for breakfast. Trustee Schmidt was caught in traffic and arrived late. Trustee McMillan joined the board at the May meeting and asked to join us for breakfast. Personally, I was very impressed with his demeanor. He was very polite and respectful of the faculty. He impressed me as a good thoughtful listener who asked really good questions. My impression is that he is putting an effort into being a good trustee of the University.

The first topic of discussion at breakfast was the plan to add furlough language to faculty notices of appointment starting August 16<sup>th</sup>. We raised concerns about how this will affect retirement benefits through SURS and the effect it will have on junior faculty (salary compression, recruitment, retention). Our concerns were well received. The trustees seemed to agree that retirement benefits should not be adversely affected by furloughs and that the effect on junior faculty should also be considered. During private discussions over the course of the day it was understood that the university administration should run the numbers so that everyone can see how SURS benefits might be affected. After the meeting the university administration asked the University Senates Conference to provide some names of faculty (junior and senior) to conduct a dialog about best practice if it comes to implementing furloughs. It should be said that at this moment it appears that the central administration will be coming up with a broad set of rules for furloughs (if they become necessary) and that each campus will have a fair degree of latitude to figure out exactly how they occur.

The second topic discussed at breakfast was the 2.6% tuition increase that was made effective by the three member BOT executive committee in June. Prior to that meeting President White and VP Knorr had built a strong consensus around a 4% increase. The three person executive committee initially tried to quash the increase completely but at the urging of VP Knorr compromised at 2.6%. Recall that the entering class of freshmen is locked in for four years at the rate they start at. 4% was picked to keep the budget balanced. 2.6% represents a hole in the stream of needed revenue over the course of the next four years. In response to this action the University Senates Conference had sent a letter to the board questioning the wisdom and authority of the executive committee to contradict the 4% consensus.

Trustee Carroll (who was at breakfast) is a member of the executive committee so we approached this issue with some tact. She was eager to discuss it and expressed regret that she had not heard the outcry from the faculty via the USC before she cast her vote in favor of 2.6%. We explained to her that no one had said anything before the executive committee meeting because a solid consensus had been built around a 4% tuition hike and we believed the executive committee would act on that consensus since they had made no indication to the contrary. Part of the controversy on this matter was that many of the players feel that the executive committee may have purposefully kept quiet about their plan for action prior to the meeting so that no one was aware they should be present. The day of the executive committee meeting President White was absent because he was testifying before the Mikva Commission. Trustees Schmidt and McMillan took our faculty concerns under advisement and acted on them later in the meeting.

The official meeting was called to order at 10 am. As the first order of business Trustee McMillan introduced and officially welcome the newly elected student trustees. Roll was called. Only Trustee Eppley was absent (he teleconferenced in after lunch to vote on the agenda items). There was no reason publicly given for Trustee Eppley's absence.

Chairman Shah read a prepared statement about the admissions controversy that has been widely reported in the press and is available on the Trustee's web site. President White introduced the administration participants and faculty observers. The board then thanked Professor Elliot Kauffman, the outgoing chair of the University Senates Conference, for his many years of service. President White said in his citation, "Leadership in shared governance is a core value of the University of Illinois." Professor Kauffman received a standing ovation from everyone present.

As public comment began at 10:20 am a number of people protesting the admissions clout list were quietly and peacefully escorted from the room. The first speaker during public comment was Mark Thompson. Mr. Thompson had earlier introduced himself to Chancellor Ringeisen as a proud parent of a UIS student, but did not identify himself as such in front of the BOT. Mr. Thompson used colorful language to accuse University of Illinois at Chicago professor Bill Ayers of being a "socialist seditionist" who is guilty of "political pedophilia" and should be tried for sedition by a military court.

The second speaker for public comment was Jackie O'Day, president of the UIUC student senate. Ms O'Day was stuck in traffic and allowed to speak when she arrived 30 minutes later. She spoke in support of a number of student fee increases that had been approved by student referendum and were before the BOT for approval.

At 10:30 am the BOT began the meeting of the Budget and Audit committee headed by Trustee Bruce. VP Walter Knorr oversaw the presentation of three reports: an annual audit conducted by KPMG, a risk assessment audit plan presented by Julie Zematis that will focus on healthcare, information technology, and construction projects, and a report of the preliminary budget request for fiscal year 2011.

The preliminary budget request for 2011 totals \$96.8 million. The academic part of that is \$78.6 million including a 1.0% merit pay increase. Operations and Facilities account for \$8.7 million including about \$5 million for deferred maintenance projects. \$9.5 million of the request is to account for inflationary items including healthcare, utility infrastructure, and the library-operating budget. In addition to the budget request the University also plans to request \$5.5 million for healthcare related operations from the "Illinois Bill of Health" and \$10 million in the form of a capital improvements bill.

VP Knorr reported that the University last week received \$5 million of the funds outstanding from the state for the last fiscal year. \$120 million remains to be paid to the University by the state. He is hopeful that money will be paid in full by August. Later in a private conversation with a high ranking university administrator I heard that the state's difficulty paying its bills from last year has resulted in a drop in its bond rating and an official warning that its rating could drop even lower. While state funding accounts for only 20% of the University's operating budget we rely on that funding and cannot afford not to get that money on-time as promised.

VP Knorr then provided an overview of the recent capital bill that was widely reported in the press and in campus announcements. That bill includes \$4 million for the UIS safety building. He presented the new capital improvements list for 2011 in a font so small that I could not read what it included. He said that this list includes 4 items on the UIS campus with the renovation of Brooken's library being the top priority among those four. He did not report which projects across all the campuses would be receiving the top priority overall.

After these reports Trustee Schmidt took the opportunity to bring the tuition increase issue to the floor of the meeting. He asked for a comment from VP Knorr about the financial impact of the decision to set next year's tuition increase at 2.6% instead of 4%. VP Knorr responded that 2.6% versus 4% represents a difference of \$3.5 million dollars in revenue.

Trustee Schmidt continued by raising the issue that the executive committee did not act on the consensus of the full BOT. The University counsel advised the board that discussion of tuition increases was not on the agenda so it could not be acted on today. Trustee Bruce (who was running the meeting as head of the finance committee at this

point) cited counsel's ruling and acted to move on. Trustee Schmidt apologized for putting Bruce on the spot but stated that he felt this was the most appropriate time to discuss the issue.

Trustee McMillan chimed in that he would support a reconsideration of the tuition rate and that the BOT needs to discuss how the decision was made. VP Knorr added that the mechanics have been set in motion to enact the decision of the executive committee. While technically the BOT could change its mind, practically it would be a stress on the University to change the tuition rates for the fall at this point.

Trustee Dorris (who is on the three person executive committee and voted against the 2.6% increase) stated that he acknowledges that the BOT consensus was 4% but his preference is to not raise tuition at all. Citing the \$120 million that the state still owes the University from last year, he stated unequivocally that the University needs other sources of revenue and he opposes even a 2.6% increase.

To frame the discussion going forward Trustee Bruce stated that the consensus he was hearing around the table was that the BOT members were in favor of re-instating the 4% tuition increase if it was practical to do so. Trustee Dorris replied that if that was the consensus of the board he would not object in spite of his own personal feelings.

Trustee Carroll added that one of the separate concerns seemed to be the process by which the executive committee set tuition for next year against the consensus of the full BOT. She asked if the executive committee is "governed" by the consensus of the full BOT. University counsel replied that the executive committee is not statutorily bound or governed by the consensus of the full BOT. He also stated that the action taken by the executive committee was within their authority and that furthermore this was the advice he had given when it was solicited prior to the June executive committee meeting.

Trustee Montgomery seemed upset to hear that the counsel's advice was sought in advance of the executive committee meeting (implying premeditation). He felt that the BOT does not need to change the authority of the executive committee. However, he forcefully stated that if a consensus exists on the board, as it so clearly did, that the executive committee should not move to counter or nullify that consensus.

VP Knorr offered that while it might not be practical to change Fall 2009 tuition rates that perhaps a change could be made in Spring 2010. Trustee Bruce asked VP Knorr to work through the options and get back to the BOT as soon as possible.

At 11 am the Building and Grounds committee heard a report from AVP Bess about the Huff North Addition on the UIUC campus. Trustee Dorris pointed out that this renovation moves the building closer to its original intent because its construction had been affected by the economic collapse in 1929. Trustee Schmidt asked about the funding for the project and Chancellor Hermann told him the University is using institutional funds and certificates of participation. Trustee Shah asked about the "green" rating for the building and the architect replied that it would earn a Silver rating at a cost

added of \$300 K. Trustee Shah then instructed the architect to check to be sure that the existing superstructure of the building could support the additional construction. Trustee Shah then asked the student trustees to become more involved in commenting on building designs since they represent one of the key groups that use the buildings.

At 11:25 am the board recessed for ten minutes and then resumed in a brief executive session. Lunch followed at noon. At lunch there was a fair degree of lobbying the Trustees to call a special meeting to discuss the tuition issue.

The meeting resumed at 1:20 pm with review of the agenda items before the Board. Among these items was one to rename the UIS Emiquon Field Station the “Alfred O. and Barbara Cordewell Therkildsen Field Station at Emiquon” after the primary donor of the funds used to construct the facility. There were also three agenda items to raise student fees at Urbana and there was some confusion by the Trustees that these fees were being requested by the students, not foisted on them.

AVP Bess took the Board through an overview of the capital and maintenance projects. None of those are on the UIS campus. Chairman Shah asked for an update from AVP Bess on the capital renovation of Lincoln Hall on the UIUC campus (which was part of the capital bill recently passed by the state). Bess reported that the University has completed mediation with historical interests over the replacement of windows. The University wants to install more energy efficient and easier to maintain aluminum-clad windows. Historical interests had acted to force the University to restore the one hundred year old windows as is. Mediation has been resolved in favor of the University and the window replacement will soon be out for bidding.

Trustee Eppley (on the phone) asked where the University is with the recent capital bill. Knorr replied that the University is moving forward and waiting on the bond issues.

There was no public discussion of the agenda items pertaining to the appointment of the Urbana athletics board or football coach Ron Zook’s compensation package.

All the BOT members voted in favor of all agenda items except: Trustees Montgomery, Bruce, and Dorris who abstained on items 28 & 29 pertaining to legal settlements and Trustee Eppley who abstained on item 18 pertain to the bond issue for construction at the UIC hospital. After the agenda was passed Trustees Eppley and Bruce signed off on the phone. (Bruce had been physically present in the morning but joined via teleconference in the afternoon.)

President White invoked privilege after the vote the publicly congratulate Professor Tih-Fen Ting on her promotion to the rank of associate professor as part of item 8 on the agenda. The BOT also took the opportunity to thank out-going university lobbyist Rick Shoell for his years of service.

At 2:15 pm the Board heard a report from the chancellors on re-vamping the Global Campus initiative. They proposed renaming this initiative “The e-Learning Initiative” or

e-LI (ee – lie) for short. They emphasized that the key components of this proposal are building on the University’s brand, quality education, and faculty governance & support. E-LI builds on the strength of existing on-the-ground academic programs and is intended to take advantage of those existing strengths that the university has. The success of e-LI depends on faculty involvement and giving faculty interested in online education the resources they need to do it. The overall cost of e-LI would be about \$3.8M over 3 to 5 years that would add 4000 new students to the University system. E-LI would be centrally overseen by a committee composed of the three provosts and three faculty members (one from each campus). That committee would answer to the three chancellors. The funds being sought are start-up and faculty development funds because the plan is that each online program will be self-sufficient once it is developed.

Each of the campuses made a short presentation about their contribution to e-LI. Prof Ray Schroeder started for UIS. He reported that at UIS there are 16 existing online degree programs and that 60% of our students take at least one class online. A large portion of our students are community college transfers and we have expertise we can share in articulation of the classes that those students have taken before coming to the University. He outlined a request for \$1.35 million over three years to enhance existing programs and launch new degrees in about a dozen academic programs that had expressed interest in going online. He emphasized that UIS is very interest in using graduate students from other campuses in the master-teacher model to deliver our online programs. He also briefly outlined our efforts to find partners to research best online practices. This proposal foresees a 20% increase (about 1000 students) in the number of online students at UIS over the next three years.

Clarke Hulse gave the presentation for UIS. Their plan emphasized the development of infrastructure and faculty. They plan to re-absorb the programs that UIC had been developing for the Global Campus and add around 10 new programs over the next three years. He said that UIC would focus some of their efforts on community college transfers and at an expense of about \$1.45 million they would add around 1000 new online students over the next three years.

Nick Burbules gave the presentation for UIUC. Like the others he emphasized that the key to success is faculty involvement. He said that UIUC would absorb four of the existing Global Campus programs and add three new programs by 2010. Efforts would be made to reach out to community college transfer students. Another area of interest on the Urbana campus is getting their most popular classes online to improve accessibility for students. Urbana predicts at least 12000 to 15000 new enrollments on their campus for e-LI (counting each time a student enrolls in a class) over the next five years.

Trustee Montgomery asked if courses offered online at one campus would be available to all U of I students. The reply from the chancellors was “of course” but they clarified that the requirements for the degrees would be up to the campus where that degree was offered. It was also clarified that the central committee of the provosts and faculty would be responsible for marketing. Trustee McMillan asked how students would know which

online courses would count toward their degrees. The answer was that is up to the faculty managing a degree program so that normal faculty advising should handle that.

Chairman Shah and Vickery commented that this was a pretty good first effort and they wanted to hear from the student trustees about what the students thought of it. Chancellor Ringeisen suggested that the BOT should invite a couple of online students to their next meeting to talk to them about their experiences. Chancellor Ringeisen was very engaged in the discussion about e-LI and with the other chancellors was enthusiastically taking a leadership role in this proposal. Trustee Schmidt was very impressed and gave a one-man standing ovation for the effort that went into this proposal.

Campus reports began at 3pm. Chancellor Ringeisen reported that UIS has been invited and accepted an invitation to join COPLAC (Council of Public Liberal Arts Colleges) as the public liberal arts university for Illinois. He also reported everything is on track for UIS to join NCAA Division II this fall. Finally he reported that UIS biology Professor Matt Evans is featured on the History Channel series "Life After People."

The student trustee reports were very brief, comprised mainly of thanking the Board for welcoming them. The meeting adjourned at 3:25 pm.

Respectfully submitted to the UIS Senate on July 27, 2009.  
John C. Martin