

I attended the University of Illinois Board of Trustees Retreat and Meeting on July 20-21 as the official observer for the UIS Campus Senate. I attended three separate meetings as part of this: the Academic & Student Affairs Committee Meeting, the Board Retreat, and the regular Board Meeting. Many of the items discussed at the Academic & Student Affairs Committee meeting were also presented and discussed at the regular Board Meeting.

The retreat was basically a series of presentations meant to illicit discussion and exchange of ideas among Board members. In particular the presentations by the Vice President for Health Affairs and the Vice President for Research presented some big ideas that could start to shape the overall course and direction of the University as a whole. It is worth noting that in one exchange Chair Kennedy went out of his way to correct a Chancellor stating, "We are not becoming one university. We are one university."

Much of the regular Board meeting was taken up with discussion and consideration of a proposal to close the Aviation Institute at Urbana. This was a heated and controversial proposal on the Urbana campus and it drew peaceful protests at the front of the building the Board was meeting in all day long. The main opponents of the motion were given opportunity to speak in the public comment section, which was moved to before the vote on the proposal. There was also the uncommon occurrence of nearly every Board member making a public comment before the vote explaining their position. The motion to close the institute passed.

This was also the first set of meetings for the new student trustees. They were very engaged and asking questions.

BOT Academic & Student Affairs Committee

On the morning of July 20, before the start of the retreat, I attended the meeting of the Academic & Student Affairs Committee of the Board of Trustees. The meeting started at 9:30 am with trustees Estrada, Hasara, Oliver, Ehrenberg (student trustee, Urbana), Thomas (student trustee, UIC), and Tieken (student trustee, UIS). Trustee Kroitz arrived late at 9:50 am. President Hogan and VPAA (Vice President for Academic Affairs) Rao, and interim VPR (Vice President for Research) Larry Schook were also present.

Trustee Hasara started the meeting by introducing and welcoming the new student trustees.

VPAA Rao announced the selection of Prof. Lon Kauffman (UIC) as the new provost for the Chicago campus and reviewed the routine appointment of new staff and faculty, which would be presented for approval at the full meeting of the Board. Next she gave a generalized overview of the promotion and tenure process across the three campuses.

Trustee Hasara commented that it would be useful to have a future presentation to the committee about what qualifies as "service" for faculty. Trustee Oliver asked what the success rate is for people applying for tenure. VP Rao explained that it was near 100% because due to self-selection before the final application is made. She also commented that the Big-10 are interested in keeping better statistics about this.

Trustee Ehrenberg asked if teaching, scholarship, and service were equally weighted and considered in the tenure process. VP Rao explained that the standard varies from campus to campus but that the expectations are made clear when a new faculty member is hired.

Interim VPR Schook announced appointments to the Research Park LLC Board that were being added to expand faculty and community involvement in governance of the Research Park.

Kappy Lang (University Government Relations) gave a presentation on legislative activity with implications for the University. Her presentation included information on pensions, retiree healthcare, procurement law, and the federal congressional desire to change (or remove funding for) Pel Grants.

President Hogan praised Lang's work. VP Rao emphasized for the trustees that the issue of pensions is complicated by the fact that SURS participants do not earn Social Security. Trustee Thomas asked about a debt collection bill that is before the state legislature. Lang responded that it would give the University more independence and flexibility for collecting outstanding fees and tuition that should be beneficial to students.

To close the meeting Trustee Hasarra thanked VP Rao for her service (this was Rao's last meeting as Vice President for Academic Affairs).

BOT Retreat (July 20)

The retreat for the Board of Trustees started at 11:05 am. All of the trustees were present. The deans of all the schools on each campus were invited to attend. All of the deans present introduced themselves including UIS deans: Ron McNeil (CBM), Jim Ermatinger (LAS), Pinky Wassenberg (PAA), and Jane Treadwell (LIB). President Hogan presented a formal welcome and a short perspective of his first year, highlighting: savings from the ARR (Administrative Review and Restructuring), the new tuition policy set by the Board, and vacancies filled (UIC Provost, UIUC VP/Chancellor, Vice President for Health Affairs, and Vice President for Research).

Each of the Vice President/Chancellors gave a presentation. Each took a different approach. VP/C Easter (Urbana) gave a very qualitative review of the Urbana campus with few quantitative metrics. VP/C Allen-Meers (UIC) gave a presentation more focused on numbers and metrics. And VP/C Koch gave a snap-shot overview of what characterizes UIS as a campus and what our ambitions are. I noted that all three campuses appear to have globalization as a theme, but there appears to be very little coordination between their efforts.

VP/C Easter's presentation was a 40 minute litany of accomplishments delivered without any slides. He discussed the program reviews that were occurring under "Stewarding Excellence." He asked the BOT to consider establishing another research instituted on the Urbana campus and claimed several of the University-wide enterprises as part of the Urbana campus.

In the discussion that followed Chair Kennedy asked to explain why the "Stewarding Excellence" review process for programs was considered effective. Easter replied that the process was transparent with well-established terms and criteria as well as collecting wide-ranging input from the stake-holders. He said it was also important to consider outside impact that a program has and seek external advice. He also thought it was important that the process let people who felt passionately about the potential decisions have a forum to speak.

President Hogan asked about the evaluation of the 98 doctoral programs offered at Urbana. Easter responded that was handled outside of the "Stewarding Excellence" process by an 18-member faculty committee split into 4 sub-groups. Data were gathered through questionnaires sent to hosting departments, surveys of graduates, and institutional datasets. The goal is to figure out the effectiveness of each program and rate them without ranking. The next step will be to look at what should be done with the lowest rated programs. Trustee McMillian applauded these efforts.

VP/C Allen-Meares gave a PowerPoint presentation that can be found here: <http://www.uillinois.edu/trustees/agenda/July%2020,%202011--Retreat/jul%20retreat%20presentation%20-%20Chicago%20campus.pdf>

In the following discussion Chair Kennedy and Trustee Holmes expressed interest in hearing more about the process of mentoring UIC faculty into national academies. Allen-Meares explained that there is a concerted effort to identify faculty who may be eligible, mentor them to a point where they are ready to be nominated, and then orchestrate their nomination.

Trustee Strobel asked about the “global initiatives” that UIC is undertaking. She wondered aloud if there may be greater efficiency in doing some of this at the three-campus level than leaving it to individual campuses. Allen-Meares made it clear that she has only worked in collaboration with Urbana and not UIS. VP/C Easter added that he is against central management and in favor of confederation and cooperation. Allen-Meares added that we are “becoming one university.” Chair Kennedy pointedly corrected Easter saying, “We are one university. We are not becoming one university.” Allen-Meares responded lightly that she is familiar with that wording.

Trustee McMillian asked about the progress on integrating quantitative analytics into the campus decision-making process. Allen-Meares answered that the deans will have access to them very soon and it will be compiled annually hence-forth. Trustee Oliver asked if “academic analytics” had been subject to peer review. UIC Provost Lon Kauffman responded that they are “looked at industry-wide with confidence.”

Trustee Montgomery asked if the Urban mission of UIC includes a role with serving under-prepared high-school graduates. The education dean from UIC (Victoria Chou) rattled off a long list of efforts in this area including Summer College, early outreach, and Saturday College. President Hogan added that there are similar efforts in the College of Education in Urbana and that he is looking for ways to expand this across all campuses.

VP/C Koch gave a PowerPoint presentation that can be found here: <http://www.uillinois.edu/trustees/agenda/July%2020,%202011--Retreat/jul%20retreat%20presentation%20-%20Springfield%20campus.pdf>
The priorities expressed for our campus were for growth in enrollment and serving regional needs. Chair Kennedy commented that it is good to think about the expansion of a campus and that when we talk about “footprint reduction” that does not preclude growth.

The presentations by the VP/Chancellors was followed by presentations by the Vice President for Health Affairs (Skip Garcia) and the interim Vice President for Research (Larry Schook). Both of these presentations were very dynamic, thought provoking and well grounded in data-driven arguments.. Copies of them can be found here:

<http://www.uillinois.edu/trustees/agenda/July%2020,%202011--Retreat/jul%20retreat%20presentation%20-%20VP%20Health%20Affairs.pdf>

<http://www.uillinois.edu/trustees/agenda/July%2020,%202011--Retreat/jul%20retreat%20presentation%20-%20VP%20Research.pdf>

Note that the presentation by interim VPR Schook is very similar to the one he made on our campus on August 2. I think it should be very encouraging to our faculty that the office of the VPR clearly considers us citizens and partners of the research enterprise at the University.

Following VPHA Garcia’s presentation Trustee Strobel asked about the degree of brand confusion in the community between UIC and University of Chicago. Garcia

acknowledged that is a big issue. The name that we use to identify ourselves has been confused with unrelated entities.

Trustee Koritz asked Garcia to clarify where the state support in the hospital operating margin came from. Garcia replied most of that was in fringe benefits and support of mission-related activity.

Trustee Koritz observed that UIC's research strength is more formidable than Northwestern and others in the area. He feels that the hospital should capitalize on that. Garcia cautioned that our low margin means that we need to invest strategically but that our research strengths represent key areas.

Trustee Kortiz asked about the educational part of the enterprise and how much of it is handled through placements in the University Hospital system and how much is done off site. VP Garcia replied that almost everything in Chicago is placed in house but that outside Chicago that the system relies more on partnered hospitals.

Trustee Strobel asked bluntly what Garcia saw as the right size for the hospital in terms of the number of beds. Garcia replied that requires a very complex set of variables including the capacity of surrounding hospitals and the movement of healthcare toward out-patient treatment. But he thinks right now the hospital is a little under-sized. He clarified that the hospital should not look to grow by a lot and while it grows it should seek more partnerships with neighboring hospitals.

Chair Kennedy asked about the importance of recruiting leaders in fields of research and how we keep track of our progress in specific areas. Garcia said that those efforts are housed at the campus level and not in his office. VP/C Meares added that on her campus the vice-chancellors and deans coordinate the decisions made by the deans. Kennedy followed up with the observation that the Board does not have a report that monitors faculty as a key resource. Allen-Meares responded that the data exists with each individual dean but is not centralized. President Hogan helpfully observed that there is one report generated each year centrally by the Academic Affairs office. Kennedy said that he cannot prescribe how it gets done but that he would like to have more information to help the Board track progress toward building centers of excellence with faculty as a key resource. VPAA Rao offered that there is a report generated annually that also tracks attempts to poach our faculty. Kennedy reiterated that we need more oversight to monitor the efforts to improve the faculty. VP/C Easter said he understands and agrees. Kennedy pointed out that Garcia had concrete examples but he wants more about how we know that certain hires will improve us.

Trustee McMillian expressed a need for a plan to integrate all parts of the healthcare enterprise. President Hogan replied that he thinks Garcia's work is a good step in that direction and that he agrees with the principle that we need to be more than just the sum of our parts. The President also reported that the health science deans had all been very supportive thus far and appear to have bought into that principle.

After VPR Schook's presentation chair Kennedy asked if red-tape issues are part of the portfolio of the Vice President for Research. Schook said "yes" to the extent that things might be done to improve cross unit collaboration. He emphasized that the growth area in grants are the large cross-disciplinary efforts rather than the single-

PI grants that have been the main-stay at U of I. Kennedy asked how we might pursue more large grants. Schook replied that it is mostly about making connections between people. Avigit Gosh offered that the systems we have are not conducive to doing what we want and that we are working on designing a better administrative system. Kennedy expressed his desire to have a report on these issues at a later date.

Trustee Strobel commented that the new focus with research will have a snowball effect with recruiting faculty and students. Schook agreed that this is primarily about building a stronger and more vibrant academic community.

Trustee Koritz asked what percent of the grants come from the five sources enumerated on slide 18. Schook emphasized that chart showed data just for the Urbana campus and that the agencies listed represented almost all the outside grants. He added that the importance of that graph was to see how much funding was brought in by rainmakers and our need to grow and nurture more rainmakers. Koritz asked if the University was losing out on Department of Defense Grants. Schook related that there have been efforts to expand the University's relationship with Argonne labs and otherwise expanding our portfolio.

Trustee McMillian asked about opportunities that might exist to expand the health sciences component in the Research Park. Schook agreed that is a potential growth area and pointed out that many large companies want access to our students and recruit our students through participation in the Research Park.

Trustee Estrada asked how we compare with the rest of the Big-10 as far as rainmakers go. Schook admitted that he does not have the data but he suspects that the situation is similar across the Big-10. He emphasized that the trend everywhere is toward larger grants brought in by that type of researcher. President Hogan supported the view that this is a global trend.

The day ended at 3:45 with an executive session by the Board. It ran long and they were late for the dinner reception.

Regular Board of Trustees Meeting (July 21)

The regular meeting of the Board of Trustees began at 9:04 am. They took roll (all were present except Trustee Holmes) and moved into executive session.

The meeting resumed at 9:15 am with a performance of the Illinois State Song by Denise Yates (a treat that we get every year at UIS's convocation). After the performance Trustee Hasara installed the new student trustees (Hannah Eherenberg, Ken Thomas, and Jon Theilken). At 9:27 am the Chair reviewed the agenda and thanked VPAA (Vice President for Academic Affairs) Meena Rao for her service on the occasion of her last meeting. The Chair made a point of clearly stating, "excellence begins with integrity and ethics."

At 9:31 am President Hogan formally introduced the observers and the administrators present. VP/C Paula Allen-Meares welcomed the Board to UIC and gave a short presentation on current events on her campus:

<http://www.uillinois.edu/trustees/agenda/July%2021,%202011--Board%20Meeting/presentation-Chancellor's%20Welcome.pdf>

At 9:44 the Board heard a report from the Finance Committee given by Trustee Oliver. He introduced a presentation on the University investment strategy:

<http://www.uillinois.edu/trustees/agenda/July%2021,%202011--Board%20Meeting/presentation-ABFF-Investment%20Update.pdf>

Trustee McMillian asked what took so long for the Board to make the current changes to the investment strategy. The answer was that there were several complicated levels of approval that the proposal had to go through. Trustee Oliver asked if the new allocation strategy had been in place 5 years ago how would the investments have done? The answer was that there would have been little significant difference but that the long-term difference will be appreciable.

Trustee Holmes asked if market volatility is a concern in the University's investment strategy. The answer was that is monitored closely by the fund managers. Trustee Holmes asked what actions the Board can take if the managers fail to mitigate the volatility. The answer was that the Board can terminate the managers.

The Chair pointed out that there is \$1.2 billion in the equity pool and he wondered what is the cost of maintaining liquidity to offset the state's delinquency on paying appropriations. The answer was that the price of keeping that liquidity is about 5%. The Chair did the math and stated that the state had cost us about \$300 million dollars by being late with their payments. President Hogan applauded that point.

Trustee Koritz asked where the money from the Brilliant Futures campaign is invested. VP Walter Knorr replied that money is in the Foundation and this is for the University.

The Chair asked how the University's investment model is different from Harvard or Yale. The answer was that those universities invest more in terms of decades. It was added that we are moving in that direction.

The Chair asked if there is a diversity program for hiring the investment fund managers. The answer is that is standard operating procedure. The Chair asked

that the diversity information associated with the hiring of fund managers be provided when it comes to the Board for approval.

At 10:15 VP Walter Knorr gave a presentation on the University's financial indicators:

http://www.uillinois.edu/trustees/agenda/July%2021,%202011--Board%20Meeting/presentation-Financial_Indicators.pdf

VP Knorr pointed out on slide 1 that most of the revenue from tax increases went into the "Pensions" slice of the pie-chart this year. He also noted that the University's share of the 1.2% decrease in state higher-ed funding was about \$8 million. But on slide 3 it looks like there was an increase because of the contribution to SURS (which had been delinquent in past years). On slide 8 the Chair reiterated the point that in order to control the fluctuation in the state's receivable fund that over \$450 million had to be kept liquid and out of our investment fund. On slide 15 it was clarified that "AFS" is 30-year debt service on housing and dining facilities.

The Chair asked about the average cost on the University's debt. Knorr replied that the short-term debt was on a variable rate that is currently near 0.25% and that the long-term debt is at a fixed rate of about 5%. The Chair asked what a spike in interest rates might do to the University's position. Knorr said it would only affect the short-term debt on the variable rate.

VP Knorr was happy to report that the University would keep its bond rating but that the outlook on the ratings would still be negative, mostly due to the state's fiscal difficulties. The Chair asked about what kind of interaction the University had with the ratings agencies. Knorr said they came to campus and checked us out.

At 10:55 am the Board adjourned for a short break. When they resumed at 11:08 am Trustee Strobel gave a report from the Governance, Personnel, and Ethics Committee. She reported that at its last meeting the committee had discussed: a name change to the Hospital Committee, the retreat agenda, the representation on the Research Park board, and the faculty promotion and tenure process.

At 11:12 am Trustee Hasara gave a report on the Academic and Student Affairs Committee meeting from the day before.

At 11:18 am VP/C Easter (Urbana) made a presentation about the recommendation to the Board to terminate the Aviation Program at Urbana. There were no slides. He reported there had been a downward trend in applications (only 29 in 2009) and that closure of the program had been considered previously in 1999 and 2007. As part of this recommendation the campus was investigating ways to keep flight training as part of the curriculum and moving operations to another center. He reported that all five faculty in the institute now have tenure in other units on campus and that closure of the program is unlikely to impact the commercial activity at the Champaign airport. He reported that the cost to keep this unit open was \$1200 per student, more than four times the campus average and that it would save about \$550 thousand a year to close the program. He recommended suspension before closure to ensure that students currently in the program complete their degree. The Urbana Campus Senate had vote 57 to 54 against a proposal that was similar to but not the same as the proposal before the Board of Trustees.

Trustee Montgomery asked what the total cost was per year for a student in the program. Provost Wheeler said the cost is about \$32 thousand per year per student. He added that there is a fee of \$5000 per course that is assessed to students for flight classes. Easter added that a substantial amount of the instruction is provided outside of the unit in question.

Trustee Montgomery asked what are the challenges of recruiting students. Easter replied that the quality of the students is at issue because of the low number of applicants and the minimum standards for admissions at Urbana.

Trustee McMillian asked if discontinuing this program could change the FAA's plans to upgrade the Champaign airport control tower. Wheeler unequivocally replied "no."

Trustee Oliver asked if there were other similar programs in the Midwest. Easter replied that both Purdue and SIU have similar programs that have not experienced the same enrollment issues.

Trustee McMillian asked if it might be possible for the University to forge a partnership with another flight training provider. Easter allowed that was a possibility for the future.

Trustee Koritz asked about students outside the program that take courses in the program. Tom Emanuel (Interim Director of the Aviation Program) replied that 30% of the students in these classes are majoring in something outside of the human factors program. He blamed the poor demand for the classes on the cost and "caps" foisted on the program by the administration.

The Chair asked how many degree programs there are on the Urbana campus. Wheeler said there are about 98 doctoral programs, 100 masters programs, and 100 undergrad programs. He added that programs close all the time so this is not unusual.

Trustee Strobel asked about the current number of students in the program. Easter replied that there were 150 undergraduates and 6 masters students. Trustee Koritz noted that the proposal before the Board was to close the undergrad program and he asked how the masters program will keep going. Easter explained that the masters program in human factors has found a new home in the psychology department and is currently hosted in the Graduate College. Wheeler added that the link between the masters program and the aviation program was not strong. Trustee Koritz asked if the BA required pilot training. Wheeler answered "yes."

At 11:48 the Board moved into an executive session to be conducted over a working lunch. They resumed the meeting at 1:40 pm with a musical interlude by two UIC students, one a vocalist and the other a pianist. They performed a selection of opera and Gershwin.

At 1:49 pm Kappy Lang made a presentation to the Board on a review of the last state legislative session:

<http://www.uillinois.edu/trustees/agenda/July%2021,%202011--Board%20Meeting/presentation-Pension.pdf>

Lang noted that her office has added John Pyatt who is going to be the University's person on Capitol Hill in Washington DC. She also noted that the scope of the Washington DC lobbying contract for the University has been expanded to cover all three campuses.

The Chair asked if pension reform might have created a "perverse incentive" to get senior faculty and staff to retire. Lang agreed with that assessment and noted that the number of applications to retire has doubled over the last year. Maureen Parks clarified that people who came in under the previous version of SURS can be assured that they will remain in that tier until they retire.

At 2:12 pm the Board opened up the public comment session. Due to the controversial nature of the proposal to close the aviation program at Urbana they moved the public comment session to before the Board vote. All day there had been a peaceful protest outside the building calling for the Board to reject the closure proposal.

The first speaker was Dana Danessier (the spelling of the last name is phonetic since the BOT does not provide us with the names of the speakers), the Chair of the Aviation Alumni Board. He told the Board that the aviation institute serves the mission of the University, alluded to an unidentified conspiracy to close the institute, and implied that the Urbana campus administration had set up the institute to fail.

The second speaker was Tom Emanuel, the interim Director of Aviation. He reiterated the point that the institute had been set up to fail. He noted that the faculty oppose closure. He noted that the institute brought in \$1 million in grants. He stated that increasing the fees for students by \$250 would make the institute GFR free. He noted closure would result in the loss of 70 jobs on the Urbana campus and that aviation is the second greatest industry in Illinois. At the end he was twice asked to yield the floor because his time was up but he would not leave the podium.

The third speaker was Alan Englehardt, a retired United Airlines pilot, chair of the Chicago Executive Airport, and graduate of the aviation institute. He stated that the Board should move to expand an upgrade the aviation program rather than close it. He noted that college programs will be the primary source of pilots in the future and that demand for pilots is sure to go up in the future.

The Board took a five-minute break and then returned at 2:37 pm to consider the Regular Agenda items. The Chair opened the floor for comment. Trustee Strobel said that it was regrettable but she had to agree that it is the right move to close the aviation institute. Trustee Montgomery agreed with her.

Trustee Kortiz said that both he and his daughter had taken flight classes from the institute. He expressed his trust in VP/C Easter and his concerns about the high cost of the program but stated that he would vote against the proposal to close the program. He said that if the proposal passes he would like to see a continuing dialog to explore options to continue at least parts of the program.

Trustee Oliver said he was sympathetic to the proponents of the aviation program but he felt that the numbers do not support continuing. He agreed with Trustee Kortiz that the dialog should continue.

Trustee Ehrenberg voiced support for Trustee Kortiz's position and said she would vote against the measure. Trustee Estrada said that the Urbana campus needs to continue to be a leader in the aerospace industry and that he would vote against the proposal. Trustee Thomas said he would vote against the proposal because the students are against it, there will be a need for this program in the future, and he didn't feel the University should cede a program to SIU. Trustee Tieken said he was torn but sympathetic to the student view so he would vote against closure.

Trustee Hasarah said she would vote for the proposal. She said her heart was in supporting the program but managing the budget is the biggest priority at the moment. Trustee Holmes said she was "on the fence." She said she had ties to the program but also had confidence in VP/C to make the decisions. She wanted it clear that the administration had not taken this recommendation lightly. She said she would vote for the closure.

President Hogan voiced his support for VP/C Easter's decision. He stated it was reached by a "well reasoned process" and that units that run deficits should be held accountable.

Trustee McMillian agreed with the President and expressed hope that the closure would cause the Urbana campus to find a viable alternative.

At 3pm Trustee Hasara moved that item 5a (closure of the Aviation Institute) be put to a roll call vote. The vote on 5a was six in favor and two against. All three of the student advisory votes were against.

The remainder of the Regular Agenda was dispensed with a vote of all in favor. At 3:04 pm the Roll Call Agenda was voted on and passed with all in favor.

At 3:05 pm Prof. Matt Wheeler (Urbana) delivered the annual report of the University Senate's Conference. He made not mention of the election the previous day that disenfranchised our Senate. However, the Board was aware of that action.

At 3:11 pm there was a brief report from the Foundation on the Brilliant Futures Campaign:

<http://www.uillinois.edu/trustees/agenda/July%2021,%202011--Board%20Meeting/presentation-Brilliant%20Futures%20Campaign%20Summary.pdf>

<http://www.uillinois.edu/trustees/agenda/July%2021,%202011--Board%20Meeting/presentation-Brilliant%20Futures%20Campaign%20Donors.pdf>

At 3:25pm the Board adjourned.