

University of Illinois Board of Trustees Meeting Report
Friday, September 9, 2011
Illini Union, Urbana, Illinois

I attended the University of Illinois Board of Trustees meeting on September 9, 2011, as the official faculty observer for the Springfield campus.

The agenda for the meeting can be located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/>

The Board meeting was convened by Chairman, Christopher Kennedy, at 10:04 a.m. The Trustees present were: Hannah Ehrenberg (UIUC Student), Ricardo Estrada, Karen Hasara, Patricia Brown Holmes, Christopher Kennedy, Timothy Koritz, Edward McMillan, Lawrence Oliver II, Pamela Strobel, Kenneth Thomas (UIC Student), and John Tienken (UIS Student). James Montgomery was absent. Officers of the Board present were: Thomas Bearrows (University Counsel), Walter Knorr (Vice President/CFO & Comptroller), Lester McKeever, Jr. (Treasurer), and Michele Thompson (Secretary). University of Illinois Administrators present were: Paula Allen-Meares (Vice President & Chancellor UIC), Robert Easter (Interim Vice President & Chancellor UIUC), Joe G. N. “Skip” Garcia (Vice President for Health Affairs), Michael Hogan (President), Susan Koch (Vice President & Chancellor UIS), Mrinalini (Meena) Rao (Vice President for Academic Affairs), and Lawrence Schook (Vice President for Research). Official observers present were: Kenneth Anderson (University Senates Conference), Rick Atterberry (Academic Professional Staff), Nicholas Burbules (UIUC), Don Chambers (UIC), and Carrie Switzer (UIS). University Senate Chair present was Matthew Wheeler. Ex-Officio member, Governor Pat Quinn, was not present.

The meeting moved into Executive Session at 10:05 a.m.

The meeting resumed at 11:16 a.m. and Chairman Kennedy reminded everyone that time was being set aside at each Board meeting to acknowledge students’ contributions to the arts on each campus. Corbin Dixon, a UIUC student, sang his rendition of the state song, “Illinois.”

Chairman Kennedy asked Thomas Livingston, Chairman of the University of Illinois Alumni Association, to introduce special guests from the alumni association who were present. Dan DeCanniere, Jill Smart, Tom Vogelsinger, Mark Filip, and Loren Taylor were in attendance at the Board meeting and would be attending the Illinois Connections annual meeting the next day. Chairman Kennedy thanked Michelle Thompson for all that she has done for the Board. He then introduced the new UIUC Director of Athletics, Mike Thomas, and welcomed him to the University of Illinois. Mr. Thomas stated that he appreciated the opportunity to serve and he was truly excited to be at the University of Illinois.

President Hogan introduced the Chancellors, Vice Presidents, and official observers who were present at the meeting. He stated that it was a great year even though it was a trying year. We bid fond farewells to Richard Ringeisen, UIS Chancellor, and Harry Berman, Interim UIS Chancellor. We will be bidding farewell to Robert Easter, Interim UIUC Chancellor, who has been a good friend and confidant and is admired and respected for his distinguished service. It is

a time of transition for Meena Rao, Vice President for Academic Affairs, as she attends her last Board meeting in that role. We welcome Susan Koch, the new Chancellor for UIS, and we will soon be welcoming Phyllis Wise as the new UIUC Chancellor, who is a leader of incredible energy and vision. Last week we recommended the appointment of Lawrence Schook as Vice President for Research and Christophe Pierre as Vice President for Academic Affairs.

Robert Easter, Interim Vice President & Chancellor UIUC, welcomed the Board members to the UIUC campus and thanked everyone for their acknowledgement of him. He reported that there are 7,255 new freshmen at UIUC this fall and their average ACT score is 28.2. The freshmen make up 91 of 102 counties in Illinois. Nugent Hall was dedicated and students moved in this fall. It is hoped that the remodeling of the Natural History building can be funded internally. There is a space funding plan of \$15 million over the next several years.

Interim Chancellor Easter's welcome presentation is located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/presentation%201%20-%20UIUC%20Welcome.pdf>

Chairman Kennedy stated that he has had the privilege of acknowledging Robert Easter's phenomenal contribution to the university and now his colleagues would like to acknowledge our collective appreciation. Trustee McMillan read Resolution #1 into the record. The resolution can be located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/001%20sep%20Resolution-Dr.%20Robert%20Easter.pdf>

Chancellor Paula Allen-Meares read a proclamation that September 9, 2011, will be Robert Easter day at UIC.

At 12:05 p.m. President Hogan discussed the "Dashboard Report of Comparative Data." He reported that Avijit Ghosh, Special Assistant to the President, is at the University of Iowa today, but he has played a pivotal role in the ARR report and dashboard. We are on the way to a three year goal of \$60 million in savings. We now have a performance dashboard for each campus that is a draft of priorities for the campuses. The Chancellors and Board members need to do final reviews of the dashboard drafts. We need to have performance metrics linked to the goals. Key areas are: student access and enrollment, preparedness, outcomes, tuition and financial aid, faculty scholarship, diversity, research performance, financial performance, and gift income and endowment. The dashboard helps identify what we are doing well and where we need to improve. Data for the three most recent years will be ready at the next Board meeting. After finalizing the dashboard, we would like comments from the Board. Chairman Kennedy asked if the Board could expect to go through the report at the next meeting. President Hogan responded that we would go through the report and the Board may want to have a piece of it reported at the next few meetings. Chairman Kennedy responded that we need to articulate what is important so the Board stays focused on those issues. President Hogan encouraged the Board to spend some time with the draft report and pointed out that comparisons were made to a peer group for each campus. Trustee Strobel asked how the peer institutions were selected and how the number of institutions was determined. President Hogan responded that the Illinois Board of Higher Education has established peer groups for us, but we made some changes that were more appropriate. Chairman Kennedy stated that when you are in a competition you may lose to a superior foe, but we don't want to walk away from the competition. President Hogan responded

that we can have a category of aspirational peers. Chairman Kennedy stated that Dr. Ghosh did a lot to collect peer institution data and he has produced an awesome product that will help us identify the major issues we need to deal with.

At 12:20 p.m. Trustee Edward McMillan, Chair of the Audit, Budget, Finance and Facilities Committee, gave a report to the Board. The committee met on August 31, 2011. Some of the issues that were discussed were the Dashboard report, the ARR effort, fourth quarter internal audit activity, the fiscal year operating budget, academic and administrative appointments, fiscal year 2013 budget requests, and change order requests. Agenda items #6, 9, 10, 11, 12, 13, and 14 were all discussed at the meeting.

Dr. David Merriman, Professor and Associate Director of the Institute of Government and Public Affairs, gave a presentation titled, “Update on Illinois’ Economic and Fiscal Challenges and Responses.” The recovery is slowing, but the Midwest is doing well relative to the rest of the nation. At the last Board meeting we hit the peak unemployment rate, but it is trending back up again. The prognosis for job growth is bleak. Illinois’ credit rating has been downgraded, but we still have capacity to borrow. Dr. Merriman’s presentation is located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/presentation-2%20-%20ABFF%20-%20IGPA.pdf>

Walter Knorr, Vice President/CFO & Comptroller, gave a presentation titled, “Budget Summary for Operations FY 2012.” As of 08/22/11, the university has \$313 million in unpaid FY 2011 State vouchers. The general fund appropriation was reduced 1.15% in FY 2012. Direct appropriation is now below FY 1999 level in nominal dollars and below 1970 when adjusted for inflation. In terms of the University of Illinois FY 2012 operating budget, total revenues increased 5.2%. Tuition and institutional funds were the main drivers of unrestricted growth. President Knorr’s presentation is located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/presentation-3%20-%20ABFF%20-%20BSO%20FY%202012%20Budget.pdf>

Vice President Knorr gave a second presentation titled, “FY 2013 Budget Request.” The total FY 2013 State budget request is \$83.1 million. The request can be separated into three areas: 1) Strengthening Academic Quality (e.g., competitive compensation in terms of recruitment/retention/compression), 2) Addressing Facility Operations Needs (e.g., facility and utility maintenance), and 3) Meeting Inflationary and Other Cost Increases (e.g., payroll and library price increases). The top three capital budget requests are: Repair & Renovation, Advanced Chemical Technology Supplemental, and the Natural History Building.

President Knorr’s presentation is located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/presentation-4%20-%20ABFF%20-%20FY%202013%20BOT%20Operating%20and%20Capital%20Budget.pdf>

Vice President Knorr gave a third presentation titled, “Financial Indicators.” There were positive financial outcomes this year for the hospital, medical service plan and auxiliaries. Instruction/research operations had robust revenue generation, and ARR efforts generated administrative savings. However, the State still owes the university \$313 million and the State

has \$7.4 billion in unpaid vouchers. The asset allocation of the UI endowment pool is being diversified and the university is aggressively amortizing debt.

President Knorr's presentation is located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/presentation-6%20-%20ABFF%20-%20Financial%20Indicators.pdf>

The meeting moved into Executive Session at 1:15 p.m.

The meeting resumed at 4:14 p.m. Chairman Kennedy introduced two UIUC undergraduate students, Dan Klen and Rachel Mejak, who recited their award winning poems.

Julie Zemaitis, Executive Director of University Audits, gave a presentation titled, "Office of University Audits Annual Report For the Year Ended June 30, 2011." The fiscal year 2011 audit plan is 83% complete. Actual audit hours by campus from FY10 to FY11 show an increase on the UIUC campus, a decrease on the UIS campus, and they have remained constant on the UIC campus.

Ms. Zemaitis' presentation is located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/presentation-5%20-%20ABFF%20-%20Internal%20Audit%20Annual%20Report%20FY%202011.pdf>

At 4:35 p.m. Trustee Karen Hasara, Chair of the Academic & Student Affairs Committee gave a report. The committee met on September 8, 2011. The committee discussed six items to be voted on today that include: the appointments of the Vice President & Chancellor UIUC, the Vice President for Academic Affairs, the Vice President for Research, the Dean of the College of Applied Health Sciences UIC, faculty and staff appointments, and a revised mission statement for graduate medical education. Presentations were given by Dean Gallagher regarding a new center to assist returning veterans and Vice President Rao about the upcoming university-wide climate survey.

At 4:40 p.m. Trustee Timothy Koritz, Chair of the University Healthcare System Committee, gave a report to the Board. The committee met on September 8, 2011, and it was the first meeting with the committee's new title. The committee discussed the proposal that the clinical enterprise be renamed the "University of Illinois Hospital and Health Sciences System." In addition, a report was given to the committee about the medical center safety program. Agenda items 7 and 8 were discussed at the meeting.

At 4:45 p.m. Trustee Pamela Strobel, Chair of the Governance, Personnel and Ethics Committee gave a report. The committee met on August 25, 2011. The committee discussed the appointment of the Vice President & Chancellor UIUC and faculty/staff appointments. A self-evaluation of the Board questionnaire was reviewed and given to Board members for feedback. The committee is developing a statement of expectations or code of conduct for trustees. Procedures for searches were reviewed; the last time the procedures were reviewed was in 1991. The committee's next meeting is November 17, 2011. Chairman Kennedy asked if the committee would be able to comment on the review of the search process by next year. Trustee Strobel stated that they could and that there are different search processes at each of the three campuses. They want to make

sure the Alumni Association and Foundation are involved when the candidates will have a lot of external contact with the community.

At 4:48 p.m. the Board moved to approve the Regular Agenda. Secretary Thompson read the list of Regular Agenda items that were being considered.

A1. Approve Minutes of the Board of Trustees Meetings

Regular Agenda

Presented by the **Board as a Whole**:

01. Approve Resolution for Interim Vice President, University of Illinois, and Interim Chancellor, University of Illinois at Urbana-Champaign, Robert A. Easter

The following recommendations have been reviewed by the **Governance, Personnel, and Ethics Committee and the Academic and Student Affairs Committee** prior to advancement to the Board as a Whole:

02. Appoint Vice President, University of Illinois, and Chancellor, University of Illinois at Urbana-Champaign

02a. Appoint Vice President for Academic Affairs

02b. Appoint Vice President for Research

03. Appoint Dean, College of Applied Health Sciences, Chicago

The following recommendation has been reviewed by the **Governance, Personnel, and Ethics Committee** prior to advancement to the Board as a Whole:

04. Appoint Director, Division of Intercollegiate Athletics, Urbana

The following recommendations have been reviewed by the **Governance, Personnel, and Ethics Committee and the Academic and Student Affairs Committee** prior to advancement to the Board as a Whole:

05. Appointments to the Faculty, Administrative/Professional Staff, and Intercollegiate Athletic Staff [**revised**]

The following recommendations have been reviewed by the **Audit, Budget, Finance, and Facilities Committee** prior to advancement to the Board as a Whole:

06. Designate Douglas Hall Namings, College of Business Administration, Chicago

4

The following recommendation has been reviewed by the **University Healthcare System Committee** prior to advancement to the Board as a Whole:

07. Reappoint Member to the Advisory Board, Division of Specialized Care for Children (DSCC) in Springfield, Chicago

The following recommendation has been reviewed by the **Academic and Student Affairs Committee and the University Healthcare System Committee** prior to advancement to the Board as a Whole:

08. Approve Revisions to Mission Statement on Graduate Medical Education, College of Medicine and University of Illinois Medical Center at Chicago

Chairman Kennedy called for a vote and all items were unanimously approved.

At 4:49 p.m. the Board moved to approve the Roll Call Agenda.

Roll Call Agenda

*The following recommendations have been reviewed by the **Audit, Budget, Finance, and Facilities Committee** prior to advancement to the Board as a Whole:*

09. Approve Operating Budget for Fiscal Year 2012
10. Approve Academic and Administrative Appointments for Contract Year 2011-2012
11. Approve Requests for New Operating and Capital Appropriations, Fiscal Year 2013
12. Award Construction Contract for Apartment Building Housing Renovations, Sunflower, Bluebell, Clover, and Larkspur Courts, Springfield
13. Authorize Annexation of Land by Urbana and Champaign Sanitary District
14. Change Order Recommendation

Chairman Kennedy called for a vote and all items were unanimously approved.

At 4:50 p.m. Associate Professor Joyce Tolliver, former Chair of the UIUC Senate, gave her annual report to the Board. The report is located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/presentation-7%20-%20UIUC%20Senate%20Report.pdf>

At 5:10 p.m. Professor Nicholas Burbules, UIUC, gave a presentation about graduate level teaching.

No individuals applied to speak during the public comment session.

At 5:20 p.m. Chairman Kennedy announced that the next Board meeting will be on December 2, 2011, in Springfield. The Board retreat will be on January 18, 2012, in Chicago. Future Board meetings will be on January 19, 2012, in Chicago and March 15, 2012, in Urbana.

At 5:21p.m. the meeting was adjourned and the Board moved into Executive Session.

The Reports for Information Only are located at:

<http://www.uillinois.edu/trustees/agenda/September%209,%202011/>

President's Report

Investment Report for the Quarter Ended June 30, 2011

MAFBE Spend, 4th Quarter 2011

Medical Center Patient Safety Report

Natural Gas and Electricity Procurement Program

Secretary's Report

Report submitted by Carrie Switzer on October 4, 2011.

*Please note that comments made by the Trustees and presenters are paraphrased, not direct quotes.