

SC.12.07
October 3, 2011

**Report of the
University of Illinois Board of Trustees Meeting
Friday September 9, 2011
University of Illinois at Urbana-Champaign**

Chairman Kennedy called the meeting to order and then the Board went directly into Executive Session.

When the Board reconvened, Urbana student Corbin Dixon sang the Illinois state song to begin the festivities. Various introductions ensued, including the members of the Alumni Association Executive Committee; the new Urbana Athletic Director Mike Thomas; and the various Senate observers.

The President commended “a great year,” thanking the outgoing and incoming Chancellors, and noting “a time of transition.” He added his welcomes to the new Athletic Director and two new Vice President appointments, VP for Research Larry Shook, and VP for Academic Affairs Christophe Pierre.

Chancellor Easter gave a report from the Urbana campus. He welcomed the new student freshmen. Their average ACT score was 28.2 and they represented the entire world. He discussed renovations to student residences and other issues of facilities management and improvement – including the Natural History Building, and classroom upgrades. These include technology upgrades to accommodate new approaches to blended learning. He highlighted security changes to the campus, including hiring six new officers. Campus patrols, on foot, bikes, and segways, will be increased.

At the conclusion of the presentation, Trustee McMillan read a resolution expressing the Board’s deep gratitude and respect to Chancellor Easter for his nearly four decades of service to the “flagship campus” of the university. Chancellor Easter thanked the Board for their recognition, but wanted to share credit with the efforts of many others. Chancellor Meares from UIC also read a proclamation of his accomplishments as the CEO of the campus and declared September 9th “Bob Easter Day” on the UIC campus.

President Hogan presented progress on the “dashboard” project, and credited Avijit Ghosh with his central role in implementing the ARR recommendations and the dashboard project. President Hogan claimed \$26 million dollars in savings, well on the way to the goal of \$60 million dollars within three years. He distributed copies of the preliminary “dashboard” reports from each of the campuses, summarizing various metrics of performance. (Copies were not made available to the observers.) These metrics are also compared with relevant peer groups for each of the campuses.

There was a discussion of how peer institutions were identified. President Hogan noted that private universities have been dropped from the peer lists. This decision was questioned by Chairman Kennedy. President Hogan responded that perhaps there should be two lists, one of “aspirational” peers.

Trustee McMillan gave the presentation from the Audit, Budget, and Finance committee. David Merriman from IGPA gave a report on the state financial conditions. The recovery is slowing. We may be headed for a double-dip recession. Unemployment in the state is up. The Midwest generally is doing better than some other regions, but economic growth will be slow.

The state budget is “balanced” (at least on paper), but clearly the Consolidated Budget is actually in deficit, and this gap will be worse in 2012 than in 2011. Taxes have gone up, but so has spending, and federal monies will be gone. Proposals from the governor to cut costs will go some way toward addressing the deficit, but

not enough. There will be continued problems in paying state bills. The state credit rating has dropped over the past decade, but it can still borrow funds. There is no long-term state budget plan.

The state still carries \$7.4 billion in unpaid bills, overall.

VP Knorr presented the university budget report. There are still \$313 million in FY11 funds still owed. The General Fund appropriation to the university declined by \$8 million (1.15%) for FY12. Funding for the state surveys is still owed (\$15.8 million). The direct appropriation from the state is below 1999 levels, in nominal dollars; below the 1970 budget when adjusted for inflation. The university and campuses have responded with HR reductions and other reduced or deferred spending. The university is seeking to reduce its debt balance from \$1.6 billion to about \$1 billion.

Total revenues for 2012 are up 5.2%, including both restricted and unrestricted funds. Tuition revenue is up \$96.5 million. Institutional funds are up \$36.2 million. Sponsored research is up \$39.8 million. Gift and endowment income is up \$4.1 million. Hospital revenues are up \$6.9 million.

The 2013 Budget Request includes an increase of \$83 million: \$54.7 million for a salary program; \$25 million for operating and facilities costs; and \$3 million to address inflationary costs increases. The capital budget request highly ranks the following Urbana projects: deferred maintenance funds; the Natural History bldg; the main and undergraduate Libraries; and the Disability Research and Services bldg.

The general university financial report for FY11 included “good and bads.” Funds are up from the hospitals and from instruction and research. ARR changes contributed to savings, along with broader spending reductions. The composition of total state funds has shifted, to nearly equal appropriations and “payments on behalf” (benefits). The composition, similarly, of income has shifted strongly in the direction of tuition over state appropriations.

So far the state has been paying FY12 bills on time – but there is still a \$313 million backlog from FY11. Additional capital funds for repair and renovation from the 2010 budget request might be released.

After lunch, the Board reconvened with a poetry reading from two Urbana students.

Next came the Audit report from Julie Zemaitis summarizing the progress in completing audits and in the implementation of audit recommendations.

Trustee Hasara gave the report from the Academic and Student Affairs subcommittee. She reviewed new VP and administrative appointments to be voted in later. She summarized reports on disability issues and returning wounded vets, in relation to university outreach. She also summarized the upcoming university-wide climate survey, including perceptions of inclusiveness, friendliness, etc.

Trustee Koritz gave the report from the newly renamed “Healthcare System” subcommittee.

Trustee Strobel gave the report from the Governance, Personnel, and Ethics subcommittee. She reviewed the appointment of the new Urbana Chancellor, Phyllis Wise. The Board is now conducting a self-assessment, including a statement of expectations, or “code of conduct,” for Trustees. The Board is planning to review search processes, and will consult with the Senates. There are different search processes in place at each of the campuses, and consistency is favored. For senior positions, including the Alumni Association and UI Foundation may be desirable.

Votes of agenda items followed. The resolution for Chancellor Easter was approved. The new Chancellor for Urbana was approved. The new Athletic Director was approved. The FY 12 operating budget was approved.

New academic appointments were approved. A request for new capital appropriations for FY13 was approved.

Outgoing SEC Chair Joyce Tolliver gave the annual report of the Urbana Senate. She provided an overview of the Senate organization, and then reviewed specific accomplishments over the past year: Stewarding Excellence; composing the Chancellor search committee; the review of admissions policies by the Senate Admissions Committee. Chair Tolliver also provided an overview of other Senate decisions, including the call for a University-wide Summit.

Finally, Nicholas Burbules gave the Faculty presentation to the Board, addressing the issue of teaching outside the classroom, its crucial importance for our university mission, and yet the impossibility of measuring it.

The day concluded with the Board going into Executive Session for a third time.

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URBANA SENATE OBSERVER
SEPT 9, 2011