

The discussion held in executive session has not been approved for release to the public and has thus been deleted from these minutes.

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MEETING OF THE BOARD OF TRUSTEES
OF THE
UNIVERSITY OF ILLINOIS

July 20, 2011

This meeting of the Board of Trustees of the University of Illinois was held in Room C, UIC Forum, 725 West Roosevelt Road, Chicago campus, Chicago, Illinois, on Wednesday, July 20, 2011, beginning at 11:08 a.m.

Chair Christopher G. Kennedy called the meeting to order and asked the secretary to call the roll. The following members of the Board were present: Ms. Karen Hasara, Ms. Patricia Brown Holmes, Mr. Christopher G. Kennedy, Dr. Timothy N. Koritz, Mr. Edward L. McMillan, Mr. James D. Montgomery, Mr. Lawrence Oliver, Ms. Pamela B. Strobel. The following members of the Board were absent: Mr. Ricardo Estrada, Governor Pat Quinn. The following nonvoting student trustees were present: Ms. Hannah Ehrenberg, Urbana-Champaign campus; Mr. Kenneth M. Thomas, Chicago campus; Mr. John W. Tienken, Springfield campus.

The following University officers were present: President Michael J. Hogan; Dr. Robert A. Easter, interim vice president and interim provost/chancellor, University of Illinois at Urbana-Champaign; Dr. Paula Allen-Meares, vice president and chancellor, University of Illinois at Chicago; Dr. Susan J. Koch, vice president and

chancellor, University of Illinois at Springfield; Dr. Mrinalini C. Rao, vice president for academic affairs; Dr. Lawrence B. Schook, interim vice president for research; Dr. Joe G.N. Garcia, vice president for health affairs; Dr. Avijit Ghosh, special assistant to the president; and the officers of the Board, Mr. Walter K. Knorr, comptroller (and vice president/chief financial officer); Mr. Thomas R. Bearrows, university counsel; Mr. Lester H. McKeever, Jr., treasurer; Dr. Michele M. Thompson, secretary. Also present were: Ms. Katherine Laing, executive director for governmental relations; and Mr. Thomas P. Hardy, executive director for university relations. In addition, the following persons were also in attendance: Dr. Lisa L. Troyer, chief of staff for the president; Ms. Marna K. Fuesting and Ms. C. Ellen Foran, both assistant secretaries; Ms. Eileen B. Cable, special assistant to the secretary.

OPENING REMARKS

Mr. Kennedy welcomed everyone to the annual retreat and acknowledged the attendance of the deans from various colleges, noting that the deans were invited to the retreat to join in discussions of setting priorities and planning for the University's success. He asked them to introduce themselves, and after each dean had done so, Mr. Kennedy welcomed Ms. Julie Smith from the governor's office and thanked her for her support and assistance. Mr. Kennedy said that he looked forward to discussing ways to strengthen the University and ensure it is the best it can be.

President Hogan commented that there will be continued efforts to include the deans in Board meetings in the future.

He reviewed the successes and challenges experienced throughout the past year, noting that the retreat marks his one-year anniversary as president of the University. He then asked Dr. Robert A. Easter to present recent reviews and future plans for the Urbana campus. Mr. Kennedy thanked Dr. Easter for his hard work and for his leadership at the campus, which was followed by a round of applause.

URBANA CAMPUS: RECENT REVIEWS AND FUTURE PLANS

Chancellor Easter discussed the Stewarding Excellence initiative at Urbana and acknowledged the efforts of Dr. Richard P. Wheeler, interim provost and interim vice chancellor for academic affairs, Urbana, and Dr. Debasish Dutta, dean, Graduate College, Urbana, for their contributions to the Stewarding Excellence process. He described the results and proposed changes that have been reported and said that the Stewarding Excellence process has received national attention from the National Research Council, a unit of the National Academy of Science, and is being considered as a recommended process for universities to use throughout the country. He commented on college-level efforts to reduce costs and increase efficiency, and he provided examples of these changes throughout the campus. He cited additional similar efforts underway in campus administration and referred to organizational and leadership changes. He reported that the associate provost for budgeting and resource planning will now report to both the provost and chancellor, a change he said is intended to improve financial accountability.

Next, Dr. Easter discussed the need to continue to maintain faculty excellence and recruit emerging leaders, and he referred to the Faculty Excellence

Program that he said was implemented in the late 1990's and led to the recruitment of Dr. Stephen Long, professor, plant biology and crop sciences, Institute of Genomic Biology, and deputy director of the Energy Biosciences Institute; Dr. Lawrence B. Schook, interim vice president for research, Gutgsell Professor in animal sciences, and director, Division of Biomedical Sciences; Dr. John Rogers, Lee J. Flourey Founder Chair in Engineering Innovation, professor, materials science and engineering, and professor, chemistry; and Dr. Robert McChesney, Gutgsell Professor of communication. He stated that the provost's office is launching a new initiative, the Illinois Strategic Hiring Program, to recruit high caliber senior faculty to strengthen research and teaching excellence in critical areas. He discussed the voluntary retirement of 158 faculty members and the approval of 127 new faculty positions, and he told the Board that a diverse faculty is critical, referring to the Target of Opportunity program that was established to support the recruitment of faculty from underrepresented groups. He stated that the program has been successful, and expressed the need for greater diversity among the faculty.

Dr. Easter then discussed online education and provided a brief history of successful endeavors in this area, including programs in the Graduate School of Library and Information Science and in the College Liberal Arts and Sciences. He stated that online courses are advantageous to both on-campus and off-campus students, and that there are currently 710 course sections offered online and 21 online degree programs.

Next, he indicated that a state-of-the-art learning environment is needed on the campus, and said that it is anticipated that the campus will spend \$25.0 million over

the next five years to upgrade instructional facilities. Dr. Easter also briefly discussed the evaluation of doctoral programs, which he said is currently underway by Dean Dutta.

Lastly, Dr. Easter provided some comments in light of the arrival of a new chancellor in the coming months, and stated that the Urbana campus is a top-ranked campus because of the eagerness of faculty members and administrators to embrace innovation and their willingness to take bold risks. He expressed concern that budget challenges will lead to a risk-adverse environment, noted what the campus is doing today that will be regarded as pivotal in the future, and discussed areas of opportunity. Using studies of health as an example, he described the progression and development of the Division of Biomedical Sciences and the Illinois Interdisciplinary Health Sciences Initiative, the increased interest in health-related majors among students, and support for biomedical research. He mentioned progress in conducting collaborative work between the Chicago and Urbana campuses, and he recognized the efforts of Dr. Joe G.N. Garcia and Dr. Lawrence A. Schook in this effort. He also discussed the field of cyber security as an area of potential opportunity, and stated that this area could bring research funding to the State. In addition, he mentioned the importance of the University's presence in China. He concluded his comments by wishing success to the next chancellor at Urbana. Chancellor Easter's presentation was followed by a round of applause.

Discussion followed, and Mr. Kennedy asked why the Stewarding Excellence initiative was so successful. Chancellor Easter asked Dean Dutta to respond and Dr. Dutta said that its success was based on its transparency, and he provided additional details about the process, emphasizing the many opportunities for constituents

to comment and participate. He said the process for evaluating doctoral programs is different than the one used for the Stewarding Excellence initiative, and he told the Board about some aspects of that evaluation process, noting that this is the first time the doctoral programs at Urbana have undergone a thorough evaluation.

With no additional comments or questions on this topic, Trustee McMillan commended the deans for managing and living within their budgets. Mr. Kennedy then asked Dr. Paula Allen-Meares to begin her presentation.

CHICAGO CAMPUS' ANALYSES AND PLANS FOR THE FUTURE

Chancellor Allen-Meares stated that the campus is in a continuous state of evaluation, improvement, and committed to increasing efficiency, and she began her presentation (materials on file with the secretary) by reviewing some of the brand names affiliated with the campus. She then discussed the Chicago campus' strategic plan, and said that for today's presentation, she would focus her comments on the process of securing resources and using resources effectively. She also referred to the goal of excelling as an internationally recognized center for research and creativity, and she described the metrics that were used to determine whether the objectives of that goal have been met. She discussed the decentralized nature of fiscal responsibility at the campus and emphasized the role of the college deans in this process, using the College of Liberal Arts and Sciences as an example. She provided information about campus-wide ongoing cost saving initiatives, and she discussed the evaluation of 91 units and programs across the campus. She showed that the data for this evaluation are derived from performance

indicators from institutional research, and she provided examples of faculty and unit benchmarking from Academic Analytics, noting that Academic Analytics organization uses the Chicago campus as one of its case studies. She provided a sample unit report from the study. Next, she discussed “repurposed” revenue in interdisciplinary programs, investment in students, and investment in facilities. She highlighted research priorities, including disparities among communities, biomedical discovery, urban resilience and the global environment, and she reviewed trends in sponsored program expenditures. She concluded with initiatives that are currently under consideration and development, and she emphasized that there is great competition for excellent faculty members. She expressed concerns regarding deferred maintenance, and said that diversity among students and faculty and its urban environment are assets of the Chicago campus. She concluded her presentation by repeating the campus’ mission to create knowledge and transform lives, which was followed by a round of applause.

The trustees discussed the presentation with the chancellor, and Dr. Allen-Meares provided information about mentoring new faculty and assisting them in applying for membership in national academies. She responded to questions about the opportunity for collaboration with the Urbana campus regarding international initiatives, and stated that while this is possible, each campus has its own mission and strengths.

Chancellor Easter added that there may be some areas that could provide an opportunity for international collaboration, while others may be unique to each campus. Dr. Allen-Meares also responded to questions about the timeline of academic reviews, and invited Dr. Lon S. Kaufman, vice provost for planning and programs, Chicago, to comment.

Dr. Kaufman provided additional information about this process and stated that it should conclude at the end of the summer, and he also responded to questions regarding Academic Analytics, stating that the product is reliable, valid, and accepted throughout higher education. Mr. Montgomery inquired about the role of the campus in addressing the issue of underprepared graduates from the Chicago Public Schools, and Dr. Victoria J. Chou, dean, College of Education, described some of the Chicago campus programs that are currently available to assist these students.

At 12:37 p.m., with no further questions or comments, Mr. Kennedy stated that the Board would take a short break.

At 12:55 p.m., the meeting resumed, with all Board members previously recorded as present in attendance. The meeting proceeded over lunch.

SPRINGFIELD CAMPUS' CURRENT PRACTICES AND PLANS GOING FORWARD

Mr. Kennedy then asked Dr. Susan J. Koch, to begin her presentation (materials on file with the secretary). Chancellor Koch provided some highlights about the campus and discussed recent priorities, and told the Board that the campus experienced its highest enrollment last fall. She discussed concerns regarding competition for undergraduate students from private colleges and universities and other Illinois public universities, and out-of-state public universities, and said that some state institutions outside Illinois that are geographically close to the Springfield campus offer in-state tuition to students in the region. She then discussed plans to meet regional and community needs and described

the role of the campus in the city and region as a contributor to continued community and economic development. Next, she provided data regarding diversity among students enrolled at the Springfield campus, which she said has improved in quality in recent years, and stated that increasing diversity among students continues to be a priority. She also discussed the importance of increasing diversity among faculty and staff.

Chancellor Koch also provided information about international students enrolled at the campus last fall.

Next, Dr. Koch further stated that a *U.S. News and World Report* survey has ranked the Springfield campus as the fourth best public regional university in the Midwest in each of the last three years. In addition, she discussed how the campus is positioning itself to address its priorities. She referred to upcoming and existing programs and initiatives, including the enrollment expansion committee, ongoing efforts and programs to retain student enrollment, an academic advising center, additional scholarships, and new recruitment strategies. She also mentioned the Illinois College Advising Corps, which is a program that works with all colleges in the State, and discussed the goal of increasing the enrollment of international students. She emphasized the campus' goal to enrich the community and increase community connections, and she briefly discussed a plan to expand academic programs and buildings at the campus. She concluded by stating that over time, additional priorities may emerge, and that the goal of the campus is to provide a rich learning environment while serving the needs of the State and community. Her presentation was followed by a round of applause.

Mr. Kennedy commented that Chancellor Koch's ideas to expand the campus were exciting, and said he applauded her vision for the future. A brief discussion regarding the Illinois College Advising Corps followed, and Chancellor Koch provided additional details about the program.

THE UNIVERSITY'S HEALTH AFFAIRS ORGANIZATION:
ASSESSING NEEDS FOR EDUCATION AND HEALTHCARE DELIVERY

Next, Mr. Kennedy asked Dr. Joe G.N. Garcia, to provide a presentation (materials on file with the secretary). Vice President Garcia provided a brief history of the University of Illinois Hospital and listed procedures and surgeries that were first discovered and conducted there, and he mentioned the receipt of some awards and the recent full accreditation by the Joint Commission. He showed a slide from last year's retreat depicting the academic health science center of the future, and he discussed the hospital's modest net income and small operating margin, stating that a sustainable enterprise will require an operating margin of at least three percent. He reviewed additional challenges, including a decrease in the average daily census, and suggested areas for improvement. He then provided demographics for the primary service area of the hospital, the population of which is largely Hispanic/Latino and African American and includes five of the ten poorest communities in Chicago. He stated that community disparities are an area of thematic research strength at the Chicago campus, and explained that health disparities are a critical issue throughout the United States. He also reviewed what he described as the University's clinical mission.

Next, Dr. Garcia showed that the percentage of adults diagnosed with diabetes in neighborhoods within the hospital's primary service area exceeds the percentage of adults diagnosed with diabetes in other areas of Chicago, and is twice the United States average in some communities. He presented a slide reflecting the increased age adjusted diabetes mortality rates in Chicago and South Lawndale, which is a community within the hospital's primary service area. He then presented a slide depicting asthma disparities in Chicago, and showed the lifetime asthma prevalence and asthma mortality rates among various ethnic groups within the hospital's primary service area and throughout Chicago. He presented a graph depicting the DNA research that was conducted to provide some explanation for the prevalence of asthma among African American and Puerto Rican individuals, and not among Mexicans.

Dr. Garcia discussed methods for leveraging the University's strengths that align with the mission of the University's clinical enterprise to improve the financial health of the University of Illinois healthcare system, including a clarification of its clinical mission, leveraging its strengths in personalized medicine and health disparities, enhancing enterprise-wide thinking, and rebranding. He referred to the previous names of the medical center and described a lack of awareness and name confusion among consumers, particularly within its primary service area, and stated that market research has shown that the terms 'hospital' and 'health sciences system' are preferred among target audiences. He discussed the University of Illinois' clinical mission and reviewed its marquee programs, and said that his first 120 days as the vice president for health affairs have presented him great opportunity.

Trustees discussed the presentation, and Ms. Strobel commented on the brand confusion between the University of Illinois Hospital and other facilities in the area, as well as confusion between the Chicago campus and the University of Chicago. President Hogan commented that health disparities are not restricted to Chicago and exist throughout the State. The trustees also discussed State support for the hospital, and Vice President Garcia stated that it is necessary to compete in specific and strategic areas, and that he thought it would be possible to compete effectively in 12 to 15 areas.

Dr. Koritz asked about clinical instruction for students and inquired whether students would have to be sent off-site to be educated in some areas, and Dr. Garcia referred to some relationships and partnerships with other hospitals that are sometimes used for training. He emphasized the importance of thoughtful strategic partnerships both for training and for research. Additional discussion included the size of the hospital and establishing strategic partnerships, and Mr. Kennedy referred to Dr. Garcia's comments regarding the importance of recruiting academic leaders. He stated that

Chancellor Easter mentioned in his presentation that 157 faculty members had retired, and he asked how to monitor the loss of great faculty in specific areas.

Vice President Garcia, Chancellor Easter, Chancellor Allen-Meares, Vice President Rao, and President Hogan responded by citing mechanisms and approaches that are currently in place to report these faculty departures, and Mr. Kennedy and Ms. Strobel expressed a need for the Board to be apprised of the loss of excellent faculty. Mr. McMillan referred to Vice President Garcia's presentation and stated that the University's overall strategic plan should be revisited and revised, noting that there are many financial issues that need

to be addressed in such a plan. He said the proposed changes are an exciting opportunity. President Hogan commented that Vice President Garcia's presentation showed a reassessment of last year's presentation that proposed a \$600.0 million high tech tower for the hospital's expansion, and instead proposes an emphasis on modernization and a strategic alignment of the University's clinical mission and the research mission of the health sciences colleges. He emphasized the enterprise-wide nature of this plan, and stated that the deans in the health sciences colleges are in support of it.

At 2:25 p.m., Mr. Kennedy suggested that the Board take a short break.

At 2:46 p.m., the meeting resumed, with all trustees previously noted as present in attendance.

ASSISTING THE UNIVERSITY'S RESEARCH EFFORTS: BUILDING ON PAST SUCCESS FOR FUTURE EXPANSION

Next, Mr. Kennedy asked Dr. Lawrence B. Schook, to provide a presentation (materials on file with the secretary). Dr. Schook thanked many of his colleagues for their welcoming and mentoring of him in recent months. He provided a brief history of the office of economic development, which is today the office for research, and of the development of the University of Illinois Research Park. He stated that while the makeup of the Research Park has changed over time, its impact has been significant consistently. He provided data regarding the number of jobs that exist as a result of businesses and incubator companies that reside in the Research Park, and also described the unanticipated benefit of student employment at these companies. He also discussed

technology management and reported that costs have decreased as revenue has increased, and he reviewed the University's patenting activity from 2005 through 2009, noting that the University is the only State academic institution in the top ten list of patenting activity in the State. He also showed articles recognizing the success of businesses that reside in the Research Park.

Dr. Schook then discussed his first 100 days as interim vice president for research, and he described conversations with a variety of constituents. He provided information regarding historical research trends and showed an increase in University research expenditures totaling \$35.0 million per year. He presented a chart depicting National Institutes of Health funding by grant type, and compared single investigator grants, which equal \$300,000 per year, and program or center grants, which total \$2.0 million per year. He discussed the need for recruiting and nurturing talent and emphasized the role of "rainmakers," who he said represent the top 20 faculty researchers for their receipt of research funding from several Federal agencies out of 3,000 primary investigators, and were responsible for obtaining approximately 50 percent of the funding from each agency. He said that it is necessary to identify and support potential "rainmakers" through professional development, and commented that all faculty members need to be active scholars. He reviewed a summary of research trends and emphasized the increase in funding for program or center proposals, many of which will be driven by multidisciplinary approaches, and stated that support for both unit driven primary investigator efforts and "rainmaker" efforts are needed. He presented a graphic to depict future research trends and discussed strategic intent, which he said focuses on

unmet needs, University strengths, and the ability to create value. Next, he referred to intersections of opportunity and reflected on bold actions taken by President Lincoln in challenging times of his presidency, and asked how the University can be bold with limited funding and political turmoil. He provided examples of targeted advocacy, value creation, and creativity and innovation to demonstrate approaches to address trends. Next, he presented a chart and process description that depicted criteria for identifying priorities and showed a model reflecting these results. He mentioned an advisory committee for the vice president for research and listed its members, and advocated a vision of bold actions in challenging times. This concluded his presentation, which was followed by a round of applause.

Mr. Kennedy referred to a presentation made by Dr. Matthew B. Wheeler, professor, animal sciences and bioengineering, and chair of the University Senates Conference, at the Board meeting that was held on March 23, 2011, where Professor Wheeler described many obstacles to conducting research at the University, and asked Dr. Schook what efforts are being made to address these issues. Dr. Schook and Dr. Ghosh reported that some progress is being made, and said this issue will become more complex as partnerships are developed with other public and private groups. Mr. Kennedy requested a list of the issues reported by Dr. Wheeler, along with the status of progress made to address them. Dr. Koritz and Dr. Schook discussed funding sources for research and the availability of grants that are larger in size, and President Hogan commented that large, complex, and multidisciplinary grants are a global trend. One of the deans stated that much of the difficulty in conducting research projects at the

University is externally driven, and he provided examples in the areas of procurement and personnel. He stated that the legal department at the University is often risk adverse, and he said he hopes the State will ease some procurement and personnel restrictions.

Mr. Kennedy thanked everyone for attending the retreat, and asked for a round of applause for the deans.

Mr. Oliver departed the meeting at approximately 3:00 p.m. and did not return.

MOTION FOR EXECUTIVE SESSION

At 3:50 p.m., Chair Kennedy stated: “A motion is now in order to hold an executive session to consider University employment or appointment-related matters.”

The motion was made by Ms. Strobel, seconded by Dr. Koritz, and approved.

There being no further business, the Board adjourned.

MICHELE M. THOMPSON
Secretary

CHRISTOPHER G. KENNEDY
Chair