

SPECIAL MEETING OF THE BOARD OF TRUSTEES

OF THE

UNIVERSITY OF ILLINOIS

June 27, 2002



A special meeting of the Board of Trustees of the University of Illinois was held in Chicago Rooms B & C, Chicago Illini Union, Chicago campus, Chicago, Illinois, on Thursday, June 27, 2002, beginning at 9:35 a.m.

Chair Gerald W. Shea called the meeting to order and asked the secretary to call the roll. The following members of the board were present: Mr. Gerald W. Shea, Mr. Lawrence C. Eppley, Dr. Jeffrey Gindorf, Mrs. Susan L. Gravenhorst,¹ Mr. Thomas R. Lamont,¹ Mr. Roger L. Plummer, Dr. Kenneth D. Schmidt, Mrs. Marjorie E. Sodemann, Mr. Robert F. Vickrey. Governor George H. Ryan was absent. Mr. Eamon P. Kelly,¹ voting student trustee from the Urbana-Champaign campus, was present. The following nonvoting student trustees were present: Ms. Ruth D. Waddy,¹ Springfield campus; Mr. Noah L. Wolfe, Chicago campus.

Also present were President James J. Stukel; Dr. Chester S. Gardner, vice president for academic affairs; Dr. Nancy Cantor, chancellor, University of Illinois at Urbana-Champaign; Dr. Sylvia Manning, chancellor, University of Illinois at Chicago; Dr. Richard D. Ringeisen, chancellor, University of Illinois at Springfield; and the officers of the board, Mr. Stephen K. Rugg, comptroller (and vice president for administration); Mr. Lester H.

¹Participated in the meeting via telephone conference call.

McKeever, Jr., treasurer; and Dr. Michele M. Thompson, secretary. Mr. Steven A. Veazie, deputy university counsel, attended for Mr. Thomas R. Bearrows, university counsel. In addition, the following persons were also in attendance: Ms. Alexis M. Tate, interim executive director of the University Office of Public Affairs; Ms. Susan J. Sindelar, executive assistant to the president; and Ms. Marna K. Fuesting, assistant secretary.

INTRODUCTION OF SENATE OBSERVERS

Mr. Shea then asked President Stukel to recognize and introduce observers from the campus senates and from the University Senates Conference.¹

DISCUSSION OF RECOMMENDATION FOR TUITION INCREASE FOR FISCAL YEAR 2003

Mr. Shea stated that he would deviate somewhat from the list of agenda items and move to "Tuition Rates, Fiscal Year 2003," and ask Dr. Chester S. Gardner, vice president for academic affairs, to explain plans for utilizing a portion of the revenue from the recommended tuition increase to augment financial aid provided by the Illinois Scholarship Assistance Commission (ISAC) through its Monetary Award Program (MAP). Dr. Gardner asked if he should restrict his comments to an explanation of the institutionally provided financial aid to students, or include other comments he had prepared on the impact of the recent cuts in the State appropriation to the University (materials on file with the secretary). Mr. Shea asked him to include both matters in his remarks. Dr. Gardner then began with an explanation of the magnitude of the budget cuts to the University's State appropriation for Fiscal Years 2002 and 2003, and how the cuts were distributed among the campuses and University administration. He referred to several charts and tables to illustrate the impact of the cuts (materials on file with the secretary). He stated that the total amount of money that the University needed to cut from operations, including cuts to the State appropriation and unavoidable cost increases for FY 2003 was \$89.0 million.

Dr. Gardner then referred to recent board actions regarding tuition and stated that the money that would have been used from tuition revenue for FY 2003 for faculty and staff salaries would be used to mitigate the budget reductions. He said that this amount was approximately \$6.0 million. He then introduced the subject of the special tuition increase recommended by the administration for FY 2003. He explained that this proposal would raise approximately \$10.0 million, and of this \$4.0 million would be allocated to the Chicago campus, \$350,000 to Springfield, and about \$4.7 million to Urbana, and about \$1.0 million to the University administration. He said that the tuition revenues from these two sources would produce

¹University Senates Conference: Thomas F. Conry, professor of general engineering, Urbana; Chicago Senate: Gerald S. Strom, professor of political science; Urbana-Champaign Senate Council: Robert M. Fossum, professor of mathematics.

about \$16.0 million, leaving \$73.0 million from the budget cuts and unavoidable expenses to be addressed in other ways. Mr. Shea asked for explanations of the various types of tuition increases approved in 2002. Dr. Gardner explained these, and noted that the University planned to set aside about 25 percent of new tuition revenues for financial aid to students with financial need in order to bridge the gap between the MAP grant and the cost of tuition. Next he noted that with the special tuition increase approximately 120 positions for faculty and staff would be preserved throughout the University, and he mentioned that classes and several services to students at each of the campuses would be preserved.

Dr. Gardner then provided information about the purpose of ISAC, founded in the late 1950s to assist students with financial need attend Illinois's colleges and universities. He also explained that the MAP provided the grant awarded by ISAC to students. He stated that in FY 2002 MAP grants to students totaled \$367.0 million. He then demonstrated through charts that the MAP grant had not been sufficient to cover costs of tuition at the University of Illinois since the mid 1990s, and stated that at that time the University decided to make up the difference between the MAP grant and the cost of tuition. Mr. Shea asked if this was based on board authorization and Dr. Gardner stated that he did not know. Dr. Gardner proceeded and stated that the administration thought it important that the University assist students whose financial aid from the ISAC would be lower than expected for FY 2003 due to recent budget cuts to ISAC by the legislature, including assistance to students in their fifth year that would be denied any aid from ISAC. He then presented in detail the type and amount of institutional aid provided students with financial need. Next Dr. Gardner described the tuition charges at present as well as the recommendation for an increase per semester of \$117 at Chicago, \$90 at Springfield, and \$98 at Urbana.

Dr. Gardner then stated that this tuition increase would enable the University to do some things that would not be possible otherwise, and indicated the importance of this to ameliorate some of the problems resulting from the budget cuts by the State. He referred to charts in the materials distributed that listed what might be retained if the tuition increases are approved (materials on file with the secretary).

Next, the board discussed the principle of using tuition revenue to provide financial aid to students to cover the difference between the MAP grant and the tuition charged. Dr. Gardner stated that one of the reasons the tuition surcharge was well received in FY 2002 was that it included the principle of funding the gap between the MAP grant and the cost of tuition. Some trustees made the point that using tuition revenue for financial aid for students with need is a common practice among private and public universities, and had been a practice at the University of Illinois for

some time. Mr. Shea asked if the University had statutory authority to use tuition revenue in this way and asked Mr. Veazie to ascertain this and report back.

There was then a discussion of how the institutional aid to students differed from tuition waivers. Mr. Rugg explained that the tuition waivers are limited by the Illinois Board of Higher Education to 3 percent of the undergraduate student tuition collected and waived, and that when the University exceeds this limit then the State deducts an equal amount from the General Revenue Funds appropriated to the University. Mr. Rugg also noted that the University is governed by the State Finance Act, and that both the General Revenue Funds and the University's income fund are utilized as the general operating fund for the University. He added that the income fund from which the institutional aid is provided is a locally held fund, with an object of expenditure labeled "Awards and Grants to Students." Mr. Shea reiterated his request to Mr. Veazie who stated that he would be happy to obtain an opinion regarding the University's authority to expend State funds for grants for this purpose.

Dr. Gardner stated that the gap between the MAP grant and tuition was about \$2,000 at Chicago and Urbana. He also mentioned that over the past 20 years the General Assembly has increased the percent of the higher education budget to ISAC from 10 percent of the total to over 18 percent.

Dr. Gardner stressed that the MAP grants are based on need ascertained from a calculation by ISAC of family resources and need of a student. He explained that this is a complex calculation taking into account family income, other assets, number of family members in college, and tuition and fees of institutions students apply to. He said the number of students at the University receiving MAP grants is almost 13,000 and the mean grant is about \$3,500, totaling approximately \$44.0 million that comes to the University of Illinois from ISAC. He then gave examples of two students, one with a low family income of \$35,000 and one with a moderate family income of \$50,000 (both defined by ISAC), and analyzed both pointing out all sources of financial aid such as Pell Grants, MAP grants, federal work-study grants, need-based gift aid, the federal parents' plus loan, student loans, and the University's assistance (material on file with the secretary).

Mr. Eppley observed that in the two examples given the student from the moderate income family is expected to provide an amount from earnings that is equal to the institutional assistance provided the student from the low income family.

Dr. Gardner then explained what the institutional assistance amounted to. He said that in FY 2002 the University set aside \$2.25 million for tuition assistance to students, and that if the tuition increases 10 percent then the set aside would be \$4.9 million and the cost to fund the surcharge portion

of tuition for students receiving a MAP grant would be \$4.4 million, then if the MAP grants are reduced by 5 percent as is expected the University would need to set aside another \$1.5 million. This would be a total of \$13.0 million for institutional assistance, and with the elimination of the fifth year award an additional \$3.0 million would be required if the University were to fund this. Thus, a total of \$16.0 million would be required to address the MAP shortfall for the entire University. He reminded the board that one-half of all students at the University pay less than the total cost of tuition and fees, and at Chicago 33 percent pay nothing, at Springfield 38 percent pay nothing, and at Urbana 21 percent pay nothing. He noted that one-half of the students benefit from financial aid.

Dr. Gardner then summed up the recommendation for tuition rates for FY 2003. He reminded the board that in March 2001 they approved a base tuition increase for Chicago of \$50 per semester with a surcharge of \$250 per semester for new students, at Springfield a base increase of \$60 per semester, and at Urbana a base increase of \$98 per semester plus \$250 per semester for new students. He stated that the special tuition increase recommended would be \$117 per semester at Chicago, \$90 per semester at Springfield, and \$98 per semester at Urbana.

Mr. Shea asked if any member of the board had a question of Dr. Gardner. Ms. Waddy asked for clarification of the number of positions to be lost at the Springfield campus if the special tuition increase is approved. Chancellor Ringeisen responded that 10 positions would be lost if the special tuition increase is approved, and that without it 15 positions would be lost.

Mr. Eppley asked for the total amount of institutional assistance provided to meet the MAP gap. Dr. Gardner reviewed these numbers by referring to a chart in his presentation, emphasizing that these numbers are the best estimates but may increase slightly. Mr. Eppley also asked for the percentage of the new special tuition that would be needed for institutional assistance to meet the MAP gap. He was told that one-third of the tuition increase would be needed for this purpose.

Mr. Plummer then asked if the administration was proposing that all students going into their fifth year in FY 2003 receive assistance to cover tuition for this year but not future classes, or if there were plans to cover this in future years if ISAC does not provide it? President Stukel stated that he thought the University had a moral obligation to support students in their fifth year for FY 2003, due to the fact that the announcement that the fifth year would not be funded by ISAC came so late in the year, and was unexpected. He stated that there are students who would not be able to graduate as planned, because they do not have sufficient resources to pay tuition. He suggested that Chancellor Manning might wish to comment, since there are so many students at the Chicago campus who will be affected by this decision.

Mr. Shea asked to make one comment prior to Chancellor Manning speaking. He stated that the General Assembly decided that the fifth year students should not be funded and noted that it seemed that the University was saying that it would do this anyway. President Stukel stated that he saw the legislative action differently in that it was meant to address a budget problem. He added that students entering their fifth year in FY 2003 had an expectation that they would have financial aid through their graduation, thus the University should help them get through this year. Mr. Plummer asked if this applied to just those students entering their fifth year in FY 2003, not for subsequent classes of fifth year students. President Stukel concurred.

Mr. Shea then asked if there would be a separate board item on this matter. President Stukel asked that the board hear from Chancellor Manning first.

Chancellor Manning stated that the Chicago campus has approximately 800 students who would be affected by this decision and that it seemed that the practice of ISAC, since these students can remember, has been to consider students eligible for five years of support from ISAC. She said that to notify these students after their fourth year has concluded that they are not eligible for the fifth year's tuition, as they had been led to believe, is to present an intolerable burden for them. She referred to the literature regarding students whose educations are interrupted that suggests that once the tie to the institution is severed most students do not return to complete a degree, even if they fully intended to do so when they interrupted their studies. She then commented on Mr. Shea's statement and offered that she thought that the legislature was saying that it would not fund the fifth year for students with MAP grants from ISAC because they had to cut the budget and this was one place they might cut. She noted that there are other budget cuts that have been made that have not been taken to mean that services should cease. She noted that Medicaid payments have been cut but this has not been seen as a mandate or even a license to turn away patients from medical care. She said that assisting the fifth-year students will be painful for the Chicago campus, but that she saw it as a moral and ethical obligation to these students. She stated that this is a first order priority for the University. She also said that the University would be doing enormous harm to the students and to the State to take away the opportunity for these students to complete their degrees and become more productive individuals, who will likely contribute to the State.

Mr. Shea asked if the University were to provide assistance for students in the fifth year for the coming academic year if there would be an expectation by those students who have just completed their third year of college to have the fifth year's tuition provided as well and maybe the following class too? He added that the need for students to take five years to com-

plete a degree has not been well communicated to the General Assembly. Mr. Eppley commented that the General Assembly had mandated a five-year program for students in accountancy in order for them to become a CPA.

Chancellor Manning said that she believed that she would be back to the board next year asking for support for the next group of fifth-year students because these students would have 40 percent of their programs to complete after this year, and it is unlikely they could do this in one year. She agreed with Mr. Shea that higher education has not been successful in convincing the legislature or even the general public over the age of about 40 of the way in which progress toward degrees has changed for students in recent years, and of the valid reasons students have for taking five years to complete a degree.

Mr. Plummer then stated that he thought the issue of whether those students in their third year of college work would receive institutional support for the fifth year if ISAC cannot provide support can be decided later. He also said that if Mr. Shea wants to vote on the fifth year support as a separate issue that would be agreeable to him, or he would be willing to not separate it out as a special item.

Next, Dr. Schmidt asked for a definition of a full-time student. This was explained as enrollment in 12 credit hours per semester. He then said that apparently students had been led to believe that if they were full-time students they would be seen as making good progress toward their degrees. Dr. Manning agreed.

Mrs. Gravenhorst stated that she concurred with Dr. Manning's comments, and that she thought it very important that the board support these students in their fifth year. She said that whether the \$3.0 million required for this should be a part of the vote to be taken this morning, or if the board wanted to handle it separately did not matter to her. She offered that she would support the board establishing a policy in future for handling fifth-year students for future years, because she would not want to continue providing support for fifth-year students *ad infinitum*. She concluded by stating that she thought it very important the board give these students support now.

Mr. Eppley reminded his colleagues that the support for students with MAP grants who need additional funding for tuition was provided by students who pay the full tuition, and that this is a special tax on middle income students.

Trustee Kelly then stated that the students at Urbana were united in support of the tuition plan including a portion of tuition revenue for provision of financial aid to those students with need, and he saw a clear obligation to fifth-year students. He also noted, in response to Mr. Eppley's comment above, that the Urbana campus awards gift funds exclusively to students in the moderate income group.

Trustees Schmidt and Gindorf then commented on the policy of providing financial aid as being well established at the University.

Mr. Shea said that he was not aware until recently that public funds were being used to supplement MAP grants.

Mr. Vickrey then asked for clarification of the total amount of aid required for all students receiving MAP grants based on individual awards. His interpretation that the individual awards total \$13.0 million for FY 2003 was confirmed by Dr. Gardner who noted that supporting students in their fifth year would add another \$3.0 million.

There was further discussion of the practice and policy of using tuition revenue to provide financial aid for other students. And, Mr. Rugg quoted from a policy approved by the board in October 1995 that stated, among other points, that because student access to the University is a high priority tuition decisions are made in relationship to financial aid policy and resources with the goal of minimizing financial barriers for all admitted students.

Mr. Shea then commented that this policy was adopted at a time when the income fund and the general appropriation was allocated to the University by line item. Mr. Rugg agreed.

Mr. Eppley stated that from the charts presented the 1995 policy referred to above was put in place when the need for providing aid to fill the gap between the MAP grant and tuition first started. He added that the need for more institutional support swells for FY 2003, particularly with the tuition for the fifth year added.

Tuition Rates, Fiscal Year 2003

(1) At its meeting on January 17, 2002, the Board of Trustees reviewed tuition policy guidelines and discussed in depth proposed student charges for Fiscal Year 2003. The board also discussed tuition issues in the context of the University's overall budget planning for FY 2003 at its March 14 meeting.

Following further reviews and recommendations from the Academic Affairs Management Team and the chancellors at each campus the vice president for academic affairs now recommends, consistent with tuition principles endorsed by the board, approval of general tuition increases, outlined in the following table, for students in Chicago, Springfield, and Urbana-Champaign for FY 2003. Those general increases include two components: one is the expected increase at the Chicago, Springfield, and Urbana campuses, respectively, presented to the board one year ago as part of the University's long range tuition plan; in addition we are asking you to approve \$117 per semester at Chicago, \$90 per semester at Springfield, and \$98 per semester at Urbana for undergraduates and comparable increases for graduate and professional students, necessitated by the significant loss of tax support anticipated for the coming year. In addition full implementation of a special \$1,000 differential tuition program approved last year is included for all tuition levels for Chicago and Urbana-Champaign students entering after the spring term of 2001.

All proposed tuition actions are outlined in the following table.

The president of the University recommends approval.

Fiscal Year 2003 Tuition Per Semester for Full-Time Students¹University of Illinois at Chicago²

	<i>FY 2002</i>	<i>Regular Increase</i>	<i>Special Increase</i>	<i>Returning Students FY 2003</i>	<i>Special Surcharge</i>	<i>Entering³ Students FY 2003</i>
Undergraduate	\$1,665	\$ 50	\$117	\$1,832	\$500	\$2,332
Non-Resident	4,995	150	351	5,496	500	5,996
Graduate	1,990	60 ⁸	139	2,189	500	2,689
Biomedical Visualization	3,490	60 ⁸	139	3,689	500	4,189
Graduate Nursing	3,490	60 ⁸	139	3,689	500	4,189
MS in MIS in Business					500	5,439
MBA	4,740	60 ⁸	139	4,939	500	5,439
Dentistry	5,615	169	393	6,177	500	6,677
Medicine	8,582	258	600	9,440	500	9,940
Doctor of Pharmacy	4,001	120	280	4,401	500	4,901
Continuing PharmD	2,871	86	201	3,158	500	3,658
Doctor of Physical Therapy	3,750	113	262	4,125	500	4,625

University of Illinois at Springfield^{4,7}

	<i>FY 2002</i>	<i>Regular Increase</i>	<i>Special Increase</i>	<i>Returning Students FY 2003</i>
Undergraduate	\$ 99.50	\$ 4.00	\$ 6.00	\$109.50
Non-Resident	298.50	12.00	18.00	328.50
Graduate	112.00	4.50	6.75	123.25

University of Illinois at Urbana-Champaign⁵

	<i>FY 2002</i>	<i>Regular Increase</i>	<i>Special Increase</i>	<i>Returning Students FY 2003</i>	<i>Special Surcharge</i>	<i>Entering³ Students FY 2003</i>
Undergraduate	\$1,955	\$ 98	\$ 98	\$2,151	\$500	\$2,651
Non-Resident	5,865	294	294	6,453	500	6,953
Graduate	2,227	112	111	2,450	500	2,950
Graduate Library Science	2,477	112 ⁸	111	2,700	500	3,200
MBA	5,802	290	290	6,382	500	6,882
Law ⁶	4,686	235	234	5,155	500	5,655
Veterinary Medicine	4,565	229	228	5,022	500	5,522

1. Comparable increases for extramural, GIS, part-time and non-resident students are proposed consistent with existing policies.
2. Engineering students will pay an additional \$200.
3. Students admitted after May 2001.
4. Per credit hour charge, additional Capital Scholars fee of \$300 per year for full-time students, \$15 fee for Peoria programs.
5. Students in Engineering curricula will pay an additional \$288; Chemistry and Life Science students will pay an additional \$288; students in Fine and Applied Arts will pay an additional \$100 at the lower division and \$200 at the upper division and graduate.
6. Includes graduate programs in the College of Law.
7. UIS MBA program in Peoria, \$12,000 for 2 year program, starting Fall 2002.
8. Based on graduate rate.

Mr. Shea then asked if there was a motion and Mr. Plummer moved that the board approve the plan presented by the administration. The vote was as follows: Aye, Mr. Eppley, Dr. Gindorf, Mrs. Gravenhorst, Mr. Kelly, Mr. Plummer, Dr. Schmidt, Mrs. Sodemann, Mr. Vickrey; no, Mr. Shea; absent, Mr. Lamont,¹ Governor Ryan.

(The student advisory vote was: Aye, Ms. Waddy, Mr. Wolfe; no, none.)

Mr. Eppley urged that in future meetings the board reconsider the policy regarding the complete match of the MAP gap.

Mr. Vickrey agreed with Mr. Eppley, and that he would like to look at the MAP grant funding in future.

Mr. Plummer then stated that on behalf of Dr. Gindorf and himself, based on the considerable time they had both spent reviewing the budget for FY 2003 which will be presented at the next board meeting, that the issues of tuition and access are very important to the University and because of that they have asked Dr. Gardner to prepare a complete presentation on tuition policy for the University and the bases for tuition rates so that the trustee really understand the metrics used to justify levels for tuition. He said that he hoped to have this report in the near future.

Mrs. Gravenhorst then thanked Dr. Gindorf and Mr. Plummer for their extensive work in analysis of the budget and assistance to the administration in helping the board understand this process and its assumptions.

OTHER AGENDA ITEMS

Mr. Shea announced that there were four other items on the agenda for consideration and that he would welcome discussion of these.

Interim Dean, College of Law, Urbana

(2) The chancellor at Urbana has recommended the appointment of John D. Colombo, presently professor, College of Law, as interim dean of the College of Law, June 26-August 20, 2002. Mr. Colombo will receive \$28,910 for this service. He will continue to hold the rank of professor, College of Law, on indefinite tenure on an academic year service basis at an annual salary of \$130,095, for a total salary of \$159,005.

Former Dean Thomas M. Mengler resigned his position in order to serve as the founding dean at the new College of Law at the University of St. Thomas in Minneapolis, Minnesota. Mr. Colombo will serve as interim dean until a new permanent dean is approved by the board.

The nomination is made with the advice of the faculty and the Executive Committee of the college.

The vice president for academic affairs concurs.

The president of the University recommends approval.

¹At the time of the roll call Mr. Lamont was absent and did not return to the meeting which he was attending via telephone.

Chancellor Cantor explained that the former dean had departed for a new position and the new dean would not arrive until August 21, 2002, thus she was recommending an interim dean to serve until the new dean arrives. Mr. Shea asked for clarification of the salary and Chancellor Cantor explained that the current salary for John Colombo, recommended to serve as interim dean, would be augmented by two-ninths.

On motion of Mr. Eppley, this appointment was approved.

Amend Operating Agreement of the University of Illinois Research Park, LLC

(3) The operating agreement for the University of Illinois Research Park, LLC (UIRP) provides that a quorum for conducting business shall consist of three managers of the UIRP Board (Section 5.11). The quorum was set by the Board of Trustees at three because the initial size of the Board of Managers was only three managers. However, the Board of Trustees increased the size of the Board of Managers to nine managers at its April 13, 2000, meeting, and to the current size of eleven managers at its meeting on October 12, 2000 (Section 5.2). In light of this increase, the UIRP Board of Managers has recommended that the definition of a "quorum" be increased to be a majority of the members of the Board of Managers. This is a standard measure for a quorum and is consistent with the presumption under *Robert's Rules of Order*. The Board of Trustees is the sole member of the UIRP and possesses the power to approve amendments to the operating agreement (Section 4.6).

The vice chancellor for research and the chancellor at Urbana recommend that the last sentence of Section 5.11 of the operating agreement be amended by the Board of Trustees, acting as the sole member of the University of Illinois Research Park, LLC, to state as follows:

A quorum for conducting business shall consist of a majority of the number of managers.

The president of the University concurs.

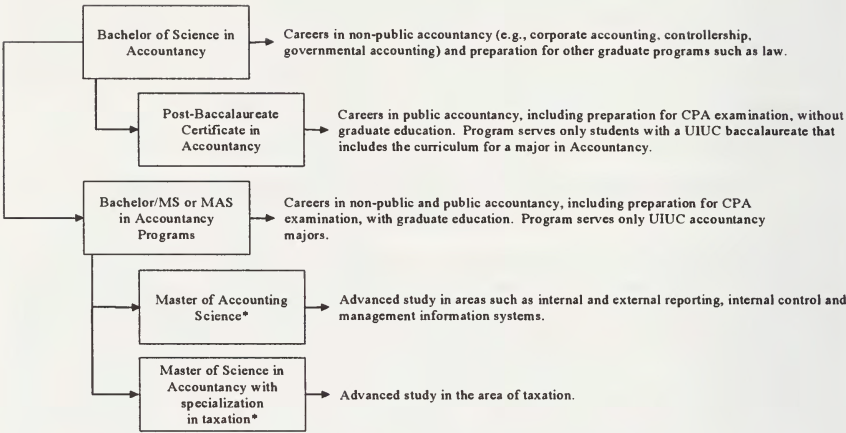
Dr. Schmidt explained that this change was needed in order for the quorum of this body to be larger than at present, which is three members, to provide a more representative group of the members of the Board of Managers who must be present for the conduct of any business.

On motion of Dr. Schmidt, this recommendation was approved.

Accountancy Tuition and Fee Rates, Fiscal Year 2003

(4) In 1992 the legislature of the State of Illinois changed the educational requirements for taking the uniform CPA examination in Illinois. The Illinois State Accountancy Act requires first-time candidates taking the CPA examination after December 31, 2000, to have completed at least 150 hours of acceptable credit, including a baccalaureate or higher degree. To meet the evolving needs of the professional accounting community the board approved a certificate program in accountancy at the Urbana-Champaign campus for students wishing to continue taking coursework beyond the bachelor degree to 150 hours. A diagram of the new requirements follows:

Accountancy Major Options



*Non-UIUC students with a bachelor's equivalent to the UIUC BS in Accountancy may apply for either of the master's programs within these options (but not the Bachelor/Master in Accountancy program).

In addition, the master of accounting science program is being reconfigured to meet the changing needs of the industry. The program will integrate the bachelor's and master's together in a program directly leading to the opportunity to be eligible to take the CPA exam, and include internships in an accounting firm. The new structure requires more faculty involvement in professional development and advising for students.

Given the professional nature of this program, it is being benchmarked to the MBA program tuition rate. The funds from the increased tuition and fees will go toward increasing the number of faculty in the Department of Accountancy, increasing internship opportunities, and increasing career advising services. Below are the proposed tuition rates for accountancy programs at Chicago and Urbana.

Accountancy Program		Entering Students FY 2003 Proposed Annual Tuition	
		UIC	UIUC
Bachelor of Science in Accountancy		\$ 4,664	\$ 5,302
Post-Baccalaureate			
Certificate in Accountancy:	Tuition		5,900
	Fee		1,100
Master of Accounting Science		10,878	13,764
Master of Science in Accountancy with specialization in taxation			13,764

Note: Students enrolled for the first time Fall 2002

These changes have been reviewed and are recommended for approval by the chancellors at Chicago and Urbana, and the vice president for academic affairs.
The president of the University concurs.

On motion of Mr. Plummer, these recommendations were approved.

**Payment to the State of Illinois Department
of Central Management Services for University of Illinois
Employees Group Health Insurance**

(5) The University provides group health insurance coverage to eligible employees through the State of Illinois Department of Central Management Services (CMS). The cost of such coverage is split between the employer and employee. The employer cost of the group health insurance coverage for employees paid from grant, contract, Medical Service Plan, indirect cost recovery (ICR), gift, and certain departmental activity is charged directly to these sources of funds. Prior to Fiscal Year 2002, the General Assembly appropriated funds to CMS to pay the group health insurance for University employees paid from all other sources of funds.

The University has been notified by CMS that the FY 2002 appropriation to CMS was not sufficient to pay the employer group health insurance cost for state universities. Accordingly, CMS submitted to the University of Illinois an assessment for \$24,893,200 which constituted the University's portion of employer-paid group insurance costs for FY 2002. Payment of this assessment is necessary for the University and CMS to fulfill obligations to employees to provide group insurance. Funds to meet this new cost have been secured through internal reallocation of existing FY 2002 appropriations.

The vice president for administration recommends that a payment of \$24,893,200 be made from existing FY 2002 State-appropriated funds to the Department of Central Management Services to cover a portion of the health insurance costs of eligible University of Illinois employees.

The president of the University concurs.

On motion of Mr. Plummer, this recommendation was approved.

OTHER COMMENTS

Mr. Shea asked if anyone had other questions. Dr. Schmidt referred to a memorandum from Dr. Gardner of June 25, regarding the new committee to define bases for tuition policy, as mentioned above by Mr. Plummer, and inquired if the board would be represented on this. Mr. Shea indicated that he planned to name a member to this group near the time of the upcoming board meeting in July 2002.

There being no further business, the board adjourned.

MICHELE M. THOMPSON

Secretary

GERALD W. SHEA

Chair

APPENDIX

EXECUTIVE SESSION MINUTES RELEASED TO THE PUBLIC AFTER THE PRINTING OF UNIVERSITY OF ILLINOIS BOARD OF TRUSTEES SEVENTIETH REPORT 1998-00

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Report on Appeal of Decision Regarding Litigation

Mr. Bearrows stated that a hearing on this appeal in October went well, but that the board should be prepared for an adverse decision. He said that if this outcome occurs that he plans to ask the Illinois Supreme Court to give the University leave to appeal this decision.

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Mr. Lamont told the board that when he and other trustees reviewed presidential salary data among the Big Ten institutions and a few other peer institutions of the University of Illinois about one year ago they found that the president's salary at the University of Illinois was notably inequitable. He reminded the board that they had approved a plan to make three equity adjustments over a one-year period in an attempt to reach third place in the Big Ten for the president's salary. He noted that two of the adjustments had been made and that the third was to be made in January 2000. Mr. Lamont then asked Dr. Bazzani to share current data on presidential salaries in the Big Ten with the board. Dr. Bazzani reported to the board that several institutions in the Big Ten had increased the salaries of their presidents considerably more than anticipated for Fiscal Year 2000. The board discussed this and decided that the adjustment needed to get to third place in the Big Ten would be problematic. Thus, they decided to increase the president's salary to \$302,000, effective January 1, 2000. Further, they discussed revisiting the salary issue in spring 2000 to determine if another adjustment might be possible before the end of the fiscal year.

January 12-13, 2000, Page 453 and Top of Page 454

Discussion of Litigation

Dr. Gindorf asked for an update on the pending case involving Dr. James R. Ahrenholz. Mr. Bearrows spoke to this. He reminded the board that Dr. Ahrenholz was a former regional director in the Cooperative Extension Service. He then explained that some months ago a judge had enjoined, preliminarily, Dr. Ahrenholz' termination and that the University was appealing this decision. In addition, he stated that the University has filed a summary judgment motion in this case.

Discussion of a Personnel Matter

Mr. Shea stated that he wished to discuss a matter of personnel. He then explained that he was greatly disturbed that certain faculty members, several of whom he identified, were attempting to instigate an economic boycott of the State, unless the board discontinued the use of Chief Illiniwek. A discussion of freedom of speech and the purpose of tenure followed.

Mr. Engelbrecht told the board that he plans to meet with the Urbana-Champaign Senate Council soon and that he has invited Dr. Gindorf, chair of the Committee on Academic Affairs, to accompany him. He noted that this was at the invitation of the Senate Council, to discuss several issues of concern to them. He said that he would take up the matter of the proposed economic boycott with this group.

Discussion of Litigation

Ms. Reese asked about pending litigation concerning a letter from a faculty member alleging wrongdoing in a University clinic. This case was explained by university counsel.

SPECIAL EXECUTIVE SESSION

Discussion of Performance of University Officer

At this session, the board members, Dr. Bazzani, Mr. Bearrows, and Dr. Thompson were present. The board members then took this opportunity to praise Dr. Bazzani for his exemplary performance in many areas and expressed serious concern about an offer he had received from another university. They asked if they could do anything to encourage him to stay at the University of Illinois rather than accept this offer. Several of the trustees expressed deep appreciation to Dr. Bazzani for his value to the institution, and the extraordinary way in which he performs all tasks. Dr. Bazzani expressed appreciation to the board for their comments and said that he had not decided as yet on the offer he has received.

Report on Search for University Employee

At this session, the board members, President Stukel, Mr. Bearrows, Ms. Sindelar, and Dr. Thompson were present.

President Stukel asked Professor Frank Kopecky, chair of the Committee to Advise the President on a Search for a Chancellor at Springfield, to report on the search and the candidates recommended by the committee.

Professor Kopecky reviewed the committee membership stating that there were 11 faculty members on the committee, two administrators, one student, one academic professional staff member, and one Civil Service staff member. He then described the process followed by the committee to identify candidates. He said that the committee received 77 applications

and that the committee first reduced this number to 20, then to 15. He named the 15 applicants who will receive further consideration, and from which the committee plans to select five candidates to refer to the board by mid March. Professor Kopecky indicated that several of the applicants under serious consideration had past experience in higher education in Illinois.

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President Stukel then asked Mr. Bearrows to describe the litigation pending with the Graduate Employees Organization (GEO). Mr. Bearrows indicated that the GEO's appeal of the decision of the Illinois Education Labor Relations Board, that the students represented by GEO are primarily students and secondarily employees, was moving slowly. The president then asked the chancellor to comment. Chancellor Aiken said that it appears that GEO has decided for the moment not to call a strike at Urbana, but to seek to bring their issues to public attention. He added that the colleges all have contingency plans in the event of job actions on the part of the teaching assistants.

April 12-13, 2000, Page 529

Professor Kopecky presented the names of four candidates for consideration for chancellor at Springfield. President Stukel then said he would call each candidate to ascertain his or her interest in being interviewed for the position, and then set a date for the board to meet and interview each. The president went on to describe the process he expected would be followed in the interviews, and the eventual selection of a chancellor.

May 31-June 1, 2000, Page 564

Comments Concerning the Performance of a University Employee

There was brief discussion of some comments made by a faculty member, in the course of conducting the search for a chancellor of the Springfield campus, and the appropriateness of these given the responsibilities entrusted to the person. By consensus the board agreed not to pursue this and to ask the chair of the board to serve as spokesperson for the board on this subject.

May 31-June 1, 2000, Page 565

SPECIAL EXECUTIVE SESSION

Part II: Regarding Compensation of Employee

The trustees, Dr. Bazzani, and Dr. Thompson were present for this second session. Mr. Engelbrecht asked Dr. Bazzani to review information related to presidential salaries at peer institutions in order to initiate a board discussion related to an important personnel decision regarding the president;

the establishment of his salary for 2000-2001. Dr. Bazzani presented comparative data (material filed with the secretary) and reminded the board that their goal for some time had been for the president's salary to be at third place among the Big Ten institutions, since this is the goal for faculty salaries. He pointed out that the presidential salary for the University is now in sixth place among the Big Ten. He also told the board that the average salary increase for faculty for next year will be 5.0 percent, and he noted that administrative salary increases are usually slightly lower than salary increases for faculty. By consensus, the board decided to increase the presidential salary by 4.5 percent for the 2000-2001 year, to be presented for approval during an open meeting of the board, along with salary increases for others, at a later time.

June 8-9, 2000, Pages 610, 611, 612, and 613

Briefing from President Stukel, Employment/Appointment Matters

President Stukel gave brief sketches of the backgrounds and experiences of each of the candidates the board would meet and interview. He indicated that it was important for the board to ascertain whether the candidates truly wanted to come to the University of Illinois to lead the Chicago campus. He said that the search committee had recommended strong candidates, and that each came with impressive credentials. He mentioned that he would meet with each candidate for a short time before he introduced the person to the board.

Comments from the Chair on the Same

Mr. Engelbrecht referred to the list of suggested questions circulated earlier by the secretary, and asked if anyone thought any question should not be asked and if there were other questions that should be asked. Mr. Plummer asked about posing a question to each candidate about what each would expect to accomplish in the first 90 days and in the first year, if chosen to be chancellor. It was agreed by consensus that this was a useful question and that Mr. Plummer should pose it to each candidate whenever possible. The trustees then reviewed the following list of questions, and each selected one or two that he or she would ask each candidate.

1. What aspects of the position at our Chicago campus interest you most now and for the future?
2. Please describe your experiences in developing relationships with faculty, staff, and students as an administrator. Tell us about some successes you are proud of and that describe your management philosophy.
3. As chancellor of the Chicago campus, how would you develop relationships with faculty and gain their confidence in order to become the leader of the faculty at the campus? How would

you develop relationships with staff and students? How would you get feedback on your effectiveness in these areas?

4. What has been your experience in raising funds for a higher education institution or other type of institution? What have you learned from these experiences? Also, what experience have you had with campus-corporate relations and campus-government relations, and with other external groups? How would you go about building more of these relationships for UIC? Do you look forward to such efforts?
5. In the chancellor's position the management of crises and knowing when to take risks are important elements. Give us some examples from your experience of how you have handled these two responsibilities. (Please emphasize your own judgment process in these examples and the way in which you handled internal and external sensitivities.)
6. Please share with us your thoughts and understanding of what is required to administer a large, complex medical center and health care enterprise such as that at UIC. What skills or experience do you have that would aid you in operating the health care delivery aspects of this, and ensuring excellence in the academic programs as well?
7. Please describe for us how you would like to carry out UIC's responsibilities to its urban environment. How would you develop and expand on the commitments that exist today?
8. What is your vision for UIC for the future?
9. In your view what are the major issues confronting higher education in the United States today and how would you address these in the setting of UIC if you were chancellor given the broad mission that has been defined for UIC and the limitations on resources?
10. How would you employ technology to enhance what is in place at UIC?
11. What is your approach to campus governance in a structure like the University of Illinois has? Please give examples of your work with faculty, students, and other administrators on governance matters. How would this translate to what you now know about UIC?
12. What are your ideas on shared governance in a University including faculty, administration, and the governing board?
13. What ideas do you have currently about ways to enhance the visibility of UIC in Chicago and in the nation? Also, what would you do to increase the commitment of alumni to UIC?
14. There is diversity among most groups of faculty, students, and staff at UIC, but we still have areas of under-representation, particularly in the faculty. What would you do to increase rep-

resentation according to gender, race, ethnicity, etc., in areas of under-representation on the Chicago campus?

15. What is your experience in working with city- and state-elected officials? How would you plan to establish working relationships with elected officials in the Chicago metropolitan area?
16. How do you see the role of chancellor at one of the three campuses of the University of Illinois?

Meeting with First Candidate

At 9:05 a.m., the trustees met with one candidate. Mr. Engelbrecht asked the individual to present a summary of important personal experiences that were applicable to the requirements for the position of chancellor at the Chicago campus. The candidate described educational experiences as well as teaching and administrative duties that offered preparation for the position, and expressed a fondness for the city of Chicago as well as an appreciation for the role UIC was playing in the city.

The candidate also described past experiences in working to gain AAU status for institutions and noted that this would be valuable in UIC's efforts to attain this status. The individual stated that personal goals for higher education are synonymous with those articulated for UIC. This person indicated that access and excellence were not mutually exclusive concepts, and that working to make this combination effective in an institutional setting was very attractive.

The individual then discussed experiences in working with health sciences colleges and in recruiting deans for those colleges at other institutions. Further discussion ensued concerning experience similar to what would be expected at UIC that the candidate had had in other academic settings.

The board also engaged the candidate in a discussion of faculty relations and shared governance. The individual talked of approaches that had been effective in building good relations with faculty and other constituencies in other institutions.

The members of the board then asked the candidate each of the questions referred to above, including the one suggested by Mr. Plummer concerning goals for the first 90 days, and for the first year. The candidate responded to each thoroughly.

When the trustees had finished posing questions to the candidate they asked if the individual had questions of them. This candidate asked about the current funding for the University and for the campus. Mr. Engelbrecht indicated that the budget for the next year appeared to be very good for the University of Illinois, but that in the recent past the budget has been less than the University needed to accomplish some goals; other trustees concurred with this. This comment concluded the interview, and the trustees thanked the candidate for meeting with them.

After the candidate left the room the board members briefly discussed their impressions of the individual's responses to their questions, and what these revealed of the individual's talents, skills, and applicable experience.

Meeting with Second Candidate

The president introduced the second candidate to the board at 11:05 a.m. Mr. Engelbrecht asked this individual to give the board a summary of personal experiences related to the position. The candidate described a deep interest and commitment to the role of research universities in an urban setting. The individual then went on to describe evidence of this commitment in terms of personal attention to teaching as well as research, even though teaching was not always rewarded in certain previous academic positions. The individual also spoke of an abiding interest in the role public research universities play in our society, with a concomitant interest in translating the value of research to the public. The candidate explained further that the role of a research university in creating new knowledge is extremely important for future improvement of our society, and the individuals in it. The candidate also stressed the importance of economic development as a role for the University and the campus, and emphasized past experience in working on technology commercialization and in communicating to the public the importance of a research university to economic development.

The trustees then posed each of the questions included in the list given above, and the candidate discussed these at length. Among other things, the candidate gave a detailed discussion of shared governance in the academy as well as certain things the campus needed to do to attain the status of an AAU institution, such as increasing Federal funding; approaches to increasing diversity throughout the campus; and ideas about recruiting students.

After the candidate had left the room the board briefly discussed the interview and the individual's responses as well as their impressions of those.¹

The board continued discussion of the candidates over luncheon. The members of the board noted above as attending this morning session, President Stukel, and Dr. Thompson were in attendance.

June 8-9, 2000, Pages 614, 615, and 616

Meeting with Third Candidate²

Mr. Lamont posed the first question to this candidate, asking the individual to describe the aspects of the position of chancellor that were personally

¹The board's discussion was interrupted by a call from Chancellor Aiken, Urbana campus, and Ronald Guenther, director of Intercollegiate Athletics, Urbana, with an announcement of a matter of employment/appointment. This was that Robert Self would be recommended as head varsity men's basketball coach at Urbana at a press conference the next morning in Urbana. Mr. Guenther reminded the board that it had been 14 days since the former coach, Lon Kruger, had resigned. He also reported the criteria for selection of the new coach.

²This was Dr. Sylvia Manning who was later recommended to the Board of Trustees for the position of chancellor at the Chicago campus and approved by the board on July 20, 2000.

most interesting. The candidate responded by saying that UIC is one of the most complex universities in the country in that it is a public institution, located in Chicago with its own complicated politics, with State and University politics that overlay this. The candidate went on to say that UIC is poised to move, but that it is difficult because it sits between the University of Chicago and Northwestern University, both formidable universities. This individual stressed that UIC needs to concentrate on being an urban institution, with all that that entails. Further the candidate emphasized that UIC was excellent but just needed to be better known, and noted that there now seemed to be momentum to increase the institution's visibility. The board members asked the candidate each of the questions on the list and the question added by Mr. Plummer. The trustees engaged the candidate in a lengthy discussion of hospital finance and the needs of the University Hospital. Also, the candidate and the board discussed shared governance at length. In addition, the candidate gave detailed descriptions of major problems in higher education in the nation today; ways to increase undergraduate enrollment, particularly that of minorities; and enlarging on current positive relations with the city of Chicago and local government, including the public schools. In closing remarks the candidate stressed the potential for UIC because of its location, and mentioned that recruitment of faculty and students was crucial for its greater success.

The board thanked the candidate for meeting with them and the candidate left the room. The board then discussed the interview and the responses and comments of this individual.

Meeting with Fourth Candidate

At 11:00 a.m. the board met with the fourth candidate. Those trustees mentioned as present during the first interview were also present, with Dr. Gindorf attending via conference call. Also, Mr. Plummer was present for this interview, having joined the meeting at 10:50 a.m. Mr. Engelbrecht welcomed the candidate and asked the individual to summarize some pertinent facts about past experiences that would be applicable to the position of chancellor of the Chicago campus. This person explained that a personal commitment to public service has always been important, and that education is a major interest. This person said that UIC seemed an ideal place to develop programs in education and in health care. Also, the individual mentioned frequent stays in Chicago and a familiarity with the city as well as an appreciation for it.

The board then posed each of the questions on its list, including the one suggested by Mr. Plummer. The candidate responded to each of these, giving examples of past experiences in most cases. The candidate spoke extensively on how academic medicine is carried out in this country and the need to change approaches to medical education; increasing diversity on campus; and coupling high quality education and accessibility. In addition, the candidate shared several ideas about working with political leaders

locally and nationally, and cited past successful experiences and a depth of knowledge in the area.

In response to the board's offer to answer any of the candidate's questions, this individual said that there were none for now and thanked the board for their graciousness.

After the candidate departed, the trustees discussed the interview.

Meeting with Fifth Candidate

At 1:05 p.m., President Stukel introduced the fifth candidate to the board. Mr. Engelbrecht welcomed this individual and asked that the candidate share with the board a summary of relevant experiences for the position of chancellor at UIC. This candidate stated that higher education was one of the few places where one could make a difference today. Further, the candidate indicated that the city of Chicago is intriguing and of great interest. This person then followed with remarks about particular career experiences that might prove helpful in executing the duties of chancellor at the Chicago campus.

The board members asked each of the questions on the list and the question added by Mr. Plummer. The candidate responded to each of these and gave examples from several sources of past experience. The candidate offered extensive observations on how the campus might increase private gifts to the campus, and cited earlier experiences in this area; ideas about administering a public academic medical center from past responsibilities; the recruitment of minority students and faculty; and ensuring excellent academic programs with access assured. Further, the candidate spoke about a wide range of approaches to building relationships with governmental and political leaders from previous experience, as well as building strong relationships with alumni.

At the close of the discussion, the board asked the candidate to pose questions to them. In response, the candidate queried the board about funding for the University as a whole and for UIC, and requested a prognosis for the future. Board members described the good budget for this year, and expressed optimism for future years. Also, they stressed that UIC was hitting its stride and was becoming a much stronger institution.

The board thanked the candidate for meeting with them and the individual departed the interview.

The board then discussed this interview and the responses of this candidate.

Comments from Chair of Advisory Committee to the President

The board turned next to Dr. Peter Buttrick, chair of the advisory committee to the president on the search for a chancellor at UIC. Dr. Buttrick briefly summarized the committee's views of the four candidates the committee referred to the president, mentioning the committee's summary of strengths and weaknesses of each. He noted that the advisory committee

did not rank the candidates they sent forward to the president, considering all qualified to assume the position of chancellor at UIC.¹

Comments from President Stukel

President Stukel summarized his views of the five candidates by commenting on issues such as probable commitment over time to the institution; national prominence; understanding of the campus; predicted learning curve; potential for effectiveness in external relations to aid the campus, particularly in the corporate arena; potential for developing good relations with various communities that have an impact on the campus; fund raising; legislative experience; and personal traits. He then commented on each candidate in terms of these characteristics and made a recommendation to the board.

In the context of this review the board discussed their views of the candidates further, and reached a consensus on the preferred candidate. They then informed the president of their recommendation. The president said he would be pleased to contact the successful candidate to offer the position, subject to board approval at their next board meeting.

¹The board had determined before the interviews that a fifth candidate should be invited to an interview with the board, which is always a prerogative of the board in such searches.