

**Report of the
University of Illinois Board of Trustees Meeting
Retreat and Meeting of Board of Trustees
July 18-19, 2012
University of Illinois at Chicago**

Senators are encouraged to access the following materials at the Board website:

a) Retreat agenda, background readings, and notes from break-out discussions:

<http://www.uillinois.edu/trustees/board-retreat-20120718/>

b) Audio recording of the entire Retreat:

www.uillinois.edu/trustees/audio.cfm

c) videotape of the regular meeting: <http://uishelix2.uis.edu/vod/vod/2012/BOT071912.html>

BOARD OF TRUSTEES RETREAT, JULY 18

While the current Board has followed the practice of biannual Retreats since its inception, this year's Retreat also served as a response to requests from our Senate and from University Senates Conference for a cross-campus dialogue on the future of the University. (See http://www.senate.illinois.edu/Summit_agenda.pdf).

In contrast to previous Retreats, in addition to reports from each campus chancellor, this year's event also included presentations on the future of public higher education, and in particular on the future of the University of Illinois, given by three national leaders in this area: Dr. James Duderstadt, President Emeritus of the University of Michigan; Dr. Larry Faulkner, President Emeritus of the University of Texas at Austin (also former dean of LAS and former provost of our campus); and Dr. William B. DeLauder, President Emeritus of the University of Delaware.

The 2012 Retreat also featured, for the first time, break-out discussion sessions in which groups of about ten addressed questions on key issues related to planning our future, most of which were suggested by the University Senates Conference. At each break-out session, trustees and the President interacted with faculty members from the Senates Conference, campus administrative leaders (including deans), and University vice-presidents. The break-out sessions were followed by reports from each group to all participants.

Senators are strongly encouraged to review all materials at the above links, paying particular attention to the transcripts of the presentations given by Drs. Duderstadt, Faulkner, and DeLauder.

MEETING OF THE BOARD, JULY 19:

The meeting began with an executive session to consider employment and litigation matters. It resumed with a rendition of the state song, "Illinois," sung by Dennis Yeats, and then proceeded to the installation of this year's student trustees. Each student trustee now has a mentor Board member. The current student trustees from Chicago and Springfield will continue to serve in the upcoming academic year. The new student trustee from Urbana, David Pileski, will be mentored by Trustee Lawrence Oliver.

COMMENTS FROM PRESIDENT EASTER:

This was President Robert Easter's first meeting as President. In his brief address, he commented on the following:

1. Retirements and applications for retirement have burgeoned this year. During the entire 2011 calendar year, there were 726 applications for retirement; just so far this year, 1107 applications have already been filed. This surge in SURS applications is related to the periodic adjustment of the money purchase formula that was carried out this year for those retiring on or after July 2.

2. The appropriation to the University for General Operating Funds has been cut this year by 6.17%, or \$42.5 million. While we have been preparing for such a cut to our appropriation, we will be obliged to continue to use our resources carefully.

3. In relation to the above item, Vice-President of Academic Affairs Christophe Pierre will work with faculty to establish criteria and procedures for ongoing reviews of programs and units. These procedures should be in place by the end of this academic year.

4. The Legislature has passed bills limiting our ability to rehire retired employees and limiting our use of search firms. We are now working on procedures to comply with these new regulations.

5. President Easter shared this year's figures for incoming first-year classes at the three campuses: 250 at UIS; 3500 at UIC; and over 7000 at UIUC. There are also about 3500 transfer students across all three campuses.

6. The recruitment of a diverse student body continues to be an important priority. We will be aided in this effort by the presidential scholarship program, Access Illinois, which has raised over \$42 million since it was established in June 2011 by former president Michael Hogan.

7. The unresolved pension situation continues to provoke concern, particularly as it relates to the recruitment and retention of faculty and staff.

President Easter ended his remarks by commenting that all the campuses now have their senior leadership teams in place, including permanent chancellors and provosts on all three campuses. President Easter looks forward to working with the senior administrative leaders.

PRESENTATION BY CHANCELLOR PAULA ALLEN-MEARES, UIC

Chancellor Meares highlighted UIC's [Chicago Biomedical Consortium](#), whose new scientific director is Prof. Brian Kay (Head of Biological Sciences and Vice-Chair of the UIC Senate). The CBC is funded by the Searle family, two members of which serve on External Advisory Board. The Consortium's goal is to stimulate collaboration among UIC, Northwestern and the University of Chicago. The CBC has a high success rate in generating federal grants. Recently it received a \$1million grant to recruit a Senior Investigator.

COMMITTEE REPORTS

1. Budget, Audit & Finance—Trustee McMillan

Trustee McMillan reported that the appropriation to the UI Foundation and to the Alumni Association have been reduced as a consequence of the reduction in our General Revenue Funds. The next committee meeting is scheduled for Sept. 4 at 1pm.

2. Health Care System Committee—Trustee Koritz

Because of the Board Retreat, the committee did not meet. However, Trustee Koritz recognized John DiNardo, who is retiring after eleven years of service as CEO of our Hospital. Trustee Koritz noted that the hospital was in the red financially when Mr. DiNardo accepted his position, and he has brought the hospital to fiscal health.

AGENDA ITEMS APPROVED

All items were approved. Please see the detailed list at <http://www.uillinois.edu/trustees/agenda/July%2019,%202012--Meeting/>

In addition to the new appointments and promotions, of particular note are the revisions of the Conflict of Interest policy; and the changes to our Senate constitution.

UNIVERSITY SENATES CONFERENCE PRESENTATION FROM PROF. DONALD CHAMBERS (UIC), CHAIR, USC

Prof. Chambers, outgoing Chair of University Senates Conference, reviewed the key events of the 2011-2012 academic year from a governance perspective. Echoing Queen Elizabeth, he called last year an "*annus horribilus*," which began with a challenge to the procedures by which USC elects its chair, continued with internal division revolving around the participation of UIS members, and culminated in the resignations of President Hogan and his Chief of Staff after the well-publicized pseudonymous email scandal. Nevertheless, Prof. Chambers concluded that "the wounds of the past have healed": thanks to the strength of our shared governance system, USC has already welcomed new members from UI-Springfield, elected a new UIS member as incoming vice-chair, and participated in the long-awaited Cross-Campus Dialogue with the Board of Trustees. Prof. Chambers ended his presentation by thanking Prof. Nicholas Burbules for agreeing to chair the Conference in the 2012-13 academic year, and by extending a special thanks to Office Administrator Connie Sailor for her invaluable assistance throughout the year.

After Prof. Chambers ended his presentation, Chair Kennedy and President Easter presented him with a plaque, and Chair Kennedy expressed his gratitude for Prof. Chambers's extraordinary record of scholarship and of service to the University.

This portion of the videotape may be seen starting at about 52:00 and ending at about 70:00.

The full text of the USC report is available online at <http://www.uillinois.edu/trustees/agenda/July%2019,%202012--Meeting/r-jul-University-Senates-Conference.pdf>.

Chair Kennedy's remarks are attached to this report.

PRESENTATION BY VICE-PRESIDENT & CHIEF FINANCIAL OFFICER WALTER KNORR

Senators are encouraged to consult the graph available at <http://www.pb.uillinois.edu/Documents/UI-Cash-Flow.pdf>

Other financial information is available at <http://www.uillinois.edu/administration/budget.tuition.cfm>

Mr. Knorr's presentation featured little good news. To begin with, the University will see a decrease of \$42.5 million to its General Revenue Funds appropriation. Taking inflation into account, this puts us at about the amount of funding we had in 1966--and we have greatly increased our student population since then.

Regarding "payments on behalf," which refers to State payments to us for health care and pensions, the State is expected to contribute about \$800 million. About half of that is for health care, and half for pension payments. Mr. Knorr expressed confidence that the legislature would ask us to contribute a greater portion toward employee pensions. He noted that every 1% extra we are asked to pay for pensions and health insurance will be equivalent to \$15 billion.

There will be no capital bill for next year; in fact, funds that were appropriated for 2003 have still not been received. We would have to use revenue bonds or operating budget if we have needs to address in this area next year.

President Easter has announced a 2.5% average merit increase for this upcoming year; this will be funded by tuition and reallocation.

PUBLIC COMMENT

There was only one speaker, William O’Neill, Professor of Bioengineering from UIC. Prof. O’Neill spoke about the relative lack of activity in UIC’s Bioengineering program, in contrast to Bioengineering on the Urbana campus.

Chair Kennedy assured the speaker that he would ask Chancellor Allen-Meares to respond to his concerns.

The meeting adjourned at approximately 2:00 pm.

Schedule of upcoming meetings

September 14, 2012, Urbana

November 8, 2012, Springfield

January 23-24, 2013, Chicago

Respectfully submitted by Joyce Tolliver, Observer for SEC

**Presentation to Dr. Donald Chambers, chair of the University Senates Conference,
from Chair Christopher Kennedy**

July 19, 2012 University of Illinois Board of Trustees meeting

Kennedy: I just wanted to talk about Don for a moment. We've had what I believe is a wonderful relationship and I appreciate his leadership.

Don has been a professor of physiology and biophysics. He was the head of the department of biochemistry and molecular biology at UIC for 18 years. He was the director of the GPA program for the College of Medicine. He trained at Oxford. He was a research fellow at Harvard Medical School. He's got a focus on molecular medicine and dentistry, interactions between the nervous system and the immune system, wound healing, tissue homeostasis, cancer, periodontal disease, and molecular diagnostics. He is the author of over 250 articles. Among many other achievements, he was elected to the UIC's first Honors College Fellow of the Year. He has served at all levels of shared governance. In 2012, he was the vice chair of the UIC senate and executive committee, and then the chair of the UIC Senate Budget and Planning Committee. And he's been the chair of the University Senates Conference.

Don has been recognized by his faculty peers as the steady hand needed to provide seasoned leadership during a critical year. In a time of great economic hardship and faced with upheaval in the leadership ranks, Don has kept us focused on ensuring that the University continues its greatness. Don represents the best of the values of mutual respect and collaboration enshrined in the best hopes of co-governance. He has been a soothing leader for the Faculty Senates Conference, and he is a relentless voice for quality as a leader of the University. He is a trusted advisor, a valued mentor, and thoughtful friend of the individual members of the Board of Trustees. Representing the Board, I want to say that we feel that we are lucky to have Don at the University of Illinois, and, individually, we feel lucky to have Don in our lives.

Congratulations on your thoughtful year, your wonderful leadership, and we appreciate everything that you have done.

(Applause)