

Minutes of a
Special Meeting
of the
BOARD OF TRUSTEES
OF NORTHERN ILLINOIS UNIVERSITY
April 30, 2004

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Gary Skoien at approximately 9:40 a.m. in the Clara Sperling Sky Room of Holmes Student Center. Recording Secretary Mimms conducted a roll call of Trustees. Members present were Trustees Robert Boey, Barbara Giorgi Vella, Student Trustee Kevin Miller and Chair Skoien. Present via teleconference were Trustees George Moser and Myron Siegel. Not present was Trustee Manuel Sanchez. Also present were Board Parliamentarian Kenneth Davidson and President John Peters. With a quorum present, the meeting proceeded.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Open Meetings Act public notice compliance was provided by Board Parliamentarian Ken Davidson.

MEETING AGENDA APPROVAL

Chair Skoien requested a motion to approve the proposed meeting agenda. Trustee Moser so moved, seconded by Trustee Boey. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Before we begin our discussion this morning, Chair Skoien said, I would like to invoke the Chair's prerogative and make a few comments about the subject before us today. There are few tasks this Board undertakes that are more important than setting tuition. As a public university, we are committed to keeping education as affordable as possible, while maintaining a level of academic quality that boosts the value of an NIU degree. Both of those goals have been severely challenged over the past three years. This university has lost more than \$30 million in state funding over that period. At the same time, we've seen an enrollment increase of more than 2,000 students. Colleges and universities across our country are bursting at the seams with the increased demands we all face, but financial realities are forcing all of us to limit the number of students we take.

When we look at the tuition proposal before us today, it is important for us to think about that context, and about this institution's historical approach to setting tuition. Historically, NIU tuition increases have been among the lowest in the state. Over the past ten years, even with the very unusual situation we have faced during the past three years of our state's serious budget crisis, the average tuition increase at NIU has been just over four and a half percent. In good times and bad, we have done our best to keep an NIU education affordable. I know we will do that again today.

This year, we face additional budget cuts of at least another two percent. And from what President Peters tells me about the mood in Springfield – and I am sure many of you have read the press about it – we will be lucky if that number holds at two percent. We cannot continue to lose millions of dollars in state funding and still maintain the type of educational services that our students need and deserve. The negative effects on class size, course offerings and our ability to replace retiring faculty are well-known among those who attend and teach at this university.

Tuition largely funds direct classroom instruction, and tuition is the only source of revenue we can influence to make up for losses on the state side. So while all of us find it a difficult task to ask our students and their families to dig deeper to fund their college educations, I think we would find it more

difficult to hear that students could not get the courses they need, or that employers were taking a pass on graduates with NIU degrees.

This year, we have an additional factor to consider, and that is our implementation of a tuition program under the new "Truth in Tuition" law. Truth in Tuition, as you will recall, requires us to adopt tuition rates for new, incoming students that will remain the same for the entire four years they are here in pursuit of an undergraduate degree. And since we know that many students take a little longer than four years to graduate, this Board decided earlier this year to extend that guarantee by an additional semester for a total of four and a half years.

So today we will be hearing a tuition proposal that talks about one rate for continuing students and another rate for new students. It is going to be important for all of us to remember that the new student rate we adopt is for four and a half years. If we want to annualize that rate, we need to divide it by four and a half years.

One more note before we proceed with our discussion. President Peters and Dr. Williams have provided us with comparative data from other universities around the state, and it appears to me that this proposal before us is, once again, one of the lowest increases of any public university.

The Chair recognized the University Advisory Committee representatives: Suzanne Willis, Xueshu Song, Beverly Espe, Sara Clayton, Paul Loubere and William Tolhurst.

PUBLIC COMMENT

The Chair asked Board Parliamentarian Kenneth Davidson if any members of the public had registered a written request to address the Board in accordance with state law and Board of Trustees Bylaws. Mr. Davidson noted that no timely requests had been received for public comment at that Board meeting.

PRESIDENT'S REPORT NO. 40

Mr. Chair, I, too, would like to precede my formal report with a few brief remarks about the subject at hand, President Peters said. As you referenced earlier, I have just returned from several days in Springfield, and we completed our budget hearings before the Senate. I want to publicly acknowledge the work of our group, which I think is the most effective university group working in Springfield, and that includes Kathy Buettner, Ken Zehnder and Dr. Williams and his staff. Abby Chemers is here, who has to put together, on a moment's notice, information based on requests from the committees. And Ivan Legg and his group in Academic Affairs, including Frederick Schwantes and Gip Seaver, sat next to us covering any academic questions that came up. Truly, we have the ear and the sympathy of the legislative committees if not their money. But they do a lot of work and there is tremendous confidence in NIU's staff. I appreciate the long hours you had to put in under difficult circumstances. It means a great deal to the students here and to the Board that you did that.

The budget news remains grim and uncertain to the point where there is really no reconciliation between the total budget needs and gaps, the revenue that is coming in and the revenue enhancers that have been recommended. It is very difficult in that sort of environment to get any solid feel of what your budget is going to be like. Each year, it seems that we have to redefine the way we think about legislative victories. This year, we had hoped that higher education could extract a commitment from the legislature to keep funding at the FY04 level in FY05. In other words, we were not asking for a huge increase; we just wanted to be kept whole for FY04, which was, about \$30 million down from where it had been. Actually, we are driven back to Fiscal Year 1999 levels on our General Revenue.

The Governor presented his budget, and we understand what the Governor is facing. He asked for another two percent cut to public universities below what the IBHE recommended. For us, that is over \$2 million out of our base budget. We understandably objected to that plan, and have vigorously opposed it in our formal testimony and in our informal discussions with legislators, which are ongoing.

We may have to redefine, again this year, what we think is a victory, because, unless something changes on the revenue side, I do not see how the legislature will be able to put back that two percent. So we are looking at a two percent reduction today, and it could get lower. It is uncertain. In my estimation, the probabilities are greater that it will be more. That is what we are facing. It is very difficult to plan in an uncertain environment and also to deal with the collective damage of three years of accumulating cuts. That is \$30 million – opportunities gone, students not served, physical plant not repaired, equipment not purchased – at a time when NIU is one of the few institutions in the country that was ready – and still is – to take a great leap forward in its programs, its quality and its service to the region.

The state's budget crisis has gone on much longer than most experts predicted. Again, it is driven by lower-than-expected revenues, and it is very difficult to predict when that turnaround will occur. Now, if you follow the local papers and the *Wall Street Journal*, as I do, you know that our national economy is showing signs of recovery. It is a slower recovery and a sort of a jobless recovery. But as we know, there is a significant lag between improvements at the national level and the rebound at the state level, particularly in a state that is as driven by manufacturing as ours. Meanwhile, we have the business of educating students. We have a record number of students. We have a record number of students wanting to attend NIU. We have taken on 2,500 more students since 1998 that need to be provided with an education.

I do not know if any of you saw this, but for George and Myron, I am holding up a copy of what appeared in yesterday's *USA Today*. The headline is "More Students Left in Limbo on College Waitlists." And then the subheadline is "Public Schools are Using the Practice." And in fine print, it says – and we are featured -- "Northern Illinois University in DeKalb was so overwhelmed with applications last fall that it stopped offering admission to qualified applicants in mid-January, putting them on a waitlist instead. Twelve hundred have been waitlisted." I'm not sure what the number is today, but we have 1,200 waitlisted students. Then there is a chart that says "How Selected Schools Handle the Wait – and the schools that are listed are: Emory, Occidental, Rice, Haverford, Dickinson, Chapel Hill, Notre Dame, Penn, Vanderbilt, Northern Illinois, University of Georgia and University of Delaware.

Now, that tells you a couple of things. First of all, I believe we have arrived on the national map. The other thing is that the value of an NIU education is understood. What are we doing? Because of these budget cuts, we are denying students access to this quality education and our quality professors. We have no choice. That is a terrible thing. And we have other things we have to accommodate. We should be looking to replenishing our faculty base. So many of our good faculty, as well as our staff, who have contributed to building this institution, are retiring and will be retiring in the next five to ten years. Right now, we should be in the market to replace them with quality people. We are trying to do that. And, in fact, we should be adding faculty, tenure-track faculty, to our ranks. We can only do that on the margins. And, we must be able to provide a compensation package that attracts and retains our very best people and gives good compensation to all. This is going to be very difficult. There are certain obvious programmatic areas of strength and opportunity where we should be building.

We are moving ahead, but all of these plans are being pushed back. And we will have to cut deeply into our budgets again. By the end of this year, over a three-year period, we will have reallocated 25 percent of our administrative budget either to the budget cut or directly to academic core activities. Right now, the core academic budget, which includes tuition, GR and other funds, is larger than our General Revenue budget and 72 percent of all our expenditures. Our priorities are straight. But that means we are not replacing equipment. We are not fixing buildings. We are not expanding. We are not taking care of our roofs and our roads as we should.

So today, without the benefit of a crystal ball, we find ourselves having to predict what we think the future will hold. We are presenting today a tuition plan that includes a one-year increase for continuing students and a four and one-half year rate for new students. Even at the rates we are suggesting, we have no real way of knowing whether they will be adequate to cover the increasing cost of educating our students. We have no way of predicting what state support will be or whether the economic recovery is around the corner.

What we do know is that what we are suggesting is, unfortunately, in line with or slightly below what other state universities are doing. But all state universities are finding themselves in this same dilemma. Beyond that, we are simply trying to maintain our academic quality.

Agenda Item 6.a. – Fiscal Year 2005 Tuition Recommendations

President Peters pointed out that the Fiscal Year 2005 Tuition Recommendations are shown on pages 1 and 2 of the Board Report. We have done our analysis and waited as long as we can; but now, we have to move, he said. The Truth in Tuition Act takes effect in the fall of 2004. What that means is that new degree-seeking freshmen and new degree-seeking transfer students will be guaranteed the same tuition rate for four continuous years. And we have been extremely generous with transfer students. That means someone coming here with a two-year degree from a community college gets four years at a guaranteed rate. I think that is extremely generous and appropriate. NIU has added one additional grace semester at the guaranteed tuition rate to allow students extra time to complete their degrees. We just thought that was the right thing to do given the nature of our student body.

Under the Governor's proposed budget recommendation, the NIU FY05 appropriation again would result in an appropriation that is over \$2 million less than the 2004 appropriation. So that is a gap we have to make up. The recommendation also requires that each university make a contribution to the state health insurance program, which is over \$3.5 million on top of the \$2 million decrease. More funds are required to cover rising utility costs and insurance increases and to provide additional academic support to accommodate course demand. I want to stop here and say what a remarkable job the colleges, the departments and Academic Affairs have done in monitoring, on a daily basis, where the demand is and trying to get seats and quality instructors in those classes to give everybody full coverage.

As a result, the President said, we recommend the following tuition increases. For on-campus, undergraduate continuing and nondegree-seeking students, a 7.75 percent increase in the base tuition rate. For new degree-seeking freshmen and transfers covered under Truth in Tuition, a 15 percent increase, which then will be set for four years plus a semester. Graduate tuition will increase by 7.75 percent and Law by 7.75 percent. Off campus, because of the additional costs of delivery, undergraduate rates will be set at \$171.74 per credit hour up to 16 hours., and graduate will be set at \$188.16 per credit hour up to 12 credit hours. So, for an on-campus, continuing, nondegree-seeking undergraduate student taking 12 hours or more, this recommendation translates into \$135 a semester tuition increase. And for new undergraduate students under Truth in Tuition taking 12 hours, that translates into \$261 per semester.

Before I call for a vote, Chair Skoien said, thank you again, as I have said in the past, for being so forthright with everybody in the university community about the budget situation in Springfield. I know it is difficult to know from day to day what is actually happening, but I think it is probably helpful for everybody to have as clear a picture as possible. Also, I want to thank you, Kathy, Ken, Eddie and Myron for all of your hard work on the university's behalf in Springfield.

Unfortunately, Trustee Vella said, today this Board has to consider raising tuition again. In the past, we have raised fees and costs reluctantly and only under extreme pressure. However, it is our job as trustees to balance our role as fiduciaries to the citizens of Illinois with our duty to provide accountability and accessibility to the university community. I appreciate and commend the efforts of President Peters, Dr. Williams, Kathy Buettner, Ken Zehnder and our Board members and their work with the legislature. However, given the political and economic climate in Illinois, we must be realistic. I have always appreciated the administration's proactive rather than reactive position. I concur that we must do our utmost to preserve and maintain our university during these difficult times. Therefore, I will vote today to increase tuition based on the recommendations of the university. And I hope that as the U.S. economy improves the effects will be felt in the state of Illinois, and we won't have to come and do this again.

I have put a lot of thought and work into what I was going to do regarding this proposal, Student Trustee Miller said, and in my mind, it comes down to a quality issue. Because of the erosion of state money, if we do not do this, the quality on campus and the availability of services on campus will suffer to a point where we would not be able to fulfill many of our responsibilities. So, although it will be difficult for some students, I will be supporting this. Because of the lack of state money, we are forced to do these things. I

have been down in Springfield the past two weeks, and I want to congratulate and thank Dr. Peters, Dr. Williams and all the other folks who went down there, because they are doing a tremendous job. But, unfortunately, the state money is just not there. All we can do is keep fighting the good fight and doing what we need to in order to maintain the quality and the reputation that we do have.

I echo very much Student Trustee Miller's comments on quality, Trustee Boey said. I come from a manufacturing point of view, and we are constantly battling the cost control element. But we always understood there are two things that cannot be touched. One is quality, and one is customer service. If you start to impact quality, at the same time you start impacting customer service. When you tell people you are going to do something or deliver something on a certain day, you had better meet your obligation, otherwise your reputation goes right down the tubes in industry. There is no question in my mind that if we are going to continue as a university with the reputation that we have now acquired, a nationally known institution, as Trustee Miller said, this requires in maintenance of quality and the delivery of services, to our student body. As much as I hate to see increases, unfortunately, all the other costs go up and our general revenue is going down, and this is the result. As the President said, the only source we have to make up for revenue losses, really, is the tuition increases. So I, too, am very reluctant; but I will endorse and support this increase.

Chair Skoien asked for a motion to approve the Fiscal Year 2005 Tuition Recommendations. Trustee Boey so moved, seconded by Trustee Vella. The Chair then requested a roll call vote.

Trustee Boey	Yes	Trustee Sanchez	--
Trustee Moser	Yes	Trustee Vella	Yes
Trustee Siegel	Present	Student Trustee Miller	Yes
Chair Skoien	Yes		

The motion was approved with a vote of five Yes, one Absent and one Present.

NEXT MEETING DATE

Chair Skoien announced that the next regular full meeting of the Board of Trustees is scheduled for Thursday, June 17, in DeKalb.

ADJOURNMENT

The Chair asked for a motion to adjourn. Trustee Vella so moved, seconded by Trustee Boey. The motion was approved. The meeting was adjourned at 10:06 a.m.

Respectfully submitted,

Sharon M. Mimms
Recording Secretary