

Minutes of the  
**NIU Board of Trustees**  
**FINANCE, FACILITIES AND OPERATIONS**  
**COMMITTEE MEETING**  
March 4, 2004

**CALL TO ORDER AND ROLL CALL**

The meeting was called to order by Chair Barbara Giorgi Vella at approximately 10:08 a.m. in the Clara Sperling Sky Room of Holmes Student Center. Recording Secretary Mimms conducted a roll call of Trustees. Member present was Chair Vella. Present via teleconference were Trustees Robert Boey, Manuel Sanchez and Myron Siegel. Not in attendance was Trustee George Moser. Also present were Student Trustee Kevin Miller, Committee Liaison Eddie Williams, President John Peters and Parliamentarian Kenneth Davidson.

**VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING**

Confirmation of Open Meetings Act notification compliance was given by Board Parliamentarian Ken Davidson.

**MEETING AGENDA APPROVAL**

Trustee Boey made a motion to approve the agenda. It was seconded by Trustee Siegel. The motion was approved.

**REVIEW AND APPROVAL OF MINUTES**

It was moved by Trustee Siegel and seconded by Trustee Boey to approve the minutes of the September 4, 2003 meeting. The motion was approved.

**CHAIR'S COMMENTS/ANNOUNCEMENTS**

Today's agenda includes items of particular importance to the students and the university community as a whole, Chair Vella said. Those items include Recommendation for Student Fees and Room and Board Rates for the upcoming year. The recommendations have been developed through a consultative process involving students and staff. They reflect the budget reductions and challenges that the university faces in Fiscal Years 2004 and 2005. Additional items that require Committee action include contracts and contract renewals for Student Accident and Sickness Insurance, Copier Services, Printing Services for the *Northern Star*, Waste Management Services, International Program Travel Services and a Mass Transit Contract; expenditure authorizations and project approvals for Athletic Sport Camps, Housing and Meals; Information and Technology Services Computer Desktop Workstations; Douglas Hall Student Room Replacement Capital Project; and Department of Psychology Research Grant. Reports and information items to be received by the Committee are a Fiscal Year 2004-2005 Budget Update, a report on the Truth-In-Tuition implementation, the Quarterly Summary Report of Transactions in Excess of \$100,000, a Periodic Report on Investments, a PeopleSoft Status Report and the Fiscal Year 2004 Increment Summary Report.

The Chair recognized representatives of the University Advisory Committee Drs. Xueshu Song and Suzanne Willis.

## **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.

## **UNIVERSITY RECOMMENDATIONS**

### **Agenda Item 7.a. – Fiscal Year 2005 Student Fee Recommendations**

Dr. Williams summarized the process used to arrive at the proposed recommendations. Our Chair has already given you some idea of the process we use to arrive at student fee recommendations. Again, that process includes committees for each fee area, comprised of students and staff in those particular areas, working together to review the fee and make a recommendation. That recommendation is forwarded through Finance and Planning to the President. The President reviews the recommendations and then meets with the student leadership to review the process to develop the final recommendation for the Board.

In reviewing the results of the process, Dr. Williams said, there are two points I would like to make. Two major contracts are included in our fee recommendations every year that are driven by outside forces. The health insurance contract, which provides student health insurance for all of our students, is determined by the insurance carrier. The second contract is our mass transit contract, which serves our students. Again, this contract is somewhat out of our control in that it includes certain provisions that cover the cost of the services provided, the number of routes and buses in use, as well as escalators related to the cost of gasoline. If you were to exclude the increases for those two contractual areas, the recommendations before you are at a 3.23 percent increase rate, which we think is very acceptable. It is within the guidelines that the President established. We are very pleased to bring this set of recommendations to the Board, again, with our concern to keep cost increases at a minimum.

Dr. Williams briefly summarized the specific recommendations. The activity fee is not increased. The athletic fee is increased by 3.02 percent. The bond revenue fee is increased by 6.19 percent. The transportation, or bus fee, is increased by 9.96 percent. The health insurance fee is increased by 9.46 percent. The health service fee is 3.74 percent. The grant-in-aid fee is increased by \$0.07 a credit hour and, because it is such a small fee, that is a 16.28 percent increase. The student-to-student grant is a \$0.12 increase, and that is a 33 percent increase. Overall, including the two contracts, the increases average approximately 6.42 percent.

Trustee Boey inquired whether the reduction in the West Campus fee was a reflection of refinancing or because the project was nearly completed. Dr. Williams stated that the original amortization schedule for those bonds included a number of years in which the annual debt services actually reduced. So this reflects the fact that 2005 will be a year in which the debt service will be reduced. Therefore, we are decreasing the amount of the fee.

There was also an inquiry on whether or not the grant-in-aid and student-to-student grants were being impacted by the budget cuts in Springfield. Dr. Williams stated that it was more of a reflection of the fact that these two fee areas have not been increased over the years. The purpose of the fees is to provide grants to students to cover such things as tuition, books, etc. Those costs have gone up, and that is a result of the fact that the state has not funded us. But because tuition and other costs have gone up, it was recommended that these scholarship amounts be increased so that they could cover the cost increases reflected in the tuition and fees.

Trustee Sanchez asked Dr. Williams to elaborate a little more on matters that are not within our control and which necessitate the 9 percent increase. Dr. Williams commented on certain items included in the mass transit contract. There are escalators in the contract which cover the amount of service provided, the amount of equipment that must be used to provide those services, the number of routes and any changes in the routes. Also in the contract are escalators that reflect what happens to the price of gasoline, so they are included in the analysis. Another dimension of the fee increase was the fact that over the years the mass transit area had built up a sizeable reserve, and the committee decided to spend

down that reserve a couple of years ago to minimize cost increases. The reserve has not been exhausted, but is at what we consider to be a reasonable risk position.

Chair Vella asked for a motion to approve the FY05 Student Fee Recommendations. Trustee Sanchez so moved, seconded by Trustee Siegel. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

#### **Agenda Item 7.b. – Fiscal Year 2005 Room and Board Rate Recommendations**

The room and board rate increases for Fiscal Year 2005, Dr. Williams said, are also the result of a joint effort with the Residence Hall Association staff to come up with an evaluation of needs, cost increases, etc. that can then be reflected in the fee rates. Through the negotiations and the unanimous support of the Residence Hall Association, the amounts requested equal a 9.04 percent net increase for room and board, and these rates are per semester. There are some factors we have to keep in mind. Certainly, the pressures on the university because of the increase in the minimum wage is having an effect upon the operating budgets of our various units. Please remember that 99.99 percent of the employees affected by the increase in minimum wage are student employees, and we do not wish to minimize or reduce the number of student employee positions. Therefore, we have to seek ways to meet this financial requirement. This is one of the driving forces behind the room and board rates. Another key factor is the increase in utilities we are all experiencing. The other and final major item is our need to make sure that we have adequate reserves to meet the repair and replacement deferred maintenance projects that will be required. Chair Vella asked for a motion to approve the FY05 Room and Board Rate Recommendations. Trustee Boey so moved, seconded by Trustee Sanchez. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

#### **Agenda Item 7.c. – Fiscal Year 2005 Athletic Sports Camp Housing and Meal Expenditure**

This Item begins our review of annual allocations for pass-through type activities and the renewal of various contracts that you have seen over the years, Dr. Williams reported. Expenditure authority for the athletic sports camps is a pass-through where the participants, who are primarily elementary and high school students, will pay necessary fees to cover the costs of the program. This is an authorization for the department to expend up to \$400,000 in support of these activities. Chair Vella asked for a motion to approve the FY05 Athletic Sports Camp Housing and Meal Expenditure. Trustee Sanchez so moved, seconded by Trustee Boey. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

#### **Agenda Item 7.d. – Fiscal Year 2005 Student Accident and Sickness Insurance Contract**

This request is for the renewal of the student health insurance contract, Dr. Williams said. It provides an approximate six percent increase over last year's contract. Again, because of the way the contract is written, we have very little opportunity to affect this other than to say that in comparison, this is a very attractive rate, and our student insurance program remains one of the best offered throughout the state of Illinois. Trustees Boey and Sanchez commented that this rate of increase was a very good one and one they wished they could secure for their companies. That is a reflection of the efforts of our Student Affairs staff working with our students and the carrier to keep these increases at a minimum, Dr. Williams said.

Chair Vella asked for a motion to approve the FY05 Student Accident and Sickness Insurance Contract. Trustee Siegel so moved, seconded by Trustee Sanchez. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

**Agenda Item 7.e. – Fiscal Year 2005 Document Services Copier and Controller System Contract Renewal**

This contract renewal is for the third year of the contract, Dr. Williams said, and is for all of the copiers on campus. This equipment is leased because we found it more cost effective to lease it than to own it. Chair Vella asked for a motion to approve the FY05 Document Services Copier and Controller System contract renewal. Trustee Sanchez so moved, seconded by Trustee Boey. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

**Agenda Item 7.f. – Fiscal Year 2005 Waste Management Contract Renewal**

The waste management contract is also a renewal, Dr. Williams said. Again, through our analysis and experience over the years, we have found that it is cost effective to have an outside vendor provide this service to the campus. Chair Vella asked for a motion to approve the FY05 Waste Management contract renewal. Trustee Boey so moved, seconded by Trustee Sanchez. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

**Agenda Item 7.g. – Fiscal Year 2005 *Northern Star* Contract Renewal**

The FY05 renewal of the *Northern Star* is for the printing of the paper. It is funded through the revenue generated by the *Northern Star* through its selling of advertisements and any subscriptions they may have, Dr. Williams said. Chair Vella asked for a motion to approve the FY05 *Northern Star* contract renewal. Trustee Sanchez so moved, seconded by Trustee Boey. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

**Agenda Item 7.h. – Fiscal Year 2005 International Programs Division Contracts Renewal**

The International Programs Division authorization request for expenditure authority is an annual request, Dr. Williams said, and is a pass-through program. Students who will be involved in International Programs will pay all costs. The university simply does the accounting and then pays the aggregate bills. This request gives the division the authority to make those expenditures.

In reply to a query from one of the Trustees, Dr. Williams said that oftentimes the funds will be put up in advance. But the timing is such that the dollars should come in right behind it. This has been the procedure for at least 20 years, he said, and we have never had a problem with a shortfall in our collections. There is no chargeback for the accounting services because this is a total cost recovery program. The department establishes its rates, and those rates include any administrative overhead they

feel is justifiable in operating and maintaining the program. Chair Vella asked for a motion to approve the FY05 International Programs Division contracts renewal. Trustee Sanchez so moved, seconded by Trustee Siegel. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

#### **Agenda Item 7.i. – Fiscal Year 2005 Mass Transit Contract Renewal**

We discussed the bus fee in some detail earlier in the meeting, Dr. Williams said, and the second half of that is the mass transit contract. This is the second year renewal of the base contract. Chair Vella asked for a motion to approve the FY05 Mass Transit contract renewal. Trustee Boey so moved, seconded by Trustee Sanchez. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

#### **Agenda Item 7.j. – Information Technology Services Computer Desktop Workstations**

This request is pursuant to an ongoing program we have established to upgrade our student computer laboratories, Dr. Williams said, providing the most recent and technologically advanced computers that we can throughout the campus. This program provides an open order, which then will allow for up to \$430,000 for new computers. The request is pursuant to the surcharge the Board approved some time ago which allows for dollars to be generated for these purposes, and this program incorporates a four-year replacement cycle. Chair Vella asked for a motion to approve the Information Technology Services computer desktop workstation replacement request. Trustee Sanchez so moved, seconded by Trustee Boey. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

#### **Agenda Item 7.k. – Douglas Hall – Student Rooms – Carpet Installation – Capital Project Approval**

This is part of the deferred maintenance and upkeep of our residence halls, Dr. Williams stated. We are reflecting our stewardship to the bond holders by making sure that the investment in the residence halls is adequately maintained. This particular request asks Board approval for carpet acquisition and installation in Douglas Hall, a \$300,000 Board item. But in consideration of the amount of carpet that is needed, the particular type of carpet, which has to have a certain fire-rate, and the fact that it has to be a long-wearing carpet, this is not a very expensive item at all. In fact it is a cost-effective approach. We use carpet tiles so that we can replace sections as they wear; or, if there is a problem with one particular section, we can replace those tiles without replacing the entire carpet. The current carpeting is approximately 20 years old. The necessary funds will be taken from the repair and replacement reserves.

Chair Vella asked for a motion to approve the Douglas Hall student room carpet installation. Trustee Boey so moved, seconded by Trustee Sanchez. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	--
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

**Agenda Item 7.I. – Department of Psychology Research Grant**

Again, Dr. Williams said, this is a pass-through. But whenever there is a subcontract entity under one of these grants, Board of Trustees approval is required to allow the expenditure of the grant funds in support of a subcontractor. In this case, the subcontractor is the University of Florida in Gainesville. They will be working with our department on this particular grant. Since the grant goes through our accounting office, we are asking Board approval to allow the expenditure for the subcontractor. Chair Vella asked for a motion to approve the Department of Psychology Research Grant. Trustee Sanchez so moved, seconded by Trustee Boey. A roll call vote of Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	--
Trustee Sanchez	Yes	Chair Vella	Yes

The motion was approved.

**UNIVERSITY REPORTS**

**Agenda Item 8.a. – Fiscal Year 2004-05 Budget Update**

This item is an update on the Fiscal Year 2004 budget as well as the Fiscal Year 2005, Dr. Williams said. The best news we have regarding the current year budget is that we have heard no news at all. We have been very much involved in working with the legislature. We have tried to get as much information as we can from the Governor’s Office of Budget and also from the Governor’s staff regarding the status of the current year budget. At this point, we have not heard any negative information, and we are working toward the expenditure authority that was approved going into this fiscal year. As of this date, we have not heard of any other course the Governor may be considering. We were very intent in listening to his message to the state regarding the 2005 budget as well as the State of the State, but there was no mention in that speech of any other impact on the current year budget. Last year’s budget was approved in late May.

I think Dr. Williams has given about as much information as we have on the current budget, President Peters said. And no news is good news. We are in a process on the 2005 budget. The Illinois Board of Higher Education forwarded to the Governor for action in December a budget for higher education on the general revenue side that was flat or, in other words, the same as Fiscal Year 2004. There were recommendations outside of that; but the basic recommendation was for a flat budget. When the Governor presented his budget to the legislature recently, it called for a 2 percent reduction in general revenues for all state universities. We were included in that with the exception that, in the Governor’s budget request, Northern Illinois University received an amount of just over \$450,000 in base funding, recurring funding, to provide for degree completion programs in business in Rockford. Netted out, that is a 1.5 percent reduction.

Some reports in the news included in the budget summaries other money with regard to university budgets, the President said. For instance, some plugged in tuition increases. But, the thing we really look at is the General Revenue Fund. Higher education hearings have begun in the House, but they have yet to begin in the Senate. NIU is scheduled for late April. It is my intent to argue for the IBHE budget, which was the flat budget, and to make the point of how we have accommodated, how we are stretching and how we can no longer sustain cuts without doing damage to our academic programs. I believe almost every other public university chancellor or president will also make the case for the IBHE budget. We have yet to hear about the capital budget. This year, we have several capital projects, including the major renovation of Stevens Hall on that list. We will not hear anything until April on that. I expect we will have a budget sometime before the middle of May, the legislature’s current adjournment date.

**Agenda Item 8.b. – Undergraduate Tuition Policy Implementation**

This item stems from Public Act 93-0228, Dr. Williams said, which is commonly known as the Truth-in-Tuition legislation. This law requires that public universities provide a fixed tuition rate for new undergraduate students entering the university beginning in the fall of 2004. We are responding to this law and wanted to make the Board aware that we have, through a fairly lengthy and exhaustive process, reviewed all of the requirements of how we can logistically handle this kind of guaranteed tuition program.

Specifically, we have in place a process that will fix the tuition rates for all new in-state, degree-seeking, undergraduate students entering Northern in the fall of 2004. New in-state, undergraduate students means both freshmen and transfer students. Each student in this category will be provided four continuous academic years at the same tuition rate. We took into consideration the fact that sometimes students take a little more than four years to finish, so our policy also allows one additional semester as a grace period at the same tuition rate. Therefore, students receive four years and one semester at the same tuition rate under our plan. We believe this meets all requirements of the law and actually exceeds the requirements and provides the best possible approach for our institution.

**Agenda Item 8.c. – Quarterly Summary Report of Transactions**

**Agenda Item 8.d. – Periodic Report on Investments**

Consent Agenda items.

**Agenda Item 8.e. – PeopleSoft Status Report**

The last item we would like to bring to your attention, Dr. Williams said, is the PeopleSoft Status Report. This gives us an update of the continuing saga between PeopleSoft and Oracle. I do want to thank Steve Pace of our staff, who has been right on top of this. He has been our point person in negotiating with PeopleSoft for our contracts with the acquisition of the student system and the other systems, and is in direct contact with people at PeopleSoft to give us the latest. I think the most significant thing that has occurred was that on February 26, the Department of Justice filed an anti-trust lawsuit in Federal District Court, San Francisco, to block Oracle's attempt to take over PeopleSoft. Oracle has now given some indication that they will contest this action. We believe the Justice Department has taken the correct stance, that they have the evidence behind them and that their position will prevail. Also attorney generals from the states of Hawaii, Maryland, Massachusetts, Minnesota, New York, North Dakota and Texas will be joining in the lawsuit. The attorney general for the state of Illinois has not yet made a determination as to whether or not she is going to join the lawsuit. This is a far-reaching situation and, therefore, has a lot of interest. There is a lot of support nationally for blocking this merger. We will keep you informed. At this juncture, we are not taking any further steps in our acquisition of the student system. The next decision point for the Board will come in June, but we will keep you apprised of any other actions or changes that may occur. We wanted to update you on this very critical item, because the Board has made some substantial commitments, Dr. Williams said, and has supported the university in its move to acquire a full PeopleSoft system, especially the student system.

Trustee Sanchez asked to be copied on the missive that was sent to Illinois Attorney General Lisa Madigan. With the Executive Committee's approval, he said, I would like to send a request as a Trustee on our behalf to importune her to join in with the other states that are pursuing this action. Trustees Boey and Vella said they would also be happy to send letters to the Attorney General's Office urging support of joining the lawsuit blocking this merger. We would very much welcome that support, Dr. Williams said. I think that is what is needed in order to make sure that the Attorney General is aware of the significance of this case and the impact it has on the universities in the state.

**Agenda Item 8.f. – Fiscal Year 2004 Increment Summary Report**

Consent Agenda item.

**OTHER MATTERS**

I had the pleasure of going to the Alabama football game, Trustee Sanchez said, and one of the observations that I made and shared with President Peters is that it was a warm day, unlike the cold days we have typically in our stadium in DeKalb. And students were going through the stands selling basic things like water, popcorn, etc. I bought two bottles of water for \$6. I asked one of the people if she was a student, and she said that she was a student and was being paid minimum wage. My point is that I saw a tremendous profit center there for the university by utilizing students who would welcome the job opportunity and profit from selling basics like water, coffee, refreshments, and such and thought it was something that the university should consider. I really think we are missing an opportunity to generate additional revenue by way of sales throughout the stadium. We have been looking into that, President Peters said, and what makes it more viable as an economic activity now is that people are attending the

football games. My point is that I learned something from Alabama University and their approach to this, Trustee Sanchez said. They were not happy with the win, but I am sure they were happy with the profit that 80-some thousand people gave them that night buying water and other sundry items from the students who were being paid minimum wage, and the margins on those things are wonderful.

#### **NEXT MEETING DATE**

Chair Vella announced that the next meeting date would be communicated at a later date.

#### **ADJOURNMENT**

Chair Vella entertained a motion to adjourn. Trustee Boey so moved, seconded by Trustee Sanchez. The motion was approved. The meeting was adjourned at 11:01 a.m.

Respectfully submitted,

Sharon M. Mimms  
Recording Secretary