

Minutes of the
NIU Board of Trustees
LEGISLATION, AUDIT AND EXTERNAL AFFAIRS COMMITTEE
September 6, 2007

Chair Strauss called the meeting of the Legislation, Audit and External Affairs Committee to order. He announced that in the absence of a committee quorum, Chair Murer had designated Trustee Boey and herself to serve as temporary appointees to the committee with voting rights for this meeting only in order to fulfill the quorum requirement.

CALL TO ORDER

The meeting was called to order by Chair Marc Strauss at 11:26 a.m. in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Sharon Banks-Wilkins conducted a roll call of Trustees. Members present were Student Trustee Shaun Crisler and Chair Strauss. Also in attendance as temporary appointees at the Board Chair's discretion for purposes of a quorum were Trustee Robert Boey and Board Chair Cherilyn Murer. Present via teleconference was Trustee Manny Sanchez. Members not present were Trustees George Moser and Myron Siegel. Also present were Committee Liaison Kathryn Buettner, Board Parliamentarian Kenneth Davidson and President John Peters.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Open Meetings Act public notice compliance was given by Parliamentarian Kenneth Davidson. With the presence of a duly qualified quorum under Board of Trustees *Bylaws*, Mr. Davidson recommended that the meeting proceed.

MEETING AGENDA APPROVAL

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

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Boey and seconded by Board Chair Murer to approve the minutes of the June 5, 2007. The motion was approved.

CHAIR'S COMMENTS

Chair Strauss welcomed University Advisory Committee representatives Jay Monteiro, President of the Operating Staff Council, and Ms. Bobbie Cesarek, President of the Supportive Professional Staff Council, to the meeting. After serving on the council for several years, Mr. Monteiro said, I was very honored to be elected as president and look forward to being involved with the Board. Ms. Cesarek welcomed the Board members back to the campus and stated that she looked forward to another terrific year working in collaboration with the Board.

I just want to say that I appreciate Trustees Boey and Murer staying for this committee meeting. This is the first time this committee has met on campus in quite some time. I am very pleased about that and look forward to a greater opportunity for participation.

As you know, in years past, we have often skipped a September meeting of the LAEA Committee because the General Assembly usually finishes its work in Springfield in May or June at the latest. Unfortunately, that did not occur this year, thus, the need for this meeting to receive an update on several key issues, including the substantive and budget issues in Springfield. Ken Zehnder will provide us with an update on the substantive legislation addressed by the General Assembly before adjourning just a few short weeks ago. Kathy Buettner will provide an update on the FY08 Higher Education Budget as well as

a report on federal legislation, including the Reauthorization of the Higher Education Act. Steve Cunningham will present a compilation of Employment Conduct and Accountability Policies to the committee for review. We are happy to see this, because it is a project that we have discussed over some period of time. It is complex and unique within the state, and we look forward to that presentation. Ken Davidson will report to the committee on the issue of trademark registration for the university. And Brent Gage will make a short presentation to the committee related to the university's move to direct lending in its financial aid portfolio.

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 the Board of Trustees By/laws. Mr. Davidson noted that no timely request for public comment had been received.

UNIVERSITY REPORT

Agenda Item 7.a. – 95th General Assembly Report

Ken Zehnder, Associate Director for External Affairs, summarized those bills that had passed both the House and the Senate, with a couple of exceptions. We have reduced the number of bills we were tracking from over 100 to those listed in your report. It has been a strange session. There was a lot of activity early on. The Senate introduced over 1,800 bills and the House introduced over 4,000 bills, along with the introduction of over 1,200 resolutions between the two. But during the months of June, July and August, there was not much activity.

There were minor adjustments made in pension, procurement, tax and ethics codes, bills which passed. Task forces were created on Social Security Protection and the Prevention of Campus Violence. During the summer, subcommittees have been meeting, and there is a full committee meeting scheduled on that issue for September 20 in Springfield. A task force also was formed on Higher Education and the Economy to look at the direction of higher education in the state.

There were quite a few bills on textbooks related to cost, tax exemptions and consumer information. None of those bills made it to the Governor's desk. The Chairman of the House Higher Education Committee has indicated that he would like to pursue some of these issues and topics during the fall. Last week hearings were held on the campuses of both Eastern Illinois University and the University of Illinois. The chairman has indicated he would like to convene a higher education joint committee on NIU's campus, and that will be done in either October or November. The Veto Session is now scheduled for the first two weeks in October, which may alter the dates of that committee hearing.

House Bill 3866 continued the appropriation bill that included the operations budget for the state. Both houses of the legislature approved and passed a \$59 billion budget in August. The Governor item vetoed and certain portions of that bill by \$463 million. Higher education's portion of the operations budget was \$2.2 billion. The Governor's item reduction vetoes impacted higher education by \$28 million. As was indicated in the Finance and Facilities report, NIU's General Revenue Fund portion was \$105,867,700, a 1.9 percent increase. The legislature had approved a 2.0 percent increase. The Governor's reduction veto reduced our appropriation by \$123,900. The reductions to the 2008 base were done the same way for operations across all the universities. They all impacted the same line and were reduced to the Governor's original introduction.

The House met this week. The Senate is coming in next Monday and Tuesday primarily to address the RTA funding for Chicago Mass Transit. There have been indications that there may be attempts to try to tie that to an overall capital bill, however it is a little too early to tell whether that will happen. Hopefully, a capital bill will be raised. As I indicated at our last Board meeting, the legislators want to produce something, but there was just no agreement. In answer to a question from Chair Strauss, Mr. Zehnder stated that the Treasurer's Office and legislative staff verified that once the Governor signs the bill, everything, other than those things vetoed, is as if he had signed the bill.

Trustee Sanchez inquired about caucus support for the RTA funding bill. Mr. Zehnder stated that there were five Republicans who supported the House attempt to fund mass transit, but there was not enough downstate support to pass that bill. The Senate Republicans were opposed to solely funding the bill through casino gaming and were looking for other alternatives, including a the proposed sales tax increase.

The Senate is reconvening next week, Ms. Buettner said, and they are expected to take up the issue of capital funding again. The proposed capital funding bill, which is to be supported by the addition of three casinos, is currently on the table and has not been agreed to, but will be discussed at length over the next few days. As of this morning, Representative Cross in the House Republican delegation indicated that the House Republican delegation would have tremendous difficulty accepting three casinos as the support mechanism to fund the entire state capital appropriation. So there is no agreement at this time, in the Senate at least, on the capital funding bill as well as the RTA restructuring program.

Agenda Item 7.b. – FY08 Illinois Higher Education Budget

On pages 22 through 28 in your report, Ms. Buettner said, are summaries of some of the cuts specifically by university. On page 23, you will see the Governor's amendatory item reduction veto for Northern Illinois University of \$123,900 for the additional FY08 funding. The Governor proposed a 1.8 percent increase in the GR base in his budget in February. The General Assembly added a point one (.1) percent increase to every university's base to bring it up to 1.9. Then the Governor chose to take all the university's back down to his original budget recommendation.

Agenda Item 7.c. – Congressional Report

There are two things I want to point out that we currently have made significant progress on despite a difficult year in the appropriations process via earmarking, Ms. Buettner said. There is currently \$5 million for the proton project in the Department of Defense appropriations legislation that has been approved by the House and is now in the Senate. We are working with Senator Durbin's office to preserve those funds through Conference Committee. In addition, we have a million dollars for a new initiative in the energy and water appropriations legislation that would expand the university's involvement with several of the major engineering companies in Rockford as well as the Rockford Airport Authority to enhance research into alternative aviation fuel sources. That is something in which several members of our delegation are very interested. And Rockford Airport is interested in enhancing its ability to obtain federal money as well as additional flights and other services. There is continuation funding for the vibration and acoustics program in the College of Engineering. There is also continuation funding for our College of Liberal Arts and Sciences for collaboration with the Burpee Museum in Rockford in a multidisciplinary approach that involves our Biology and Anthropology Departments. So there is quite a bit of federal funding that is currently working its way through the process that would benefit the research faculty and the graduate students here at the university.

There has been progress on the Higher Education Reauthorization Act since we last met. I feel I have been reporting to the committee on this issue for over three years with not a lot of success. But I think we are starting to see some major movement on this issue. The Senate passed their version in July, and some details are included in your report. There are provisions that related to college costs. A Higher Education Price Index was developed. As a result of this, there will be rankings. We will not know much more until we go through the House and then the Conference Committee processes, which will take place this fall or next spring. There are also issues of accreditation that need to be resolved.

We have made reports to this committee in the past about the Recording Industry Association of America (RIAA), and that NIU has received several subpoenas for students who allegedly have been downloading music without the proper authority to do so. The recording industry is making a major pitch in Washington for comprehensive legislative change that would make it difficult for the universities to continue in the current form of offering the technology services that we provide to our students in the residence halls and on campus. This illegal file sharing has become a major university issue involving intellectual property rights. And it has been included in the Higher Education Reauthorization discussions in Washington. Unveiled over the last 48 hours of the bill's debate before it was approved in the Senate, Senator Reed's language offered an amendment that was provided by the Recording Industry Association of America to curtail universities' abilities to offer these services to students because it would put the onus on the

universities to develop, put in place and expend the funds for technology-based deterrents to prevent this illegal file sharing. Most of our experts indicate that this kind of technology is not in existence at this point.

We are trying to educate our students and make them aware that this is wrong and that they need to refrain from this practice; but it is still an uphill battle. Though I am very pleased to say that the bill does not include Senator Reed's language, it is expected that this issue will permeate discussions in the House and the Senate over the next few months, and we will be forced, as an institution, to continue to deal with the issue. Dr. Czerniak gave Board members copies of the materials the university gives to students when they come onto the campus and move into the residence halls. This is information that states what they need to know about file sharing and copyright infringement to try to educate the students not to illegally download materials, and there is more emphasis on this in the "Everything Technology" book. In addition, the university has put many kinds of education programs in the residence halls. It is talked about when they move in. They are given individual packets containing all of this material. We are trying our best to educate, but this is an issue that has ongoing implications, not only for this university, but nationwide. Mr. Davidson has been directly involved in this because universities are caught in the middle between the recording industry and the students.

The budget reconciliation bill passed the House, but has not yet passed the Senate. However, we expect a conference report as soon as tomorrow on the budget reconciliation issues as listed in your report. This also reduces lender subsidies that were given to banks and such to subsidize student loans by \$37 billion in the House version over 10 years, dedicating almost \$20 billion of that money to creating new Pell funding over that same year period. So, basically, the House said they were going to cut \$37 billion in lender subsidies and reallocate that money to new Pell funding. The Senate has indicated that they are also cutting lender subsidies and reallocating to Pell funding. A presentation will be given later in this meeting regarding our direct loan program.

The American Competitive Initiative did finally pass the House and the Senate and was signed into law by President Bush. It authorizes between \$35 billion and \$40 billion for STEM (Science, Technology, Engineering and Math) funding in research and education programs. That is an authorization bill, not an appropriation bill. But it is the first step in a major policy overhaul of the federal government to divert more resources to this.

I just want to add that the RIAA issue is a serious one, President Peters said. It is theft of intellectual property, and one thing the universities are accustomed to is protecting intellectual property. Every year, we have a new set of students that come to the university who may be used to downloading music and/or movies illegally. The problem then is in the P2P file sharing systems that make that capability available to anyone. We need to do everything we can to educate our students that this is an illegal activity. The recording industry, using the power they have through federal legislation, will pursue and has pursued them. The university has to comply with various court orders to track IP addresses, when we receive them, to a student and then provide that information to the RIAA. It is something we take extremely seriously, but it is a difficult problem. Wally Czerniak, and our Student Affairs people have done a remarkable job both nationally and here on campus trying to understand this issue.

It is a complex issue and we have talked about it in this committee on several occasions, Chair Strauss said, and once in a full Board meeting. The issue is not going away. So it is good that we have further discussion about it on campus so that everybody is advised.

Agenda Item 7.d. – Employment Conduct and Accountability Policies

First of all, Mr. Cunningham said, I want to acknowledge the assistance of Ken Davidson in providing a legal update with respect to the contents, and Celeste Latham, our Director of Operations in HRS, for putting this document together. What we have is really a printout of an online reference guide that includes the recommendations of this committee and the university community. It is designed for online use so that we can go to links that take us to the more specific policies. We started this project about a year ago and provided the committee with a preliminary draft in November. We have completed the document along with some new policy recommendations from the committee. Also, new issues come up from time to time that arise from Board *Regulations*, state policies, federal laws, new state laws,

implementing policies that we produced under presidential authority, and the *University Constitution and Bylaws*. There is a large array of sources for policies related to employment. Therefore, it is a compliance guide, as well as a statement of employment culture, conduct and responsibility, and it is designed to incorporate those different dimensions. It is a relatively complete single source reference guide for conditions of employment and related standards of conduct, discipline, and due process. The online version is a framework that we can update constantly as these policies are updated and new laws go into effect. And it will be linked to ongoing training procedures and new training procedures for supervisors. We will first distribute this to the administrative leadership throughout the university – the colleges, the divisions and, thereafter, the system of university councils and discuss it with our employee representatives. We will then electronically distribute the guide by e-mail to all of our faculty and staff with printed copies made available to departments where employees do not typically have access to work stations. It will be incorporated into the orientation system for new employees and, as previously mentioned, in supervisory training processes. It is a challenge for universities generally to organize the wide array of employment related policies into a rational format. That is unusual in higher education, but I think we have managed to do that here, and I appreciate everyone's assistance in accomplishing this.

We appreciate all the work involved in bringing the project to this point, Chair Strauss said, and, hopefully, we will be able to bring this to a conclusion sometime soon.

Agenda Item 7.e. – Trademark Registration

It has been a very busy and productive summer from my perspective in University Legal Services, Mr. Davidson commented. We have been mining into the history and the circumstances of the university in regard to its various trademarks, both graphic and in names and letters since the mandate was placed upon me in June by this committee. What I have to report at this point is reflected in the information item in your report. To summarize briefly for the audience, our point in history where concern begins is July 1, 1957, when there was a legislative name change for the institution to our current name, Northern Illinois University. At that point, we began to use that name and the letters "NIU" in intrastate as well as interstate commerce. And that is important because it gives us the right to claim common-law protections for our marks from those who might want to misuse the marks, use them without our authorization, or in some manner interfere with the goodwill that our name and marks engender in the public.

A few years later, the university like many institutions in the country, entered into contracts with licensing groups, particularly in the collegiate sportswear areas where the collegiate licensing groups would market sweatshirts and various kinds of apparel and other items that customarily are seen in bookstores and other areas in university communities. That was with Collegiate Enterprises, the first licensing group we used. Now we have a new contract with Licensing Resource Group. We have the services of a law firm in Detroit, Butzel Long, that assists us in asserting our protections for the NIU graphic art, the names and the Huskie symbols. And because of the mandate of this committee, we also now have a local law firm in Springfield that helps us with the task of determining where we stand for all of our trademark interests. And we are underway, both federally and at the state level, to do everything necessary to protect all of our proprietary rights to the uses of our names and symbols. I will give you an update at a future point of exactly where we stand on all the federal levels. It is very involved right now because we have had an instance of a third party claiming, through the federal trademark process, to use some of our marks that we have not previously registered. So, we are in a quasi-litigation situation with the patent trademark office and using their procedures and asserting all of our procedural rights to resist and object to the third party interloper's use of our symbols. That will go on for a number of months before I can give you an accurate, complete, final report. We have registered with the state now to protect all of our interests here. And we will be doing more of that registration as we assemble all of our graphic art.

Agenda Item 7.f. – William D. Ford Federal Direct Lending Program

In light of the recent decision to change from the federal family education loan program to direct lending, Chair Strauss said, the committee now will be provided with an update about the direct lending program and the impact on our students and the university.

You are aware that we are in the process of transitioning to a new student information system, Brent Gage, Assistant Vice Provost for Enrollment Services, stated. We are currently processing applications for students who will enroll next fall. We had 400 students apply when the application went live. So we

are officially in the new student information system, which is tremendously exciting. But the transition to the new student information system really has provided the institution an opportunity in its student services, primarily in the enrollment services area, to look at our practices and policies and the way in which we interact and serve students. Through our fit gap analysis and working with our consulting partners through admissions, records, registration and also financial aid, the decision came to evaluate the two options for lending programs. As a current member of the FFELP program or the Educational Loan Program, we also considered what the transition would be if we evaluated the William D. Ford Direct Lending Program. Our goal here was service to the students maximizing the efficiency and the processing of those loan applications and leveraging the technology that the student information system had to offer. We formed a committee that evaluated the two programs and reviewed how those programs would work in the systems and serving the students. Based on that decision, we have decided with the roll out for the fall 2008 term, to make the transition to the federal direct lending program.

Briefly, for the direct lending program, a student signs a master promissory note once and that pretty much covers the student for their entire career. Right now, Northern controls that process for the student through the entire loan process. So if a student walks in today and says he/she wants to reduce their loan, we do that right then and there rather than having a two-, three- or four-week delay in the turnaround. So, its really better service to students. Also, it provides a single source on the servicing of that loan and repayment through a single point of contact in which those funds are held and repaid to the federal government. We plan to work very closely with Media Services over the course of this year to explain to the campus community about this transition and what it means for students. And for incoming students, this will be the only way they will have done it; we will work with those students as well. And PeopleSoft, through the self-service portal, allows students to interact with the university on a 24-7 basis in all areas of their student record. So we will be able to generate a lot of the formats associated with the financial aid process through an electronic format, making it very user friendly, very efficient and help us service the students in the best way possible.

NEXT MEETING DATE

Chair Strauss announced that the next regular Legislation, Audit and External Affairs Committee meeting would be held on Thursday, November 15, at 11:00 a.m. in DeKalb.

ADJOURNMENT

The Chair asked for a motion to adjourn. Trustee Boey so moved, seconded by Student Trustee Shaun Crisler. The motion was approved. The meeting was adjourned at approximately 12:10 p.m.

Respectfully submitted,

Sharon M. Banks-Wilkins
Recording Secretary