

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
August 27, 2015

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 2:23 p.m. by Committee Chair John Butler in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the trustees. Members present were Trustee Robert Boey, Trustee Raquel Chavez, Trustee Wheeler Coleman, Trustee Robert Marshall, Trustee Cherilyn Murer, Board Chair Marc Straus, and Committee Chair John Butler. Also present were President Douglas Baker, Committee Liaisons Alan Phillips, Jerry Blazey, Vice President and Provost Lisa Freeman, Board General Counsel Jerry Blakemore, and Board Liaison Mike Mann.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of the Open Meetings Act compliance was given by General Counsel Jerry Blakemore as well as verification of a quorum.

MEETING AGENDA APPROVAL

A motion to approve the agenda was made by Trustee Strauss; seconded by Trustee Marshall. All were in favor. None were opposed. The motion passed.

REVIEW AND APPROVAL OF MINUTES

A motion to approve the minutes of the May 28, 2015 meeting was made by Trustee Murer; seconded by Trustee Strauss. All were in favor. None were opposed. The motion passed.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Butler began, now is the time for the committee chair's comments and announcements. I would like to begin by welcoming the members of the University Advisory Council who are present this afternoon. They are Deborah Haliczner, Holly Nicholson, Greg Long, Rebecca Shortridge and Dan Gebo. My understanding is that Professor Shortridge is assigned to the committee. Is there anything that you wish to say to the committee and then anyone else in the UAC may address us as well.

Rebecca Shortridge greeted the Board, I just want to comment that I hope that, in the budget discussions, we continue to provide support for graduate students as they are really important to the University and the faculty, and to research activity.

Holly Nicholson greeted the Board, I'm happy to be joining you today. I'm the operating staff council president. I was looking at the report on page 50; it was notable how many faculty and staff and civil service members are taking advantage of the tuition waiver. I wanted to reiterate, as president of operating staff council, how important those tuition waivers are to my constituency, and they are using this to get degrees and advanced degrees that they may not otherwise have the opportunity to do. So I wanted to go on record and ask that the University consider this when looking at the budget and try to preserve these tuition waivers.

Greg Long greeted the Board, the only point that I would make, and certainly from the faculty standpoint we appreciate the budgetary crisis we're facing and I have a good sense that we want to work together/collaborate, I would just encourage that, as we move forward on this, that there be some discussion of faculty salaries because we've not received any increases for several years. That hurts us in terms of the merit system because merit is how we differentiate who gets more, who gets less, who does

a better job. Without a raise and without salary increases, the merit system then loses a lot of its impact. So just recognize that we have many, many budgetary considerations. This is not an absolute, but as we move forward and think about and talk about these things, it would play well to talk about faculty and we're considering them and that salary is an issue for us.

Chair Butler thanked Dr. Long. I would only offer that this committee met in special meeting on August 6th at 9:00 a.m., and at that meeting we talked about the Holmes Student Center and Neptune complex redevelopment plans and also the means of funding portions of those plans. We received a long term student housing plan and report, and we began the discussion, which we will continue today, on the FY16 budget.

PUBLIC COMMENT

Chair Butler asked Board General Counsel Jerry Blakemore if we had any registered public comment requests. Mr. Blakemore stated that no such requests have been received.

UNIVERSITY RECOMMENDATIONS/REPORTS

Action Item 7.a. – Fiscal Year 2016 Internal Budget

Al Phillips began, I would like to make an introduction. We have today our new Associate Vice President for Facilities, John Heckmann, here today. This is his first day at the University. John has 28 years of experience in facilities management, project management, acquisition management, safety, utilities, energy management; and working with the federal government in a variety of jobs. He has worked in various locations around the world to include Guam and Japan. He has a Bachelor's of Science degree in Physics. I noticed he was paying very close attention this morning when we were talking about all that was going on in the Physics Department, he perked right up. He also has a master's in construction management from the University of Washington. He spent some time at Duke University in the Fuqua School of Business. He is also a professional engineer. We're very fortunate to have him, and we're excited about him joining the NIU family. Thank you.

With that we will move on to Item 7a, Fiscal Year 2016 Internal Budget. As you know, each year the University seeks the Board's approval of the internal budget for the current year. In most years we have our appropriation by early June, but as a result of the state's current financial situation, I think we're all well aware that the state has not yet provided the University an appropriation for FY16. This year our approach has been to expand our engagement with campus community, solicit input more broadly. This has enabled us to make well-informed, critical, and difficult decisions regarding internal budget as we are facing declining revenue resulting from reduced state appropriation and continued enrollment shortfalls. We are in the process of continuing to finalize the expenditure budget recommendation we will bring to the Board at the full meeting in September, and once the University has received a final appropriation from the state we will bring a final, revised internal budget recommendation to the Board for approval. Basically, the numbers that we're using, our assumption for the budget recommendations are for the state appropriation amount. We used the \$63 million "Governor's budget" level, as the General Assembly budget was vetoed by the Governor. That's basically a \$30 million reduction in funding from FY 15. For tuition and fees, we used conservative measures for enrollment, retention, credit hour production, and waivers. All of this is based on the best information and most current information we have available. All other areas were determined by looking at FY15 actuals and accounting for any known trends or program changes. We are trying to be as conservative as possible, understanding that even at this point in time we still do not have any firm numbers for our budget. Our recommendation is for an internal budget, of \$388,013,100, which is basically a reduction of \$36.4 million from our approved budget from last year. This takes into account the Governor's budget and our expected loss in revenue from enrollment. Pursuant to the Board of Trustees by-laws, we request the Board of Trustees approve the FY16 internal budget as outlined in table one, and we will be coming back to the Board at a later date, once we have the final revenue numbers from the state.

Chair Butler thanked Dr. Phillips and asked for questions regarding the FY16 internal budget. We had a substantial discussion on this item, for those of you who have just joined us for this meeting, earlier in the Legislative, Audit and Research and Innovation Committee. Mike Mann provided a significant review of the proposals in Springfield, both what we were first allocated for FY16, then the revised appropriation as a result of House Bill 317; the proposed budget amount by the Governor which is what we're using today; the General Assembly's proposed budget amount of \$85,171,700, which is not a fixed number - there is no reason to rely on that because that piece of legislation was vetoed and the veto was not overturned. So what we have in front of us is an 8.5% reduction in the revenue that we anticipate for FY16. I believe that's the most significant percentage reduction that I've seen since I've been on the Board, and I'm sure since most of the members have been on the Board. With that grim news, before we take a vote to approve this, are there any other questions, comments?

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall. All were in favor. None were opposed. The motion passed.

Action Item 7.b. – Fiscal Year 2017 Budget Request Guidelines

Al Phillips presented Item 7b, Fiscal Year 2017 Budget Request Guidelines. We don't have a budget yet for FY16, but we have a requirement to put together our FY17 budget request that will go to the Board of Higher Ed as we are already starting to work on our FY17 budget. This year during the budget process, a number of significant events and issues will play a major factor in the outcome of the final budget for FY17. We anticipate that the budget session or the legislative session will likely focus on the tax increase issue and possible actions on the current year budget. Depending on the outcome of legislative debate later this fall, taxes, pensions, and budget issues are the topics likely to dominate the spring session. For FY16 our budget request to the Board of Higher Ed was \$105,250,000. This was based off the FY15 appropriated budget of \$93.1 million plus a request for increases for salaries, utilities, library, technology expenditures, program priority requests, deferred maintenance, and general cost increases. However, because of the lifting of the tax increase midway through the year, we ended up actually receiving roughly \$2.1 million less. We requested \$105 million, last year we received about \$91 million. For FY17, given the fact that we still don't know what our FY16 budget is, we're going to use the last known number which was our budget for FY15. So our request reflects the \$91.1 million dollar request which was consistent with what we received for FY15. Not really having any idea of what the budget's going to look for '17, we've gone back to the Board of Higher Ed for guidance, but they're not very helpful because they don't know either. That's a number that we can explain where it came from and how we got there; so, for FY17, we're recommending that we go with a \$91.1 million budget recommendation. To develop the FY17 budget request, we recommend the Board of Trustees approve the budget request of \$91.1 million or \$91,092,700. In addition, due to the uncertainty surrounding the final state budget for FY16, which may result in extensions of deadlines for the FY17 budget submission, we recommend the Board authorize the president to make appropriate adjustments to these FY17 request guidelines.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Trustee Coleman asked, why would we make the assumption that \$91 million is the right way to go versus the Governor's number of \$63 million? Are we trying to send a message to the Governor? Are we trying to send a message to others that we believe this is the right level of funding? I'm assuming we believe that's the right level of funding, but realistically do we think we could see another \$30+ million of additional funding?

Vice President Phillips responded, one of the issues we're going to be facing is the pension issue. We've already heard discussions and talk about transferring the pension cost to K12 and higher education. If they transfer the entire amount of those costs to NIU, that's an additional \$25 million in cost for which we do not have any off-setting revenue, so that's the equivalent of another cut. When I was at the Board of Higher Ed, all the universities make recommendations based on what their needs and requirements are, understanding that that's not what they're likely to receive. And we would thank them very kindly, and then we would say okay we're going to recommend that level of funding because we understand very well the political aspect of this and justifying those numbers. At this point, because we don't have

any idea what our '16 budget is going to be much less our '17, if someone asks us where we got that number, we have a number that we can go to that we can explain. It would be very difficult to explain any assumptions or why is it this much less. You also don't want to ask for too little or they'll say well we'll give you that. It's a balancing act. This way we're being realistic, but we don't want to put cuts on the table before they're given to us. If you do that they'll be happy to help you out with those, and they'll give you those cuts.

Trustee Boey asked, 2015 is \$91 million or \$92 million and 2016 is the \$63,836? That's based on the Governor's request, I understand that. I thought I was dreaming, that I saw the wrong number here. I understand.

President Baker expressed, it is hard to believe.

Trustee Boey agreed, it's very hard to believe.

Vice President Phillips responded, but to answer your question, it's a number we can explain. Right now I'm not sure it has a whole lot of meaning, no one expects it to, but I can explain how we got to that number in the discussions.

Trustee Coleman questioned, so you talked about actual needs, are we understating some of our actual needs on top of maybe potential expenses that we think are coming our way?

Vice President Phillips replied, absolutely. As we talked about this morning, our state funding has been declining substantially over time. The problem you have is, having had the wonderful opportunity to testify before the Appropriations Committee, you have to be very careful that you don't ask for too much because then you will be chastised for not understanding the situation we're in. So it's a balancing act about asking for enough of, but not more than, what would be considered appropriate. Even though we expect our revenue to be less than \$91 million, it's a reasonable number that we can argue, we can make the case. That number will change probably once we determine what our FY16 number is going to be, but we are required to submit the recommendation for FY17 regardless of whether or not we even know what we're doing for FY16. When we called the Board of Higher Ed they really don't know what to tell us because they don't know how to deal with this either.

Chair Butler asked for other questions. There were none. All were in favor. None were opposed. The motion passed.

Action Item 7.c. – Fiscal Year 2017 Appropriated Capital Budget Request

Vice President Phillips presented Item 7c, Fiscal Year 2017 Appropriated Capital Budget Request. This is similar to the operating budget request except it's for capital, and this request goes to the Board of Higher Ed. We prepare it in the fall prior to the budget year to meet IBHE guidelines. It consists of projects, new projects, and capital renewal projects, basically repair and maintenance. Unfortunately, we've not received any funding for any of these for the last several years. We do not anticipate receiving funding for the foreseeable future, but our priorities are the Computer Science Health Information Technology Center, a new building, Davis Hall renovations, and our number three project would be academic building H-vac and window replacements. For capital renewal projects, number one would be main steam tunnel rehabilitation, general revenue chiller tie in phase 8, phase 3 electrical infrastructure, Monsanto roof replacement, and McMurray Hall lecture room roof replacement. The University requests the Board of Trustees approve the fiscal year 2017 capital budget request. It will then be submitted to the Illinois Board of Higher Education for consideration and inclusion in the state-wide fiscal year 2017 capital budget recommendation.

A motion was made to approve the recommendation by Trustee Murer; seconded by Trustee Strauss.

Trustee Murer commented, one of the areas that we always address in these budget constraints is deferred maintenance. When I look on page 30 and look at the "unfunded," and we're talking about

chillers and electricity and roofs, and we say at these meetings it's a logical and reasonable and rational they're not funded therefore, but when do we hit that peak on the deterioration of infrastructure to the point where it's greatly significant? I'm just trying to get a perspective Alan in terms of things like electrical infrastructure, elevators, steam tunnels, chillers. Maintenance is important and continuing to defer it is going to look to a significant deterioration and loss of asset.

Vice President Phillips responded, we are in the process of developing a capital renewal plan that would incorporate a variety of different sources of funds based on what we need to fix the most. Even though we have this plan that we submit to the Board of Higher Ed, that doesn't mean we're not going to fix those things until we get state money. In many cases we are required to use operating funds, or in some cases reserved funds which, in all fairness, are for those purposes. In some cases we've used Build America Bonds. We used performance contracts. There are different ways to do this. But we're trying to put together in a more holistic way, a list in terms of priorities and what we need to fix next, because you have to maintain the facilities. You have to fix the roofs or they leak and then the damage they do is ten times worse. It would be wonderful if the state gave us money. I don't expect the state to give us any money, but we're going to have our own plan and use our resources. We're going to prioritize and use scarce resources in the best possible way to address those issues. We are in the process of doing a capital development plan. We're going to do a capital renewal plan. I always talk about it this way, if I have enough money to do one project, which project would it be? I can only do one. So we're going to come up with that list, and then we can start to identify funding and timelines and budgets for these things so we can take care of these maybe in a much better way.

Trustee Murer stated, it makes me feel just a little bit better.

Vice President Phillips stated, once again, these are things that keep me awake at night.

Chair Butler asked for other questions. There were none. All were in favor. None were opposed. The motion passed.

Action Item 7.d. – Fiscal Year 2017 Nonappropriated Capital Budget

Vice President Phillips presented Item 7d, Fiscal Year 2017 Nonappropriated Capital Budget. The nonappropriated capital budget is developed from requests submitted by department heads and physical plant and facility users. Requests are prioritized and presented for approval and include improvements to existing facilities, systems, building expansions, infrastructure, site, roadway, and utility improvements. The University recommends the Board of Trustees approve the fiscal year 2017 nonappropriated capital budget as outlined in the table with the descriptions. These projects are either funded through operating funds or reserve bond repair and replacement reserves.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Chair Butler asked for discussion or questions. I have one question about the New Hall dish room. I guess that struck me as odd since New Hall was just built. Can you comment on that?

Tom Wroblewski answered, the good news is it is such a popular place for all of our students to eat that they are doing four times the meals that were initially planned for the building. They've outgrown everything just like that. The idea is to improve their ability to rebound from breakfast to lunch to dinner by having a better dishwashing system. I think the numbers are four times what they had planned for dinners and lunches and breakfasts. Part of that issue is that Grant center core was never renovated, and so that dining hall is off line and not in service.

Trustee Coleman asked, in looking at the budget total, how does this compare to the prior year? Is this the same amount of money?

Vice President Phillips responded, I think last year was around \$5 million. I think this is about \$3 million. It's what we can afford. I'll put it that way. And we do have the funds. These come from, by and large,

our reserve funds that are for these purposes, but it also allows us to maintain sufficient reserves in case that we need them for other purposes in the future.

Chair Butler asked, so this is a real budget?

Vice President Phillips answered, yes. This is real money.

Chair Butler continued, this is real money that is going to be spent in the way in which it's being conveyed here. In the past we've talked about the recreation center locker room renovations; so, the conclusion has been that these are worthwhile projects worthy of this level of priority. Does that foreclose the question of a larger renovation of some kind?

Vice President Phillips replied, no. If there were any additional projects we would bring them back to the Board, but they would be brought back separately. What you see here are a lot of parking lots which obviously, except for a lot of wear and tear, things such as rotational painting, which help protect the facilities, and we try to do that throughout campus. These are, in most cases, basic maintenance kinds of projects.

Chair Butler asked, I don't know if my question was answered really because I think I was asking whether or not there has been any alteration in the thinking about the recreation center? Generations of student trustees have come before this Board with concerns about the spatial needs of the recreation center. This seems to respond to that by remodeling these locker rooms. Will this expand the capacity?

Vice President Phillips explained, I think it just brings them up to a higher standard and improves the conditions in those facilities. It doesn't expand, it's a renovation of the existing facilities.

Chair Butler asked for other questions. There were none. All were in favor. None were opposed. The motion passed.

Action Item 7.e. – Investment and Cash Management Policy

Vice President Phillips presented Item 7e, Investment and Cash Management Policy. The current investment and cash management policy was approved by the Board on June 25, 2009. Since then we have pursued investment strategies in accordance with this policy, and the allowable investments per this policy essentially mirror those specified in state statute, so we follow the state statute very closely. In general terms, these investments include instruments issued by the US government, federal agencies, high grade commercial paper, bank deposits, investment pools created under the state treasurer's act, and selected money market mutual funds. The investment committee has revised the investment and cash management policy to include current position titles, some of which have changed, arbitrage, rebate calculation, and a section on fund depositories to accommodate some of our departments who keep money in accounts outside of DeKalb.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Chair Butler asked for discussion or questions. I would only ask if this an action item because there have been changes to it, or do we approve this annually?

Vice President Phillips responded, it's only because there have been changes to the policy.

Chair Butler asked for other questions. There were none. All were in favor. None were opposed. The motion passed.

Action Item 7.f. – Department of Psychology Subcontract Amendment

Vice President Phillips presented Item 7f, Department of Psychology Subcontract Amendment. The Department of Psychology received a grant from the University of Illinois Chicago for a project titled "Reading for Understanding Across Grades 6-12, Evidence Based Argumentation for Disciplinary

Learning.” A subcontract was issued to DePaul for working the project. The grant has been extended for an additional year. The funding has been re-budgeted to allow for an extension of this subcontract, to include additional services, for the period through June 30, 2016. Original approval for this was given on September 15, 2011. The University requests the Board of Trustees approve the expenditure authority for FY16 as follows to DePaul University. The original amount was \$265,200. The amendment adds another \$28,116 to that amount for a new total amount of \$293,316.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Murer.

Trustee Murer asked, so this amount is on the subcontract to DePaul? Do you know what the original grant was to NIU? What the amount was?

Vice President Phillips answered, I think it was \$265,200.

Trustee Murer continued, so it is a total pass through to DePaul. Is that correct?

Provost Freeman responded, it would not be a total pass through. I don't know the details, but it would not be a total pass through.

Chair Butler clarified, let's at least get the direction straight; this is going to DePaul?

Provost Freeman continued, I apologize that Dr. Blazey isn't here, and I don't have all the details, but when our investigators submit grants to federal and state agencies, they often collaborate with investigators at other universities either within the state of Illinois or elsewhere because of specific expertise that allows the grant to be presented in the best possible way to the external agency. In this case, Dr. Britt who is the NIU investigator, has a colleague at DePaul with specific expertise that advantages the grant in review and in execution, and the amount of money going to DePaul to support the work of that particular investigator at DePaul or the unit at DePaul that's supporting the grant was originally \$265,000 with no cost extension and some re-budgeting the grant. Clearly there's a slight increase, and because of the threshold for approval, it's coming back to you. The original grant would have been larger. It was given in '11 so it's a five-year grant. I'm assuming it was probably annually around \$250,000 to \$300,000, but I'm guessing that. We would have to check the original, but this is just reflecting, I assume, a re-budget of a no-cost extension to allow DePaul to execute their portion of the grant.

Trustee Murer continued, my issue has nothing to do with what's being put before us, and I certainly support paying our bills. If that's our obligation, that is not an issue whatsoever. It was more a curiosity, generally speaking. I can appreciate collaboration, but just really wondered what is the proportional ratio of collaboration, and I didn't know if that was an entire pass through. Is this the entire grant that's passing through to DePaul, or would that be highly unusual that we would do that?

Provost Freeman assured, we would not do that nor would DePaul be party to that because of the subcontracting and direct costs. It would be inappropriate and it would result in less money. I'm assuming that this was probably not a majority of the grant, probably looking at it somewhere between 25% or less of the grant, but that's a ballpark guess just based on experience.

Trustee Murer continued, it's commendable to collaborate. My question, again more for curiosity and related to other committees, is how do we usually do that in terms of collaboration, the expectation of the proportional distribution to a collaborator?

Provost Freeman responded, oh absolutely, not everyone in the room is knowledgeable as Trustee Murer is about research, so I probably added a little more background than I needed to address your question directly.

Chair Butler commented, I had the same question. I wrote total amount question mark on my page as

well. I would note also that Dr. Anne Britt is a presidential research professor who we learned earlier in the day was granted that distinction as well. I enjoyed having a chance to talk with her about her research at the President's residence recently in relation to the presentation of that award.

Trustee Coleman commented, I'm a little concerned that we are approving additional expenditures not knowing what our budget is going to be for fiscal year '16. I don't know, it's only \$28,000 but then the question would be, is this a priority in light of the fact that we don't know our shortfall for the year.

Vice President Phillips replied, typically with regard to grant funds and bond funds and auxiliaries, those generally aren't part of the equation because those are coming from other sources. With grants, it comes either from federal, state, or other entities, and it's for a specific project. So that's not something we could cut even if we wanted to. For that type of fund, this would not be an issue.

Trustee Coleman continued, okay, and are you saying that our normal budget, non-grant funds, don't go towards any of this expenditure?

Vice President Phillips answered, for this, no. This is specifically grant funding.

Trustee Coleman replied, alright.

Chair Butler asked for other questions. There were none. All were in favor. None were opposed. The motion passed.

Chair Butler began, the remainder of the report are information items which the committee has had access to for a bit of time, including Information Item 8.a. – Fiscal Year 2015 Report of Tuition and Fee Waivers; Information Item 8.b. – Fiscal Year 2015 Report on Capital Activities; Information Item 8.c. – Fiscal Year 2015 Annual Report of Transactions Involving Real Property; Information Item 8.d. – Fiscal Year 2015 Annual Report of Cash and Investments; Information Item 8.e. – Quarterly Summary Report of Transactions in Excess of \$100,000; and Information Item 8.e. – Annual Summary Report Obligation of Financial Resources. Do any committee members have any questions or interest to talk about any of those matters? Seeing no interest then we'll let this information sit with us, and we may use it as we wish to guide our decisions and so forth.

Trustee Coleman commented, when we look at discretionary waivers and mandatory waivers, I think what would be helpful is to get a better understanding of the trend that we have with the waivers. I look at these numbers, I don't know if this is a flat amount or it's a hundred percent increase from the prior year. So it puts us at somewhat of a disadvantage when we are looking at these numbers not knowing the trend associated. I don't know if this is a downward trend, upward trend, or flat trend here. I know every waiver, granted that I'm assuming that these are all valid waivers and they're for a good a cause, but when we sit back and think about our fiscal year and the tough decisions that may be in front of us, it's helpful to get an understanding of where this is trending and if we have taken any actions to kind of tighten our belt associated with some of these waivers to limit our costs.

Vice President Phillips responded, about half of these waivers are actually for research are teaching assistants and then another large portion of them, approximately \$3 million, are for the veterans grants for which we are not being reimbursed by the state. I would have to go back and check, but that's probably fairly consistent with previous years. Most of these waivers actually go to grad assistants and research assistants.

Trustee Coleman continued, I get it, I get it and it's for valid reasons, I understand. So what happens if we've got to find another \$38 million? I'm assuming we all need to find a way to say how do we take the cost curve down, and this may be an avenue. I'm assuming that we're going to vote on this in the September meeting?

Vice President Phillips clarified, this is the regular report.

Chair Butler asked, would it be satisfactory, Trustee Coleman, if we asked for the information to be produced for that meeting?

Trustee Coleman replied, yes, I think it would be great to see a trend, where are these waivers going and is it up or down.

Chair Butler confirmed, so, Trustee Coleman's asked to see more than the fiscal year that's presented here. Whatever makes sense, maybe go back as far as you need to make the data work in some way that's useful. I do note that the high numbers relate to the unfunded, the mandatory waivers, but these aren't all unfunded right?

Vice President Phillips replied, just the top.

Chair Butler asked, all of the top are unfunded?

Vice President Phillips replied, no. Typically it's the veterans grant scholarships that are not funded.

Chair Butler continued, okay, and then in the discretionary waivers, we've got the academic waivers, the talent waivers, and then the research and teaching assistantship waivers are significant, but we also have the waivers that have been provided to faculty, civil service, and others who have taken advantage of the benefit that we offer. That's a policy of the University which we honor through this waiver system, and there's also a state level policy correct?

Vice President Phillips confirmed, correct.

Chair Butler continued, okay, and we've heard today from a UAC rep how important those are. So we will provide the information Trustee Coleman is asking for.

Trustee Murer asked, I brought this up before, and I still have confusion over the veterans line item which is I think is \$3 million. That's ten percent of the differential of that \$30 million dollars that we're talking about, and it's my understanding that we are not allowed to tap into the GI Bill. Is that correct? I don't want to get too far in the weeds Alan, but I'm wondering as we, and I look to the President, as we continue to challenge the state in terms of mandates that they have had in the past and the bureaucracy of the past and the restrictions of the past, it's my understanding that as a state institution here in Illinois we are not allowed to ask for the GI Bill, which is a federal program. That may be something again we should put on the table because that's money, that's a large amount of money, \$3 million, that there is federal money available, but for whatever reason Illinois has not allowed us to participate in. So I do want to bring that up again. I said to President Baker, you know things that we had discussed twelve months ago that were completely off the table of consideration, or twenty-four months, or thirty-six months, I think in this climate can be put back on the table and especially things that are rational and reasonable and pragmatic, where we have monies that could be tapped but for whatever reason we're not allowed to. I'd like us to at least look at that again and revisit it and maybe get a little more clarity on that issue.

Vice President Phillips responded, actually, last Monday I was in Champaign with three of my counterparts. We were testifying before the Lieutenant Governor's Commission on Unfunded Mandates. We spent about two hours with the committee. We covered everything from veteran's grants to procurement rules and requirements to property accountability, where we are literally having to count everything under \$100, which is hundreds of thousands of items, which doesn't make sense. We spent about two hours with them, and the veterans grants was one of the issues that we addressed. In conjunction with all the budget issues and challenges, they're also trying to look at ways to make the state function more efficiently and effectively. We've also received requests from the Governor's Office of Management and Budget. They have a budgeting for results initiative that, actually, I think Governor Quinn started and Senator Katowsky. They have come back and said, as a part of this, we also want to

know what things we need to take a look at that either we need to eliminate or don't work as they were intended to work. So, there are at least, on some level, an effort within the state government to try to address some of these issues and problems. We testified on Monday that we're doing it. We understand that we're very expensive, and we have difficulty competing with our surrounding states, but that frequently we're trying to hold costs down, but it seems like every time you turn around there's another report, there's another requirement, there's another policy, which just seems to increasingly make it more difficult for us to move things in the direction they need to go. So at least they're, I'm not sure where it's going to go, but at least it's being discussed.

Trustee Coleman asked, so Alan I need a little clarification here. The report that's in front of us, this is retrospect right, so we spend \$32 million on tuition waivers for the fiscal year '15? So, I want to get better clarity, what's our projected spend for '16?

Vice President Phillips answered, I would probably say fairly consistent. The other factor to take into consideration is our enrollment is down and that would certainly impact the number of waivers that we provide. Some, like the veterans grants, are always going to be probably higher than others, but as the number of staff and faculty decline, as the number of students decline, hopefully that will turn back around, but I would also anticipate this would remain relatively flat.

Trustee Coleman questioned, so when we set the '16 budget, when we pick a number for our '16, in light of our tight fiscal year, what's our plan for '16? Do we plan to keep this flat?

Vice President Phillips responded, everything is on the table for FY16. We've had a lot of lengthy discussions, in some cases difficult discussions. So far we have reduced our expenses or expenditures for FY16 by over \$20 million, that's real dollars, to help us get our costs down under our revenue and to try to address the reductions in state funding. So we are continuing to have those discussions, we're not yet quite where we'd like to be, but with the exception of the state mandates, where we have no choice, pretty much everything is on the table to include waivers, scholarships, everything.

Chair Butler asked for other questions. There were none.

OTHER MATTERS

Chair Butler asked if there were any other matters for this committee. There were none.

NEXT MEETING DATE

Chair Butler announced that the next meeting is scheduled for Thursday, November 12, 2015, at 12:30 p.m.

ADJOURNMENT

A motion was made to adjourn by Trustee Strauss; seconded by Trustee Coleman. The motion passed.

Meeting adjourned at: 3:12 p.m.

Respectfully submitted,

Vicky Rippberger
Recording Secretary

In compliance with Illinois Open Meetings Act 5 ILCS 120/1, et seq, a verbatim record of all Northern Illinois University Board of Trustees meetings is maintained by the Board Recording Secretary and is available for review upon request. The minutes contained herein represent a true and accurate summary of the Board proceedings.