A committee meeting of the Board of Trustees of Northeastern Illinois University met as follows on November 19, 2015 in the Golden Eagles room at 5500 N. St. Louis Avenue, Chicago, IL. Dr. Carlos Azcoitia, Chair of the Board, called the meeting to order at 1:04 p.m.

Approval of Minutes
The minutes from the September 19, 2015 committee meeting were submitted to each Trustee prior to this meeting. No further additions or corrections were needed so, the minutes stand as written. The minutes from the October 15, 2015 special meeting of the Finance Committee were provided to the Trustees at their place today. No further additions or corrections were needed so, the minutes stand as written.

President’s Report
The entire President’s Report is incorporated herein by reference.

Academic and Student Affairs Committee
Committee Members present: Marvin Garcia, Chair, Barbara Fumo, Jin Lee, and Pedro Nungaray
Other Trustees Present: Carlos Azcoitia and Jonathan Stein
University Liaison: Richard Helldobler

Review of President’s Report Items:
• Action Item I. D. Honorary Degree for Evan Wolfson

Trustee Garcia asked Provost Helldobler to provide an update on accreditation activities and the impact of the pending state budget on Academic and Student Affairs. Provost Helldobler stated that the Counselor Education program received a positive site visit from the Council for Accreditation of Counseling and Related Educational Programs (CACREP). The final accreditation will happen in the spring. The art department had a positive site visit from the National Association of Schools of Art and Design (NASAD). The final accreditation will happen in the spring. The College of Business and Management has submitted its self-study to the Association to Advance Collegiate Schools of Business (AACSB). A site visit will occur in the spring and is the final stage of the accreditation process.

Trustee Garcia provided an update on the doctorate of special education program. Given the drastic changes at the state level, the committee recommends tabling further discussion of the program until there is a clear picture of the University’s financial situation. Trustee Stein asked if the item would be on all future meeting agendas. President Hahs replied that it will be put on the agenda when the item is ready for discussion.

Buildings and Grounds Committee
Committee Members present: Omar Duque, Chair, and Barbara Fumo
Other Trustees present: Carlos Azcoitia, Jin Lee, Jonathan Stein, and Pedro Nungaray
University Liaisons: Michael Pierick and Nancy Medina

Review of President’s Report Item:
• Information Item II. G. Construction Update

Trustee Duque reviewed the Construction Update. President Hahs added that there is a temporary roof on the Physical Education complex over the swimming pool area, there will be a ribbon cutting ceremony for the completion of the Building B expansion on November 30th, and the upcoming utility plant project will be referred to as just the South Campus Utility Plant project, omitting the word “central”.
Finance Committee
Committee Members present: Omar Duque, Chair, and Jonathan Stein
Committee Members absent: Darlene Ruscitti and Bob Biggins
Other Trustees present: Carlos Ascoitia, Barbara Fumo, Pedro Nungaray, and Jin Lee
University Liaisons: Michael Pierick and Robert Filipp

Trustee Duque provided a brief review of the special Finance Committee meeting from October 15, 2015. He noted the committee’s difficulty in providing a recommendation to the board on tuition and fees due to the lack of commitment by state legislators on an appropriation for Northeastern.

Review of President’s Report Items:
• Action Item I. A. Fiscal Year 2017 (FY2017) Tuition and Fee Recommendations

President Hahs reminded the committee that the University is operating on the preliminary budget that the board passed in June, which represents a cut of 8.6 percent from last fiscal year. In addition, the University is fronting 6 million in unfunded MAP awards for students for the fall and spring semesters and 15 million in payroll has not been vouchered to the state. The Finance Committee did agree to discuss a tuition increase in the range of 6 percent to just under 10 percent, which represents a revenue increase of 1.4 to 2.3 million, assuming level enrollment. The spending requirements are roughly 1.8 million assuming a level appropriation, which is very unlikely. Regardless of the increase, the University will need to make cuts. President Hahs then reviewed the scenario tables and tuition and fee recommendations provided in her report to the board. After her review, President Hahs added that the notion of affordability that Northeastern honors means that the state helps and from the high-water mark from 2002, adjusted for inflation, Northeastern has lost half of its state appropriation.

Chair Azcoitia asked if cuts will be needed regardless of the amount of tuition increase. President Hahs replied yes and the larger the amount of the cut, the more difficult it is to handle. In the best case scenario would be a cut of $700,000, which is already hard considering the cuts that have already been made. The president and vice presidents have decided that once the 3 million dollar mark is reached, it will be extremely difficult and instruction will certainly be cut.

Chair Azcoitia asked Trustee Nungaray if he could provide feedback from the student body. Trustee Nungaray replied that he had two conversations with the student body, one in relation to the tuition increase and one in relation to the fee increase. He explained the University’s current situation and students felt that a 6 percent increase in tuition would be too low, but that 10 percent was too high. However, there was a lot of concern over the proposed fee increase. The students do not agree to the increase in fees related to the new residence hall and that only students living in the residence halls should pay those fees.

Chair Azcoitia asked if the increase would affect financial aid. President Hahs replied that a majority of Northeastern students fall within the lowest socioeconomic quartile so the increase in tuition and fees would still be covered by financial aid. Students within the second lowest socioeconomic quartile may need to pay some money out of pocket.

Trustee Nungaray asked what additional services the Student Health Services Fee covers. President Hahs replied that it will bring currently non-existing health services to all Northeastern locations. Provost Helldobler added that space need to be renovated at both the El Centro and Carruthers Center for Inner City Studies locations to accommodate the services required for accreditation.

Trustee Stein voiced his concern for the university experience for the student and academic quality in light of the decreasing investment by the state in public higher education. He does not want to see the quality of education for the students to go down due to all of these cuts, and would like to see an increase on the higher end of the range. Current students, future students, and alumni all deserve a continuing quality education. President supported Trustee Stein’s comments and added the analogy
that cutting the budget is like cutting a family’s food budget. While at first money can be saved by not going out to eat, there is a point at which nutrition quality or the quantity of food must be sacrificed. It is not that cuts cannot be made but it becomes harder and harder to do. President Hahs suggested to the committee and the board that the increase be focused in the 8 to 9 percent range, which represents a $12 per credit hour difference.

Chair Azcoitia asked about how enrollment would impacts the increase. President Hahs provided a brief enrollment update noting that the current indication is that enrollment will rise next fall. Chair Azcoitia asked if the reciprocal rates for neighboring state residents are having an impact on enrollment. President Hahs noted that the rates do not go into effect until fall 2016. Provost Helldobler replied that while the initial request for reciprocal tuition was related to the addition of residence halls, many students outside of Illinois never realized that Northeastern did not have residence halls so the addition of residence halls does not mean as much to them as the reciprocal tuition does. However, students living north of Chicago are very attracted to Northeastern because of the addition of residence halls. Both additions are proving beneficial to recruitment but in different ways than initially expected.

Chair Azcoitia asked the Finance Committee to decide on a recommendation for the board meeting immediately following this committee meeting.

Trustee Duque said that based on the discussion at the special Finance Committee meeting, Trustee Nungaray’s comments from the student body, and the President’s recommendation, he would support an 8.1 percent increase.

Trustee Lee said that the increases are meaningless because of the cuts that will still be needed and that none of the proposed increases will make a difference. He added that the University needs to find alternative ways to generate revenue and he does not believe the financial burden should fall on future students. He recommended the lowest proposed increase of 6.2 percent. President Hahs replied that she does not agree that any increase is meaningless because the difference in the highest and lowest percentage increase is 1 million dollars, which could be used for several things.

Trustee Garcia added that over his years serving on the board there has always been a struggle behind raising tuition and finding the balance between quality and affordability and he thinks the board has always done the best it could do to make that happen. In terms of the quality of instruction at Northeastern, he sees all of the great things happening at Northeastern proving quality and affordability is here and believes that will raise enrollment and retention. He agrees with Trustee Duque’s recommendation of an 8.1 percent increase.

Trustee Stein asked how the proposed percentage increases translates into dollar amounts so that he can compare how much of a difference it would be to recommend the highest percentage increase. He added that a 10 percent increase on a larger tuition amount is a larger dollar amount. He also used the analogy of needing to maintain a new car so that it does not become a beater. Nobody wants to raise tuition but it is a fact of life and more importantly there is a national decline in the investment in higher education. The public does not see that the states in America do not value higher education like they used to; all they see is a bloated administration. The media does not reflect the reality of what is happening to higher education. He supports a 9.9 percent increase.

The President added that Northeastern has been nationally recognized multiple times for graduating students with the least debt in the Midwest and one of the least, nationally. The other marker of quality and affordability is having a loan default rate lower than the national average. In some circles, this means that when students graduate, they received a good degree and a good job, can afford to pay those loans, and do not go into default. She then provided Trustee Stein the amounts that reflect a 9.9 percent increase; $32 per credit hour, $768 per 24 credit hours, and with fees, a total of about $1,000 per year. Chair Azcoitia added that 7.9 percent may sound better than 8.1 percent but when you round the dollar amounts, there is no difference.
Trustee Duque noted that regardless of the unknown appropriation, if the 6.2 increase is chosen, not only would this difficult discussion have to happen next year, but also Northeastern will certainly face financial exigency. If the increase is 8 percent, financial exigency is not as dangerously close but that depends on how much the state cuts the appropriation. If the higher tuition increase is chosen, can Northeastern also cut its budget at a higher rate to prepare for the future? President Hahs said that she thinks Northeastern could certainly work toward that goal.

Trustee Lee added that he feels more students can be recruited from Maine Township and Niles North high schools. There is potential to bring those students into Northeastern to increase revenue. He thinks this will offset the 1 million dollars needed. President Hahs replied that she is more concerned about needing 3 million, which is what will be needed if the tuition increase is only 6.2 percent.

President Hahs noted that Trustee Garcia and Provost Helldobler asked to postpone a discussion during the Academic Affairs Committee portion of the meeting to the Finance Committee portion of the meeting. Provost Helldobler pointed out that the largest portion of Northeastern’s budget is in Academic Affairs. The lowest proposed increase in tuition means a cut of 3 million dollars to the University budget, of which 1.5 million would have to come from Academic Affairs alone. It would not matter if enrollment were increased because there would be no classes for students to take. The schedule productivity is now at 85 percent. It was 68 percent when he arrived at Northeastern a few years ago and quality has been maintained by not increasing class sizes. It is counterintuitive to think that you can raise enrollment while cutting instruction because there will be no open seats for students to take. This fall there were more international students recruited to the graduate program in computer science than available seats. Those students leave because there are no classes for them to take.

Chair Azcoitia asked what the increases are at the other Illinois universities. President Hahs replied that the larger schools are likely to increase their tuition less because they have more sources of revenue. The mid-sized groups face the same dilemmas but will address them differently and she can only guess how that will go.

Chair Azcoitia again asked the Finance Committee and other Trustees to come to a consensus on a recommendation of a tuition increase percentage. A lengthy discussion and an informal poll followed. The proposed increase percentage amounts were 9.9, 8.5, 8.1, and 6.2. To help compare the difference between the rates proposed by the Trustees, Vice President for Finance and Administration provided increase percentage to dollar amount conversions based on 24 credit hours per year. Discussion continued and after a number of informal polls, the recommendation for a base percentage increase of 8.5 obtained the most votes.

- Action Item I. B. Expenditure Recommendation for Purchases of $100,000 or More – Enterprise Resource Planning (ERP) Software Contract Renewal
- Action Item I. C. Expenditure Recommendation for Purchases of $100,000 or More – People’s Gas for Student Residences, College of Education, and South Campus Central Utility Plant Projects

Adjourn
At 2:27 p.m., the Board unanimously agreed to adjourn.

Carlos Azcoitia, Chair
Amy Rempas, Assistant Board Secretary