

April 18, 2006

Members of the Board Finance Committee

John Simmons, Chair
Roger Tedrick
Stephen Wigginton
Marquita Wiley

Dear Members of the Finance Committee:

There will be a meeting of the Finance Committee on Tuesday, May 2, 2006, immediately following the Executive Committee meeting in the Conference Center of the Delyte W. Morris University Center, Southern Illinois University Edwardsville. The following items have been suggested for the agenda:

1. Approval of Minutes of the March 9, 2006, meeting (enclosure).
2. SIUC Fee Items:

Proposed Course Specific Fee Increase for Forest Resources Management Summer Camp, SIUC (Board Agenda Item K).

Proposed Course Specific Fee Increase for Outdoor Recreation Resources Management Summer Camp, SIUC (Board Agenda Item L).

Proposed Increase: Flight Training Charges, SIUC [Amendment to 4 Policies of the Board Appendix A-4] (Board Agenda Item M).

Proposed Increase: Intercollegiate Athletic Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item N).

Proposed Increase: Mass Transit Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item O).

Proposed Increase: Residence Hall Rates and Apartment Rentals, SIUC [Amendment to 4 Policies of the Board Appendix A-18] (Board Agenda Item P).

Proposed Increase: Student Activity Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6 and A-11] (Board Agenda Item Q).

Proposed Increase: Student Center Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item R).

Proposed Increase: Student Medical Benefit (SMB): Extended Care Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item S).

Proposed Increase: Student Medical Benefit (SMB): Primary Care Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item T).

Proposed Increase: Student Recreation Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item U).

Proposal to Create an Information Technology Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-23] (Board Agenda Item V).

Proposal to Create a Student Services Building Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-22] (Board Agenda Item W).

3. SIUE Fee Items:

Proposed Increase: Athletic Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item X).

Proposed Increase: Campus Housing Activity Fee, SIUE [Amendments to 4 Policies of the Board Appendix B-4 and B-8] (Board Agenda Item Y).

Proposed Increase: Pharmacy Student Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item Z).

Proposed Increase: Student Fitness Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item AA).

Proposed Increase: Student to Student Grant Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item BB).

- Proposed Increase: Student Welfare and Activity Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item CC).
- Proposed Increase: Textbook Rental Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item DD).
- Proposed Increase: University Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item EE).
- Proposed Increase: University Housing Rental Rates, SIUE [Amendment to 4 Policies of the Board Appendix B-11] (Board Agenda Item FF).
- Proposal to Create an Information Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-15] (Board Agenda Item GG).
- Proposal to Create a Student Academic Success Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-16] (Board Agenda Item HH).
4. Proposed Tuition Rates for FY 2007 [Amendments to 4 Policies of the Board Appendices A and B] (Board Agenda Item II).
 5. Authorization to Purchase a Student Information System, SIUC (Board Agenda Item JJ).
 6. Reorganization of Enrollment Management Function From Office of Student Affairs and Enrollment Management to Office of the Provost and Vice Chancellor, SIUC (Board Agenda Item NN).
 7. FY 2007 Operating and Capital Budgets Planning Guidelines (Joint discussion with the Architecture and Design Committee) (Board Agenda Item PP).
 8. Budget Adjustment Request (enclosure).
 9. Other business.

Finance Committee
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Yours truly,

Duane Stucky
Vice President for Financial and Administrative Affairs
And Board Treasurer

DS/lap

Enclosures

cc: Samuel Goldman
Tequia Hicks
Ed Hightower
Keith Sanders

Matthew Townsend
Glenn Poshard
Vaughn Vandegrift

Walter V. Wendler
Constituency Heads
Other Interested Parties

BOARD OF TRUSTEES

SOUTHERN ILLINOIS UNIVERSITY

Minutes of the Finance Committee Meeting

March 9, 2006

The Finance Committee met following the Architecture and Design Committee in Ballroom B of the Student Center, Southern Illinois University Carbondale. Present were: Roger Tedrick (Chair Pro Tem), John Simmons (for a portion of the meeting) and Marquita Wiley (Pro Tem). Absent was: Stephen Wigginton. Other Board members present were: Samuel Goldman, Tequia Hicks, Keith Sanders and Matthew Townsend. Absent was: Ed Hightower. Executive Officers present were: President Glenn Poshard; Chancellor Vaughn Vandegrift, SIUE; Chancellor Walter Wendler, SIUC; Vice President for Academic Affairs John S. Haller, Jr.; and Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

Minutes

The minutes of the December 8, 2005, meeting were approved as submitted.

Presentation and Discussion on Affordability.

Vice President Stucky reminded Board members of last year's presentation on financial aid and that the University has had to rely more heavily on student tuition and fee increases to fund improvement. Approximately 25% of new tuition dollars has been used by the current Chancellors for student assistantships and financial aid.

Information was presented for FY 04-05 for undergraduate, full-time students regarding income levels and the net cost of attendance. Dr. Stucky thanked staff members for their time and effort in gathering this data. The distribution of students in the quintiles has not significantly changed in a three-year period. Roughly 30% of students on each campus do not file for financial aid. Generally, the students who are most needy get more financial from the government than those who are less needy. University/private aid does not proportionally decrease as income levels increase.

Tequia Hicks questioned the motivation for increasing the institutional need-based financial aid. Dr. Stucky responded that as tuition increases, the gap between financial support and costs for the neediest students rises at a disproportionate level. There is a definite need for support for increased financial aid at the state and institution level.

Dr. Sanders pointed out that the dollar figure for student income in the Quintile 1 dependent category shows the income ranges for families nationally, which is probably high for our campuses. This number takes into account all public and private universities across the nation. Dr. Sanders asked that the income ranges for students at SIUE and SIUC be prepared and presented at the May meeting. He stated that one measure of affordability is the amount of a family's income that it takes to send a student to SIU after all the aid has been taken into account. For the May meeting, Dr. Sanders asked that staff prepare ways to fairly accurately measure changes in the affordability of SIU, based upon income each year of both dependent and independent students.

Dr. Goldman questioned whether financial aid would pick up the total amount of the proposed mandatory fee increases. Vice President Stucky and SIUC Vice Chancellor Larry Dietz explained the complexity of financial awards and the fact that some students in the neediest quintiles may have already reached their maximums on all award programs. Approximately 77% of SIUC and 70% of SIUE students receive some type of financial aid. Federal financial award programs do not increase annually, but increased ISAC funding could help offset additional tuition and fee increases. Dr. Goldman asked about any changes to wages paid to student workers. Chancellor Wendler responded that the SIUC student minimum wage, already above the federal minimum, has increased each of the last three years. Chancellor Wendler confirmed for Dr. Goldman that it is reasonable to expect that a portion of the proposed tuition and fee increases would be covered by increased aid or wages. Dr. Poshard received clarification that the aid shown on the presentation includes only grants. Dr. Sanders noted that Quintile 1 and 2 contain at SIUC 50% and at SIUE 40% of the students who apply for aid. Dr. Sanders indicated that he would propose at the May meeting that at least 25% of all tuition increases above inflation be folded back into needs-based student financial aid. Ms. Hicks voiced her agreement.

Nate Brown, Undergraduate Student Government (USG) President, raised a question regarding the impact on enrollment if the tuition and fee increases are approved. Chancellor Wendler responded this information is not available. Mr. Brown asked for a commitment from the Board and the University that as tuition and fees increase, a portion of the increase will be indexed toward assistance.

Approval of the Integration of Saluki Way Into the Land Use Plan, SIUC (Board Agenda Item BBB) (Joint discussion with Architecture and Design Committee).

This item had been previously discussed during Architecture and Design Committee.

SIUC Fee Notice Items:

Notice of the Proposal to Create a Student Services Building Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-22] (Board Agenda Item I).

Notice of Proposed Course Specific Fee Increase for Forest Resources Management Summer Camp, SIUC (Board Agenda Item J).

Notice of Proposed Course Specific Fee Increase for Outdoor Recreation Resources Management Summer Camp, SIUC (Board Agenda Item K).

Notice of Proposed Increase: Intercollegiate Athletic Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item L).

Notice of Proposed Increase: Flight Training Charges, SIUC [Amendment to 4 Policies of the Board Appendix A-4] (Board Agenda Item M).

Notice of Proposed Increase: Mass Transit Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item N).

Notice of Proposed Increase: Residence Hall Rates and Apartment Rentals, SIUC [Amendment to 4 Policies of the Board Appendix A-18] (Board Agenda Item O).

Notice of Proposed Increase: Student Activity Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6 and A-11] (Board Agenda Item P).

Notice of Proposed Increase: Student Center Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item Q).

Notice of Proposed Increase: Student Medical Benefit (SMB): Extended Care Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item R).

Notice of Proposed Increase: Student Medical Benefit (SMB): Primary Care Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6] (Board Agenda Item S).

Notice of Proposed Increase: Student Recreation Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item T).

Notice of the Proposal to Create an Information Technology Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-2, A-6, and Addition of A-23] (Board Agenda Item U).

Chancellor Wendler reviewed a flyer which summarized the tuition and SIUC fee increases and how tuition dollars are being used. He mentioned the various groups with which he has discussed the proposed tuition and fee matters. Under the current proposal, tuition for new freshmen would increase by 9.4%.

Dr. Wendler explained that the Information Technology Fee would support a new Student Information System and some new information technology infrastructure. Support from the manufacturer of the current student information system is being phased out.

Rationale for the \$20 per semester Student Services Building Fee was given. The fee will increase by \$20 each year for four years, for a maximum continuing fee of \$80 per semester to fund the planned Student Services Building.

A component to the Athletics Fee for Athletics Facilities of \$44 per semester is proposed. Dr. Wendler mentioned that many other Illinois public universities currently have higher athletic fees than SIUC. The fee would be used, with the marriage of private funds on a 50/50 basis, to fund the athletics facilities included in Saluki Way.

Chancellor Wendler stated that most of the new fees are consistent with the suggestions of the Campus Master Plan, Vision 20/20, and *Southern at 150*. He also pointed out that, given the total proposal made, a student already enrolled with guaranteed tuition would pay a total increase of \$242.95 (7.1%). For new freshmen, the total increase over last year would be 14.4%.

A comparison of affordability with the Big Five Illinois Doctoral/Research Universities was given. It showed that SIUC has the lowest tuition and fee structure for FY 2006. Chancellor Wendler stated that the other universities expect to also increase their tuition and fees this year. He cautioned that SIUC does not want to be so cost effective that quality opportunities for our students are no longer provided.

Chancellor Wendler reiterated that 50% of the funds for the proposed athletic facilities will come from private donations.

A review of the Graduate and Professional Student Council (GPSC) and Undergraduate Student Government (USG) voting on the proposed tuition and fee matters was given.

Tequia Hicks received clarification regarding increases in mandatory and non-mandatory fees. Dr. Goldman asked for the enrollment projection used in the proposed matters. Chancellor Wendler stated that a flat enrollment rate (approximately 21,500 students) was used, although the campus is working to build enrollment. The campus is also working on a plan to create a stronger environment for retaining and academically supporting students.

Jon Pressley stated that the GPSC did not believe that, according to Board Charter 8-5, the description for the Student Services Building met the criteria for the Board to authorize the new fee.

Concerns were expressed regarding the impact of fee increases on graduate students.

Tequia Hicks raised questions on the exact use of the Information Technology Fee, and SIUC Executive Director of Finance Kevin Bame responded. She also questioned the monies assessed for the Athletic Facility Fee and the guarantee of donations to complete projects. Chancellor Wendler responded that the Board, SIU administration, Alumni and Foundation are committed to raising the appropriate funds for the athletic facilities.

Dr. Goldman questioned whether the Student Services Fee and Information Technology Fee are permanent or if they would end after their particular purpose is finished. President Poshard responded that the need for the fees is more permanent because of the constant change in technology. Dr. Goldman also expressed concern regarding the level of debt for the University. Vice President Stucky assured the Board that any proposals brought forward will not damage the debt rating of the University. President Poshard explained that the proportional support from government for higher education has been reduced significantly and continues to threaten the affordability and accessibility to our students.

SIUE Fee Notice Items:

Notice of Proposed Increase: Athletic Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item V).

Notice of Proposed Increase: Campus Housing Activity Fee, SIUE [Amendments to 4 Policies of the Board Appendix B-4 and B-8] (Board Agenda Item W).

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Notice of Proposed Increase: Student Welfare and Activity Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item AA).

Notice of Proposed Increase: Textbook Rental Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item BB).

Notice of Proposed Increase: University Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item CC).

Notice of Proposed Increase: University Housing Rental Rates, SIUE [Amendment to 4 Policies of the Board Appendix B-11] (Board Agenda Item DD).

Notice of the Proposal to Create an Information Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-15] (Board Agenda Item EE).

Notice of the Proposal to Create a Student Academic Success Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4 and Addition of B-16] (Board Agenda Item FF).

Chancellor Vandegrift mentioned that the SIUE fee and tuition proposals have been endorsed by the student government association and the University Planning and Budget Council. Matt Townsend, on behalf of the SIUE students, read a statement of endorsement by student organizations for the Student Academic Success Center and its related fee. The students also passed a resolution in support of the tuition increase and the Information Technology fee. Chancellor Vandegrift stated that SIUE is also concerned with maintaining affordability.

Notice of Proposed Tuition Rates for FY 2007 [Amendments to 4 Policies of the Board Appendices A and B] (Board Agenda Item GG).

Vice President Stucky confirmed that each campus is moving forward with a proposal for a 9.4% increase in tuition for new undergraduate students. These tuition increases, coupled with an approval of the Governor's budget for higher education, would afford each campus a 4 to 4.5% budget increase.

Authorization to Purchase a Student Information System, SIUC (Board Agenda Item VV).

Approval of the matter was recommended and that it be placed on the Board's omnibus motion. The motion was duly seconded and was passed by the Finance Committee.

Approval of Lease Agreement: Computer Workstations, SIUE (Board Agenda Item YY).

Chancellor Vandegrift explained that this matter requests a three-year renewal of the current computer lease program.

Approval of the matter was recommended and that it be placed on the Board's omnibus motion. The motion was duly seconded and was passed by the Finance Committee.

Authorization for the Sale of Bonds: "Series 2006A Housing and Auxiliary Facilities System Revenue Bonds" Capital Improvement Projects and Refunding of Outstanding Housing and Auxiliary Facilities System Revenue Bonds (Board Agenda Item AAA).

Vice President Stucky explained the projects included in this sale and the proposed refunding of some past bonds. He stated that none of the refunding and refinancing will involve selling bonds of any longer term than already issued. Any savings benefit will likely be used to reduce debt service for the revenue bond system.

Approval of the matter was recommended for a roll-call vote by the Board during its regular meeting. The motion was duly seconded and was passed by the Finance Committee.

Investments Report.

Vice President Duane Stucky reviewed the University's investments for the second quarter of Fiscal Year 2006. The report included a review of the University's asset allocation of externally managed investments, return on investments, and fees.

Second Quarterly Budget Report for FY 2006.

Dr. Stucky distributed to the Board the current fiscal year's income and expenditures.

Other Business

There being no further business, the meeting was adjourned.
DS/lap

April 18, 2006

Members of the Board Finance Committee

John Simmons, Chair
Roger Tedrick
Steve Wigginton
Marquita Wiley

Dear Members of the Finance Committee:

RE: Request for Approval of Budget Adjustments

In accordance with University budget decision rules, the Finance Committee must approve requests for budget adjustments that exceed specified limits.

The attached adjustments are included on the agenda for your meeting on May 2.

Sincerely,

Duane Stucky
Vice President for Financial and Administrative Affairs
and Board Treasurer

DS/mes

Attachment

cc: Samuel Goldman
Tequia Hicks
Ed Hightower
Keith Sanders
Matthew Townsend

Glenn Poshard
Walter V. Wendler
Vaughn Vandegrift
Constituency Heads
Other Interested Parties

SOUTHERN ILLINOIS UNIVERSITY

**FY 2006 Budget Adjustments for Finance Committee Consideration
May 2, 2006**

In accordance with SIU's budget decision rules, Finance Committee approval is requested for the following budget adjustments:

Southern Illinois University Edwardsville

06-1	School of Pharmacy	2nd Quarter Budget	3rd Quarter Budget	Variance
	Beginning Cash	300	300	0
	Revenue	3,109,600	3,109,600	0
	Expenditure			
	Salaries	2,159,097	1,990,129	-168,968
	Other Expenses	<u>949,213</u>	<u>1,118,181</u>	<u>+168,968</u>
	Ending Cash (Estimated)	1,590	1,590	0

SIU Edwardsville requests a budget transfer from salaries to other expenditure lines in the School of Pharmacy. Lapsed salary dollars are available due to delays in hiring faculty and staff positions. The proposed uses of the funds include the payment of teaching and research equipment for the School of Pharmacy building.

Southern Illinois University Carbondale

06-2	Intercollegiate Athletics	2 nd Quarter Budget	3 rd Quarter Budget	Variance
	Beginning Cash	-302,350	-302,350	0
	Revenue	8,291,085	8,688,096	397,011
	Expenditures	<u>8,274,035</u>	<u>8,666,546</u>	<u>392,511</u>
	Ending Cash (Estimated)	-285,300	-280,800	4,500

Intercollegiate Athletics has requested a budget adjustment due to increased revenue distributions from the NCAA and MVC and increased contributions from donors, sport camps, and the SIU Foundation. Also, expenditures are being adjusted higher due to increases in student wages, capital improvement expenses, and team travel expenses.

Southern Illinois University Carbondale

06-3 Physical Plant Services	2 nd Quarter Budget	3 rd Quarter Budget	Variance
Beginning Cash	-2,205,200	-2,205,200	0
Revenue	58,497,250	66,483,500	7,986,250
Expenditure	<u>58,438,300</u>	<u>66,446,950</u>	<u>8,008,650</u>
Ending Cash (Estimated)	-2,146,250	-2,168,650	-22,400

SIU Carbondale Physical Plant Services requests an increase in budget revenues and expenditures due to several new construction projects such as the Wall & Grand Apartment Complex, Student Health Service building, Southern Illinois Research Park building, and the Library Storage Facility. These projects have been completed and opened this fiscal year or are currently in construction. All financed capital projects are run through the Construction Management account. Physical Plant Services provide general oversight work on all major capital projects on campus.