

Minutes
OHIO BOARD OF REGENTS
Columbus, Ohio
March 21, 2002

CALL TO ORDER AND ROLL CALL

The meeting was called to order by the Chair, Jeanette Grasselli Brown.

The roll was called by the Secretary, Edmund J. Adams. Those present were:

Edmund J. Adams	Gerald M. Miller
Jeanette Grasselli Brown	Floyd W. Nickerson
Gerald H. Gordon	Thomas W. Noe
Tahlman Krumm, Jr.	J. Gilbert Reese

Regent Adams stated "the record should show that notice of this meeting has been given in accordance with provisions of the Board of Regents' Rule 3333-1-14, which rule itself was adopted in accordance with section 121.22(F) of the Ohio Revised Code and of the State Administrative Procedures Act."

CONSIDERATION OF MATTERS RELATED TO THE AGENDA (ITEMS MAY BE AMENDED, ADDED TO OR DELETED FROM THE AGENDA AT THE DISCRETION OF THE BOARD)

No changes to the agenda.

APPROVAL OF MINUTES OF JANUARY 24, 2002

A motion was made by Regent Noe to approve the Minutes of the January 24, 2002, meeting of the Board. The motion was seconded by Regent Krumm and it was unanimously passed.

COMMITTEE REPORTS AND SUMMARY OF DELIBERATIONS

Communications Committee – Regent Miller: The Communications Committee met this morning. First on the agenda was a report on the status of the Full State Press, a Knowledge Economy Awareness initiative. The presentation is nearing completion and focus groups will be conducted. A steering committee has met in Northeastern Ohio, and a document containing frequently asked questions is being developed. The program and regional and statewide conferences will be rolled out over the course of the year.

Media update: Most people have read the articles on the following issues: the budget shortfall forecast of \$230 million, which may be offset by some expenditure cuts; remediation appears to have failed on the DeRolph issue; the tuition increases gained a great deal of media attention; the student automobile accident, a real tragedy in our state; and the debate continues on evolution vs. creationism. Ohio Dominican College changed their name to Ohio Dominican

University, and Lima Technical College has changed its name to James A. Rhodes State College.

The update on government relations included a presentation to the Committee of the March issue of *The Issue* which focused on cost containment. Most people don't realize the measures that have taken place in our institutions to control costs and reallocate resources. We considered mailing *The Issue* to trustees, various agencies, and business people to increase their knowledge of what is being done to make us more efficient.

We are encouraged by legislative requests for information. Legislators are interested in the issue of tuition and are looking for all sources of information relative to higher education. A workshop for Legislative Aides was held March 14th on the K-16 issues. Future workshops are being considered.

Several bills are being monitored in the Legislature: House Bill 516 which would limit annual undergraduate residential tuition increases to 6%; House Bill 524, Reappropriations Bill sends \$509 million to state-supported colleges and universities for capital projects; Senate Bill 242, the Tobacco Settlement Bill, appropriates \$51 million for biomedical research technology transfer to the Biomedical Research Technology Transfer Commission; Senate Bill 180 establishes the Ohio Venture Capital Program, which we believe fits very nicely with the university research programs that are working with technology transfer; House Bill 482 restricts electronic commerce by government entities and could, in fact, impact distance learning, OhioLINK, and others. We believe the originators of that bill did not realize what some of the wording may do and its impact on higher education, and we believe that problems can be worked out. House Bill 274, Carry and Conceal, has added a higher education exemption.

Yesterday, the Inter-University Council Presidents and the Ohio Board of Regents had a retreat and the focus was on how we communicate the higher education message to legislators, business entities and influencers. We invited Rep. Jean Schmidt to our committee meeting for the purpose of gaining her perspective on how the Legislature sees higher education and the initiatives in which we are interested. Rep. Schmidt is a University of Cincinnati graduate and she shares the following views: the budget, as we all know, has been less than stellar; Ohio is not a leader in higher education; we need to be smarter with our limited dollars; we need less duplication of programs, in particular she mentioned law schools, medical schools, and biomedical programs; we need to get more students in the door; we need to find creative ways to get more money; we need more contact with higher education; and more people visiting their legislators, more often. There are a number of areas where we are totally lined up with her thinking. In any event, the conclusion is that we need more contact, more often.

Resources Committee – Regent Nickerson: The committee met this morning and covered the following items: We received a letter from an independent auditor, DeLoitte & Touche, attesting to the status of Edison State's financial operating system. We expect that Edison State will be able to generate the financial data

needed to produce timely financial reports in the future. We also heard some disturbing news that the state's revenue continues to lag estimates. A recent news article suggests that revenue may lag estimates by an additional billion dollars this biennium.

The committee reviewed two items for action next month: a fee pledge by the University of Cincinnati in support of a bond issuance not to exceed \$48 million, and a Joint Use Agreement between the Regents and the Ohio Aerospace Institute for \$300,000. The Committee also recommends that the Board approve agenda items 3.9 through 3.13 on today's Board agenda.

Initiatives Committee – Regent Nickerson: We spent the majority of our time in the Initiatives Committee this morning discussing the PK-16 partnership at the University of Cincinnati. The committee heard a follow-up report from Dr. Tony Perzigian, Senior Vice President and Provost for Academic Affairs at the University of Cincinnati, and Dr. Larry Johnson, Dean of the College of Education at the University of Cincinnati, on a partnership effort between the University, the Cincinnati Public Schools, local community leaders, and business and industry as well. This project builds on strong partnerships that are already in existence across many areas of the University of Cincinnati and the Cincinnati public schools. These partnerships have expanded even further since the PK-16 partnership initiatives and the Partnership for the Future Conference. This partnership was funded in part by the Ohio Board of Regents last year. The funding supported a working conference with more than 150 university and community partners around six major themes. Funding was also primarily used to support eleven university and community partnership projects that were developed out of the work of this conference.

The timing of this conference came at a particularly opportune time as Cincinnati was experiencing tremendous community unrest and violence last spring. Trustee Phil Cox provided some very inspiring and visionary comments at the conference that reaffirmed the importance of such partnerships for ensuring that Cincinnati's youth have both the choice and the opportunity for a future of their own design. His comments were truly inspirational and the full Board had the opportunity to view a videotape during our lunch break.

In addition to the presentation, staff also provided background on a number of degree approval proposals, and President Earl Keese discussed the name change of Lima Technical College to James A. Rhodes State College. The Initiatives Committee also recommends approval of agenda items 3.1 through 3.8 on the agenda today.

Performance Committee – Regent Adams: Associate Vice Chancellor Sheehan updated the committee on the status of the high school to college transition report. The contents of the report were reviewed by campuses at a preliminary meeting of the Performance Consultation and a meeting with school superintendents is scheduled for Monday. One school superintendent has inquired about the possibility of tracking additional information on students who change majors as well as time to degree. That information could provide

valuable information to schools from a staff developmental point of view, an outcome that was not originally envisioned as part of this report.

The first high school performance report is due out in May.

Dr. Sheehan noted that everything is moving forward with respect to the Governor's requested annual performance report; this will be the third edition. Data collection is underway from the independent campuses. One guest noted that campuses seem to have reached a level of comfort with the process, now in its third year.

Dr. Sheehan updated the committee on the status of the Financial Aid Consultation currently underway. The Regents' staff has created a modeling database that enables us to conduct a number of "what if" analyses with respect to OIG. The committee also discussed the need to tie the OIG process more closely to the FAFSA process in order to better identify need. Over the years, the maximum OIG award has not kept pace with the average cost of a college education. The need for effective marketing of the availability of the OIG was also discussed.

Finally, Harold Horton and Beverly Farmer gave a very informative report on the enrollment and financial audits conducted by the Regents' staff. The Board has a legislative mandate to determine campus compliance with state policies related to subsidy and state grants and scholarships.

Consent Agenda: A motion was made by Regent Krumm to approve agenda items 3.1 through 3.13. Regent Miller seconded the motion and it was unanimously passed.

- 3.1 Consideration of name change of Lima Technical College to James A. Rhodes State College
- 3.2 North Central State College, Associate of Applied Science in Educational Assisting
- 3.3 Southern State Community College, Associate of Applied Science in Corrections
- 3.4 Ohio University-Lancaster Campus, Associate of Applied Science in Electronic Media
- 3.5 Ashland Theological Seminary, Institutional Reauthorization
- 3.6 Baptist Bible Seminary of Pennsylvania, Institutional Reauthorization
- 3.7 Columbus College of Art and Design, Institutional Reauthorization
- 3.8 Myers University, Institutional Reauthorization
- 3.9 Release and distribution of Am. Sub. H.B. 640 Child Day Care Grants
- 3.10 Fee pledge by the University of Cincinnati in support of a bond issuance not to exceed \$53.2 million
- 3.11 Fee pledge by Kent State University in support of a bond issuance not to exceed \$60 million
- 3.12 Joint Use Agreement between the Ohio Board of Regents and the BioEnterprise Corporation
- 3.13 Requests to the Controlling Board for the period January 1, 2002 through February 28, 2002

RESOLUTION 2002-73
Agenda Item 3.1

WHEREAS, the Lima Technical College Board of Trustees has adopted Resolution 2002-22 to change the name of Lima Technical College to James A. Rhodes State College; and

WHEREAS, the desire to change the College's name resulted from an image study which found that those individuals who knew the college thought highly of the college; yet the existing name, Lima Technical College, was limiting and not reflective of the breadth, depth and geographic range of the programs and services offered; and

WHEREAS, the name change is not intended to signify a change in the College's mission; and

WHEREAS, the College intends to continue to meet the educational needs of the residents of the ten-county service area; and

WHEREAS, the College seeks to more clearly communicate the availability of its high quality, accessible and affordable education; and

WHEREAS, the College desires to give honorable recognition to the late Governor James A. Rhodes, whose vision and determination established Ohio's system of publicly assisted two-year college education:

NOW, THEREFORE,

BE IT RESOLVED: Upon the recommendation of the Chancellor and with the concurrence of the Initiatives Committee of the Ohio Board of Regents, the name of Lima Technical College shall be approved for change to the James A. Rhodes State College.

RESOLUTION 2002-74
Agenda Item 3.2

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Initiatives Committee of the Ohio Board of Regents that the following new degree program is approved:

North Central State College
Associate of Applied Science degree in Educational Assisting

RESOLUTION 2002-75
Agenda Item 3.3

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Initiatives Committee of the Ohio Board of Regents that the following new degree program is approved:

Southern State Community College
Associate of Applied Science degree in Corrections

RESOLUTION 2002-76
Agenda Item 3.4

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Initiatives Committee of the Ohio Board of Regents that following new degree program is approved:

Ohio University – Lancaster campus
Associate of Applied Science degree in Electronic Media

RESOLUTION 2002-77
Agenda Item 3.5

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Initiatives Committee of the Ohio Board of Regents that the following institution be reauthorized through December 31, 2009.

Ashland Theological Seminary
Institutional Reauthorization

RESOLUTION 2002-78
Agenda Item 3.6

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Initiatives Committee of the Ohio Board of Regents that the following institution be reauthorized through December 31, 2005.

Baptist Bible Seminary of Pennsylvania
Institutional Reauthorization

RESOLUTION 2002-79
Agenda Item 3.7

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Initiatives Committee of the Ohio Board of Regents that the following institution be reauthorized through December 31, 2011.

Columbus College of Art and Design
Institutional Reauthorization

RESOLUTION 2002-80
Agenda Item 3.8

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Initiatives Committee of the Ohio Board of Regents that the following institution be reauthorized through December 31, 2006.

Myers University
Institutional Reauthorization

RESOLUTION 2002-81
Agenda Item 3.9

WHEREAS, Am. Sub. H. B. 640 provides appropriations in the amount of \$1.5 million to make capital grants to colleges and universities for construction and/or renovation of space for campus child day-care centers; and

WHEREAS, Am. Sub. H. B. 640 requires that: (1) priority be given to institutions without child day-care facilities and to projects where the facility will be used as a classroom training lab for child day-care preschool certification programs, (2) the state award must be matched by the institution receiving an award, (3) the principal clients must be children of students enrolled at the institution; and

WHEREAS, a panel of experts in the development, licensing and management of child day-care centers evaluated nine proposals requesting \$884,431.

NOW, THEREFORE,

BE IT RESOLVED: that the following awards be made:

University of Cincinnati	\$200,000
Ohio State University	\$125,000
Cincinnati State Community College	\$ 89,715
Lakeland Community College	\$ 50,000
Owens State Community College	\$250,600
Rio Grande Community College	\$ 35,000
Belmont Technical College	\$ 12,710
Hocking Technical College	\$ 9,406
Washington State Community College	<u>\$112,000</u>
Total	\$884,431

RESOLUTION 2002-82
Agenda Item 3.10

WHEREAS, Section 94.06 of Am. Sub. H.B. 94 of the 124th General Assembly requires that any new pledge of student fees to secure bonds or notes

of a state college or university must be approved by the Ohio Board of Regents;
and

WHEREAS, the University of Cincinnati proposes to pledge student fees in support of general receipts obligation bonds in an amount not to exceed \$53,200,000 for the purpose of financing two capital projects on campus; and

WHEREAS, the University has established a multi-year debt service schedule to be retired using revenues from food services, rental income, and federal grants; and

WHEREAS, the University has determined that the proposed renovations and projects are essential to meeting the needs of students and fulfilling institutional goals; and

WHEREAS, the University's Board of Trustees approved the resolutions authorizing this bond issuance at its meetings of September 25, 2001, and October 27, 2001; and

WHEREAS, the proposed bond issuance complies with the requirements of Section 3345.11 and Section 3345.12 of the Ohio Revised Code;

NOW THEREFORE,

BE IT RESOLVED, upon the recommendation of the Chancellor and with the concurrence of the Resources Committee of the Ohio Board of Regents, that the pledge of fees by the University of Cincinnati in support of general receipts obligation bonds not to exceed \$53,200,000 is hereby approved.

RESOLUTION 2002-83
Agenda Item 3.11

WHEREAS, Section 94.06 of Am. Sub. H.B. 94 of the 124th General Assembly requires that any new pledge of student fees to secure bonds or notes of a state college or university must be approved by the Ohio Board of Regents;
and

WHEREAS, Kent State University proposes to pledge student fees in support of general receipts bonds in an amount not to exceed \$60,000,000 to pay the costs of routine capital projects; and

WHEREAS, the proposed financing program will be used to fund the routine capital budget needs of the various departments within the University for the **prior**, current and subsequent fiscal years; and

WHEREAS, the University has established a 30-year debt service schedule to be retired using general operating funds; and

WHEREAS, the University has determined that this proposal will create significant and measurable cost savings, about which the University will provide periodic updates to the Board of Regents; and

WHEREAS, the University's Board of Trustees is expected to approve this proposal at its meeting of January 24, 2002; and

WHEREAS, the proposed bond issuance complies with the requirements of Section 3345.11 and Section 3345.12 of the Ohio Revised Code;

NOW, THEREFORE,

BE IT RESOLVED, pending the approval of the Kent State University Board of Trustees, and upon the recommendation of the Chancellor and with the concurrence of the Resources Committee of the Ohio Board of Regents, that the pledge of fees by the Kent State University in support of general receipts bonds not to exceed \$60,000,000 is hereby approved.

RESOLUTION 2002-84
Agenda Item 3.12

WHEREAS, the 123rd Ohio General Assembly enacted H.B. 640 which includes a specific capital appropriation of \$8,500,000 to the Ohio Board of Regents for the Biomedical Technology Center, and

WHEREAS, the Ohio Board of Regents' Rule 3333-1-03 requires that a joint use agreement between the institution for which funds are appropriated and the organization which will own or lease and operate facilities to be constructed or improved with such funds must be approved by the Board; and

WHEREAS, to the Ohio Board of Regents and the Bioenterprise Corp. have presented a joint use agreement for approval by the Ohio Board of Regents; and

WHEREAS, the agreement has been reviewed and its format is found to be appropriate, its description of extent and nature of use has been specified, and the commitment extends no less than fifteen years, and it is in conformity with Rule 3333-1-03; and

WHEREAS, the parties have determined that the value of the use is reasonably related to the amount of the appropriation;

NOW, THEREFORE,

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Resources Committee of the Ohio Board of Regents, that the Joint Use Agreement between the Ohio Board of Regents and the Bioenterprise Corp.; and attached and made a part hereof, be approved.

RESOLUTION 2002-85
Agenda Item 3.13

BE IT RESOLVED: upon the recommendation of the Resources Committee of the Ohio Board of Regents, that the request for release of capital improvements funds received in the period January 1, 2002 through February 28, 2002, shown on the sheets attached hereto, are hereby approved and recommended for approval by the Controlling Board.

CHANCELLOR' S REPORT

For students, the college experience is supposed to be about living and preparing for new chapters in life. Unfortunately, it's also a time when students become very susceptible to the dangers of life. As Regent Miller mentioned, recently Ohio's campuses have lost a number of students on the roads. On your behalf, I would like to send our heartfelt sympathies to the campus communities of Bowling Green State University, Capital University, Tiffin University and Hiram College and the families of those who have suffered tragic losses in a rash of recent automobile accidents.

With the arrival of Spring, I would like to take a few moments to recognize new and promoted members the Board of Regents' staff who have come on board since the beginning of this fiscal year.

- Kyle Gephart has been promoted to Assistant Director for Capital Planning.
- Charles Shahid has been promoted to Assistant Director for State Grants and Scholarships.
- William Wagner has been promoted to Research Administrator.
- Yavonne Stertzler has been promoted to Budget & Governmental Relations Administrator.
- Alan Clark, Usha Madhavan and Rahda Venkatraman are Programmers on the Higher Education Information Systems staff, and Suzanne Holycross serves HEI as an Administrative Assistant.
- Marc Cloutier serves as the Executive Director of the Biotechnology Research and Technology Transfer Commission, and Terri Grass works as his Administrative Assistant.
- Two employees new to OBR have transferred from the Department of Education. Janet Schilk serves OBR as Associate Director for K-16, while Brandi Clark serves as an Administrative Assistant for Gear Up.

- Suzanne Fouche has been hired as an Administrative Assistant for Human Resources and Fiscal Services, and Shane DeGarmo works as an Administrative Assistant for Program Approval and Tuition Reciprocity.
- Thomas Linley has joined our Information Technology staff and will oversee local area network support.
- Randall Edwards has been hired to serve as Assistant Director for Communications.

The Regents have been dedicated to working to improve higher education's supply chain: Ohio's primary and secondary schools. So I'm pleased to note that KnowledgeWorks Foundation recently joined in Canton with the Bill and Melinda Gates Foundation and the Ford Foundation to announce a public/private partnership providing \$31.5 million to several urban school districts to improve student achievement at their large, low-performing high schools.

One program will transform current structures into smaller learning communities or create new, stand-alone small schools, expected to open by Fall 2004. The grant money will be used to support professional development and other expenses. According to Tom Vander Ark of the Gates Foundation, "Small schools provide a safe environment in which students can focus on their studies and ultimately graduate from high schools prepared for college, work and civic contribution."

A second program will expand Project GRAD in Ohio. As many of you know, this program has already taken place in Columbus and Cincinnati, and is aimed at improving graduate and college attendance rates at big city high schools.

Stark State College of Technology President John J. McGrath recently noted his support of urban high school education reform at the Timken Regional Campus in Canton. In an op-ed article that was printed in the *Canton Repository*, President McGrath said: "The great challenge in our curriculum today is technology. Our curriculums in high school must be flexible and blur or eliminate those archaic lines between occupational education and college prep." He continued: "I urge schools and parents to shed their old worn out notions of curriculum patterns and embrace the new reality that preparation for postsecondary education is essential and that our students must have a career objective and academic background to pursue it." President McGrath and the rest of us in higher education know that if we can improve the inputs to the higher education system, we can improve the outputs dramatically.

The Regent's latest Performance Report shows that better prepared incoming student result in higher college retention and graduation rates.

As you know, Governor Taft stepped up to the plate in support of higher education by announcing plans for his Third Frontier Initiative in his State of the State Address last month. The Third Frontier Project, in the Governor's

words, is “the state’s largest commitment ever to expanding Ohio’s high-tech research capabilities and promoting start-up companies to build high-wage jobs for generations to come.” The third Frontier Initiative is aimed at making Ohio a leader in high-tech, high-paying jobs. The Governor highlighted a few key investment elements to reach this objective:

- Reaffirming the commitment to invest \$500 million over the next ten years through the Technology Action Fund and the Biomedical Research and Technology Transfer Fund.
- Proposing a new, ten-year, \$500 million capital improvement program to improve research facilities. These funds will finance buildings and provide equipment for globally competitive centers of innovation that will be named after the Wright Brothers.
- Seeking voter approval of an additional \$500 million bond program to provide much-needed resources to recruit world-class researchers and bring state-of-the art products to market.
- Creating a \$100 million Innovation Ohio Fund to help finance targeted industries with high-growth, high-wage potential consistent with regional priorities. The fund will support advanced manufacturing technologies to help existing industries become more productive, competitive and profitable.

Through implementation of the Third Frontier Project, Governor Taft believes as we do, that additional federal and private sector support can boost the total investment to more than \$6 billion in this period, and help Ohio become a leader in the high-tech, high-wage job market over the next decade.

We are working closely with Development Director Bruce Johnson – who I’m pleased was able to participate in the retreat that the Regents had yesterday with the Inter-University Council presidents – and his staff at the Ohio Department of Development who have engaged Battelle to help develop a state-wide economic strategy. I’m pleased that that Department’s plan is completely aligned with the fundamental goals of the Regents in this 21st century Knowledge Economy, namely: to better educate more Ohioans and provide a skilled workforce to build Ohio’s economy; and to make crucially needed, targeted investments in research and commercialization to create new economic prosperity for Ohioans.

Recognizing the new challenges imposed on Ohio’s colleges and universities by the new economic realities of the Third Frontier, I reconvened the Higher Education Funding Commission to take a fresh look at how we fund higher education in Ohio by “thinking outside the box.” In the past two months, we have had two very productive meetings. Participants included Regents, college and university presidents, business leaders, Senator Jeff Jacobson, Budget Director Tom Johnson, representatives of Development Director Bruce Johnson, the Governor’s Executive Assistant for Education Elizabeth Ross, campus finance administrators, association representatives and Board of

Regents staff members. Brenda Albright, Executive Director of the National Postsecondary Educational Cooperative, has served us ably as an articulate and deliberate facilitator for these meetings.

At our second meeting, on March 6, we heard from three prominent and respected experts in higher education funding: Dennis Jones, President for the National Center for Education Management Systems, gave the commission a broad overview of formula and incremental approaches to financing higher education, looking at what other states do and seeing how we can learn from them. He described both funding approaches – including our own State Share of Instruction and Challenge items – as “treaties” among higher education constituencies, an interesting and perceptive description. He continued that funding schemes *could* provide for equity, but cannot be expected to provide adequacy, since no formula in the world can provide money that a state doesn’t have.

David Longanecker, Executive Director of the Western Interstate Commission for Higher Education and the former U.S. Undersecretary of Education, urged our state to better integrate student financial aid, tuition policy, and institutional support, three key elements that are built into the funding that we consider in each of our state’s budgets.

And, Tom Mortenson, Editor of Postsecondary Education Opportunity, offered a passionate and well-reasoned argument for more needs-based financial aid to enable more of this country’s neediest students to enroll and succeed in higher education. It is these neediest students who are becoming the majority of the entering workforce in this century, and unless they have the knowledge and skills required by the Knowledge Economy, our own state economy will face a commensurate and devastating loss.

I am pleased to report that it was quite a remarkable session. Everyone at that meeting has commented to me directly on this. Indeed, several attendees felt that the panel of national experts substantiated concerns about funding that were raised previously by Ohio’s higher education community. Since that meeting, I have had a number of meetings with my fellow chancellors throughout the nation and they are intrigued once again by Ohio’s leadership in this area of questioning the fundamental approaches to higher education financing and are looking to learn from our experience and from our learned speakers in that session. The next meeting for the Funding Commission is slated for April 8th.

While we are considering options for the future, Ohio’s higher education community faces some very real financial issues today. Recent tuition increases at the state-supported institutions have presented additional hurdles to educating the Ohioans we must if we are to successfully compete in this new economy. As shown on the first exhibit before you, the “Explanation of Tuition Increases,” funding on Ohio’s campuses comes mainly from two sources: the student in the form of tuition and the state in the form of appropriations, and each pays for about one-half of the cost of instruction on our public campuses. For FY 2002, each source has had to cover about a 4.5 percent increase in

costs due to inflation reflected in salaries, health care costs and utility costs as major items.

The state has also needed to fund a 4 percent increase in the enrollment at Ohio's colleges and universities – an enrollment figure higher than we expected at the start of this fiscal year, because of the slowing of the economy. We know and have seen again that when the economy suffers a decline, colleges and universities experience an increase in enrollment. This 4 percent, added to the 4.5 percent inflation figure, raises the state's funding requirement to 8.5 percent for the state to maintain its FY 2001 share of costs. But instead of providing this 8.5 percent *increase* in support, the State Share of Instruction was *cut* by 5.4 percent, resulting in a state share shortfall of some 13.9 percent. Given that shortfall, campuses have had to look to its other major source of funding, the student, to pick up the state's share in addition to the student's 4.5 percent increase for inflation. Hence we see, on average, the need for Ohio's public campuses to seek an additional 18.4 percent in the form of tuition increases – just to break even.

Without adequate state appropriations, institutions of higher education have limited options. They can require that the student bear the entire increased burden by charging higher tuitions. But, of course, increased tuitions mean that many who don't feel they can afford college simply don't enroll or leave Ohio, denying themselves and the state the economic and societal benefits of their continuing education. Campuses could eat into their financial reserves that they have accumulated – the equivalent of their “rainy day” funds. But just like the state's rainy day funds, once these reserves are used there is no longer that option to do so and, in fact, state law requires that unless colleges and universities maintain adequate reserves, the Regents are forced to put them on financial emergency watch. The third alternative is that the campuses could freeze or cut salaries or staffing levels on their campuses, hence, reducing the quality of education and the services provided to students. Of course, faculty and staff have other employment options and many – especially the best – are being lured to campuses outside of Ohio who are able to pay higher salaries.

Faced with these options, most institutions have combined a number of these three options, passing along a portion of the burden to students in addition to layoffs, increases in class size and other measures to decrease costs. We will hear more about these efforts from campus finance officers later in the meeting. Tuition caps, as the Regents have long noted, would only exacerbate the fiscal problems now confronting Ohio's state colleges and universities at a time that the Knowledge Economy is demanding even more of them. These challenges are real and significant when you consider that Ohio's public colleges and universities receive less today in state support, in constant dollars per student, than they did in 1988. As you can see in the second chart (the line graph), campuses in 1988 received about \$6,400 per FTE student, in FY 2000 constant dollars, as compared to about \$6,200 per FTE student today. These pressures have been mitigated over the past decades by cost control measures the campuses have undertaken. Still, after years of such pressures, the cuts in state support have cut deeply into colleges' and universities' ability to be the economic engine of Ohio's 21st century economy.

On to some good news: perhaps given Ohio's generations-long refusal to invest adequately in the knowledge and skills of Ohioans, it is important that we celebrate the athletic achievement of our students. Indeed, congratulations are due to several Ohio collegiate athletic teams that have distinguished themselves in recent days:

- The Kent State University Golden Flashes have made the NCAA Division I men's Sweet 16 and tonight will take on the University of Pittsburgh.
- This past weekend, the Otterbein College Cardinals downed Elizabethtown 102-83 to secure the school's first NCAA men's Division III championship.
- Mount Vernon Nazarene also celebrates its first national title, winning the National Christian College Athletic Association's championship.
- And the Kenyon College Ladies put the finishing touches on its 19th national title in women's swimming Saturday at the NCAA Division III Swimming and Diving Championships.

Two campuses will be known by new names this year:

- Lima Technical College, with your consent today, will become James A. Rhodes State College, in memory of the late governor, to reflect the college's diverse program offerings and to acknowledge its wide service area. More than half of the institution's students now come from outside of Lima and Allen County. Thanks to President Earl Keese for being here with us today.
- Ohio Dominican College has announced that this summer it will be known as Ohio Dominican University as part of its plan to boost enrollment, offer more off-site campus centers, construct new buildings, add majors, increase faculty and elevate the school's image.

Two Ohio institutions of higher education have named presidents in recent weeks:

- The University of Dayton has selected Daniel J. Curran, formerly of Saint Joseph's University in Philadelphia, as its first lay president.
- Richard Jusseaume, who has served as interim president of Walsh University since last summer, was officially named president.

Congratulations go to Interim President Dr. James Wagner and Case Western Reserve University, for that institution's recent five-year, \$25 million agreement with Sprint and Cisco Systems to build a campus-wide, next-generation Internet network. Beginning with the Weatherhead School of Management, the high-speed, switched gigabit network will be installed in 94 buildings by next year. Professors, students and researchers will be able to surf the Internet from anywhere on campus using a fast, wireless connection. One

campus official described the project simply, saying, “In higher education today, this is the fastest network, period.”

Finally, I offer congratulations to Cuyahoga Community College and President Jerry Sue Thornton for the development of two new “Corporate College” locations. Dr. Thornton was joined on March 6th by Governor Bob Taft and President Dennis Eckart of the Greater Cleveland Growth Association to announce this \$40 million expansion. The new college sites will offer professional development training with courses in information technology and human resources management. They will focus on corporate training requested by local companies and upgrading the skills of currently employed workers to spur economic and industrial development in Northeast Ohio. Governor Taft described the Corporate College as “visionary.” It is certainly an example of how Ohio’s campuses must continue to work with business to provide the educated workforce needed if Ohio is to triumph in the Knowledge Economy.

PRESENTATIONS

a. Battelle for Kids

Jim Mahoney
Executive Director
Battelle for Kids

b. Campus Response to State Budget Reductions

Richard Petrick
Vice Chancellor for Finance
Ohio Board of Regents

Matthew V. Filipic
Vice President for Business and Fiscal Affairs
Wright State University

Robert Hallier
Vice President for Business and Finance
Stark State College of Technology

Julia Pile
Dean, Financial Services and Treasurer
Terra Community College

Richard Siemer
Vice President for Finance and Treasurer
Ohio University

OTHER BUSINESS

There being no further business to come before the Board, the meeting was adjourned.

The next meeting of the Ohio Board of Regents will be held on Thursday, April 18, 2002, at Hiram College, Hiram, Ohio, at 1:30 p.m.

Chair

Secretary

Date

Date

