

**Resources & System Efficiency Committee  
Ohio Board of Regents  
Minutes of the Meeting of March 9, 2006**

The meeting of the Resources & System Efficiency Committee of the Ohio Board of Regents was held at Cincinnati State Technical and Community College in Cincinnati, Ohio. In attendance were the following:

Committee members:

Bruce Beeghly, Committee Chair  
Jerome Tatar, Vice Chair  
Donna Alvarado  
James Tuschman

Other Board members in attendance:

Edmund Adams  
Roderick Chu, Chancellor  
Anthony Houston  
James Patterson  
Walter A. Reiling

The meeting was called to order by Regent Beeghly and the minutes of the January 2006 Committee meeting were approved without objection.

**Reports and updates**

Neal McNally reported on the final FY 2005 Senate Bill 6 financial ratio analysis. Passed by legislation in 1997, the Senate Bill 6 analysis relies on a standard set of measures to monitor an institution's financial health. A composite score below 1.75 for two consecutive years would result in an institution being placed on state fiscal watch. Cincinnati State's composite score in FY 2005 fell below the 1.75 threshold. Sandra Simpson, Chief Finance and Budget Officer at Cincinnati State Technical and Community College, explained that a reclassification of net asset balances in 2005 was the primary reason for the low score. Cincinnati State had notified the Regents' staff very early on that its Senate Bill 6 score would likely fall below the threshold. The College has requested that its FY 2004 net asset balances also be reclassified, though such a reclassification will not result in a composite score for FY 2004 that falls below the 1.75 threshold. For FY 2006, the College is projecting a healthier composite score of 2.2. To prevent a similar occurrence from happening in the future, Cincinnati State has begun monitoring restricted and plant fund balances in addition to general fund balances and has begun instituting a long-term capital planning process.

Darrell Winefordner and Jim Buck briefed the committee on the Preliminary Report from the Taxonomy Subcommittee of the SSI Consultation. The subcommittee's goal was to develop a new classification of models that would have similar costs and characteristics, be predictable and easy to manage, and be easier to explain and communicate. Under the current classification, subject fields and levels with similar costs often get reimbursed at different rates. The subcommittee is recommending an aggregation of courses into three major academic areas: Arts & Humanities (AH);

Business, Education, and Social Sciences (BES); and Science, Technology, Engineering, Mathematics, and Medicine (STEM<sup>2</sup>). Using a total cost approach, the proposed taxonomy reduces variances within each model and eliminates the need for weighting individual cost components such as POM and Students Services. The result is a much more simplified model. The subcommittee also recommends strengthening processes to ensure data consistency/integrity and recommends adoption of an adjusted uniform share to replace the local contribution. Adjustments would be made to the uniform share for the doctoral set-aside, and to provide additional weight to graduate, STEM<sup>2</sup>, and medical models. Phasing in of the new methodology will be critical in order to provide campus financial stability.

Dale McGirr and Jim Plummer from the University of Cincinnati briefed the committee on the university's capital planning and budgeting. Over the last 15 years, the institution has invested heavily in student quality of life facilities and research facilities. The institution's debt level, following several years of growth, has now reached a plateau. Because of its investments, the University is now able to attract students from suburban areas who choose to live on campus. Since 1994, the University of Cincinnati has used bundling of projects as a means of bringing facilities online earlier. This strategy involves borrowing short-term funds in anticipation of state appropriations. On a related issue, Regent Patterson expressed concern about the increasing use of student fees for capital projects. Vice-Chancellor Petrick noted that pledges of student fees are usually accompanied by broad student support and must come before the Board.

Representatives of the University of Tiffin briefed the committee on a request for Board approval to seek eminent domain action. The university is seeking to secure Clean Ohio Assistance funds in order to remediate the Rosenblatt Scrap Yard property for future construction of facilities such as a recreation center and student housing. The property, currently owned by several members of the Rosenblatt family none of whom were in attendance, contains a number of environmental hazards. While the owners have expressed a willingness to sell the property, there is disagreement between the owners and the University of Tiffin regarding valuation of the property. Another complicating factor is the difficulty in dealing with eight individuals, who would all have to agree to the sale. The legal rights of the current tenant (Harrod Corporation) with respect to the property are unknown. The committee agreed that further consideration of this matter is needed and decided not to take any action at this time. The University's request will be revisited at the April meeting.

### **Old Business**

The committee recommended Board approval of a \$1,000,000 Joint-Use agreement between Case Western Reserve University and the Ohio Board of Regents in support of the Cleveland Center for Structural Biology as well as a pledge of student fees by Ohio University to finance capital projects. Controlling Board items for January and February 2006 were also reviewed and recommended for Board approval

The meeting was adjourned by Regent Beeghly.