

**Resources & System Efficiency Committee  
Ohio Board of Regents  
Minutes of the Meeting of March 22, 2007**

The meeting of the Resources & System Efficiency Committee of the Ohio Board of Regents was held at the Regents' offices in Columbus, Ohio. The following members were in attendance:

Committee Members:

Jerome Tatar, Chair  
Jeanette G. Brown  
Anthony Houston  
James Tuschman

Other Board members in attendance:

Edmund Adams  
Donna Alvarado  
Bruce Beeghly  
James Patterson  
Walter A. Reiling  
Eric Fingerhut, Chancellor

The meeting was called to order by Regent Tatar and the minutes of the January 18, 2007 Committee meeting were approved without objection.

**Old Business**

The following item was reviewed and recommended for this month's board consent agenda:

- A request from Cleveland State University to pledge student fees in support of a bond issuance not to exceed \$52,135,000.

**New Business**

Stephen Donohue of Shawnee State University briefed the Committee on the University's request to pledge student fees in support of a bond issuance not to exceed \$18,000,000 to finance the expansion and renovation of the University Center. Built in 1992, the Center's dining facilities are no longer sufficient to meet the needs of the increased number of residential students attending Shawnee State. The project has been approved by the University's Student Government Association.

The Committee members reviewed the data driving the remaining distributions of the FY 2007 Family Practice and Primary Care Residency appropriations.

Controlling Board items for January and February of 2007 were recommended for Board approval.

## Reports and Updates

Vice Chancellor Petrick briefly updated the Committee on the final FY 2006 S.B. 6 financial ratios. These ratios help ensure that campuses keep their level of debt under control and maintain a healthy fund balance. A composite score below 1.75 for two consecutive years would result in a campus being placed on fiscal watch; as a result, campuses take these ratios very seriously. The University of Cincinnati's composite score of 2.60, though still well above the 1.75 threshold, was the result of several one-time accounting items related to depreciation of assets. Regent Houston requested that staff take a second look at the scores for Edison State Community College, Cincinnati State Technical & Community College, and Youngstown State University.

Vice Chancellor Petrick provided an overview of the FY 2008-09 Executive Operating Budget. The budget provides an additional \$100 million to Higher Education in FY 2008, and flat funding in FY 2009. Compared to recent budgets, this represents a very large increase in support to Higher Education. Within the budget, significant changes are recommended, most notably as related to the State Share of Investment (SSI) and financial aid. A new component of the SSI, the Higher Education Compact, would provide additional funds to institutions that agree to restrain tuition and increase operational efficiency. Funding of Student Choice grants would be limited to students with demonstrated financial need. In addition, funding of financial aid would be restricted to institutions whose programs are approved by the Board of Regents. As a result, Workforce Development grants (awarded to students attending proprietary institutions) are eliminated and Ohio College Opportunity (OCOG) funding to proprietary institutions would be limited to DeVry University and Bryant & Stratton College, as these institutions have chosen to be part the Regents system.

Chancellor Fingerhut offered his review of the Executive Budget, highlighting the following items:

1. The Higher Education Compact – this is a first step in a transparent, collaborative process that will prepare the system of Higher Education for future growth as recommend by the Governor's Commission on Higher Education & the Economy (CHEE), and outlined in Governor Strickland's Turnaround Ohio plan. Though it will be a difficult challenge for campuses, the Compact would send an emotional statement to students and parents and would demonstrate to the General Assembly an immediate benefit.
2. The significant resources involved in the phasing in of the Ohio College Opportunity Grant required taking a serious look at non-need based financial aid. As a result, the executive budget eliminates Student Choice grants to those students without demonstrated financial need, and limits financial aid to institutions that are part of the Board of Regents system. Chancellor Fingerhut noted that students with need who attend private institutions continue to receive OCOG grants that are double those received by similar students attending public institutions.

3. The Governor's Turnaround Ohio plan proposes a private fundraising effort in partnership with the Ohio College Access Network (OCAN) to provide matching challenge grants to help leverage resources.

Regent Alvarado wondered why funding for several statewide initiatives was flat in the Executive Budget. Vice-Chancellor Garry Walters responded that OARNet received a \$20 million allocation in the Department of Development's budget to develop a strategy to increase broadband access, and OhioLINK received a significant capital appropriation. In addition, Economic Growth Challenge received a significant increase for the Research Initiative, a performance funding initiative designed to increase Ohio's share of federally sponsored research. Regent Reiling expressed some concern about the absence of funding for the STEM<sup>2</sup> Initiatives.

The meeting was adjourned by Regent Tatar.