

Minutes
OHIO BOARD OF REGENTS
April 22, 2009

I. Call to Order

Regent Chair Tuschman called the meeting to order at 8:50 a.m. and asked that the roll be read.

II. Roll Call

Regent Secretary Reiling called the roll. Those present were:

Donna M. Alvarado
Bruce R. Beeghly
Timothy M. Burke
Daniel B. Hurwitz
Lana Z. Moresky
Walter A. Reiling, Jr.
James M. Tuschman

Regent Gary Cates arrived after the roll was called.

Regent James F. Patterson participated by audio conference.

Regent Reiling stated "the record reflects that notice of this meeting was given in accordance with provisions of the Board of Regents' Ohio Administrative Code § 3333-1-14, which rule was adopted in accordance with section 121.22(F) of the Ohio Revised Code." Regent Tuschman reported that a quorum was present.

Regent Chair Tuschman introduced new Regent Daniel Hurwitz. Chair Tuschman welcomed him to the meeting and said he was very pleased to have him be a part of the board.

III. Approval of Minutes

A motion was made by Regent Burke and seconded by Regent Reiling to approve the minutes of the March 18, 2009 Board meeting. All Regents voted in favor of the motion.

IV. Opening Remarks from the Regent Chair

Regent Chair Tuschman remarked that the storm of change is the reality of today and said many of the agenda items will affect changes to how the Board operates and to the education of students. The May meeting at the University of Toledo will show the changes that have come about due to the merger of the University of Toledo and Medical University of Ohio. The rapid changes in our society have a corresponding change in our institutions.

V. Trustee Engagement Update

Regent Alvarado spoke to the idea of the institution's trustees taking on the mantle of proactive leadership. The Regents are looking at an initiative where they can serve as a statewide catalyst to the trustees for change. The trustees have indicated they would like more communications from the Regents to the trustees, the opportunity for significant input, and more opportunities for trustee education and development. In response, the Regents plan the following actions:

- Begin regular campus visits by the Regents to meet with trustees. Meetings have been scheduled at the University of Toledo; Sinclair Community College in June; and Kent State University in July. A meeting at an Adult Career Center will be scheduled for September.
- Roundtable meetings will be held between the Regents and the full board of the Trustees at the various institutions. A meeting at Clark State Community College will be scheduled for June.
- The Ohio State Academic Affairs Committee is scheduled to meet June 16. They have invited the Regents to attend to meet with the Provost and Chairman of the Academic Affairs Committee. Following this meeting, the Regents will travel to Sinclair Community College.

Chancellor Fingerhut asked the Regents to consider convening trustees for regional meetings. This will help to create a cohesive and comprehensive plan that supports the strategic plan and the goals of the state and may help to attract funding for this trustee engagement initiative.

The use of an interactive web space and a newsletter for communication with the trustees was discussed. The Chancellor's staff is working on collecting up to date contact information on the trustees.

Discussion was held regarding the role of the trustees in relationship to the University System of Ohio. The Ohio Board of Regents is trying to engage the trustees in proactive management of their institutions and helping them become leaders for the entire state university system. Comments from the Regents included the possibility of having trustees also sit on the board of another higher education institution, leveraging the talents of the trustees to benefit both the University System of Ohio and the economic development of the state. The Ohio Revised Code limits the trustee's service to their individual institution. This may need to be changed if they are to work with the University System of Ohio as a whole.

Regent Patterson joined the meeting by audio conference. Regent Cates joined the meeting in person.

Chancellor Fingerhut said that the perspective of the trustees must be broadened from that of being fiduciaries for an individual institution to that of being state leaders. He feels that they will need more information and more input into the decision making process for the state. It will be the Ohio Board of Regents role to talk to the trustees either individually or in groups to help bring this change about and to provide training opportunities to the trustees. The Regents talked about the possibility of seeking outside funding for the trustee engagement project.

If legislative change needs to be undertaken to codify the governance structure, it should be done in a deliberative, transparent manner with sufficient time to develop a consensus for legislative language change in trusteeship.

Chair Tuschman read excerpts from the Forbes magazine article entitled "Ohio, State of Perfect Balance" regarding education for work force development. The article said

the state's strong University System and the state's commitment to education makes it a good place to do business.

Chair Tuschman outlined the trustee engagement action plan:

1. Regent Alvarado will develop a plan for regional trustee meetings and assign Regents to each of the four quadrants.
2. Regents will initiate trustee meetings at some individual institutions. Meetings with Clark State and Ohio State University trustees are currently being scheduled.
3. The Chancellor will work with Regent Alvarado regarding the creation of a task force on the strategic plan of the University System of Ohio.
4. A meeting with legislative leaders who are interested in higher education will be pursued to engage the trustees in a conversation on moving the state's economy forward. It could possibly be in the form of informal conversations between the legislators and trustees or it could be professionally facilitated.

A strategic action plan will be created and presented to the Regents at their next Board meeting. Regents were asked to give Regent Alvarado or the Chancellor names of any foundations that could be contacted regarding this project.

VI. Efficiency Council

Associate Vice Chancellor of Affordability and Efficiency McLean presented a report on the Efficiency Council. The purpose of the council is to monitor spending practices and encourage their usage around the state of Ohio. It is composed of 11 different members including Regents Beeghly and Alvarado. They are focusing on five main topics: Energy Use and Efficiency; Educational Technology, Purchasing, HR administration and Academic Efficiency.

The first meeting covered energy efficiency and best practices in the University System of Ohio. Lakeland University has set the best practice standard for the institutions. Education technology was discussed at second meeting and focused on what was being done on the individual campuses. The next meet will be held May 7 and will cover the topic of purchasing coordination and obtaining the maximum involvement of all agencies. He invited interested Regents to attend in person or by audio conference.

The Efficiency Council is trying to understand what is being done on the campuses as a whole and to get a complete picture of what is being done well. They would like to develop an understanding of best practices and then determine where the council's efforts should be focused. They are developing best practices benchmarks that can be used to ultimately create explicit goals and assistance to the institutions to reach those goals.

The Chancellor thanked Pat McLean and Paolo DeMario for their work. He said this is an area where the Regents' professional and business expertise is needed. He would like to develop a matrix that is publicly discussed and reviewed that shows the ranking of the higher education institutions on energy utilizations.

Discussion followed concerning the necessity for shared services in the current economic times. Incentives or legislative mandates are needed for the institutions to consider shared services. The individual Institution will need to look at what it needs to

maintain its mission and serve its students and determine common functions of all the institutions that can be shared. It was suggested that shared services may be a topic to consider for the next Condition Report.

VII. Lumina Foundation – Making Opportunity Affordable

Chair Tuschman distributed background information on the Making Opportunity Affordable initiative. The Lumina Foundation has invited 11 states to attend a national meeting in Denver, Colorado on June 9-11 to share their experiences and begin competition for the next grants. The Regents were invited to attend this expense paid meeting. Regents Alvarado and Reiling volunteered to attend the June 9th session.

VIII. Presentation Regarding Shared Services

Joy Wright and Ted Mallires of the firm Plante & Moran gave a PowerPoint presentation regarding the sharing of services between the University of Akron and Lorain County Community College. They explained that shared services can reduce costs and increase efficiencies and expertise of people, equipment, facilities and technology.

Critical success factors include a clearly defined scope, well defined service level agreements, governance model, increased standardization and the sharing of best practices. It is vital that the institutions have a governance and input into the services that will be shared. Advantages include the leveraging of existing assets, technology economies of scale, leveraging of past experiences, shared ERP systems and greater standardization. This will bring about the potential for reduced annual costs, a better competitive advantage and the enhancement of the institution's image. There is an initial increase of cost in building the system with savings occurring upon use of the system.

Disadvantages of shared services include the creation or changing of the service provider, uptime and disaster recovery is more critical, maintenance windows may need to be changed, the perceived and/or real lose of individual control, and the need for greater standardization. Constraints include finding a collaborator, elimination of staff, and the need to focus on non-competing business processes.

The Akron/Lorain project is ongoing as they identify areas that they can share. The project will go live in January of 2010. The initial study took approximately four months and will be run from a single campus with a vision for a third party entity. The initial system is the ERP system.

Paolo DeMario said that OhioLINK and OARnet are examples of shared services that are hugely successful state agencies.

IX. Chancellor's Report

The Chancellor distributed copies of the testimony he provided to the Senate Finance Committee. He said the House version of the budget was released, but there are many changes that may happen before the budget is passed out of the Senate.

The second cornerstone of the budget entails reform to the state financial aid policies. By holding down tuition and the increase in the Pell Grant students can attend a community college for almost no out of pocket costs for tuition. He is working on strategies to increase affordability for students to attend the four-year institutions.

The Chancellor is beginning to see progress in the institutions creating low cost options to keep college affordable in Ohio. The Ohio University Zanesville campus has lowered their tuition to match that of Zane State. This means a student can get a four-year degree for less than \$16,000 which is 35% less than the average cost nationally. Columbus State is offering a 3+1 option where the student can attend Columbus State for three years and take their final year at Ohio University and receive a bachelor's degree in the range of \$16,000. He is working to get the message out regarding these affordable options. Northwest State Community College has lowered tuition costs twice: one for Friday afternoon classes and recently they voted to reduce tuition cost by \$5 per credit hour.

Discussion was held regarding the block grant and the for-profit institutions rationale for not accepting it. The for-profit schools believe they are entitled to receive a per student scholarship; however, the Chancellor's position is that this is not possible. He would welcome more talks with the for-profit institutions when the budget is passed. He said that there is no evidence that state aid impacts the student's choice of institution. The block grant will be re-evaluated in two years.

The Chancellor thanked the Regents for their response in contacting the Legislature on construction reform and urged them to continue to communicate that this is of utmost priority. Chair Tuschman said that presidents should publically announce or disclose their estimates of what the construction reform would save their institutions and get these comments on the record and urge their school's trustees to communicate with their legislators the need for this reform. If the reform does not pass, schools may not be able to raise monies because they will not be able to show efficiencies to donors. The reform will not reduce work for the contractors, but instead will allow savings to be put back into other construction projects.

The Chancellor spoke of current initiatives that drive affordability. Ten awards of \$1,000 each were made to faculty members who have developed materials for free student use. The recipients were honored by the Senate and the House. Five grants of \$50,000 each were awarded to faculty teams to develop course materials that can be offered to the students for free.

Dual enrollment is moving aggressively. Columbus State offers 10 online AP courses. Within 10 years, 50 percent of high school courses will be delivered online with high schools managing student's access to courses. The online conversation is being driven in the colleges and universities by products that are being tailored to meet student needs.

X. Third Condition Report

Chair Tuschman said a possibility for the third condition report would be to update the information contained in the First Condition Report. Regent Beeghly said the first report should be revisited on a regular basis. This information could also be included as a scorecard or distributed in another method by the Chancellor.

Discussion was held on the content of the third condition report. It was decided that the report should be student centric with items regarding new delivery and funding strategies to produce more degrees and how well Ohio is positioned regarding academic

and administrative efficiencies included in it. Chair Tuschman will confer with Regent Patterson and Consultant Albright and redistribute ideas for the report to the Regents.

XI. Taking Regents Board Meetings on the Road

Chair Tuschman reviewed the Board Meeting schedule through September:

- May 18-19 – The University of Toledo
- June 16-17 – OSU Meeting and Sinclair Community College
- July 14-15 – Kent State University
- August – No meeting
- September – Meet to be scheduled at an Adult Career

XII. Preview of May Board of Regents Meeting

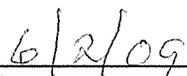
Chair Tuschman said the agenda for the visit includes a tour, Leadership dinner and a presentation on “Learning in a Socially Networked World” and a social breakfast with the trustees. Information on the meeting will be sent to the Regents.

XIII. Adjourn

Chair Tuschman asked for a motion to adjourn. Regent Hurwitz made a motion to adjourn the meeting and Regent Burke seconded the motion. The motion was approved. The meeting was adjourned at 1:15 p.m.

The next scheduled Board meeting is Wednesday, May 19, 2009 from 9:00 a.m. to 2:30 p.m. at the University of Toledo.


Ohio Board of Regents


Date