

**Resources Committee
Ohio Board of Regents
Minutes of the Meeting of November 16, 2000**

The meeting of the Resources Committee of the Ohio Board of Regents was held at Procter and Gamble Pharmaceuticals in Mason, Ohio. In attendance were the following:

Ohio Board of Regents members:

Ralph Schey, Committee Chair
Gerald Gordon
Gerald Miller

Ohio Board of Regents staff:

Rich Petrick, Vice Chancellor for Finance
Deborah Gavlik, Director of Budgets and Resource Planning
Robert Johnson, Administrator, Workforce Development

Guests:

Terry Thomas, Ohio Association of Community Colleges
Bob Faaborg, University of Cincinnati, Ohio Faculty Council
Pat Myers, Kent State University
David Creamer, Kent State University
Roy Palmer, Hocking Technical College
J. William Hill, Hocking Technical College
Dan Maher, Jack Nicklaus Museum
Gerald Goodson, Jack Nicklaus Museum
Christopher Culley, Ohio State University
Sally Perz, University of Toledo
James Johnson, OFSCTC, Sinclair Community College

The meeting was called to order by Regent Schey.

In reviewing the minutes of the October 19th meeting, Regent Gordon recalled the discussion concerning the effort by Toledo Fire Department Assistant Chief Joe Walter to promote fire sprinkling systems at all Ohio college and university dormitories. Regent Gordon recited one passage for emphasis: "Regent Gordon state that this represents an important issue. Regent Gordon also observed that more students probably die each year in dorms from drug abuse than from fires, and noted that the Regents have very limited authority regarding student housing, as dormitories are funded independently by campus auxiliaries. " The minutes were approved without objection.

Regent Gordon stated that this represents an important issue. Regent Gordon also observed that more students probably die each year in dorms from drug abuse than from fires, and noted that the Regents have very limited authority regarding student housing, as dormitories are funded independently by campus auxiliaries.

Regent Miller raised the issue of the elimination of the fee caps. Vice Chancellor Petrick said that he will be working with the Office of Budget and Management and legislators on this issue. He doesn't know how they will react to the issue. Regent

Miller said that since the same percentage increases apply equally, an institution's tuition and fees at the time of the implementation of the fee caps drive each institution's current tuition and fees. Vice Chancellor Petrick remarked that campuses have different markets, and that if the fee caps were lifted, urban institutions would probably institute smaller increases than the four corner universities. He pointed out that some campuses legally have exceeded the fee caps because of new debt obligations. Regent Gordon asked for a historical breakdown of the amount by which each institution has increased its fees since the inception of the fee caps. Miami University might have been able to exceed the fee caps because of high demand. Universities are reporting that at certain times they may need to increase fees by eight percent, but at other times may only need to increase fees by two percent. Vice Chancellor Petrick said that the caps have very quickly become the floor – if campuses don't increase to the cap, they are never able to make up the difference. Sally Perz reminded the group that it is a new day in the General Assembly. New members are market-based thinkers and are conservative. So there might be an opportunity to eliminate the fee caps. Regent Gordon said that the two-year campuses should also have input into this issue. Terry Thomas agreed with Vice Chancellor Petrick that the caps have become the floor. He said that the proposal by Darrel Winefordner of Ohio University has a lot of merit and gives institutions a chance to recoup their losses if needed. Regent Gordon says that apart from the general issue of fee caps, Ohio State University has special circumstance and may need to seek special consideration from the legislature. He said that Purdue University and the University of Wisconsin receive special funding from their respective legislatures, and that we have to look at Ohio State University in a special way. Regent Gordon said that Ohio State University should state what they need. He said that if we want Ohio State University to look like the University of Michigan, Ohio State University will need more money. Regent Schey said that part of the goal is to increase the market demand for Ohio graduates, and to do that, we have to have the best teaching staff available. He said that institutions have to set the right prices.

Reports and Updates

Vice Chancellor Petrick reported on the progress of the capital process web page, which provides one-stop shopping for campuses. The new web-based page should help provide much more information and service to our campus customers and help reduce the number of calls to Regents' staff. Staff will still be available to answer questions, but campuses will be able to have many questions answered by clicking on the various links on the page. Currently, campuses submit their hard-copy capital requests and Regents' staff enters the information manually. Under the new process in planning, campuses would be able to submit their capital requests electronically. Regent Schey asked if campuses will be reporting depreciation costs. Vice Chancellor Petrick answered that all campuses will be required to report depreciation expenses under the new GASB 34/35 requirements. Vice Chancellor Petrick provided a classroom activity utilization report from the new capital submission. Regent Gordon commented that benchmarks were missing from classroom utilization report. He said that the Ohio system is over-built. Regent Gordon said that campus facilities are an asset that won't have to be built in the future. He said that sometimes classes are scheduled to meet professors' preferences rather than meeting the needs of the customer.

Items for review in November (action in December)

Vice Chancellor Rich Petrick presented the draft FY 2001 instructional subsidy allocations. A total of \$1,646,487,040 would be allocated through the instructional subsidy formula. Appropriations exceed formula earnings by approximately \$2.4 million. This amount would be distributed to campuses by slightly lowering the fee assumptions, if approved by the Board of Regents and the Controlling Board. Regent Gordon asked if the instructional subsidy formula is solely driven by enrollments. Vice Chancellor Petrick said that by and large, enrollments drive subsidy. Regent Gordon then wondered why we have enrollment caps at certain universities. He said that when the community colleges were built, there was concern that they wouldn't have a chance to grow if there were no enrollment caps. Regent Miller said that the enrollment caps are an artificial barrier. Regent Gordon wondered if there would be a big expansion at some campuses if the enrollment caps are removed. He thinks that there wouldn't necessarily be a big increase because it is hard to grow too fast.

Vice Chancellor Petrick reported on the upcoming release of \$4 million in Jobs Challenge Workforce Incentive grants. He said that rural campuses have witnessed growth in this area. Vice Chancellor Petrick reported that two-year campuses have received \$38.2 million in revenues to provide services to companies.

David Creamer, Vice President for Finance at Kent State University, reported on Kent State's request to pledge student fees in support of \$155.5 million in General Receipts bonds to construct a new residential complex and renovate or replace existing residential facilities. Kent State's dormitories were designed at a time when there were no computers and no microwaves. For residential campuses, the housing environment is almost as important as the academic environment. Kent State would build a new complex, and then would have "swing" space as other dorms are renovated. Regent Gordon stated that he has the utmost confidence in how Kent State runs its operations.

Representatives from the Jack Nicklaus museum reported on the joint use agreement between the Ohio State University and the Jack Nicklaus Museum, Inc. This is the second appropriation for the museum. Several internships are available for students at Ohio State University. Regent Schey commented that we should do things to encourage innovation at our campuses.

Items for action

Vice Chancellor Petrick briefed the Committee on the consent agenda items for November – a request by Hocking Technical College for a pledge of student fees in support of a bond issuance not to exceed \$3,000,000, a joint use agreement between Columbus State Community College and the Columbus Association for the Performing Arts for \$3,000,000, and Controlling Board items. The committee approved these items.

In response to a letter from the Assistant Chief of the Toledo Department of Fire encouraging the Board of Regents to support efforts to retrofit dormitories with sprinkler systems, Regent Gordon repeated his earlier comments that more students die from drug overdoses than from dormitory fires. He said that the fire chief is under the impression that the Board has more authority than it actually has. Regent Miller reiterated that the Regents consider removing the enrollment caps. Vice Chancellor

Petrick said that he would like to get feedback on enrollment caps from the broader higher education community. He will try to obtain more about the legislative history of the caps. If the original purpose of the caps is no longer valid, we should seek to remove the caps. Regent Gordon stated that tuition caps didn't cure anything, and actually exacerbated the situation.

The meeting was adjourned.