

**Ohio Board of Regents Minutes**  
**Ohio Board of Regents, Columbus, Ohio**  
**February 3, 2010**

**I. Welcome and Roll Call**

Chair Tuschman called the meeting to order and asked that the roll call be read.

Secretary 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."

Secretary Reiling called the roll. Those present were:

Donna Alvarado  
Timothy Burke  
Bonnie Milenthal  
Lana Moresky  
Walter Reiling  
James Tuschman

Secretary Reiling declared there was a quorum present. Regent Gary Cates joined the meeting after the roll call was read. Regent James Patterson participated in the meeting via audio conference.

**II. Approval of Minutes**

Chair Tuschman asked if there were any changes or corrections to the draft January 6, 2010 minutes as previously emailed to the Regents. Regent Alvarado asked that the minutes be amended to include language indicating that Regents Alvarado, Burke, Milenthal and Moresky will serve on the Core Trustee Engagement Group and that they were to meet with the facilitators to discuss the direction for the trustee engagement facilitation. A motion was made by Regent Moresky and seconded by Regent Reiling to accept the minutes as amended. The minutes were approved.

**III. Chairman's Report**

Chair Tuschman made opening comments and reviewed the day's agenda. The review of the Chancellor was postponed until the March Board meeting to give the Chancellor additional time to prepare. Chair Tuschman distributed memorandums detailing the review process and the five cluster skills a chancellor should possess for effective leadership.

The Board was asked to notify the Chancellor's staff if they needed to register for the Trustee Video Conference scheduled for March 1. Discussion was held regarding ways the Board could encourage trustee involvement with the video conference. Charles See works with the Chancellor's staff to support efforts to engage the trustees and encourage their participation in the conferences. Regent Milenthal volunteered to email the members of the Communications Working Group regarding the video conference.

Chair Tuschman asked the Chancellor's staff to send out read aheads as quickly as possible to give the Board adequate time to read the material. He said additional read ahead packets could be sent out as needed. The Chair said materials sent to him for review should also be sent to the Board members.

Chair Tuschman asked Chancellor Fingerhut to introduce Dr. John Brighton, the newly hired Vice Chancellor for Academic Affairs and System Integration. He said that Dr. Brighton would have an opportunity to address the Board later in the day.

Chancellor Fingerhut updated the Board on the status of the Third Frontier initiative. The Conference Committee produced a report that would place a \$700M, four year bond issue for the Third Frontier on the May ballot. The Conference Committee's report must still be passed by the House of Representatives and the Senate. The ballot initiative must then be approved by the voters. He thanked the Board for the enormous amount of hard work they did to promote the Third Frontier and thanked university and business leaders for talking to their legislators. He also thanked the leadership of the General Assembly for moving the Third Frontier forward. Special thanks were expressed to Matt Smydo and Noah Sudow of the Chancellor's staff for their work with the legislature on the initiative.

Chair Tuschman said the agreement was reached because of the strong leadership of the Chancellor who understands the legislative process and relationships in the legislature. The leadership of the Chancellor in these trying times made the difference in bringing this matter to the ballot for a vote. He thanked the Chancellor on his efforts. Senator Cates was thanked for his leadership in the Senate. Regent Alvarado also congratulated the Chancellor and said that simplifying the message for the electorate is very important so that voters will understand the Third Frontier initiative. The Third Frontier is about the future growth and creation of jobs in Ohio.

Chair Tuschman welcomed Dr. Brighton and said he looks forward to working with him. The Ohio Ethics Commission was asked for a formal advisory opinion to make sure there were no conflicts of interest as his wife is the Dean of the College of Education and Human Ecology at Ohio State University. Dr. Brighton will recuse himself as appropriate.

Chair Tuschman stated the Board will hold its March meeting at Bowling Green State University. Agenda items for the March meeting include recognizing BGSU's 100<sup>th</sup> anniversary, presentations from Dr. Jeffery Gold of the University of Toledo regarding 1) the design and monitoring system of the university's strategic plan and 2) medical education in Ohio. Chair Tuschman asked for a motion to give the Chair authority to select the trustees to be honored from the institutions the Board visits. A motion was made by Regent Burke and seconded by Regent Alvarado to give authority to the Chair to speak to the officials at the different institutions the Board is visiting to single out one or two trustees to be honored for their service. The motion carried.

#### **IV. Financial Ratios**

Rich Petrick, Vice Chancellor of Finance and Katie Hensel, Finance Director presented a report of financial ratios and financial conditions of the higher education institutions. Senate Bill 6 gives the Chancellor's staff a statutory requirement to monitor campus finances. It is done by reviewing quarterly reports and the end of year audited financial statements from the institutions. They calculate a composite score which is a single indicator of campus financial health. Three different ratios are used in the calculation: viability, net income and primary reserve that range from a low of 0 to a high of 5. A score below 1.75 for two years in a row places the school on a financial watch. Ohio is the only state in the nation that does this review of campus finances in this manner. Vice Chancellor Petrick reviewed Table I, FY 2009 Financial Ratio Analysis Institutional Ratios and Scores and explained the changes in the composite scores for a sampling of schools. He also explained the various factors that affect the scores such as plant debt and a decrease in investments.

Regents Reiling and Patterson questioned Vice Chancellor Petrick regarding the downward trend in campus finance. Schools are required to tell the reasons for each decrease and explain what is being done to stabilize the situation. He anticipates a turnaround in 2010 because the investment portfolios of the schools are gaining. He also initiates an informal monitoring of schools and asks for monthly updates when necessary. Schools are also proactive and will contact the Chancellor's staff to explain what is happening financially. The Regents said trends over a two to five year period should be monitored. It was suggested that this would be a good area for trustee oversight and for policies that would hold the president accountable to monitor investments. Reviewing financial reports will be a permanent February agenda item for the Board of Regents. The trustee education working group will include a segment on fiscal oversight.

Vice Chancellor Petrick also reported on the history of long term fiscal debt for the campuses. The report addresses the plant debt taken on by the schools. The plant debt has increased to \$4.4B in FY09. Discussion was held regarding fiscal responsibilities and efficiencies of the higher education institutions. Schools are forming partnerships to share facilities and using outreach campuses to reduce the need for new buildings. The University of Cincinnati has enacted a turnaround plan to reduce their debt which has helped to decrease their debt from \$165M to \$60M.

Table 2, "FY 2009 Institutional Financial Data" was also reviewed. Community colleges have had a good return on the dollar. Community colleges have taken the influx of new students while four year institutions had a decrease in enrollment due to affordability issues and the trend of students going to community colleges prior to enrollment in the four year institutions. The CFO's of the schools meet monthly and share practices and returns. The Chancellor commented that he wants a strategy for growth at our lowest price points with growing quality and expertise.

Vice Chancellor Petrick summarized by stating that based upon the information provided to the Chancellor's staff, the financial state of higher education in Ohio is acceptable. The Senate Bill 6 process works and gives the staff the information needed to monitor the institutions. Chancellor Fingerhut said his office was fortunate to have the financial team they have and that they do excellent work. The Board also expressed appreciation for their work.

#### **V. Condition Report**

Regent Patterson gave the timeline for the completion of the report. Stakeholder comments regarding the third Condition Report were shared with the Board. Consultant Albright will outline the conclusions that were not included with the draft sent to the stakeholders and will send out a new draft of the Condition Report to the Board for comments and review prior to the March Board meeting. Discussion was held regarding the comments of the stakeholders and their helpfulness in framing the report. Consultant Albright reviewed the changes made to the draft since the January Board meeting. She included a section in the draft that addresses myths that affect higher education students. Regent Milenthal said that in general students should be looked at as our customers and we need to meet them where they are, understand their needs, and try to provide the programs and packaging they need. She said that receiving a degree makes the students viable to reach the next level which includes a good quality, high paying job.

Consultant Albright said the audience for the report is the public and elected officials. The report must explain the programs in terms they can understand. Each section of the report was reviewed for input and comment by the Board. She said that comments from the stakeholders offered ideas for future reports.

Discussion was held regarding reviewing the progress made from previous condition reports. The third report will include a section showing comparisons of the key indicators outlined in the first condition report. Chair Tuschman said they are looking at how key facts are aligned with the Chancellor's goals such as delivering education at the lowest cost factors or in terms of faculty pay for performance in regard to students' success. Change is expected from policy changes, but people will also respond to rewards and incentives that are intrinsic to them.

The report will be revised to reflect the day's discussion and comments from stakeholder feedback and emailed to the Board for review. Changes to the draft will be made based on input from the Board and resent within a week of the review. A final review will be made at the March Board meeting. The Board was asked to send their responses by email to all the Board members so that everyone can see the comments being made.

## **VI. Chancellor's Report**

Chancellor Fingerhut recognized staff members Matt Smydo and Noah Sudow for their work on the Third Frontier initiative. He said they carried the yeoman's share of the work and that their substance and leadership made all the difference in moving the initiative through the General Assembly. He also introduced Dr. Stephanie Davidson, Associate Vice Chancellor, Program Development and Approval, who serves as the conduit for all program review and approval. Since September she also shouldered the duties of the Vice Chancellor of Academic Affairs and System Integration. He expressed his appreciation for her work in the dual positions over the last few months.

Chancellor Fingerhut gave Dr. Brighton the opportunity to address the Board. Dr. Brighton has the background of a patent engineer and helped to develop an artificial heart. He brings with him academic experience from Penn State University and Georgia Tech. Dr. Brighton said he will work to fulfill the goals of the strategic plan and will serve as the Chancellor's principal academic advisor. The Chancellor said Dr. Brighton's addition as Vice Chancellor for Academic Affairs and System Integration will strengthen the staff's quality and leadership. The Board welcomed Dr. Brighton.

Chancellor Fingerhut distributed a copy of the Governor's State of the State address with elements regarding the University System of Ohio highlighted in yellow to show the extent the agency is working with the Governor's office to advance employment in the state. The Third Frontier, Work Development, and Entrepreneurship are all initiatives of higher education. The creation of a system-wide office to help companies deal with research and technology transfer is an innovative initiative that is being developed with assistance from the Attorney General's office. One of the benefits of being the University System of Ohio is the opportunity to participate in the National Association of System Heads made up of university systems across the country. One of their initiatives is to work with the Education Trust with funding from the Gates Foundation on the Access to Success project to improve graduation rates of underrepresented minorities in higher education. Their goal is to cut in half the disparity between non-minority and minority graduation rates by 2015. They will send out a baseline report on Ohio's project and reports on Ohio's Bachelor and Associate degrees attainment. Charles See will check the report to see if it includes comparisons on gender differences.

The Chancellor is in the process of compiling information for the Capital budget. He is very cognizant that it will be a smaller budget than in the past. A technology infrastructure is being built with the five principle higher education technology organizations of OARnet, Ohio Supercomputer Center, Ohio Learning Network, OhioLINK and eTech Ohio to integrate them as a technology council. Three new executive directors have been hired for these organizations and searches are underway for executive

directors for OhioLINK and OSC. Plans are underway to hire a Chief Technology Officer to oversee these organizations to make sure they are working together and moving in the same direction.

The Ohio Tuition Trust Authority is moving forward with very interesting and creative work regarding a strategy for a pre-pay program to help make higher education affordable. Mike Prescott is doing an extraordinary job as their new director.

Chancellor Fingerhut said efforts to promote economic advancement are making good progress. His staff is very focused on affordability and efficiencies and would like to move the efficiencies across the system more quickly. He is working to fill the position of Vice Chancellor for Affordability and Efficiency. The Chancellor's staff is collaborating with Ohio State University to do research and outreach in areas such as enrollment and affordability issues.

Michael Chaney, Chief Communications Officer, described the Ohio Enroll program. It was created to help make the transition from print media to sight and sound in telling the story of what is happening in higher education. It takes people through a condensed version of a presentation of social media and education shifts and compares data on what is being done against what people really want to know. The research information will be shared across the entire USO. Board members were invited to attend the sessions. Events can be posted on the website as they happen. The goal is to learn how to get messages out and to keep at it until we know people have really heard the message. The Chancellor thanked Lori McCarthy for her creativity on the materials from the Communications Department.

#### **VII. Trustee Engagement**

Regent Alvarado reported on the status of the trustee engagement project. In following the direction of the Board of Regents, she had a phone conversation with Regent Milenthal and Charles See to discuss the general direction for the next steps of the engagement in the form of a retreat to move the project forward. A meeting was held with the facilitators to describe the anticipated next steps. The facilitators will submit a revised proposal. A core group of 15 to 20 people will be created composed of four regents, the Chancellor, the four trustees that volunteered to serve on the group, members from the Communications Working Group, and possible membership from Career Center boards. The membership will be a representative group from across the state. The retreat could be held in late March at either a higher education institution or state owned facility. The structure of the two day session will be revamped to focus on the first step to be taken and to train the participants in the necessary skills of facilitation dialogue so they can serve as group leaders. The Board will need to look at resources to fund the retreat.

The proposal will be forwarded to the Board for discussion at the March Board meeting. The core group will engage with the facilitators to define the University System of Ohio, clarify the concept of collective stewardship and identify ways to move forward with the trustee engagement process. Chancellor Fingerhut will provide information describing the basic concept of the USO.

The Board and Chancellor extended their sympathy to facilitator Deb Helber on the loss of her husband.

#### **VIII. Communications Working Group Update**

Charles See, Board liaison for the Chancellor presented an update on the Communications Working Group. The group met on January 26 to share input from their boards regarding the charter. There was general approval of the charter. Regent Alvarado explained the trustee engagement core group and asked for volunteers to serve on it. Michael Chaney presented an example of an Ohio Board of Regents NING website showing how it could be used for trustee communication. The presentation

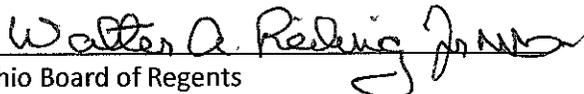
was followed by a time of brainstorming on the information that could be placed on a trustee site. A meeting will be held with Regent Milenthal, Michael Chaney and Charles See to discuss the initial site. The site could be demonstrated at the upcoming trustee video conference. He stated that the website is being created in response to the initial focus groups' request to improve communications with the trustees. The next Communications Working Group meeting will outline the elements of a communication plan. The working group is very engaged with a high level of excitement and involvement.

**IX. Adjournment**

The Chancellor announced the General Assembly voted to accept the conference committee's report and place the renewal of the Third Frontier on the May 4, 2010 ballot.

Chair Tuschman asked that meetings with representatives of the General Assembly regarding the Condition Report be scheduled before March 31<sup>st</sup>.

The next meeting of the Ohio Board of Regents will be held March 3, 2010 at the Bowling Green State University.

  
Ohio Board of Regents

\_\_\_\_\_  
March 3, 2010  
Date