

**Resources & System Efficiency Committee
Ohio Board of Regents
Minutes of the Meeting of November 13, 2003**

The meeting of the Resources & System Efficiency Committee of the Ohio Board of Regents was held at the Regents' offices on the 36th floor of the Rhodes State Office Tower in Columbus, Ohio. In attendance were the following:

Committee members:

Edmund Adams, Committee Chair
Bruce Beeghly
Gilbert Reese

Other Board members in attendance:

Jeanette Brown
Gerald Miller
Thomas Noe
Ralph Schey

Ohio Board of Regents staff:

Jamie Abel, Assistant Director for Media Relations
Harry Andrist, Director, Research & Graduate Programs
David Barber, Consultant, Academic & Access Programs
Roderick Chu, Chancellor
Bret Crow, Assistant Director for Communications
Jocelyn Frasier, Assistant Director, Knowledge Economy Awareness Initiative
Kris Frost, Vice Chancellor for Operations
Deborah Gavlik, Associate Vice Chancellor, Government Relations
Darrell Glenn, Director for Performance Reporting & Analysis
Jay Johnson, Assistant Director, HEI System
Robert Johnson, Assistant Director, Workforce Development
Kathy Hill, Administrator for Workforce Development
Andy Lechler, Senior Analyst
Neal McNally, Assistant Director, Budget & Resource Planning
Jim Nargang, Assistant Director, Capital Development
Rich Petrick, Vice Chancellor for Finance
Leslie Sawyer, Director, Access Initiatives
Charles Shahid, Assistant Director, State Grants & Scholarships
Michael Taggart, Director, Workforce Development
Bill Wagner, Administrator, Performance Reporting & Analysis
Garry Walters, Vice Chancellor for Access & Academic Programs
Shaun Yoder, Legislative Liaison

Guests:

John Buttelerwerth, Faculty Senate
Linda Carr, University of Toledo
Larry Christman, AICUO
Laurie Day, Cleveland St. Univ.
Earl Keese, Rhodes State College

Chuck Mann, Owens State
John McGrath, Stark St. College
Perry Moore, Wright State Univ.
Terry Thomas, OACC

The meeting was called to order by Regent Adams and the minutes of the October 2003 Committee were approved without objection.

Reports and updates

Vice Chancellor Petrick shared with the Committee some comparative capital data from other states. While only partial data is available, Ohio appears to be slightly below average in terms of state bonded capital appropriations per FTE student. Mr. Petrick noted that SHEEO is currently attempting to systematically collect comprehensive capital information from each state, which would allow for a more useful analysis in the future. Regent Adams asked if Regents staff had ever evaluated the impact of capital-related debt on tuition rates at Ohio campuses. Mr. Petrick stated that state-bonded debt has no impact on tuition, and that when issuing local debt, campuses are required to clearly identify any impact on student fees. Regent Miller suggested the possibility of using Standard & Poor's database to more effectively analyze capital data on a national scale. Mr. Petrick said that S&P's database is most likely proprietary information that could not be shared publicly.

Mr. Rich Petrick also updated the Committee on the development of the FY 2005-FY 2006 state capital budget. The total amount of capital dollars requested by campuses exceeds OBM's control total by about \$104 million. This total requested amount, therefore, will be pared down prior to January—when the Board will make its formal capital recommendations. Mr. Petrick reminded the Committee of the capacity study currently underway, the results of which would be shared in January.

November consent agenda items

Vice Chancellor Petrick briefed the Committee on the release and distribution of FY 2004 State Share of Instruction (SSI), Jobs Challenge and Success Challenge appropriations. Each calculation had been finalized with appropriate data. Mr. Petrick noted that due to the combination of enrollment growth and flat state funding, most campuses' SSI allocation is based on the 100% hold harmless guarantee, which consequently inhibits the formula from funding enrollment growth. Regent Brown asked if it were possible for students enrolled in distance learning courses to be double-counted and reported as subsidy-eligible at two campuses. Mr. Petrick said this is possible but does not believe the problem is intentional or systemic. Regent Brown asked why some four-year universities received Jobs Challenge funds, which are generally earmarked for two-year campuses. Mr. Petrick stated that the Jobs Challenge funds are earmarked for member campuses of the EnterpriseOhio Network and that some universities—Akron, Cincinnati, Shawnee, Toledo and YSU—are members of this network and have two-year missions.

Mr. Petrick said that due to a scheduling conflict, a representative from the University of Cincinnati was unable to attend the meeting to brief the Committee on UC's request to pledge student fees in support of a \$94.5 million bond issue. However, someone from UC would attend the next Committee meeting in January—when the full Board would consider UC's request. Regent Adams noted that UC's FY 2002 audited financial statement noted a downgrade by Moody's to UC's outlook. Regent Adams asked that a representative from UC address this issue at the January meeting. Mr. Petrick said that UC's FY 2003 audited financial statements and ratio analysis would be available for the January meeting. He also pointed out that UC has been very effective at

expanding its revenue sources, as evidenced by the \$60 million gift received in 2002 to increase its endowment.

Ms. Terri Gehr briefed the Committee on Columbus State Community College's request to pledge student fees in support of a \$17.2 million bond issue to finance the construction of a new bookstore and child development center and for a potential land acquisition to expand the College's service area to Delaware County. Ms. Gehr said the existing bookstore is inadequate for the growing College, which has seen its enrollments increase by 42% during the past six years. Regent Adams asked if there is evidence to suggest that Delaware County is underserved and if a demonstrated need exists there to warrant Columbus State's expansion. Ms. Gehr said that the College had undertaken an extensive demographic assessment that suggests a market does exist in Delaware County due to significant population growth there. Ms. Gehr also noted significant enrollment growth at Columbus State's satellite campus in Westerville, which is in relative close proximity to Delaware County. Ms. Gehr stated that a significant number of Columbus State students commute from Delaware County, and that a campus there would increase access for prospective students who might otherwise be unable or unwilling to drive to Columbus. Ms. Gehr asserted that Columbus State's downtown campus is essentially landlocked, hindering the College's ability to respond to increasing enrollments. Noting that the Governor's Commission on Higher Education & the Economy has focused on unnecessary program duplication, Regent Adams asked if there are other campuses located in Delaware County. Mr. Gehr said there is an Ohio State satellite campus in Delaware County, and Larry Christman identified Ohio Wesleyan University as the only private college there, which has a different mission than Columbus State.

Jim Buck briefed the Committee on Southern State Community College's request to increase by \$219,000 the debt authority approved by the Board of Regents in May 2003. The increased debt authority would allow the College to establish a debt service reserve and satisfy the rating requirements of Moody's Investors Services. Vice Chancellor Petrick stated that the increase will in no way materially affect Southern State's finances.

Items for Review in November, action in January

Michael Taggart briefed the Committee on the release and distribution of \$5,985,000 in noncredit job-training facilities grants appropriated in House Bill 675, to be used for capital improvements at these facilities. According to Mr. Taggart, grants ranging from \$205,000 to \$675,000 would be awarded on a competitive basis to 12 two-year campuses. Stark State College of Technology President John McGrath said he is very pleased and excited that his campus was chosen for a grant supporting a facility for its fuel cell developmental partnership with Case Western Reserve University. On a related matter, Mr. Petrick said that he would correct information shared with the Governor's Commission (by others) that erroneously suggested that Ohio does not support noncredit instruction.

The October Controlling Board items were also noted. The meeting was adjourned.