

Minutes  
OHIO BOARD OF REGENTS  
January 21, 2009

**I. Call to Order**

Regent Chair Alvarado called the meeting to order at 8:30 a.m. and asked that the roll be read.

**II. Roll Call**

Regent Secretary called the roll. Those present were:

Donna M. Alvarado

James M. Tuschman

Walter A. Reiling, Jr.

Timothy M. Burke arrived after the roll was called.

Regents James F. Patterson and Daniel B. Hurwitz participated by audio conference.

Regent Tuschman 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 not present, therefore business could be conducted but no vote could be taken.

Chair Alvarado opened the meeting by referring to President Obama's inaugural address. She said the theme of his speech was hope and that the Board of Regents would like to be purveyors of hope in the area of Ohio's higher education. The Regents want to ensure that every Ohioan who wants to upgrade skills or complete an education can access electronic education in order to meet these goals. As the Regents look at the condition report they need to ask what the key questions are that they would like to share with the governor and general assembly and what can be done in light of the federal stimulus package. Chancellor Fingerhut said that although the package has not passed Congress yet, it appears that the monies will be dedicated to higher education and over the next few weeks he will be called upon to determine how those monies will be spent.

Chair Alvarado said the Chancellor's Report has been moved on the agenda to before the lunch break. The Trustee Engagement Update will take place in the afternoon session.

**III. Recap of Stakeholder Input Received to Date on Second Annual Report on Condition of Higher Education in Ohio**

Brenda Albright, Regent consultant, said the stakeholder input from the December Regent meeting was excellent and a summary of the feedback was included in the Regent handout packet. She highlighted six areas of focus for the second annual condition report:

- Most trustees felt the institutions had sufficient space for additional students although some community colleges expressed a need for more space.
- Most trustees felt that deferred maintenance on the facility infrastructure was a major concern for the institutions. This concern was expressed based on the age of the campuses. Trustees felt it was a stewardship issue which appeared to be a low priority in Ohio at the current time.

- Construction reform is a high priority for many of the trustees who stated reform of the multiple primes and lengthy facility construction process could result in substantial savings for the state.
- Institutional debt levels are a major concern. Institutions need to find new funding avenues for capital projects.
- Concerns were expressed that funding was not available for the technology and STEM emphasis.
- The trustees felt a common IT infrastructure to deliver education to more citizens was a positive move.

Chair Alvarado said the stakeholder discussion on technology was excellent. She also noted the comments by the student representative regarding the need for all classes to be “smart classes,” that her four year degree was by an out of state institution offering distance learning, and that many students did not know about resources that are available in Ohio.

Chair Alvarado asked for members of the audience to introduce themselves and welcomed them to the meeting.

Discussion was held regarding the construction reform issue. This issue has been debated several times over the years and appears to be gathering force for a serious review. It was stated that only New York and Ohio still have the current construction process. With the current economic conditions now is the time to leverage resources and modernize the process. Regent Tuschman said it would be helpful to get the support from the boards of trustees and administration for the institutions. Governor Strickland has created a task force and a commission that is meeting on this issue. The Board of Regents will need to express their support for recommendations that meet their approval. Ideas to promote reform included asking boards of trustees and school administrators to respond in writing about how the reform would help their institutions, asking Regent Hurwitz to participate in a phone conference to identify individuals that would be effective in making the case for reform, and asking trustees who are experts in this area to create a core team to address the matter. The Regents could have a personal meeting with the team and the Governor to show how important the issue is.

Regent Reiling asked if a study had been completed on the commonality of the IT systems. Chancellor Fingerhut said that David Barber, interim executive director of eTech Ohio is working on behalf of the Board of Regents on this problem. Chancellor Fingerhut said that Mr. Barber is leading an impressive team that is putting these issues on the table and making process with IT across the state. The challenge is that institutions have invested huge amounts of money in student management systems and the key is how to make this the last individual investment the institutions make. It should be timed so that when their systems become obsolete they can join a statewide term purchasing system. Pankaj Shah, executive director of OARnet, David Barber, and Sam Orth, interim director of OIT will be asked to give an update to the Regents at a future meeting. A press release regarding the contract with VMware contract to consolidate servers will soon be released. This is a statewide agreement that every institution can participate in.

Chancellor Fingerhut said two themes seem to be appearing for the stakeholder report: renovation/modernization of existing facilities and upgrading technology in the classroom. He asked if those needs should be presented to the Governor if more funds were available and if one was more important than the other. Chair Alvarado said that before the Regents can assess

whether the capital expenditures are adequate, they need to answer what capital structure and spending is needed in order to educate all Ohioans. She said aggressive goals are needed to have Ohio citizens get the education they need to help fuel Ohio's economy. Regent Tuschman said institutions need to raise additional money for these needs and institutional partnerships with the community will foster economic development and help bring in new money. Institutions and communities need to plan together for economic growth and opportunities.

#### **IV. Review of Draft of the Second Annual Condition Report**

Consultant Albright said the Regent handout packet included articles regarding the federal financial stimulus report. Six billion dollars are being made available nationwide for capital needs for modernization and repair on campuses. Additional resources are also being considered for buildings used for science research. Chancellor Fingerhut said he is working with the Department of Development because many items in their strategic plan overlap with the Board of Regents' plan. As an example, he said the Department would like to create Ohio Hubs of Innovation in compact geographic areas. The Chancellor stated that higher education institutions could serve as anchors for these hubs.

Consultant Albright asked for input from the Regents on the draft of the report. Regent Burke said the report should begin with the story of the student stakeholder who is graduating from an out of state university because she was able to take distance learning classes from them. This would be a compelling case for education for the future. The report could then discuss what Ohio needs to develop this infrastructure and the need for higher education facilities to address growth.

It was stated that Chancellor Fingerhut's goals need to be identified in the report. The recommendations that will be made in the report will help drive policy makers to make decisions that will affect education twenty years from now. It was stated that every citizen will need at least two years of post secondary education to achieve economic growth. One possible idea would be to consider students receiving an associate degree upon graduation instead of high school education. Critical issues that have been identified in the last two years include more technology and improve classrooms and facilities.

Chancellor Fingerhut commended the Regents for pursuing better utilization of campus space and space partnerships with communities. It was stated that usage of space is a high priority and institutions need to change the mindset from sole usage to multiple usage of space. Consultant Albright stated that another potential benefit is that when higher education gets into the high schools the students see the potential of more education and their aspirations change.

Chair Alvarado stated that higher education funding policies need to be added to tie into the goals. She said the Regents have the responsibility to issue the report and then help the Chancellor reach out to the trustees to help find answers.

Consultant Albright said the next issue was campus renewal of facilities. She said in Ohio this issue relates to policies and practices since local institutions have the choice of how they spend their money. She said institutions are shifting to renovation from new buildings. The report speaks to the condition of the aging of facilities and the campuses that are most affected. Ohio has been putting fewer dollars into higher education facilities because of the priority of K-12 buildings. The realities of declining state funding, increasing debt, and policies that no longer reward institutions for new buildings have shifted the institutions from new buildings to renovation.

It was stated that the Board of Regents cannot control how the institutions use private funding. Since it is easier to raise private funds for new buildings, it cannot be assumed that these funds will be used for renovation. Consultant Albright said one of the conclusions of the condition report could be the need for new endeavors to raise private funds for renovations. The report could reflect that there is a lot of discussion by higher education officials regarding the use of auxiliary funds for non-academic purposes with the idea that more money will enhance our ability to keep students in Ohio and attract new students. She said this maybe something to be examined in another condition report. Section II should clarify who needs to invest more money into higher education

The Regents reviewed Section III regarding institutional debt. Most of the debt is held by two institutions and this trend cannot continue. Strategies regarding institutional debt must be developed. It was noted that some institutions have little or no debt. Community colleges are especially proud that they have no debt. Consultant Albright stated that the report will have an appendix with the debt data. It was also stated that Ohio has a very high rating for their debt. Regent Hurwitz said that it would be prudent to prioritize projects in today's economy to take advantage of good interest rates and lower construction pricing. This may be the time to strike to create positive momentum.

A follow-up conversation will be held to look at the institution debt, the purchasing of bonds, and to explore the question of taking on debt at this time.

Consultant Albright said Section IV was a review of the current rules and regulations of higher education. She said higher education funding policies must be reassessed. She noted that this change may take legislative action.

Consultant Albright spoke regarding Section V. She said institutions must increase use and collaboration of IT to get a shared platform. Schools must pursue opportunities to use distance learning. She said in some cases faculty members were not taking advantage of the training available to deliver online courses and institutions were not mounting online courses. She said schools have not been aggressive enough to meet these online needs. She said there was an unwillingness by the faculty to use technology. Incentives to help move the institutions in the direction of online learning need to be considered. She stated that the institutions must move in this direction and stated that eLearning participation in Ohio is one half that of other states.

Chair Alvarado asked the Regents if there were specific aspects that need attention if monies were made available for educational capital expenditures. The responses included:

- Regent Hurwitz - Buildings are needed because of their longevity. He said technology is quickly outdated and Ohio schools need to be physically competitive with other institutions.
- Regent Patterson – Stimulus packages for higher education. He said the other states have offered stimulus packages.
- Regent Reiling – Deferred maintenance and renovation. He would also update classrooms into "smart" classrooms and work on the commonality of IT systems.
- Chair Alvarado – Deferred maintenance and investing in innovative ways through technology for remedial education to be offered to Ohioans at no cost. She said non-

traditional and older students may feel more comfortable taking classes in a career center or high school setting.

- Regent Tuschman – Incentivizing the money. Institutions would have to earn the money by demonstrating to the Chancellor their savings through partnerships, collaborations and efficiencies so that funds can be used for certain projects on campus.

Chancellor Fingerhut said this information was helpful.

Chair Alvarado recessed the meeting for a short break.

## **V. Chancellor's Report**

Chancellor Fingerhut spoke regarding the federal stimulus package and said that Ohio is reviewing it very carefully. He said there is an opportunity to receive capital funds and that he is very supportive of the operating block grant the state will receive. He said the federal government's funds for K-12 and higher education give the state a stimulus safety net. He pointed out that the state is very aware of the opportunities for expanding resources and it is looking at having in place matching incentives although this amount will be limited because of the budget. He said one of his priorities is to increase the capability to do federal legislative work in-house. He said Ohio's federal legislators are committed to helping the state. Chancellor Fingerhut said that meetings will be held with the 33 new state legislative members to inform them of the activities of the Board of Regents over the past two years. Chancellor Fingerhut said that trustee engagement is very much needed for the broad support of higher education statewide.

Chancellor Fingerhut said the next Regents' meeting will discuss the budget in detail. He said the Governor will present the State of the State on January 28 and the budget will be introduced on February 2. The biennial budget will be signed into law June 30. He said the FY09 budget is being changed to meet challenges and that he is working on the federal stimulus budget. He said President Obama included the needs of the universities in his inaugural speech and higher education remains a priority with the Governor, Congress and General Assembly. The Ohio Board of Regents must take advantage of these opportunities

By Directive 2008-027 an Advisory Committee on Efficiency in the University System of Ohio was created to implement continuous improvement for each institution. This committee will include Regent Beeghly, trustees from universities, colleges and career centers, and faculty and student representatives. One of the first items they will consider will be how the differential in the FY09 reductions will be handled. They will consider a lower reduction of funding for schools that are aggressively pursuing efficiencies. He welcomed everyone to participate and said video conferencing will be available.

Chancellor Fingerhut said an advisory committee will meet today to discuss drafting a concept paper regarding the administration of the job stimulus program regarding co-ops and internships. Following the meeting an RFP will be written. He said a design competition instead of the traditional RFP may be used. \$10M of the \$50M designated for the program will be used for statewide impact and to bring Ohioans back from out of state for internships. He said organizations will promote themselves as initial bidders and a small number will be given \$10K to pay for the fleshing out of their ideas. They will be asked to orally present their best ideas. He said all or none may be selected. The goal is to make the awards by July 1, 2009.

Chancellor Fingerhut said the Strategic Plan contains 20 accountability measures. This is a two step process. Step one asked the institutions to assess what they could accomplish of these goals over the next six years. He said the institutions took this step very seriously and worked hard. He said first time institutions looked at the same goals and asked themselves where they planned to be in six years. The second step involves a gap analysis and to determine which strategy in the plan will help close the gap. Executive Vice Chair Paolo DeMaria is leading this effort.

Executive Vice Chair DeMaria said that accountability measures drive the accomplishment of the vision of the institutions. Micro level conversations were held to see how each institution viewed itself in the plan and to look at barriers to making progress. He has compiled data to show the standing of each institution. He said enrollment and degree granting measures must be reviewed. Differing patterns and differences between the institutions will be looked at to determine key factors. He said there was a gap in the 25 years and older enrollment that needs to be addressed. This is an older group of students and there is a fundamental challenge to meet their needs. There is a keen sense that very few institutions know how to accelerate these numbers yet these students need to be enrolled at a faster rate than anyone else. A statewide conversation may be needed to know how to attract the older workers. Schools want to make this a priority, but they are having difficulty in envisioning how to do it. Some schools do distinguish themselves in this area and are sharing their knowledge statewide. He stated that the institutions must work together to advance students to graduation. He is calling representatives from each college regarding their relationship with other institutions in the areas. There is a varying degree of cooperation between the institutions and he would like to improve cross institution communications and understanding to build connections and relationships. He reported on the efforts to enroll students in college while they are in high school. He said that twenty-five percent of Clark State students are in high school while other schools have not been able to make progress on this. He said he would like to build better relationships between higher education institutions, high schools and community centers. The next round of conversations with the institutions will include international students and programs and reaching out to ethnic groups on campus. He is pleased with the progress being made.

Discussion was held regarding meeting the strategic plan goals for adult learners and the various means being used to present the learning opportunities to the students. Further discussion was held regarding the internship program. It was stated that co-ops are long term with a greater term of investment while internships are short term, with a smaller term of investment.

The meeting recessed for lunch. Chair Alvarado called the meeting back into session at 1:22 p.m.

## **VI. Revision of State Formula**

Richard Petrick, Vice-Chancellor for Finance gave a presentation on the revisions to the state formula and distributed three articles on performance based pay to the Regents. He said performance based add-ons were first initiated in the 1990s to promote academic achievement and course and degree completion for students. This formula was a collaborative issue with three different formulas for three different sectors with the same outcomes. He said weights will be phased in over time. There is a mission specific component to each sector, and degree completion will be added to regional campuses in the next few years. Community colleges have two major components -- an enrollment based component and a points component for achievement of 7 points and graduation. The revised formula will go into effect July 1, 2009.

This will be a part of the operating bill and will be brought to the controlling board in August. He said he was sensing good momentum and enthusiasm for the idea. Discussion was held regarding incentive points being awarded to K-12 achievement for students who graduate and who do not need remediation when they go on to higher education. Presently there are no joint incentives between K-12 and higher education. The student is required to achieve some kind of academic credit for the institution to receive funding. This requirement encourages institutions to counsel students to stay and complete the courses.

#### **VII. Review of Process and Timing for Release of Second Annual Report on Condition of Higher Education in Ohio**

Mike Chaney, Chief Communications Officer discussed the proposed timeline for the release of the condition report. He said the Communications Department is ready to post the report as soon as it is ready for public comment. He would like to have this done as quickly as possible because he is already getting requests for copies. They will follow the same procedure as last year and will post only the draft findings. The conclusions will be placed in the final document. Chair Alvarado said state statute requires that the report is presented to the Governor and the Legislature before it is released to the public. The final public release is scheduled for March 15. Consultant Albright will have a draft of the report by January 28<sup>th</sup> so that comments can be received prior to the February 18 Regents meeting. Regents will be sent a copy of the draft containing both the findings and the conclusions. The draft will be sent to the stakeholders and posted for public comment on January 30. Consultant Albright will target March 1 as the date the report will go to the printer.

Chair Alvarado gave the chairing of the meeting over to Secretary Tuschman.

#### **VIII. Trustee Engagement Update**

Secretary Tuschman said the goal of the trustee engagement is to engage and equip a cadre of trustees to take stewardship forward into the future. The trustees will be advocates on a statewide basis. Discussion was held regarding the best way collaboration could be achieved and how trustees can take a more active role in helping the Regents in achieving the Chancellor's strategic goals. These meetings will have an open dialogue between the Regents and the trustees regarding their institutions and will provide an opportunity for the exchange of ideas.

Various strategies for meeting with the trustees were discussed including holding two-five sessions with all the Regents present and with 10-12 trustees from institutions in the region. After these two meetings, the Regents could hold individual meetings in their respective areas. It was also suggested that in the future a statewide conference could be held under the direction of Chancellor Fingerhut. The Regents could also go to the trustee meetings in teams of two to give a brief presentation and let them know that they are interested in hearing from the trustees about issues and concerns. New Regents will need to be educated and trained before they meet with the trustees.

Regent Reiling said that the Regents could serve in the role of ambassadors to assist the Chancellor. He said the Chancellor has truly been a traveling chancellor, and the Regents will be a team for more interface with the trustees. Chair Alvarado and Regent Tuschman will talk with the Chancellor and will bring proposals to the next meeting that incorporate comments from this meeting and the Chancellor's timeline for short term and long term plans. They will also bring the questions that the Chancellor would like to be discussed with the trustees.

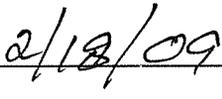
Charles See, Regent board liaison asked if the informational meetings would be held in February, prior to the Trustees Conference scheduled for March 5, 2009.

**IX. Adjournment**

Regent Reiling made a motion to adjourn the meeting and Regent Tuschman seconded the motion. The motion was approved. The meeting was adjourned at 3:00 p.m.

The next scheduled Board meeting is Wednesday, February 18, 2009, from 8:30 a.m. to 3:00 p.m. at the Ohio Board of Regents.

  
Ohio Board of Regents

  
Date