

**Resources Committee
Ohio Board of Regents
Minutes of the Meeting of January 16, 2003**

The meeting of the Resources Committee of the Ohio Board of Regents was held at the James Kehoe Center on the campus of North Central State College in Shelby, Ohio. In attendance were the following:

Ohio Board of Regents members:

Bruce Beeghly
Jeanette Grasselli Brown
J. Gilbert Reese (Committee Chair)
Edwin Rigaud

Ohio Board of Regents staff:

Harry Andrist, Director of Graduate Programs
David Barber, OBR Consultant
Roderick Chu, Chancellor
Harold Horton, HEI Director
Jay Johnson, Assistant Director, HEI
Neal McNally, Assistant Director, Budget & Resource Planning
Richard L. Petrick, Vice Chancellor for Finance

Guests:

Bob Burke, Association of Independent Colleges & Universities of Ohio
Matt Filipic, Wright State University
Charlotte Hatfield, President, Washington State Community College
Jim Johnson, Sinclair Community College
Earl Keese, President, James Rhodes State College
Chuck Mann, Owens Community College
Pat Robertson, University of Akron
Rob Sheehan, University of Toledo
Dick Siemer, Ohio University
Jeff Ulliman, Wright State University

The meeting was called to order by Regent Reese and introductions were conducted. The minutes of the November 2002 Committee meeting were approved without objection.

Updates and Reports

Vice Chancellor Petrick briefed the Committee on the FY 2003-2004 capital bill, noting the \$5 million appropriation for the Dark Fiber initiative to help campuses implement the Third Frontier Initiative. Mr. Petrick noted the 90-day delay between passage of the capital bill and the availability of the funds appropriated in the bill.

Vice Chancellor Petrick gave the Committee an update on the status of the state's finances, noting that state tax receipts have been below estimates by \$80 million per month since December 2002. This is further compounded by the absence of reserve funds that were depleted to address budget problems last year. In the absence of an economic turnaround, the prospect of additional FY 2003 budget cuts remains a possibility. Mr. Petrick also told the Committee that the Office of Budget & Management is expected to provide the governor's FY 2004-2005 executive budget recommendations in the near future. Mr. Petrick noted Governor Taft's stated commitment to supporting higher education. Mr. Petrick distributed copies of a page from Wright State University's FY 2002 audited financial report detailing the decline in the ratio between net state support and gross tuition between 1980 and 2002. Matt Filipic stated that this ratio would further decline as WSU's enrollments and tuition grow in the absence of increased state support. Mr. Petrick noted the relevant policy change recommended by the Higher Education Funding Commission that would create a floating guarantee contingent upon the aggregate annual change in the SSI and would never exceed 99%. Under such a guarantee, even campuses with moderate enrollment growth could experience a decrease in SSI funding. Mr. Petrick suggested that this be discussed more broadly with members of the General Assembly to ensure that the implications of this policy change are understood.

January Consent Agenda Items

Vice Chancellor Petrick reminded the Committee that Jim Plummer had briefed the Committee in November 2002 on the University of Cincinnati's request to pledge student fees in an amount not to exceed \$119 million to finance the construction of the Varsity Village project on campus. The concerns raised regarding this request have since been addressed and resolved satisfactorily.

Richard Siemer briefed the Committee on Ohio University's request to pledge student fees in support of a bond issuance not to exceed \$14.62 million, for the purpose of financing the construction of three new facilities on the Athens campus, as well as the acquisition of instructional space for OU's Lancaster branch campus. According to Mr. Siemer, the new multi-use student center component of this request was driven by student demand. Mr. Siemer also noted that the construction of a new avionics facility would further augment the University's avionics engineering program, which he stated was one of only three programs nationally.

Matt Filipic briefed the Committee on Wright State University's request to pledge student fees in support of a bond issuance not to exceed \$16,925,000. The bond proceeds would be used to refinance \$8.8 million of existing debt, and to provide financing for the renovation of the University's food services venue and a student housing complex, and for the construction of an electrical substation. Dr. Filipic said that refinancing the University's existing debt would provide a new bond indenture that would provide a greater degree of flexibility—without extending the existing maturity schedules.

Vice Chancellor Petrick told the Committee that the distribution of the remaining \$32.5 million in FY 2003 Success Challenge appropriations had been finalized. The funds are distributed to university main campuses in a manner that recognizes

institutional efforts to help at-risk Ohio students attain baccalaureate degrees, and other resident Ohio undergraduates complete a baccalaureate degree within four years. Additionally, Mr. Petrick noted the Controlling Board items for November and December 2002.

Regent Reese motioned to recommend approval of all of the items on the consent agenda, and the motion was seconded and carried. The meeting was adjourned by Regent Reese.

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