

**Resources & System Efficiency Committee
Ohio Board of Regents
Minutes of the Meeting of January 22, 2004**

The meeting of the Resources & System Efficiency Committee of the Ohio Board of Regents was held at the University of Rio Grande - Rio Grande Community College in Rio Grande, Ohio. In attendance were the following:

Ohio Board of Regents members:

Members of the Resources & System Efficiency Committee

Edmund Adams, Committee Chair
Donna Alvarado
Bruce R. Beeghly
J. Gilbert Reese

Other Regents in attendance

Jeanette Brown
Anthony Houston
Thomas Noe

Ohio Board of Regents staff:

Jamie Abel, Assistant Director, Communications
Harry Andrist, Director, Research & Graduate Programs
David Barber, Consultant, Academic & Access Programs
Brett Crow, Assistant Director, Communications
Roderick Chu, Chancellor
Kris Frost, Vice Chancellor for Operations
Deborah Gavlik, Associate Vice Chancellor, Government Relations
Darrell Glenn, Director, Performance Reporting
Cathy Hill, Administrator, Workforce Development
Neal McNally, Assistant Director, Finance & Government Relations
James Nargang, Assistant Director, Capital Development
Richard Petrick, Vice Chancellor for Finance
Janet Schilk, Associate Director, K-16 Initiatives
Russ Utgard, Project Director for Improving Teacher Quality
William Wagner, Administrator, Performance Reporting
Shaun Yoder, Legislative Liaison, Finance & Governmental Relations

Guests:

Matthew Abbott, University of Rio Grande - Rio Grande Community College
Tony Barnes, University of Akron
Luanne Bowman, University of Rio Grande - Rio Grande Community College
John Buttelerwerth, Ohio Faculty Senate
Linda Carr, University of Toledo
Larry Christman, Association of Independent Colleges & Universities of Ohio
Nick Claussen, University of Rio Grande - Rio Grande Community College
James Conway, University of Rio Grande - Rio Grande Community College
Laurie Day, Cleveland State University
Rich Healy, Inter-University Council of Ohio

Jim Johnson, Ohio Faculty Senate
Herman Koby, University of Rio Grande - Rio Grande Community College
Greg Miller, University of Rio Grande - Rio Grande Community College
Collin Roush, University of Rio Grande - Rio Grande Community College
Brian P. Rupert, University of Rio Grande - Rio Grande Community College
Greg Sojka, University of Rio Grande - Rio Grande Community College
Roy Taylor, University of Rio Grande - Rio Grande Community College
Terry Thomas, Ohio Association of Community Colleges
Peter Throm, Cincinnati Symphony Orchestra
Annette P. Ward, University of Rio Grande - Rio Grande Community College

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

Reports and Updates

The Committee received an update on the 2003 Performance Report from Dr. Darrell Glenn, Director of Performance Reporting. Besides adding one more year of data, the format of Performance Report has been substantially redesigned to improve its readability. It is now published in two documents: a 70 page executive summary that presents information at the statewide and sector level, and a longer supporting document containing more detailed institutional outcomes. The intent of this redesign was to make the report useful to a wider audience. The report contains comprehensive information on a variety of topics, including enrollment trends, the preparation levels of incoming students, typical class sizes, student retention and graduation rates, research and workforce development activities, expenditures and state support per student, and tuition rates and financial aid outcomes. The report will be reviewed by the Regents prior to going to print. Fewer print copies will be distributed this year due to the report's availability on the web. The web version of the report will be announced via e-mail. Regent Alvarado suggested adding a section to the report that summarizes answers to important policy questions. Regent Alvarado offered to provide a list of such questions.

Vice Chancellor Rich Petrick shared with the Committee a preliminary draft of the FY 2003 financial ratio analysis. This analysis is required by state law and is intended to objectively measure the financial health of colleges and universities. Only Cincinnati State Technical & Community College scored below the minimum acceptable composite score. Regents' staff members have been in communication with Cincinnati State representatives regarding a recovery plan to improve the College's financial outlook for the current fiscal year. This recovery plan will be shared with the Regents as soon as possible. Cincinnati State could automatically be placed on fiscal watch next year, if its ratio analysis again yields a composite score at or below the minimum 1.75 threshold.

Vice Chancellor Petrick updated the Committee on campus questions about permissible fee policies. Specifically, campuses are inquiring about their authority to assess differential fees for in-state undergraduate students, and to assess overload fees for students who exceed a certain fee plateau. The statutory authority of the Regents to interpret such legislation needs to be further examined. Vice Chancellor Petrick also commented on the possible effects of a repeal of the additional penny on the sales tax. Higher education could face a \$120 million cut next December should the repeal take effect. If the Department of Education were exempted from any potential cuts, then higher education's share of the cuts could exceed \$200 million.

January consent agenda items

Vice Chancellor Petrick briefed the committee on the Regents' FY 2005-2006 capital budget recommendations. The recommendations were developed after careful consideration and extensive collaboration with campus staff. The recommendations totaling \$505 million include \$326 million for campus capital allocations, \$90 million for basic renovations, and \$88.5 million for statewide line items such as Eminent Scholars and OhioLINK. The \$505 million is a control total, and could be reduced or even eliminated pending the potential sales tax repeal. Vice Chancellor noted that the majority of campus capital requests are for the rehabilitation, renovation, or replacement of existing buildings rather than for new space.

The Committee was briefed on a request from the University of Cincinnati to issue general receipts bonds to finance capital projects on campus. A large portion of the requested debt issuance—\$81.3 million—would supplement the \$80 million bond issue previously approved by the Board of Regents last April for the Center for Academic Research Excellence project. Dale McGirr, the University of Cincinnati's VP for Finance, delivered a statement on the University's current capital program, stating that all of its locally financed capital projects have dedicated revenue streams to service the related debt. It was also explained that the University's downgraded bond rating by Moody's was expected and was factored into the institution's capital planning. The University's new bond rating (A1) is still strong; in fact, from 1985 until 1998 the University's bonds were rated A1. Mr. McGirr noted that FY 2005 would see a return to a positive net income ratio.

The Committee was briefed on a second addendum to a joint-use agreement between the University of Cincinnati and the Cincinnati Symphony Orchestra. This addendum will provide an additional \$500,000 to support the original joint-use agreement that was previously approved by the Board of Regents in 1998. Peter Throm, from the Cincinnati Symphony Orchestra described a number of joint activities undertaken between the Symphony and the University of Cincinnati's College Conservatory of Music, as well as several community outreach efforts.

David Cummins from Lorain County Community College briefed the Committee on the College's request to pledge student fees to support a bond issuance not to exceed \$7.2 million. The College intends to use the bond proceeds to build the Great Lakes Business Growth & Development Center, a 2-story, 40,000 square-foot Center that will support economic development programs in the Lorain County region. At least two emerging companies have expressed an interest in moving into the new Center, along with the Lorain County Chamber of Commerce. Lorain County Community College's viability ratio is very strong, indicating that it is well positioned to manage the additional debt.

Also on the consent agenda was the release of funds from House Bill 675 to support Non-Credit Job Training Facilities Grants.

The November and December 2003 Controlling Board items were also noted.

Regent Adams adjourned the meeting.