

**Resources & System Efficiency Committee
Ohio Board of Regents
Minutes of the Meeting of January 27, 2005**

The Resources & System Efficiency Committee of the Ohio Board of Regents met at the J. Gilbert Reese Center on the co-located campus of Central Ohio Technical College and the Newark branch campus of the Ohio State University. In attendance were the following:

Committee members:

Bruce Beeghly, Committee Chair
Donna Alvarado
Thomas Noe
James Tuschman

Other Board members in attendance:

Edmund Adams
Anthony Houston
J. Gilbert Reese

Ohio Board of Regents staff:

Harry Andrist, Director, Research & Graduate Programs
Roderick Chu, Chancellor
Bret Crow, Assistant Director for Communications
Kris Frost, Vice Chancellor for Operations
Darrell Glenn, Director for Performance Reporting & Analysis
Cathy Hill, Administrator for Workforce Development
Jay Johnson, Assistant Director, Higher Education Information System
Neal McNally, Assistant Director, Budget & Resource Planning
Jim Nargang, Assistant Director, Capital Planning
Rich Petrick, Vice Chancellor for Finance
Bill Wagner, Research Analyst, Performance Reporting & Analysis
Garry Walters, Vice Chancellor for Access & Academic Programs

Guests:

Tony Barnes, University of Akron
Jon Buttelerwerth, Ohio Faculty Senate
Linda Carr, University of Toledo
Larry Christman, Association of Independent Colleges & Universities
Eric Erickson, Fifth-Third Bank Securities
John Habat, Youngstown State University
Jim Haley, Miami University
John Kemp, University of Akron
Jim McCollum, Inter-University Council of Ohio
Cindy McQuade, Inter-University Council of Ohio
Pat Myers, Kent State University
John Peck, Miami University Bond Counsel
Jerry Pecko, Springfield Local School District
Terry Thomas, Ohio Association of Community Colleges
Vikki Williamson, Central State University

The meeting was called to order by Regent Beeghly and the minutes of the November 2004 Committee meeting were approved without objection.

Reports and updates

Vice Chancellor Rich Petrick briefed the Committee on the operating and capital budgets. The governor's FY 2006-2007 operating budget recommendations are expected to be released in early February, after the governor's State of the State Address. The Higher Education Funding Commission is expected to reconvene on February 18th to review and discuss the governor's budget recommendations. In addition, the capital bill is finally expected to be passed on January 31st. Higher Education's share of state capital funds is expected to be \$405 million, which is \$100 million less than the amount the Regents approved in January 2004.

Dr. Darrell Glenn briefed the Committee on the 5th annual Performance Report for 2004. This year's report was expanded to include sections on (1) high school preparation, (2) the transferability of coursework between Ohio's campuses, and (3) financial aid outcomes for need- and merit-based aid. As in years past, this report contains a comprehensive set of useful information, such as outcome measures for research and workforce development activities, enrollment trends and student characteristics, student retention and graduate rates, class size, and degree production. Among its many findings, the 2004 report reveals that Ohio continues to educate more of its citizens, as both enrollments and degree production have increased. This report also suggests that a more rigorous high school experience would better prepare students for college, where 38% of first-time freshmen enroll in remedial coursework. Regent Beeghly commended Dr. Glenn and his staff on the presentation and thoroughness of the report. Regent Adams suggested that future reports contain information on net tuition, which would more accurately portray the real price of college education.

Dr. Glenn also briefed the Committee on the status of the Productivity & Efficiency Report, which arose from the recommendations of the Governor's Commission on Higher Education & the Economy. The General Assembly has in the past expressed concern about the productivity and efficiency of Ohio's colleges and universities. A comprehensive survey of campuses is being conducted to compile the report, which should highlight the many efficiencies taking place on Ohio's campuses. A final report should be available in late February or early March 2005.

Jim McCollum briefed the Committee on an Inter-University Council proposal to undertake a comprehensive review of the State Share of Instruction formula that would enable the SSI to more effectively meet state needs. Terry Thomas from the Association of Community Colleges also voiced the two-year sector's support for this initiative, which would not begin until after July 1, 2005. Regent Adams suggested that the establishment of clear goals and outcomes should be the first order of business. Regent Alvarado suggested that the group charged with this study seek input from higher education's customers, such as employers and students.

John Habat from Youngstown State University briefed the Committee on a special fee that YSU plans to implement next year to support the operating costs of a privately-funded recreation and wellness center on campus. Mr. Habat stated that a significant majority of YSU's student body supports this fee. And YSU anticipates that this special fee would be exempt from legislative fee caps that might be imposed in the future. Such an exemption would be consistent with existing state policy, as outlined in the current budget bill.

Neal McNally briefed the Committee on how campuses are using revenues from the additional 3.9% fee increases permitted under House Bill 95. According to a recent survey, all campuses are in compliance with the legislative intent of House Bill 95—that is, each campus that increased fees by more than 6% reported that the additional revenues are being used to provide financial assistance to low-income students, or to improve technology services for students. Regent Adams noted that not all campuses exercised the maximum 3.9% increase, and that many two-year campuses did not raise fees above 6% in FY 2005. He said that these campuses should be commended for exercising such restraint.

Action Items

Jim Nargang and Cathy Hill briefed the Committee on the release of the 2005 Child Daycare Grants. These are funds leftover from a previous capital bill and are awarded through a competitive process to campuses that have effectively demonstrated the benefits students and faculty will enjoy from having a daycare center on campus. Mr. Nargang stated that priority was given to those campuses that do not presently have access to a daycare facility. He also noted that all of the proposals submitted by campuses were worthy of being funded. However, granting awards to all proposals would have spread the funds too thin, so only the best were selected to ensure that the funds will have the most impact. Regent Alvarado asked if it is permissible for campuses to contract out daycare services to private companies. Vice Chancellor Petrick said that some campuses do have collaborative agreements with private centers.

Jim Haley from Miami University briefed the Committee on Miami's \$88 million fee pledge request. Miami plans to use bond proceeds to finance multiple capital projects at the Oxford campus. The projects include new construction and renovations to academic buildings as well as auxiliary and recreational facilities. Miami plans to implement a special \$50 per semester student fee next year, which will cover 80% of the debt service obligations for an ice arena project. Miami anticipates that this fee would be exempt from legislative fee caps that might be imposed in the future. Mr. Haley said that construction on many of these projects is already underway, which is being funded by a bond issue that the Regents approved two years ago. This latest request is the second in a series of planned bond issues and will finance the next phase of Miami's master capital plan. Regent Beeghly remarked that Miami's financial position is very strong, as evidenced in the Senate Bill 6 ratio analysis conducted by Regents' staff.

Rich Petrick briefed the Committee on the Controlling Board items from November and December, noting that approximately 95% of these items are director's signoffs, meaning that the funds are being used exactly as stated in the capital bill and that

the items are exempt from Controlling Board review. Mr. Petrick also briefed the Committee on the release and distribution of \$39.3 million in remaining FY 2005 Success Challenge appropriations. These performance-based funds are earmarked for university main campuses. Regent Beeghly requested an analysis that would show the amount of Success Challenge dollars each university receives per undergraduate student. He said this would be a useful way of illustrating how these funds function as an incentive. Mr. Petrick said that it would also be useful to look at the level of Success Challenge dollars per baccalaureate degree awarded at each university.

Tony Barnes briefed the Committee on a joint-use agreement between the University of Akron and the Springfield Local School District. This agreement will provide \$382,000 for computer equipment to enable the University of Akron to offer distance education courses at Springfield High School. Tom Kemp confirmed that this agreement will utilize resources from the Third Frontier Network.

Rich Petrick briefed the Committee on an amendment to an existing joint-use agreement between Bioenterprise Ohio and the Board of Regents, which will provide additional funds to ensure better technology.

Regent Noe moved to recommend approval of all action items on the consent agenda. Regent Tuschman seconded and the motion was carried.

The Committee was adjourned by Regent Beeghly.