

**Resources & System Efficiency Committee
Ohio Board of Regents
Minutes of the Meeting of April 20, 2006**

The meeting of the Resources & System Efficiency Committee of the Ohio Board of Regents was held at Bowling Green State University in Bowling Green, Ohio. In attendance were the following:

Committee members:

Bruce Beeghly, Committee Chair
Jerome Tatar, Vice Chair
Donna Alvarado
James Tuschman

Other Board members in attendance:

Edmund Adams
Roderick Chu, Chancellor
Anthony Houston
James Patterson
Walter A. Reiling

The meeting was called to order by Regent Beeghly and the minutes of the March 2006 Committee meeting were approved without objection.

Reports and updates

Vice Chancellor Rich Petrick provided a brief update on the preliminary report of the Taxonomy Subcommittee. The word “taxonomy” is synonymous with “classification.” Vice Chancellor Petrick reported that additional protection has been added to the proposed methodology in order to protect a small number of campuses that would have been disproportionately affected by the elimination of the square-foot-based POM subsidy allocation.

Old Business

Vice-Chancellor Petrick also reported on the recommendations of the HB 66 Mandates Subcommittee. The subcommittee was mandated by the legislature to conduct studies on 1) the feasibility of distributing a portion of SSI based on campus administrative and operating efficiency, 2) distributing SSI based on the number of degrees and certificates awarded, and 3) providing incentives for certificate and associate degree attainment. The following is a summary of the HB 66 Mandates Subcommittee’s recommendations with respect to each study:

- 1) Distribution of a portion of SSI based on campus administrative and operating efficiency
 - Adopt the recommendations of the Taxonomy Subcommittee that were endorsed by the SSI Consultation
 - Promote and fund the course-redevelopment initiative already begun by the Ohio Learning Network which will lower costs and increase learning

- Adopt uniform thresholds for the placement of students into remedial courses in order to improve the efficiency of remedial coursework
 - Recognize expenditures per FTE as the best available measure of operational efficiency. Endorse the Business Alliance on Higher Education and the Economy (BAHEE) plan to hire an external consultant to study higher education finance in Ohio.
- 2) Distribution of SSI based on the number of degrees and certificates awarded
- Create a new challenge item that rewards state colleges and universities for producing graduates in science, technology, engineering, math, and medicine (STEM²).
 - Distribution of SSI based on the number of certificate or degrees awarded is not feasible, nor is it feasible to delay the distribution of SSI funds until the awards are granted. Adding more complexity to the SSI formula could result in unintended effects. Holding funds in escrow would create uncertainty about whether the funds would be distributed in the future for their intended purpose or diverted for some other purpose.
- 3) Provide incentives for certificate and associate degree attainment
- Create a new challenge item that rewards campuses for promoting attainment of certificates and associate degrees and the successful transfer of students. Funding would be limited to at-risk students at Enterprise Ohio campuses.

C. Todd Jones, AICUO president and general council, responded that any program designed to increase STEM degree production should include private institutions and should address the issue of the pipeline into higher education. He argued that limiting a STEM² Challenge to public institutions would subsidize behavior at public institutions and might shift enrollments from the private sector to the public sector, rather than increase STEM degrees. Vice Chancellor Petrick responded that the challenge would provide additional funds to public campuses which currently suffer from a lack of resources in high-cost STEM areas. He also noted that entities such as the Governor's Ohio Core Initiative and SASCCO are already addressing the pipeline issue. Mr. Jones countered that in terms of resources, tuition paid at Ohio's private institutions is about the same as that paid at Ohio's public institutions. One of the Regents asked how many dollars would be diverted to the private sector if it were included in the challenge. Mr. Petrick responded that we do not have enough data on students attending private institutions to determine how many dollars would be shifted to the private sector. For example, we do not know the percentage of private STEM² graduates who are from out-of-state and would thus be ineligible for challenge funding. Mr. Jones agreed to provide the needed data in order to determine the level of funds that might be redirected. The committee recommended Board approval of the HB 66 Mandates Subcommittee's recommendations provided that a clause be added to the resolution directing the Funding Commission to review the impact of the recommendations on other initiatives and sectors.

Vice Chancellor Petrick briefly updated the committee on the Out of the Box Committee's report. The twelve recommendations of the committee will be delegated to

other groups. Regent Alvarado suggested that the recommendation to adopt the AccelerateOhio proposal to create non-credit certificate programs be brought before the Governor's Workforce Policy Board. Regent Alvarado also recommended that job placement in field-of-study be added to the list of performance indicators to be monitored. The Out of the Box Committee recommended creation of a statewide community college system that would permit all community and technical colleges to seek local property tax levies. Pursuit of this recommendation would first require market penetration studies to be conducted in order to determine which areas are currently underserved.

Previously reviewed items recommended for April Board approval included the following:

- a \$234,000 Joint-Use agreement between The Ohio State University and Third Street Family Health Services for the OSU Mansfield – Third Street Project
- a request by the University of Cincinnati to pledge student fees in support of a bond issuance not to exceed \$19.3 million
- a proposed rule regarding the higher education capital funding policy
- Controlling Board items for March 2006, as well as additional Controlling Board items related to land purchases were also recommended for Board approval.

New Business

Items on the committee's review agenda included the release and distribution of FY 2006 Police & Fire protection subsidy as well as consideration of amended administrative rules to govern local administration of capital projects.

The committee reviewed five new Joint Use Agreements and recommended April Board approval for a \$500,000 Joint Use Agreement between Bowling Green State University and the Wood County Committee on Aging. Action on the remaining four Joint Use Agreements will take place in May.

Joe Jackson, Vice President for Business Affairs at Clark State Community College, presented a request from Clark State to pledge student fees in support of a bond issuance not to exceed \$9 million for construction of new Technology and Learning Center and expansion to the college's Applied Science Center.

Dawn Rhodes, Interim Vice President for Finance at the University of Toledo, presented a request from the university to pledge student fees in support of a bond issuance not to exceed \$52 million for various capital projects including rehabilitation of a field house for classroom space and renovation of the Carlson Library to establish an Information Commons. Special student fees will be phased in as the facilities come online. A resolution was passed by the UT Student Senate in support of the special fees.

Regent Patterson expressed concern about the pledging of student fees. Vice Chancellor Petrick offered to provide a presentation on the subject, noting that such pledges help keep interest rates down and do not always result in increased fees.

The meeting was adjourned by Regent Beeghly.