

**Resources Committee
Ohio Board of Regents
Minutes of the Meeting of October 17, 2002**

The meeting of the Resources Committee of the Ohio Board of Regents was held at the Regents' offices in the Rhodes State Office Tower in Columbus, Ohio. In attendance were the following:

Ohio Board of Regents members:

Bruce Beeghly
Tom Noe
J. Gilbert Reese
Edwin Rigaud

Ohio Board of Regents staff:

Roderick Chu, Chancellor
Owen Daniels, HEI Analyst
Jane Fullerton, Associate Vice Chancellor, Educational Linkages & Access
Jay Johnson, Assistant HEI Director
Robert Johnson, Assistant Director for Workforce Development
Neal McNally, Assistant Director, Budget & Resource Planning
Richard L. Petrick, Vice Chancellor for Finance
Tom Rudd, Director for Student Financial Access
Jon Tafel, Vice Chancellor for Educational Linkages & Access

Guests:

Charlie Clark, University of Akron
Eric Green, Kent State-Salem/Salem Community Foundation
Jim McCollum, Inter-University Council
Pat Myers, Kent State University
Jeffery Nolte, Kent State University - Salem Campus
Rob Sheehan, University of Toledo
Alice Thomas, Columbus *Dispatch*

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

Updates and Reports

Vice Chancellor Petrick briefed the Committee on the preliminary report of fall 2002 student headcounts, which shows a 3.7% enrollment increase over the 2001 (preliminary) report. This 3.7% enrollment growth amounts to almost 16,000 new students, which is akin to adding an entire new campus to the state's system. This marks the fifth consecutive year of enrollment growth, which has increased by roughly 40,000 students since 1997. Mr. Petrick noted the correlation between enrollment growth and the lagging economy, that is, enrollments tend to increase as the economy slows and the opportunity cost of attending college declines. Noting the 23.3% decline in Ohio University's Southern Campus, Regent Noe requested that Regents staff

investigate the cause of this decline and report back to the Committee in November. Mr. Petrick surmised that the decline in enrollments at OU-Southern could be program-related and said he would look into the matter.

Vice Chancellor Petrick briefed the Committee on the fiscal oversight responsibilities required of the Regents by Senate Bill 6 (122nd General Assembly). Mr. Petrick noted three occurrences that could adversely affect campus's FY 2002 financial statements and, thus, each campus's FY 2002 ratio analysis as required by S.B. 6. First, campuses were hit with a 6% budget cut during FY 2002. Second, the downturn in the economy has negatively impacted endowments and other investments at many campuses. And third, the Auditor of State may require campuses to book a new unfunded workers compensation liability, which for some campuses amounts to a significant and unplanned liability. This information from the Auditor of State was received in early October and came as a surprise to all affected institutions. A requirement such as this could delay the completion and submission of some campus's audited financial statements, and could necessitate the revision of the rules for computing the S.B. 6 ratio analysis. Regent Noe asked why this liability was so much greater for Miami and Ohio universities. Mr. Petrick said that the liability has accrued over the years, though the figures have not been actuarially determined. Jim McCollum noted that campuses are essentially self-insured, so the figures could reflect the number of workers compensation claims at each campus. Regent Rigaud asked whether it would be preferable to accommodate the liability by modifying the current methodology for computing the ratio analysis, or simply exclude the liability. Mr. Petrick said this question will be answered once campus's report their audited financial statements.

Vice Chancellor Petrick told the Committee that because of the increase in the number of Ohio high school students taking and passing the 12th grade proficiency test, an additional \$500,000 to \$1 million would be needed to fund the 12th Grade Proficiency Test Scholarships during FY 2003.

Vice Chancellor Petrick gave the Committee a follow-up briefing on the fall 2002 tuition report. Mr. Petrick said that based on the responses he had received from an e-mail survey of SHEEO fiscal officers, the growth in tuition at public colleges and universities is not unique to Ohio. In fact, declining state support and the resulting climb in student fees appears to be a common trend in several states, including the Midwestern states surrounding Ohio such as Indiana, Pennsylvania, Kentucky, Illinois and West Virginia. Mr. Petrick noted a caveat with the data: because there is so much variation among state tuition policies, it is difficult to arrive at comparable national data.

Vice Chancellor Petrick told the Committee that the Office of Budget & Management had revised higher education's debt service estimates downward for the FY 2004-2005 biennium. This revision effectively provides an additional \$29 million and \$67 million in FY 2004 and FY 2005, respectively, which would be allocated to the State Share of Instruction and other related core items. Noting that a 1% increase in FTE enrollments translates to a \$15 million need, Mr. Petrick stated that these additional funds would just about cover the increase in enrollment growth (reported earlier).

Items for review in October, action in November

Jeffrey Nolte and Eric Green briefed the committee the proposed joint-use agreement between Kent State University's Salem campus and the Salem Community Foundation, Inc. The agreement would provide funding for the construction of a new child daycare facility for KSU-Salem's students and staff. Vice Chancellor Petrick said this project represents the culmination of a long-term Regents policy to promote and support child daycare centers at Ohio's public campuses. Mr. Petrick noted that the proposed daycare center would be located four miles from the KSU-Salem campus. Mr. Nolte said that all of the students at KSU-Salem are commuter students who drive to campus, and the location for the daycare center would be convenient for most students.

October consent agenda items

Robert Johnson briefed the Committee on the partial release and distribution of \$3.6 million of FY 2003 Jobs Challenge Workforce Incentive funds. These funds are earmarked for member campuses of the EnterpriseOhio Network, and are distributed in proportion to the amount of revenues these campuses generated (in FY 2002) through noncredit job-related training and instruction. Vice Chancellor Petrick noted that the final allocation of these funds would likely change prior to the November distribution after noncredit revenue data is received from some campuses that had not yet reported their data.

Vice Chancellor Petrick briefed the Committee on the release and distribution of the remaining \$1.4 million of FY 2003 funds for the state's five regional library book depositories. Mr. Petrick stated that that the depositories store millions of seldom-used library materials in secure and protected facilities, which have reduced the need to build new libraries and expand existing libraries on campuses. Mr. Petrick noted that the depositories are fully subsidized by the state and that they operate as a consortium, which allows them to create significant cost-efficiencies. (The distribution that was reviewed by the Committee could change prior to the final distribution in November; the final distribution is contingent upon the recommendations of regional library deans who will convene their annual budget meeting on October 23rd.)

Vice Chancellor Petrick told the Committee that \$150,000 in FY 2003 College Readiness appropriations would be distributed to the Ohio College Access Network as part of Governor Taft's commitment to expand OCAN. The September 2002 Controlling Board items were also mentioned.

Regent Noe made a motion to approve all of the consent items on the agenda. This motion was seconded and carried.

The meeting was adjourned by Regent Reese.