

**Resources & System Efficiency Committee
Ohio Board of Regents
Minutes of the Meeting of September 18, 2003**

The meeting of the Resources & System Efficiency Committee of the Ohio Board of Regents was held at the Kilcawley Center on the campus of Youngstown State University in Youngstown, Ohio. In attendance were the following:

Ohio Board of Regents members:

Edmund Adams (Committee Chair)	Gerald Miller
Donna Alvarado	Tom Noe
Bruce Beeghly	Gilbert Reese
Jeanette Brown	Ralph Schey

Ohio Board of Regents staff:

Jamie Abel, Assistant Director for Media Relations
Harry Andrist, Director, Research & Graduate Programs
David Barber, Consultant, Academic & Access Programs
Roderick Chu, Chancellor
Bret Crow, Assistant Director for Communications
Shane DeGarmo, Admin. Assistant, Program Approval & Tuition Reciprocity
Jocelyn Frasier, Assistant Director, Knowledge Economy Awareness Initiative
Kris Frost, Vice Chancellor for Operations
Deborah Gavlik, Associate Vice Chancellor, Government Relations
Darrell Glenn, Director for Performance Reporting & Analysis
Jay Johnson, Assistant Director, HEI System
Robert Johnson, Assistant Director, Workforce Development
Kathy Hill, Administrator for Workforce Development
Neal McNally, Assistant Director, Budget & Resource Planning
Leslie Sawyer, Director, Access Initiatives
Yavonne Stertzler, Analyst, Budget & Government Relations
Jon Tafel, Vice Chancellor, Educational Linkages & Access
Shaun Yoder, Legislative Liaison

Guests:

Tony Barnes, University of Akron
Valerie Banner, Warren *Tribune Chronicle*
John Buttelerwerth, Cincinnati State Technical & Community College
Larry Christman, Association of Independent Colleges & Universities of Ohio
Laurie Day, Ohio State University
Bill Decatur, University of Toledo
Albert Ericson, Fifth Third Securities
Jim Haley, Miami University
Bob Hallier, Stark State College of Technology
John McGrath, Stark State College of Technology
Pat Myers, Kent State University
Rob Sheehan, University of Toledo
Beverly Thomas, Miami University

The meeting was called to order by Regent Adams and the minutes of the July 2003 Committee were approved without objection. Regent Adams reminded the members that in addition to himself, the other members of the Resources & Systems Efficiency Committee are Regents Reese, Alvarado, and Beeghly.

Reports and Updates

Neal McNally briefed the Committee on the 2003 Fall Survey of Student Charges, noting that this standard OBR report has been published in virtually the same format for several years and has always reported tuition figures for full-time students enrolled in 15 credit hours. Mr. McNally turned the Committee's attention to a separate table that compared FY 2003 and FY 2004 full-time annualized in-state undergraduate tuition. The table showed that many campuses increased fees to or near the 9.9% maximum permissible under House Bill 95, and that Ohio State University exercised the additional 3% it was permitted by raising fees by 12.8%. One anomaly was noted: The University of Toledo's fees rose by 19.8%. William Decatur and Rob Sheehan were invited to the table to speak to this issue. According to Mr. Decatur, UT modified its fee structure, which in prior years charged students taking between 12 and 16 credit hours a flat rate. Effective autumn term 2003, UT began charging \$97 per credit hour for each additional credit hour above 12. UT changed its fee structure in this manner because the University could no longer afford to provide free tuition for students taking between 13 and 16 credit hours, particularly in light of rising enrollments and declining state support. Regent Adams asserted that by providing a flat fee for 12 to 16 hours, UT had created an incentive for students to enroll in additional hours. Mr. Decatur acknowledged this and stated that the fee restructuring represented a business decision on the part of UT, and was a decision that was made after careful consideration and much discussion among the president and senior administrators at UT. Mr. Decatur also stated that after speaking with Regents' staff in June 2003, he was led to believe that UT's new fee structure would comply with the tuition cap established by House Bill 95.

Mr. Decatur noted that UT is in compliance with the 9.9% tuition cap for students taking between 1 and 12 credit hours. He said that although a student would need to take 15 credit hours per term to graduate on time, certain state and federal guidelines stipulate that 12 hours constitutes a full-time student. Therefore, according to Mr. Decatur the Regents' analysis of compliance with the tuition cap should be based on 12 credit hours, not 15. Dr. Sheehan distributed copies of the fall 2002 survey instrument used by Regents staff to collect tuition data for the 2002 edition of Fall Survey of Student Charges. Mr. Decatur noted that the 2002 survey simply requested fees for full-time students and did not specify fees for students enrolled in 15 credit hours. Mr. Decatur wondered why the 2003 survey now defines a full-time student as one taking 15 credit hours. Regent Adams observed that nearly two-thirds of UT's undergraduate students are enrolled for 13 or more credit hours. Therefore, the majority of UT's undergraduate students are subject to a tuition increase that exceeds the 9.9% fee cap. Mr. Decatur noted that unlike some other campuses, UT opted not to exercise a mid-year tuition increase during the prior academic year. According to Mr. Decatur, UT decided against a mid-year tuition hike so not to burden their students with unexpected additional charges. Mr. Decatur asserted that the method

used to monitor compliance with the fee cap benefits those campuses that had mid-year tuition increases during the prior year.

Finally, Mr. Decatur suggested that a precedent has already been established that would allow UT's new fee structure to be within compliance with the current tuition cap. Mr. Decatur cited two instances in the past whereby the Regents permitted Columbus State Community College and James Rhodes State College to change their fee structures and eliminate flat rates, which resulted in large tuition increases for full-time students.

Regent Noe said that given his interpretation of legislative intent, it would be difficult to defend UT's tuition policy, especially given legislative pressure on the Regents to help students complete degree programs on time. And because an undergraduate student needs to take 15 credit hours each term to graduate on time, Regent Noe asserted that students should not be penalized for enrolling in more than 12 credit hours. Dr. Sheehan said the Board of Regents or the General Assembly should establish a clear definition of what constitutes a full-time student. Regent Adams said that UT's tuition policy for students enrolled for 13 or more hours represents a clear violation of legislative intent. Regent Beeghly concurred, noting that students who have chosen to attend UT are now faced with a tuition increase that is both large and real. Regent Miller stated that he favors a free market and sees this issue as a strong argument against tuition caps. Regent Brown stated her objection to tuition caps and commended UT for its efforts in trying to address its revenue problem. Regent Brown proposed that UT's case be raised to the level of exceptional circumstances, which if approved by the Board of Regents, would exempt UT from the tuition cap. Regent Alvarado stated that she is not in favor of this proposal because the above-the-cap increase is real for many UT students, and such action might strain the Regents' relationship with the General Assembly. Regent Beeghly opposed this proposal, and recalled that the Regents refused a similar request from Ohio State University three years earlier. Regent Reese also opposed the proposal. Regent Beeghly noted that UT is not truly noncompliant with the fee caps because UT still has an opportunity to reduce its winter/spring 2004 semester fees to the extent necessary to make UT compliant with the cap on an annualized basis. Regent Adams acknowledged this point, but regretfully stated that it was the position of the Committee that UT's current tuition structure places the University on course to violate the tuition cap, and recommended that the matter be referred to the State Controlling Board. Regent Noe stated that Regents staff would report to the State Controlling Board on tuition changes next spring. Regent Noe asked if prior to sending this report to the Controlling Board if a second survey would be conducted that would capture any mid-year tuition modifications campuses may make subsequent to autumn term. Mr. McNally stated that autumn term typically represents the surrogate for the entire academic year but that because mid-year tuition increases have become commonplace, Regents staff have asked and would continue to ask campuses to report mid-year tuition changes. Mr. Decatur responded that rolling back UT's fees next semester would result in severe consequences and would create an estimated budget shortfall of between \$3 million and \$4 million. Regent Adams acknowledged that this was a significant financial dilemma for the University. Regent Beeghly requested that Regents staff provide the Committee with an analysis comparing autumn 2002 and autumn 2003 full-time resident undergraduate tuition.

The Committee received an update on the 2003 Performance Report from Dr. Darrell Glenn. A partial draft of the report in its new format was distributed to the committee. The new format divides the report into an executive summary that presents statewide and sector results and a separate section containing detailed institutional results. The executive summary groups the performance measures into eight chapters. Each chapter introduction summarizes the results for the related performance measures contained in the chapter. Each page of the executive summary focuses on one measure and presents the results in both graphical and written form. This format should make the Performance Report accessible to a wider audience.

Neal McNally shared with the Committee an update on college and university expenditures, which showed that when adjusted by the Consumer Price Index, expenditures per FTE student fell by 3.1% between FY 1999 and 2002. This analysis provided further evidence that higher education spending has remained within one commonly used measure of inflation. Regent Brown requested that the number and percentage of FTEs in each sector be added to the analysis. Regent Miller suggested that a 15-year analysis would be more useful. Chancellor Chu stated that a longer-term analysis has already been conducted by Regents staff and would be shared with the Committee. Regent Miller also suggested a similar analysis of net tuition to measure the change in real student costs, which he asserted would probably also be within inflation. Chancellor Chu explained that Regents staff have tried to collect data to calculate net tuition, but noted that this is a difficult task given the vast amount and sources of student aid.

Vice Chancellors Garry Walters and Jon Tafel briefed the Committee on progress made in complying with House Bill 95 mandates. The Articulation & Transfer mandates will be met by April 2004, and the study of co-located campuses will be completed by May 2004. The creation of a new joint vocational-community college pilot program at the Warren County Career Center, and the conversion of Belmont Technical College to a community college are also on the staff's agenda and will be addressed over the next two years. Vice Chancellor Garry Walters noted that Regents staff have provided assistance to Belmont Tech during this process.

September consent agenda items

Jim Haley briefed the Committee on Miami University's request to pledge student fees to support a \$65 million bond issuance, to be used to finance several capital projects on campus. The capital projects range from basic utility improvements to a new apartment-style housing facility for students. According to Mr. Haley, these projects would not impact student fees at Miami. Mr. Haley noted that much of this request represented only the first phase and that Miami would again seek Regents approval for a second bond issue sometime next year.

Neal McNally briefed the Committee on the release and distribution of FY 2004 Access Challenge appropriations, which the Board had approved in July but which had been subsequently adjusted due to updated enrollment data submitted by some campuses. The July and August 2003 Controlling Board items were also noted. Regent Noe made

a motion to recommend approval of all action items, and the motion was approved and carried by the Committee.

Forthcoming October Items

Neal McNally said representatives from Ohio University would come before the Committee in August to seek approval to pledge student fees in support of a \$7 million bond issue. The Committee will also receive an update on the capital budget in October, as most campuses have submitted their capital requests via the HEI System. The Fall 2003 Preliminary Student Headcount Report would also be presented to the Committee in October. Regent Adams requested that the Committee receive an update in October on higher education capital expenditures/appropriations in other Midwestern states, which had been requested by the Committee in July.

The meeting was adjourned by Regent Adams.

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