

**Resources & System Efficiency Committee  
Ohio Board of Regents  
Minutes of the Meeting of July 17, 2003**

The first meeting of the Resources & System Efficiency Committee of the Ohio Board of Regents was held at the GE Aircraft Engine Plant in Cincinnati, Ohio. In attendance were the following:

Ohio Board of Regents members:

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

Ohio Board of Regents staff:

Eric Almonte, Assistant Director, Access Initiatives  
Harry Andrist, Director, Research & Graduate Programs  
David Barber, Consultant, Academic & Access Programs  
Roderick Chu, Chancellor  
Shane DeGarmo, Admin. Assistant, Program Approval & Tuition Reciprocity  
Deborah Gavlik, Associate Vice Chancellor, Government Relations  
Darrell Glenn, Director for Performance Reporting & Analysis  
Robert Johnson, Assistant Director, Workforce Development  
Kathy Hill, Administrator for Workforce Development  
Neal McNally, Assistant Director, Budget & Resource Planning  
James Nargang, Assistant Director, Capital Development  
Richard Petrick, Vice Chancellor for Finance  
Tom Rudd, Director, Student Financial Access  
Leslie Sawyer, Director, Access Initiatives  
Jon Tafel, Vice Chancellor, Educational Linkages & Access  
Mike Taggart, Director for Workforce Development  
Shaun Yoder, Legislative Liaison

Guests:

Tony Barnes, University of Akron  
John Buttelerwerth, Cincinnati State Technical & Community College  
Larry Christman, Association of Independent Colleges & Universities of Ohio  
Earl Keese, President, James Rhodes State College

The meeting was called to order by Regent Adams and the minutes of the June 2003 Resources and Performance Committees were approved without objection.

**Updates**

Darrell Glenn told the Committee that the Performance Consultation had recently convened to discuss ways in which to develop and demonstrate performance measures for the 2003 Performance Report. Vice Chancellor Rich Petrick observed that

remediation is again a topic of discussion for the Consultation. Mr. Petrick cited data that shows that students who pass remedial coursework in math and English tend to do better than the student body as a whole.

Mr. Petrick shared with the Committee the results of the FY 2002 Resource Analysis, noting that instructional and general expenditures per FTE at Ohio's public campuses decreased by 3.5% between FY 2001 and 2002. This decrease is in large part attributable to the combination of rising enrollments and declining state support. Mr. Petrick noted that when adjusted for inflation using the Employment Cost Index to express the figures in constant 2002 dollars, statewide expenditures fell by 8% between FY 1999 and 2002. Mr. Petrick explained that the Employment Cost Index is a better measure of inflation than the Consumer Price Index because the ECI is based on total compensation for white collar professionals in the private sector, who share many characteristics with college and university employees such as educational attainment and income levels. Regent Alvarado asked about the nature of the expenditures. Mr. Petrick stated that the expenditures represent all unrestricted expenditures made with unrestricted revenues such as tuition and state subsidy. Regent Miller asked whether student financial aid expenditures should be included in the analysis. Mr. Petrick said that discounted tuition is excluded from the analysis so that the figures are not artificially inflated. President Earl Keese concurred, stating that the analysis does not double-count financial aid. Chancellor Chu stated that the analysis is not a price report, but rather shows moneys spent on students. Regent Adams asked Mr. Petrick to follow up with Regent Miller on this matter. Chancellor Chu said that the analysis supports one of his long-held contentions, that is, Ohio's higher education costs have consistently remained within inflation. In light of this, Regent Adams suggested that the rates of inflation also be clearly illustrated in the analysis to demonstrate the Chancellor's contention. Regent Noe noted that many policymakers are more familiar with the Consumer Price Index as a measure of inflation. Therefore, Regent Noe suggested that this same analysis be done using the CPI to adjust the expenditures. Regent Adams stated that this item would remain on the Committee's agenda for further discussion.

Vice Chancellor Petrick made a PowerPoint presentation to the Committee on the state capital budget process for the FY 2005-FY 2006 biennium. The state Office of Budget & Management is expected to issue control totals later in the summer, and campuses will begin to submit/revise their capital plans in September. The Board of Regents will make its recommendations for the capital budget in November or December. Mr. Petrick said that the state's public colleges and universities have a total of 2,218 buildings, comprising 100.5 million gross square feet of space valued at \$234 per square foot, with a replacement value of \$15.3 billion. Regent Adams asked if any analysis has been conducted to identify unnecessary facilities. Mr. Petrick said that the planned capacity study would address this issue. Regent Noe stressed the need to also show the significant amount of dollars campuses have borrowed to build facilities—a trend that has grown as interest rates have fallen. Regent Adams asked if the data reflect both used and unused facilities. Mr. Petrick noted that all buildings have some unused space, and that the data reflect all online instructional and general space. Regent Alvarado observed that the governor's Commission on Higher Education & the Economy might have implications for capital budget. Mr. Petrick concurred, noting that at least one Commission member feels that Ohio has over-invested in

higher education facilities. This is a difficult notion to dispel because there are no reliable and comprehensive data on state investments in higher education facilities. Regent Adams requested that any data that is available be shared with the Committee prior to being shared with the Commission. Regent Noe agreed, and suggested that data be gathered on Midwestern states.

### **July Consent Agenda Items**

Vice Chancellor Petrick told the Committee that a representative from the University of Cincinnati had previously briefed the Resources Committee in June on UC's request to pledge student fees in support of an \$11.5 million bond issue. President Earl Keese briefed the Committee on James Rhodes State College's request to pledge student fees in support of a \$3.1 million bond issue to support the cost of building a new technology building on campus. President Keese testified to the effectiveness of the incentive-based capital funding policy employed by the Regents, and noted the importance of the capital component when planning such projects. Mr. Petrick also mentioned the partial release of \$2.4 billion in FY 2004 operating appropriations from House Bill 95, and the June Controlling Board items.

The Committee recommended approval for all four action items on the consent agenda.

The meeting was adjourned by Regent Adams.