

**Resources & System Efficiency Committee
Ohio Board of Regents
Minutes of the Meeting of July 15, 2004**

The Resources & System Efficiency Committee of the Ohio Board of Regents met at the Cole Center on the campus of Cleveland State University in Cleveland, Ohio. In attendance were the following:

Committee members:

Edmund Adams, Committee Chair
Donna Alvarado
Bruce Beeghly
J. Gilbert Reese

Other Board members in attendance:

Jeanette Brown
Anthony Houston
Gerald Miller
Thomas Noe

Ohio Board of Regents staff:

Harry Andrist, Director, Research & Graduate Programs
Roderick Chu, Chancellor
Bret Crow, Assistant Director for Communications
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
Neal McNally, Assistant Director, Budget & Resource Planning
Rich Petrick, Vice Chancellor for Finance
Garry Walters, Vice Chancellor for Access & Academic Programs

Guests:

Janet Ashe, Cleveland Museum of Art
Jack Boyle, Cleveland State University
Linda Carr, University of Toledo
Ken Cochran, Ohio State University – OARDC
Brian Cook, Cleveland State University
Laurie Day, Cleveland State University
Dr. Noreen Frisch, Cleveland State University
Cindy McQuade, Inter-University Council
Dr. Belinda Miles, Cuyahoga Community College
Pat Myers, Kent State University
Bill Napier, Cleveland State University
Tom Needles, Statecraft Consulting
Michael Schwartz, President, Cleveland State University
Cheryl Serida, Cleveland Botanical Gardens
Julie Simmons, Cleveland Foodbank
Jack Stindurf, Cleveland Museum of Art
Sonali Wilson, Cleveland State University

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

Reports and updates

Vice Chancellor Rich Petrick updated the Committee on the recommendations of the Financial Aid Consultation, which will propose major changes to the state's need-based aid programs. The proposal would use the federal measure of need, increase the maximum public grant, and effectively merge the current OIG and Part-Time Grant programs. This proposal would represent a significant investment, with an estimated price tag of over \$260 million per year. The consultation has not come to an agreement as to how to phase in the program. Some members feel that major changes should not be made in the absence of new state funds. Others feel that the program is scalable—simply reduce the maximum grant low enough to match appropriations. A third approach would phase in the recommendations by cohorts. Regent Beeghly suggested that the Regents' goal of improved student access should be a priority within the new student aid program. Regent Alvarado asked if the new program would increase grants to existing students or make new students eligible. Mr. Petrick said that the Consultation has so far looked at a static analysis of existing students but said that changing to the federal EFC measure of need would greatly increase the number of students eligible to receive need-based aid. He said the next step is to conduct a dynamic analysis on the effects of the proposal.

Mr. Petrick also updated the Committee on the work of the SSI Consultation, which continues to review the SSI formula for possible revisions. The focus of this group is to make technical improvements to the formula—not to propose radical policy changes. This Consultation is expected to complete its work in August or September. Additionally, Mr. Petrick told the Committee that the Higher Education Funding Commission continues to meet in three subcommittees and that an additional subcommittee might be formed to identify key deregulation issues that the Commission would make recommendations on, such as the state's prevailing wage and tuition policies. The Commission has two more meetings scheduled in August and September. Regent Adams requested that the Board be given a monthly progress report on the implementation status of the recommendations of the Governor's Commission on Higher Education & the Economy (CHEE). Regent Adams also asked about the status of the creation of a business alliance as recommended by CHEE. Chancellor Chu said the governor has so far been unsuccessful in finding business leaders willing to participate in such an alliance, remarking that passion cannot be legislated.

Items for review in July

Jack Stindurf and Dr. Belinda Miles briefed the Committee on a \$5 million joint-use agreement between Cuyahoga Community College and the Cleveland Museum of Art. The agreement represents an addendum to a 2000 joint-use agreement and will support the expansion of the Museum's library. Regent Brown noted the strong support for the Museum among the local community.

Sonali Wilson and Julie Simmons briefed the Committee on a joint-use agreement between Cleveland State University and the Cleveland Foodbank. The agreement would provide educational opportunities for students enrolled in the CSU College of Nursing through its partnership with the Foodbank, which distributed 18 million pounds of food last year. Regent Alvarado asked a general question pertaining to joint-use agreements: Has the Higher Education Funding Commission examined the state's current approach to joint-use agreements and explored the possibility of a more comprehensive strategy that would not limit such agreements to only those entities that are politically successful in having items inserted into the capital budget? Mr. Petrick responded that although the Funding Commission is the appropriate body to review such issues, it has not examined the state's joint-use agreement policy.

Mr. Petrick reminded the Committee that the Regents would be asked to adopt FY 2006-07 operating budget recommendations at the next Board meeting in September.

Action items for July

The Committee reviewed the release and distribution of roughly \$2.5 billion in higher education operating appropriations for FY 2005. This routine distribution represents the Board's ultimate financial control. Mr. Petrick said that most of these funds will be disbursed to campuses on a monthly or quarterly basis, and the Board will be updated by staff when scheduled adjustments are needed during the course of the fiscal year.

Mr. Jack Boyle from Cleveland State University briefed the Committee on Cleveland State's proposal to pledge student fees in support of a \$62 million bond issuance. The projects to be financed by this proposal include the relocation and construction of a new bookstore and an expansion of parking facilities, as well as the renovation of several existing buildings on campus. Mr. Boyle noted that of the six projects to be financed, four have dedicated revenue streams with which to support the debt and operating costs. He also noted that even with the new \$12 per credit hour student fee that will be implemented for the student recreation center, Cleveland State will still have one of the lowest tuition rates among Ohio's public universities. Regent Brown asked if the student body supports this proposal. Mr. Boyle stated that an independently-administered statistical survey determined that students would support an additional \$12 fee for access to a student recreation center, which he said will especially benefit CSU's high proportion of commuter students.

Ken Cochran and Cheryl Serida briefed the Committee on a \$2.5 million joint-use agreement between Ohio State University and the Cleveland Botanical Garden. This agreement will allow for the expansion of joint internship programs for urban youth and link higher education with the "green" industry.

Mr. Petrick noted the other action items that were previously reviewed by the Committee in June: a \$25 million bond issuance by the University of Cincinnati; the release and distribution of \$835,848 in FY 2004 Student Support Services appropriations; and a \$35 million bond issuance by Bowling Green State University.

Mr. Petrick stated that since the Committee's initial review of the University of Cincinnati's proposed bond issuance, UC reported a revised estimate for its FY 2004 net operating income ratio, which UC now expects to increase by 3.3% above the FY 2003 ratio. Regent Noe suggested that this revised estimate be incorporated into the Board's official documentation of UC's proposal.

Mr. Petrick also noted the June 2004 Controlling Board items, 62% of which were approved through a director's sign-off.

A motion was made to recommend Board approval for each item on the Committee's action agenda. The motion was seconded and carried.

The Committee was adjourned.

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