

MINUTES OF SPECIAL MEETING
OF
BOARD OF TRUSTEES
OF
YOUNGSTOWN STATE UNIVERSITY

Tod Administration Building
Thursday, April 5, 2007

Pursuant to notice duly given, a special meeting (the two hundred seventieth) of the Board of Trustees of Youngstown State University convened at noon on Thursday, April 5, 2007, in the Humphrey Room in Kilcawley Center.

Seven trustees were present at the meeting, to-wit: Mr. John L. Pogue, chairperson of the board, who presided, Mr. Donald Cagigas, Dr. H. S. Wang, Mr. Larry D. DeJane, Mr. Scott R. Schulick, Dr. Dianne Bitonte Miladore, and Ms. Louise M. Popio. Mr. William J. Bresnahan, Ms. Millicent S. Counts, Dr. Sudershan K. Garg and Ms. Erianne R. Raib were absent.

Also present were: Dr. David C. Sweet, President; Dr. Robert K. Herbert, Provost and Vice President for Academic Affairs; Dr. Cynthia E. Anderson, Vice President for Student Affairs; Mr. Neal McNally, Director of Budget Planning and Resource Analysis and Franklin S. Bennett, Jr., Secretary to the Board of Trustees. Also present were approximately 20 persons, including deans, members of the faculty, students, administrators, and members of the news media.

The chairperson called the meeting to order.

ITEM I - PROOF OF NOTICE OF MEETING.

Evidence was available to establish that pursuant to Article II, Section 2, of the board's *Bylaws*; notice of the call for today's special meeting was timely provided to each of the trustees, the student trustees, and to the president.

ITEM II - DISPOSITION OF MINUTES FOR REGULAR MEETING HELD MARCH 16, 2007.

The chairperson stated that disposition of the minutes of the board's regular meeting held March 16, 2007 would be deferred to a future meeting of the board.

ITEM III - OLD BUSINESS.

1. Governor Strickland's Proposed "Compact with Higher Education."

- a. Impact on Youngstown State University
- b. Testimony of Chancellor Eric D. Fingerhut

Dr. Sweet stated that he had called today's special meeting to present and discuss with the board Ohio Governor Ted Strickland's proposed "Compact with Higher Education." Dr. Sweet stated that YSU is a model of efficiency within the state-supported Ohio institutions of higher learning. Dr. Sweet and Mr. McNally reviewed the "Preliminary FY 2008 Draft Budget based on the Governor's Proposed Budget," a copy of which is attached to these minutes. The preliminary budget indicates a shortfall of \$2,657,826. Mr. McNally stated the budget that will be presented to the board of trustees in June will be balanced, but that significant changes will need to be made (mainly on the expense side of the ledger). Dr. Sweet and Mr. McNally emphasized that the situation in Columbus remains highly fluid, and that university administration will maintain a close eye on these matters.

Dr. McCloud discussed yesterday's testimony of Ohio Board of Regents Eric D. Fingerhut before the Higher Education Subcommittee of the Ohio House Finance and Appropriations Committee. A copy of Chancellor Fingerhut's testimony is attached to these minutes.

The trustees, the president, Dr. McCloud and Mr. McNally discussed the options and alternatives available to the university in addressing the Governor's and Chancellor's plans and remarks.

2. Status Report on the Northeast Ohio Universities Collaboration & Innovation Study Commission.

Mr. Pogue reported that he, the President and Mr. Bruce Beeghly had attended a meeting of the Northeast Ohio Universities Collaboration & Innovation Study Commission on April 4, 2007. Mr. Pogue distributed written materials pertaining to the meeting, copies of which are attached to these minutes.

ITEM IV - COMMUNICATIONS AND MEMORIALS

The board considered no communications or memorials.

ITEM V - UNFINISHED BUSINESS

The board considered no unfinished business.

ITEM VI - NEW BUSINESS

1. Introduction of Yulanda McCarty-Harris.

Dr. Sweet introduced and welcomed Ms. Yulanda McCarty-Harris, the university's new Director of Equal Opportunity and Diversity.

2. Executive Session.

The chairperson recognized Mr. Schulick who moved that the board enter executive session to consider the appointment, employment, dismissal, discipline, promotion, demotion, and/or compensation of one or more university employees. Mr. DeJane seconded the motion. The chairperson requested the secretary to conduct a roll call vote on the motion to enter executive session, the results of which are as follows (YES being a vote in favor of entering executive session):

Mr. Cagigas	YES	Dr. Wang	YES
Mr. Pogue	YES	Mr. DeJane	YES
Mr. Schulick	YES	Dr. Bitonte-Miladore	YES
Ms. Popio	YES		

The vote being unanimous, the board entered executive session at 12:43 p.m. Present in executive session were the trustees, Dr. Sweet, Dr. Herbert, Dr. Anderson, Dr. McCloud, Dr. Thomas Maraffa, Ms. Eileen Greaf, Assistant University General Counsel Gregory Morgione and the secretary to the board of trustees. At 1:20 p.m., Dr. Herbert, Dr. Anderson, Dr. McCloud, Dr. Anderson, Dr. Maraffa and Ms. Greaf departed the executive session. While in executive session the board considered pertaining to the employment and compensation of the Provost. The board returned to public session at 1:25 p.m.

ITEM VII - ADJOURNMENT

Upon motion duly made and seconded, the meeting was duly adjourned by unanimous vote of the trustees at 1:26 p.m.

Chairperson

ATTEST:

Secretary to the Board of Trustees

YOUNGSTOWN STATE UNIVERSITY
Preliminary FY 2008 Draft Budget based on the Governor's Proposed Budget

Attachment 1

DRAFT, LAST REVISED: 4/4/07

	FY 2007	FY 2008 PRELIMINARY*		
	APPROVED BUDGET	FY 2008 DRAFT BUDGET	% Change from FY 2007	\$ Change from FY 2007
REVENUE				
Tuition & Mandatory Fees	\$80,582,000	\$81,834,000	1.55%	\$1,252,000 (a)
Other Fees and Charges	\$8,185,200	\$7,585,200	-7.33%	(\$600,000) (b)
State Appropriations				
State Share of Instruction	\$40,091,166	\$40,582,525	1.23%	\$491,359 (c)
Success Challenge	\$2,271,143	\$2,422,693	6.67%	\$151,550
Access Challenge	\$460,406	\$460,406	0.00%	\$0
Jobs Challenge	\$90,074	\$90,074	0.00%	\$0
Total State Appropriations	\$42,912,789	\$43,555,698	1.50%	\$642,909
Other	\$3,320,011	\$3,360,011	1.20%	\$40,000
Total Base Revenue	\$135,000,000	\$136,334,909	0.99%	\$1,334,909
EXPENDITURES				
Personnel				
Full Service Faculty Salaries	\$29,991,471	\$31,039,000	3.49%	\$1,047,529 (d)
Temporary Faculty Salaries	\$8,980,440	\$8,980,440	0.00%	\$0
Professional & Administrative Staff	\$13,190,843	\$13,631,000	3.34%	\$440,157 (d)
Classified and Police	\$15,640,552	\$15,995,000	2.27%	\$354,448 (d)
Temporary Staff	\$784,962	\$769,000	-2.03%	(\$15,962)
Student Salaries	\$3,189,079	\$3,189,079	0.00%	\$0
Total Faculty, Staff and Student Salaries	\$71,777,347	\$73,603,519	2.54%	\$1,826,172
Fringe Benefits	\$23,048,676	\$23,577,000	2.29%	\$528,324
Total Salaries and Fringe Benefits	\$94,826,023	\$97,180,519	2.48%	\$2,354,496
Operating Expenses	\$20,539,539	\$20,706,000	0.81%	\$166,461
Non-mandatory Transfers	\$14,590,000	\$15,580,666	6.79%	\$990,666 (e)
ERIP Reserve Transfer	\$587,888	\$1,069,000	81.84%	\$481,112
Other	\$4,456,550	\$4,456,550	0.00%	\$0
Total Base Expenditures	\$135,000,000	\$138,992,735	2.96%	\$3,992,735
REVENUES VS. EXPENSES				
	\$0	(\$2,657,826)		

- (a) Tuition and mandatory fee revenues are based on the two-year average of FTE enrollments from FY 2006 and FY 2007 and a 0.0% change in tuition and fees for all students. The two-year FTE enrollment average is 10,461.
- (b) Other fees and charges reflect the reduction in the graduate non-resident surcharge approved by the Board of Trustees in March 2007. Because these revenues are based on two-year average FTE enrollments, a \$600,000 reduction in revenues is projected. However, the reduction in the graduate surcharge is expected to be revenue-neutral as the Division of Academic Affairs and the School of Graduate Studies & Research implement a plan to increase the number of non-resident graduate enrollments.
- (c) State Share of Instruction revenue reflects the most recent projection provided by the Ohio Board of Regents and is based on the Governor's proposal to increase the total SSI appropriation by 5% with a 100% hold-harmless guarantee.
- (d) FY 2008 faculty and staff salaries reflect contractual increases per OEA, APAS and ACE agreements. Professional and administrative staff salaries reflect a 0.0% pay increase for exempt employees. A 3% salary increase for exempt P/A employees would cost approximately \$400,000 for salaries and fringe benefits.
- (e) In FY 2007, the Johnson Control Lease payment was funded out of the central utilities budget. In FY 2008, this obligation will be budgeted as a transfer.

* NOTE: The preliminary FY 2008 budgeted expenditures reflect only contractually-binding obligations and do not include other factors, such as debt service to support the Centennial Capital Plan, rising utility costs, litigation, strategic initiatives, and the impact of the minimum wage increase on janitorial services and student wages.

YOUNGSTOWN STATE UNIVERSITY
Preliminary Draft Budget based on the Governor's FY 2008-FY 2009 Budget Proposal

DRAFT, LAST REVISED: 4/4/07

	FY 2008* PRELIMINARY DRAFT	FY 2009 PRELIMINARY		
		0% Salary Increase	1% Salary Increase	3% Salary Increase
REVENUE				
Tuition & Mandatory Fees	\$81,834,000	\$84,289,020	\$84,289,020	\$84,289,020 (a)
Other Fees and Charges	\$7,585,200	\$7,585,200	\$7,585,200	\$7,585,200
State Appropriations				
State Share of Instruction	\$40,582,525	\$41,731,101	\$41,731,101	\$41,731,101 (b)
Success Challenge	\$2,422,693	\$2,422,693	\$2,422,693	\$2,422,693
Access Challenge	\$460,406	\$460,406	\$460,406	\$460,406
Jobs Challenge	\$90,074	\$90,074	\$90,074	\$90,074
Total State Appropriations	\$43,555,698	\$44,704,274	\$44,704,274	\$44,704,274
Other	\$3,360,011	\$3,360,011	\$3,360,011	\$3,360,011
Total Base Revenue	\$136,334,909	\$139,938,505	\$139,938,505	\$139,938,505
EXPENDITURES				
Personnel				
Full Service Faculty Salaries	\$31,039,000	\$31,039,000	\$31,349,390	\$31,970,170 (c)
Temporary Faculty Salaries	\$8,980,440	\$8,980,440	\$8,980,440	\$8,980,440
Professional & Administrative Staff	\$13,631,000	\$13,631,000	\$13,767,310	\$14,039,930 (c)
Classified and Police	\$15,995,000	\$15,995,000	\$16,154,950	\$16,474,850 (c)
Temporary Staff	\$769,000	\$769,000	\$769,000	\$769,000
Student Salaries	\$3,189,079	\$3,189,079	\$3,189,079	\$3,189,079
Total Faculty, Staff and Student Salaries	\$73,603,519	\$73,603,519	\$74,210,169	\$75,423,469
Fringe Benefits	\$23,577,000	\$23,577,000	\$24,118,000	\$24,512,000
Total Salaries and Fringe Benefits	\$97,180,519	\$97,180,519	\$98,328,169	\$99,935,469
Operating Expenses	\$20,706,000	\$20,706,000	\$20,706,000	\$20,706,000
Non-mandatory Transfers	\$15,580,666	\$15,615,666	\$15,615,666	\$15,719,666
ERIP Reserve Transfer	\$1,069,000	\$1,069,000	\$1,069,000	\$1,069,000
Other	\$4,456,550	\$4,456,550	\$4,456,550	\$4,456,550
Total Base Expenditures	\$138,992,735	\$139,027,735	\$140,175,385	\$141,886,685
REVENUES LESS EXPENSES	(\$2,657,826)	\$910,770	(\$236,880)	(\$1,948,180)

(a) Tuition and mandatory fee revenues are based on the two-year average of FTE enrollments from FY 2006 and FY 2007 and a 0.0% change in tuition and fees in FY 2008. The FY 2009 figures assume constant enrollments and a 3% increase in mandatory tuition and fees, which would be the maximum increase permitted under the Governor's proposal.

(b) State Share of Instruction revenues reflect the most recent projections provided by the Ohio Board of Regents and are based on the Governor's proposal to increase total SSI formula funding by 5% in FY 2008 and 2% in FY 2009.

(c) FY 2008 professional and administrative staff salaries reflect a 0.0% pay increase for exempt employees. A 3% salary increase for exempt P/A employees would cost approximately \$400,000. FY 2009 salary scenarios are based on 0%, 1% and 3% salary increases for all permanent employees and assume constant staffing levels.

* NOTE: The preliminary FY 2008 budgeted expenditures reflect only contractually-binding obligations and do not include other factors, such as debt service to support the Centennial Capital Plan, rising utility costs, litigation, strategic initiatives, and the impact of the minimum wage increase on janitorial services and student wages.

House Finance and Appropriations Committee

Higher Education Subcommittee

Testimony of
Ohio Board of Regents
Chancellor Eric D. Fingerhut

April 4, 2007

Chairman Webster, Vice Chairman Evans, Ranking Minority Member Ujvagi, Members of the Committee:

My name is Eric Fingerhut, and I am the Chancellor of the Ohio Board of Regents. Thank you for this opportunity to testify regarding the higher education budget for Fiscal Years 2008 and 2009. It is an honor to appear before this committee.

Higher education is very personal to me. Like many Ohioans, I am the grandson of immigrants, and the son of two hardworking parents whose education ended at high school. As the first in my family to obtain a college degree, I know the life-changing impact that higher education can have.

Of course, I am not alone -- not by a long shot. We are living through a period of profound transformation. Just as the industrial revolution once transformed our state and nation, so the educational revolution is now transforming the world. A high school degree and hard work is no longer enough to ensure a solid, middle class life. Today, a college degree is a necessity.

The infrastructure of the new economy is our colleges and universities. Ohio's ability to compete in the global economy is directly tied to our ability to produce highly trained researchers, engineers, scientists, doctors, technicians and teachers, and the capacity of our research laboratories to generate the innovations of the future.

This is why I am so excited to be serving as Chancellor of the Ohio Board of Regents, a position I assumed just three weeks ago today.

As is well known by now, I was suggested for the position of chancellor by Governor Strickland, not the usual way for a chancellor to be selected. My first conversation with Governor Strickland about the chancellor position was short and to the point. The governor told me that Ohio

needs a system of higher education that will allow our state, and our people, to compete and thrive in the 21st century global economy. Everything the governor has proposed in this budget has been designed to move us toward this goal.

I know that this goal is shared by the members of this committee and of the entire House of Representatives. At your opening session this past January, Speaker Husted said: "Our education system must become a driver of our economy, not just a contributor to it." I understand that this is not political rhetoric, but a deep and personal commitment. I have pledged to the Speaker, to Minority Leader Beatty, and to each of you, my best efforts to accomplish that goal.

As a former member of the General Assembly, I know that you and your colleagues have many good ideas about higher education. I look forward to working with you on those ideas. Our success in advancing higher education in Ohio will depend on whether we are able to develop a shared set of objectives and strategies.

So, let us begin at the beginning. What does it mean to build a system of higher education that will drive Ohio's economic resurgence?

It means that we will build on the traditions and successes of Ohio's great universities and colleges, while developing unique missions and centers of excellence that will establish our global leadership, keep our most talented students here at home, and attract the world's talent to our doorstep.

In the global economy, no single college or university can drive our state's economy. Collectively, however, Ohio's system of higher education can and will establish our state as the place in the world to build or grow a business, conduct cutting edge research or expand the reach of knowledge in the social sciences, arts or literature.

Let me get more specific about the challenges we face:

Ohio needs a comprehensive network of two-year colleges that provide ready access to quality, two-year programs for all our residents. Today, some Ohicans have access to an extraordinary two-year education, but others have fewer opportunities. And it is unacceptable that tuition at our two-year colleges, the heart of our workforce development pipeline, is 54% above the national average.

Ohio needs its public universities to excel in preparing the talent and conducting the research that will drive the economy of the future. Each

university will not be great at everything, but we must be world class in the core fields of study that drive innovation and growth. While expressing our pride in what we have, we should not hide the need for improvement in quality. And, of course, the tuition price matters. Lower tuition makes higher education more affordable and accessible, and entices students who are being recruited by out-of-state institutions to stay in Ohio.

Ohio needs its private research universities to grow and prosper. One need only think about what Stanford means to Northern California or Duke means to North Carolina to understand the role of great private research universities.

Ohio needs to partner with its remarkable network of private liberal arts colleges to help meet the need for innovative talent in the new economy. Before I left Baldwin-Wallace College to become Chancellor, I was part of a competition in which private liberal arts colleges competed for funds from a leading national foundation and a leading Ohio foundation to spread the principles of entrepreneurship throughout their curriculum. Such initiatives, whether it is in entrepreneurship, the STEM disciplines, education, health care professions, or many others, help the state meet its economic challenges.

Budget Focuses on Affordability and Accessibility

Let me now turn to Governor Strickland's budget proposals.

In his State of the State address, Governor Strickland said: "We know an educated workforce attracts jobs - economic forecasts show that more than 60 percent of new jobs will require a college degree. And yet, Ohio is 47 percent above the national average in public university tuition costs and 37th in producing college graduates." The governor's goal is to "increase the number of Ohioans with a college degree within ten years by 230,000 and increase the graduation rate among those who start college by 20 percent."

We will not meet these targets unless we make college affordable and accessible for all Ohioans. Making college affordable for all Ohioans will require more money, but it also requires us to do more with the money we have. To do so, we must collaborate in ways that go far beyond what our institutions of higher education have ever done before.

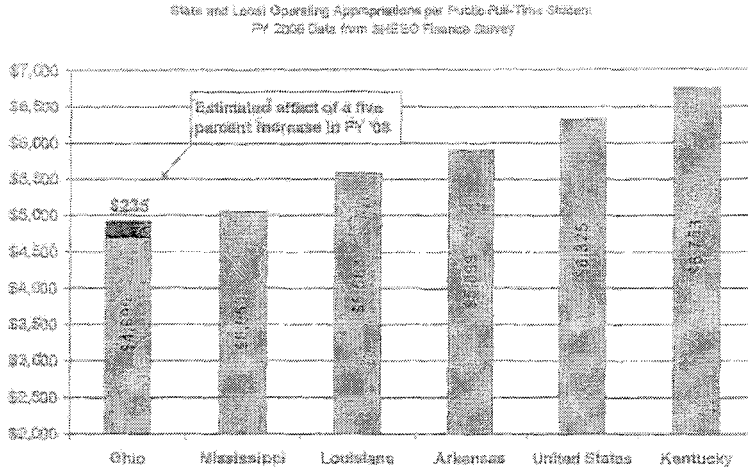
Higher Education Compact

That's why, at the core of Governor Strickland's budget proposal, is a Higher Education Compact. This compact, which you will see as a new line item in the budget (235-568), establishes the structure within which we will transform our public higher education system.

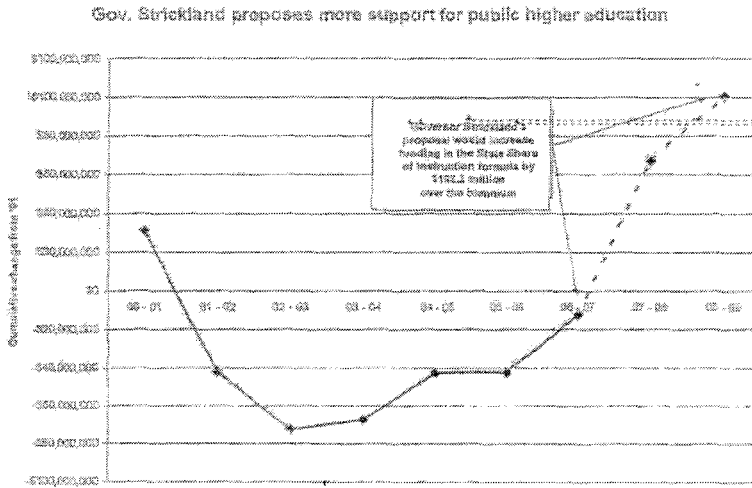
The governor has asked that you allocate to the Higher Education Compact a sum that represents a five percent increase in the basic instructional subsidy for FY08, and an additional two percent in FY09. This represents a commitment of \$192.3M in new General Revenue Funds over the biennium. The language that accompanies this line item makes clear that the funds will be distributed by the Chancellor of the Board of Regents to schools that agree to freeze tuition in the first year of the biennium and increase tuition no more than three percent in the second year. Schools that participate in the compact must also achieve independently verifiable efficiency savings of one percent in the first year and three percent in second year.

There are several important points that must be made about the proposed compact.

First, our public institutions get their revenue in two ways - from state support and tuition. When state support is flat, as it has been for the last six years, schools must turn to tuition to make up the difference. Simply put, the state has not been making the investments necessary in the basic cost of higher education. The result has been tuition increases averaging nine percent over the last decade.



The proposed five percent increase in basic instructional support through the compact would reverse a long period of disinvestment in public higher education.



Formatted: Tabs: 6", Right

Formatted: Font: 4 pt

Formatted: Font: 5.5 pt

Formatted: Font: 5.5 pt

Formatted: Font: (Default) Arial, 5.5 pt, Bold

Under the governor's proposal, Ohio's public colleges and universities would also participate in a two percent annual increase in both the Access and Success challenges, two well-established programs for

holding down tuition and encouraging schools to help students complete their degrees.

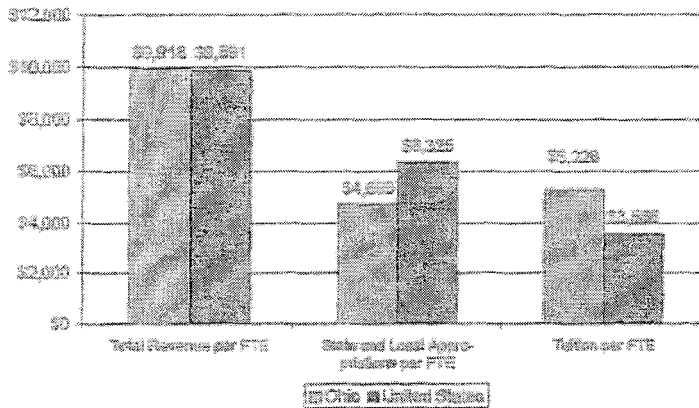
The recent history of declining state support and record tuition increases makes turning the situation around very difficult. In FY06, state support made up less than half the cost of educating each student. For many of our four-year institutions, state support represents significantly less than this figure. As recently as 1991, state support accounted for 60 percent of the cost of educating each student and tuition 40 percent.

A five percent increase in state support helps, but the fact remains that we are asking our public colleges and universities to accept no growth on a majority of their revenue. This makes the governor's call for a tuition freeze a difficult, even painful, challenge for our partners in higher education.

Why then, do we ask for a tuition freeze? It is, of course, important in real terms to lower tuition and to lower the base from which future increases are set. Lower tuition will benefit over 400,000 students currently attending Ohio's public colleges and universities, and will attract new students to our system. But a tuition freeze also sends a signal to all Ohioans that we understand the problem and are willing to make the shared sacrifices necessary to control college costs. Until we get a handle on affordability, we will not be able to focus the higher education conversation where it belongs - on quality, on content, and on competitiveness.

And that is why the final element of the proposed compact - management efficiencies - is also important. If we are to dramatically increase the number of students in higher education in the coming years, we must do so from the most efficient platform possible. No business can grow significantly unless it has its costs under control and its management systems in place. Each institution has been working on this problem for some time, and many have made great strides. The Regents second biennial Results Through Productivity Report, which was produced at the request of Chairman Webster, documents more than \$320 million in academic and administrative cost savings initiatives in Fiscal Years 2005 and 2006 at individual institutions. Indeed, despite Ohio's above average tuition rates, Ohio's cost of instruction in our public colleges and universities is at the national average.

FY 2008 Revenue, Appropriation, and Tuition per Full-Time Equivalent Student (Source: GHEEO Finance Survey)



Still, we must do better. The key to finding efficiencies is to work on a system-wide basis. The governor has instructed me to lead the effort to find these savings and efficiencies, and I intend to do so. Former Lt. Governor Bruce Johnson, now the President of the Inter-University Council, has agreed to co-chair a task force with me to look at these system-wide issues.

I also look forward to actively participating in the Northeast Ohio Universities Collaboration and Innovation Study Commission, which was established at the end of the last General Assembly. This commission, which includes among its members your former colleague, Representative Jim Trakas, has just begun its work. I am committed to seeing that the recommendations of that commission are significant and far-reaching, and that they are brought to you speedily for your consideration.

We know that collaborative efforts can make a real difference. Just last week, I attended the announcement of a joint effort between the University of Akron and Lorain County Community College that they are calling an "Innovation Alliance." One goal of the alliance is to reduce the cost of obtaining a college degree by roughly 40 percent. All the savings from the management efficiencies we propose in the Higher Education Compact, and from self-initiated efforts like that between the University

of Akron and Lorain County Community College, will be kept by the schools so they can increase their services to students.

Since the compact was first announced, I have had numerous conversations with the higher education community. I want to publicly thank all the college and university presidents for their constructive responses. I want to particularly thank IUC President Bruce Johnson and Lew Blackford, the Interim Executive Director of the Ohio Association of Community Colleges, for their hard work on this issue.

I have learned much from these conversations. As of this date, it is my firm opinion that, if the General Assembly approves the funding request and language submitted by the governor, I will be able to conclude a compact within the financial parameters outlined by the governor with every single public college and university in the state. Such a compact would require that we distribute the compact funds in a manner different from the existing higher education funding formula. Such a compact would also call upon us to begin outlining a broader vision for the future of our higher education system. In short, the governor's proposals formed the initial terms of the compact, and a respectful dialogue has suggested what the remaining terms should be. This is a significant accomplishment, one that will mean a great deal to our students and our state.

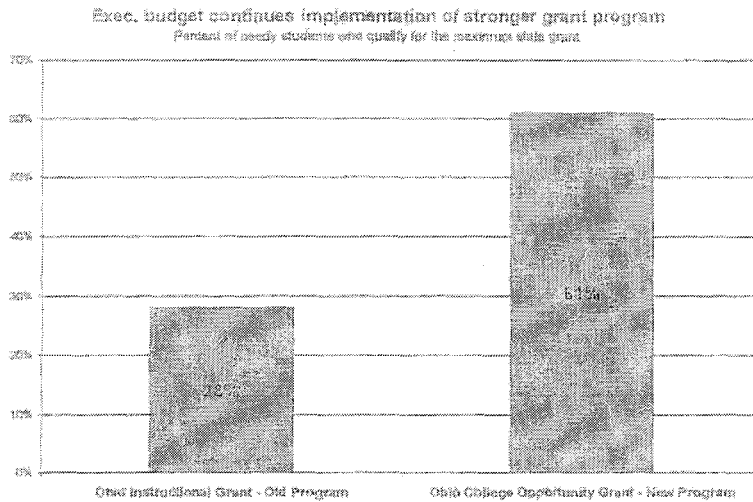
It is now your turn to examine the compact. You will undoubtedly hear from those who would like to alter its terms. At the end of the day, I hope you will conclude, as we have, that the terms submitted to you by Governor Strickland present the best opportunity for us to make significant progress on affordability and accessibility in the coming biennial budget and beyond.

Financial Aid

Holding down college tuition is only part of the equation. No matter how successful we are in containing costs, we will always have students who need our help to make college affordable. That is why Governor Strickland has focused his financial aid proposals on need-based aid, and has made the difficult decision to discontinue aid categories that do not meet this standard. The standard of need the governor has used is that established by Governor Taft and the Ohio General Assembly for the Ohio College Opportunity Grant (OCOG) program. The governor also believes that the state's financial aid should be targeted to students who attend our Board of Regents' approved institutions, so as to reinforce his goal of developing a system of higher education that can be relied upon for the quality of its product.

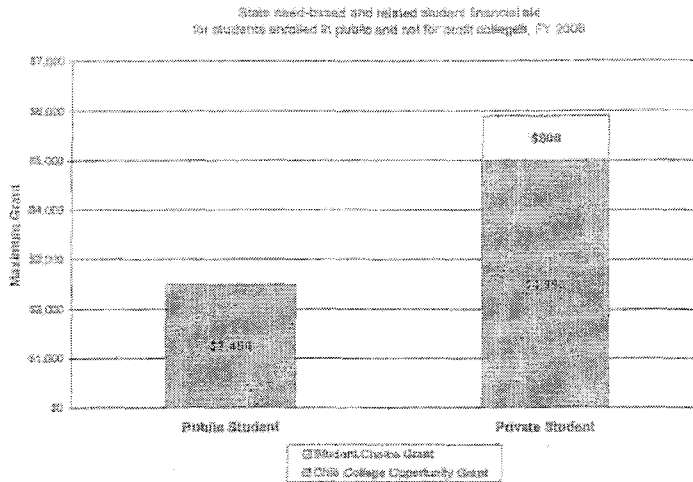
The Ohio College Opportunity Grant was the work of Governor Taft and the previous General Assembly. They began the process of phasing out the old Ohio Instructional Grant program (OIG) and phasing in OCOG with this year's freshman class.

OCOG represents a significant improvement in need based financial aid over OIG. The grant is larger, more students qualify for the maximum grant, and more students qualify overall.



Governor Strickland's budget includes funding to enroll the next two classes of freshmen. In other words, by the end of the biennium, three full classes of Ohio college students will be receiving OCOG. In FY08, we will be spending \$140M in General Revenue Funds on the OCOG program, and \$200.5M on need-based financial aid overall. In FY09, we will be spending \$151.1M in General Revenue Funds on the OCOG program and \$187.4M on need-based financial aid overall. Students enrolled in non-Board of Regents institutions will continue to be eligible for OIG or OCOG until they finish their programs, but no new students from these institutions will be enrolled in either program. All told, over 100,000 students will be receiving need-based financial aid from the state under the governor's budget proposal. I do need to emphasize, however, that the OCOG program is new and our projections are therefore based on limited data.

Recognizing the important role played by private institutions in Ohio's system of higher education, the governor's budget continues the practice of offering grants to students in private schools that are twice the size of the grants received by students attending public schools. In addition, students in private, not-for-profit schools who are eligible to receive an OCCOG grant will continue to receive the Ohio Choice grant, representing an additional \$900 in financial aid to those students.



“Fill the Gap” Fundraising

While the state plays an important role in making college more than a dream for all our students, so does the private sector. The executive budget calls for an additional \$8.5 million for the Ohio College Access Network (line item 235-434). This will enable OCAN to raise additional private dollars to help students in need of financial assistance. I will be working hard with our partners at OCAN to develop a strategy to seek matching private donations.

AccelerateOhio

Cost alone is not the only barrier to higher education. This is particularly true with adults returning to college to upgrade or learn a new job skill. A new initiative – AccelerateOhio – will work to connect all Ohioans to higher education, particularly ones who have not gone to college or have been away for many years. AccelerateOhio is designed to provide a series of low-cost, no-fail certificates as an easy vehicle for people to get back into college or into advanced training. AccelerateOhio also will provide

funding for advanced industry-standard certificates that have the clear potential to both strengthen the workforce and draw students back into advanced education. This initiative is funded at \$2.5 million in FY 2008 and \$5 million in FY 2009.

We also need to encourage young people through Ohio's college readiness programs and Ohio Early College programs (line item 235-434). This budget provides an additional \$1.5 million over the biennium for the Ohio Early College program.

Research Incentive

Our universities are contributing significantly to the economy through the impact of their basic research. The research of today will lead to the jobs of tomorrow. The Governor's budget nearly doubles the Research Incentive (line item 235-433), from \$18 million in FY 2007 to \$30 million in FY 2008. The governor accomplishes this by proposing that \$12 million per year in General Revenue Funds and \$18 million per year in Third Frontier funds be made available for this indispensable program. Each state dollar invested in the Research Incentive leverages ten dollars in additional research funds, meaning that our investment will leverage \$300 million per year in funding for cutting edge research at our public and private research institutions.

STEM

Cutting edge research requires top researchers, engineers and scientists. That's why the executive budget also invests in producing more "STEM-squared" (Science, Technology, Engineering, Medicine, and Math) students and graduates. Fifty-six percent of the basic instructional subsidy pays for enrollments in STEM-squared courses, while only 41 percent of all students are enrolled in STEM-squared courses. In addition, several teacher improvement initiatives (line item 235-435) are targeted to increasing and retaining the number of math and science teachers.

Conclusion

In his State of the State address, Governor Strickland said: "If we do this right, education will feed the economy. Success will bring more success. And the beneficiaries of our efforts will not only be students in the classroom, but all Ohioans."

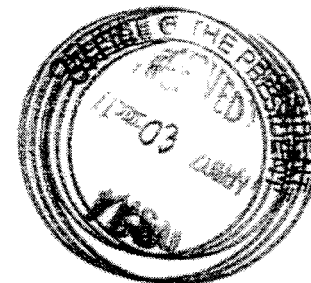
Mr. Chairman, as you well know, we have much to be proud of in our higher education system, but we also have much work to do. I look

forward to working with you and the members of your committee in doing the hard work that lies ahead of us.

I would be pleased to answer any questions you and the members of the committee may have.

Northeast Ohio
Universities
Collaboration &
Innovation Study
Commission

*Cleveland State University
Kent State University
Northern Ohio Universities
College of Medicine
The University of Akron
Youngstown State University*



2 APRIL 2007

TO: MEMBERS OF THE NORTHEAST OHIO UNIVERSITIES COLLABORATION &
INNOVATION STUDY COMMISSION

FROM: TED BOYD, CHAIRMAN

RE: 4 APRIL 2007 MEETING

As you know, we will convene this coming Wednesday, April 4 from 8-10:00 a.m. at the offices of the GAR Foundation.

I'd like to thank Commission member Rob Briggs for hosting this session. Directions to the location are attached to this memorandum. A briefing book will be in your office tomorrow morning.

Consistent with the decision of the group to meet fairly frequently as we begin our work and monthly after that period, our next session will be held on Thursday April 26, from 8-10:00 a.m. At this session, we will be joined by our primary project consultant, Stephen R. Portch, Ph.D.

Appointment of Stephen R. Portch, Ph.D.

Following our March 15 session, I was pleased to hear from many of you indicating your support for the idea of engaging the services of Dr. Portch to serve as our primary consultant. After several conversations with Steve regarding our charge and the thoughts shared on March 15th, he has agreed to the appointment and will join us to guide our work.

Some of you may know Steve from his role with the Governor's Commission on Higher Education & the Economy (2004). His work in

areas of strategic planning, university research, seamless education strategies / P-16 models and Board governance and development, well position him to guide the work of the Study Commission. We look forward to welcoming Steve on the 26th of April.

Structure of the Study Commission

As was discussed during the March 15 session of the group, there is a natural division of the scope of our work which has been recommended that we pursue. To this end, our work shall be organized into two groups based on the strategic partnerships and collaborations within both the academic and administrative arenas. In examining the list of the members of the Commission, assignments to particular workgroups have been made and will be reviewed at our session on Wednesday. A listing of these groups is attached herein.

Resource development

Dick Pogue is continuing to play an integral role in identifying the resources to support the work of the Commission. I thank Dick for his leadership on this issue of vital importance.

I am especially pleased to report to you that the Chairman of the Northeast Ohio Council on Higher Education, Bob Rawson, has agreed that as the region's driver of business-higher education collaboration, NOCHE is well-positioned to serve as the facilitator for the work of the Study Commission and provide project leadership.

To this end, NOCHE Associate Director Monica Turoczy, has been appointed Executive Director of the Commission. Accordingly, NOCHE will be reimbursed for Monica's time and energies, as well the administrative support needed to support our work.

Please join me in thanking NOCHE's Chairman for this important commitment to our work, and Monica for her continued energies and talented leadership.

I look forward to seeing you on Wednesday morning.

Proposed Study Commission Workgroups

Academic:

Mr. Whitehead
Ms. Baunach
Dr. Proenza
Dr. Sweet
Dr. Nora
Mr. Walters
Ms. Timken
Mr. Weinberg
Mr. Richard Pogue
Mr. Boyd

Administrative:

Mr. Hambrick
Dr. Lefton
Mr. Beghley
Mr. Kaufman
Mr. John Pogue
Dr. Schwartz
Dr. Demas
Mr. Trakas
Mr. Briggs
Mr. Boyd

Northeast Ohio
Universities
Collaboration &
Innovation Study
Commission

*Cleveland State University
Kent State University
Northeastern Ohio Universities
College of Medicine
The University of Akron
Youngstown State University*

Meeting Agenda
4 April 2007
8:00 – 10:00 a.m.
GAR Foundation
Akron, Ohio

Introduction	Ted Boyd
Welcome <i>Advance Northeast Ohio</i>	Rob Briggs
Commission developments Staff Budget & Finance Website development	
Underlying principles- review and discuss	
Study Commission Goals	
Workgroup Rosters	
Open Discussion	

*NEXT MEETING: Thursday, April 26, 8-10:00 a.m.
Location to be announced*

MEMORANDUM

To: Dr. Proenza

From: Jon Allison

Date: March 14, 2007

Re: North East Ohio Universities Collaboration and Innovation Study
Commission (Commission)

Before the Commission convenes for the first time on Thursday, I wanted to add my thoughts to those that were offered at last Thursday's Vice Presidents meeting. First, I start with the specific language of HB 699 (126th General Assembly) which provides, in pertinent part, the following (my emphasis highlighted):

SECTION 235.60.70. (A) The North East Ohio Universities Collaboration and Innovation Study Commission shall develop a plan and may make legislative or other logistical recommendations for the following, with respect to the University of Akron, Cleveland State University, Kent State University, the Northeastern Ohio Universities College of Medicine, and Youngstown State University:

- (1) Strategic and purposeful collaboration among the institutions;*
- (2) Partnering among the institutions of both undergraduate and graduate academic programs;*
- (3) Sharing of at least some governance mechanisms, particularly as they relate to common basic functions, among the institutions;*
- (4) Development of a coordinated approach to the academic and administrative roles of public higher education in North East Ohio, while maintaining the separate identities of the institutions.*

The goal of the Commission's recommendations shall be to promote greater access and affordability for students and an overall improved quality of higher education in North East Ohio.

The Commission shall submit its plan and recommendations to the Governor and the General Assembly in writing not later than twelve months after the effective date of this section.

If the Commission follows the General Assembly's prescription to the letter, it will deliver to the Governor and legislature the following:

INCOME	
Capital Bill Allocation, December 2006	\$25,000
<i>Investment of \$25,000/schools</i>	\$125,000
<i>Potential match from state</i>	\$125,000
<i>Philanthropy</i>	\$100,000
Total Income	\$375,000
EXPENSE	
Commission Meetings	\$35,000
<i>Location costs</i>	
<i>A/V</i>	
<i>Catering</i>	
<i>Speakers</i>	
Consultants	
<i>Portch</i>	\$75,000
<i>Management consultant</i>	\$75,000
Travel	\$20,000
Website	\$10,000
Communications	\$10,000
Commission Staff	\$75,000
<i>Executive Director, M. Turoczy & Administrative support</i>	
Photocopy	\$5,000
Printing	\$20,000
Office expenses/space	\$15,000
Total Expenses	\$340,000