

**Regular Meeting of the Board of Trustees
June 23, 2009**

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UNIVERSITY OF CINCINNATI

Official Proceedings of the

Two Hundred and Eighty-Ninth Meeting of the Board of Trustees

(A Regular Meeting)

June 23, 2009

The Two Hundred and Eighty-Ninth Session of the Board of Trustees of the University of Cincinnati was opened at 11:10 a.m. on Tuesday, June 23, 2009, in the Russell C. Myers Alumni Center of the University of Cincinnati. Notice of this meeting was given in accordance with Section 121.22 of the Ohio Revised Code. The proceedings of the Board, when not otherwise provided for by its bylaws, are governed by *Robert's Rules of Order*.

H.C. Buck Niehoff, Chairperson of the Board of Trustees, presided. Mr. Niehoff asked that roll be called.

BOARD MEMBERS PRESENT: C. Francis Barrett, Stanley M. Chesley, Gary Heiman, Sandra W. Heimann, Thomas H. Humes, H.C. Buck Niehoff, Robert E. Richardson, Jr., and Jeffrey L. Wyler

BOARD MEMBERS ABSENT: Margaret E. Buchanan

ALSO PRESENT: Monica Rimai, Interim President;
Anthony J. Perzigian, Senior Vice President
for Academic Affairs and Provost;
Lou Billionis, Chair for Council of Deans;
Michael W. Carroll, Vice President of
Development and Alumni Affairs;
Mitchel D. Livingston, Vice President for
Student Affairs and Chief Diversity
Officer;

Mitchell D. McCrate, General Counsel;
James D. Plummer, Vice President for
Finance;
Fred Siff, Vice President for Information
Technology
David Stern, Vice President for Health
Affairs;
Gregory J. Vehr, Vice President for
Governmental Relations and
University Communications;
Greg Hand, University of Cincinnati
Spokesperson;
Otto Budig, Foundation Representative
Steve Simendinger, Alumni Representative
Marla Hall, Faculty Representative;
Makram Suidan, Faculty Representative
Diana Hechavarria, Graduate Student
Trustee
Kyle Quinn, Undergraduate Student Trustee
Tim Lolli, Student Representative
Susan Stringer, Executive Assistant to the
Board of Trustees and Sr. Vice
President for Administration and
Finance;
and the public

(Prior to the Board Committee Meeting and the Regular Board Meeting,
Chairman Niehoff began the proceedings at approximately 8:30 a.m.)

Mr. Niehoff:

Good morning. I think we will get started. I would like to thank you all for
joining us for the board meeting this morning.

Chairman's Update on Search Committee

I would like to begin today with our customary report about the Presidential
Search Committee.

The committee has continued to meet approximately every two weeks and we've completed several more tasks since the last report that we made to this Board. We have completed the Presidential Profile and published the official advertisement. As well as in the *Chronicle of Higher Education*, the ad ran in the following targeted journals to make certain that we have reached a broad group of constituencies. They include *Hispanic Outlook*, *Women in Higher Education*, *Inside Higher Education*, *Diverse*, and the *Cincinnati Enquirer*.

The next task that we have nearly completed is to develop a series of questions that we will ask candidates during the initial interviews. These questions include a broad variety of topics from diversity, internationalism, athletics, fundraising, academic excellence, community involvement and a broad gamut of issues that we think are important in evaluating the candidates. These questions will be available, once they are completed (hopefully this afternoon) in the board office for review by anyone in the university community. We will not be posting them on our webpage because we think it is probably better that the prospective candidates not know what the questions are in advance—sort of an academic way of doing things. And at our meeting this afternoon we will hopefully complete the questions and we will also discuss the information packet about the university that we will have available for prospective candidates. The application period extends through July 15th, about three more weeks, and after that date we will begin to review resumes and candidates.

We've continued to operate in a transparent and inclusive manner, which is an important goal of our search process. We have attempted to keep everyone informed about our progress and the steps that we are taking. So far all of our meetings have been open to the public in their entirety and we have not had an executive session, as would be permitted under the Ohio Sunshine Law.

As many of you know, about 34 year ago, as a representative of the Local Government Law Committee of the Ohio State Bar Association, I assisted the Ohio Legislature in drafting the Sunshine Law. I believe in its goal of balancing two

fundamental rights: first, the right of the public to know, and; second, the legitimate right to privacy that prospective public employees possess in matters relating to hiring, particularly when it involves protecting their current job and livelihood.

In accordance with the law, the Search Committee plans to hold discussions in Executive Session when we begin to talk about the pros and cons of specific candidates. Our first meeting with an Executive Session will be held on Monday, July 27th, at which time we will begin the process of reviewing individual candidates.

I would add that we have been told by several experienced professionals in the field that many of the best applicants, particularly sitting Presidents at other universities, will not become part of our search process if their privacy is not guaranteed. Although we respect the public's right to know, we also believe that the public is best served by creating a process that attracts the most qualified and the brightest candidates.

We trust that proceeding in this manner is consistent with the wishes of this Board. At this point I'd open the discussion to questions, comments or ideas from the board?

Mr. Chesley:

Sounds terrific what is going on here. The question I have, this packet that is available today, would you see to it that the board members get that packet?

Mr. Niehoff:

It will be on our webpage.

Mr. Chesley:

No, the one you said is not on the webpage.

Mr. Niehoff:

Oh, the questions. Yes.

Mr. Chesley:

In other words the entire packet I would ask that the entire board receive that.

Mr. Niehoff:

You will get that...

Mr. Chesley:

With the understanding that it's kept confidential...

Mr. Niehoff:

Yes. Okay, any other questions or thoughts? I thank you for your indulgence and we will begin a very busy agenda with a report from our distinguished fundraising representative, my good friend, Otto Budig.

(Otto M. Budig, Jr., UC Foundation representative, gave the following Foundation Update.)

Thank you Chairman Niehoff, I appreciate it very much. President Rimai and members of the Board, good morning. On behalf of Chairman Jeff Williams and the trustees of the UC Foundation, it's my pleasure to make this report to you today.

I hope by now everyone has heard or read about the *Proudly Cincinnati* milestone celebration yesterday on campus, when the campaign officially passed the halfway point to reach our goal of raising \$1 billion. Our guest of honor was Jim Berns, who is the College Lab Manager at the College of Design, Art, Architecture and Planning, whose gift to the UC Faculty/Staff Campaign put us over the halfway mark.

I don't know if Dean Probst or Jim are here – I would introduce them if they were. But since they aren't, I would simply say that it was an exceptional and uplifting experience and we placed Jim Bern's comments on the website because they were certainly very heartfelt and worth reading. It's a great feeling to stand here and give you this incredible news. It's also a sobering experience because my colleagues and I know we have a lot of hard work ahead of us to raise the other half of that \$1 billion.

A lot of people in this room will be involved in that work. We can certainly use your support.

Volunteers continue to take this campaign well beyond Greater Cincinnati – in April *Proudly Cincinnati* launched with great enthusiasm in New York City, supported by regional campaign chair Dick Thornburgh. In May, Chicago alumni were *Proudly Cincinnati* at Arlington Park Racecourse, supported by Chicago chair Bob Fealy. Last week, Washington D.C. was our most recent regional launch at the historic University Club, supported by regional chair Todd DeGarmo.

The Foundation trustees and campaign volunteers remain deeply committed to this vital effort. We're privileged to have such an engaged and committed leadership team.

On campus, the 5th annual UC Faculty/Staff Campaign has already broken one record—25% of UC full-time and retired employees have made gifts this year. That equals more than 2,500 donors. We're also closing in on a second record. It's possible this campaign will break the \$10 million mark for the first time. Our celebration of such support is especially fitting when you consider that, during the life of the *Proudly Cincinnati* campaign, UC's faculty and staff will contribute as much as 10% of the \$1

billion goal—demonstrating strongly to all our stakeholders that we have a workforce, a family if you will, committed to this university and that truly believes in the University of Cincinnati’s mission.

Finally, I’m pleased to announce a recent gift to UC of \$2 million from the Conway Foundation to support a chair in Catholic Studies at the McMicken College of Arts and Sciences. Ruth and Robert Conway are native Cincinnatians, and Ruth is a UC alum. Their gift will support examining the secular role Catholicism has played in shaping many disciplines for more than 2,000 years.

As a volunteer, I continue to take great personal pride in all of our efforts on behalf of the University of Cincinnati. I’m Otto Budig, and I am, most definitely, *Proudly Cincinnati*. Thank you.

Mr. Niehoff:

Thank you, Otto. A great report. Our next report is from Dr. Caroline Miller about enrollment.

(Caroline Miller, Ph.D., Associate Vice President for Enrollment Management, gave the following enrollment update information.)

Dr. Miller:

Thank you and good morning. As we head into the summer season of daily New Student Orientations, which begin next Monday, and planning for fall admissions travel and programming to support the enrollment for Fall 2010, I’m pleased to report that our Freshman numbers are holding nicely. As of the middle of June we are still at 15% ahead of last year’s number, which is about 6% over target, giving us ample room to

“melt” a bit and still hit budget numbers. To date, we are not seeing any melt. It is high season for Transfer applications, and those numbers too are very strong with confirmations at 33% ahead of last years take. Enrollment of current students 100 days before the start of the quarter is 600 students over last spring’s number. Our housing reservations are at 1025 of regular capacity with Stratford Hall full.

But, since it is the season, and since so many of you joined us two weekends ago for a fabulous graduation, I thought it might be worth a brief response to questions raised in the June Trusteeship Journal article titled *Graduation Rate: The Stakes for Boards*. The author suggests that Boards should ask its academic and student affairs professionals these three questions.

1. What are you doing with the great body of literature and scholarship regarding what works to improve retention and grad rates?

The UC Answer – we’re using it and adding to it. We are members of the Eduventures Enrollment Learning Collaborative which is a broadbased source of professional development for my staff and a cost effective means of assessment. We can share directly in approximately 120 campuses across the country. We are modifying some of our enrollment programming based on best practices and you’ll also find UC cited in works around the College Board, FYE networks and the National Consortium on Student Retention.

2. What clues of attainment arise from our own assessment in persistence, engagement and student satisfaction?

The UC Answer – I think you’ve seen from the UC Report Card that we use the Student Satisfaction Survey and the National Survey on Student Engagement as listening devices. They give information that we could never tell by just looking at the numbers. And we use these to target programming at areas where we see vulnerability or places where our students tell us we need to improve. We use our own “beat the odds” and “oops” lists to do the same. Currently we are digging into the data around the attributes of successful CAT students now that we have five years of the CAT. Nationally, only 19% of students assessed with developmental needs ever earn a degree. With the demographics of the next wave of college students suggests we must do better. Also, currently we have a survey in the field of the 10,000 students we made offers to (whether they accepted them or not) about what they thought about the recruitment and wooing process so that we can build that into our practices for the coming year.

3. How do you subdivide your data to identify student populations who are less successful than others?

The UC Answer – With great help from Institutional Research we have sliced out data about every way we can. We know our data by gender, ethnicity, college, program, financial need levels, and geography. We know it by aid and scholarship sources and we know it by first generation status and by academic preparedness. The latter was used to

set the Academic Success Criteria for Colleges as we “raised the bar” in terms of admission to UC.

This article suggests that campuses would see improvements over time, if they used the data systematically and applied resources to the data as it suggests. I’d like to suggest that we have done exactly the same at UC and that’s why we’ve seen our retention rates move from the low 70’s to 83% (and it will be better in the fall) and particularly why the graduation rate has gone from 48% to 55%. I had to peak at the graduation numbers for the 2009 class and I know that we’ll have a better number to report in September in that regard.

At UC these accomplishments have not made by lowering standards but rather by raising expectations for student success. And, to end where I began, if the Fall 2009 is a measure, these accomplishments are now helping the recruitment of increasing numbers of talented students. So when you ask these questions, we’ll have good answers.

Thank you very much.

Mr. Niehoff:

Thank you. Any question for Caroline? I’d just like to make a comment about the first two reports. There are many indicia of success at the university: growth and achievement, but I think, in my mind anyway, our fundraising success and our enrollment success. In both areas, as you’ve just heard, we are doing outstanding things and having great achievements. To reach the \$500 million mark in this economy and to have 600 more students than last year is just exciting. It is a wonderful achievement and two very important evidences of our success here at the University of Cincinnati. There are many

other indicia of success, but, I think, these are two very important and very critical ones and that's why we have these two reports at the beginning of every meeting. With that, President Rimai.

Report of the Interim President

President Rimai:

Thank you, Mr. Niehoff. Before I launch into my beginning comments for today's meeting I have to report some sad news that we received this weekend. Some of you know that State Senator Robert Schuler passed very recently. He was both an alum of the University of Cincinnati and a wonderful advocate for higher education in general and particularly UC. His services are today and we will have a couple of representatives from the university there. I have no doubt that Senator Schuler would ask that we continue to advocate for this institution as he has done and to continue in our good work, but I wanted to share all of that with you this morning.

In terms of our good work, there is much great news to report, and, in fact, there is so much that we have decided to adopt a slightly different approach to reporting out on good news. You should have in front of you, somewhere in your packet of materials, a sheet that just lists some great examples of the good things that are happening at UC. In the interest of sustainability it is two sided – I'm going to just focus on a few highlights and then we will continue with our full agenda.

It is great news that I can report with regard to Athletics. They are to be congratulated in terms of their progress on academics. As this school year just ended, 11 of the 18 Bearcat teams posted GPAs of 3.0 or higher with 10 of the teams importing their GPAs over last year. And also, according to the latest data released by the NCAA we have three teams that have achieved a perfect academic progress rate score for the 2007-08 season and that included men's basketball, lacrosse and women's soccer.

In terms of rankings, our graduate programs continue to hold their own in *US News & World Report*, with five programs in the top 10: industrial design (No. 6),

interior design (No. 3), criminology (No. 3), pediatrics (No. 3) and paleontology (No. 7). Nursing anesthesia is close in there ranking at No. 11.

Finally, I thought it would be appropriate not only to acknowledge but to use this as a segue that we had a terrific visit from the Ohio Board of Regents Chancellor Eric Fingerhut last month regarding our Centers of Excellence. Provost Perzigian will be shortly talking about this in greater detail, but we've talked about our compliance with the outline of the *USO Ten-Year Strategic Plan* regarding these Centers of Excellence and the feedback that we got through various channels was strong and positive. So with that I thought I would turn it over to Tony so that he could report out on where we stand more specifically with our Centers of Excellence, Tony?

(Anthony J. Perzigian, PhD, Sr. Vice President for Academic Affairs and Provost gave a presentation on USO Centers of Excellence Report to Chancellor Eric Fingerhut utilizing PowerPoint slides. A copy of the presentation is on file in the Office of the Board of Trustees.)

Dr. Perzigian:

Thank you, Monica. Later in this meeting the board will consider a resolution to approve a report to the Chancellor, a report that will delineate UC's USO Centers of Excellence. This report was developed in response to the Ohio Board of Regent's Strategic Plan for Higher Education requiring all public universities to identify, by June 30th, Centers of Excellence that would distinguish them within the USO.

In identifying our centers we were guided by the Chancellor's expectations and priorities. In this slide you can see the OBR criteria for identifying Centers of Excellence. I call your attention, in particular, to economic development. The USO Strategic Plan places a great emphasis in the prominent role universities play in providing central ingredients for economic development. Let me mention some obvious but important examples. First, through the knowledge and expertise of their faculty and through the research and educational training that the faculty provide, universities have

an economic impact as business enterprises in their own right. Universities produce a highly educated and skilled work force that is truly the intellectual capital that is so critical for economic growth. In addition, the commercialization of university research generates new products, new technologies that seed business growth. Universities, of course, offer important services and resources that revitalize neighborhoods and ensure that our communities are safe, secure and healthy places. Places where people want to live, work invest, and even play. So the Centers of Excellence described in our report respond to the role of universities as economic engines and its force in shaping the quality of life in the broadest sense.

In addition, as you see in the slide here, the Chancellor is seeking through the USO Centers of Excellence to identify across the state a set of complimentary centers that will differentiate university mission. Note the word complimentary centers – these are not meant to be competitive centers within the system, but instead complimentary centers that differentiate around distinctive strengths, distinctive academic programs that are grounded in nationally competitive, nationally benchmarked centers of high quality graduate education and research. Again, all of this is predicated on the premise that higher education is part of the solution and a key to the state’s economic recovery and advancement.

So let me end the suspense—and the envelope please. These eleven centers (Design & Innovation; Diabetes/Obesity; Environmental Health & Cancer; Humanities; Classics, Creative Writing, Philosophy of Science; Intelligent Air & Space Vehicle Energy Systems; Music & Theatre Arts; Nanoscale Sensors; Neurosciences; Pediatrics; Sustaining Urban Environments; and Urban Transformation & Justice) were presented as Monica noted, and discussed with the Chancellor at a meeting on June 2nd. We believe that these centers respond to the Chancellor’s priorities and that they will contribute to the state’s economic development and quality of life while also differentiating UC within the USO. These centers most assuredly distinguish UC’s strengths in graduate education and research. They most assuredly distinguish us within the USO among the other universities. They reflect the strengths of the Academic Health Center, they draw upon

UC's unique programmatic strengths and nearly all of them, and I emphasize nearly all of them are interdisciplinary, intercollegiate, leveraging strong synergies and collaborations between and among faculty across diverse programs and colleges. A university committee of faculty and administrators worked during the past academic year to identify these centers, but they had much with which to work and hardly began at square one. It was almost exactly three years ago that President Zimpher charged a newly created UC|21 Strategic Planning Council to, and I quote, "develop a set of recommendations that will become a blueprint for the UC|21 Academic Plan", a blueprint that drives resource allocation, the capital campaign and infrastructure planning. The result of that work begun three summers ago resulted in five major thematic areas that you see in the next slide and in which UC's eleven centers are situated. In short and in sum our USO Centers of Excellence derive directly from UC|21 planning. They are responsive as well to the Chancellor's priorities.

In addition, as you can see in the next slide, our proposed centers are embedded in fundraising targets in the *Proudly Cincinnati* Campaign. And finally, as we pointed out to the Chancellor in his visit to us earlier this month, our centers are sustainable and supportable through a development plan. As UC academic priorities they are explicit targets of reallocation. In addition, we will pursue corporate and philanthropic support for the centers and we will continue our aggressive pursuit of federal research grants and contracts.

We reminded the Chancellor that under the current administration, under his watch, UC has already been enormously successful in receiving highly competitive state awards to support the endeavors and programs in our eleven centers. Indeed over the course of the past year and several board meetings we've celebrated large awards through the Ohio Research Scholar's program, the Choose Ohio First Scholarship program, we've been hitting home runs with Eminent Scholar's awards, and just two weeks ago another Third Frontier award. All of these, I think, are clear indicators of UC's academic excellence and the strengths of our center proposals.

Upon the board's approval, we will submit the report to the Chancellor. His staff will review the submissions over the summer and announcements will be made this autumn regarding the first round of centers' designations. We are confident that our centers distinguish us among all other universities, they contribute to the state's economic advancement, and they will help the revitalization of the state's metropolitan areas. Thank you.

President Rimai:

Any questions for Tony?

Mr. Wyler:

Yes, I have one. Tony, is there only eleven? I see Director Thomas back there. Maybe twelfth would be to have the highest ranked intercollegiate football and basketball teams in the state. Do you think the Chancellor would go for that? Thank you very much.

Mrs. Heimann:

Why as part of this report would Nursing not be included as a Center of Excellence?

Dr. Perzigian:

Nursing and other health related programs are embedded in our four that are under Health (Obesity & Metabolism, Pediatrics, Environmental Health & Cancer and the Neurosciences). So, all of the colleges in the Academic Health Center are involved in our health related programs.

President Rimai:

Other questions? Thank you.

(Monica Rimai, JD, Interim President; James Plummer, Vice President for Finance; Valerie Hardcastle, PhD, Dean, McMicken College of Arts and Sciences; Lawrence Johnson, PhD, Dean, College of Education, Criminal Justice and Human Services; Robert Ambach, Sr. Associate Vice President and CFO, Academic Health Center; Kathy Qualls, Association Sr. Vice President, Business and Financial Affairs, Provost Office; Kristi Nelson, PhD, Senior Vice Provost; and Beth McGrew, Association Vice President, Planning+Design+Construction gave a presentation titled June 2009 Finance and Budget Presentation utilizing PowerPoint slides. A copy of the presentation is on file in the Office of the Board of Trustees.)

President Rimai:

Well for those of you who were with us last year at this time, you know that June is generally devoted to all things financial. It is the board meeting in which we provide information about our forecast on the close of the fiscal year and provide the board with information about our proposed budget for the new fiscal year. It is actually for that reason that I thought it was very important that the provost open up this program with a discussion about our Centers of Excellence because it is a very important reminder that all the work that we do around financial planning, around building these budgets, around forecasting—all of the detail that is in the budget material which you have in front of you—is all about the academic mission as it should be.

With that, it is appropriate, it is our requirement to talk to you about how we did this year financially and how we intend to support the academic mission going forward. You've heard me say a lot over the last several years about how this has become an increasingly participatory, transparent, iterative process and as proof of that we have this team. These folks are really actually representative of the very many people who have been involved in working on our budgets over the years. I thought it was only too appropriate that this year you should hear about our efforts around this fiscal year and the next from the folks who are actually in the trenches working with me on developing that information. I'll say more about the team in a moment, but just a few overall comments about today's meeting and how we will proceed.

Clearly these are very challenging financial times for not just the institution, but for the State of Ohio and the nation. There is some good news though for us to report and to acknowledge in all of this. The first is that thanks to all of the hard work that the institution has undertaken over the last several years, we're actually in quite a good position to manage our way through these financially challenging times. And second, despite all of the challenges in Ohio, I think from the prospective of higher education, we are very, very lucky to be in this State. The reason for that is thanks to the leadership of the Governor, to our Chancellor and the legislature. We really have a group of elected officials that understand and through their actions have demonstrated that the path to economic recovery and sustained economic development is through higher education. They have demonstrated that commitment through the governor's budget that was presented to the legislature, the versions of which were passed by the house and the senate and we hope that commitment will continue through the conference process. These are two important points of good news and we do need to express our deep felt thanks to our elected officials for their efforts because it has involved some very, very difficult decisions. As a consequence, I think it is important for us to remember, to acknowledge, to embrace that with this investment in higher education comes higher standards with regard to stewardship, accountability, and transparency. We here at UC are very committed and that is further evidenced by the number of people who are involved in our budget process.

The other thing that I wanted to mention to you is that in front of you is a "draft" budget book and I cannot emphasize enough the word "draft". I think we actually have it stamped on every single page of that budget book. It is in black and white, we didn't even bother to bind it because it will change, but there is some helpful information here that will help you. As we go through this presentation. We will point out some features in the budget book and then at the end of this meeting we will collect it and I will say more about why we need to do that a little later in this presentation.

For those of you who are interested in history, let me just say that this budget book has been redesigned significantly in an effort to make it more useful and helpful. There are a number of appendices at the back that have very important information that don't clutter up the front of that book. In addition, it is reflective of our first endeavor and efforts around performance-based budgeting.

Let me turn now to the agenda itself. Jim Plummer who is the University of Cincinnati's Chief Financial Officer and Vice President for Finance will be talking to you about the details of this current fiscal year and our forecast on both the operating and capital budgets and how we will close the year. Before we move into the detail of FY 2010, we'll ask Dean Valerie Hardcastle and Dean Larry Johnson to talk to you about performance-based budgeting and how it's working at UC. I think it is particularly important that you hear from these two deans because not only have they been great champions of performance-based budgeting, but they've also been great stewards in terms of making sure that the basic tenants of this form of resource allocation is true and supportive of our academic mission. We are most grateful for that. We will then turn to Bob Ambach and Kathy Qualls, Bob is the Chief Financial Officer for the College of Medicine and Kathy does the same function for the Provost's office, to talk about the specifics of the 2010 budget. And then, Beth McGrew who is our Associate Vice President for Campus Planning+Design+Construction and Kristi Nelson who is the Senior Vice Provost will talk to you about the capital budget for FY 2010 and then I'll have a few concluding remarks. Of course, driving the presentation is Peg Allensworth also a member of the President's Budget Advisory Committee who is helping us try to stay on track.

So I'm going to provide a bit of an overview for 2009 before I turn it over to Jim and some other comments. But, before doing that I want to draw your attention to Appendix 2 in the budget book. It's a glossary of terms that might be helpful to you as we go through this presentation. I just want to remind everybody of a few important definitions. The first is general funds that is a significant portion of our budget and it comes from two sources: State Support for Instruction (SSI) – that's the money we get

from the state to support our mission; and then the second component of the general funds budget is, of course, tuition – that’s the largest portion. Another important term for you to keep in mind is the notion of a designated fund. Designated funds are simply, for the most part, transferring general funds dollars to work on very specific programs or projects. Designated funds are either established because of a board decision that the university should engage in certain kinds of activities or a decision that is made by the university leadership. And generally, because it comes from designated funds, we can always draw those dollars back if a decision is made that a program or the activity is no longer required. So, designated funds is an important term that we spend a lot of time talking about. The next definition that you should keep in mind is restricted designated funds. These are designated funds that are restricted for a specific use and for our purposes today, if you think about the endowment and you think about support that we get from grants and contracts, those are our primary sources of restricted designated funds. My favorite definition is the TIP. That is the revenue we get from investing our cash on hand, we call it the Temporary Investment Pool. You heard me talk about SSI, State Support for Instruction and you need to keep that in mind. Finally, our auxiliaries – those are the functions here at UC which function on their own bottom line if you will. They’ve been engaged in performance-based budgeting for as long as they’ve been in existence. They are the traditional functions of housing, food service, parking and you will hear about a few others. So, with those definitions in mind, let’s talk about the overview for fiscal year 2009.

The good news is that it is good news. I can be very brief and say that we are ending the year balanced. We were spot on in terms of our revenue projections and our capital projects are on track, they are on time and under budget. I don’t really need to say more, I’ll leave the detail of that to Jim Plummer. All of this good performance in 2009 is indicative of our continuing to improve financial health despite all of the challenges around us.

One of the things you all know and are very aware of that we look at in terms of gauging our financial health is liquidity. This is not Jim Plummer’s most recent

cardiogram; this is actually how we track our available cash on hand. You are certainly welcome to look at the detail. I, in fact, encourage you to do so. What I think is most important is that you look at the trend line which is in the upward trajectory. This morning when I was preparing I had the chart flipped upside down and I actually did have a heart attack, because flip it upside down the trajectory is absolutely in the wrong way. This is the correct orientation and what it demonstrates is that the promise that was contained in the cash policy that this board passed in November of 2006 has actually come to fruition. We are not yet at our goal of 25% of our total budget as an average cash balance for the institution, but clearly you can see that goal is depicted by the top line there in, I don't know, aqua, light blue, we are within striking distance. Just to give you a sense of that we are going to end this fiscal year (as of June 30th) with about \$180 million of cash on hand. Last year at this time we had about \$90 million. The question, I think, that is fair for everyone to ask is "how did we do this and how have we reached this state of financial stability?" The first step in doing so was the passage of the cash policy that said that this was, in fact, a responsibility of the institution. It listed a number of strategies that we were going to use in order to get to our goal. We have since passed another, I think, important institutional policy related to our structural deficit. That is the structural deficit pay down policy. We will say more about that when we get into discussion about fiscal year 2010. In addition to those two institutional policies over the course of this past year, we have passed twenty-one additional financial policies which speak to the way we do our business and call for a great deal of discipline in how we spend the resources we have.

I think if you look at the totality of these twenty-one policies, what you will find is that it has caused the institution to be much more conscious, indeed self conscious, about the way we spend out money. It's not that we are not going to spend money, it's just that when you have a policy in front of you that talks about process and the issues that you have to consider, as a consequence one is much more careful and much more in tune and connected with the resources that they have. As a result of both our institutional and our financial policies, what we have achieved is improved internal control, significant cost containment and I think probably the ultimate evidence of why this was a

wise course of action was the fact that in the midst of this entire economic chaos our bond rating has improved. We've gone from a negative outlook to a stable outlook and that valuation persists. I think there is much to celebrate there.

Before turning things over, the specifics, to Jim Plummer, I wanted to spend a few minutes talking about Athletics. The reason is that, I think many of you know, this is a program that continues to struggle and we have some thoughts about how we might move the Athletic Department in a more positive direction, but it is really going to require input from the entire community. Before I dive into this though, I actually want to spend a few minutes talking about Research. I know you are going to find this a little bit odd, but hang in there with me for a moment.

I think everybody would agree that the research activity at UC is very much part of the core of who we are. We identify as a research institution and indeed it is one of the things that we call out when we describe our mission: teaching and service and, of course, research. It is one of the things that helps bring quality people to the institution. We've had tremendous success in our research activity and in an environment of flat federal funding for our research activity we can claim \$353 million of research expenditures. We have huge expectations for our research profile as a consequence and, no doubt, it is a source of great, great pride. I would say to all of you that this is exactly how I would describe our athletic program. It is a thing that attracts terrific people to the campus including students and great staff. We've had tremendous success in our athletic program both historically and very recently. We have enormous expectations about the success of our athletic program and that certainly has been part of the process of moving into the Big East. I don't think that anyone would deny that it is a source of tremendous pride. The other thing that both research endeavor and the athletic endeavor have in common is that they are both subsidized by the general fund. Not many people know about that concept when it comes to research. People assume that researchers bring in their own dollars through grants and contracts and some even think that research makes money, but as a matter of fact, it is significantly subsidized by the rest of the institution, as it should be. That's appropriate and we defend that and, in fact, we embrace that.

Equally true; however, is that Athletics needs to be subsidized and we do subsidize it. But, one of the things that we haven't really talked about is: What is the appropriate level of subsidy for the Athletic Department in light of all of our expectations for its performance? Now I would be the first to say, and Mike Thomas has heard this over and over from me, is that Athletics needs to do its part. It does need to exercise great stewardship over its resources in the same way that we exercise that same level of stewardship over our research resources. I will tell you that the Athletic Department, particularly in the last year and a half to two years has undertaken a lot of activity to do just that. I want to describe just a few things for you. In the beginning of Fiscal Year '09 the department eliminated more than \$1.7 million from its operating budget by decreasing sports in departmental budgets; by freezing vacant positions; by freezing, in this last quarter, unused dollars; by freezing unused scholarship dollars and other non essential expenditures. The Athletics Department has completely reorganized its business function. It's hired a new chief business officer who has a great deal of experience in this area and who is working very effectively with other budget functions at the university. In fact this individual has a dotted line now reporting to our chief financial officer. Finally, I think everyone has heard about the very painful decision to eliminate scholarships in three men's sports – all in an effort to reduce the size of the budget. But, if we are going to have our athletic department meet the grand expectations that we have for it, we need to think about what is the appropriate size of the budget given that year over year they've had difficulty staying within it and you'll hear the same for FY 2009. They've gone about a million dollars beyond the budget that was planned for them.

Now I think that we have a great tradition here at UC when we talk about an institutional asset and challenges around that asset, we don't leave it to just one particular department to deal with those challenges. We take advantage of the talents that are at this institution to problem solve. I would suggest to all of you that's exactly what we need to do here with regard to providing a passport position, that five-year plan, for the Athletics Department. So, what I propose today is that we bring together a task force that is representative of all of the interests of the university that are equally interested in the

Athletics Department. That includes folks from the Athletic Department, it includes faculty and students, and members of the provosts office, and deans, and frankly folks from our external community to get together to talk about first of all, what are our expectations, how might we fund those expectations (making a commitment in terms of recommendations) and then, frankly, living with that commitment as a community. So I wanted to take a few minutes to talk about that path for moving forward so that next year we'll all be on the same page with regard to what is a pretty significant challenge for the Athletics Department.

At this point, I'm going to turn it over to Jim, who's going to provide the more specific highlights on our performance in 2009.

Mr. Barrett:

Monica, will you take a couple of questions, first.

President Rimai:

Sure.

Mr. Barrett:

Would you just comment briefly on one of the points you had was retention of coaches, would you just comment briefly on the retention of Coach Kelly for varsity football?

President Rimai:

I don't think I have a lot to say because it is in the newspaper today. We did sign the contract. I think that everyone is quite pleased with that and, I think, mostly it is important so that we can move forward and look forward to another great successful football year.

Mr. Barrett:

Also you were talking about cash on hand. How does that money, cash on hand, how is that held and invested?

President Rimai:

It's invested though the TIP, temporary investment pool, so these tend to be shorter term investments – although we're always looking at what is the appropriate investment horizon. Remember, this is cash that we actually use – it's where we pay our payroll and pay our vendors, so it is by necessity a relatively short term kind of investment.

Mr. Barrett:

Thank you.

President Rimai:

Sure. Yes.

Mr. Chesley:

Just very briefly and when we had a discussion the other day when we had that little other meeting, I think that your suggestion of a task force is a terrific idea and I compliment it, but one of the factors that must be plug into this, and I don't know if you used the word institutional, I myself was never involved in athletics, but my view is that we raise a tremendous amount of money that we can't earmark as being the athletic program, i.e. \$500 million. I don't know of the \$500 million, or will we ever know, how many people, they may not have designated it toward Athletics, but that may have been one of the factors because it's part of our university, and I would only ask the task force to look at that issue relative to the intangible plus, and I'm not only talking football, basketball, but I am concerned that we are cutting out scholarships on three other sports. It's not something to be discussed today, but I think we have to factor in this whole issue of what sports does for the overall university community whether it be students, alumni or the community and what that brings to us and you can never put the dollars and cents

in it, but I really, really feel strongly that part of our plus in raising money for endowment – big money – is the fact that we do have an attractive Athletics. The other thing is that we made a conscious to go into the Big East Conference and that is a very, very sophisticated conference and I think the money that we spend relative, comparable to many of the other teams or activities from the conference, we are really on the low level side. So, I would ask this task force, you can't actually take the hard numbers and match them, but we must have some consideration for that. I just want to, that is a caution or footnote of some concern that I have in this budget process.

President Rimai:

Well taken.

Mr. Humes:

Madame President, I applaud you on the direction of this. I think we've had many discussions about the involvement and the critical part that Athletics plays in our community and we can see nothing better than what we've had over the last couple of years in terms of the impact on enrollment, excitement, fundraising, etc. I also think that your acknowledgement that the funding mechanism and the paradigm that was set up for funding back many years ago is really outdated – it was pre Big East Conference. Realistically, for us to be in the Big East Conference, I think it is important that we have the resources to commit to making sure that we are competitive. That is just not to be competitive on the athletic field, but being competitive in offering students opportunities to participate in athletics at a high level. I would also support Mr. Chesley's comments about the so-called non-revenue sports. I would hope that in this funding process we come up with some funding approach that will allow us to eliminate this so-called perceived deficit that exists when really the net of Athletics is a net-net-net positive if it were really to be measured throughout the university. So how do we do that and make sure that the student athletes and the department are getting the resources they need to do their very best on behalf of the university.

President Rimai:

These are all important points and I guess the wrapper that I would put around all of this is it's about priorities. Obviously, and you'll hear this as we continue on in this presentation, the resources are the resources. So how we prioritize some of these specific issues like the Olympic Sports, the non-revenue generating sports, vis-à-vis the entire athletic program, but frankly then the rest of the university endeavor. That's a conversation that really needs to happen beyond just Athletics. I think all of these issues are important for the task force to take on and I look forward to their work. We haven't pulled them together yet, but we will shortly and we will keep you updated.

Mr. Humes:

Just one more comment, from a historical perspective, some of us were here when some issues back many, many years ago were discussed about Athletics and particularly, football and I think it's particularly important not to get into a conversation over what's most important because if there is a conversation about what's most important, the academics must always win because the academics drive our institution. But the role that Athletics plays in stimulating and helping that academic and all the other things with the university needs to be looked at. So I think it's important that the task force look at things not as an either or but how do we join things together and make them collectively more productive.

President Rimai:

Okay, Jim I think you are up.

Mr. Plummer:

As the president mentioned, we have looked at the closing of FY 2009 so I'm going to talk about not only 2009 operating but the capital budget as well. The first slide that you are looking at is the Uptown Campus General Funds. If you look in the right hand corner you will see a \$3 million figure. That is what we are currently projecting will be left over from our total budget in the current year which will be carried forward to next year to do priorities in the academic and other places on a one-time basis. Part of

the reason, if you'll go back for just a second, that is there is because we did a really good job of hitting our enrollment targets which meant for a first time in a long time our revenue projections for tuition were within a half a percent of what we had estimated at the beginning of the year. The other thing that I think is important is in the SSI, which Monica mentioned is the state support, the governor was very kind to us so far, we didn't take a big of a cut in the current year as a lot of other state agencies, therefore the money didn't go away like it has in other places.

The next two slides are our branch campuses, Raymond Walters and Clermont. As you will see, both of them have had very good enrollment increases over the last couple of years, especially in this year, and projected for next year. Therefore, we are projecting a bottom line, even though they took some cut from the state because of their Access Challenge money, we have a balanced budget in both of those.

The next slide, there are three slides that are auxiliary enterprises, the first being the largest which is Campus Services which does have the housing, food, bookstore, Kingsgate, those types of things in it. You will see in the right hand corner that we are projecting a \$700,000 bottom line above expenditures in Campus Services. This is the second year in a row that they have had a balance. What we do is take that money against their structural deficit that's built up over the last four to five years and hopefully within about three to four years that structural deficit will be paid off.

The next slide is Parking Auxiliary which has a \$100,000 negative balance. That was budgeted during the current year because we knew they had a fund balance that could cover it and we did this knowing that we did not increase parking fees either current year and will not be increasing them again. They only come out with a \$100,000 bottom line, but things that we have done such as with the Metro where there are passes for people to be able to ride on the metro and do some of those things is really an accomplishment to be able to do that without raising parking.

The next slide is Athletics as Monica talked about, we are projecting an almost \$3.6 million deficit in the current year. The budget was to be a \$2.5 to \$2.6 million deficit in the current year. As she mentioned there is going to be a task force, so I am not going to go into a whole lot of detail, but that is where we stand in the current year and that only adds to their current structural deficit.

The next slide is our Designated Funds and Monica gave you a definition of a designated fund. You will see that we are projecting an almost \$8 million bottom line. That's due to paying off a lot of our structural deficit that's how we are getting back to that cash balance that we are accumulating – getting back to the \$180 million. We also have in this category utilities, staff benefits and those type things which have been running deficit balances which are now are doing better and are paying off their structural deficits as well. So the almost \$8 million is really accumulation of paying off all of those structural deficits during the year.

The next fund is the Restricted Funds and you can see that we are looking at about a \$2.7 million bottom line to the good. This is based on the grants and contracts that we have gotten. We have had an increase in grants and contracts so there is that \$2.7 million there even though the endowment is not as strong as it's been in the past we are still projecting, because of the grants and contracts, we will be somewhere in the neighborhood of about \$2.7 million.

So as you can see, the total bottom line for all of the funds rolled up is a positive number. That may be the first time in a while that we have done that and, I think, a lot of that is due to the hard work that has been done over the last three years, the financial policies that have been put into place, and people really understanding that they have to watch their expenditures so that they can make the bottom line.

The next thing that we will look at is our capital. As you can see, the number looks big but most of that is the MSB project which is renovation totally and it's not to make the building prettier, but to actually make the building more efficient with all of the

HVAC and those type of things that we're replacing. You will also notice that there are no new buildings on this list. We have not started any new buildings. Everything that is on there is renovation projects and items that have to be done such as in the Langsam Library where we had to do roof replacement and Rieveschl where we are going in and doing all the teaching labs, trying to build up the teaching labs so they are a whole lot better than what they are currently. Then we have Morgens which is one of the three sisters which is now two sisters since the third one is gone. We are looking at renovating that and bringing it back on line as a bi-bed undergraduate student dormitory. There is a large total there, but most of that is state funded because it is part of the MSB rehab that we are doing so there is not a lot of local funds that have been put into it. What we have has mostly been done on the academic side to better the labs and those type of things. That's what FY 2009 looks like. It's really an improvement over what you've seen in the past so I think we are on the right track, and I just hope that we can keep it up based on what the budget will be for FY 2010. With that, I'll turn it back over to the President.

President Rimai:

That's probably the shortest review of a budget that we have had in a long time. I have just one point of clarification and then one comment. When we went through parking you saw some of the effects of greening the campus. We are very supportive of that and it is an appropriate approach for us to take, but there are some opportunities to be even more businesslike in how we run parking. In an effort to take advantage of those opportunities, this year we are moving Parking Services into Campus Services because they have done such a stellar job in turning their bottom line performance around we think there are some lessons that we can apply to the parking effort. The other thing that I want to say about the Athletics' budget, just so we are clear, they had a planned deficit, so they were permitted to go beyond their resources and the university had planned on covering that to the tune of approximately \$2.6 million. They have gone beyond that by a million dollars, that's important and something that we are concerned about, but it's not the \$3.5 million that the slide shows. It is a little bit hard to see some of that in a summary table.

I'm now going to turn our attention to FY 2010 if there are no questions about FY 2009. I want to go back to what I said about the budget books in front of you being a draft. It's very important to understand why that is the case. As I mentioned before and I think you'll hear throughout the presentation and as you have heard from many people over the course of the last several months, our elected officials have been very supportive and kind to higher education, but we have to recognize that the conference committee is struggling with a \$3.2 billion shortfall for the next biennia, that's over the next two years. Given that we don't have an answer from Columbus and State Support for Instruction (SSI) is such a significant part of our general funds budget, what should we do? We really went back and forth and debated on what the best course of action should be. Where we landed was we wanted everyone to understand what the process would be for building the budget, what our assumptions are, what the collective effort would be and we wanted to spend some time discussing performance-based budgeting. But we couldn't do that without plugging some numbers into and developing that budget book. So that's why we have it presented before you. But until the conference committee makes it's decision about the budget and until we have a signed budget, we really aren't going to know what the numbers are for FY 2010 for us. So what we propose and what you will see coming up through the Finance and Administration Committee is simply a continuing resolution and, I think, Cincinnati Public Schools did this just yesterday. I wouldn't be surprised if other governmental entities are going to be revising their budget, and in lieu of doing that what we decided is we are going to present basically a case study – a scenario if you will which is just one of the planning scenarios that we use to build the fiscal year 2010 budget. When we actually know what Columbus is going to do, we'll come back (we'll have a special meeting) and we'll present that final budget, but that meeting should go fairly quickly because of the background information that we are presenting to you today.

So, let me talk to you about what that planning scenario looks like. I just want to say with regard to the Capital Budget for 2010, that it's not dependent upon what is happening in Columbus right now so we will ask you to approve that through Finance and Administration. So, let's dive into the scenario planning as is. Essentially what the

budget book presents to you is a scenario of an 8% reduction in our general funds support. That is what we built the budget around although we do have a worst case planning scenario of a 13% reduction in general funds and we even have some flexibility for a worst, worst case scenario if things turned out in Columbus such that we had to take a bigger cut and I can say more about how we might manage that.

Let's start with the revenue side. Based upon what we know from the governor and the house version of the budget and the senate version of the budget, not what we don't know, we are assuming about \$11 million more in state support from instruction. The way we get there is largely through one time dollars coming from the federal stimulus package as well as the way the new subsidy distribution formula works. I'm not going to spend a lot of time talking about how SSI distribution works in Ohio because frankly I've talked to people who have worked around this stuff for twenty to twenty-five years and they can't quite explain it. The bottom line is that there is a new formula that was the result of a consultation that happened last summer that really does favor UC's strengths. It puts more money to institutions with growing enrollments that are paying attention to retention and graduate rates and also focusing on the STEMM disciplines: science, technology, engineering, math and medicine. So we benefited from that to the tune of about \$11 million dollars, we will say more about the temporary nature of that, but many of you have heard me talk about how first the governor cut some permanent funding for higher education and replaced that with some additional one-time spending. The way that works overall was that about \$167 million permanent cut that was replaced by a \$279 million of one-time funding and UC got about 8% of that which works out to be about \$10 million. So the question that all of you should be asking yourselves is what happens when the one-time money goes away? We will talk about that in a moment.

The other important source of revenue is tuition. This is really not an assumption since last May this board approved our tuition proposal which called for no increase to undergraduate tuition, a 3% increase in professional and other graduate programs, with a 5% increase for the College of Medicine. Then you heard Jim talk about how we hit our revenue number on tuition for last year just about spot on – just about less than a half of a

percent off which most accountants will tell you, given the size of our budget, is not material. But in keeping with our principles around being conservative, we are factoring that into our tuition calculation for 2010 and unfortunately that half percent by which we were off was to the negative and not to the good and so that is the \$1.6 million adjustment there. So the 2010 budget assumes an increase of about \$2 million dollars in tuition. This is a total of about \$11 million in state support and about \$2 million in tuition that is somewhere between \$12 million and \$13 million of additional revenue.

On the expenditure side, as I mentioned to you before, this is an 8% reduction scenario, but it includes other assumptions as well. In addition to flat enrollment (we will say more about that – we know our enrollment is not going to be flat, but this was an important conservative assumption for performance-based budgeting purposes) we're also planning for no increases in compensation for unrepresented employees. I would be happy to take questions about that because I know that is a bit of an issue for many people, understandably, and we have very, very modest increases in other expenditures for 2010. We have about \$1.5 million for in something that we call 21st Century Teaching and Learning. This is really about the collegiate restructuring effort and this first \$1.5 million is to provide support for moving from quarters to semesters. That is really an investment that will have a return. The structural pay down policy, I mentioned this to you a little while ago, in our budget going forward and has been the case for several years now, there are a number of line items that go to fund the accumulated structural deficit. What we did for 2010 for the sake of clarity and transparency was that we rolled up all of those individual line items into a single line item called the structural deficit pay down. And that amounted to about \$8.5 million or something along those lines, we then in deference to the policy that the board passed this past November rounded up. So there is a \$10 million dollar line item that goes to paying down that structural deficit. I will say that got a lot of very positive attention from our rating agency. The next assumption that we built into this is a reserve for 2012 – this is what I ask you to keep in the back of your mind given the reliance on one-time money what happens when it goes away since we really can't predict that – and so what the university community decided to do was to build in a substantial reserve for 2012. If we don't need

it, if the State of Ohio and the nation recovers sufficiently that this additional one-time support becomes permanent or let's say close to permanent, what we have created is a very nice pool of funds that we can invest in our academic priorities. If we do need it, or some significant portion of it, it's there. And, if the situation in Columbus is serious enough that in order to balance our budget for 2010 or 2011 we need to use that reserve now, that's what we do. That's a source of important flexibility and I think appropriate planning as we see what the future holds.

In terms of other expenditures, we do have some contractual increases associated with our represented employees—an increase in academic salaries as well as other contractual obligations. We have a small increase to support graduate assistants to keep us competitive with our graduate program. So if you go to the next slide, you'll see and this is a slide that should be very familiar to all of you, this is the summary that compares our forecasted revenues to our forecasted expenses and you will see at the very bottom is a \$23.7 million shortfall that represents an 8% reduction in our general fund. So if we reduce our general fund by about 8%, we will close that \$23.7 million gap. The question is how are we going to do that? And, I think, you ought to hear from the rest of the team and understand how we are going to manage that \$23.7 million gap. I just want to remind you again this is one scenario. We also have an approved scenario that calls for a 13% reduction and I'll say more about that in my concluding remarks. But, now I think it is time for you to hear more about performance-based budgeting at UC. Larry, you're first?

Dean Johnson:

Good morning. I'm glad to present here. Valerie and I are going to talk to you about a new budgeting system that we are implementing called Performance-Based Budgeting. My job is going to be to define it for you, compare it to our old system which is a historical based budgeting system, and then to layout a value basis for our performance-based budgeting. Valerie is going to talk about the creative things she did in her college to generate revenue.

The first slide please. Performance-based budgeting is really just a rationale way to more closely link what generates revenue with the resources that it costs to generate that revenue. It is not the only indicator, there are many indicators of performance and, in fact, some people have referred to this system as responsibility based budgeting because there is only one performance indicator and that's revenue generation within this. There are many other performance indicators that we will continue. As we said, we are moving from a historical based budget system to this performance-based budgeting system so we use the 2009 budget as our base to do that. Over time the system will become more robust and we will consider things with differential thresholds, free basing and other types of things, but for now we are using the 2009 budget as our base for setting the next budget.

To compare the budget system, we were under what was called a historical budget system in the past. That is your budget was based on how much you got the year before and then you were adjusted up or down based on how much you got the year before and there weren't major changes. How you worked the historical budget system: the first thing you do is you go out and project how much revenue each of your colleges or each of your revenue generators are likely to generate; then you look at the revenue you need within the institution, if the revenue needs are less than what was generated – then great we have money to reinvest, if the revenue needs than what we would generate then we have to do a budget cut and we would do a mandatory budget cut across the colleges and the other colleges and units give up the amount of money to make up for the deficit. Not meeting your revenue projection could result in a midyear cut or could result in cuts in the following year. Exceeding your revenue projection meant that nothing happened, it was just a plus and perhaps it was an offset of another college that didn't meet their revenue projection.

Within a performance-based budgeting system you first project flat revenue and you say what if we had no revenue increase how much will we generate. Then you look at the amount of money it takes to run the institution and that difference becomes the threshold. How much new revenue do we have to generate to run the institution? That

threshold then gets distributed across your revenue generators and each revenue generator gets a percentage of that threshold that they have to generate. They can do it now, instead of just taking budget cuts, they can do it in a variety of ways. They can do it by generating new revenue – so if I can grow the revenue in my college by 8% I don't have to take a budget cut to do that. I can do it, like in the old ways of doing this, a budget cut and cut my college to meet the revenue generation or I can do a combination of both. In this system we have incentives built in. If you exceed your revenue projection or your share of the revenue that you have to generate you will keep 45% of the splittable revenue so that you can reinvest back into your college.

There is also an incentive if you can grow your revenue that you can avoid a budget cut. The same thing happens if you don't meet your revenue projections. All thresholds are mandatory and you can take midyear budget cut or not meeting the revenue threshold can result in differences in the subsequent year. So under this system it's a very empowering system. You move the questions to the local level and at the local level you just get creative to meet those systems. However, it is important to recognize that this is not about chasing money – that is not what this is about. If that is what we try to do we will fail. This is really about a values proposition. It's about looking internally to say what are we good at and what is it that we do well. It's about really having a good understanding about who we are; what we do well; what is our value; and what value do we give to those individuals that are stakeholders and potential consumers. We also have to assess what it is that they value; what is it that they need; what is it that they want; and what you are really looking for is the intersection between what we value and what they value. That becomes the value intersection. You want to make that as big as possible because once we are in that area we're generating revenue, we're meeting consumer needs, and we are doing what we value. What this system requires is us to be very intentional about what we value and be intentional about the revenue streams that it will require to do that. Does every program have to be profitable? Absolutely not. Every program does not have to be profitable, but we do have to be intentional about where is the revenue stream that will support that program. That means that we have some

programs that we do because they are revenue producers to support those other things that we do that aren't ever likely to be revenue producers.

As I said, this is a very empowering approach, it puts control at the local level and in fact, in my college it has been incredible. It does require us to pay attention to data, to be able to act quickly, to be able to act promptly and be responsive, and most importantly it requires a great deal of creativity to be able to find that linkage between what we value and the community values. So with that, I will turn it over to Dean Hardcastle and she can talk to you about the creative things that they did in her college.

Dean Hardcastle:

What we devised in my college, and I want to stress that my college really is no different than any of the other colleges although they might describe things slightly differently, is eight levers that we can move to change the way revenue is generated or to increase our efficiency within the college. This has been an extremely important and valuable exercise for us and, I believe, for the other colleges because believe it or not, we never actually have paid that much attention to this in the past. So I just want to run through these and give you some examples to give a flavor for how performance-based budgeting has affected life on the ground within the institution.

The first thing we could do is we could increase the number of majors. How much revenue your college receives depends upon primarily how many majors you have within that college. Believe it or not, in the old days of silent existence at the University of Cincinnati, colleges didn't actually do much recruiting with respect to their own majors. That was handled through admissions – over there – those other people did it. And, what we are seeing now is a much greater partnership between the colleges in the faculty who actually teach the students and develop the programs and people who work in admissions. So for example, in my college we have now a designated person who is responsible for thinking about enrollment initiatives for our majors 24-7, whereas in the past this was done in a very haphazard sort of way. As a result, not only are we increasing the number of majors in the college over just the course of one year, we're

also collecting extremely useful data that can we feed back into our recruiting process and development of new programs of study.

Increasing student retention – Obviously, this is something that we care a great deal about not just because we are educators, but also because our state funding depends upon our retention rate. One tiny and unpleasant factoid about my college is that when you look at African Americans they have an extremely low retention rate. We've now done several studies associated with those retention rates because I think the assumption going in is one reason why African Americans do not do as well as say their white counterparts is because they are coming in underprepared; or they are first generation students; or they have these other sort of marks that they need to overcome as they march through our system. What we discovered is that when we control for first generation status, when we control for economic background, when we control for academic preparedness, when we control for test studies, when we control for every thing that we can think of to control our African American students still do not have the same success rate as their white counterparts. So we have instituted a new program called the Prize Program which is devoted exclusively to working on this problem and it's an intensive mentoring program to see if we can help figure out what is going on here so we can understand why a very important population is not being successful in our college.

Increase classroom efficiency – Most faculty shudder when they see this because they think this is code for very large lecture classes when, in fact, it's not. If my college, and this is just about my college right now, wants to meet our threshold, that is if we want to accommodate all the new students without increasing expenditures, that means every faculty member in my college has to teach three additional students over the course of next year. That's not much. That's not going to bump you from a class of 25 to a class of 300. But, it is going to cause us to pay attention to see where we can move the dial in our classrooms to become a little more efficient. Can we move from a classroom size of 20 to 23 without changing the pedagogy and without changing the educational experience of students? We're looking for those differences that can make a difference in terms of revenue, but not affect the experience of the students.

Increase number of courses students take in the college – As a basis of performance-based budgeting suddenly it becomes very important for students to take courses in my college as opposed to taking them in Larry’s college. From my perspective, I think this creates a very helpful sort of competition between the colleges. Because now it means we are going to be focused on the client, or the consumer, trying to develop courses that actually meet the needs of our students as opposed to what we think they should be doing based in our armchairs.

Increase external support for students – There are a variety of ways we can do this. It’s a very important component of our capital campaign. It’s also a very important component of research expenditures as we move more and more graduate student tuition dollars onto grants. That means that we don’t have to subsidize them with state dollars or the students don’t have to pay themselves.

Increase percentage of tuition students pay – Many of our students, as you know, are scholarshiped in a variety of ways. We also believe that we can develop programs for paying students. I’m hitting particular populations, particularly mid-career professionals who are looking for additional training or other source of programs where the employer might pay a greater percentage of the tuition. This goes back to what Larry was talking about in being very intentional about what you do in your college so that you can generate revenue to support those programs that you believe are very important to the community, to your identity, to the institution that are not going to be heavy revenue generators.

Increase offerings for non-matriculated students – We, for example, are developing several certificate programs. We think this will be very important for mid-career professionals, particularly in these economic times, who are looking for additional credentials, looking for another career and who do not necessarily want to come back and get a whole another degree, rather they just need some additional training and some additional education.

Develop additional services – Obviously, we are an educational institution and what we have to offer is education, but that doesn't mean that we have to do it in a traditional four-year baccalaureate program. For example, we've developed a Spanish program in Children's Hospital for nurses and doctors, we travel out there, we meet them every day at lunch, they can work on their Spanish skills which, of course, enhances the doctor patient interaction and they get an educational experience delivered right to them that is exactly what they need and something that is, frankly, very easy for us to do. So there you have it. Those are the sorts of levers one can move in a college and I think all the colleges are doing things like this that are tailored to their own needs and interests. So, if there are no questions, I will turn it back over to Monica.

Mr. Barrett:

It's obvious that you and Larry are very enthused about performance-based budgeting, would you describe how the other deans have received it.

Dean Hardcastle:

I think, by in large, there is great enthusiasm particularly as people realize that as a dean you have much more control over your financial picture and health. I think for some deans there is a greater learning curve than others because we're not used to thinking in these terms. But, by in large I think people see the value and being able to connect the activities they engage in with dollars coming in through the door because the dollars are what we need to pay the salaries and so forth.

Mr. Barrett:

Thank you.

Dean Johnson:

It's scary because there is increased freedom, but there is also increased accountability. You're resting on your own power so you have no one to blame if you don't succeed, but it is within your own power and that's scary.

Mr. Barrett:

Thank you.

Mr. Heimann:

Valerie, didn't you also say recently, I think I heard you say this in another meeting on another subject, that we at UC have been slow to go to performance-based budgeting and that this is done throughout the country and most universities do it?

Dean Hardcastle:

I don't know that most universities do it, but certainly there is a large cross section of institutions that are doing it and are moving in this direction. I suspect that over time, particularly as state dollars continue to decrease, that more and more universities will be moving to some model like this where you just have to be much more responsive.

Dean Johnson:

It took two years to develop this and this is the fourth time we've tried to do it. So it's now finally being done.

Mr. Wyler:

With your classroom efficiency, Valerie, do you have a finite number that says there is not enough students for this class so we can't offer this class?

Dean Hardcastle:

That's an ongoing discussion, I would say, between the dean and the faculty. On the one hand I want to say yes, on the other hand the reality is no. I have guidelines that we've put together. I've got a budget and planning committee composed of department heads and myself as well as my business people and we put together guidelines and every quarter we notify all department heads if there are classes that are not meeting the guidelines. Then the department head has to explain why this is a special exception.

And, you can think of many good reasons why you might not meet the target. For example: this is a new class, we're trying to building the clientele, let us run it for a couple of years. Or we think, pedagogically speaking for example this a program in intensive Chinese a very difficult language for westerners to learn, we need to do it in a small environment. But to compensate for this small class we are running this larger class over here so when you balance the two out we're doing fine. It is more engaging in this type of conversation, again, being intentional about what you are doing, so you can see how you are generating the revenue to support those experiences that probably are not generating much revenue.

Mr. Wyler:

So you are actually watching the number of students.

Dean Hardcastle:

I am indeed, yep, for every class.

Mr. Chesley:

Valerie, first of all I compliment you on the tremendous job you're doing at Arts & Sciences, one of my favorite schools since I went there. I am concerned about Item 2, Increasing Student Retention, in which you were discussing underperforming in the African American community. My information, not that I have near as much as you do, is that has, besides from underperforming, I think, one of the major obstacles is that issue of tuition and the ability of students particularly relative to socioeconomic issues to continue at Arts & Sciences based on the tuition. While it's a lot less than private schools it's a very, very heavy burden compared to my \$875 a year I paid when I went. The question that I had is—are we able to tune in and distinguish between those that are underperforming by virtue of lack of preparation as opposed to those that are leaving by virtue of inability, B Students or C Students (like I was depending on the year) who is not able to get a scholarship but is not able to continue. Are we working towards some bridge, ability to borrow money, getting loans at the university? Because I am very, very troubled about they've saved money for that freshman year and the families help, but that

second year they have to drop out and they shouldn't be dropping out and it is an economic issue as opposed to the inability to perform educationally and this is the one that really, really troubles me because there is a huge gap between those that are able to get a scholarship and we need to figure out a way to borrow money, they don't have 529's or whatever that they are. I'm more troubled about this issue in the horizon, I understand and I respect performance-based, but I hate to lose a student who may be immature between his or her first and second year and not getting A's or B's and not able to get a scholarship or loan and therefore not able to continue their education. Without the loan program that I was able to access, I'm going back more years than you want to know, I wouldn't be sitting at this table. And, I'm troubled by that and particularly when we start to put it into classes of people whether they be minority, African American, or not I think this is a real troubled issue and I don't know what to do about it but while I respect this performance-based, at the same juncture we have to figure something out to handle some of these students where it is just totally an economic problem.

Dean Hardcastle:

I agree. That was a very rich question so let me just try to...

Mr. Chesley:

A very rich what?

Dean Hardcastle:

A very rich question.

Mr. Chesley:

I don't know about that.

Dean Hardcastle:

Let me try to make just a few remarks. This is something that I think all of us worry a great deal about because access to higher education is something that is very fundamental to our very identity. It's certainly something we in our college worry a great

deal about; however, this is not a black-white issue. What I was trying to say earlier is that when you look at retention rates among African Americans even when you control for economic background you still see more struggles with retention with African Americans than other populations so there's something else going on. So this is not a black-white issue, it's a people issue. And, I agree. At the same time, it's not really connected to performance-based budgeting either because if you get tuition dollars paid that works for the university whether the student is paying them, whether a scholarship is paying for them, whether the state is paying for them, whether mom and dad are paying for them, it is the tuition dollars that are coming in. So a very important focus for my college, and I know for the other colleges, is how do we increase the scholarships that we can give our students given that state support is going down. That's why it is the number one priority in the capital campaign for my college. That, to me, is the best way that I know to be able to accommodate the students who would otherwise not be able to come here or they could come here but they are working forty hours. You can't have a very successful educational experience if you are overworked.

Mr. Richardson:

Valerie, just to follow up on that point, do you think it would be a good idea because this is one of my concerns because I feel as a board that maybe we should have more of a central role in or at least maybe have a committee that's focused on looking at best practices for retaining students whether it be first generation students or African American, and figuring out how we can best develop a set of best practices across the whole university that looks at all the data that Caroline Miller talks about and breaks it down and figures out if you need to do something in particular for a community for African Americans. We can look at what models we already have in the university, I know of one with E3, for example, that works very well in Engineering. With first generation students as a whole if there are economic problems we can look at opportunities possible to look at figure out ways that we can increase the amount of financial aid to those student too. Do you think, just an opinion, that if we had a committee on that as a whole, where you had some trustees, a task force to look at that

over say like a five year period to figure out how maybe increase our graduation rates from I believe 55% to 75% just as an example.

Dean Hardcastle:

Well I think my honest opinion is that work is already ongoing and so you can see it in the changes in our graduation rate. In fact, with things like the Choose Ohio First Scholarship Program which I didn't talk about which are state dollars that are targeted to first generation students who otherwise would not be able to major in science or math. A large component of what the university is doing to match those scholarship dollars is exactly what you're talking about. We are required now by the state investigate things, to develop best practices and to change our retention rates.

Mr. Richardson:

Do we have particular measurables that we are setting every year? What I was envisioning was some type of goals, aspirational goals of where we would like to be with our graduation rate say within the next ten years. That would be my idea across all the colleges:

Dean Hardcastle:

I'll let the president speak to the larger goals, certainly within the college we develop targets along those lines.

President Rimai:

Thanks Valerie and Larry. Obviously this is a very stimulating topic and it has been for the university as a whole. One of the fundamental concepts behind performance-based budgeting that we recognized a long time ago is it doesn't increase the amount of money. It is an allocation method. It's a transparent allocation method, it's a participatory allocation method, and obviously the way we are doing it is trying to empower the colleges as well as other units at the local level, but it doesn't increase the net amount of revenue that we have for any particular project. These are all really good issues and when you start talking about allocation you get into the substance, but

performance-based budgeting isn't going to change the number of scholarship dollars we have available – the campaign will. That's why we're so supportive of that. We really want to keep driving through this presentation so maybe we can leave some questions till later and get through the specifics of the FY 2010 budget. Let me also just mention two more things. First, the colleges are not the only participants—all units across the university are participating. Obviously the non college units, the non academic units are not revenue generators and so the ability to manage those thresholds are largely or exclusively through finding efficiencies or through cuts. So that's important. The other thing that I want to mention to you is in the draft budget books starting on page 19 is a section that is devoted to performance-based budgeting and on page 21 you will see a template which is the all-university roll up on how we established that threshold, and what we didn't include but is available for every unit is their particular template (that's what we are calling this) that addresses the specifics of that particular units threshold. There's lots of data here and we're going to make all of that available on a real time basis so that individual units can do their own monitoring on how they are doing. We do have to get to how we are actually going to spend money in 2010 and to do that I'm going to ask Kathy Qualls and Bob Ambach to walk us through the highlights.

Ms. Qualls:

Thank you. I want to start by talking a little bit about the process we use to develop our unit budgets. The units were asked to present plans for meeting a 13% budget cut using the tenants of performance-based budgeting. Remember rather than simply being asked to cut their expenses, the colleges were now targeting their budget cut or their target through revenue growth or through cost savings or through a combination. There were two rounds. The first round each budget unit presented to their individual vice president. This gave the budget unit the opportunity to discuss their plans for addressing unique problems or challenges. Plans were then revised based on VP feedback. The second round called for each major budget unit to present to the President's Budget Advisory Group (PBAC). By this time, the expected budget cut was 8% rather than 13% so basically each unit planned for a worst case scenario of 13% and was also prepared for a lower budget cut for around 8%. After all the presentations were

made to the PBAC, that group met to discuss the plans that had been presented in light of both administrative and academic priorities. We did allow each vice president unit to add a small additional cut if they so desired in order to support the administrative and academic priorities that we concluded were necessary.

So that was the process and now for the results of the planning. Administration and Finance decided to take slightly higher reduction so that they could protect some critical areas such as Public Safety, Grounds, Maintenance, Computer Labs and Internet. Student Affairs decided that they really needed to protect the Office of Admissions and hold them harmless from their cut because of the critical nature of the Admissions Office in recruitment. Government Relations and University Communications again decided that what was they needed to protect was the recruitment marketing budget because of its critical nature to our recruitment success. Research will meet their target by reducing FTE's, again cutting, they don't really generate revenue and by reducing the incentive allocation to colleges. So how will the colleges overall take their cuts? Again, remember that they are revenue generators and they have the opportunity to meet their targets through either growth, cuts or a combination. For the first time, they've been asked to look at not only their enrollment targets, how many students they are going to bring in, but the kind of revenue associated with the students that they will be bringing in using the levers that have already been described. The majority of the cut that was assigned to all of those colleges will be managed, 72%, by increased enrollment. So as you can see, there's a lot of energy around the ability that the colleges now have to plan. 19% will be managed through budget cuts at the college level primarily through the use of vacant positions. These are positions that have not been filled and colleges will relinquish those positions and not fill them. Secondly, there will be some minimal number of layoffs, but again the majority of that 19% is coming from vacant positions. A couple of colleges will implement new programmatic fees. Fees have been approved for several colleges. One example is DAAP, a premiere program that also happens to be a high cost program. The new fee will allow DAAP to offer some services to their students that they might not otherwise be able to continue. As you've seen there is quite a bit of positive energetic planning that has gone on. For the first time though performance-based budgeting

colleges have engaged in meaningful planning that brings together academic priorities, enrollment management, revenue generation and expense management. All of us in Administration and Finance, the Provost, and the individual colleges will be monitoring the progress that's being made toward the established targets. Mid course corrections will occur if need be. All units are committed to meeting and where possible exceeding their targets. I think we have a couple of deans sitting up here who are planning on exceeding their targets and expecting a share of that splittable surplus that was mentioned earlier. Academic Affairs has decided to take an additional cut to protect some academic priorities that have been identified. Library Collections will be protected not only because they supports students, but they support faculty as well in a number of ways but especially in their research endeavors so Library Collections are very, very important. We've also identified graduate assistants' stipends as a priority. In order to remain competitive with graduate students we must at a minimum maintain graduate assistant stipends where they are so those will be protected as well. I'll now turn it over to Bob Ambach.

Mr. Ambach:

Good morning. That's the focus of sort of the Graduate and Baccalaureate programs. I want to focus a little more on the Academic Health Center and the College of Medicine. For context, the Academic Health Center and the College of Medicine really have a very leveraged budget. As you can see from the slide, we rely not only on general funds but a significant amount of dollars that come in to fund the college through the grants and contracts enterprise which is categorized as the research enterprise, endowment income makes up about 8% of our budget, support from the practice plans which some of the board actually heard about yesterday, and state appropriations which are specific line items that come in to the College of Medicine for clinical teaching subsidy. While most of the discussion this morning has been about the general funds, the College of Medicine faces unique challenges because of the wide variety of funds that we do depend on for our operations. The general funds cut for the College of Medicine and Academic Health Center equates to about \$2.6 million based upon the 8% scenario. However, the impact on the spendable endowment is also significant. As you can see, the

8% of operating income does come from that endowment and gift income and based on the market conditions that we are all experiencing as well as the reversion to a 5% spending policy from a 6% spending policy that actually equates to almost a \$4.8 million reduction in the college's operating expenditures. So you can see that the college is very heavily leveraged. General funds are very important to us, but it's really the mix of funds that are critical for the Academic Health Center. To focus on a positive note, the federal stimulus package and an anticipated increase in the NIH budget will really help with more grants and contracts awards anticipated for our researchers. How we've approached the planning process and plan to address the 8% cut within the College of Medicine and Academic Health Center is actually two fold as you've heard from Kathy as well as Valerie and Larry under the performance-based budgeting model. Under the revenue growth model we are looking at trying to generate additional income both from increasing the medical students class by 10 FTEs. This is both to address a programmatic need where a need in the community for more physicians as well as a revenue need for the college. We're also having a number of masters programs that we are anticipating an additional 16 FTEs. Some of these programs include the brand new Masters in Public Health program, a really exciting program in clinical and translational research program, and we've also instituted for the third year a 2% tuition premium above what that university planned. The university, in the budget assumption, had a three percent increase for graduate and professional students and we will be doing a 5% increase with those dollars primarily going back to the educational mission within the College of Medicine. Under the expense reduction category, the process has begun to consolidate the departmental budget functions in the College of Medicine to a centralized office. Much like some of you have heard in previous presentations by Dr. Stern we are looking to consolidate the sixteen practice corporations of the college into a centralized business office. We are also going through that same exercise on the academic side where we have amongst out 20 departments where we have individual business administrators and business offices we are consolidating many of those functions within a central business office with the hope of gaining greater efficiencies. We have also had the opportunity to reduce some of the dean's support for the departments that were in a grant bridging program. Over the last four years when the NIH and the federal research budgets were in

trouble or the funding lines were increasing, we were actually funding and providing bridge loans to some of our faculty members so that they could continue their research programs. There is an anticipated increase in the federal and external funding pool so we are going to reduce that program. Finally, we've asked every department and unit within the College of Medicine to plan for a 10% reduction in expense regardless of funding sources. This isn't just a 10% cut just for the general funds budget but if they are on dean's funds and local funds we've asked them to focus on that. So that's a pretty quick summary of the Academic Health Center and College of Medicine. Jim Plummer is going to take over reviewing some of the actual FY 2010 budget schedules.

Mr. Plummer:

What I'm going to try to do is put into context the things that Monica talked about earlier as to the things that we're doing in 2010. As you can see, tuition is 30% of our total budget; state appropriations are 21%; private gifts and grants are 25%. And, as you remember, the private gifts and grants are the restricted dollars – the ones that we are not allowed to just move and do everything with. In the other two categories which are the larger two which are unrestricted, you can see that's 51% of our total budget. If you only look at the general funds it's even a larger portion.

The next slide shows how the operating budget is distributed. You see that the largest portion is where it should be and instruction at 31% and separately budgeted research is at 17%. All of the other categories go around clockwise and there is not that large of percentages but a fairly good size amount of money in most of those places. That's basically how the money is spent and when you look at the next slide and this is pretty hard to see so if you go to page 17 in your draft budget you can get a better view of what is on this slide. It shows at the bottom for 2010 a \$1.566 million deficit. As everyone knows, we don't like to have deficit budgets in total. Part of the problem here, if we go to the next slide, shows a breakdown by fund, you will see the general funds, both at the branches and the uptown campus are both balanced and basically the other two on the far side with the designated and restricted funds are basically balanced as well. The problem is in the Auxiliary Enterprises. If you remember when I went through the

three slides on Auxiliary Enterprises we had Campus Services, Parking, and Athletics. When you do the roll up, Athletics goes to the total for Auxiliary. What we are looking at is a \$1.9 million bottom line to the good in Campus Services which would go to pay off their structural deficit, for Athletics we are looking at a \$3.5 million, the same as it has been in the current year. That's the problem that hopefully this new task force will be able to solve. So basically that's where the money is and you can see a couple of places....*inaudible*....that's the cut we're actually taking and the \$10 million is the stimulus funding that we are looking to cover these. All of it is built in, but most of what you see that Monica talked about is built into that first column which is our Uptown Campus budget. With that I'll turn it back over to Monica.

President Rimai:

Thanks Jim. So that is Fiscal Year 2010. What I might suggest, that is the Operating Budget, that we continue driving through and spend a little time with the Capital Budget and then that will leave us time to go back and pick up some questions. I am going to turn it over to our Associate Vice President for Campus Design and Construction, Beth McGrew and our Senior Vice Provost, Kristi Nelson who will talk to you about the planning process for the Capital Budget.

Dr. Nelson:

Thank you very much Monica. In the next few minutes Beth and I will share with you the Capital Budget for FY 2010. By means of background, we have a university wide governance committee that we call the Capital Advisory Committee. This committee reviews all proposals and requests for the use of capital funds. The committee is comprised of administrators, faculty and students from across the university. The committee reviews requests which are prepared by Campus Planning and Design against UC|21 goals, academic priorities and the objectives of the University System of Ohio or the USO which Tony has briefed you on earlier this morning. Our review at this time focuses primarily on renovation, adaptive reuse, sustainability, and the optimal use of existing space. This slide shows the projects for the FY 2010 Capital Budget (and in just a few seconds Beth will explain in more detail each of the projects) and the slide also

shows the sources of funding for each of the projects. Just briefly, the projects include repair of the DAAP facade; renovation in Kehoe; renovation of our undergraduate teaching labs in Rieveschl, and this consistent with our STEMM initiatives and our STEMM priorities as outlined in the USO; the creation of additional classrooms in Sanders Dining and this is tied to our enrollment growth and the need for additional classrooms; the renovation of an office in the Radiation Department, this is tied to a commitment for a new Department Head; and the renovation of Morgens Residence Hall which will be funded by dorm fees collected from occupants of the facility once it is finished and occupied. Now at this time I will turn it over to Beth and she will walk you briefly through each of the projects.

Ms. McGrew:

Good morning. I'll give you just a couple of facts about each project:

The DAAP Façade - Completed in 1996 and located on a prominent corner of the university is this building designed by Peter Eisenman that has been written about around the world. It's part of a complex of buildings that houses our nationally recognized design, art, architecture and planning program. The building was constructed out of an exterior insulation finish system. Given our preliminary investigations, we are showing that water is getting behind the system. If you know about the lawsuits in the '90's you know that today when people use exterior insulation finish systems it's designed in detail much differently than it was in the mid '90's so we are going to go back and look at this building and repair the facade.

Kehoe – This is a complex of buildings constructed between 1940 and 1990. We are going to look at one of the center buildings that houses labs that have not changed since they were constructed. We are going to have an open style lab for researchers and that will be senior faculty who already have funded research and junior faculty and I think this will serve us well in our endeavors in research.

The Rieveschl Labs – You remember last year in the capital budget you approved Phase One and Phase Two. We renovate all of the chemistry labs on the 5th floor (that’s underway right now). We’re headed towards the next floor of laboratories. Those pictures are not meant to horrify you, but to let you know that the labs haven’t been touched since 1970 and we’re going in to clean them up and put in new furnishings. It will be a much more welcoming and inviting place for students to engage in science.

Sanders Dining – No one actually dines there anymore so we are looking for a new name and a donor. We are going to clean up the classrooms that are on the 2nd floor which are heavily used. We’re going to add new classrooms for the 1st floor which was once the cafeteria so as you might imagine there is not enough heating or air conditioning or electric so we will be going in to add that and then we are going to add a few hundred almost a thousand square to the African American Cultural Center. So this little building, which is structurally still sound although not very attractive on the outside but someday we will get there, will actually serve us well for our intensive English program which has record breaking enrollment. They actually exceeded what they were expected to have this summer and they are into next years summer school. It will also be centrally scheduled classrooms. I say centrally scheduled because they’re available to everyone at the institution and that is a function of sustainability and optimal use of space. As an institution, we’re moving away from any college having assigned classroom space unless it’s absolutely necessary so that we can use our classrooms from dawn to dusk.

Mr. Humes:

How many square feet are in that building?

Ms. McGrew:

About 10,000 square feet per floor.

Department of Radiology – Right now the academic faculty and the clinic functions are in the hospital. We’re going to move the academic faculty back into MSB and leave the clinical functions in the hospital. This is a small renovation inside of the Medical Sciences Building to accomplish that.

Remaining Two Sisters – Our intention was to always go back and clean up the plumbing, mechanical and electrical systems which haven’t been touched since the late ‘60s when they were installed. We intended to do that after the fire suppression, but halfway during construction we had a reason to go into the shaft and look at some leaky pipes and decided that it was not prudent to wait any longer. This is a plan to go back in and provide about 500 beds with new plumbing, mechanical and electrical and it will have a new look because we will replace the single pane glazing with a more efficient facade. We should get another 20 to 25 years out of that building.

Kristi and I do a lot of work to make sure that when capital priorities that we do our proper vetting so I’ll let her describe those.

Dr. Nelson:

This slide shows you projects that we have prioritized for fundraising. Right now we are not putting capital funds toward them, but these are on fundraising list. Our committee has reviewed them and knows that these are priority projects for us. The list includes four renovation projects, two new buildings and then the practice field for Athletics. Campus Planning and Design has created a master plan for each of these projects and once funds have been raised we can then proceed with design and construction. So there you see the list and this shows in one slide all the various projects for you. That completes our presentation and we will turn it over to Monica.

President Rimai:

I think somewhere in all of this you heard Jim talk about how the renovations of MSB are not about being pretty. I suppose that’s what we should call our capital budget

from here on it, “It’s not pretty”, but this is the nature of deferred maintenance. What you saw in each of those slides was the total cost of each project, but that’s not the total cost per year. We debt for these projects and so there is debt service that is considerably less than the total project but is driven into them the total amount of our debt service. I just want to make sure that you’re clear that we’re not asking you to approve funding for the total amount of each of these projects in one year. That is something that is beyond what we could manage. Well that’s a lot of information that we’ve tried to share. Just to give you a little perspective, this process began for the operating and capital budget last year, I believe, on July 2nd. It really does take the entire year especially when there are rounds of meetings, when you are looking to be data driven, and when you are relying upon a shared governance process it takes a long time. I certainly appreciate your patience. We’ve compressed literally a years worth of work into just a couple of hours. I do want to turn it over to your questions, but let me just remind you that on all of this on the operating side we have a 13% scenario which as of now is still a pretty good way to look at a worst-case scenario, but we have built into all of this some flexibility in the event that things do get a little worse for us. I also think I would really be remiss if I didn’t take moment all of you for your tremendous work – not just in this preparation, but these are the folks along with Peg Allensworth who’ve been at it almost every day for that entire year and we wouldn’t be here without all of them. Nor would we be here without the tremendous work of the University Budget Office, all the business administrators and all the colleges. The interest and activity of the deans – there is a very long list and we’ll run the credits at the end, but please know, I don’t know if it takes a village, but it certainly takes a university. Once we know what’s going on in Columbus we’ll be back with you and we have a date in July, and maybe that is overly optimistic, but I think we will be back with a permanent operating budget. Just as a reminder, in Finance and Administration, you’ll have two resolutions – one a continuing operating resolution which will allow us to operate on the existing ’09 budget until we get a permanent budget and then, of course, the approval of the capital budget which all things considered given the amount of our deferred maintenance is again, quite modest. So, I think we are ready to turn it over to you for more questions.

Dr. Suidan:

I have two questions. The first one is that you indicated that research costs the university money and you subsidize it and you said that was correct. How is this reflected in the performance-based budget?

President Rimai:

The research budget is largely a designated or restricted designated fund activity and one of the things that I neglected to mention is that the performance-based budgeting process that we have used has only addressed the general funds budget. So, the reality is that research is not really part of performance-based budgeting yet. One of the things that we have been saying repeatedly and we said it to the faculty when we have visited with the Faculty Senate and with all the groups is that our approach to performance-based budgeting will evolve. For example this year we took a relatively straight forward approach. What did we need to cover our needs in light of what we thought would be a budget cut. But those standards will change and you can imagine that we would include among our performance indicators a focus on retention, a focus on graduation rates, a focus on increasing research. All of those things can be and should be built into future models for performance-based budgeting. The only thing I would caution about using performance-based budgeting beyond general funds is that it is very difficult to do that when you're talking about restricted designated funds because what makes something restricted as a designated fund are restrictions that are imposed upon us from external actors either the federal government in the case of federal funded research or donors. So we have to be careful how we incorporate anything that is a function of a restricted fund into performance-based budgeting because we have legal requirements around the restrictions.

Dr. Suidan:

Second question, Dean Hardcastle, bullet number four when you said you want to have more of your students take courses in the college. I think we talk about one university and then I look at my college, which is the College of Engineering, it is very bad for me to try to dissuade students from taking courses outside the college.

Humanities are important and other things are important and what you are suggesting may lead to a duplication of effort. Different colleges may start duplicating courses to keep their student's revenue.

Dean Hardcastle:

I think, in theory, that's true and that's why I said it actually develops a healthy competition among colleges. What I would say is that the McMicken College of Arts & Sciences can teach the humanities and the basic sciences far better and far cheaper than engineering can do it. So that is one reason why you will not find duplication of effort. That's actually extremely expensive and a very inefficient way to do it.

Dr. Suidan:

We may reduce the number of courses that we allow our students to take in those areas which I think is not helpful to our students.

Dean Hardcastle:

Well I don't actually think that will happen with Engineering because Engineering is not a huge revenue generator. It is a very expensive program to maintain because it's so science and labor intensive and that's fine. What that means is it is actually better "financially better" for engineering to ship a lot of its students over to McMicken College to do a lot of preparatory work and then work on the focused engineering courses in the Engineering College. One advantage of performance-based budgeting is that you can trace how the dollars flow and you can maximize efficiency which coincidentally in many cases maximizes the educational experience of the students as well.

President Rimai:

I think it is actually your dean who put this whole issue of how colleges might manipulate the whole system in very specific terms and said there was great opportunity for gaming the system. But, what I think we've learned in the course of this last year is in fact what one unit does, this is across all units, has a profound impact upon what

happens in another unit. So, in fact, there is really pressure not to game because of the interrelatedness. Quite frankly I think this experience over the last year has done, if nothing else, an enormous amount of great work in breaking down silos among units because we now see the data that a decision made in one place is going to have a profound impact someplace else. We really have to come together to make these decisions and to rationalize. No system is perfect, but I think we've come a long way. Other questions? Mr. Humes?

Mr. Humes:

Madame President, congratulations to you and to your team. I think you've done an outstanding job on this process. Obviously a phenomenal amount of work has gone into this. I particularly am impressed with the concept of the performance-based budgeting, first year challenging, but I think it's a wonderful thing that you are doing. Also, the \$10 million reserve that you set aside is wonderful and improvement that you have made in terms of cash flow has been outstanding. You should feel very, very good about that. I do have three questions, comments if you will that respond to a few things. One is Mr. Richardson and Mr. Chesley asked some questions about scholarships and aid and I realize that's not directly tied to this budget, but I think that would be a subject that might be a very good subject for a presentation to the board. I think that everyone is interested in the issue of scholarships, financial aid, how does it work (we all know that it is very complicated), but perhaps you could request the appropriate people to put together a presentation and some support materials so we could all understand it and decide if there is something else that the board can do to be productive in that area.

President Rimai:

That's a great idea and we will do that.

Mr. Humes:

Number Two, and I mentioned this to you before, I'm extremely concerned about the fact that there is no salary increase for the so-called unrepresented staff. I understand the budget situation across-the-board and we just find ourselves in an unusual situation

this year where, and I'm all for and a great support of faculty and all salaries, we find ourselves that the faculty gets a mandated increase of a very significant level this year and what I'll refer to as administrative and support staff as opposed to non-represented staff (and I would hope that we would look at calling them something besides unrepresented going forward – I don't like to think in those union/non-union terms) but, I think that somebody has to look at what they are contributing and doing and getting something on a go forward basis and planning for the years ahead. We have some of the most dedicated, hard-working people that we have and I know that many times they have gone without any compensation.

Lastly, I noticed that in your work that you had been careful to not reduce the funds for marketing and for student recruitment. I didn't hear anything about funds for fundraising efforts and just recruitment of external resources. No question, whenever budgets come it is easy to cut marketing, cut all of those things and to cut funds for even fundraising. I would just suggest that if ever a time when we need to make sure that we are spending the money on the marketing, on the student recruitment, and also on the fundraising to help bring in those private dollars to offset our challenges, that this is the time that we need to be doing whatever we can. If there are challenges again with formulas and with different things, we need to be creative and think through how that can be done so we are looking at the greater good of the university.

President Rimai:

As to your last point, there's clearly an issue in that the Foundation is not reliant on general funds dollars at all. They, of course, have faced some tremendous challenges because they are reliant on investment dollars. We have a proposal from the Foundation about how they might manage their way through that. We got some feedback from the deans and I intend to share that, but I think we will have a solution to that. It's a compromise and there is no doubt about that. But, we are also very sensitive to the fact that part and parcel to our success both in the short term and the long term, clearly as it related to this whole discussion about scholarships, is very much a function of the success of our fundraising activity, so we certainly get that. I would agree that a focused

presentation on scholarship issues would be terrific and we will plan on doing that not at out special meeting, but at our next scheduled meeting.

With regard to the issue of compensation for non-represented individuals, we like to call them colleagues, there's no doubt they are an incredibly valued part of the overall effort here at UC. We struggled with this issue and we spent many, many months trying to figure out what the right answer was. We came upon this answer. Obviously if we decided to offer a pay plan it would simply increase the cuts that we would have to distribute across the institution and in light of what other institutions are doing in Ohio, in light of what has happened in other governmental agencies, we elected to take this approach. To your point that we're going to have to address this in future years, absolutely – I don't doubt that for a moment. We will try and do something with one-time dollars in the form of bonus plan. You see that we will have some one-time dollars to us and some units are using the cut as an opportunity to create a bonus plan so we're sensitive to that. Obviously, this issue will affect our position at the bargaining table as those contracts are negotiated not just the faculty either, I think it's important to remember that we have many bargaining units here at UC, but it will affect our bargaining position as these contracts come up.

Mr. Richardson:

I have just two points to add. As far as looking at the presentation, I think what would be helpful is not to just look at it in terms of scholarship, but look at it as far as the financial aid that's offered to students. What, in particular, is a curiosity to the board and to me, is to see when students come in what's the level of financial support we're able to offer them. I believe I have some idea of the number, but about seeing exactly where we're at as far as giving the aid and then where we could be. That's what I would be really interested in. The second point to add is about support staff. This was a very hard decision for me to come to. These are very difficult times, but this is something that I struggled with and thought about and I think we need to let the support staff know that this is not a trend (as long as these economic times are not a trend) and that we definitely want to do everything we can to support them.

President Rimai:

Thank you.

Mrs. Heimann:

I would also like to thank Madame President and her staff for their ability. One of the biggest numbers in our expenditure items is our debt service and the cost of the debt service. Even the ability to continue to finance our capital projects and other needs throughout the university comes about as a result of our bond rating. For anyone to maintain their bond rating in this atmosphere, let alone improve their bond rating, is an incredible achievement. You kind of glossed over that quickly, but that is really a big deal. And going forward to finance new projects, the cost of our interest in doing that, all relies on that, and the disciplines that have been instilled and providing the tools and being able to make the presentation have been just incredible and I really do think that is a wonderful thing.

President Rimai:

Thank you. The only reason why I glossed over it is because when it actually happened I sent everybody in the universe an email. *(Laughter)* We didn't gloss over it at the time.

Ms. Hechavarria:

Madame President, I have a question also on scholarships and tuition waivers. I kind of wanted to understand better how this concept works in performance-based budgeting system. There are two types of tuition – in-state and out-of-state tuition – and my question was if the scholarship is waived for an out-of-state student why are colleges sometimes charged more for a tuition waiver even though, in a sense, it is no extra cost to have a student attend if they are in-state or out-of-state? Why are they getting charged a difference when they are attending university?

President Rimai:

I don't think I understand the question, maybe someone else – Jim do you know?

Ms. Hechavarria:

I'm thinking more opportune to the graduate scholarships when students or colleges are charged out-of-state fee or waive tuition for a grad student and another student is charged an in-state fee. I think part of the money that...*(inaudible)*...for assistantships why is there a difference charged for certain graduate students for their tuition if there is a certain set of money already there? I think, I know especially in the College of Business and some other colleges they have been talking about this issue at least bookkeeping wise. So, I wasn't sure how and they were explaining to me it was a function of the performance-based budgeting system. So I wasn't quite sure how to interpret that.

President Rimai:

Me neither. You know there are two different pots that we use to support graduate students. There is the University Graduate Scholarship (UGS) and then there are separate stipends. The UGS is a straight up scholarship and dependent on the individual situation, they cover some and there are a few that cover all, but it is a function of I think the individual situation of that particular graduate student and I could not answer what a strategy is for a specific college about how they distribute the UGS dollars that they have available to them. Separate from that are the stipends that are associated with work that a graduate student is providing. So there are these two different types of money and that's probably the most that I can do, but I'm going to look for someone here who understands...

Ms. Hechavarria:

I think I'm looking more at the UGS scholarships...

Dr. Pinto:

Uh oh, I damaged that.

President Rimai:

It's coming out of your budget. *(laughter)*

Dr. Pinto:

I'm not fully appreciating the question either, but maybe it relates to what we are attempting to do this year and hopefully we will be successful, which is granting an out-of-state waiver to graduate assistants. The idea being that they would improve our ability to attract the best students to the university, but this is very specific to graduate assistants and research assistants and not to all graduate students. UGS dollars usually are tacked to graduate assistantships so we offer graduate assistance. They usually are given because of the service they provide to our research mission. The graduate assistantship is usually linked to a tuition scholarship and what we have found is that programs generally don't have the ability to attract the best students when there is a differential cost for the out-of-state students. So this is just simply for graduate assistants, not all students.

President Rimai:

I don't know, maybe off line you and Dr. Pinto can discuss this just a little bit more because it is complicated. Not that it's not a valid point, but there is a lot going on. Any other questions about Fiscal Year 2010? Yes sir?

Mr. Chesley:

I just want to compliment the entire team. I thought it was very concise, well done and I think that it's appropriate that we have a continuing resolution, I know the chairman will get to that, and then see where we are in July. The only other thing is that I really support Mr. Humes on this issue of our colleagues, support staff, and so forth. And, I only hope, and I understand the present situation, but I would like us to figure out a way to urge that we look at that because what we are doing is we are making a huge distinction. I know we don't like to use the word represented members of our community and unrepresented, but the represented have contracts that we have specific issue with and I don't want those contracts that are very important and key, to cause those that are

unrepresented to feel that they really don't have true representation. The true representation that they have is this board and this university. I concur with Mr. Humes on that issue.

Mr. Wyler:

If I could, I want to agree with Stan and Tom. But those of us on the commercial side of the world have been experiencing 15 to 25% layoffs—not just holding people at the same salaries. Believe me, that hurts when you have to call someone in and say, “Our revenues are down 30% and 40% and we can't afford to keep someone who has been here for 10 or 15 years.” Right now we are in an economic situation that is so much different than most of us have ever experienced, in fact, I would say all of us because none of us goes back to the thirties, do we? *(Laughter)*

Mr. Chesley:

Don't go there.

Mr. Wyler:

I won't, but you read the paper daily and you see how many unions have had to give up concessions and you see how many people are in the unemployment line, how many people...this morning the City is talking about furloughs for employees non paid. Believe me, I'm on your side but we must remember that we've a five pound bag that we can't get ten pounds of groceries out of it.

Mr. Humes:

Jeff, I agree with you. There's only one thing worse than being a car dealer today and that's being a land developer. *(Laughter)*

Mr. Wyler:

I'm happy to be a car dealer, it would be worse to be a lawyer.

Mr. Humes:

I think the issue is one of fairness. We find ourselves where we are in the last year of contracts and things and people work very hard for those increases, but they are not there at all for others. So it's a matter of, as we look forward, it's just a matter of fairness. I would concur. I think we are very, very fortunate that we don't have to have cuts across-the-board. Heaven knows that could be possible, depending upon what happens in the future. We are incredibly fortunate with enrollment up and where the state is today to be where we are. I think we should recognize that can change in a heartbeat with just a few things that could be happening in the next year or two.

President Rimai:

I have to caution everybody. Just to get to the 8%, we have laid off some folks. We have certainly eliminated a lot of vacancies. It is not as if we're in a position to avoid layoffs altogether and when we start looking closer at a 13% scenario or hopefully not beyond that there will be more. These are layoffs that affect across-the-board. They are not exclusive to represented versus unrepresented. I want to be clear here that in an effort to get to that 8%, units are having to eliminate positions. Alright, I think we've done it. Thank you very much – I appreciate it. *(Applause)*

Mr. Niehoff:

Great. Thank you, Monica. Now we will begin the committee meetings. I would like to appoint Kyle Quinn to the Academic and Student Affairs Committee and the first meeting will be the Academic and Student Affairs Committee. I would call upon Chairman Humes.

THE BOARD COMMITTEE MEETINGS

(Proceedings of the Board committee meetings are contained in the respective committee meeting minutes, which are on file in the Office of the Board of Trustees.)

The committee meetings began at 10:58 a.m.; the meetings concluded at 11:10 a.m.

THE REGULAR MEETING OF THE BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was convened at 11:10 a.m. and, as noted on the first page (page 1) of these minutes, roll call was taken.

Approval of the Minutes of the May, 19 2009 Regular Meeting

Mr. Niehoff called for additions, corrections, or deletions to the minutes of the Regular Meeting of the Board of Trustees of May 19, 2009. Upon motion of Mr. Wyler; seconded by Mr. Humes, the minutes were approved as distributed.

Approval of the Items Recommended by the Board Committees

Listed below are the items recommended to the Board of Trustees for approval by the Academic and Student Affairs Committee, the Finance and Administration Committee, and the Governance and Audit committee at their respective meetings held on June 23, 2009, prior to the Regular Meeting of the Board of Trustees.

Academic and Student Affairs Committee Recommendations

09.06.23.01 ACADEMIC APPOINTMENTS

Synopsis: Appointments of Faculty and Academic Administrators

It is recommended that the Board of Trustees approve the academic appointments of faculty identified in the attached document. These recommendations have been approved by the appropriate departments, colleges, and offices of the Vice President for Health Affairs and the Senior Vice President for Academic Affairs and Provost.

Appointment

Prabir Bhattacharya, PhD	Professor with Tenure of Computer Science Head of the Computer Science Department College of Engineering Effective: September 1, 2009 – August 31, 2014
Myriam Chancy, PhD	Professor with Tenure of English Department of English and Comparative Literature

McMicken College of Arts and Sciences
 Effective: September 1, 2009

Maria Melanson, MD Virgilee and Oliver Waddell Chair in Multiple Sclerosis
 Department of Neurology
 College of Medicine
 Effective: June 1, 2009 – August 31, 2010

Lewis Owen, PhD Department Head, Department of Geology
 McMicken College of Arts and Sciences
 Effective: September 1, 2009 – August 31, 2014

Emeritus Status

Dennis Mann, MArch Professor Emeritus of Architecture
 College of Design, Architecture, Art, and Planning
 Effective: September 1, 2009

Albert Muhleman, MD Professor Emeritus of Clinical Medicine
 College of Medicine
 Effective: July 1, 2009

Panapakkam Ramamoorthy, PhD Professor Emeritus of Electrical and Computer Engineering
 College of Engineering
 Effective: August 31, 2009

Fred Siff, PhD Professor Emeritus of Information Systems
 College of Business
 Effective: July 1, 2009

Administrative Leave

Willard McIntosh, PhD Dean of the College of Business
 Effective: July 1, 2009 – June 30, 2010

09.06.23.02 RECOMMENDATIONS FOR TENURE AND PROMOTION

Synopsis: Approval of tenure and promotions

It is recommended that the Board of Trustees approve granting of tenure and promotion for faculty effective September 1, 2009, according to the attached list. These recommendations have been approved through the process of progression through the departments, colleges and the Senior Vice President for Academic Affairs and Provost.

FROM ASSOCIATE PROFESSOR TO PROFESSOR

College of Education, Criminal Justice, and Human Services

Mei Tang Counseling Has Tenure

College of Medicine

Timothy Broderick Surgery Without Tenure

Robert Cohen	Internal Medicine	Has Tenure
James Greenberg	Pediatrics	Has Tenure
Timothy Hewett	Pediatrics	Has Tenure
Xinhua Lin	Pediatrics	Has Tenure
David Steward	Otolaryngology	With Tenure
Matthias Tschoep	Psychiatry	Has Tenure
Susan Waltz	Cancer and Cell Biology	Has Tenure

College of Nursing

Amy Pettigrew	Nursing	Has Tenure
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FROM ASSISTANT PROFESSOR TO ASSOCIATE PROFESSORCollege of Medicine

Charles Caldwell	Surgery	With Tenure
Andrew Herr	Mol Gen, Bioch & Microbio	With Tenure

TENURE ONLYCollege of Medicine

John Greinwald, Associate Professor of Otolaryngology
 Min Liu, Associate Professor of Pathology and Laboratory Medicine
 Jerzy Szaflarski, Associate Professor of Neurology
 Ervin Steve Woodle, Professor of Surgery
 Daniel Woo, Associate Professor of Neurology

09.06.23.03 ESTABLISHMENT OF THE DEPARTMENT OF BIOMEDICAL INFORMATICS IN THE COLLEGE OF MEDICINE

It is recommended that the Board of Trustees approve the proposal to create the new Department of Biomedical Informatics in the College of Medicine, effective on July 1, 2009. Documentation to support this recommendation is attached.*

09.06.23.04 ACADEMY OF FELLOWS FOR TEACHING & LEARNING

Synopsis: Approval of faculty for induction into the Academy

It is recommended that the Board of Trustees approve the following faculty for induction into the Academy of Fellows for Teaching & Learning.

Andrea Dixon, Associate Professor of Marketing, College of Business
 Robert Endorf, Professor of Physics, McMicken College of Arts and Sciences
 Keith King, Associate Professor of Health Promotion & Education,
 College of Education, Criminal Justice, and Human Services
 Marianne Lewis, Associate Professor of Management, College of Business

*Filed in the Office of the Board of Trustees

Robin Lightner, Associate Professor of Behavioral Sciences,
Raymond Walters College
Glenn Markle, Professor of Teacher Education,
College of Education, Criminal Justice, and Human Services
bruce mcclung, Associate Professor of Comp Musicology & Theory,
College-Conservatory of Music
Lynn Ritchey, Professor of Behavioral Sciences, Raymond Walters College
Frank Wray, Associate Professor of Biology, Raymond Walters College

**09.06.23.05 RESOLUTION TO APPROVE THE USO CENTERS OF EXCELLENCE FOR
THE UNIVERSITY OF CINCINNATI'S INSTITUTIONAL REPORT TO BE
SUBMITTED TO THE OHIO BOARD OF REGENTS**

Synopsis: Recommendation that the Board of Trustees approve the selection of
eleven USO Centers of Excellence at the University of Cincinnati

It is recommended that the Board of Trustees approve the Centers of Excellence Institutional Report to be submitted to the Ohio Board of Regents. This report was developed in response to the Regents' Strategic Plan for Higher Education requiring all institutions to identify, by June 30, 2009, distinctive strengths within the University System of Ohio (USO). The report identifies eleven Centers of Excellence that will advance the state's economic prosperity and quality of life, and that differentiate UC within the USO. The Centers are nationally competitive and distinctive, reflecting UC's signature academic strengths, and respond to the state's economic priorities and societal needs. The selections were guided by the UC|21 strategic plan for "the new urban research university," and the criteria identified in state's plan for Higher Education. The eleven Centers are:

- Design & Innovation
- Diabetes/Obesity
- Environmental Health and Cancer
- Humanities: Classics, Creative Writing, Philosophy of Science
- Intelligent Air & Space Vehicle Energy Systems
- Music & Theatre Arts
- Nanoscale Sensors
- Neurosciences
- Pediatrics
- Sustaining Urban Environments
- Urban Transformation & Justice

Finance and Administration Committee Recommendations

09.06.23.06 CONTINUATION OF THE FY 2008-2009 BUDGET INTO FY 2009-2010

Synopsis: Recommendation to continue the FY 2008-2009 Budget into FY 2009-2010

It is recommended that the Board of Trustees approve the continuation of the FY 2008-2009 Budget into FY 2009-2010 to be effective on July 1, 2009. This recommendation is advised due to the current uncertainty surrounding the state biennial budget process which includes the FY 2009-2010 State of Ohio Budget. This continuation will extend until such time as the State of Ohio Budget Bill is signed into law and a final FY 2009-2010 University of Cincinnati Budget is prepared and submitted at a Special Board of Trustees meeting yet to be scheduled.

**09.06.23.07 CAPITAL BUDGET FOR APPROVAL
FISCAL YEAR 2009-2010**

Synopsis: It is recommended that the Board of Trustees approve the Fiscal Year 2009-2010 Capital Budget, a total of \$50.1 million dollars funded through a combination of state appropriations, local debt authority and program revenue, as described in the attached document.*

The Capital Budget for Fiscal Year 2010 includes the following: Renovation of the DAAP Facade; Renovation of several labs in Kehoe; the third and fourth phases of the Rieveschl undergraduate teaching labs; the renovation of Sander Dining for classrooms and additional space for AACRC; the renovation of the Radiology Offices; and an addition to the Morgens Residence Hall Upgrade.

Action Items

Mr. Niehoff:

The full Board has been present at the Committee meetings and has received the recommendations of the Academic and Student Affairs Committee and the Administration and Finance Committees. The items reviewed and recommended by the Committees are named in the Action Items list at your place. May I have a motion to approve all of the recommended items?

Upon motion of Mr. Chesley, seconded by Mr. Wyler, the Board approved the items recommended by the Committees by the following roll call vote:

Recommendation Nos. 09.06.23.01 through 09.06.23.07

AYE: Mr. Niehoff, Mrs. Heimann, Mr. Barrett, Mr. Wyler, Mr. Heiman, Mr. Humes, Mr. Richardson and Mr. Chesley

NAY: None

ABSENT: Mrs. Buchanan,

*Filed in the Office of the Board of Trustees

Unfinished Business and New Business

Mr. Niehoff:

The next item is unfinished business. Is there any unfinished business? Next item are the reports of our board representatives and student trustees. The first item is the Report of our Alumni Association , Steve?

Alumni Association Report

Mr. Simendinger:

Thank you, Mr. Chairman—I'll keep my remarks very brief. There is an outline of our agenda or basically our board activities in your board packet. We recently awarded 88 Demakes Scholarships for the 2009-2010 academic year. They have been offered and accepted. We had 29 freshman that had the highest SAT and ACT scores ever and the leadership qualifications were exceptional.

We also instituted this past year a new board structure which will continue in the 2009/2010 year including a number of working committees that involve about 75 alums. Currently, between our 40 alumni networks nationally which are staffed by about 60 alums we have about 140 really dedicated volunteers working on behalf of the Alumni Association at this time. It really speaks well for the engagement nationally going forward for our Alumni Association.

Our Student Alumni Council (nicknamed SAC) has been extremely active and as you are aware they run Homecoming for us. This has evolved into one of the most sought after student organizations on campus. I just wanted to thank them for all of their great work over this past year.

Lastly we have launched our \$250,000 Phase One renovation of Myers Alumni Center, and the UC Architects willing, we hope to have Phase One initiated prior to our

first football game. I do apologize for the chairs you are currently sitting on—they are in Phase Two. (*Laughter*) Thank you very much.

Mr. Niehoff:

Thank you, Steve. The report of the Faculty Senate, Marla?

Faculty Senate Report

Dr. Hall:

Thank you, Mr. Chair. For today's report I'm going to give a brief synopsis of the very many activities of the Faculty Senate and that has resulted in several lists so please bear with me as I go through these lists.

Over the course of the year the Faculty Senate passed 18 resolutions. Five of those were substantial resolutions regarding "One University", Performance-Based Budgeting, 14 week semester terms, Faculty Handbooks, and College By-laws; one affirmed our commitment to sustainability; two endorsed portions of the Religious Observance Policy; one endorsed the Code of Conduct; one endorsed the Prevention through Intervention program; two endorsed resolutions made by college faculty; three addressed issues in the College of Medicine; one endorsed recommended changes to the faculty service award; and three were joint resolutions passed by the Faculty Senate, the GSGA and the Student Senate. All of these resolutions can be found on the Faculty Senate Website.

Some of the highlights of the work of the Faculty Senate Standing committees include: a resolution on the impact of Performance-Based budgeting on Academics and work on textbook pricing by the Academic Affairs Committee; review of the proposed budget and discussions on Performance-Based budgeting by the Budget and Priorities committee; revisions to the Faculty Service award criteria, review of the Religious Observance Policy and Code of Conduct and development of related resolutions by the Human Relations Committee; investigation of copyright and fair use policies with regard

to distance learning and web venues, discussions on the future and funding of academic technology and on blackboard usability by the Information Technology Committee; discussions and proposed resolutions on sustainability and the 14 week semester terms by the Planning Committee; and work on enhancing the infrastructure and investigation of faculty dynamics and research portfolios by the Research and Scholarship committee. In addition, the ad hoc committee on By-laws and Governance worked diligently all year and put forward several proposed amendments to the by-laws—some of which were approved at the May all-university faculty meeting and some of which will be put before the faculty at the October all-university faculty meeting.

Faculty Senate also was also very involved in numerous university initiatives and activities including, but not limited to: Collegiate Restructuring, Semester Conversion, Veteran’s Task Force, Darwin Sesquicentennial, Centers Of Excellence, Day At The Statehouse, Higher Learning Commission Site Visit, Proudly Cincinnati Campaign, and the Presidential Search. Senators and/or faculty elected by the senate also participated actively in all of the All-university governance committees.

To conclude my report, I would like to acknowledge the work of several individuals who were actively involved members of the Faculty Senate Cabinet this year: Daniel Langmeyer, Ann Welsh, John Cuppoletti, Mary Boat, Andrea Kornbluh, Makram Suidan, Jim Ball, Chalee Engelhard, Tracy Herrmann, Adrienne Lane, Jeff Tillman, Marie Hipple, and Bob Faaborg. This concludes my report for the June 23, 2009 meeting of the Board of Trustees.

Mr. Niehoff:

Thank you, Marla. Now our student trustee reports, first the Graduate Student Report from Diana Hechavarria.

Graduate Student Report

Ms. Hechavarria:

Good morning or should I say almost afternoon. I’m proud to report that some of

the issues and projects that the Graduate Student Governance Association (GSGA) worked on during the previous year include graduate research and funding, one-time research funding, UC student health insurance, Bearcat Transportation System routes, graduate student and family housing, graduate student mentoring, international student pick-up, and a new interactive GSGA website.

Also, GSGA has been able to reduce our internal budget deficit by half, and augment the budget by \$10,000 through our collaboration with the Office of Research, to increase Graduate Student Association membership from 38 departments to 44 departments, and have increased the visibility of our organization within the university.

Furthermore, this year the GSGA is proud to recognize several graduate students and graduate associations for their exemplary on campus initiatives, research and teaching. Further information on award recipients for the GSGA Graduate Excellence Awards can be found on our website at www.uc.edu/gsga.

Moreover, this year UC's Preparing Future Faculty Program (PFF) honored its *largest class of graduates ever!* Nineteen awardees of the PFF Certificate were recognized among graduate students.

Additionally, UC has launched a website to facilitate dissemination of information for post-docs to help attract recent graduates interested in pursuing research opportunities at UC: http://www.uc.edu/ucResearch/postdocs_prospective.html

Finally, the Graduate School has awarded five fellowships, of \$20,000 each, to doctoral students in the final year of their degree work. The Graduate School will also provide a full UGS scholarship in support of each fellowship. Twenty-seven quality nominations were submitted for the award this year, so the award process was very competitive. Each of the awardees demonstrates excellence in scholarship and has a promising academic career ahead of him or her. Further information on the the 2009 Distinguished Dissertation Completion Fellows can be found on the Graduate School

website. This concludes my report for this morning.

Mr. Niehoff:

Thank you, Diana. Next report is the Undergraduate report from Mr. Kyle Quinn.

Undergraduate Student Report

Mr. Quinn:

Thank you. This month's Undergraduate Student Spotlight goes to our students at the College of Design, Architecture, Art & Planning whose annual DAAPworks exhibit was accompanied by a popular Fashion show, top spot finishes by our Biomedical Engineering team in a national design competition, our Public Relations Student Society of America who took top honors by creating an eight month campaign to register donors for Donate Life Ohio, and finally, our Presidential Leadership Medal of Excellence recipients.

For commencement, although minuscule to the numbers on the presentation today, our senior class raised over \$13,000 through the "Make Your Mark" campaign that yielded a record number of donators to the senior gift, a commemorative marker outside McMicken Hall, detailing the generous contributions of Charles McMicken to our University. This is a historical piece of stone that was from the construction of MainStreet so that will be neat—take a look at that. This also spurred the creation of the "Red & Black Young Alumni Giving Society" and future class gifts that have a UC historical theme in mind, which should be interesting. Also graduating was the first group of UC|21 scholarship recipients. I would conclude that with saying if this gift is reminiscent of the values and mission that we, as a University, portray through UC|21, then we should be 1) very proud that it's in place; and, 2) excited about the receptiveness of our Undergraduate student body to follow-through on such goals.

We'd like to recognize the Undergraduate Faculty award recipients. Their exceptional intellect, energy, and passion for educating our students is very much appreciated.

This month's athletic accomplishments include two MLB draft picks, a solid finish by two athletes in the NCAA Outdoor Track & Field Championships, and the Year-End Awards Banquet held by the Athletic Director, Mike Thomas that awarded our Female Athlete of the Year, Jessie Nevitt, from volleyball and our Male Athlete of the Year, Josh Schneider from swimming and diving.

Finally, one more special congratulations to one of our own Board members, Mr. Tom Humes, who was awarded the Lifetime Achievement in Entrepreneurship Award last month. A beautiful article was written on the UC website and also quoted was our very own, Diana Hechavarria, who teaches a graduate level course in Entrepreneurship – a great moment for our Board and definitely our University, we're proud to have you here – congratulations and thank you again. That concludes my Undergraduate Report.

Mr. Niehoff:

Thank you. The next report is from the Student Government. Tim?

Student Government Report

Mr. Lolli:

Thank you, Mr. Chairman and good morning members of the Board. During the last month of school, student government officials have been involved in a heavy transition process. We have seen the leadership from the class of 2009 depart and already the emergence of new leaders taking place. All of Student Government, including our boards, is officially transitioned into new leadership. I'm extremely confident of their abilities and next year will be an exciting time to be a member of Student Government.

In the next year, Student Government will have a focus around disbanding apathy on our campus and improving awareness of campus events, groups, services, as well as community and city service available for students.

This will be accomplished through a more extensive Student Government website, and multiple campaigns which will reach students on a personal level, starting with a presence at all 19 summer orientation sessions.

We are also excited about increasing partnerships with various entities around our campus. We have already formed an Executive Athletic Spirit Committee, which will combine the efforts of Student Government, Rallycats, Greek Organizations and the opportunity for at-large positions. This organization will work towards increasing student attendance at all athletic events as well as informing students about University traditions, and ensuring a unified student section.

Other partnerships already in motion include the graduate student government, public safety, and increased faculty involvement. Starting this fall, we're excited to be using these partnerships to provide shuttle transportation for international students. This service will be monitored by UC International, paid through the graduate student government, and buses provided by the night walk safety board.

We will also be working towards a better relationship with the city of Cincinnati. Currently, there are many initiatives taking place in the city and we are looking into ways of including students into these initiatives to help with the progress of the city of Cincinnati.

There will be a lot of work going on this summer and we are looking forward to working with all of you in the near future. That concludes my report for today.

Mr. Niehoff:

Thank you, Tim. Before we conclude today, I would like to ask if Dr. Perzigian would comment on two things: whether we have heard from the Higher Learning Commission and then also on the remarkable paleontology convention, not as big as the Orange Bowl, but it is pretty big.

Dr. Perzigian:

Yes, we have very good news to report. The site team's report has been submitted to the commission and we've received nothing but ringing endorsement of our efforts around the ten-year reaccreditation. We will be receiving the official letter very soon. I want to also underscore that Raymond Walters College also underwent a very successful ten-year reaccreditation was in May.

If you happen to grab some lunch at TUC, you'll be in the jolly company of nearly 500 paleontologists who are visiting the University of Cincinnati. We are the host institution for the quadrennial meetings of the North American Paleontological Association and they started this weekend and will be here through Thursday. It is the premiere organization of paleontologists and I must say, from meeting many of them at the plenary reception yesterday, they are truly impressed with our campus, the energy on this campus and, of course, how fitting that we would be hosting this convention and boasting the 7th ranked paleontology doctorate program in the nation.

President Rimai:

Please ask them not to dig anything up. *(Laughter)*

Mr. Niehoff:

Is there any other new business?

Mr. Chesley:

I don't know if it is new or old, but I just want to compliment President Rimai on the tremendous graduation. It was smooth, it was professional, it was first rate and also,

one of our honorees is here today and I want to give special recognition to Dr. Otto Budig, well deserved recipient of a Doctor of Humane Letters. It was just, to me, one of the smoothest commencements and so incredibly well done. I thought the keynote speaker was excellent.

Mr. Niehoff:

Also Dr. Williams just walked in. Our next regular board meeting will be here, unless we have a special meeting on the budget, on Tuesday, September 22nd and I would like to thank you all for joining us today.

Adjournment

There being no further business before the Board, upon proper motion and second, the meeting adjourned at 11:28 a.m.

HCBuck Niehoff
H.C. BUCK NIEHOFF
CHAIRPERSON

C. Francis Barrett
C. FRANCIS BARRETT
SECRETARY