

THE UNIVERSITY OF AKRON



LUIS M. PROENZA
OFFICE OF THE PRESIDENT

July 1, 2013

Members of the University Community

I am pleased, Dear Colleagues . . .

. . . to forward for your information a summary of actions approved by The University of Akron's Board of Trustees at its regular meeting on June 19, 2013.

Presentation to the Board

Suzanne Metelko, director of The University of Akron Lakewood, and Dru Siley, director of planning and development for the city of Lakewood, described the genesis and early-stage growth of the University's first site in Cuyahoga County. Mr. Siley, a University of Akron alumnus, spoke about the growth potential in Lakewood, which he said is the most densely populated city between Chicago and New York.

Finance & Administration Committee

1. Personnel Actions

The personnel transactions approved by Trustees as amended are posted online at <http://www.uakron.edu/bot/docs/personnel-reports/Personnel-transactions-June2013.pdf>.

2. FY2014 General Fund and Auxiliary Enterprise Budgets

Chief Financial Officer David Cummins presented the Fiscal Year 2013-2014 budget proposal recommended by the administration. The budget planning process that had taken place during the previous several months addressed a projected budget shortfall totaling nearly \$30 million that was overcome to present a balanced FY2014 budget. The budget was based on both flat state revenues and flat student enrollment. The 2014-2015 biennial state budget remained under consideration by the legislature and was expected to be finalized by June 30. Actual enrollment will not be known until later in the fall semester.

Cummins gave the following highlights to explain how the \$379.6-million budget was achieved through a combination of reduced spending across all campus units and colleges, staffing reductions, controlled compensation, increased tuition and fees, and an increase in student support through scholarships:

- Tuition and General Service Fee rates will increase by 2 percent for undergraduate and graduate students at The University of Akron. Tuition remains the largest revenue source for the University, with the 2-percent increase generating about \$3.5 million in revenue.
- Tuition at Wayne College is frozen at the current rate. Tuition for associate programs at Summit College is frozen at the current rate. Each of these actions is intended to move the cost structure of associate-degree programs and degrees to be more in line with costs at community colleges.
- The budget includes \$48.7 million in scholarships, a 5.5-percent increase over FY2013, to support student academic success.
- The largest component of the budget is personnel and compensation, accounting for nearly 60 percent of expenditures. The FY2014 budget projects no salary increases. Increased costs associated with benefits are offset by savings in group-insurance management.
- Staffing reductions include the elimination of about 100 positions, more than half of which already are vacant. Many of the other staff reductions come from attrition and retirement. Part-time and summer faculty expenditures will be less as the result of reduced enrollment and changes in teaching schedules.
- The Achieving Distinction program that invests in innovative research and program development will continue to move forward with \$1 million budgeted for FY2014. However, \$3 million in previously anticipated investment for the program will not occur at this point.
- Technology, library and career advantage fees, which were previously assessed during sophomore, junior and senior years, will be assessed during freshman, sophomore and junior years. The change in timing more accurately reflects usage of these services, and helps students to anticipate expenses through their college career.
- The FY2014 budget is based on an average occupancy rate of 90.3 percent in residence housing. Housing options and dining have been reconfigured to respond to student demand and preference. Quaker Square now is dedicated to student housing; Grant and Gallucci Halls will be offline in FY2014 as options for the most appropriate usage are identified.

Cummins said the budget was developed with an assumption of flat enrollment, but could absorb a 2- to 3-percent decline in enrollment due in part to a \$4-million enrollment reserve set aside to adjust to enrollment fluctuations. The leadership team would continue working on a contingency budget, with associated spending reductions, in anticipation of any further decline in enrollment.

3. FY2014 Tuition and General Service Fees

Undergraduate and graduate tuition and general service fee rates at the Akron Campus, including baccalaureate programs at Summit College, would increase by 2 percent, effective fall semester 2013. Medina County University Center tuition would be reduced to equal the tuition level of Wayne College, which would remain unchanged from FY2013, as would tuition for associate-degree programs at Summit College. The transportation fee would increase by 3.3 percent.

4. FY2014 Course and Miscellaneous Fees

Changes in course fees included addition of 14 fees, elimination of 12, increases in 416 and reductions in 7.

5. Student Facility Fee

To better align resources with related expenditures, the administration asked to “re-designate” how it applies facility-fee collections. The proposal limits facility-fee usage to debt-service payments only for student services facilities and auxiliary facilities.

6. Naming Revisions to University Operating Funds Investment Policy

Operating fund investments under the policy in effect were segregated into three distinct “buckets”: (1) the cash portfolio, for daily needs; (2) the short-term fixed income portfolio; and (3) the intermediate-term fixed income portfolio. Based on the structure, the overall portfolio was relatively short in duration—2.02 years as of March 31, 2013. More important, the policy-allowable investments continued to perform in relation to the poor interest-rate environment.

The policy change will target 15 percent of the overall operating funds portfolio for investment in a new, fourth “bucket” to be invested in a fashion similar to the endowment funds (approximately \$30 million). That bucket will represent a deep-core fund not needed for working capital in any given year and will be treated like an underlying investment in perpetuity.

7. Purchases for More Than \$500,000

Information Technology Services proposed the award of a five-year agreement with Insight for a license to use various Microsoft software products on all University computers. Insight, an authorized reseller of Microsoft products under the Microsoft Enrollment for Education Agreement, is the vendor selected through the Inter-University Council of Ohio bid process. The license—which includes use rights for students, faculty, staff and contract professionals—will be for July 1, 2013-June 30, 2018, with annual options to opt out. Based on the current number of enrolled students and University employees, the total cost for the five-year agreement will be approximately \$1,404,800. The first-year cost is estimated to be \$242,875. The annual and total cost could increase or decrease slightly as the number of employees and/or the number of students changes. There is an annual “true-up” on FTE count with Microsoft. Funding for the purchase will come from student technology fees.

Information Technology Services also proposed a \$1,619,837.99 award to Oracle Corporation for annual support and license fees for PeopleSoft, the enterprise resource software. PeopleSoft is used at The University of Akron to enable all administration functions such as financial tracking, payroll, human capital management, student registration, student financial aid, admissions and other critical functions required to run the University. The period of the maintenance support is July 6, 2013-August 4, 2014. Funding for the service will come from the PeopleSoft License account.

The Department of Auxiliary Services proposed a \$644,679 award to Blackboard, Inc. for a five-year Software License and Support agreement for our Blackboard Transaction System. The multi-year agreement should save the University approximately \$69,500 over the five-year period. The Blackboard Transaction System is the Zip Card System. Funding for the agreement will come from the Zip Card Office.

8. Cumulative Gift and Grant Income Report for July 2012- February 2013

The University of Akron recorded total giving of \$40,526,714 for July 2012-April 2013. That total compares to \$46,439,642 for July 2011-April 2012 (a decrease of 13 percent) and a year-to-date average of \$36,812,113 for the previous five years (an increase of 9 percent). During July 2012-April 2013, 19,576 gifts were received, as compared with 19,077 for the same period in the last fiscal year (an increase of 3 percent).

9. Investment Advisor

As a result of a Request-for-Information process and subsequent interviews by a joint University/University of Akron Foundation committee, the University administration recommended an award to Cambridge & Associates, LLC. The services requested will remain in the more-traditional advisory model. Based on a total endowment asset base of \$52 million, the cost of the Investment Advisor Services will be approximately \$104,000 annually (20 basis points, based on the market value of the endowment). That cost will not include the individual investment manager fees or custodial charges, which could approximate an additional 60-80 basis points, or \$312,000 to \$416,000, annually.

Academic Issues & Student Success Committee

1. Proposed Curricular Changes in the School of Law

The administration recommended a proposal approved by Faculty Senate to establish a 14-credit Certificate in Health Law for J.D. students. It is similar to the Certificate in IP Law that the School of Law already offers. A core set of four courses and an externship experience will make up the Health Law Certificate.

2. Proposed Public Health Law & Science Center

The administration asked for approval for a recommendation from the School of Law Planning and Resources Committee, the Law faculty and the University's Faculty Senate for the creation of a center to serve as a focal point for health-law related instruction and research. The School of Law will support the Center with existing resources, with the expectation that the Center will attract grants and other external funding to support its growth.

3. Research Services and Sponsored Programs Summary of Activity Report

For July 2012-April 2013, funding for externally funded research and other sponsored programs totaled \$36,175,978 for 451 awards, as compared with \$51,791,704 for 388 awards for the previous year. For July 2012-April 2013, 17 new patents were issued, 31 patent applications were filed, and 58 disclosures were submitted—compared to 13, 30 and 53, respectively, for July 2011-April 2012.

Rules Committee

1. Revisions to Rule 3359-10-02, The University of Akron Bylaws of the Faculty Senate

The revisions to this Rule were passed by Faculty Senate in May 2009 but were inadvertently not incorporated into the University Rule. The first addition in paragraph (C)(1) specifies the term for

Executive Committee members. The second addition in paragraph (C)(5)(g) enables more efficient operations of the Faculty Senate by allowing the Executive Committee to act on its behalf during the summer months. This is particularly useful for speeding up the curriculum approval process.

2. Revisions to Rule 3359-60-03.6, Graduation

The revisions to this Rule align the University with the rest of the state for a minimum of 120 credit hours to earn a bachelor's degree and 60 credit hours to earn an associate degree. Faculty Senate approved these proposed revisions at its meeting on May 2, 2013.

3. Revisions to Rule 3359-20-05.1, Grading System, Discipline, Academic Probation and Dismissal

The revisions to this Rule reflect the new 120-credit-hour minimum for a bachelor's degree. Faculty Senate approved these proposed revisions at its meeting on May 2, 2013.

4. Revisions to Rule 3359-60-04.3, Residence Hall Refunds

The purpose of this Rule revision is to address the loss of revenue in the residence halls related to the existing refund policy associated with student dismissal from the halls as a result of a disciplinary violation. The revision reflects forfeiture of the current term housing fees in which the student is found responsible for violating the policy and terms of the housing contract.

5. Revisions to Rule 3359-60-06.3, Master's Degree Requirements

The revisions to this Rule and the following Rule were proposed by the Graduate School to eliminate outdated verbiage and bring the Rules up to date. These Rule revisions were approved by—the Graduate Council on February 25, 2013; the Graduate Faculty on April 10, 2013; and Faculty Senate on May 2, 2013.

6. Revisions to University Rule 3359-60-06.4, Doctoral Degree Requirements

The revisions to this Rule and the preceding Rule were proposed by the Graduate School to eliminate outdated verbiage and bring the Rules up to date. These Rule revisions were approved by—the Graduate Council on February 25, 2013; the Graduate Faculty on April 10, 2013; and Faculty Senate on May 2, 2013.

7. Revisions to University Rule 3359-60-06.7, Graduate Certificate Program Requirements

This new Rule was created out of necessity by the Graduate School. There are Rules for master's and doctoral degree requirements; however, there has never existed a rule for graduate certificate program requirements. With many students pursuing graduate certificate programs, the Graduate School thought such a rule was necessary. This new rule was approved by—the Graduate Council on February 25, 2013; the Graduate Faculty on April 10, 2013; and Faculty Senate on May 2, 2013.

New Business

1. Extension of Refunding Authority

On January 8, 2012, the Board authorized the issuance of bonds to refinance/refund the University's General Receipts Obligations to realize present-value savings of at least three percent. That

authority to issue refunding bonds expires June 30, 2013, but fluctuating market conditions indicate that the University will need to wait longer to generate the necessary savings. The Board extended authority to December 31, 2013.

2. Status of Grant and Gallucci Residence Halls

The administration proposed that Grant and Gallucci residence halls be taken offline for the upcoming academic year, during which time options for future use would be evaluated. The Board authorized that action for the 2013-2014 academic year.

3. adidas Contract

The Department of Athletics was in the process of renewing its agreement for five additional years with adidas to continue providing 18 of the University's 19 varsity teams with top-line apparel and footwear. The current five-year contract, which would expire on June 30, provided an exclusivity window for renewal negotiations. The department was pleased with the University's partnership with adidas, which has offered the equivalent of a 16-percent increase in complimentary gear, as well as the opportunity to earn additional dollars based on spending as a department and University.

According to the department's calculations, it would cost the University approximately \$1 million to turn over the entire department to another provider, assuming that an equivalently competitive offer would be available. Based on the department's marketplace research for other MAC and additional comparable programs, adidas' offer is comparable to others, especially considering that, unlike others, one of the department's highest-profile and most-visible programs would not be included. (The men's basketball program has a contract with Nike, thanks to Keith Dambrot's relationship with LeBron James.)

4. Acknowledgement of Mr. Ted Curtis

Vice President for Capital Planning and Facilities Management Ted Curtis had recently received an honorary degree from the "Ion Mincu" University of Architecture and Urbanism in Bucharest, Romania. He was congratulated and given the Board's "formal acknowledgement of his distinguished service to the University, to his profession and to future generations."

5. Appreciation to Student Trustee Mr. Alan M. Bowdler

Student Trustee Alan Bowdler, whose two-year term on the Board would end on July 1, received the Board's formal thanks for fulfilling his duties.

6. Appreciation to Trustee Dr. Chander Mohan

Trustee Dr. Chander Mohan, whose nine-year term on the Board would end on July 1, received the Board's formal gratitude for his valuable service to the University. The Board also approved that he be awarded an honorary doctorate. Dr. Mohan's contributions to the Board included leading the Strategic Issues, Governance and Compliance Committee for four years, the External Affairs Committee for two years; and the Nominating Committee and the Facilities Planning and Oversight Committee for one year each. On behalf of the University's Board, Dr. Mohan also served as a member of the boards of the Northeastern Ohio Universities College of Medicine and the University of Akron Research Foundation.

Notes

1. President's Report

I began my report by saying that the University is increasingly privileged to be participating in national forums on topics of great importance to higher education and the economy of the United States. I gave the following examples:

- Dr. Sherman recently had been the University's representative to a meeting of the Coalition of Urban Serving Universities, a group of significant institutions throughout the country that are located in metropolitan settings and advancing that agenda.
- On May 21, the New America Foundation held a meeting in Washington, at which it released a major report on how universities are using growth strategies and key strategies to advance the success of their students. The University of Akron was in a group of institutions that were asked to participate for contributions of research and economic development. As a result of hearing the dialogue about student success and retention at the meeting, University representatives learned a great deal, in addition to being in very good company along with the president of Arizona State University, among others.
- Shortly before the Board meeting, I took part in the National Academy of Science, Technology and Economic Policy Board's 60th meeting. That body has recognized that the funding of higher education is a significant and rather difficult topic, and it is undertaking a very comprehensive study, which is still in the formative stages, that will review both the traditional approaches to the financing of higher education as well as potentially innovative approaches.
- I was privileged to be invited to be on the panel to nominate and evaluate the potential candidates for the National Medal of Science and Technology, which the President awards annually. Many of the nominees' contributions are outstanding, from the person who invented the flash drive to people who are making or have made significant contributions in medical sciences, the person who invented the gene-sequencing machine, for example. It was a great personal privilege and good to see the University in that group.

I told Trustees that the Inter-University Council had held its annual retreat during the preceding week, and its members were pleased to be joined for significant periods of time by both the new Chancellor, John Carey, and the governor, along with some of his senior staff. I said Governor Kasich is very pleased with the work that the presidents have done collaboratively under Gordon Gee's chairmanship on both the capital budget and the State Share of Instruction formula. The governor had indicated that he hopes to continue using that kind of format to address other topics in higher education in Ohio. His workforce development and his workforce council, all of the elements of ramping up the state to address the needs of employers, seem to be the highest priorities currently.

I referred to an announcement that had been sent to Trustees about the National Science Foundation designating The University of Akron as one of only three universities in the nation as Innovation Corp, or "I-Corp," sites. The other two universities are the University of Illinois and the University of California, San Diego. The University will receive funds to help train at least 90 teams of students, faculty and business executives in critical analysis to determine if a given innovative idea, product or service is worth moving to commercialization, which is a difficult assessment task. That initiative will support the work the University has been doing in technology transfer and commercialization and will advance the proof-of-concept center that the University has envisioned.

That was a great part of why the University's proposal was attractive, in my estimation, because the I-Corp award called for the creation of a proof-of-concept center specifically titled Innovation Practice Center. More information is available on the University's new I-Corp website, <http://www.uakron.edu/nsf/>. I congratulated Dr. Newkome and the many others who participated in that proposal.

I concluded my report by highlighting several achievements.

- Six student-athletes competed in the NCAA Outdoor Track and Field Championships in Oregon, and three earned All-America First Team honors: Shawn Barber (bronze medal-pole vault), Brittany Funk (sixth place-hammer throw) and Alexis Cooks (sixth place-women's discus).
- Equally important, the University's athletic teams received very good marks in the NCAA's academic progress rate, or APR, which measures eligibility, retention and graduation. Ten of the University's programs received perfect APR scores, four teams were in the top ten percent of all teams in their respective sports and, of the 19 teams at the University, 17 had multi-year averages that exceeded the national average. All 19 teams posted averages above the NCAA APR target score.
- University of Akron engineering students continue to excel, as the student chapter of the American Society of Civil Engineers has been chosen to host the National Student Steel Bridge Competition in 2014. That honor coincides with the College's 100th anniversary celebration. I congratulated the Department of Civil Engineering for bringing such recognition to the University.

2. Provost's Report

Dr. Sherman thanked Board members for their support of his continued leadership at The University of Akron. He said it will not be anything that he does individually that will help the University to accomplish its goals and objectives; it will be the continued support of great colleagues in the Board Room and across the campus that will support achieving the goals and objectives of Vision 2020.

An essential component of doing that is excellence as well as success and accountability, Dr. Sherman said. Noting that Trustees hear about the "Akron Experience" at every Board meeting from students, Dr. Sherman said he often hears about the Akron Experience from faculty and staff. He shared the following comment, which he had received recently from a new faculty member:

As my first year moves closer to its conclusion, please allow me to thank the University for my warm welcome into a vibrant university community. Our first-year experience is enriched by the culture and natural resources in the region (with references to the Cuyahoga Valley National Park and the Metroparks) as well as the stimulating environment within which we have many speakers at the University (with particular reference to the Freakonomics lecture by author Steven D. Levitt at E. J. Thomas Performing Arts Hall on Sept. 24, 2012). As I look forward to a summer's work, I thank the University for making our University community a welcoming home.

Dr. Sherman said his focus will be on creating an Akron experience with components of excellence, success and accountability. A primary focus will be on student success, he said, adding that the personnel actions approved by the Board included a piece of that strategy, a new collaboration with the Summit Education Initiative through which Matt Deevers will become the University's director

of regional education attainment. Dr. Sherman said Mr. Deevers is known as one of the region's finest experts in using data to predict and improve student performance. By joining The University of Akron, Mr. Deevers will have access to a broader student dataset that will support the University's success in the involvement of the cradle-to-career continuum, Dr. Sherman said. He said Mr. Deevers' work will help to formulate more predictable pathways to student success nationwide and at/to The University of Akron. Dr. Sherman said this is a unique and mutually beneficial opportunity for the University and the Summit Education Initiative to collaborate, and the Summit Education Initiative will support entirely Mr. Deevers' compensation at the University.

Dr. Sherman said the University is doing quite well with students who are directly admitted to its colleges, with their retention rates at 80 percent for the first year and their graduation rates averaging 62 percent. He said the University has many more students to focus on and support to advance the University's persistence, graduation and placement agenda forward. He said his meeting with the leadership team in July will not focus on what has been done but on "what we will do. Our actions of the past cannot be our actions of the future. It is not business as usual..." As an example, Dr. Sherman said he would work with the faculty and the staff in the institution to change perspectives from things like exclusion, or "weeding them out," to "keeping them in."

Dr. Sherman said the University would no more compartmentalize students to a unit but will treat them all as "our own." He said the University would no longer wait for students to apply to innovative programs but will seek them out and get them into those programs that will help them to achieve success at The University of Akron. He said the University will not allow the educational process to be slowed by submitting grades late but will make sure grades are in on time, every time, so students can be advised effectively about their next steps toward success. The University also will take an active and proactive role in clearing students to graduation, Dr. Sherman said, concluding:

Probably most importantly, we will no longer enroll students by semesters or by a semester. We will focus on enrolling them across semesters and, in fact, across years. Clearly, if we change our focus on being proactive as opposed to reactive, instead of preparing for potential enrollment declines, we will be concerned about how to accommodate the growth of more students. And instead of preparing for contingency budgets, we will be planning for future investments and innovative programs that will make The University of Akron an even greater university.

Dr. Sherman said that he would stop where he started, and that is, the excellence and the accountability and the success of The University of Akron will be about creating the Akron Experience not just for its students, but for its faculty and staff.

3. 2013-2014 Board Officers

The Board approved the recommendation of its Nominating Committee and elected the following slate of officers for 2013-2014: Richard W. Pogue, chair; Jonathan T. Pavloff and Nicholas C. York, vice chairs; Ted A. Mallo, secretary; and Paul A. Herold, assistant secretary.

4. Next Regular Meeting

The Board's next regularly scheduled meeting is Wednesday, August 7, 2013 in the Student Union, Board Room 339, with an executive session to begin at 8 a.m. and the public session to begin no earlier than 9 a.m. Committee meetings will be held on Monday, July 29.

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