

Minutes

**The University of Toledo
107th Meeting of the Board of Trustees
Special Meeting
Thursday, July 6, 2017
Driscoll Alumni Center, Board Room
8:00 a.m.**

The one hundred seventh meeting of The University of Toledo Board of Trustees was held on Thursday, July 6, 2017, at the Driscoll Alumni Center in the Schmakel room. Chairman Steven Cavanaugh called the meeting to order at 8:00 a.m. Ms. Joan Stasa recorded the minutes.

The following Board of Trustees members were in attendance:

Alfred A. Baker
Steven M. Cavanaugh
Jeffrey C. Cole
Will Lucas
Mary Ellen Pisanelli
Gary P. Thieman
Lucas D. Zastrow, Student Trustee
Joseph H. Zerbey, IV

The following Board of Trustees member was absent:

Sharon Speyer

A quorum of the Board was constituted.

The following individuals were also in attendance:

Christine Billau, Media Relations Specialist
Phillip Cockrell, Interim VP Student Affairs
Bryan Dadey, Associate VP Finance
Michael Dowd, Associate Professor/Chair Economics
Elissa Falcone, Manager Graduate Academic Services
Sharon Gaber, UT President
Joely Giammarco, Sr. Business Manager
Rick Gerasimiak, Manager Desktop Support
Lawrence Kelley, EVP Finance and Administration/CFO
Vanessa McCray, Reporter for *The Blade*
Barbara Owens, Interim Associate VP Marketing and Communications
Peter Papadimos, VP and Chief Legal Counsel
Matthew Schroeder, Chief of Staff President's Office
Joan Stasa, Board of Trustees Secretary
Amy Thompson, Faculty Senate President

Mr. Larry Kelley, EVP Finance and Administration/CFO, provided the Board of Trustees with information about the FY 2018 Operating Budget. Mr.

CALL TO ORDER

ATTENDANCE

**FY18 OPERATING
BUDGET**

Kelley stated that the budget process began by establishing guiding principles and provided the following comments.

- Recognized that the University would be stronger fiscally as enrollment is restored – and growth in enrollment is anticipated for the second year in a row.
- Recognized that funding the academic operations of the University is a partnership between the State and the students.
- UT has been very sensitive to the cost of attendance and has frozen tuition (no increase) in six of the last ten years and in each of those years--as a part of the funding partnership--the State provided some growth in the State Share of Instruction.
- As planning began for fiscal year 2018, the State imposed a freeze on undergraduate tuition and general fees AND would not be increasing the State Share of Instruction.
- As far as we can tell, this is the first time that there has been a freeze of tuition imposed by the State and no increase in funding from the State. The challenge became greater due to this action by the State and underscores the importance of strong leadership, good fiscal choices and the growth in enrollment. Dr. Gaber and this Board have provided that leadership.
- Good choices have been made to reduce our expenses and efforts are in place to increase revenue and grow enrollment.
- Planning assumptions were developed and a further look was made at funding per student and growth is seen – unless inflation is factored in. Mr. Kelley displayed a chart, which showed less spending power today per student than was had ten years ago. This is a challenge to all of higher education in Ohio, but especially to UT where we have demonstrated a concern about the cost of attendance and kept our tuition low. UT has the lowest tuition per credit hour of any research university in Ohio and the third lowest tuition of any university in Ohio.
- A few of the key budget numbers include:
 - total operating revenue at \$776 M
 - estimated revenue for UT, including restricted functions, is \$942 M
 - the bottom line from operations is \$1.9 M
- The bottom line was ZERO last year and it included a \$9.4 M shortfall in the General Fund. That shortfall has been replaced in the proposed budget with a surplus of \$554,000.
- Also included in the budget packets is a listing of tuition and fees as well as the major budget assumptions.
 - affiliation agreement
 - consistent with *recent* labor agreements for represented staff, a 1% increase in FY18
 - the salary increases, including--similar to the practice last year by

senior leadership--a proposed increase for professional staff, unrepresented faculty and senior leadership at mid-year. The proposed increase is 1% to base in addition to a one-time payment of \$300 to anyone with an annual salary of \$50,000 or less

- Examples of the revenue enhancements and expense reductions included in the proposed budget was also shared with the Board.

Mr. Kelley thanked the Board for their guidance in developing this year's budget and extended a special acknowledgment to Dr. Gaber for her clear, focused and strong leadership in the development of the budget and operation of the University. A balanced operating budget was presented to the Board for consideration and Mr. Kelley stated that this year, each operating area – the General Fund, the Auxiliaries and the Hospital – is in balance.

Mr. Zerbey commended Mr. Kelley and his team for doing magnificent work with putting together the FY18 budget.

Mr. Cavanaugh inquired whether any other questions were open and when hearing none, requested a motion for approval of Resolution No. 17-07-17: "Fiscal Year 2018 Operating Budget." A motion was received from Trustee Zerbey, seconded by Trustee Lucas, and approved by the Board.

Chair Cavanaugh requested a motion to enter Executive Session to discuss the employment and compensation of a public employee. A motion was received from Trustee Baker, seconded by Trustee Cole, and approved by the Board. A roll call was taken by Ms. Stasa: Mr. Baker, yes; Mr. Cavanaugh, yes; Mr. Cole, yes; Mr. Lucas, yes; Ms. Pisanelli, yes; Mr. Thieman, yes; and, Mr. Zerbey, yes. After discussions, the Trustees exited Executive Session.

Trustee Cavanaugh stated that executive compensation is often a complicated, and sometimes controversial, topic – and this can be especially true at a large public institution like UT. That is why the Board of Trustees wants to be transparent about their process and the criteria that is used to evaluate the University's leader.

The philosophy of the Board of Trustees is that leadership matters and is often a key variable in determining performance of the institution. Senior leaders should develop meaningful goals to move the institution forward and be held accountable for achieving them. Evaluations of performance should be data-driven using metrics that the leader has the ability to influence and control, and leaders that deliver superior results should receive appropriate compensation consistent with the market for their services.

Mr. Cavanaugh remarked that the UT Trustees take their role in evaluating the University President seriously -- it is an important job. As volunteers who devote significant time to the University, each Trustee is actively involved in reviewing the strategic goals and metrics as they evaluate the President's

**EXECUTIVE
SESSION**

**CHAIRMAN'S
COMMENTS –
PRESIDENT'S
EVALUATION**

performance. Mr. Cavanaugh stated that all trustees do their homework and thanked each of them for their service and their participation.

This year the Trustees focused on six critical areas to move the institution forward:

1) Strategic Plan

- a) An ambitious, metrics-driven, Strategic Plan has been adopted to become a top100 public research university.
- b) A Multi-Campus Master Plan, a Strategic Enrollment Plan and a plan to advance research also have been put in place.
- c) The Strategic Plan will be the foundation for evaluation going forward.

2) Improve Financial Condition

- a) A balanced budget was delivered despite starting FY17 with a \$9.36 million budget shortfall in the general fund.
- b) Multiple steps have been taken to reduce expenses and will close the gap and position UT well for the next fiscal year.
 - i. VSIP and eliminating funding for positions that have been vacant for at least nine months (\$7 million for FY18)
 - ii. New Winter Break scheduled (\$500,000)
 - iii. Dining contract extension (\$500,000). Aramark also will invest \$5 million to upgrade UT dining facilities.
 - iv. A number of other initiatives to maximize efficiencies

3) Enhance Student Enrollment and Retention

- a) Fall 2016 student enrollment increased for the first time in six years.
- b) First-year retention rate increased to 74.1%, the highest rate in at least eight years.
- c) We maintain focus on affordability (UT continues to be the lowest per credit hour of any research university in Ohio).

4) Improve Fundraising

- a) Contributions increased – \$22.5 million, nine-year high.
- b) Increased participation – 11,200 donors, another high.
- c) Dr. Gaber is active in engaging alumni around the country and the Board is pleased to see outreach nationally.

5) Significant Progress Implementing Diversity Plan

- a) As a focus of Dr. Gaber, she has made personal outreach to Toledo's African American and Latino communities.

6) Re-energize Research and Improve Scholarly Reputation

- a) Leadership Change naming Dr. Frank Calzonetti Vice President for Research
- b) Plan to improve research opportunities and productivity for our faculty

In addition, The Board recognizes the President's leadership with:

- Good progress with implementation of the Academic Affiliation between the College of Medicine and Life Sciences and ProMedica
- Operating Plan for UTMC to continue to serve the South Toledo community and continue to be a key health care provider
- Rocket student-athlete success on the field and in the classroom; UT Women's Basketball won MAC Championship and earned trip to NCAA tournament for first time in 16 years; UT Football played in Raycom Media Camellia Bowl; and, student-athletes earned a school record of 3.27 GPA in Spring 2017.
- Perhaps most importantly, the Trustees have received positive feedback from faculty, students and the community. There is a feeling of energy and optimism about the future on campus.

In Dr. Gaber, we see a leader who is fully engaged in moving all aspects of the University forward. She devotes enormous energy to representing the University to the community, alumni and donors. It is a 24/7 job and she has embraced that with grace and class.

The 2016-2017 academic year was a year of progress on our road to excellence, but we have not reached our ambitions or full potential. The bar goes up from here. What encourages me is that I know Dr. Gaber feels exactly the same way. As we embark on this path, we ask that the community have patience and hold us accountable for all the potential for this university. Thank you all for your time and especially Dr. Gaber.

Trustee Cavanaugh requested a motion that the Board give Dr. Gaber 20% of her base salary for her bonus this year, \$91,800. The motion was received by Trustee Pisanelli, seconded by Trustee Cole, and approved by the Board. Dr. Gaber requested that her bonus be deferred until September 30 and has requested the Board defer a decision on her merit increase, which she is also entitled to in her annual review, until the enrollment numbers come in.

With no other business before the Board, Trustee Cavanaugh adjourned the meeting at 9:10 a.m.

ADJOURNMENT