

THE UNIVERSITY OF AKRON



LUIS M. PROENZA
OFFICE OF THE PRESIDENT

January 23, 2014

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 December 11, 2013.

Presentation

1. Dr. K. Todd Houston

Dr. K. Todd Houston, an associate professor in the School of Speech-Language Pathology and Audiology, directs the Telepractice and eLearning Laboratory. His presentation centered on that initiative to evaluate clinical practices in the area of distance service delivery in Speech-Language Pathology.

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-December2013.pdf>.

2. Quarterly Financial Report for July-September 2013

The comparisons in this report are based on the original budget approved by the Board at its June 19 meeting. The comparisons will be adjusted relative to the revised budget approved at the October 16 Board meeting for the second-quarter analysis.

The FY2014 year-to-date revenues and transfers-in trailed expenditures and transfers-out by \$1.8 million (2.3 percent) relative to the original budget projection. Total revenues, including transfers-in, fell short of the budget estimate by \$5.6 million (3.1 percent). For the same period, total year-to-date expenditures, including transfers-out, were below the budget estimate by \$3.8 million (3.6 percent).

The year-to-date shortfall in tuition and fees was \$8.3 million (5.5 percent) relative to the original budget. Enrollment trailed last year by more than 6 percent; the shortfall in tuition revenue is consistent with that. Other sources were \$0.3 million above estimate (0.9 percent).

Overall, total expenditures were less than the year-to-date budget projections. Total Compensation was \$0.1 million (0.2 percent) over the year-to-date estimate. The revised budget approved in October assumes decreased spending in compensation; however, personnel changes will be implemented throughout the year, which will reduce the full impact of savings within FY2014.

The Supplies and Services category was \$2.0 million (14.2 percent) below estimate. "Other" expenses were also well below estimate at \$2.2 million (33.3 percent). Utilities expense continued to track below estimate by \$0.3 million (16.3 percent) due to lower utilization of energy resulting from mild weather conditions and conservative budgeting. Student Aid was \$1.9 million (7.3 percent) below year-to-date estimate, which may in part be due to timing of awards. The one expense area with a significant negative variance was the "Reduction Holder" line. Not all reductions to the original FY2014 budget had been implemented; therefore, a negative balance was reflected in the statement that should decline as the year progresses.

Year-to-date combined Auxiliary resources, including transfers-in, were \$25.3 million; combined expenditures were \$27.1 million. The actual negative variance of \$1.8 million exceeds the projected negative variance of \$1.4 million. Residence Life and Housing continued to be negatively impacted by enrollment decline. The starting fund balance of \$943,000 was just enough to cover the first-quarter unfavorable variance of \$894,600.

3. Quarterly Investment Report for July-September 2013

The Quarterly Investment Report for September 30, 2013 reflects a first-quarter net rate of return of 0.4 percent and essentially no return for operating funds for the past 12 months, excluding the newly created Long-term Portfolio. Those investments, including the Long-term Portfolio, generated nearly \$1.0 million in income through the first quarter, 24 percent above the budget estimate. The market value of endowments increased by nearly \$2.9 million through the first quarter of FY2014. The portfolio composite of the pooled endowments posted a 6.5 percent rate of return for the first quarter and a 15.5 percent return for the past 12 months.

4. Purchases for More Than \$500,000

- **Third-Party Medical Benefits Provider:** The Office of Talent Development and Human Resources in consultation with Towers Watson proposed an award to Apex Health Solutions to be the third-party administrator for the University's self-insured medical benefits program. The renewal contract will run for three consecutive, one-year terms with administration fees increasing by 5 percent per year for each renewal year. The first-year administrative fee is \$24.20 per employee per month for an aggregate, annual plan-administration cost of approximately \$835,000.
- **Stop-Loss Medical Coverage:** The Office of Talent Development and Human Resources in consultation with Towers Watson proposed an award to Highmark Insurance Group (HMIG) to renew the University's stop-loss coverage for the plan year 2014 in an estimated amount of \$1,708,492. Specific stop-loss coverage is inclusive of combined medical and prescription drug

claim costs. Annual premiums to provide specific medical and prescription drug stop-loss coverage of \$275,000 per individual, with an unlimited lifetime maximum per individual, are approximately \$1,708,492.

- **Student Retention Analytics:** The Office of Academic Affairs proposed awarding a contract to Education Advisory Board (EAB) for a Student Engagement and Retention Analytics Solution. The EAB solution will be a key enabler for improving student success metrics to align with the state of Ohio Complete College Task Force recommendations and the University's Vision 2020 plan. There will be a one-time implementation fee of \$70,000 and a first-year subscription fee of \$192,500. The contract can be executed with EAB for either a three-year or five-year term. The EAB proposal includes a pricing structure that increases subscription costs 5 percent per year, making the second and third years of the contract \$202,125 and \$212,232 respectively. If the University chooses to exercise a five-year contract, EAB will freeze the annual subscription cost of \$192,500 for each of the first five years, and the University will save \$101,187 over five years. The length of contract and applicable pricing still were being discussed at the time of the Board meeting.
- **Custodial Services for Six Buildings:** Due to employee reductions at the Physical Facilities Operations Center and the expiration of the existing custodial contract, a request for proposal was issued by the Department of Purchasing on behalf of the Physical Facilities Operation Center (PFOC) and E. J. Thomas Performing Arts Hall seeking bids to provide custodial services for six buildings: E. J. Thomas Hall, Polsky, Bierce Library, Central Hower, College of Arts and Sciences, and Rhodes Arena. Separate bids were provided for each specific building. A selection committee consisting of representatives from the PFOC and E. J. Thomas facilities and the Department of Purchasing recommended awarding a contract for services in all six buildings to ABM, the current provider. The anticipated annual expenditure for all six buildings is \$641,112. The term of agreement is two years with the option to renew for three additional two-year periods. The contract was expected to begin December 15, 2013. The minimum anticipated savings of the contract is \$200,000 per year as compared to the cost of providing internal custodial services.

5. Revised University Endowment Funds Investment Policy

Subsequent to the appointment of Cambridge & Associates, LLC, as the University's Investment Advisor (approved by the Board in June, Resolution No. 6-11-13), the Treasury Services staff worked closely with Cambridge to revise the Endowment Funds Investment Policy in accordance with stated objectives and guidelines as defined during the RFP and selection process. In early September, 2013, a joint meeting of the University and Foundation investment committees was held with Cambridge to introduce their investment team and to review the respective existing investment policies. Trustees Pavloff and Palmisano were in attendance and participated in the review and discussion of the University's policy and objectives. The resulting proposed policy as mutually agreed to by Cambridge and the University was provided as an attachment. The contract with Cambridge was still under review by the Office of General Counsel at the time of the Board meeting. Once the contract was fully executed, the assets managed under the former advisor (Legacy) would be transferred to Cambridge.

6. Cumulative Gift and Grant Income Report

The University of Akron recorded total giving of \$25,219,439 for July-October 2013. That total compares to \$24,149,119 for July-October 2012 (an increase of 4 percent) and a year-to-date average of \$16,742,167 for the previous five years (an increase of 51 percent). During July-October 2013, 8,660 gifts were received, as compared with 7,993 for the same period in the last fiscal year (an increase of 8 percent).

Academic Issues & Student Success Committee

1. Proposed Honorary Degree

The administration proposed granting an Honorary Doctor of Humane Letters degree to Kathleen A. Coleman in appreciation of her noteworthy achievements, valued leadership and outstanding service to her community and to The University of Akron. A graduate of both Hiram and Dartmouth colleges, Mrs. Coleman has been a tireless advocate on behalf of higher education and public service, founding the Lester E. and Kathleen A. Coleman Foundation in 1995; serving as a member of The University of Akron Foundation Board of Directors and as a member of its Executive Committee and Chair of its Stewardship Committee; earning the 2009 Elizabeth Davidson Buchtel Award; providing funding for the Les and Kathy Coleman Common; and, along with her late husband, Dr. Lester E. Coleman, establishing the Lester and Kathleen Coleman Graduate Fellowship in Chemistry, The John Franklin Coleman Memorial Scholarship in Chemistry and the Lester and Kathleen Coleman Chair in Chemistry. Mrs. Coleman has involved herself in numerous Northeast Ohio organizations, including the Cleveland Music School Settlement, Cleveland Restoration Society, the American Red Cross and the Cleveland Orchestra's Women's Committee. She received University Hospitals' 2013 Samuel Mather Visionary Award for her funding of cancer research there.

2. Tentative Graduation List for Fall 2013

The tentative graduation statistics for fall and a list of prospective graduates from the Office of the Registrar were reviewed. Included in that information were the names of the students, listed by college and degrees, who were candidates eligible to participate in the University's fall 2013 commencement ceremonies pending their completion of all degree requirements. Tentative totals were 1,516 degrees, including—53 doctoral, 33 Juris Doctor, 347 master, 888 baccalaureate and 195 associate degrees.

3. Move of Department of Sports Science and Wellness Education

The purpose of the move of the Department of Sports Science and Wellness Education (SSWE) as an academic unit to the College of Health Professions is to better align the University's health-related programs within one college. The SSWE and College of Education faculty voted to approve the move, and the College of Health Professions voted to accept the move and made the necessary changes to their College bylaws and retention, tenure and promotion processes. The Academic Policies Committee, the Faculty Senate, the Provost and the President each concluded that the mission of SSWE aligns well with the mission of the College of Health Professions and supported the move of the Department of Sports Science and Wellness Education as a unit to the College of Health Professions, where it shall be named the School of Sports Science and Wellness Education.

4. Research Grants and Sponsored Programs Report, September and October 2013

For July-October 2013, funding for externally funded research and other sponsored programs totaled \$14,952,587 for 220 awards as compared with \$17,461,053 for 239 awards for the previous year. For July-October 2013, 12 new patents were issued, 24 patent applications were filed, and 29 disclosures were submitted—compared to 9, 8 and 25, respectively, for the previous year.

Rules Committee

1. Rule 3359-1-04.1, Open Meetings, Replacing Rule 3359-4-04, Compliance with Sunshine Law

New Rule 3359-1-04.1, Open Meetings, replaced and updated Rule 3359-4-04, Compliance with Sunshine Law. The changes consist of the following:

- Re-numbering the new rule to reflect proper placement within the series of University Rules;
- Modifying the language from resolution format to rule-filing format; and
- Updating the language to reflect current practice.

2. Revisions to University Rule 3359-1-05, President of the University

The revisions to this rule consist of correcting/updating language on pages 2 and 3, as well as adding the Contract Professional Advisory Committee and Staff Employee Advisory Committee to the advisory/constituency groups to be involved in specific stages of the presidential search process.

3. Revisions to University Rule 3359-10-02, Bylaws of the Faculty Senate

The revisions to this rule, which appear on pages 12 and 13, consist of including in the Faculty Senate a representative of the full-time academic advisors. These revisions were approved by Faculty Senate at its meeting on September 5, 2013.

4. Revisions to University Rule 3359-20-04.3, Faculty Privileges and Benefits

The revisions to this rule consist of the following:

- Removing the language about part-time faculty health benefits on page 1. The Affordable Care Act created new health insurance exchanges which offer more affordable health care options for part-time employees. Given this new option, The University of Akron will discontinue group health insurance to part-time employees, effective December 31, 2013.
- Updating the annuity options language on pages 4 and 5 to more accurately reflect the University's annuity plans.
- Updating the fee-reduction language beginning on page 8 to include same-sex domestic partners. Currently, the Collective Bargaining Agreement with Akron-AAUP includes fee remission for same-sex domestic partners. In addition, health benefits are provided to same-sex domestic partners for all categories of employees at the University.
- Reflecting the name change of Workforce Development and Continuing Education to UA Business Solutions as approved by the Board in October 2013. The change is on pages 6 and 13.
- Updating the language on page 16 pertaining to term-life insurance to reflect the discontinuation of retiree life insurance except for those employees grandfathered prior to 1977 who elected term life insurance offered through the University.

5. Revisions to University Rule 3359-20-06.1, Part-time Faculty Appointments

This rule contained language about part-time group health insurance coverage in section Q on page 11, which was removed for the reasons provided above for Rule 3359-20-04.3.

6. Revisions to Rule 3359-26-02, General Staff Personnel Policies and Procedures

The fee-reduction language beginning on page 13 has been updated to include same-sex domestic partners as explained above for 3359-20-04.3.

7. Rescinding Rule 3359-26-06, Part-time Staff Group Health Insurance Coverage

This rule was rescinded since the University would discontinue group health insurance to part-time employees as explained above for Rule 3359-20-04.3.

Audit & Compliance Committee

1. Acceptance of June 30, 2013 External Audit Results

The University, The University of Akron Foundation and the University of Akron Research Foundation each received an unqualified opinion (often referred to as a “clean” opinion) from the external auditors, Plante Moran.

2. Acceptance of the SSAE 16 External Audit for May 1, 2012-April 30, 2013

Since January 2010, the University is considered a service provider in that it provides certain IT hosting and management functions for Lorain County Community College. Those services necessitate the need for an SSAE 16 audit, which varies in scope and objective from an annual financial statement audit. External auditors from SS&G conducted the SSAE 16 audit and issued an unqualified opinion (often referred to as a “clean” opinion).

Notes

1. President's Report

After welcoming the two new Trustees, Dr. Ciraldo and Mr. Dowd, I shared several points of pride for the University, as well as some challenges that will be addressed, as follows.

Advanced Manufacturing Partnership Steering Committee 2.0

President Obama appointed recently an Advanced Manufacturing Partnership Steering Committee 2.0, the sequel to one that had worked last year. It held its first meeting in the week preceding this Board meeting and set up five working groups. On each of those five working groups, there are members of The University of Akron family working on our behalf. They are faculty members, and I want to just briefly list them for your information and to acknowledge the tremendous work that they are doing:

- Dr. Ajay Mahajan serves on the Technologies working group;
- Drs. Erin Makarius and Mahesh Srinivasan, who are both with the College of Business Administration, are serving on the Workforce group, advancing some very interesting ideas;

- Dr. Sergio Felicelli, from the College of Engineering, is on the Advanced Manufacturing National Manufacturing Institute working group, which deals with innovation and networking;
- Mr. Wayne Watkins, from our research office, is on the Scale-up group, which I have the privilege of co-chairing along with a colleague from Chicago; and
- Dr. Brian Davis, the head of our Biomedical Engineering Department, is on the Engagement group.

Those colleagues are serving on working groups alongside peers from a very small number of other universities—MIT, UC Berkeley, Georgia Tech, Michigan and Rensselaer Polytechnic. It is, perhaps, one of the first times that so many of our faculty are so prominently positioned and at the same table as others from some of the most elite research institutions in our nation.

Talent Dividend Summit

On the next day after that meeting in Washington, I had the honor of providing the keynote address for the Talent Dividend Summit in Cleveland. It was hosted by *Crain's Cleveland Business* in conjunction with NOCHE, the Northeast Ohio Council on Higher Education. The whole meeting focused on advancing college attainment in our region. Its title, Talent Dividend, comes from the understanding, by some at least, that the economic impact of educational attainment is a significant economic boost to our region. For Northeast Ohio alone, each one-percent increase is calculated to create an additional \$2.8 billion in personal income. That figure dates back to about 2010 when NOCHE developed the talent dividend action plan. NOCHE set up some very worthy goals, and I am pleased to report that, four years later, as we review the dashboard for the Talent Dividend progress in Northeast Ohio, six of the seven goals are showing very significant progress, and I'd like to share that with you briefly.

The number of degree holders and degrees awarded are up, as are the rates for college completion, adult post-secondary participation, regional attainment and on-time high school graduation. All of those are up significantly, and we are anticipating that we certainly will be one of the top regions in the country for the advancement of educational attainment. The lone exception among those goals is the rate of college continuation, the percentage of high school students who go on to college. This had been just stubbornly flat for many years. Ohio graduates a larger percentage of high school graduates than the national average but has a lower percentage than the national average of those who continue on to college. That is probably a legacy from the industrial times when a high school diploma was sufficient, but we need to move that needle forward.

This talent dividend concept is increasingly understood, certainly by our graduates and by this Board. It is not yet the case, in my view, that the business community or our political leaders have fully appreciated the economic impact that these graduates or their colleges and universities make.

State of the University Address

Some of you had a chance to attend the State of the University Address, and I want to simply indicate to you that we set some very ambitious goals about which I will have more to say a little later because we are making some specific personnel assignments to move that agenda forward, as well as student success in the Akron Experience and, of course, in the innovative programs that we are reviewing, that we are advancing, and the opportunities that are ahead for us.

Commencement

The final point that I want to make relates very much to the importance of what it is we do each and every day, but particularly in the fall, spring and the end of the summer semesters. That is the graduation, the commencement, the celebration of young men and women completing their degrees. So I remind you that we are holding three commencement ceremonies this weekend (December 13-14, 2013). With your approval, we will be conferring almost 1,500 degrees on our students.

While one may be daunted by some of the agenda that we have set forth, or certainly the challenges that higher education is facing, if you have a chance to attend one of these ceremonies, please listen to the graduates as they line up for the processional. Watch the faces of parents as names are called out, walk among the crowd of students afterward, and note the handshakes, the congratulatory notes, the hugs, the slaps on the back and recognize that these graduates are the next generation of Ohio's economy. If anyone needs any motivation or fortitude to take on the tasks at hand, please invite them to commencement. There is inspiration and energy there to spare and to enliven all that we do.

2. Provost's Report

Dr. Sherman said, when the Board of Trustees endorsed Vision 2020, it also endorsed two essential initiatives to achieve our aspirational goals. One was the Achieving Distinction initiative from Vision 2020, where we were asked to bring to the Board of Trustees a budget line that we would use every year to support trans-disciplinary research across the institution that would have impact and influence in regional solutions, the human condition, innovative technologies, and medicine and health, he said.

The complementary program to Achieving Distinction is the Academic Program Review, which is coming close to its final analysis, Dr. Sherman said. "I want to point out that this is a normal process for all institutions across the country to improve student success and the reputation of the institution. It is a method to reallocate resources across academic programs. While recommendations consider program attributes such as student demand, persistence, completion and placement, programs are also considered from the perspective of strategic alignment with the overall mission and vision of the institution," he said.

Dr. Sherman said that no decisions had been made as yet as we continue to consider the recommendations of the Academic Program Review Committee and the vast array of additional information that is due to be considered for such important decisions. Regardless of the decisions and most important, any students affected by the deactivation of academic programs can anticipate that they will be able to complete their degree as promised. As programs are phased out very slowly, we will assure that every single student affected has a customized degree-completion plan, he said. While change is hard, change creates opportunities. Diverse voices have been heard, and ultimate decisions will be made in the best interest of The University of Akron, he said.

An important component of improving institutional success is assuring that we measure learning outcomes, Dr. Sherman said. The importance of learning outcomes assessment was emphasized when Vincent Tinto visited and addressed this campus at our Summit on Student Success and Retention. He made it absolutely clear that the attraction of students to The University of Akron is tied to the quality of the academic programs, the faculty and the staff, while persistence is linked to the quality of academics, the classroom and the learning experience. Dr. Sherman said,

We have transformed the work of the Institute for Teaching and Learning to include the notion

of talent development, not only of chairs and directors and of staff, but also for our faculty and graduate teaching assistants, all intended to enhance the quality of the learning environment. To support and further that progress to assure we have the absolute best learning environment after the first of the year, I will work with Executive Dean Chand Midha and ask a team of our faculty colleagues who are involved in our learning outcomes assessment strategies to think about what we have learned during our Summit on Student Success and to suggest how we can best redesign the Institute for Teaching and Learning to have a clear mission to support improving the learning environment and thereby the quality of the student learning experience.

We have to assure that the campus understands that, while research is important and changes the lives of our community through discovery, we have an obligation and expectation to change the lives of our students by providing them the very best opportunity for learning through our classroom teaching and the classroom experience.

3. Next Regular Meeting

The Board's next regularly scheduled meeting is Wednesday, February 5, 2014, in the Student Union, Board Room, with an executive session to begin at 8 a.m. and the public session to begin no earlier than 9 a.m.

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