

# THE UNIVERSITY OF AKRON



**LUIS M. PROENZA**  
**OFFICE OF THE PRESIDENT**

November 15, 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 October 16, 2013.

## **Presentation**

### 1. Dr. Hazel Barton

Associate Professor of Biology and Geosciences Hazel Barton discussed her research, which seeks to understand micro-biologically driven geochemistry in cave environments, how bacteria adapt to extreme isolation and nutrient limitations in caves. Dr. Barton, who also studies bats and the life of microbes in subterranean lakes, has earned numerous awards, including the prestigious NSF CAREER Award. She has been recognized for the past three years by Popular Science magazine as having one of the Top 10 labs in the nation.

## **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-October2013.pdf>. The actions I recommended included a two-percent raise pool for nonunion faculty members who teach in the School of Law or serve as academic department chairs or directors. The adjustment matches the raise pool approved earlier this year for full-time faculty represented by the Akron Chapter of the American Association of University Professors.

### 2. Quarterly Financial Report for April-June 2013

The overall FY2013 budget trailed estimates by \$2.9 million due to total revenues falling short of the budget estimate by \$10.3 million and total year-to-date expenditures being below the budget estimate by \$7.1 million. In addition, there was a favorable net variance in transfers of \$0.3 million.

The shortfall in tuition and fees was \$8.9 million (3.3 percent) relative to original budget. FY2013 credit hour production trailed FY2012 by 4.1 percent.

Total compensation was slightly below the estimate. Fringe-benefit expenses were \$5.1 million (8.7 percent) below the original budget; however, payroll exceeded the original budget by nearly \$3.9 million (2.4 percent). Supplies and Services expenses were well below budget by \$16.0 million (28.7 percent). Concerns about enrollment and revenue likely impacted spending in that area. Utilities were \$1.4 million (12.1 percent) below the budget reflecting favorable rates for energy and mild weather. Student Aid was well above the original budget by \$4.1 million (9.4 percent). The focus to attract more college-ready students has increased the number of scholarship recipients even though enrollment is declining.

With the inclusion of transfers-in and transfers-out, the net change in the current fund balance was a reduction of \$2.9 million. That total takes into account the \$5.1 million in Internal Loan Repayment that reflects the reductions to departmental carry-overs toward resolving the \$26-million liability for the Early Retirement Incentive program.

3. Quarterly Investment Report for April-June 2013

The Quarterly Investment Report for June 30 reflects a fourth-quarter net negative rate of return of 0.9 percent and a net negative annual return of 0.9 percent for operating funds. Nonetheless, those investments generated \$2.4 million in income through the fourth quarter. The FY2013 General Fund financial statement included an unrealized loss of \$1.4 million. The market value of endowments increased \$5.4 million through the fourth quarter of FY2013. The portfolio composite of the pooled endowments posted a 0.2-percent rate of return for the fourth quarter and a 15.1-percent return for the preceding 12 months.

4. Cumulative Gift and Grant Income Report

The University of Akron recorded total giving of \$3,120,721 for July-August 2013. That total compares to \$5,611,433 for July-August 2012 (a decrease of 44 percent) and a year-to-date average of \$4,443,105 for the previous five years (a decrease of 30 percent). During July-August 2013, 2,700 gifts were received, as compared with 2,431 for the same period in the last fiscal year (an increase of 11 percent).

5. Title V Boiler Compliance Contract

The Title V Boiler Compliance HTHW Generator Stack Emissions NOx Reduction Project No. UAK130004 will install new burners and controls to bring the University into compliance with the Environmental Protection Agency's mandate for emissions. Bids for the project were solicited on July 20, 2013 and opened by the Purchasing Department on August 13. The electrical bid was accepted, and the mechanical bids had to be re-bid. Mechanical re-bids were solicited on August 28 and opened on September 10, 2013. A \$509,880 contract for mechanical work was recommended to be awarded to sole-bidder Associated Mechanical, Inc. The low bidder for electrical work, R & M Electric, Inc., was recommended to be awarded a \$59,828 contract.

6. FY2014 Revised General Fund Budget

The original FY2014 budget approved in June provided for a 2-percent enrollment decline. Adjustments to the base revenues and expenditures from FY2013 were significant – totaling \$30 million; however, fall 2013 enrollment is actually 6 percent below fall 2012. In anticipation of enrollment being well below earlier estimates, contingency planning began shortly after the approval of the current budget with the expectation that a revised budget would be presented at the October Board meeting.

Fall 2013 student credit hours are roughly 6 percent below fall 2012, resulting in a projected revenue reduction of \$15 million. In addition, there are a couple of other adjustments that need to be addressed to balance the budget. The rising interest rates precluded the University from closing on a refinancing of existing debt, which would have saved \$1.5 million in FY2014. In addition, the new contract with Akron-AAUP provided a 2-percent increase in salaries, which increased compensation costs roughly \$1.2 million.

The contingency planning process began in July with reduction targets of 8 percent which, if fully realized, would generate \$16 million in savings and more than offset the adjustments referenced above. Each unit was directed to develop a plan for how it would reduce its budget by 8 percent and to explain the ramifications of such a reduction. The revised budget is an outcome of that process.

Reductions at this point in the year are especially problematic for the academic units since the academic year is underway. In addition, it was communicated to the academic units that not all colleges would be reduced by the full 8-percent target. In that context, the recommended reductions to the academic units total \$5.2 million (3.9 percent). Much of the savings is the result of existing position vacancies and should be considered one-time until a more thorough review can occur to deem the potential impact on course offerings and program delivery. This review will begin shortly as part of the development of the FY2015 budget.

The academic-support units came closer to reaching the reduction targets. They identified reductions of \$6 million (7.2 percent); however, many of their reductions involve employee separations and position eliminations that will take time to implement. In turn, a significant share of their reductions will not be fully implemented until FY2015, which may require the support units to spend carry-over balances in FY2014.

Of the reductions, approximately 25 percent should be considered one-time reductions. Nonetheless, the proposed revised budget includes the elimination of roughly 50 positions. While many are vacant or anticipated to become vacant during the current fiscal year, roughly half of the positions to be eliminated are currently filled with no separation otherwise anticipated. This process should generate additional savings going into FY2015.

7. Approval to Abolish Specific Classified and Unclassified Positions

As part of the budget-revision process, the administration began a review of its current classified and unclassified positions for the purpose of determining the efficiency and economy of, and the necessity for, the current roster of classified and unclassified positions. The administration determined that 19 such positions should be abolished for reasons of reorganization, economy and/or lack of work. Ohio Revised Code Section 124.321 authorizes an appointing authority—in

this case, the University's Board of Trustees—to abolish positions, in accordance with Ohio Revised Code Sections 124.321-124.327, which detail the processes for job abolishment and the rights of affected employees, including displacement rights. In addition, the Board authorized the Office of Talent Development and Human Resources to effect other related personnel actions that may be necessary to effect the intent of the resolution and that may arise as a result of the displacement rights of individuals affected by the abolishment of these positions.

8. Approval of the Renewal of Easements to Ohio Edison to Provide Electrical Service to the University

The state of Ohio, through its Department of Administrative Services and on behalf of the University, in 1989 granted 25-year easements to Ohio Edison Company to permit the installation, operation, maintenance and repair of underground electric-transmission lines in three easement areas—(1) near the Forge Street substation for the purpose of providing electric power to the University, (2) in the footprint of the former University Street and perpendicular to Spicer Street for the purpose of providing electric power to buildings owned and operated by certain University fraternal organizations, and (3) near the Heisman Lodge for the purpose of providing electric power to an F.A.A. tower. Because each easement was scheduled to expire during 2014 (in January, February and September respectively) and both Ohio Edison and the University administration desired to renew each easement, the administration requested that the Board grant to Ohio Edison the three easements for 25-year renewals, subject to review and approval by the University's Office of General Counsel and DAS.

**Academic Issues & Student Success Committee**

1. Proposed Honorary Degree

The administration proposed granting an Honorary Doctor of Humane Letters degree to Irving Olson in appreciation of his noteworthy achievements, valued leadership and outstanding service to his community and to The University of Akron. Mr. Olson founded Olson Electronics in Akron with his brother, Sidney, selling radio parts. The company eventually expanded to nearly 100 stores nationwide before the Olsons sold the business to Teledyne Technologies, now known as Radio Shack. Irving Olson retired at 50 and turned his serious avocation of photography into his profession. He has earned several national awards, including high recognition from Popular Photography Magazine's Annual International Picture Contest, and his images have been purchased by the Hearst Foundation and the Jewish Federation and have been featured by the Smithsonian Institution on its Collage of Arts and Sciences blog. Mr. Olson and his late wife, Ruth, established the Ruth & Irving Olson Art Student Reward Fund at The University of Akron, supporting those studying graphic design and digital imaging in the School of Art. The Olsons also made numerous civic contributions to the Akron community, including service on the Akron Musical Association, the Akron City Club and the Akron Symphony Orchestra boards.

2. Research Grants and Sponsored Programs Report, July 2012-June 2013 and July-August 2013

For July 2012-June 2013 fiscal year, funding for externally funded research and other sponsored programs totaled \$51,258,750 for 530 awards as compared with \$58,009,197 for 479 awards for the previous year. To be noted, there was a \$10,095,113 High Institute for Elastomer Industries award in July 2011, which contributed to the overall \$6.5-million negative difference from FY2012 to

FY2013. This is the result of how the complex HIEI multi-year contract was booked in order to meet audit standards and to prevent potential misunderstandings. Further for FY2013, there was also a slight drop of approximately 6 percent in federal awards due to federal sequestration; however, this is a national issue at most major research universities. For July 2012-June 2013, 20 new patents were issued, 42 patent applications were filed, and 69 disclosures were submitted—compared to 15, 42 and 69, respectively, for the previous year.

For July-August 2013, funding for externally funded research and other sponsored programs totaled \$8,433,674 for 148 awards as compared with \$9,500,876 for 151 awards for the previous year. For July-August 2013, 5 new patents were issued, 7 patent applications were filed, and 10 disclosures were submitted—compared to 4, 8 and 14, respectively, for the previous year.

### **New Business**

1. Recognition of Alumnus Capt. Paul Calvaruso

Akron Police Department Captain Paul Calvaruso, a 1982 graduate of the University's School of Accountancy, was recognized for his many professional accomplishments and exemplary service to the community during his 29 years in law enforcement. Capt. Calvaruso also graduated from the Certified Law Enforcement Education Program, the Police Executive Leadership College and Leadership Akron Class of 2005, as well as completing the Federal Bureau of Investigation National Academy. He has been honored twice as the State of Ohio Prosecuting Attorneys Association Officer of the Year, has received Akron Mayor Donald L. Plusquellic's Distinguished Service Award and earned the 2013 State of Ohio Law Officer of the Year award, presented by the Grand Ohio Lodge, Sons of Italy in America.

2. Approval of the Closing of the University on December 23, 26, 27, 30 and 31, 2013, and Granting Paid Leave to Staff and Contract Professionals

To recognize employees for their efforts to contribute to student success during this challenging economic time, the Board approved five days of additional paid leave over the holidays to staff and contract professionals, with the exception of facilities and personnel required to conduct previously scheduled events and maintain essential physical infrastructure and safety. The paid time off is equivalent to 1.9 percent of annual compensation. With the extended shutdown, the University now will close December 23, 26, 27, 30 and 31, in addition to the previously scheduled holidays. Physical Facilities estimates the University will save \$25,000 in energy costs per day. During the 12-day shutdown, the potential energy savings could total as much as \$300,000.

### **Notes**

1. President's Report

I began my report by thanking Mr. Pogue for his kind remarks and saying that it is a credit to the Board and the members of the leadership team and faculty and staff of the University that it has gained such positive recognition.

I said I would share some recent news items concerning The University of Akron that, as individual items, may seem inconsequential but collectively are worth mentioning.

- The University of Akron has been included in the National Taiwan University 2013 Top-300 Performance Rankings of Scientific Papers. It is listed in four subject areas—chemical engineering, mechanical engineering, material science and chemistry.
- The Website, Rate My Professor, included two Akron faculty members, Dr. Kevin Kreider and senior lecturer Susan Young, in its annual listing of the nation’s top-25 professors. Both of them are in the Department of Mathematics, and Akron is the only university with two faculty recognized.
- Dr. Hazel Barton was recognized by Popular Science online magazine as having one of the most awesome college laboratories in the country. That puts her in company with scientists and engineers from Cal Tech, Texas Tech and the University of Wisconsin-Madison.
- The College of Engineering Formula One SAE Racing team was recently ranked among the world’s top 10 teams, the nation’s top 5 teams and number 1 in the Midwest. The remarkable team of engineering students was competing that day at yet another international competition, in Toronto.
- The China Week program was recognized for its best practices and multidisciplinary programs at September’s national meeting of Confucius Institutes in North America. The University currently enrolls 347 Chinese students, an 8-percent increase from last year. The number of American students the University sends to China for studies also is on the rise.
- Vice President for Research and Dean of the Graduate School George Newkome was recognized with the 2013 Innovation Award in the Visionary category from Smart Business News magazine. The publication praised Dr. Newkome, saying, “He has been able to repeat visionary projects over and over throughout his career. He is consistently asking what he can do to make the path easier for others.”

I reiterated that, considered individually, the previous items may seem rather minor and unrelated, but like the dots in a newspaper print, when taken as a whole and looked at as an impressionist painting might be, they illustrate something very significant. The items, each one recent, continue to validate by third-party sources the national and international accents in nearly every vital aspect of the University’s mission—research, teaching and student success, collaboration, innovation and participation in national policy affairs.

Noting that the Board had much to consider on its agenda, as higher education as an industry continues to be challenged by the press of the economic downturn and the technological changes that are creating disruptive innovations, I asked Trustees to keep in mind the frame of reference that is painted by the larger picture illustrated by the items I listed and many others I have shared with the Board in the past. I said, the University is a significantly excellent metropolitan university with select national and world-class programs, comprised of knowledgeable and dedicated faculty, supported by a capable and committed staff, and serving a diverse, hard-working and ambitious population of increasingly well-qualified students. We must remain focused on preserving and strengthening that mission.

I said it was in that context that the administration sought Board support for an agenda prepared after many, many hours of research, review and deliberation, all of it difficult. I said that, earlier in the year, the administration proposed a tentative plan to achieve a balanced budget for Fiscal Year 2014. It was based upon a projected 3-percent decline in enrollment. I told Trustees the actual

decline was nearly 6 percent and, later in the meeting, our chief financial officer would be explaining the contingency plans necessary to produce a balanced budget.

These challenges, enrollment, demographic and economic challenges, combined with the loss of the stimulus funding that should have been retained in the state's budget, necessitate yet stronger measures and more painful decisions to achieve that balanced budget and ensure the continued vigor and excellence of this university," I said. "We have worked diligently to reduce our budget through eliminations of vacancies and open positions and retirements. We have reduced operational costs and academic and academic-support units, and I do not tire of telling you that, compared to the national average, our cost of providing an Ohio public higher education is below the national average and has increased at less than the rate of inflation."

I noted that the "total cost" is different than tuition, which is the price and is dependent on the ratio between cost and state support. Noting that Ohio ranks 46<sup>th</sup> in the nation in state support of higher education, I said, "It was our goal and hope to achieve sufficient savings without impacting active personnel. Those cost-cutting efforts were not sufficient to remedy the whole structural deficit confronting us; therefore, we have made the very difficult and painful decision to identify and abolish a limited number of positions, 18 in total, that are currently filled (and) that will be eliminated."

I said that, during the past eight years, it has been his practice to recommend providing additional days of paid leave for staff and contract professionals between the Christmas and New Year holidays. The practice has served a dual purpose; it rewards employees for good efforts during the past year while also generating some savings of utilities and other operational costs. I recommended that the Board continue that practice.

I concluded by saying, "...even with this small but sad reduction in staff, we remain committed, and we should remain committed, to the goals and aspirations outlined in Vision 2020, our strategic plan, and of course to creating new opportunities for our students, our community and for our University."

## 2. Provost's Report

Dr. Sherman introduced students from the Higher Education Administration program in the College of Education who were attending the Board meeting to observe and report on the energy level, passion, dynamics, verbal and non-verbal aspects. After stating that student success is obviously the University's highest priority, Dr. Sherman said that completion is a very important component of student success, as is placement. He said that the incoming class is better this year than in previous years, aligned with the Pathways for Student Academic Success strategy. Accompanying that strategy is the fact that about 3 percent fewer incoming students are requiring remedial education in either mathematics, English or both, he said. That is a significant improvement and certainly improves their completion probabilities and will help to move them through their degree programs faster, he said.

Dr. Sherman said he was pleased to report that international undergraduate and graduate enrollment increased by 10 percent. He said the percentage of student credit hours of instruction taught by full-time faculty had been increased from about 51 to 54 percent. He said his office had worked with the department chairs, school directors, deans and the faculty in consultation to make adjustments to

work loads, and those adjustments are having a positive effect, certainly improving the quality of educational and instructional experiences. He said that a really good piece of information is that the number of our degrees conferred increased by 6 percent when comparing the past academic year to the previous year. The number of degrees conferred in the STEM areas increased by 12 percent during that period, he said, adding that the University is contributing in positive ways to the state of Ohio agenda and to its own agenda as outlined in Vision 2020.

Dr. Sherman said that the College of Engineering's annual career fair, held the previous week, was a smashing success. He said about 164 companies attended and 2,000 students interacted with those companies, spanning areas from aerospace systems to all areas in engineering as well as math, biology, computer science and physics. He said the students and the employees had a great experience. As an example, he said, the Timken vice president sent an email to Deanna Dunn which read, "I'll try to give you a buzz next week. I appreciate your follow up. By the way, we met with 208 candidates at Akron; a lot of them will be employed." Dr. Sherman said that is an outstanding indication of the great work the College of Engineering does on its career fairs.

He said that another college has gained distinction recently through the report of the National Jurist, which in October had designated the School of Law as one of the top-ranked schools of law in Ohio. He said the School of Law received an A-minus rating, which put it in the top 35 schools nationally based on the third-party, independent analysis. No other school of law in Ohio made the top 35; Ohio State, Cleveland State and Cincinnati all received B-plus ratings, he said. "That has us well ahead of them and, certainly, that is related to your support of the strategies that we put in place to keep our School of Law enrollment up, he said.

Dr. Sherman said he also has talked about The University of Akron being a go-to university for the Board of Regents and the University System of Ohio. He said Vice Provost Ramsier has been appointed the chair of the Ohio Means Internships and Co-ops Review Committee for the next round of applications. Dr. Ramsier worked with a large number of faculty members for the previous round of such applications, Dr. Sherman said. He reminded Trustees that the University received \$1 million to increase its co-op locations by about 200 sites.

### 3. Next Regular Meeting

The Board's next regularly scheduled meeting is Wednesday, December 11, 2013 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. Committee meetings will be held on Monday, December 2.

The Board will hold a special meeting on November 18, 2013 at 10 a.m. in the Student Union, Board Room. The public meeting will be called to order for the primary purpose of conducting an executive session pursuant to the provisions of Ohio Revised Code 121.22. Whenever the Board votes to go into an executive session, only members of the Board and such individuals as requested by the Board may remain in the meeting room and participate in the discussions during executive session. It is not anticipated that the Board will have an announced public agenda beyond the purpose of conducting an executive session. However, depending on discussions that occur in executive session, there may be formal action taken in public session related to those discussions. In addition, any business may be conducted at any regular or special meeting of the Board of Trustees in accord with the Bylaws of the Board.

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