

OHIO BOARD OF REGENTS

Agenda Item 3.12 Consideration of distribution and release of FY 2003 State Share of Instruction appropriations from Amended Substitute House Bill 94 of the 124th General Assembly.

RESOLUTION

WHEREAS, the state's biennial budget directs the Ohio Board of Regents to distribute higher education funds in accordance with various requirements; and

WHEREAS, certain of these funds are provided for a specific purpose and others are to be distributed at the discretion of the Board; and

WHEREAS, Section 94.01 of Amended Substitute House Bill 94 requires the Board of Regents to calculate the distribution of the State Share of Instruction based on certain enrollments and facility data, and the formula provisions of that act; and

WHEREAS, the enrollment and facilities data have been revised by the staff of the Board of Regents, with the cooperation and assistance of the state's public colleges and universities; and

WHEREAS, Section 94.01 (E) permits adjustments to be made to State Share of Instruction allocations for "exceptional circumstances," and requires that any such adjustment be recommended by the Chancellor and approved by the Controlling Board; and

WHEREAS, "exceptional circumstances" have occurred as a result of deep budget cuts, unexpectedly large overall enrollment increases, and differential rates of enrollment growth, which when combined would have led to deep and unexpected reductions in SSI allocations to many campuses; and

WHEREAS, the proposed adjustment to the FY 2003 State Share of Instruction allocation has been developed with the input of state-assisted colleges and universities and recommended by the Higher Education Funding Commission; and

WHEREAS, this proposed adjustment is accompanied by a recommendation by the Funding Commission and a commitment by the Regents and the state colleges and universities to ensure that a portion of the SSI funds is reserved for enrollment growth by reducing the level of protection in future years;

NOW, THEREFORE,

BE IT RESOLVED: upon the recommendation of the Chancellor and with the concurrence of the Resources Committee of the Ohio Board of Regents, that “exceptional circumstances” are declared to exist for the reasons stated above;

BE IT FURTHER RESOLVED: that the FY 2003 State Share of Instruction allocation, as presented in the attached Table 1 and made a part hereof, be approved; and

BE IT FURTHER RESOLVED: that the Regents formally adopts, as part of its FY 2004 – FY 2005 operating budget recommendation, the Hold Harmless provision described in section II of Attachment A, and made a part hereof.

Attachment A
FY 2003 State Share of Instruction
Background Information

I. The Compromise for FY 2003

1. The estimated campus-specific State Share of Instruction (SSI) allocations used in the development of the biennial budget bill were based upon projected enrollments and preliminary facility data. As is done each autumn, the staff of the Board of Regents, with the cooperation of the staff of Ohio's state-assisted colleges and universities, has produced the final SSI distribution using final enrollment and facility data.
2. Due to budget cuts, unanticipated enrollment growth, and differential rates of growth, the direct application of the SSI formula in FY 2003 would result in a second year of steep SSI reductions for some campuses, and increases at other campuses. Such reductions came as a surprise to many campuses, and could have resulted in serious budget problems for them.
3. To strike a better balance between the faster growing and relatively stable campuses, a compromise was recommended by the Funding Commission that funded 67% of growth, and used the remainder to reduce the losses to the relatively stable campuses.

II. Hold Harmless Guarantee in Future Years

1. The Funding Commission also agreed to the following policy regarding the hold harmless guarantee after FY 2003.
2. The purpose of this change is to ensure that a portion of the SSI be reserved for enrollment growth under various SSI funding scenarios.

Annual % Change in
Total SSI Appropriations

Hold Harmless Guarantee

102% or greater

99%

Greater than 95% but
less than 102%

3.0 percentage points below the % change
in aggregate SSI funding

95% or less

2.5 percentage points below the % change
in aggregate SSI funding