

OHIO BOARD OF REGENTS

Agenda Item 3.6 Higher education operating budget recommendations for the FY 2003 – FY 2005 operating biennium

WHEREAS, in accordance with Section 3333.04 of the Ohio Revised Code, the Ohio Board of Regents is required to review the appropriation requests of state colleges and universities and to submit to the Office of Budget and Management and to the Chairmen of the Finance Committees of the House of Representatives and of the Senate its recommendations in regard to the biennial higher education appropriations for the state; and

WHEREAS, to provide technical assistance and substantive policy recommendations for the biennial budget request, the Board of Regents reconvened the Higher Education Funding Commission and the State Share of Instruction consultation, and convened a statewide consultation on state student financial aid; and

WHEREAS, the Board of Regents has received and considered the recommendations of the Chancellor for the state higher education operating appropriation for the 2003 - 2005 biennium, which incorporate the recommendations of the Funding Commission, the State Share of Instruction consultation, and the State Student Financial Aid consultation; and

WHEREAS, the Board of Regents recognizes the need for a recovery of state investments in higher education from the budget constraints of FY 2002 and FY 2003, and therefore especially endorses the major increases recommended for the State Share of Instruction and the Challenges; and

WHEREAS, the Board of Regents also recognizes the need for changes in the state's need-based aid program, and supports the increases in and changes to the program to provide, over time, more equitable grant awards to independent students with dependent children.

NOW, THEREFORE,

BE IT RESOLVED: that the Board concurs in the higher education operating appropriation recommendations of the Chancellor for the fiscal biennium 2003 – 2005 as set forth in the materials attached to and made a part hereof; and

BE IT FURTHER RESOLVED: that the Chancellor is hereby authorized to transmit such recommendations with appropriate supporting documentation to the Office of Budget and Management and to the Chairmen of the Finance Committees of the House of Representatives and of the Senate in accordance with established state budgetary procedures; and

BE IT FURTHER RESOLVED: that the Chancellor is authorized to work in close cooperation with the Director of the Office of Budget and Management and subsequently with appropriate legislative officers and committees in presenting the operating appropriation needs of the higher education system during the 2003 – 2005 biennium, reporting periodically to the Board on progress, and to actively seek support toward the achievement of the purposes and objectives encompassed within the recommendations now before the Board.

The Ohio Board of Regents

FY 2004 – FY 2005 Operating Budget Recommendations

September 19, 2002

- I. **Overview**
 - a) **Budget background**
 - i) **Loss of \$300 million in state aid over three years;**
 - ii) **Major increases in tuition occurred to partially offset cuts in state funding;**
 - iii) **Uncertainty about future state finances;**
 - iv) **Continuing need to balance the needs of access, affordability, research, and workforce development**
 - b) **Budget guidelines**
 - i) **Request capped by OBM at 10% per year**
 - ii) **10% per year is an heroic expectation and unlikely to materialize**
 - c) **The consultative process**
 - i) **Higher Education Funding commission**
 - ii) **State Share of Instruction consultation**
 - iii) **State Student Financial Aid consultation**
- 2) **Major recommendations**
 - a) **#1 Restore core funding**
 - i) **State Share of Instruction**
 - (1) **Increase state share of instructional costs to restrain or reduce student tuition**
 - (2) **Fund enrollment growth (+28,000 students in three years?)**
 - (3) **Support competitive salaries for faculty and staff (4% per year)**
 - (4) **Major revision to the hold harmless guarantee**
 - (5) **Proceed with long-term review of assignment of programs to models to improve accuracy and equity in the funding formula**
 - ii) **Challenges**
 - (1) **Access and Success Challenge increased 10% in '04 and 5% in '05**
 - (2) **Research and Jobs Challenge increased 10% per year**
 - b) **#2 Address accumulated disparities in financial aid programs**
 - i) **Increase need-based aid to help offset tuition increases**
 - ii) **Over time but beginning in FY 2004, correct inequities in current aid structure**
 - iii) **Plan for major restructuring in two years to use federal measure of need in place of current state measure.**
 - c) **"Compact 2010"**
 - i) **Engage broad constituencies throughout Ohio in a major discussion of long-term state goals and how the goals may be achieved by the year 2010.**
 - ii) **Principal but not sole focus: state economic development and prosperity**
 - iii) **Funding Commission endorsed the concept**
 - (1) **Allied with the Knowledge Economy Awareness Initiative, Governor's Third Frontier Initiative**
 - (2) **Need to identify "Compact 2010" process and the players**

