FY 2006 State Share of Instruction Consultation
March 14, 2006
Draft Notes

Goals of the meeting:

- Brief the consultation on major policy proposals and developments, and seek reactions and response from consultation members;
    - Continue efforts to harmonize policy discussions and proposals;
- Brief the consultation on proposed changes/revisions to the SSI, especially for FY 2007;
- Develop action plan for future meetings, especially what is needed for us to submit our report(s) to the Higher Education Funding Study Council by April 15th.

1. Call to order.
2. Review of the notes of the February 17, 2006 meeting of the consultation.
    2.1. It was noted that the notes had been revised on 3/8/06 to include the Consultation's explicit support for ensuring funding adjustments to the campuses that are disproportionately disadvantaged by the new SSI taxonomy, such as MUO, Central State and OSU-ATI.

3. Review of today's agenda
    3.1. Rep. Shawn Webster commended the collaborative efforts between the regional branch campuses of Kent State and Ohio University in developing the "Complete to Compete" initiative, a structured online education program that includes student support mechanisms. He said that he is excited about this initiative and hopes that it spreads to more campuses across Ohio.
    3.2. Regent Bruce Beeghly noted that in the past the Higher Education Funding Commission was charged with developing the biennial operating budget recommendations for higher education. But the Funding Commission has not been reconvened to develop the FY 2008-2009 budget recommendations. The SSI Consultation seems to have taken on this role this year, but this group is more narrowly focused on the SSI formula and the Challenges. It was suggested that the Funding Commission be reconvened to develop the broader higher education budget recommendations and examine ways to phase in the new SSI taxonomy.
        3.2.1. The Consultation concurred and recommended that the Funding Commission (or a similar group) be convened.

4. Old business
    4.1. Late drop tuition reimbursement policy – Update
        4.1.1. The HEI staff will survey campus bursars for this information.
        4.1.2. It was noted that federal regulations stipulate that if 60% of the term is not completed by a student receiving aid, then any federal aid granted to that student must be paid back to the federal government by the institution.
    4.2. Governor's State of the State Initiative – Update

4.2.1. It was noted that Susan Bodary from the governor's office had briefed the Board of Regents on the governor's proposals for an Ohio Core – High School Academic Course Standards, and limiting remedial education offerings to two-year campuses.

4.2.1.1. It remains unclear, however, how the core requirements would affect college students who come to Ohio from other states that have different high school standards.

4.3. Corrective bill update. H.B. 530, as introduced, contains:

4.3.1. $3.5 million advance that was requested for OhioLINK;

4.3.2. $50 million for Third Frontier Wright Capital funds;

4.3.3. Language providing clarification of program guidelines for Early College High School Programs;

4.3.4. A $1,000 addition to the Capital Component,

4.3.5. Language that brings the investment authority for state community colleges in line with the existing authority of the 4-year public campuses;

4.3.6. Language allowing OBM to transfer funds and increase appropriation authority as needed for shortfalls in the Ohio Instructional Grant program.

4.3.6.1. The bill also contains $60 million to address the OIG shortfall through FY 2006. The expected FY07 shortfall is not addressed by the bill. The actual amount of the FY07 shortfall remains uncertain, with the earliest estimates coming next October. It was noted that some members of the legislature would like to use the additional $30 million that was added to the FY07 SSI to help offset the anticipated FY07 OIG shortfall.

4.4. Capital update

4.4.1. Plans for a statewide master capital plan are in the works, which will outline the block obsolescence problem. However, OBR does not currently have the funds needed to develop such a plan, though $10 million was requested for this purpose in the Regents' FY07-08 capital recommendations.

4.4.1.1. It was suggested that the dramatic growth in local long-term debt be addressed in the plan. There was also discussion of the relatively new authority allowing campuses to issue debt to construct academic facilities—which have traditionally been funded by the state. It was suggested that perhaps the legislature had interpreted this as a shift of responsibility from the state to campuses, though this is probably not the case given higher education's advocacy efforts.

5. Reports from SSI-related study groups

5.1. The Taxonomy subcommittee recommendations – Update

5.1.1. A 3/24/06 statewide consultation will be held for all CFOs and CAOs to bring all campuses up to date on the Taxonomy Subcommittee's recommendations, and the SSI implications of the new taxonomy. Close scrutiny of the new taxonomy is expected and encouraged.

5.1.2. FY 2008 would be the earliest year the new taxonomy would become effective.

5.1.3. Thus far, the new taxonomy has been widely accepted, though the details of how it will be phased in and how funding stability will be maintained must be worked out.

5.1.4. Discussion of need for protection and mechanisms to do so. The Taxonomy Subcommittee had recommended that the adjustment for campuses disproportionately disadvantaged by the removal of the NASF POM protection should be done outside of the formula.

5.1.4.1. It was noted that the NASF POM protection was implemented in 1996 as part of the new capital policy. It was expected at that time that most campuses would outgrow this protection, and most campuses have indeed done so.

5.1.4.2. The campuses that are most negatively affected are MUO, Central State and OSU-ATI. This amounts to roughly a $4 million issue, which is only 0.2% of the total SSI appropriation.

5.1.4.3. It was suggested that one way to address this is to simply hardcode the needed amounts for these three campuses for three biennia, and then review the policy after six years.

5.1.4.4. There was consensus that some bridge or transition policy is needed to address this issue. The Taxonomy Subcommittee will work with OBR staff via e-mail to develop options for addressing this issue prior to the 3/24/06 statewide consultation.

5.2. The H.B. 66 Mandates subcommittee

5.2.1. Review of draft recommendations are still under development by the subcommittee and were not shared with the Consultation. However, there was some discussion of the three mandates.

5.2.1.1. Mandate #1: Study the creation of a Success Challenge-like program for two-year campuses. This is under review, though there is some disagreement over what certificates might qualify for funding. There is an also ongoing discussion about defining an at-risk student.

5.2.1.2. Mandate #2: Study the use of SSI to promote degree completion. The subcommittee will instead recommend the creation of a STEM^2 Challenge for all STEM^2 degrees at all levels. The subcommittee has not come to an agreement on whether to include non-resident graduates.

5.2.1.2.1. With respect to math and science teacher education, current HEI data is unable to discern the number of graduates in these fields. However, it was noted that the Ohio Dept. of Education maintains records on teacher certification in these fields. Therefore, to qualify for funding, institutions would need to encourage graduates to apply for teaching certificates. The appropriate adjustments would be made to recognize that the teacher education degree and certificate application occurred while the student/graduate was at different institutions.

5.2.1.2.2. The subcommittee will strongly recommend that SSI dollars not be used for this purpose, and that new incremental funding should be used for the new challenge.

5.2.1.2.3. The subcommittee has also discussed the possibility of capping undergraduate SSI funding to 150 credit hours with some exceptions for certain programs that require additional time to degree. However, such a policy would need to omit hours earned for PSEOP and earned by transfer students who transfer from another state.

5.2.1.3. Mandate #3: Study using SSI to promote operational and administrative efficiency. The subcommittee plans to cite the new SSI taxonomy as a major way of rewarding operational efficiency because the formula is based statewide average costs. And because there is no universally accepted measure for administrative efficiency, the subcommittee will recommend that SSI dollars not be used to promote this.

5.3. The 'Out of the Box' subcommittee

5.3.1. This subcommittee will hold its final meeting on 3/21/06 to conclude its work and identify 5-6 recommendations that will be sent to the Higher Education Funding Study Council. The group also plans to revisit the Regents' faculty workload guidelines.

5.4. The Clinical Teaching consultation

5.4.1. There has been much valuable discussion of how each medical school uses its clinical teaching subsidy. However, the group has made little progress on developing a formula to allocate the clinical teaching subsidies. There is reluctance to develop a formula because a formula could reallocate funds, which for some medical schools would compound years of declining state support for medical education.

5.5. Higher Education Funding Study Council

5.5.1. This group last met on 3/2/06 and received presentations from some campuses, including the presidents of Central and Shawnee state universities.

5.6. Higher Education Leadership Coalition (HELC)

5.6.1. HELC's next meets on 3/16/06 and will meet with gubernatorial candidate Ken Blackwell to get a sense of his vision for higher education funding and to discuss the commonalities between two- and four-year campuses.

6. SSI-related requests

6.1. Funding for Pharm.D. clinical experience (4th year): A draft memo from Garry Walters and Rich Petrick was shared with the group. The memo outlined the Regents SSI policy: a maximum of 90 semester or 135 quarter post-baccalaureate credit hours that would not include the clinical experience.

6.1.1. The exception is for pharmacy (Pharm.D.) programs: 120 semester/180 quarter post-baccalaureate credit hours in standard graduate courses other than clinical training courses commonly entitled clinical practicum, externship, internship, etc.

6.1.1.1. Ohio State's Pharm.D. program has already been reviewed by Regents' staff and OSU has clearly met the test for a fourth year of SSI funding. Regents' staff plans to conduct a review of other universities' Pharm.D. programs within the next two weeks.

6.2. University of Toledo's request for revision of doctoral base

6.2.1. UT had misreported doctoral FTE data beginning in 1997, and the problem recurred in selected years after that. In re-reporting the corrected data, UT was only able to go back to FY 1999. Regents' staff used the corrected data to proportionately adjust the FY94-98 doctoral data that comprises the doctoral base on which UT's doctoral set-aside allocation is based. UT asserts that since the misreporting did not begin until FY97, the proportionate adjustment made by Regents' staff was too high; UT requests that its doctoral base FTE figure be restored.

6.2.2. Regents' staff agreed that the adjustment was probably too high and will work with UT to restore its doctoral base to the appropriate level, which requires a partial adjustment to reflect the presumed errors to UT's FY97 and FY98 doctoral FTEs.

6.3. University of Akron request for revision of doctoral FTE data

6.3.1. UA experienced coding errors that resulted in an under-reporting of doctoral FTEs for the period of FY02 through FY05.

6.3.2. The corrected FTEs will be accepted, which will reduce or eliminate the loss of doctoral funds UA has experienced vis-à-vis the 85% rule. But UA will also need to report the corresponding corrections to its M&P-level FTEs that presumably occurred as a result of the coding errors. (If UA under-reported doctoral FTEs for FY02-05, then presumably UA over-reported M&P FTEs for this same period.)

6.3.3. The Regents cannot retrospectively correct past SSI allocations because no new money exists to do so. Corrections can only be made prospectively.

6.3.4. It was suggested that the doctoral set-aside policy be reviewed by a future SSI Consultation, perhaps in two years. This is especially relevant given the impact of the Economic Growth Challenge on doctoral funding.

6.4. Kent State University's suggested changes to the SSI formula

6.4.1. KSU requests an examination of funding policies for nursing Ph.D. programs, given the shortage in nurses and the related shortage of faculty in nursing programs.

6.4.1.1. It was suggested that there is not really a shortage of nurses with doctorates, but rather colleges and universities cannot compete with the high salaries these nurses demand from the market, notably HMOs. HEI data show that doctoral FTEs in nursing increased by 158% between FY01 and FY05. However, there is a difference between nursing programs and

nursing *education* programs where a real shortage in faculty exists.

6.4.2. KSU also requests including teacher education in math in science in the STEM^2 models of the new taxonomy.

6.4.2.1. It was suggested that this might be addressed by the new STEM^2 Challenge that will be proposed by the H.B. 66 Mandates Subcommittee.

7. Financial aid related updates

7.1. March 9th financial aid video conference was very successful. This meeting format could be used for other groups and would save a lot of money and time.

7.2. Proposed changes in Federal Pell Grant eligibility would appear to increase the number of students enrolled at for-profit schools that would be eligible for federal aid. The two proposals are:

7.2.1. The elimination of the 90/10 rule (requiring that schools receive at least 10% of their revenues from non-federal sources); and

7.2.2. The elimination the requirement that no more than 50% of a course be taught on-line for students enrolled in the course to be eligible for federal aid.

7.2.3. The concern is that as a result of these changes, enrollments by needy students at for-profit schools could soar, and as a result the cost estimates for OIG/OCOG in FY 2007 and beyond could be overwhelmed by an influx of new students not anticipated in our existing estimation methodology.

7.3. Use of federal Temporary Assistance for Needy Families (TANF) funds for postsecondary education

7.3.1. Some states are clearly using TANF funds for higher education, while other states have interpreted federal regulations to prohibit this. There is potentially $1 *billion* in TANF funds available for Ohio, and Regents staff are in discussions with the Ohio Dept. of Jobs & Family Services to determine the feasibility of this.

7.3.1.1. TANF funds must be administered by counties, so any funds secured for higher education would need to flow through counties.

8. Mapping out future meetings – topics? studies? data?
9. Next two meetings: April 7th and May 5th
10. Other items
11. Adjourn