FY 2006 State Share of Instruction Consultation
October 26, 2005 Meeting
Draft notes

Goals of today's meeting:

- Increase members' understanding of the SSI;
- Complete strengths, weaknesses, opportunities, threats (S.W.O.T) analysis; develop action steps;
- Share major discussions and ideas of all related policy groups;
- Develop topics, issues or analyses for future meetings

1. Call to order.

2. Review of the notes of the September 29, 2005 meeting of the consultation.

3. Review of today's agenda
   3.1. President Morris Beverage suggested that it would be helpful for the Consultation to hear a presentation or update on the ROEI proposal from the Higher Education Leadership Coalition at a future meeting.
   3.2. It was noted that the cost-benefit estimates for ROEI do not include the relationship between educational attainment and reduced healthcare costs. But there is a more comprehensive study from the Rand Foundation that does factor in healthcare and other social factors. The Rand study is available on the web at http://www.rand.org/publications/MR/MR1036/

4. Terry Thomas briefed the group on the OACC's revised document: "New Funding to Grow Ohio's Talent Base through Strategic Use of State Resources." This document represents a preliminary framework. It is expected that another OACC document will emerge early next year that will contain more specific proposals.

5. Representative Shawn Webster, who chairs the Higher Education Funding Study Council, addressed the group briefly. He said he will devote much of his remaining time in office to implementing the recommendations of the Governor's Commission on Higher Education & the Economy, particularly the goal of increasing college enrollments by 30%. Rep. Webster said that he is passionate about creating a seamless path for students to enter and transfer among higher education institutions in Ohio.
   5.1. Rep. Webster said that the Study Council is still in the information-gathering stage, and will most likely breakout into subcommittees to work on specific items. These subcommittees could include members who are not on the Study Council.

6. SSI: Purpose, History, and Effects
   6.1. Rich Petrick gave the same PowerPoint presentation on the SSI that he gave to the Higher Education Funding Study Council on August 31, 2005.
      6.1.1. This presentation is available on the OBR website at http://www.regents.state.oh.us/hefsc/presentations/SSIhistoryandanalysisv3.ppt
      6.1.2. It was noted that Ohio's relatively low POM expenditures are due in part to energy efficiencies and in part due to a lack of adequate state

capital support, which has led to an increase in deferred maintenance at many campuses.

6.1.3. It was suggested that students should be incentivized to enroll in STEM programs by discounting student fees in these programs. The current SSI formula rewards campuses with STEM enrollments, but there is no visible effort to create more of these enrollments in the first place.

6.1.4. Some members questioned whether the SSI is the best way to generate more STEM enrollments. If not, they suggested that this might be better accomplished outside the formula. The challenges are (1) how to raise the visibility of incentives so students will take advantage; and (2) how to address the high fiscal cost associated with campuses offering STEM courses. The variable fee assumption in the current SSI formula provides additional state resources to help campuses offer these courses.

6.1.4.1. Because incentives for students could act as disincentives for campuses, there needs to be a careful balance of incentives for both students and campuses.

6.1.5. It was noted that academic decisions at campuses are not based on maximizing SSI formula earnings. Rather, the focus is on priorities, student demand, and pedagogy. The SSI impact is considered, but it is not the main driver of these decisions.

6.1.6. Incentives for campuses might entail a competitive process for state resources, or awarding funds to campuses based on the number of STEM graduates.

6.1.7. Incentives for students might entail reduced tuition for certain STEM programs, or incentives for STEM students to stay in Ohio after graduation.

6.1.8. Both incentives for campuses and students will be discussed in more depth at the Consultation's next meeting on 12/1/05.

7. Strengths, Weaknesses, Opportunities, and Threats ("S.W.O.T")

7.1. Review and refine September 29th list

7.1.1. The complexity of the formula was removed from the strength list, as it represents more of a weakness.

***WEAKNESSES***:

7.1.2. The group recommended combining weaknesses #1 and #2, to read, "Complexities make it difficult to demonstrate performance, accountability and what the public is buying and investing in."

7.1.2.1. Weakness #14 was deleted from the list.

7.1.3. There was much discussion about weakness #11 – the fee assumption. It was noted that there is no true relationship with the fee assumption and actual campus fees.

7.1.4. The top three weaknesses identified by the group were:

7.1.4.1. Protection (weaknesses #9 and #10);

7.1.4.2. Complexities (#1 and #2 combined); and

7.1.4.3. Limited support for noncredit instruction (#13).

***OPPORTUNITIES***

7.1.5. The top opportunities identified by the group were:

7.1.5.1. Improving Ohio's educational attainment levels and workforce (#4)

7.1.5.2. Improving state and local economies in Ohio, and improving the quality of life for all Ohioans (#3);

7.1.5.3. The ROI opportunity and the impact of reducing the cost of social services while increasing the tax base (#5). This is related to #8 – reducing out-migration and creating more in-migration of STEM graduates/workers by expanding Ohio's economic base.

7.1.5.4. Because it is assumed that campuses are already meeting with legislators to facilitate the correct policies and to highlight higher education's positive impact on the state, opportunity #11 was not identified. This is a given.

***THREATS***

7.1.6. The top threats were identified by the group:

7.1.6.1. A continued lack of state commitment to adequately fund higher education and an under-performing economy that prevents the state from adequately supporting higher education (threats #1 and #4 combined);

7.1.6.2. Tuition continuing to be a barrier to access (#3); and

7.1.6.3. The perception that higher education is bloated and inefficient (#6).

7.2. The development of action steps to address weaknesses and threats, and to take advantage of opportunities will be discussed at the next meeting on 12/1/05.

8. SSI related actions and issues

8.1. Professional doctorates – deferred.

8.2. Treatment of orientation coursework – deferred.

8.3. On-line out of state course offerings – deferred.

9. Reports from SSI-related study groups

9.1. The Taxonomy Subcommittee

9.1.1. Darrell Winefordner briefed the group on the work of the Taxonomy Subcommittee.

9.1.2. This group has developed a subject-oriented taxonomy that is based on 6 years of data, FY 1999 – 2004. This would be a rolling average that would provide for stability among individual subsidy models.

9.1.3. The next step is to test the taxonomy by running the SSI to see the impact on individual campuses.

9.1.4. The value of the current weighting system for the student services and POM components would also be evaluated.

9.1.5. In addition to the doctoral and medical models, there are three new model clusters:

9.1.5.1. AH 1 through AH 6 for Arts and Humanities;

9.1.5.2. BES 1 through BES 5 for Business, Education & Social sciences; and

9.1.5.3. HEMS 1 through HEMS 7 for Health, Engineering, Math and natural Science. *HEMS* was chosen over *STEM* in the interest of accuracy.

9.1.5.4. Each of these new clusters include both undergraduate and graduate. For each cluster, the graduate models are AH 5 and 6; BES 4 and 5; and HEMS 6, 7 and 8.

9.1.5.5. Though there are 22 models—6 more than the current SSI structure—the formula would not be more complex. Rather, the new structure reduces cost overlap among models, and the specificity of the models provides for a better understanding of the courses/programs in each category.

9.2. The H.B. 66 Studies subcommittee, synopsis of 10/26/05 meeting:

9.2.1. Strong focus on degree completion

9.2.2. Recommend SSI changes to promote certificate and degree completion by Ohioans at all levels;

9.2.3. Recommend creation of new Challenge to promote certificate or degree completion, or who successfully transfer

9.2.4. Issues and problems discussed:

9.2.4.1. Data difficulties

9.2.4.2. Awarding of certificates is not defined or controlled by the state; need uniform measures and standards

9.2.4.3. Not all campuses report transfer module awards;

9.2.4.4. Difficulty in conceptualizing/measuring administrative efficiency

9.2.5. Examine national and international standards

9.2.6. "Low cost" does not equal efficiency; must measure outputs per input.

9.2.7. Acknowledge that the legislature has asked for a "feasibility" study – not a mandate to make changes

9.2.8. Request to use "portion" of SSI – not all of the money.

9.2.9. Need to manage expectations – minor changes in the formula will not necessarily lead to greater degree completion

9.2.10. Need to better understand what factors (demographics, instructional activity, etc.) promote degree completion

9.2.11. Use of course completions is not a viable alternative

9.3. The 'Out of the Box' subcommittee will hold its first meeting on 11/1/05.

9.4. The Clinical Teaching consultation met on 10/18/05.

9.4.1. A background document was handed out describing the history of the clinical teaching subsidy, which was created in 1970 to help offset costs associated with medical instruction in clinical settings where the physician faculty to student ratio can be as low as one to one.

9.4.2. These funds have traditionally be allocated to each public medical college on a set-aside, non-formula basis, with changes in funding generally corresponding to changes in the SSI appropriation from year to year.

9.4.3. An FTE-based formula for distributing these dollars has been resisted because each medical school is too different and activities are not commensurate.

10. Update on other higher education policy groups

10.1. Higher Education Funding Study Council last convened on 10/12/05.

10.1.1. At this meeting, the Study Council was presented with information on room & board charges and campus revenues and expenditures. The IPEDS data presented showed that Ohio is about average in terms of revenues and expenditures per FTE student.

10.2. Capital consultation and budget for FY 2007-2008

10.2.1. Regents' staff is working with OBM to finalize the control totals, which are currently projected to be $40 million above the actual totals for the prior capital cycle.

11. Mapping out future meetings – topics? studies? data?

11.1. The Consultation's next meeting is scheduled for 12/1/05.

11.2. Topics might include:

11.2.1. Strategies for creating incentives for institutions to offer and students to enroll in STEM programs.

11.2.2. A presentation from a member of the Higher Education Leadership Coalition on the Return on Educational Investment initiative.

11.2.3. Continued discussion on principals, strengths and weaknesses, and possible changes in high-priority areas.

12. Other items

13. Adjourn