

FY 2006 State Share of Instruction Consultation
December 1, 2005, 2005 Meeting
Draft Notes
Last revised: 12-7-05

(Editor's note: Consultation policy and task recommendations are highlighted in bold in the text below)

Goals of December 1st meeting:

- ❖ Review and discuss the problem of unfunded growth
- ❖ Introduce members to the ROEI concept
- ❖ Complete "S.W.O.T." analysis; develop action steps;
- ❖ Share major discussions and ideas of all related policy groups;
- ❖ Refine topics, issues or analyses for future meetings

1. Call to order.
2. Review of the notes of the October 26, 2005 meeting of the consultation.
3. Review of today's agenda
4. "The Problem of Unfunded Growth" – Presentation by Rich Petrick to the Higher Education Funding Study Council. This PowerPoint presentation is available online at:

<http://www.regents.state.oh.us/hefsc/presentations/The%20Problem%20of%20Unfunded%20Growth%20v2.ppt>

4.1. The charts in this presentation that show how state support for higher education has declined in recent years are very telling, and it would be useful to develop similar charts based on national averages or other selected states. Regents' staff will check the availability of these data.

4.2. A question was asked as to whether a more elaborate mechanism could be developed to project college enrollments, particularly in STEM disciplines.

4.2.1. It is difficult to make projections at this level of detail, though it might be done by looking at AP enrollments, high school placement test scores, or through focus groups.

4.3. One chart in the presentation indicates that state dollars are equitably allocated on a sector basis. Given this, do targeted investments (i.e., the Challenges) have a lasting impact beyond the initial down payment, or do these investments simply evolve into base funding? The evidence suggests that targeted investments can have long-term effects: Universities are required to submit reports on how Success Challenge funds are used to help at-risk students, and Access Challenge monies continue to help sustain the tuition buy-down that was funded in FY 2000 and 2001. Such targeted investments allow the General Assembly to see more clearly what the state is buying and investing in. Therefore, should the additional \$30 million that was added to the SSI in FY 2007 be allocated as a targeted investment instead of through the SSI formula?

4.3.1. Targeted investment strategies might include working with local employers to provide essential workforce training, and developing

- university partnerships that would boost baccalaureate degree attainment.
- 4.4. The problem of unfunded growth becomes the problem of unfunded core, because the problem lasts beyond when enrollment growth occurs.
5. “Return On Educational Investment (ROEI)” – A presentation by UC President Nancy Zimpher. This PPT is available online at: <http://www.regents.state.oh.us/hefsc/presentations/ROEI%20slideshow.ppt>
- 5.1. The key strategy for ROEI is for the whole higher education community to stay united and on message.
- 5.2. ROEI represents a deal with the state, and is tied to the key CHEE recommendation of increasing Ohio’s college enrollments by 30%. The \$30 million that was added to the SSI in FY 2007 is implicitly tied to the ROEI concept, though how best to allocate these dollars will continue to be discussed by the Funding Study Council and the Higher Education Leadership Coalition.
- 5.3. The concern was raised that the projected long-term impact of ROEI might be too robust, given the difficulty in forecasting future events. Would a more modest forecast enhance credibility?
- 5.3.1. The ROEI projections were developed with standard applications and are based on conservative assumptions that did not include the savings that would be created by reduced costs for social services and corrections.
- 5.3.2. The ROEI model was basically developed using average income levels for various levels of educational attainment. The economic benefit to the state of increased college enrollments and graduates is very clear. What is not as clear is whether the state’s investment will produce the desired enrollment growth.
- 5.3.2.1. The ROEI strategy must be holistic, that is, it must include both participation and success strategies that have the same ultimate objective.
- 5.3.3. **Credibility for the ROEI concept would be greatly enhanced if it were externally validated by an independent party (i.e., KPMG). Such external validation helped sell tax reform to the General Assembly.**
6. Strengths, Weaknesses, Opportunities, and Threats (“S.W.O.T.”)
- 6.1. Review and refine October 26th short list
- 6.1.1. The top three weaknesses identified in notes of the 10/26/05 meeting were questioned. Each weakness is arguably a resource issue. It was suggested that the top six weaknesses had been identified as follows:
- The fee assumption is arbitrary and unbalanced. It’s a rationing device, not a resource allocator.
 - It’s difficult to support and meet community needs because no mechanism exists for new start-up monies.
 - No rational relationship between tuition and funding policies.
 - Protection hurts growing campuses by diverting funds to campuses that aren’t growing or growing at slower rates. Secondary formula adjustments affect the SSI’s predictability.

- Complexities make it difficult to demonstrate performance, accountability and what the public is buying.
 - Only some non-credit instruction and training is supported.
- 6.2. Develop action steps to take advantage of opportunities
- 6.2.1. One strategy might be to serve more individuals by taking education to the people with workforce pathways and university partnerships.
- 6.2.2. Need to improve documentation of the many benefits higher education already provides to the state – we need to brag better.
- 6.2.3. Need to change culture of parents, especially among at-risk populations, so that they understand the concept of the “flat” world. Also need to convey the investment aspect of higher education – it’s not simply an expense, it’s an investment that will pay off.
- 6.2.4. Need to attract more students and employers to the state – so how can we make Ohio more attractive?
- 6.2.5. Focus on retention. Post-Secondary Education Options enhance retention, but these programs are costly and may have a negative impact on high school students who do not or cannot enroll in PSEO programs.
- 6.2.5.1. Illinois requires that all high school students take the ACT exam, which corresponds to Illinois’ high school standards. In Ohio, early placement testing works but is not mandatory.
- 6.2.5.2. Evidence shows that simply completing a FAFSA form increases the likelihood of college participation. Can this be incentivized in Ohio?
- 6.2.5.3. A true K-16 system or pipeline would boost participation. As it’s presently structured, participation decreases when students must shift from one educational system to another. But independent institutions would object to a purely public pipeline. So the focus should be on serving citizens and on students, not on institutions.
7. Reports from SSI-related study groups
- 7.1. The Taxonomy subcommittee
- 7.1.1. The new taxonomy would reduce the modeled cost variances by roughly 50% -- a significant enhancement. The subcommittee is still refining and evaluating the reallocation implications of the new taxonomy. Two methods are being examined: one would use a uniform % fee assumption and the other would use a variable fee assumption.
- 7.1.1.1. A uniform fee assumption would require a special adjustment for the medical models, such as a medical set-aside similar to how doctoral studies are funded.
- 7.1.2. The revised formula would promote the concept of a state contribution or state commitment, and might weight FTEs for selected disciplines (i.e., STEM) to recognize the high cost and high value of certain areas.
- 7.1.3. The other weights used in the current formula, such as the POM and student service weights, would be eliminated.

- 7.1.4. All of these changes would provide a more transparent picture of what the state is buying with SSI dollars.
- 7.1.5. Any formula changes that are recommended and adopted would be phased in during a transition period so to prevent abrupt funding dislocation.
- 7.2. The 'Out of the Box' subcommittee has met once on 11/2/05. This subcommittee brainstormed and came up with the following ideas, which will be honed and refined by the subcommittee:
- Universal adoption of course redesign
 - Awarding of degrees based on competency rather than credit hours
 - Regional governance of institutions
 - Outsourcing of back-office work on campuses
 - Consolidation of institutions
 - Require all seniors in high school to participate in PSEO (Virginia plan)
 - Adoption of the AccelerateOhio proposal to create non-credit certificate programs designed to get adult worker back into the higher education system
 - Distribution of all state funds based on student financial need
 - Uniform voucher system
 - Offer financial incentives for universities to accept community college graduates, with lower tuition for those students
 - Creation of a state-level public service and policy research institute based on the "Work-Out" strategy of Jack Welch for spreading change in an organization
 - Use of structured benchmarking to achieve best practices
 - Utilization of facilities 24/7
 - Matching fund program to develop Third Frontier programs
 - Restrict developmental programs to 2-year campuses
 - Create a statewide community college system allowing all community and technical colleges to seek local levies
 - Use of a statewide levy to provide a fixed revenue source
 - Eliminate seniority-based pay while retaining tenure for other purposes
 - Reform teacher education by basing teacher certificate on competency
 - Improve technology clearinghouse at the state level for universities and businesses
 - Monitor statewide key performance indicators for higher education
 - Eliminate collective bargaining
 - Foster entrepreneurship among students (help them to think more creatively)
 - Increase income and/or sales tax for resources
 - Restructure state budget (investments versus consumption)
 - Revisit tuition caps (should institutions charging below-average tuition be subject to the cap?)
 - Differential tuition rates

- 7.3. The H.B. 66 mandates subcommittee has met once on 10/25/05. There is concern that the legislation was written under the misconception that administrative and operation efficiency means lower costs. But efficiency is really an input to output ratio.
- 7.4. The Economic Growth Challenge implementation group has met once on 11/30/05 to establish criteria and a mechanism for awarding the EGC funds, formerly Research Challenge. Despite the permissive language in H.B. 66, the governor's office expects all eligible universities to participate.
 - 7.4.1. It is the intention of this group to complete its work in time for the FY 2006 Innovation Incentive funds to be disbursed to qualifying universities by June or July 2006.
- 8. Update on other higher education policy groups
 - 8.1. Higher Education Funding Study Council
 - 8.1.1. December 8th meeting will be critical and is scheduled to meet for six hours at the Riffe Center. Rep. Webster has indicated that subcommittees will be formed to work on specific items, and that these subcommittees will include some members who are not members of the Study Council.
 - 8.2. Higher Education Leadership Coalition (HELCO)
 - 8.3. Capital consultation and budget
- 9. SSI related actions and issues
 - 9.1. Student Support Services/Rehab Services: Dale Sterns from Terra State briefed the Consultation on the changes to the Ohio Rehabilitation Services Commission's training policy, which will greatly reduce state assistance for disabled students attending an Ohio college or university.
 - 9.1.1. It was suggested that a representative from the RSC attend the Consultation's next meeting in January to discuss the issue in more depth.**
 - 9.2. Treatment of orientation coursework: BGSU plans to offer a for-credit, web-based University Success course to newly-admitted freshmen. The course would be taken in the spring or summer prior to the students' first term of enrollment (fall). For purposes of computing Success Challenge dollars, BGSU would prefer that the matriculation "clock" for these students begin in the fall, rather than when the course is actually taken. BGSU does not want to be seen as gaming the system, and so asked the Consultation for advice. **The Consultation recommended without objection that since this credit would post to the students' transcripts in the fall, the Success Challenge clock for these students should not begin until the fall term.**
 - 9.3. On-line out of state course offerings: The Regents' current policy is that a non-resident surcharge must be assessed for out-of-state students who take online distance education courses out of state; and such students are not eligible for SSI subsidy – the state will not export SSI dollars.
- 10. Mapping out future meetings – topics? studies? data?
- 11. Other items
- 12. Adjourn