

**DRAFT**  
**FOR DISCUSSION PURPOSES ONLY**

# ***OHIO BOARD OF REGENTS***

## ***STATE SHARE OF INSTRUCTION HANDBOOK:***

***PROVIDING THE METHODOLOGY FOR ALLOCATING  
STATE SHARE OF INSTRUCTION FUNDS  
FOR FISCAL YEAR 2010 AND FISCAL YEAR 2011***

***FOR USE BY:***

***UNIVERSITY MAIN CAMPUSES***

**LAST REVISED: September 30, 2009**

**Methodology For  
Allocating State Share of Instruction  
Fiscal Year 2010-2011 Biennium**

Introduction

The purpose of this document is to provide users detailed information regarding the allocation of the State Share of Instruction (SSI). Fiscal Year 2010 represents the first year that there will be different formulas for (a) University Main Campuses, (b) University Regional Campuses, and (c) Community and Technical Colleges.

As a result, there are separate handbooks detailing the methodology for allocating State Share of Instruction funds to (a) University Main Campuses, (b) University Regional Campuses and (C) Community and Technical Colleges. ***This version is designed to provide the allocation methodology for University Main Campuses. Please be careful to ensure that you are using the appropriate document.***

Please note that the enrollment component of the funding methodology for FY 2010 and FY 2011 for University Main Campuses will be the first year that the new Taxonomy will be used to determine University Main Campus subsidy allocations. Appendix A provides a brief summary of the significant changes that the Taxonomy represents when compared to the methodology used in FY 2007.

**I. UNIVERSITY MAIN CAMPUS FUNDING METHODOLOGY**

The University Main Campus funding model consists of three components: (1) a course completion component, (2) a student success component, and (3) institutional specific goals and metrics component. In addition to these components each University Main Campus shall be allocated an amount equivalent to its final FY 2009 Access Challenge allocation, Medical model set-aside, and Doctoral Set-Aside allocation. Finally, there is a stop-loss calculation that provides temporary stability to institutions when there funding decreases precipitously.

The following methodology is used to determine the share of the total FY 2009 allocation to be processed through the enrollment component, student success component, and institutional goals and metric component of the formula:

- a. Beginning with the FY 2010-2011 biennium, the State Share of Instruction includes the funds previously associated with the State Share of Instruction, Access Challenge, Success Challenge, and Tuition Subsidy funds.
- b. Subtract the following:
  - Doctoral Set-Aside Allocation = 12.89% of the annual State Share of Instruction allocation for University Main Campuses.
  - Medical 1 Set-Aside Allocation = 1.61% of the annual State Share of Instruction allocation for University Main Campuses.

- Medical 2 Set-Aside Allocation = 6.96% of the annual State Share of Instruction allocation for the University Main Campuses.
  - FY 2009 Access Challenge Allocations for Access Institutions (University of Akron, University of Cincinnati, Cleveland State University, Central State University, Shawnee State University, Youngstown State University)
  - For FY 2010, the weighted degree cost component is calculated as 5% of FY 2010 value for the State Share of Instruction ( item (a) above), excluding the Access Challenge funding. For FY 2011, the weighted degree cost component is calculated as 10% of the FY 2011 value for the State Share of Instruction ( item (a) above), above excluding the Access Challenge funding.
- c. For FY 2010 and FY 2011:
- The remaining amount is to be allocated to the course completion component of the formula.

## II. COURSE COMPLETION COMPONENT OF THE FORMULA

Below are the steps used to calculate the course completion component of the funding methodology:

### **Step One: Collect Resource Analysis Cost for Each Subsidy Model**

The Ohio Board of Regents collects cost and enrollment data from each of the campuses (all sectors). This data is used to determine the average cost per FTE for each Subsidy Model for the most recent 6 years available prior to running the SSI formula for the first year of the target biennium. In determining the average cost for the Fiscal Year 2010-2011 biennium, the calculation is based on data for Fiscal Year 2002, Fiscal Year 2003, Fiscal Year 2004, Fiscal Year 2005, Fiscal Year 2006 and Fiscal Year 2007.

### **Step Two: Adjust the historical Resource Analysis Cost per FTE for costs paid from sources outside of SSI or Student Fees**

This step adjusts the Resource Analysis costs by model by backing out any costs paid from revenue other than SSI or student fees. This is to avoid double counting of expenses reimbursed by the state. The adjustments in FY 2010 and 2011 include:

- a. Research Challenge Funds used for unrestricted expenses.
- b. Other Income used for unrestricted expenses.
- c. Medical Clinical Line Items used for unrestricted expenses.

### **Step Three: Normalize each of the years cost by inflating the costs to the last available years data using historical Higher Education Cost Index (HECA) data. Estimate costs for the upcoming funding period using the average of the last three years actual HECA increases.**

An average cost for instruction for each model was calculated using six years (FY 2002, FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007) of costs from Resource Analysis. In order to make these costs comparable, it is necessary to inflate each of the prior years of Resource Analysis cost data to reflect Fiscal Year 2007 costs (the last year of actual data) using the Higher Education Cost Index (HECA).

The above calculation provides us with the six-year average cost per FTE based on actual costs in FY 2007 dollars. The six-year average costs for each model was then inflated annually to the appropriate funding year (FY 2010 or FY 2011) using the HECA. The Higher Education Cost Adjustment equals the weighted average of the Employer Cost Index for white collar employees in the private sector (@75%) and the Consumer Price Index for urban consumers (@ 25%). These statistics are computed by the U.S. Bureau of Labor Statistics.

The average costs for each model for the biennium are contained in Appendix B, and are also located *in the SSI spreadsheet in the tab called Model.*

**Step Four: Collect Subsidy Eligible FTE**

To add stability and predictability to the SSI allocations, all allocations are based on FTE’s that are lagged one-year. Therefore, the Ohio Board of Regents will provide a summary of the subsidy eligible FTE by Campus, Subject and Level for the 5 years ending in the year preceding the year for which SSI is being calculated. The source for the FTE data comes from the Subsidy FTE process for actual FTE and can be viewed in the *SSI spreadsheet in the tab called Subject-Level.*

A subsidy FTE is defined as 30 semester credit hours or 45 quarter credit hours. Medical, Veterinary Medicine, and Dentistry FTE are based on headcounts.

Medical II Buffering

The Medical II State Share of Instruction calculations retain the base buffering concept employed in the previous State Share of Instruction calculation. For FY 2010-2011, the Medical II base enrollments are as follows:

Ohio State University	1,010
University of Cincinnati	833
Medical College of Ohio	650
Wright State University	433
Ohio University	433
Northeast Ohio Universities COM	433

For medical schools with current year enrollments (including students repeating terms) less than the base enrollment level, the enrollments used in calculating the Medical II subsidy will equal 65% of the base enrollments plus 35% of the current year enrollments. For medical schools with current year enrollments (excluding students repeating terms) equal to or greater than the base enrollment, the Medical II enrollment shall equal the base enrollment plus the FTE for repeating students. Students repeating terms may comprise no more than 5% of the current year enrollments.

Limitations on Subsidized Law School FTE’s

In both FY 2010 and FY 2011, the number of subsidy-eligible law school FTEs at each campus equals the lesser of the FY 1995 law FTEs or the actual number of law FTEs at the institution in the most recent fiscal year for which enrollment data is available.

The caps for each law school are as follows:

University of Akron	568.0
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University of Cincinnati	385.8
Cleveland State University	824.5
Ohio State University	638.7
University of Toledo	573.0

**Step Five : Calculate the 2-year and 5-year average subsidy eligible FTE**

A subsidy eligible average FTE is calculated for each Subject Field – Level of Instruction based on the previous two years or five years FTE’s. The fiscal years used in these calculations are as follows:

For Fiscal Year 2010

2-year = FY 2009 and FY 2008

5-year = FY 2009, FY 2008, FY 2007, FY 2006, and FY 2005

For Fiscal Year 2011

2-year = FY 2010 and FY 2009

5-year = FY 2010, FY 2009, FY 2008, FY 2007, and FY 2006

*The FY 2005-2010 (projected) FTEs and resulting average calculations can be viewed in the SSI spreadsheet in the tab called **Subject-Level**.*

**Step Six: Prorate the subsidy eligible data calculated in Step (5) by the FY 2008 course completion rates at each campus by HEI discipline and level.**

The estimated course completions for each campus by Subject Field and level is calculated by multiplying the eligible subsidy FTE values for FY 2010 (as calculated in Step (5)) by the average of the FY 2008 and FY 2009 course completion rates at each campus by Subject Field and level. For FY 2011, the average of course completion rate for FY 2008, FY 2009, and FY 2010 will be applied to subsidy eligible FTE values for FY 2011 (as calculated in Step 5).

The following assumptions are made in determining the course completion rates:

- a. For FY 2010, if there were no FY 2008 and FY 2009 enrollments in a particular Subject Field and level, then the three-year average FY 2006-2008 completion rates are utilized. For FY 2011, if there were no FY 2008, FY 2009, and FY 2010 enrollments, then the FY 2006-2008 three-year average completion rates are utilized.
- b. All Medical and Doctoral FTE ‘s , as well as Foreign Exchange and Correspondence Courses were assigned completion rate of 100%. In the future when we start using actual course completions rather than course completion rates, cross registrations will also be assumed to be completed courses.

**Step Seven: Weight the undergraduate FTE course completions.**

The undergraduate FTE course completions were weighted by:

1. Campus specific OIG/OCOG Eligibility by discipline area and level. OIG/OCOG rates are simply the percentage (%) of undergraduate students who are eligible for OIG or OCOG in any term of the year being measured. These rates are calculated for aggregations of Campus, Discipline Area and Level using the average of the three years, FY 2006, 2007 and 2008. (Level is defined as Baccalaureate, Lower Division is a combination of General Studies and Technical and Developmental).
2. A statewide average OIG/OCOG course completion weight calculated for each discipline area and level. Note that the statewide OIG/OCOG weights (by discipline area and level) were calculated by comparing the ratio of traditional student course completion rates versus OIG/OCOG eligible student course completion rates.

OIG/OCOG weights for undergraduate enrollments are designed to reflect the decrease or increase in the likelihood of students completing courses based on whether or not they are eligible for OIG or OCOG. We use data FY 2008 to calculate the OIG/OCOG weights by Discipline Area and Level of Instruction (Baccalaureate, Lower Division is a combination of General Studies and Technical and Developmental).

For each aggregation we count the percentage (%) of course completions for students who are eligible for OIG or OCOG compared to those who are not eligible. Then the weight is the ratio of the completion rate for non eligible students to eligible students. The calculation is restricted to FY 2008 because this is the first year that campuses were advised to make sure the data on course completions is correct.

**Step Eight: Compute the Doctoral Set Aside earnings using the following methodology:**

- a. For FY 2010, 90% of the total doctoral set-aside for each eligible campus is calculated as detailed in Step 9 below. For FY 2011, it is 80%.
- b. Calculate the remaining doctoral set aside allocation by subtracting (a) from the total set-aside allocation (= 12.89% of the total SSI for University Main Campuses) . Note that the doctoral set aside earnings described in Step Eight section (a) does not allocate all of the earnings since some institutions are below the 85% rule.
- c. Allocate 50% of the remaining doctoral set aside based on weighted cost of doctoral degrees . (Approximately 5% of the total doc set aside in FY 2010 and 10% in FY 2011.)
- d. Allocate 50% of the remaining funds based upon their respective shares of the expenditures reported in the annual NSF Survey of Research & Development Expenditures (with the NIH (or HHS) expenditures weighted by 50%). (Approximately 2.5% of the total doc set aside in FY 2010 and 5% in FY 2011.)
- e. Allocate the remaining doctoral set aside funding based on quality measures to be determined by an IUC study group. However, in the interim the remaining doctoral set aside will be allocated based on the proportion each institution receives in Step 9). (Approximately 2.5% of the total in FY 2010 and 5% in FY 2011.)

**Step Nine : Calculate the Doctoral Set Aside for each institution with doctoral instruction.**

Calculate the doctoral set aside for each institution with doctoral instruction. Each institution’s doctoral set aside is based on a fixed percentage (or Doctoral Share) of the doctoral appropriation. The doctoral shares for each institution were established by Graduate Funding Commission. If the institutions subsidy eligible Doctoral 1 equivalent FTE for the greater of the 2 or 5 year average is less than 85% of the Base Doctoral 1 equivalent FTE for the institution, the doctoral set aside is reduced by the % less than 85% and the unused SSI is included in the remaining doctoral set aside. Doctoral 1 equivalent FTE is equal to Doctoral 1 FTE + 1.5 \* Doctoral 2 FTE and the base year the Doctoral 1 Equivalent FTE is FY 1999. Note: The Medical College of Ohio and the University of Toledo values have been combined to derive the merged institution’s values.

The Doctoral Share (%) amounts and the 85% Base Doctoral FTE 1 amounts used in these calculations are as follows:

	Base FTE	Base Share	FTE for 85% Rule
University of Akron	761	6.17%	697
Bowling Green State University	685	5.56%	599
University of Cincinnati	2,261	18.32%	1,843
Cleveland State University	172	1.39%	163
Kent State University	1,003	8.13%	977
University of Toledo / MCOT	604	4.90%	652
University of Miami	437	3.54%	445
Ohio State University	5,076	41.15%	4,612
Ohio University	850	6.89%	791
Wright State University	457	3.70%	405
Youngstown State University	31	0.25%	20
	12,337	100.00%	11,204

*The doctoral share calculation can be seen in the **Doctoral Set Aside tab** and the SSI calculation can be viewed in the **University Earnings FY 2010 and 2011 tabs**.*

**Step Ten: Allocate Medical I and Medical II Model Funding**

The Ohio State University is the only University Main Campus to have Medical I enrollments. Therefore, the entire Medical I funding model shall be allocated to The Ohio State University. The Medical II model funding is allocated based on the Medical buffering formula outlined in Step Four above.

**Step Eleven**: Higher Education Funding Commission Priority Weightings for Science, Technology, Engineering, Mathematics, Medicine, and Graduate by model

The Higher Education Funding Commission endorsed a priority weighting for STEM<sup>2</sup> and graduate models. These weights can be found in Appendix C.

The STEM<sup>2</sup> weighting was calculated in a manner that held STEM<sup>2</sup> and Medical models harmless relative to the amount of state support the same instruction earned in the previous SSI formula, using FY 2007 as the base year. In cases where this addition is negative, it is set to zero, i.e. it never reduces the SSI of a model.

The graduate weights (used by University Main and Regional campuses) for FY 2010 and FY 2011 have been adjusted to ensure that the relative amount of state support for graduate and undergraduate activity under the new funding model remains comparable to the earnings that utilized enrollment model, using FY 2009 as the base year.

The STEM<sup>2</sup> and graduate model priority weightings are multiplied by the respective model cost for each of the 26 models, for FY 2008 and FY 2009. *The resulting calculation is called the **Model Reimbursement Cost** and can be viewed in the SSI spreadsheet in the tab called **Model**.*

**Note:** The original plan was to gradually phase out the priority weightings for the STEM<sup>2</sup> models, with the exception of the Medical 2 model, as the Resource Analysis average cost calculations for the models begin to reflect this additional SSI funding. No adjustments have been made for FY 2010 or FY 2011.

**Step Twelve**: Calculate the Uniform SSI by Campus, Subject Field, and Level of Instruction for both the 2-year and 5-year average course completion FTE

The course completion component of the new SSI formula retains the same funding basis (2-year and 5-year averages) as did the former SSI formula.

A calculation of SSI earnings is calculated for each model on a campus using the 2-year average weighted course completion FTEs. These model earnings are summed to provide a campus SSI earnings total. The same calculations are made using the 5-year weighted course completion FTEs. Each campus will use either the 2-year or 5-year average weighted course completion figure that produces the highest level of SSI earnings.

The formula for calculating the SSI earnings is:

***State Share of Instruction Appropriation = Weighted Course Completion FTE \* Uniform SSI % \* Model Reimbursement Cost***

Where the Uniform SSI % is a percentage calculated to allocate the entire appropriation after all of the other SSI parts have been included, except the capital deduction. The uniform SSI is the variable that changes based on the Eligible FTE's, Model Reimbursement Cost and most importantly, the State Share of Instruction appropriation. This calculation can be seen in the SSI *spreadsheet in the Subject-Level tab* and the Uniform SSI % is at the top of the columns labeled State Share.

**Step Thirteen**: Calculate the NASF POM Protection for each campus

A number of campuses had significant protection in the old model related to the amount of NASF that they had compared to their activity based POM. The Regents requested that we continue to provide a portion of this protection for these campuses until the reasons for these significant differences could be further studied.

A campus is eligible for NASF protection in FY 2009-2010 biennium only if (a) it received NASF protection in the prior formula, and (b) its earnings in the new formula are less than 98.5% of the prior formula based on benchmark year of FY 2007. The Board of Regents will convene a group to develop a strategy for eliminating this adjustment by June 30, 2010. The amount of this protection is anticipated to remain fixed, until this strategy is developed to address these space issues through alternative ways.

The calculation is:

*NASF Protection = the lesser of:*

*(a) 98.5% of FY 2007 SSI earnings from prior allocation methodology - the FY 2007 SSI earnings from the new allocation methodology, and*

*(b) the FY 2007 NASF Protection that was provided in the prior allocation methodology*

Stated differently, a campus will continue to receive all or part of its actual FY 2007 SSI NASF protection sufficient to supplement the estimated earnings from the new SSI formula (applied to FY 2007) so that they equal 98.5% of the actual FY 2007 SSI allocation for the campus. (This effectively caps the potential loss attributed to elimination of the NASF POM protection to an amount equal to 1.5 % of the FY 2007 SSI earnings.)

Once the amount of this protection is calculated, that amount is assessed to all campuses (including those on the protection) based on their total enrollment component of the formula and prior to the calculation of stop loss protection. This calculation can be seen in the SSI ***spreadsheet in the Campus tab.***

### **III. Student Success Component of the Formula**

This section provides the methodology for allocating the student success component of the SSI formula, as calculated in Step 1(b). For FY 2010, this amount equals 5% of the SSI. For FY 2011, this amount is equal to 10% of the SSI.

Per the IUC's recommendation the following degrees contributed to the degree attainment earnings:

- Associate degree completion, for the access universities (University of Akron, University of Cincinnati, Cleveland State University, Central State University, Shawnee State University, Youngstown State University) only;
- Baccalaureate degrees; and
- Masters and Professional degrees, excluding Medical 1 and Medical 2 degrees.

#### **Step One: Determine the Statewide Average Degree Costs**

The statewide average degree cost is calculated by level based on degrees earned in FY 2006, FY 2007, and FY 2008. Below is a description of aggregations used to calculate the cost of a degree for each level:

- a. For associate degrees we use the various technical areas, plus Liberal Arts as follows:

**Program Areas for Associate Degrees**

Associate Degree Program Areas	Discipline Areas	Subject Fields
Business Technologies	Business	
Engineering Technologies	Engineering	
Health Technologies	Health	
Public Service Technologies		Public Administration and Services
		Protective Services
Agriculture Technologies		Agriculture
Natural Science Technologies	Natural Science and Math	Exclude Agriculture
Liberal Arts	Arts & Humanities	
	Education	
	Social and Behavioral Sciences	Exclude Public Administration and Services
	Other	Exclude Protective Services

- b. For bachelor's, master's and professional degrees we use the Subject Field
- c. For doctoral we use Discipline Area, because there are too few degrees in some Subject Fields.

A query of HEI data is used to select degrees earned in FY 2005, FY 2006 or FY 2007 for which there is evidence that all instruction for the degree was earned on a University System of Ohio (USO) campus. (Note: A student's coursework needs to be completed within the time frame of the HEI system's existence( i.e. FY 1999 and later, to be included in the calculation). In other words, we compare the course enrollments (or enrollment terms for medical students) of each degree recipient to the minimum credits required for the degree at each institution (as reported in the Academic Program file in HEI).

In calculating the cost of each degree:

1. We calculate the cost of each degree using the statewide average cost of the SSI model for each course taken. Note: the costs of the courses are inflated using the same methodology as was utilized in determining the SSI model costs in Step 3.
2. We count the cost of any courses taken at any USO campus, by students who met the criteria outlined above. However, undergraduate enrollments do not count for graduate degrees and vice versa. Also, for graduate degrees, the course must be taken at the degree granting institution.

**Step Two: Determine the number of degrees earned at each University Main Campus for each category of degree.**

Degree Attainment is measured by the number of degrees earned (by level)at each of the university main campuses for each of the categories described in Step 1. For FY 2010, degree attainment is measured by

the three-year average of the degrees earned during FY 2007, FY 2008, and FY 2009. For FY 2011, degree attainment is measured by the three-year average of the degrees earned during FY 2008, FY 2009, and FY 2010. Associate degrees are counted only for Access Campuses (Cincinnati, Akron, Cleveland State, Central State, Shawnee and Youngstown State). Since the University of Cincinnati and the University of Akron have branch campuses and we do not count Associate Degrees earned at the branches, we allocate students to the campus where the majority of their credits were taken. Bachelor's degrees earned on a branch campus are credited to the main campus. If a student earns more than one degree at the same level, at the same institution in the same year, we use only the most costly of the degrees.

**Step Three: Calculate the Statewide OIG (OCOG) weight for undergraduate degrees earned.**

The statewide OIG (OCOG) weight for undergraduate degrees is designed to reflect the decreased likelihood of students graduating based on whether or not they are eligible for OIG or OCOG. It was calculated using cohorts of full time degree seeking students who started college on a USO campus in summer 2000, fall 2000, summer 2001, or fall 2001 and measuring their progress for the next 7 years. The 7-year graduation rate of students who were awarded OIG in any year of attendance were compared to that of students who were not awarded OIG (OCOG). The weight reflects the weighted average (for the 2 cohorts) and is calculated by taking the ratio of the 7-year graduation rates for non OIG students to OIG students.

The OIG weight applies only to undergraduate degrees.

**Step Four: Calculate the weighted degree costs for each University Main Campus by degree categories.**

The weighted degree costs are calculated by taking each institutions 3-year average for each category and multiplying it by the costs of degrees for that category, weighting for OIG (OCOG) students, i.e. students who were eligible for OIG(OCOG) in any year prior to graduation. These weighted degree costs are then summed to provide a campus weighted degree cost amount. The results of this calculation can be seen in the SSI *spreadsheet in the Degree Costs tab*.

**Step Five: Determine Each Campus Share of the Statewide Weighted Degree Costs**

The weighted degree cost component is then allocated among campuses based on each campuses share of the statewide weighted degree costs. This calculation can be seen in the SSI *spreadsheet in the Subject Level Degrees tab*.

**IV. Calculate the Stop Loss for each campus**

Stop loss is a tool to ensure that campuses do not experience a precipitous drop in earnings from the prior year. The calculation is:

*(FY 2009 Final Allocation of SSI, Access Challenge, Success Challenge, and Tuition Subsidy \* 99 % protection) - FY 2010 SSI (after all components outlined in Section I) = FY 2010 Stop Loss Adjustment*

*(FY 2010 Final SSI Allocation \* 98 % protection) - FY 2011 SSI (after all components outlined in Section I) = FY 2011 Stop Loss Adjustment*

The calculation for the stop-loss can be found in the ***SSI spreadsheet in the University Earnings FY2010 and FY2011 tabs.***

#### **V. Allocate Institutional Specific Goals and Metrics**

Meeting specific goals is an important component of the University mission. By setting aside 5% of funding, the funding methodology encourages success at these institutional specific goals and metrics that will be negotiated through a process established by the Chancellor.

Each University will receive an initial set-aside share equal to their proportion of the combined allocations distributed through the enrollment and student success components of the funding formula. The Chancellor will have the ability to redistribute funds based on each institutions relative progress and achievement of its institutional specific goals and metrics. For FY 2010, each institution will have up to 0 % of its initial institution specific allocation at-risk redistribution. For FY 2011, each institution will have up to 10 % of its initial institution specific allocation at-risk for redistribution.

If the Chancellor determines that additional time is required to establish institutional goals and metrics, the Chancellor may elect to fund each institution at its initial institution specific allocation amount.

It is not yet clear if this part of the funding is included in the Stop Loss.

#### **VI. Final Formula Adjustment to Campus Allocations**

##### **FY 2010**

After completing the computations described above for FY 2010, a proportional reduction of 4.2% shall be made to each campuses earnings to determine the actual FY 2010 subsidy distribution. The amount of the FY 2010 formula allocation reduced to meet the actual appropriation will establish base funding in FY 2011, by campus.

##### **FY 2011**

Notwithstanding any provision of law, in FY 2011 the Chancellor of the Board of Regents shall first pay to each campus an amount equal to the reduction to their FY 2010 formula payment. In addition, each university main campus will receive the following:

After completing the computations described above for FY 2011, a proportional reduction of 8.22% shall be made to each campuses earnings to determine the FY 2011 formula earnings distributed to each campus. In total, each university main campus shall receive the following:

FY 2011 Subsidy = 4.2% of FY 2010 Formula Allocation + 91.78% of FY 2011 Formula Allocation

#### **VII. Apply the Capital Deduction for Each Institution Prior to Distributing the State Share of Instruction Allocation**

This step of the calculation reduces the State Share of Instruction allocation for institutions that have negative adjustments that are the result of the implementation of the Regents' incentive-based capital funding policy. As part of this policy, campuses with debt service costs (for qualifying capital projects) that exceed their formula-determined capital allocation have the difference deducted from their State

Share of Instruction allocation. Pursuant to the recommendations of the SSI Consultation and the Higher Education Funding Commission, funds from this capital deduction are to be transferred to the Capital Component line item. This transfer allows the Capital Component to be fully funded.

## Appendix A

### SSI Taxonomy: A review of significant changes from the FY 2007 allocation methodology

- A. Restructuring the model structure (taxonomy) used by the Ohio Board of Regents.
- a. Increased the number of models from 16 to 26, in order to decrease the variance between a model's average cost and the average cost for the subject field / level of instruction combinations within that model.
  - b. Primary structure is related to groupings of subject fields rather than by level of instruction (General Studies, Baccalaureate, Masters, Doctorate, etc.) in order to make it easier to understand by both academic administrators and policy-makers. The three model groupings are:
    - i. Arts & Humanities (AH)
    - ii. Business, Education, and Social Sciences (BES)
    - iii. Sciences, Technology, Engineering, Mathematics, and Medical (STEM<sup>2</sup>)
  - c. Costs are calculated for each Subject Field / Level of Instruction combination through the use of the Board of Regent Resource Analysis process. Within each subject field grouping, these subject field / level of instruction combinations were grouped according to costs.  
Note: Undergraduate and Graduate courses are reviewed in separate models.
- B. The previous formula for calculating SSI was also modified in an attempt to make the calculation more equitable, as well as more transparent and easier to understand. The primary changes are:
- a. Movement to an adjusted Uniform State Share of Instruction as the method of calculating earnings by model, rather than using Local Contribution. A standard uniform share is provided for all models, and adjustments (weightings) are applied to models through a transparent calculation. These adjustments will be applied to:
    - i. Graduate models
    - ii. STEM programs to ensure that they are not funded below current values (includes Medical II model)
    - iii. Doctoral models set-aside (Continuation of Current Policy)
  - b. Movement to a total cost approach to allocation of SSI by eliminating many of the weightings and steps in the current model that provided differential funding based on individual characteristics at each campus. This change recognizes that while different campuses may have different cost structures, the goal is to provide the instruction in a cost effective manner. By eliminating these adjustments and protections, the new formula provides incentives to ensure that they are cost effective in all areas of cost. These eliminations include:
    - i. Removing square footage protection
    - ii. Removing POM weighting
    - iii. Removing Student Services weighting
    - iv. Use model cost vs. State wide average cost for Student Services component
  - c. The model costs are based on a six-year average cost obtained from Resource Analysis. In the past, only the most recent year's cost data was used.

- d. Continued protection for campuses with large differences between Activity-Based POM and Net Assignable Square Feet-Based POM. Institutions on this protection will be required to provide the Board of Regents an analysis that attempts to identify why the campus significantly exceeds that of other campuses.

**APPENDIX B**  
**Six-year Average Cost per FTE by model**

<u>Model</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>
AH 1	\$7,658	\$7,891
AH 2	\$10,117	\$10,425
AH 3	\$13,067	\$13,464
AH 4	\$19,194	\$19,778
AH 5	\$29,994	\$30,906
AH 6	\$35,991	\$37,085
BES 1	\$6,732	\$6,937
BES 2	\$7,803	\$8,041
BES 3	\$9,619	\$9,911
BES 4	\$11,607	\$11,959
BES 5	\$18,044	\$18,592
BES 6	\$22,615	\$23,303
BES 7	\$27,528	\$28,365
Doc 1	\$35,266	\$36,338
Doc 2	\$36,781	\$37,899
Med 1	\$47,494	\$48,938
Med 2	\$45,420	\$46,801
STEM 1	\$6,943	\$7,154
STEM 2	\$9,792	\$10,090
STEM 3	\$11,963	\$12,327
STEM 4	\$15,282	\$15,747
STEM 5	\$19,471	\$20,063
STEM 6	\$21,771	\$22,433
STEM 7	\$27,906	\$28,755
STEM 8	\$36,547	\$37,658
STEM 9	\$51,283	\$52,842

*The model costs, listed above, are located in the SSI spreadsheet in the tab called Model.*

**APPENDIX C**

**Higher Education Funding Commission Priority Weightings for Science, Technology, Engineering, Mathematics, Medicine, and Graduate by model**

**Model                      Graduate Rate                      STEM<sup>2</sup> Weight**

AH 1	0.0000%	0.0000%
AH 2	0.0000%	0.0000%
AH 3	0.0000%	0.0000%
AH 4	0.0000%	0.0000%
AH 5	4.2500%	0.0000%
AH 6	4.2500%	0.0000%
BES 1	0.0000%	0.0000%
BES 2	0.0000%	0.0000%
BES 3	0.0000%	0.0000%
BES 4	0.0000%	0.0000%
BES 5	4.2500%	0.0000%
BES 6	4.2500%	0.0000%
BES 7	4.2500%	0.0000%
Doc 1		
Doc 2		
Med 1	25.0000%	39.5582%
Med 2	25.0000%	49.6246%
STEM 1	0.0000%	0.0000%
STEM 2	0.0000%	0.1671%
STEM 3	0.0000%	61.5039%
STEM 4	0.0000%	69.1960%
STEM 5	0.0000%	42.2161%
STEM 6	4.2500%	83.7350%
STEM 7	4.2500%	39.5541%
STEM 8	4.2500%	52.5036%
STEM 9	4.2500%	9.3557%