



Speed To Scale

A Strategy for Rapidly Advancing Central State University to the Effectiveness and Efficiency Levels of a Small-to-Medium Sized Public University

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Basic Points

- Historically, Central State has been caught in a dilemma caused fundamentally by its small size.**
 - Because of its small size, Central State is not “at scale,” meaning that it is not able to operate at the same unit costs (that is, costs/student) as other public universities. Put another way, its unit costs are higher than average.
 - The state funding formula reimburses institutions based on statewide average unit costs. Since Central State has, of necessity, higher than average costs – higher than the other much larger universities – the state funding formula effectively causes Central State to lose money on each enrollment. The Special Supplement exists to offset this loss.
 - Although the Special Supplement allows Central State to operate with its small size, it only helps maintain operations and is insufficient to enable this important university to grow.
- The *Speed to Scale* proposal is designed to help Central State break out of its current dilemma by providing the institution with additional funds during the next three years.**
 - The plan will provide Central State with \$9.9 million in additional operating funds spread out over three years to enable the institution to develop the needed infrastructure, more dynamic marketing, new academic programs and institutional partnerships – all of which are needed for the university to grow. *Speed to Scale's* up-front investment equals about one-tenth of one percent of the state’s higher education budget.

- Over time, as a result of enrollment growth, Central State will earn more revenues from standard state allocations and tuition revenue, and will need less from the Supplement.
 - The Supplement will begin to decline starting in FY 2011 and will drop to zero by FY 2017.
 - Over the decade from FY 2007 to FY 2017, \$54 million will be realized in reduced supplement cost. These funds will be redirected across the state to programs that educate additional students who will promote the state's economic growth.
 - In addition, the plan calls for an additional essential investment in a new Student Union at Central State University, which will cost an estimated \$23 million and will be partially funded with Central State-generated funds. Central State will eventually repay \$7 million to the state from various revenue resources, so the net investment will be \$16 million.
- 3. *Speed to Scale* is not designed to help Central State; rather, it is designed to help Central State serve more Ohioans. Central State has tremendous untapped growth potential**
- The proposal anticipates that the university will more than triple its enrollments to 6,000 by FY 2017. This growth will contribute to Governor Strickland's plan to "Turnaround Ohio" by enrolling more students in higher education to promote economic growth. The viability of this strategy for rapid growth has been demonstrated to work by the success of North Carolina's "Focused Growth" initiative.
 - The additional students will disproportionately come from two sources: (1) populations currently underserved in higher education; and (2) new attractive, high enrollment academic programs.
- 4. *Speed to Scale* is the result of a partnership among Central State University, the Ohio Board of Regents and other public institutions - including The Ohio State University, Cuyahoga Community College, Cleveland State University, Sinclair Community College, Cincinnati State and the University of Cincinnati.**

Speed to Scale: Financial Projections, FY08 through FY17

Supplement begins to decrease in FY 2011

Enrollment	2,021	2,335	2,685	3,084	3,550	4,083	4,562	5,042	5,521	6,000
Fiscal Year	FY08	FY09	FY10	FY 11	FY12	FY13	FY14	FY15	FY16	FY17
Tuition, Room and Board	23,973,364	27,512,388	32,007,669	36,951,344	43,137,825	49,629,983	55,499,125	60,972,209	66,330,281	71,575,094
State Investment in Instruction	5,440,540	6,182,408	7,639,912	9,286,062	11,137,412	12,954,402	15,054,300	16,994,214	16,971,420	20,986,472
State Supplement	11,756,414	12,109,106	12,472,380	12,000,000	10,500,000	8,600,000	6,200,000	4,200,000	2,200,000	0
Other Revenue	1,881,955	1,968,118	2,089,103	2,223,934	2,373,811	2,521,350	2,689,580	2,846,356	3,005,998	3,168,549
Total Revenue	\$43,051,373	\$47,772,021	\$54,209,103	\$60,461,240	\$67,149,048	\$73,705,736	\$79,443,005	\$85,012,778	\$90,507,700	\$95,730,115
Expenses	41,511,046	43,035,594	44,489,003	45,993,017	47,674,243	49,289,944	50,962,070	52,692,629	54,483,745	56,462,357
Speed to Scale Expenses	5,949,410	8,535,995	11,495,315	14,468,223	17,749,450	21,036,630	24,298,407	28,134,052	31,834,146	35,074,152
Total Expenses	\$47,460,456	\$51,571,589	\$55,984,318	\$60,461,240	\$65,423,693	\$70,326,874	\$75,260,566	\$80,826,691	\$86,317,991	\$91,536,509
Speed to Scale Investment										
Investment needed	\$4,409,082	\$3,799,568	\$1,775,254	0	0	0	0	0	0	0

Investment total: \$9,983,904

- Increased traditional enrollments
- Additional transfer enrollments
- Improved retention

Supplement reaches zero in FY 2017

On an annual basis, this investment represents less than one-tenth of one percent of the state's higher education budget.

