

**Higher Education Subcommittee
Testimony of Jim Petro
Chancellor, Ohio Board of Regents
April 4, 2011**

Chairman Gardner, Ranking Member Garland, Members of the Higher Education Subcommittee:

My name is Jim Petro, and I am the Chancellor of the Ohio Board of Regents. Thank you for the opportunity to appear before you to discuss the higher education budget for Fiscal Years 2012 and 2013.

As Chancellor of the Board of Regents, my staff and I are responsible for coordinating all higher education in Ohio through the allocation of state operating support to public campuses, which includes workforce development and adult education centers, administering the state's financial aid programs, assuring seamless credit transfer among all sectors of post-secondary education with the goal of increasing educational attainment and providing Ohio's workforce the skill sets needed to succeed. The economic competitiveness of the state depends on a skilled workforce and the alignment of higher education to the needs of employers remains an important goal of the University System of Ohio.

The University System of Ohio consists of Ohio's 14 public universities, with 24 regional campuses, 23 community colleges, and Ohio's public providers of adult career, technical and basic literacy education. As you might imagine, the majority of the agency's general revenue budget supports public colleges, universities, adult workforce and the basic literacy education centers. In order to prioritize state operating support for these institutions, the Board of Regents' budget includes the elimination of 5 GRF line items and the reduction of funding for 34 other line items. These reductions will allow the state to increase state GRF funding for the State Share of Instruction and maintain modest growth in undergraduate tuition.

Within the State Share of Instruction, the Fiscal Year 2012 and 2013 budget continues the implementation of a performance based funding formula across all sectors of higher education and accomplishes the goals of increasing State GRF support; with a priority on funding the rapid enrollment growth within Ohio's public community, state and technical colleges. Other important policy initiatives within the SSI include stricter caps on subsidy eligible enrollments at Ohio's five public law schools as a means for increasing support for Ohio's public medical schools. The prioritization of funding for Ohio's medical schools is accompanied by a new policy that will lift enrollment caps within the Medical II funding models. The policy of funding actual medical school enrollments continues the emphasis on maintaining a performance based funding formula.

In addition to prioritizing state operating support to restrain undergraduate tuition growth at Ohio's public campuses, the Regents' FY 2012 and 2013 operating budget preserves funding for the state's need based, financial aid program; the Ohio College Opportunity Grant (OCOG). The \$78 million appropriation for OCOG, which currently funds more than 60,000 students, along with the 3.5% restraint on tuition increases for undergraduate students will help preserve affordability for those students with the greatest financial need while also maintaining need based aid for students attending private institutions in Ohio.

While the Board of Regents' budget focuses primarily on providing state operating support for post-secondary institutions across Ohio, there are other notable initiatives that should be mentioned within the context of the FY 2012-13 operating budget. These important initiatives include the shared services and statewide technology partners which include OhioLINK, OARnet, the Ohio Learning Network, Regional Library Depositories, and the Ohio Supercomputer Center. The services provided by these technology partners were reduced by only 2.5% to emphasize the growing importance and efficient use of technology through the shared service providers. In fact, throughout Ohio's public institutions the emphasis on shared services, operational efficiencies and the importance on developing stronger ties with workforce and the business community are themes that influences a number of higher education initiatives included in this budget, which are listed below:

Charter Universities

I will submit a report to the General Assembly and the Governor by August 1, 2011. The report will contain findings and recommendations for developing policy, administrative rule and statutory changes to implement a charter university program. The plan will define the manner in which an institution of higher learning can receive increased freedom from state regulations in return for less dependency on state support.

Reduce Remediation

Staff at the Board of Regents will report the frequency of providing remediation services to high school graduates and the cost for each high school district based on graduates from each school. The agency will work with the institutions of higher learning to create a clear, actionable definition of what is meant by "remediation free." This definition will be required to explain "remediation free" in such a way that school districts can determine the coursework and special programs required to assure every student is college-ready. Together with the State Superintendent of Public Instruction, a report will be issued no later than December 31, 2011 that includes a set of recommendations to reduce these remediation costs by 50%.

Three-year Baccalaureate Programs

Universities will be required to develop plans on how to move to three-year baccalaureate programs to provide shorter options for gifted or ambitious students. The plan to transition 10% of their programs will be due in 2012 and a plan to transition 60% of their programs will be due in 2014.

Faculty Teaching Load

Ohio public colleges and universities will be required to increase full-time research and instructional faculty teaching workload standards by one class in every other year. Staff at the Board of Regents will report the instructional workloads of faculty for all colleges and universities for FY 2010 through FY 2013.

Reduce Redundancy

The Board of Regents will undertake a process to identify and eliminate redundant programs. The process will be analogous to the federal government's Base Realignment and Closure process.

Construction Reform

Ohio's public colleges and universities will be given more flexibility to manage capital construction projects and generate significant savings. The State's antiquated "Multiple Prime Contracting" requirements will no longer apply to higher education capital improvement projects. In addition, colleges and universities will not be required to specify prevailing wage rates on their projects.

Commercialization

Ohio's public research universities should be encouraged to bring innovations to the marketplace. In order to promote the commercialization of higher education research, the FY 2012-13 budget recommendation includes a provision that expands the ability of higher education institutions to hold equity in inventions by faculty of public universities.

Thank you for your time today, in speaking about the Board of Regents' budget for Fiscal Years 2012 and 2013. I look forward to returning to this committee, and others, to answer any questions you may have regarding the Board of Regents' FY 2012-13 budget and the higher education initiatives I seek to establish in the coming months.



State Share of Instruction (SSI) Funding FY2012-2013

- Fiscal year 2011 university allocations presented on the attached spreadsheet include State GRF support for the SSI, as appropriated, before the capital component transfer of \$255,706.
- Fiscal year 2012 and 2013 projections are based on the continued implementation of the new outcomes-based SSI funding formula for higher education.
- Student full-time equivalent enrollment data are self-reported from each campus to the Board of Regents through the Higher Education Information System (HEI).
- State GRF support for the SSI will increase 2.7% in fiscal year 2012 and 0.9% in fiscal year 2013.
- SSI funding policy for the fiscal year 2012-2013 biennium was developed to accomplish three primary goals:
 1. Increase overall State GRF support for the SSI.
 2. Increase State GRF support for the SSI within each sector (university main campus, university regional campus, community college).
 3. Reprioritize State GRF within the SSI to support the increasing enrollment growth at Ohio's public community and technical colleges.

Note: *The values contained in the attached spreadsheet are estimates only. Actual university funding for fiscal year 2012 and 2013 will vary based on final data inputs for student full-time equivalent enrollments, course completions, degree completions, and community college success point achievement.*

STATE SHARE OF INSTRUCTION: DRAFT Formula Allocation
 FY 2012-13 Projected Formula Allocation
 As of: April 1, 2011

DRAFT	FY 2011	FY 2012	% Change	FY 2013	% Change	Enrollment FTEs	FY 2010	FY 2011	Annual Change
	State GRF (235-503) As Appropriated*						Projected	Projected	
COMMUNITY COLLEGES									
BELMONT TECH	\$5,006,485	\$5,493,845	9.7%	\$5,485,530	-0.2%		1,816	1,953	7.5%
CENTRAL OHIO	\$9,548,103	\$10,264,048	7.5%	\$10,188,840	-0.7%		3,512	3,623	3.2%
CINCINNATI STATE	\$25,535,831	\$28,728,508	12.5%	\$29,083,916	1.2%		9,600	10,086	5.1%
CLARK STATE	\$8,384,280	\$9,294,702	10.9%	\$9,472,808	1.9%		3,233	3,444	6.5%
COLUMBUS STATE	\$53,698,304	\$58,440,110	8.8%	\$60,049,910	2.8%		21,117	22,472	6.4%
CUYAHOGA	\$51,941,048	\$55,415,183	6.7%	\$55,938,444	0.9%		19,727	20,977	6.3%
EDISON STATE	\$6,101,690	\$6,585,501	7.9%	\$6,656,317	1.1%		2,272	2,434	7.1%
HOCKING	\$13,462,136	\$14,044,597	4.3%	\$13,482,813	-4.0%		4,695	4,469	-4.8%
JAMES RHODES ST.	\$9,122,818	\$9,906,261	8.6%	\$10,554,363	6.5%		3,166	3,555	12.3%
EASTERN GATEWAY	\$4,117,246	\$4,386,779	6.5%	\$4,479,170	2.1%		1,519	1,620	6.6%
LAKELAND	\$16,870,840	\$17,633,310	4.5%	\$17,579,509	-0.3%		6,400	6,528	2.0%
LORAIN COUNTY	\$22,690,208	\$25,275,679	11.4%	\$26,565,610	5.1%		8,581	9,984	16.4%
MARION TECH	\$5,144,888	\$5,367,490	4.3%	\$5,280,900	-1.6%		1,876	1,894	1.0%
NORTH CENTRAL	\$6,537,428	\$6,820,280	4.3%	\$6,547,469	-4.0%		2,424	2,376	-2.0%
NORTHWEST STATE	\$7,345,880	\$7,987,387	8.7%	\$8,017,124	0.4%		2,699	2,793	3.5%
OWENS STATE	\$35,377,817	\$36,908,495	4.3%	\$35,432,155	-4.0%		12,969	12,107	-6.6%
RIO GRANDE	\$5,231,179	\$4,604,017	-12.0%	\$4,462,185	-3.1%		1,373	1,436	4.6%
SINCLAIR	\$41,350,828	\$43,328,810	4.8%	\$43,263,823	-0.1%		15,650	16,059	2.6%
SOUTHERN STATE	\$6,654,166	\$7,577,946	13.9%	\$7,573,967	-0.1%		2,704	2,840	5.0%
STARK STATE	\$21,267,324	\$24,600,026	15.7%	\$26,278,083	6.8%		8,300	9,804	18.1%
TERRA STATE	\$5,425,635	\$5,946,175	9.6%	\$5,901,258	-0.8%		2,209	2,245	1.6%
WASHINGTON STATE	\$5,173,404	\$5,397,239	4.3%	\$5,181,350	-4.0%		1,653	1,567	-5.2%
ZANE STATE	\$5,640,042	\$6,033,284	7.0%	\$6,181,933	2.5%		2,325	2,415	3.9%
SUBTOTAL	\$371,627,588	\$400,039,672	7.6%	\$403,657,477	0.9%	SUBTOTAL	139,820	146,681	4.9%
REGIONAL CAMPUSES									
AKRON-WAYNE	\$3,454,684	\$3,588,072	3.9%	\$3,710,164	3.4%		1,353	1,430	5.7%
BGSU-FIRELANDS	\$4,450,416	\$4,446,102	-0.1%	\$4,528,660	1.9%		1,713	1,763	2.9%
UC-CLERMONT	\$7,690,866	\$7,817,743	1.6%	\$7,850,371	0.4%		3,016	3,130	3.8%
UC-WALTERS	\$9,661,129	\$9,863,565	2.1%	\$10,152,382	2.9%		3,435	3,625	5.8%
KENT-ASHTABULA	\$3,720,040	\$4,099,029	10.2%	\$4,296,518	4.8%		1,423	1,586	11.4%
KENT-EAST LIVERPOOL	\$1,915,534	\$2,013,109	5.1%	\$2,091,587	3.9%		670	710	5.9%
KENT-GEAUGA	\$2,807,691	\$3,116,435	11.0%	\$3,244,990	4.1%		1,052	1,117	6.2%
KENT-SALEM	\$3,286,518	\$3,511,458	6.8%	\$3,580,064	2.0%		1,119	1,183	5.7%
KENT-STARK	\$7,972,361	\$8,314,680	4.3%	\$8,519,373	2.5%		3,179	3,370	6.0%
KENT-TRUMBULL	\$4,367,563	\$4,513,011	3.3%	\$4,722,262	4.6%		-1,773	1,916	8.1%
KENT-TUSCARAWAS	\$4,242,298	\$4,441,316	4.7%	\$4,552,180	2.5%		1,609	1,690	5.0%
MIAMI-HAMILTON	\$6,651,119	\$6,960,535	4.7%	\$7,128,006	2.4%		2,787	3,025	8.5%
MIAMI-MIDDLETOWN	\$5,538,135	\$5,492,484	-0.8%	\$5,272,785	-4.0%		1,846	1,850	0.2%
AGRICULTURAL	\$3,852,476	\$3,820,720	-0.8%	\$3,667,891	-4.0%		633	627	-0.9%
OSU-LIMA	\$3,651,604	\$3,621,504	-0.8%	\$3,529,481	-2.5%		1,337	1,332	-0.4%
OSU-MARION	\$4,492,435	\$4,500,404	0.2%	\$4,320,388	-4.0%		1,734	1,737	0.2%
OSU-MANSFIELD	\$4,019,244	\$3,986,114	-0.8%	\$3,826,669	-4.0%		1,421	1,289	-9.3%
OSU-NEWARK	\$6,149,349	\$6,098,660	-0.8%	\$6,124,088	0.4%		2,299	2,394	4.1%
OU-CHILLICOTHE	\$5,308,599	\$5,583,167	5.2%	\$5,805,731	4.0%		1,940	2,159	11.3%
OU-EASTERN	\$2,406,097	\$2,386,263	-0.8%	\$2,290,813	-4.0%		693	659	-5.0%
OU-LANCASTER	\$3,933,008	\$4,292,513	9.1%	\$4,391,374	2.3%		1,732	1,860	7.4%
OU-SOUTHERN	\$5,000,029	\$5,019,073	0.4%	\$5,021,643	0.1%		1,598	1,631	2.1%
OU-ZANESVILLE	\$5,164,326	\$5,121,756	-0.8%	\$4,916,886	-4.0%		1,461	1,447	-1.0%
WRIGHT-LAKE	\$2,351,053	\$2,532,111	7.7%	\$2,636,798	4.1%		907	1,026	13.0%
SUBTOTAL	\$112,086,574	\$115,139,824	2.7%	\$116,181,104	0.9%	SUBTOTAL	40,732	42,566	4.5%
UNIVERSITIES*									
AKRON	\$88,503,351	\$89,691,606	1.3%	\$91,651,185	2.2%		20,531	21,514	4.8%
BOWLING GREEN	\$71,765,681	\$70,040,673	-2.4%	\$68,243,197	-2.6%		14,434	14,434	0.0%
CINCINNATI	\$151,708,696	\$154,686,103	2.0%	\$158,147,711	2.2%		23,029	23,904	3.8%
CLEVELAND STATE	\$62,039,045	\$62,187,496	0.2%	\$62,662,452	0.8%		12,304	12,341	0.3%
CENTRAL STATE	\$5,527,317	\$5,579,120	0.9%	\$5,803,011	4.0%		1,437	1,269	-11.7%
KENT STATE	\$90,197,587	\$94,324,051	4.6%	\$96,178,448	2.0%		19,735	20,435	3.5%
MIAMI	\$56,316,618	\$55,402,722	-1.6%	\$55,894,956	0.9%		11,871	12,050	1.5%
NEUCOM	\$13,153,651	\$14,753,788	12.2%	\$15,186,886	2.9%		713	743	4.2%
OHIO STATE	\$330,435,949	\$330,752,005	0.1%	\$331,121,157	0.1%		49,426	49,788	0.7%
OHIO UNIV	\$103,358,711	\$110,787,910	7.2%	\$114,715,321	3.5%		20,445	22,096	8.1%
SHAWNEE ST.	\$12,669,846	\$13,287,349	4.9%	\$13,867,478	4.4%		3,853	4,139	7.4%
TOLEDO	\$105,357,855	\$103,121,657	-2.1%	\$100,405,026	-2.6%		18,954	18,360	-3.1%
WRIGHT ST.	\$75,305,340	\$76,330,760	1.4%	\$77,458,021	1.5%		14,570	15,204	4.3%
YOUNGSTOWN ST.	\$39,501,162	\$39,405,295	-0.2%	\$40,052,067	1.6%		11,137	11,499	3.2%
SUBTOTAL	\$1,205,840,809	\$1,220,350,535	1.2%	\$1,231,386,916	0.9%	SUBTOTAL	222,441	227,776	2.4%
UNIVERSITIES**									
AKRON							20,531	21,514	4.8%
BOWLING GREEN							14,434	14,434	0.0%
CINCINNATI							23,029	23,904	3.8%
CLEVELAND STATE							12,304	12,341	0.3%
CENTRAL STATE							1,437	1,269	-11.7%
KENT STATE							19,735	20,435	3.5%
MIAMI							11,871	12,050	1.5%
NEUCOM							713	743	4.2%
OHIO STATE							49,426	49,788	0.7%
OHIO UNIV							20,445	22,096	8.1%
SHAWNEE ST.							3,853	4,139	7.4%
TOLEDO							18,954	18,360	-3.1%
WRIGHT ST.							14,570	15,204	4.3%
YOUNGSTOWN ST.							11,137	11,499	3.2%
SUBTOTAL						SUBTOTAL	402,992	417,023	3.5%
STATEWIDE TOTAL	\$1,689,554,971	\$1,735,530,031	2.7%	\$1,751,225,497	0.9%	STATEWIDE TOTAL	402,992	417,023	3.5%

*FY 2011 State GRF allocations, as appropriated, before capital component transfer of \$255,706.

**FY 2011 FTEs for universities reflect reduced enrollments for professional law schools and unadjusted medical II FTEs.