

NOCHE Policy Points

February 2009

State Budget Supports Higher Education

On February 2, 2009, Governor Ted Strickland unveiled his budget proposal ("Executive Budget") for the 2010-2011 biennium, reflecting a 1% decrease in 2010 and a .7% increase in 2011 to the Board of Regents budget. In the face of significant cuts across other state agencies and programs, higher education fared well. Affordability and efficiency are key areas in the proposal. Emphasizing the "30-Mile Promise" to provide high-quality, low-cost postsecondary opportunities within 30 miles of every Ohioan, the Executive Budget seeks to bolster that promise by funding a continued tuition freeze at community colleges and regional campuses for two more academic years, through spring 2011. The budget would also fund the tuition freeze at main campuses through the 2009-2010 academic year. The Governor has asked public universities to limit tuition and general fees for in-state undergraduate students on main campuses to no more than 3.5% each year in the 2010-2011 academic year.

A new funding approach for the distribution of the State Share of Instruction ("SSI")—public institutions' important source of operating revenue—is recommended which would adopt a formula based on outcomes, i.e. students who finish courses and degrees. Community college outcomes would include benchmarks in the path to degrees and certificates. The Access Challenge and Success Challenge would be combined in the SSI line item which, with federal stimulus funding, would total \$2,070,538,077 in FY2010 and \$2,087,659,996 in FY2011.

Financial aid would be revised in the Governor's proposal. The **Ohio College Opportunity Grants** ("OCOG") would be restricted to public students only and would require the application of federal Pell grants first in paying tuition and fees. OCOG would be funded at \$70 million in 2010 and \$85 million in 2011.

Non-public student need-based financial aid would be funded at \$70 million each year, through two block grant programs, one for non-profits and one for for-profits, with the sole criterion being the number of lower income students enrolled and graduated. In addition, these programs could receive federal stimulus dollars at \$50 million each year of the biennium.

Student Choice Grants – providing financial aid (not based on need or academic merit) to full-time students in private non-profit institutions – would be discontinued, as would **Ohio Instructional Grants** – providing need-based aid to full-time undergraduates from low and moderate income families.

Elements of the **Ohio Innovation Partnership**, created in the 2008-2009 biennial budget to increase the role of higher education in building the talent pipeline, would continue to be funded in the Executive Budget. The **Choose Ohio First Program** would be funded at \$50 million in the third round of awards, and the **Ohio Research Scholars Program** would be funded at \$16 million from Third Frontier bond proceeds. In addition, a third piece of the Partnership would be funded at \$50 million for each year through the Board of Regents: the **Ohio Co-op/Internship Program**. This program is part of a five-year initiative to promote experiential learning opportunities for Ohio college students to help build Ohio's talent pool.

Citing the availability to private institutions of state funding for research, grants, and financial aid, and state assistance in obtaining tax-exempt financing for buildings, the Executive Budget "Special Analysis" acknowledges that the "**prosperity of Ohio's private colleges and universities will continue to be an important goal for the state**" (at D-38).

To view the Executive Budget, visit <http://obm.ohio.gov/sectionpages/Budget/FY1011/ExecutiveBudget.aspx>.



Executive Vice Chancellor Talks Straight to NOCHE Members



In January, NOCHE co-hosted with **Cleveland State University** a discussion forum with **Paolo DeMaria**, the newly appointed **Executive Vice Chancellor of the Ohio Board of Regents**. No stranger to state government, never mind state finances, the Vice Chancellor has had a storied history in Ohio ranging from policy guru to Budget Director to finance whiz at the Ohio Department of Education. He brings this wealth of experience and perspective to his newest challenge: to support Chancellor Eric Fingerhut in the evolution and development of the University System of Ohio, even in difficult economic times.

Never one to mince words, the Vice Chancellor began his discussion highlighting the twenty things to be measured under the Chancellor's Ten-Year Strategic Plan, and particularly emphasized the **importance of cross-conversations** such as the NOCHE forum. He said that one of the key issues that he is addressing is what role the Board of Regents can play to **encourage collaborative thinking and collective action while preserving the individual identities of Ohio's schools**. The NOCHE gathering certainly provided him with a good opportunity to pursue that agenda item. Both public and private two- and four-year institutions were represented at the program.

A frank discussion of the state's budget situation came early on. Mr. DeMaria said that he has "never seen an economy like this," noting that he began his public work in Ohio in 1984. He lauded the Governor's prioritization of higher education even with budget reductions, and his sense is that this prioritization will continue. He said that he believes the administration will "prioritize anchor programs of higher education" with an emphasis on sustainability and affordability. He also said that Senate President Bill Harris reinforces the importance of maintaining the momentum in higher education, and the need for strong higher education for economic growth and global competitiveness. He said that the Chancellor is upbeat about higher education, committed to using the resources allocated efficiently and effectively.

On the topic of the tuition freeze, the Vice Chancellor said that the "politics of tuition freeze is very attractive." Nevertheless, in a tough economy it may be extended on a limited basis, but not necessarily to every public school student. The Chancellor is interested in re-visiting savings accounts for college, the Ohio Tuition Trust Authority, and other initiatives undertaken in other states. Lakeland President Morris Beverage advocated a long-term strategy with respect to tuition, since tuition is not the only factor driving the enrollment behavior of students. Mr. DeMaria noted that the Chancellor would like to move the public from measuring tuition to measuring low-cost pathways to degrees as the primary indicator of true affordability of higher education.

Paolo DeMaria not surprisingly advised higher education to be in "conservative mode" as budgeting is addressed this year. He recommended finding strategies to save money and freeze hiring, since the budget will not be finalized until July 1, 2009. The Governor's State of the State address and subsequent release of the Executive Budget are only the beginning of a lengthy legislative budget process with the give and take that the system necessarily entails.

Ohio Co-Op/Internship Program

As noted above, the Executive Budget would provide full funding at \$50 million in each of the first two years of the **Ohio Co-op/Internship Program**, an initiative of the state stimulus package passed in 2008. NOCHE, with **Kent State University** as the lead institution, continues to work with thirteen colleges and universities across the region, as well as business and economic development partners, to develop a regional collaborative proposal to submit for this funding. The proposal will focus on Information Technology co-ops and internships and is therefore called the "**NEO IT Project**." Among other components, it will encompass the development and implementation of outreach strategies to cultivate student and employer interest, curriculum alignment initiatives, and incentives for interns and employers.



The Ohio Board of Regents recently circulated a draft Request for Proposal ("RFP") for this funding program and NOCHE and **Kent State University** submitted questions and comments consistent with a partner meeting held on January 26, 2009. As stated in the draft, the program "must be driven by collaboration between higher education institutions, businesses and students." Key principles of the program include a requirement for strong employer recruitment and outreach, sustainability, a private funds match, measurement, and innovation.

Ten million dollars of the \$50 million per year may be allocated to "High-Impact Grants" targeted, for instance, at luring Ohioans back to Ohio. An additional \$3 million is targeted as a match to Third Frontier awards.

The program's Advisory Council has been named, consisting of Lieutenant Governor Lee Fisher and fifteen individuals appointed by former House Speaker Jon Husted, Senate President Bill Harris, and Governor Strickland. Among the members are **Cleveland State University's** Ned Hill and **The University of Akron's** Rex Ramsier. The program

timeline anticipates the final RFP to be released on February 10, 2008, with proposals due April 9, 2009.

If you have questions about the **NEO IT Project**, please contact NOCHE Associate Director Richelle Kidder at 216.420.9200 extension 228, or rkidder@noche.org.

From the Executive Director: Political Miscellany



New House Speaker **Armond Budish** and I have a long and collegial history, having been fellow estate planning lawyers in Cleveland for many years, attending the same Continuing Legal Education programs, presenting at the same seminars, and collaborating with clients. In addition, he brought a thorny estate planning issue to me while I was in the legislature, and I carried it and succeeded in enacting it into law. Northeast Ohio is extremely fortunate to have him as the House Speaker, a position from which he can be a powerful regional advocate.

The Speaker just named his committee chairs for the coming Session, among them Rep. **Vernon Sykes** (D-Akron) as chairman of the House Finance and Appropriations Committee. I served with Rep. Sykes on Finance for many years and have been friends with him since I first arrived at the Statehouse. He is knowledgeable and capable, and again has the ability to be a tremendous Northeast Ohio ally in meaningful ways. The chair of the House Finance Committee and the House Speaker, historically and realistically, are two of the most significant power brokers in the budget process. Although the budget originates with the administration's Executive Budget, and obviously has to be heard in the Senate, the House traditionally has taken ownership of the budget and plays a central role crafting the final product – at least from a former member's perspective (i.e., mine!) – negotiating with the Governor and the Senate to attain what the House ultimately wants!



In any event, Northeast Ohio is lucky to have these two likely advocates in key positions in the long and usually trying biennial budget process.

- Ann Womer Benjamin