

*Higher Education and the Future of
Ohio: Imperatives and Policy Alignment*

Presented to the

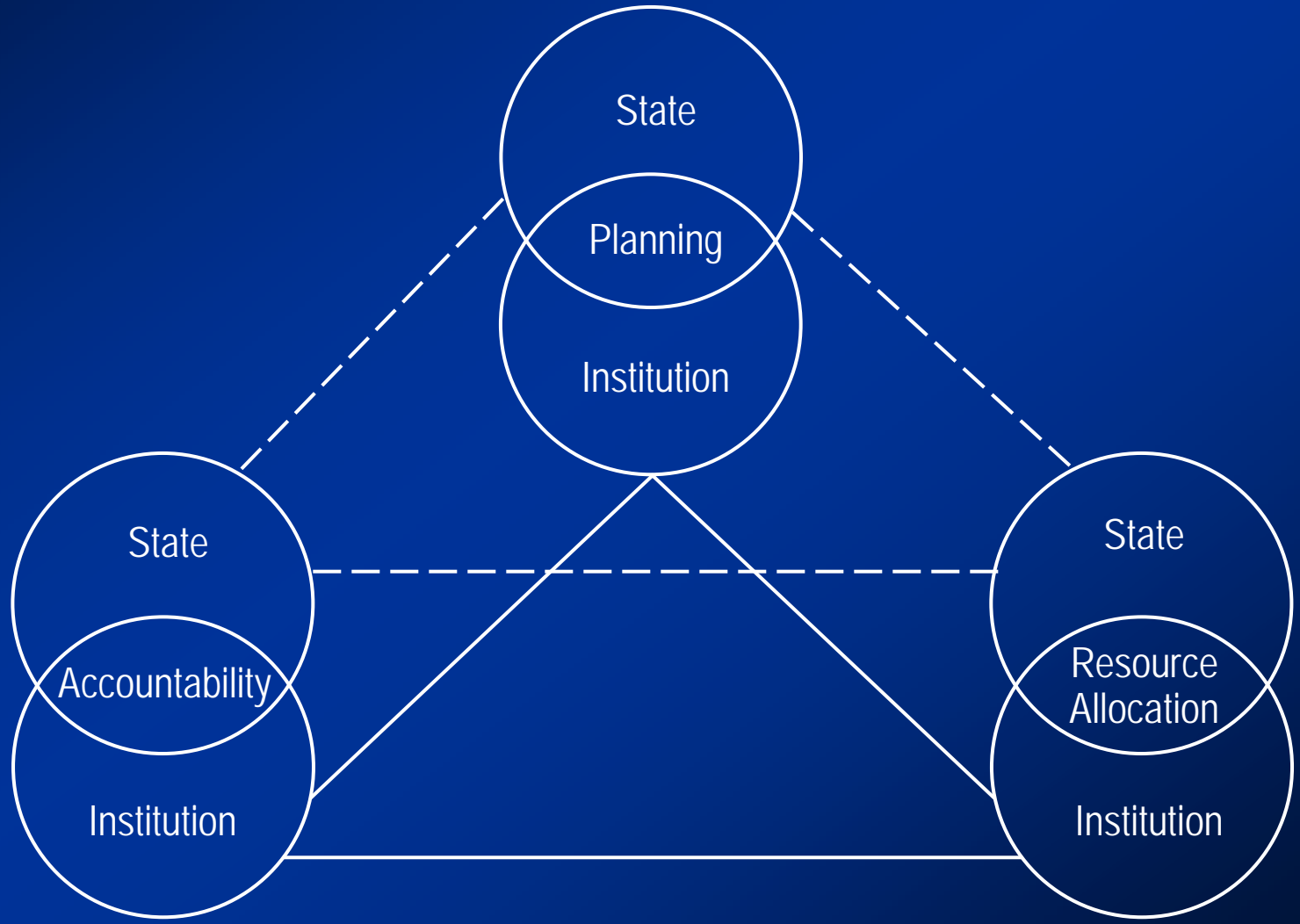
Northeast Ohio Commission
Akron, Ohio

October 24, 2007



National Center for Higher Education Management Systems
3035 Center Green Drive, Suite 150 Boulder, Colorado 80301-2251

The Management Cycle in a Public Institution



State Policy Objectives

- ▶ High Rates of High School Completion of Students Who Have Taken an Academically Rigorous Curriculum
- ▶ High Levels of College Participation of Both Recent High School Graduates and Adult Learners
- ▶ High Rates of College Degree Completion
- ▶ High Levels of Degree Production in Selected Fields
- ▶ An Economy That Employs a High Proportion of College Graduates

The Policy Tools

- ▶ Clear Direction—A “Public Agenda”
- ▶ Funding/Resource Allocation
- ▶ Accountability
- ▶ Regulation
- ▶ Policy Leadership/Allocation of Decision Authority

*The Goal: Ohio Reaching International
Competitiveness by 2025*



55% of Population
Age 25-64 with
College Degrees

Reaching Top Performance by 2025 (55%)— Ohio

3,158,104	Number of Individuals to Match Best-Performing Countries (55%)
1,098,912	Number of Individuals (Age 25-44) Who Already Have Degrees
2,059,192	Additional Production Needed (2005 to 2025)
1,592,860	Degrees Produced at Current Annual Rate of Production
-31,115	Additional Residents with College Degrees from Net Migration
497,447	Additional Degrees Needed
24,872	Additional Degrees Needed per Year (Currently Produce 79,643 in All Sectors)
45.9%	Increase in Annual Associate and Bachelor's Degree Production Needed (in Public Sector Only)

Collective Cost to Ohio, Assuming Tuition Stays the Same

\$ 838 Million = Annual Costs of Additional Students
at Current \$ per Student

\$ 2.46 Billion = Current State Contribution

34.0% = Percent Increase in Annual State
Support Needed

Average Cost to Students, Assuming No Additional State Investment

\$ 1,808 = Additional Annual Costs to Students at
Public Four-Year Institutions

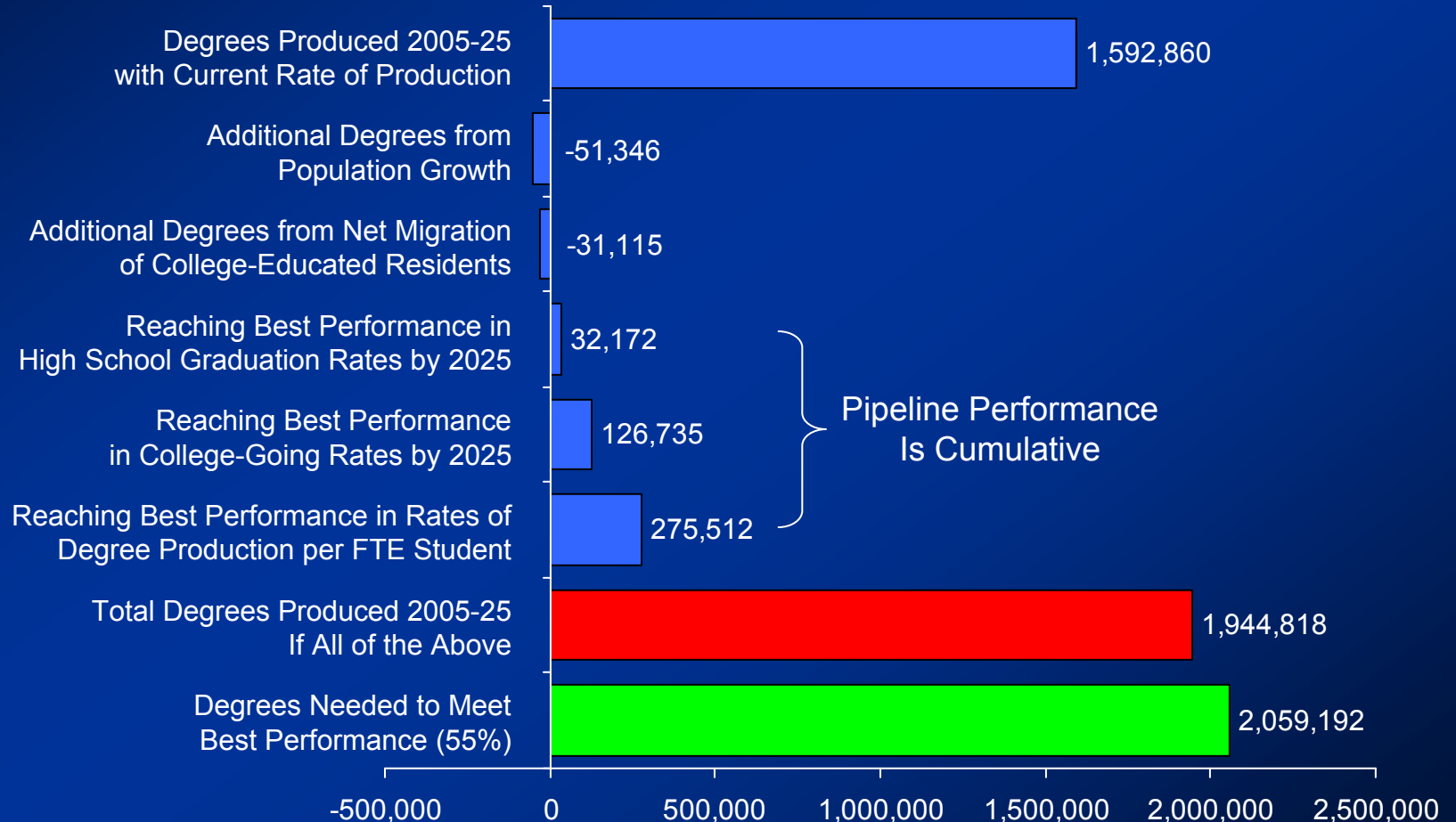
24% Increase in Tuition and Fees
(Currently \$ 7,647)

\$ 1,606 = Additional Annual Costs to Students at
Public Two-Year Institutions

61% Increase in Tuition and Fees
(Currently \$ 2,636)

How Can Ohio Reach International Competitiveness?

Current Degree Production Combined with Population Growth and Migration, and Best Performance* on the Student Transition and Completion Measures

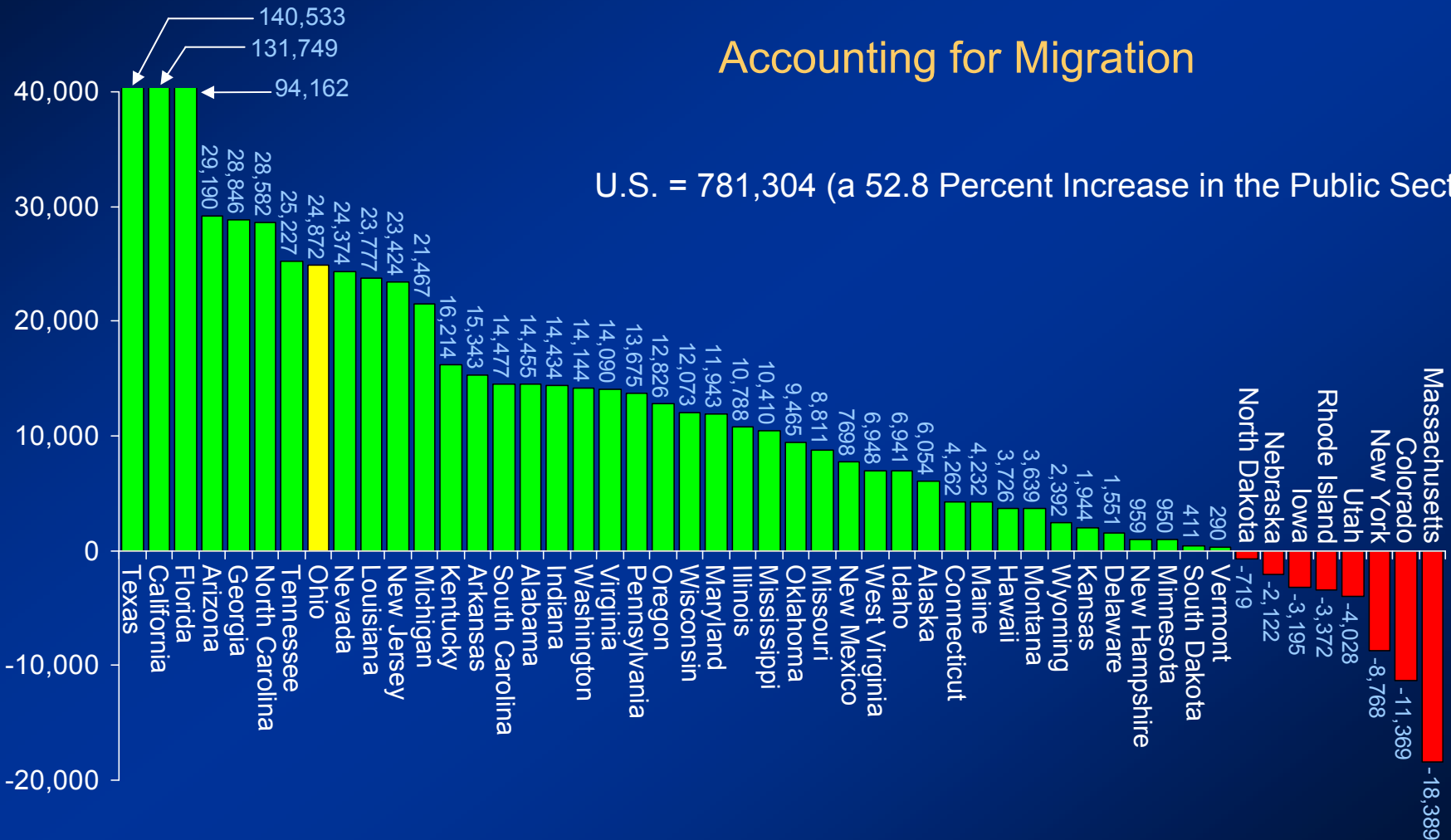


*Best performance = average of top three states

The “Gap” — Difference in Annual Degrees Currently Produced and Annual Degrees Needed to Meet Benchmark

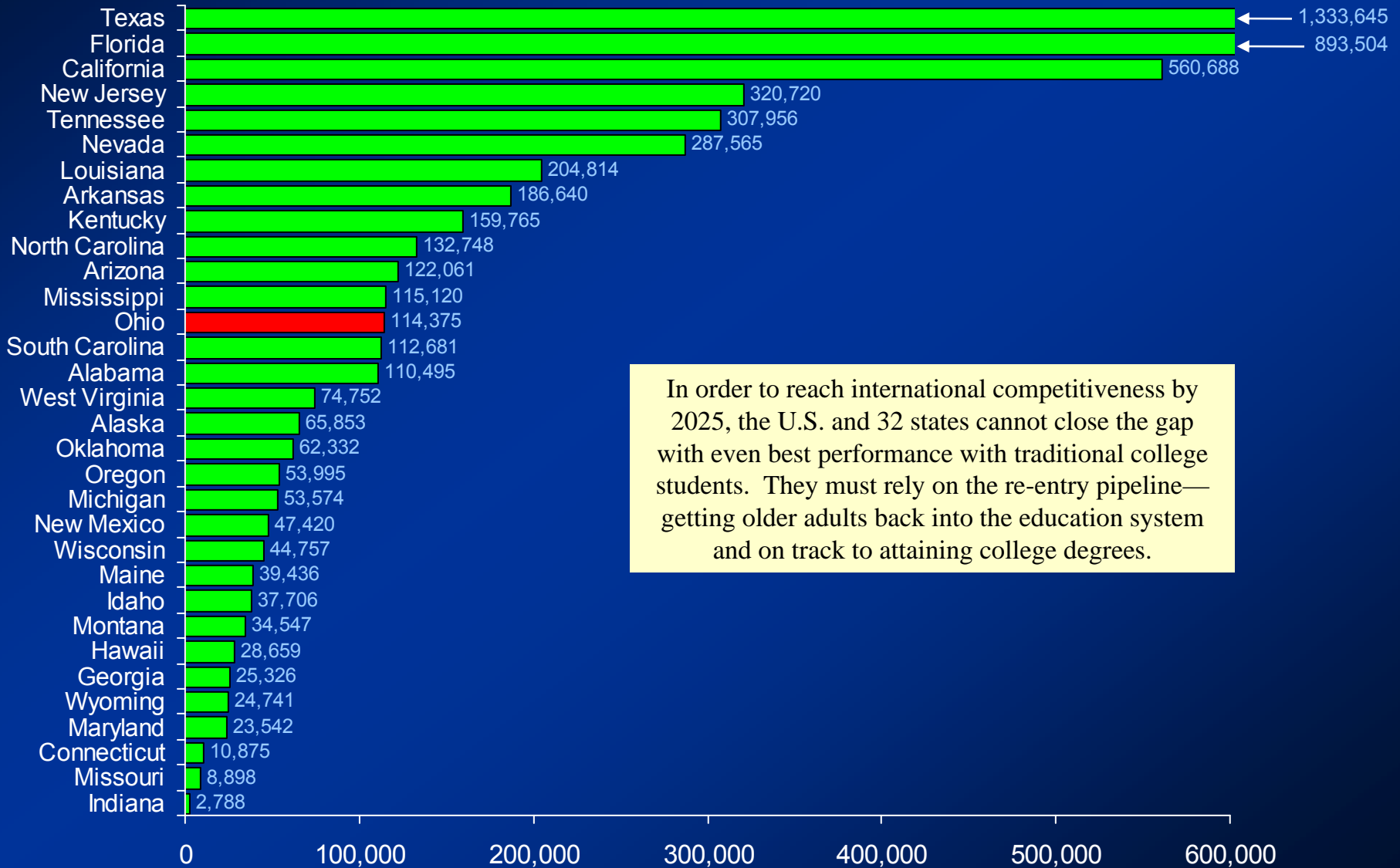
Accounting for Migration

U.S. = 781,304 (a 52.8 Percent Increase in the Public Sector)



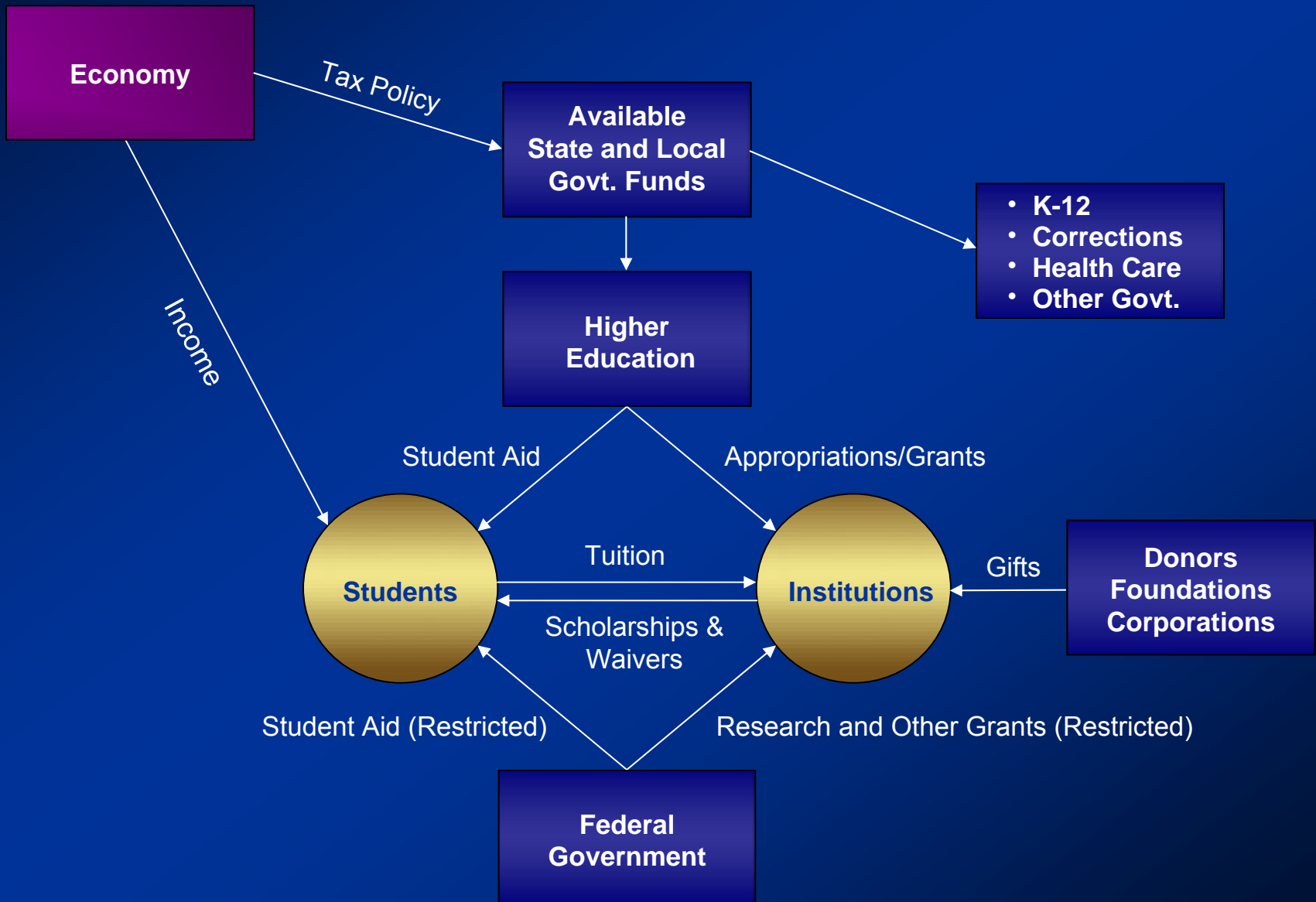
Source: U.S. Census Bureau, PUMS and Population Projections, IPEDS Completions Survey 2004-05

Even Best Performance with Traditional College-Age Students at Each Stage of the Educational Pipeline Will Leave Gaps in More than 30 States

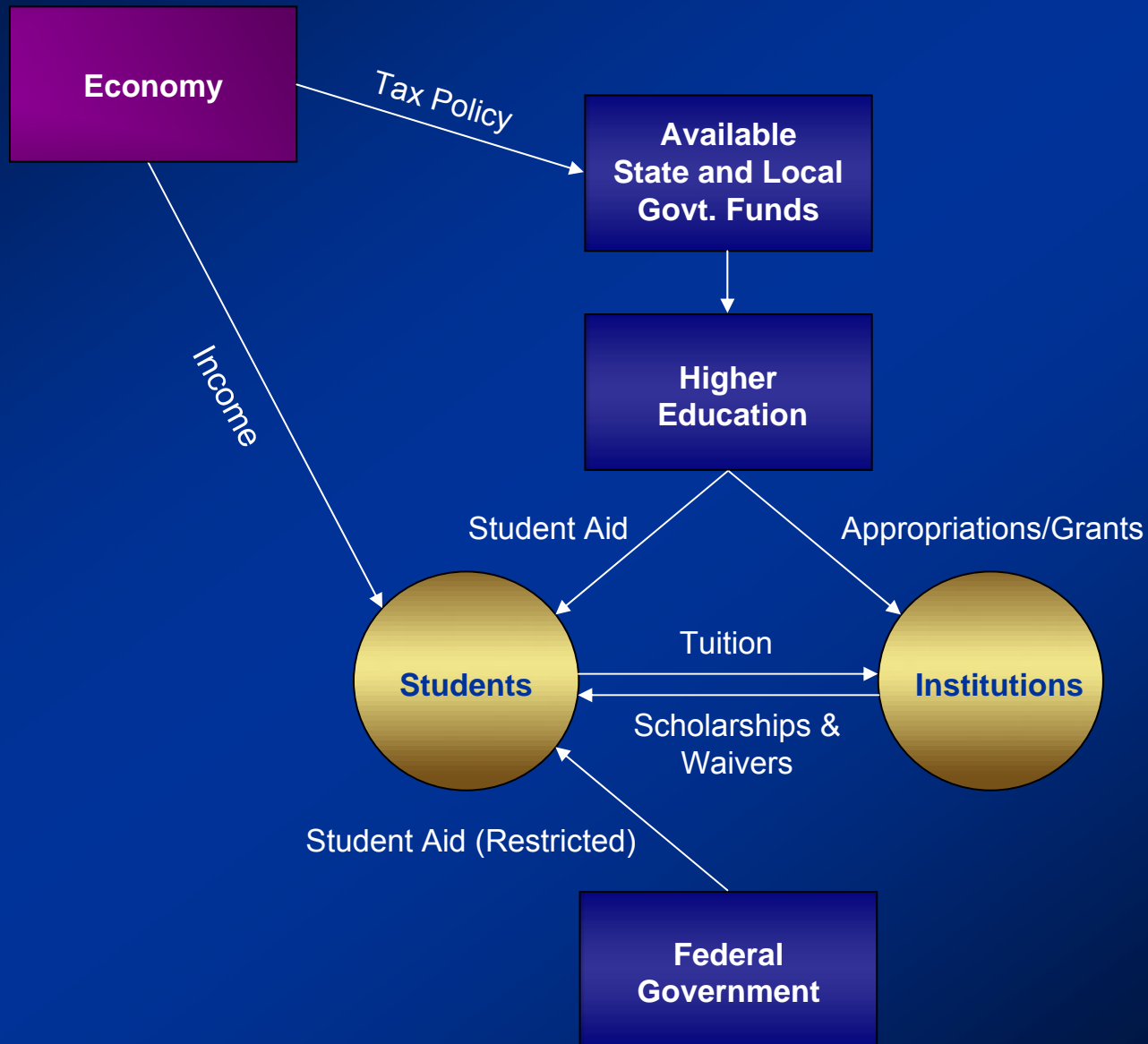


In order to reach international competitiveness by 2025, the U.S. and 32 states cannot close the gap with even best performance with traditional college students. They must rely on the re-entry pipeline—getting older adults back into the education system and on track to attaining college degrees.

The Flow of Funds



The Flow of Funds



Alignment of Policies

Regarding:

- ▶ Appropriations to Institutions
- ▶ Tuition and Fees
- ▶ State Student Financial Aid
- ▶ Institutional Student Financial Aid

Criteria for Effective Higher Education Finance Policy

- ▶ Create and Maintain Necessary Institutional Capacity
- ▶ Reinforce Utilization of Capacity to Achieve State Goals
- ▶ Contributions Required Are Affordable—
To Both State and Students
- ▶ Viewed as Being Fair
- ▶ Transparent

Criteria from Perspective of Different Stakeholders

State

- Maintains Institutional Capacity
- Promotes Achievement of Priority Outcomes
- Affordable

Students

- Affordability
- Value

Institutions

- Adequacy
- Equity
- Stability

The Two Purposes of State Funding Policy

- ▶ Build Core Capacity—General Purpose Funding
- ▶ Promote Capacity Utilization Around State Priorities—Special Purpose Funding

Finance Policy—The Options

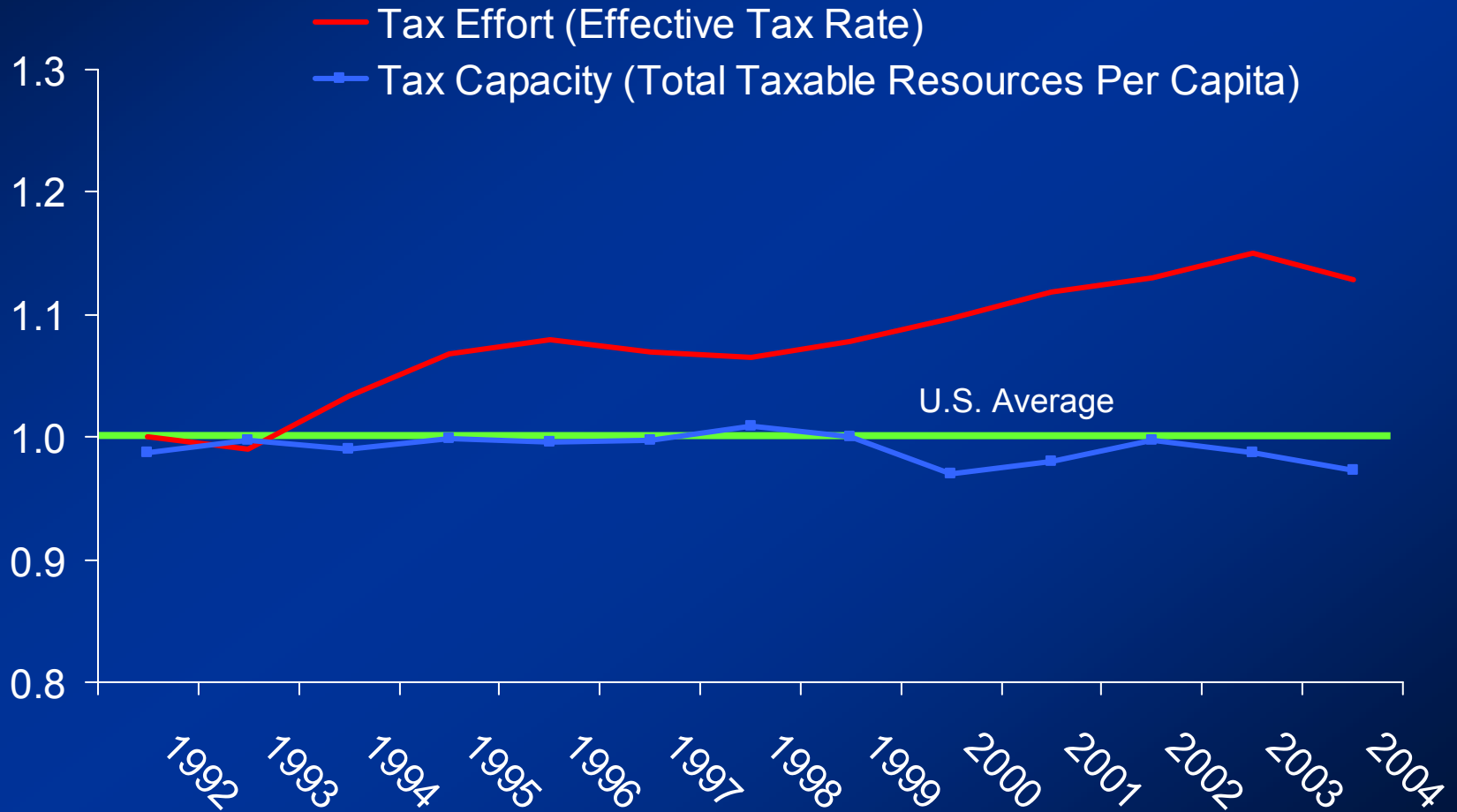
	Institution Focused	Student Focused
Core Capacity	<ul style="list-style-type: none">■ Base-Plus■ Formulas■ Investment Funds	Tuition and Aid Policy Focused on Revenue Generation
Capacity Utilization/ Public Agenda	Performance Funding	Tuition and Aid Policy Focused on Attainment of Specified Outcomes

Basic Questions at State Level

- ▶ How Much to Allocate
- ▶ To Which Recipients—Students or Institutions
- ▶ Using Which Mechanisms

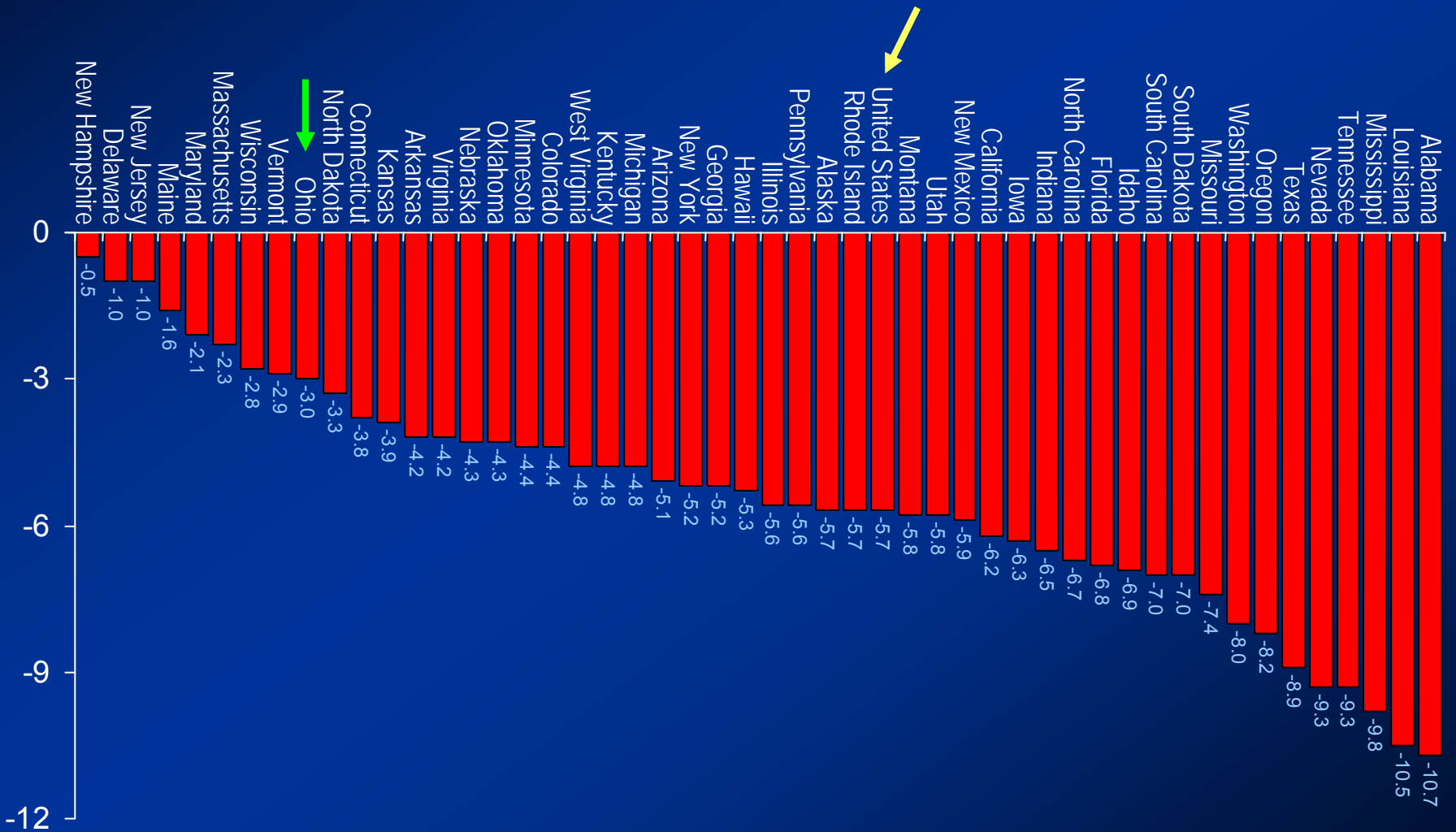
*The Financial Environment
for Higher Education*

State Tax Capacity and Effort—Ohio Indexed to U.S. Average



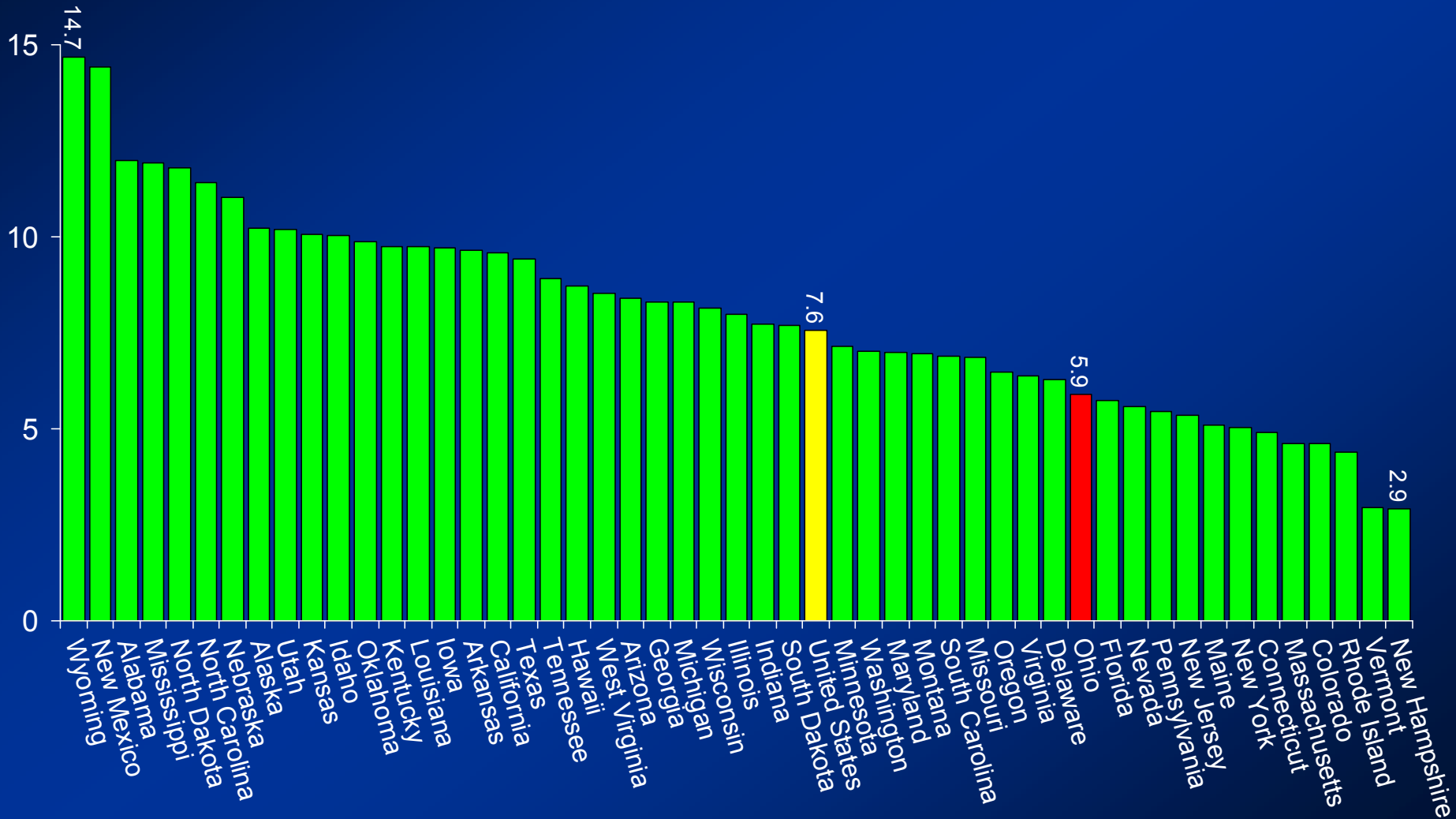
Source: State Higher Education Executive Officers (SHEEO)

Projected State and Local Budget Surplus (Gap) as a Percent of Revenues, 2013



Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2005

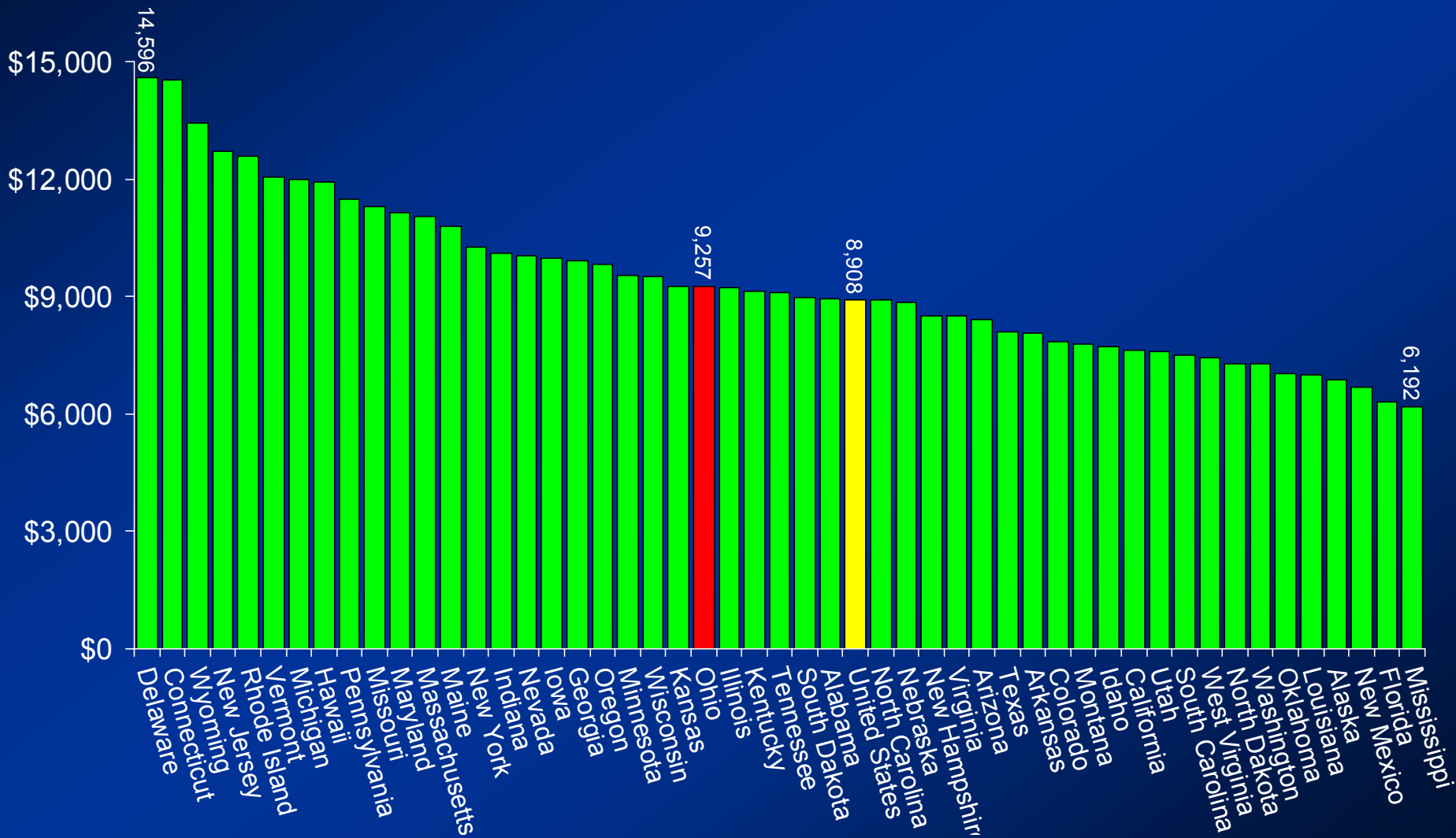
State Higher Education Priority—Higher Education Appropriations as a Percent of Tax Revenues, 2002-03



*Includes Appropriations to Independent Institutions

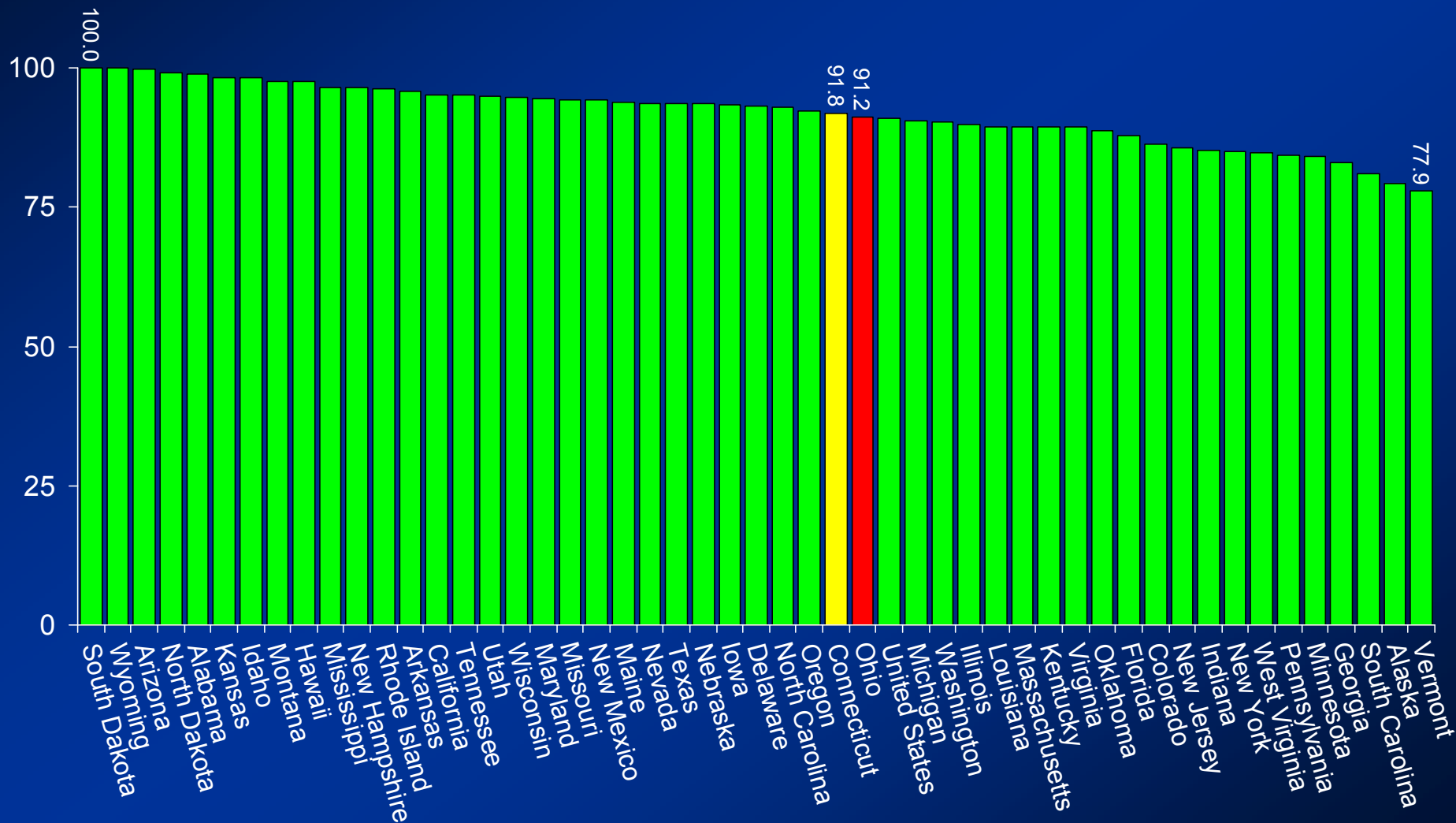
Source: SHEEO

Total Educational Revenues (State and Local and Tuition) Per FTE Student, 2003-04



Source: SHEEO

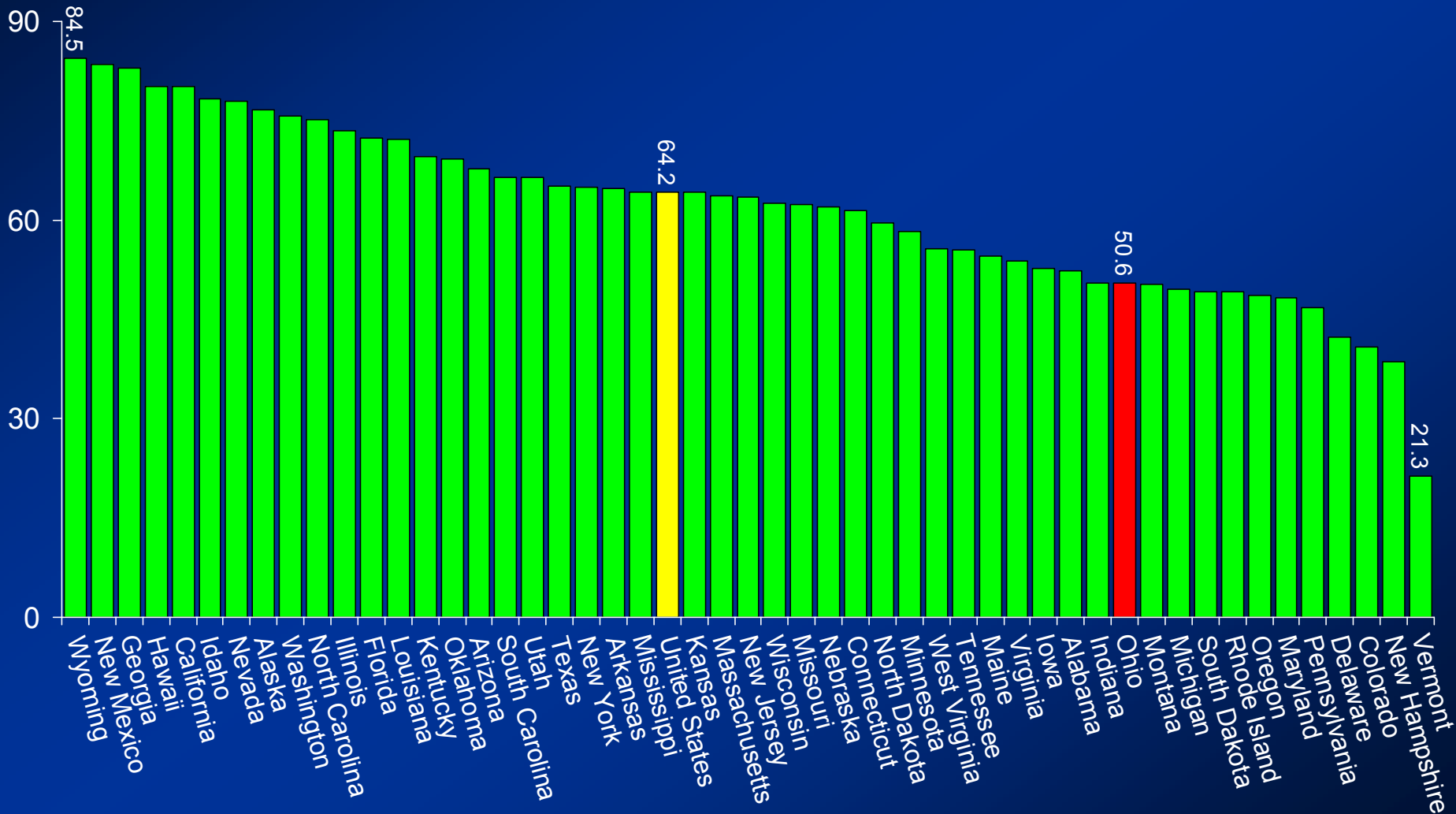
State and Local Support for Higher Education— Proportions Allocated Directly to Institutions, 2003-04



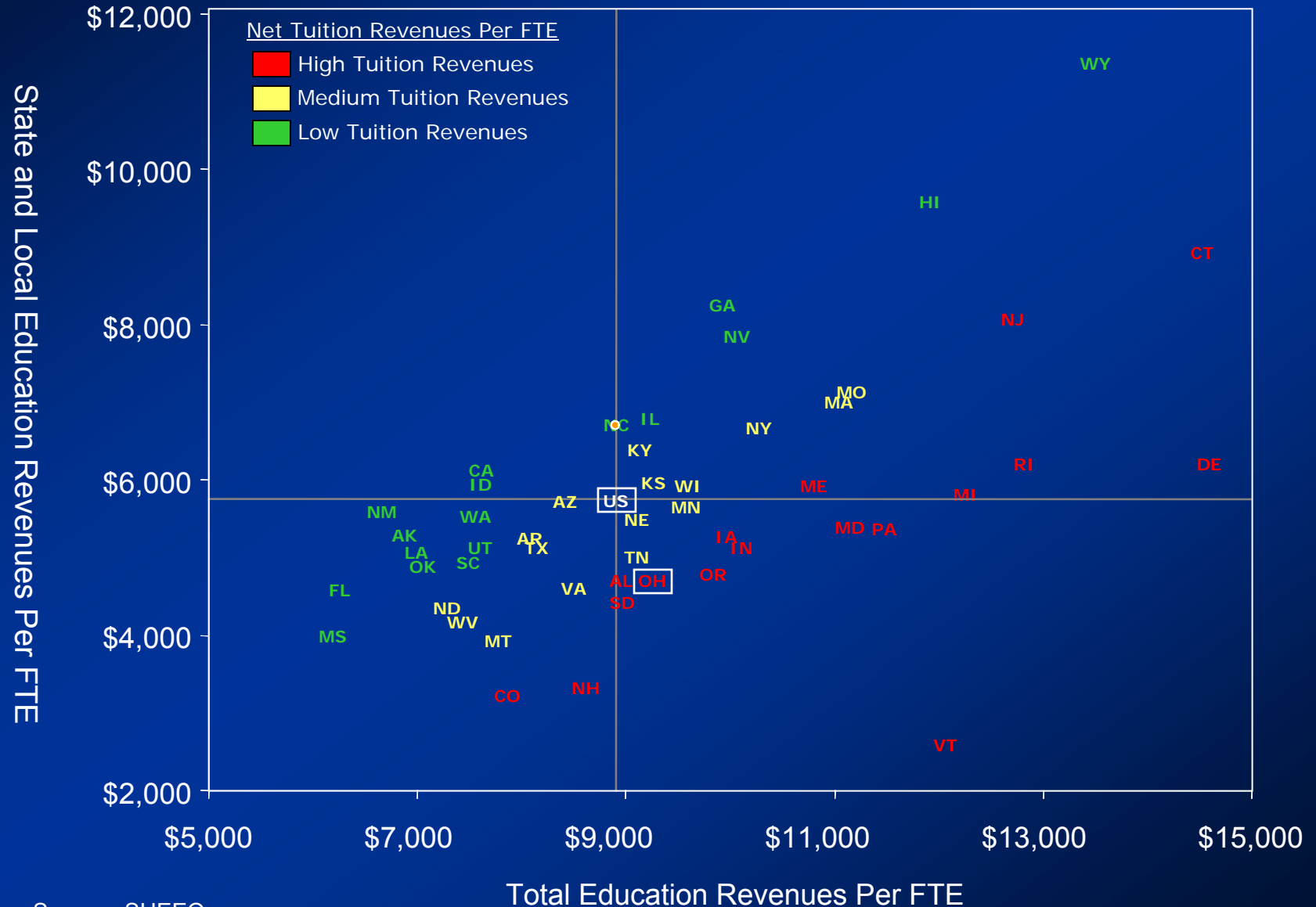
*Includes Appropriations to Independent Institutions

Source: SHEEO

Share of Institutional Funding for Higher Education Provided Through State Appropriations (Public Institutions), 2003-04



A Picture of State Higher Education Funding



State Tax Capacity and Effort—Ohio Indexed to U.S. Average

