
Overview

A key objective of the Strategic Plan for Higher Education is making college more affordable and accessible to Ohioans. Over the past two years, the University System of Ohio has made significant progress in providing affordable college education to students of every need. Universities, branch campuses, and community colleges have saved over \$250 million over the last biennium through increased efficiencies, while community colleges and branch campuses are enrolling record numbers of students who are choosing lower-cost pathways to a degree.

The single greatest factor to drive economic growth in Ohio is our ability to increase the state's overall educational attainment. This is a long-term goal that requires a sustained effort even in difficult times. The University System of Ohio is prepared to meet the challenges that the current economy and resulting state budget present. The FY10-11 budget is specifically constructed to allow for the University System of Ohio to implement innovative strategies that will minimize the impact of the budget reductions. This deliberate, systemic approach to challenges presented in this budget will better enable higher education to meet the increased demand for education in Ohio and create the workforce that will drive economic growth.

The FY10-11 budget maintains greater support for higher education than many previous budgets created in better economic situations. Regardless of a single budget's support, the Strategic Plan moves the University System of Ohio toward providing an accessible, affordable system of higher education.

Tuition/State Share of Instruction

Under the final budget agreement, all universities, branch campuses, and community colleges within the University System of Ohio will be able to raise tuition by up to 3.5% for the 2009-10 school year and up to 3.5% for the 2010-11 school year. While this potential tuition increase is more than planned in the governor's original budget proposal and in the budgets passed by either the House of Representatives or the Senate, it nevertheless is low by recent standards and represents a continued commitment by the University System of Ohio to keeping costs down for Ohio students and families during this severe economic downturn.

The state's support for the basic costs of running our universities and community colleges - known as the State Share of Instruction (SSI) - will be \$170 million less than in the budgets originally proposed by the governor and passed by the House, and \$190 million less than the budget passed by the Senate.

This decline in support, combined with the dramatic growth of enrollment this past year, will present challenges to our schools that will only partially be addressed by the tuition increase. These challenges are addressed in the budget agreement, and will be addressed by the leadership of the University System of Ohio, in several ways:

- * The budget agreement implements the state's new performance-based formula for funding universities, branch campuses, and community colleges within the University System of Ohio. This formula, which is receiving national recognition, commits resources to the most important objective - helping students complete courses and degrees.
- * The budget agreement provides language guaranteeing that each sector within the University System of Ohio will receive at least as much state support from the SSI in the 2010 fiscal year as was provided in the governor's budget proposal and the House passed version. Therefore, the amounts that schools have been using to build their budgets for FY10 will not change (other than through updating enrollment and completion data), and schools will have a full year to plan for the reductions that will occur from what they expected to receive in FY11. Schools will also be able to charge additional tuition in FY10 over what they originally planned, further allowing them to prepare for the FY11 reductions.

- * To accommodate the requirements of the American Recovery and Reinvestment Act (ARRA), some FY10 payments will be made in FY11.
- * Delaying the reductions in SSI to the second year of the biennium will allow the University System of Ohio time to launch a shared service/efficiency effort aimed at reducing costs to the schools and offsetting the projected loss in state funds without a decline in quality. Details on this effort will be released in the coming days.
- * The final budget agreement includes language that will enable the Chancellor to begin working with the Ohio Tuition Trust Authority to develop pre-paid and guaranteed tuition plans to help Ohioans lock in the long term affordability of the University System of Ohio.

Financial Aid

The FY 10-11 higher education budget was formulated with a working knowledge of the increase in funding for the federal financial aid programs:

- * Increased investments in the Federal Pell Grant Program and the Federal Work Study Program will benefit low-income Ohio students demonstrating the highest levels of financial need resulting in additional aid applied toward their college expenses.
- * Further decreases in Federal Stafford Loan interest rates will help make college more affordable to more students.
- * A more user-friendly, income-sensitive repayment option will be available to students already in repayment on student loans or about to enter repayment.
- * The creation of the American Opportunity Tax Credit will help countless students and families take advantage of a larger federal tax credit for a longer period of time beginning with the filing of their 2009 federal income tax returns.
- * The Ohio GI Promise will continue to work to take full advantage of the expanded federal veteran education benefits under the Post 9/11 GI Bill on behalf of Ohio residents and non-residents (and eligible dependents) enrolled in Ohio's higher education institutions.

The final budget agreement includes a reduction of \$224 million over the biennium in the amount of state funds devoted to need-based financial aid over the budgets originally proposed by the governor and passed by the House and Senate. The reductions will not have an immediate effect on the planning of community colleges, but will affect students attending university main campuses and some regional campuses.

The Board of Regents will be quickly sharing information with schools so they can inform their students of any impacts, and the Board of Regent's College Access Information Hotline will be operating extended hours and with additional staffing to accommodate all calls.

In addition, the impact of reductions in financial aid is addressed in the budget agreement in the following ways:

- * The budget agreement includes more funds in the first year of the biennium than in the second year, allowing the Board of Regents to keep aid flowing to as many students as possible for the coming year while helping students better prepare for the next school year.
- * The budget agreement authorizes far-reaching reforms of the Ohio College Opportunity Grant program to allow the Board of Regents to target available financial aid resources to the students most at risk and the students taking the necessary steps to succeed in college. Financial aid will become an incentive for students to succeed by completing courses and degrees, just as the SSI is an incentive to schools to help students succeed.

- * The budget agreement includes language authorizing the use of financial aid to match efforts of individual schools to help low-income and at-risk students with grants and scholarships. This effort, which builds on the successful experiments run in the past biennium, will incentivize schools to raise and commit more funds to need-based scholarships and help replace the funds lost from the state during this economic downturn.

The final budget agreement also:

- preserves OCOG funding for independent colleges and universities in Ohio. The exact standards for eligibility will be determined with the independent colleges in the coming days.
- funds current obligations to the Ohio Academic Scholars, so no students currently receiving a scholarship will lose their scholarship fully.
- maintains a commitment to the Choose Ohio First Scholarship and the National Guard Scholarship.
- does not contain funds for the non-need based Ohio Student Choice Grant.
- does not contain need-based funds for students at for-profit institutions.

Additional Budget Highlights

- The Eastern Gateway Community College is created to serve the community college needs in the Mahoning Valley
- University System of Ohio institutions will be required to meet efficiency goals of 3.0% in FY10 and FY11