

**Senate Finance Committee
Testimony of Jim Petro
Chancellor, Ohio Board of Regents
May 12, 2011**

Chairman Widener, Ranking Member Skindell, and Members of the Committee:

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 4 GRF line items and the reduction of funding for 34 of our 43 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. 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 and actually increases funding for the state's need based, financial aid program; the Ohio College Opportunity Grant (OCOG). The \$86 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 a 3.5% tuition cap helps ensure continued affordability at Ohio's 4-year institutions without putting too large of a burden on the institutions themselves, Ohio's community colleges who already offer affordable tuition receive more of the burden with a 3.5% cap. A monetary cap of \$200 for community colleges would continue to keep community colleges in Ohio affordable without placing an undue burden on the institutions themselves.

The Board of Regents' budget focuses primarily on providing state operating support for post-secondary institutions across Ohio, though there are many 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 originally reduced by only 2.5% to emphasize the growing importance and efficient use of technology through the shared service providers. In the current version of the budget bill, OhioLINK, the Ohio Learning Network, and the Ohio Super Computer Center received additional cuts which may prove detrimental to Ohio's educational technology systems.

The emphasis on today's public colleges and universities lies on shared services, operational efficiencies and the importance on developing stronger ties with workforce and the business community. These themes influence a number of higher education initiatives included in this budget, which are listed below:

Enterprise 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 an enterprise 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. The House passed version of House Bill 153 contains a provision that would require approval of the enterprise university plan by the General Assembly. I fully support this provision.

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.

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.

Increased Faculty Workloads

There was language in the executive budget proposal that would have required our state's institutions to have each full-time faculty member teach at least one additional course each two year period than they did the previous two years. This language was removed in the version of the budget that stands before you today. I would like to see a push for increased faculty workloads included in House Bill 153.

Chairman Widener, Ranking Member Skindell, and members of the committee, I Thank you allowing me to speak today. I would be happy 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.