

- **The Higher Education Purchasing Commission**. The Board of Regents estimates that the Commission is likely to require a director and administrative support staff with a cost of approximately \$150,000 per year. The Board of Regents also indicates that reimbursement for Commission members' expenses and maintenance could cost an additional \$50,000 per year.
- **Community college system**. The creation of a community college system spanning all areas of the state is likely to have capital and some other one-time costs in the short run, however, it is impossible to estimate those costs at this time. To the extent that this system attracts more students to pursue post-secondary education, state-subsidy and tuition revenue for higher education could also increase.
- **State-assisted colleges and universities**. The bill authorizes the Board of Regents to approve or disapprove degree programs and set in-state undergraduate tuition ranges. Any decisions made by the Board of Regents in these two areas could affect enrollment, revenues, and expenditures of individual state-assisted colleges and universities. The Higher Education Purchasing Commission could potentially decrease institutions' expenditures through shared contracts. The establishment of a community college system could require changes to colleges' and universities' spending in order to make resources and courses available in all areas of Ohio. Such a system could also result in additional state subsidy and tuition revenue to provide services for additional students.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The Board of Regents is a nongoverning entity that guides the development of higher education policy and coordinates policy implementation. The Board makes policy recommendations and administers state funding and financial aid for institutions of higher education and is responsible for approving institutions' program changes, collecting data, and providing fiscal and operational oversight of public institutions of higher education. Currently, the Board of Regents does not exercise direct managerial control over individual institutions of higher education.

Currently, the Chancellor of the Board of Regents is appointed by the Board. The bill requires the Board's appointment of the Chancellor to be subject to approval of the Governor and makes the Chancellor a member of the Governor's cabinet. The bill also expands the authority of the Board in regulating public institutions of higher education and makes some other changes to higher education law. The analysis, below, discusses each of the major provisions that have fiscal effects on the state or public institutions of higher education.

Master Plan

The bill calls for the Board of Regents to create a Master Plan that will include goals for higher education and plans to implement those goals. The Master Plan will address six major areas of improvement:

- (1) Access to affordable, high quality higher education for all Ohioans, with a focus on credit transfer and academic preparation in high school;
- (2) Student success and degree attainment;
- (3) Identification and evaluation of excellent academic programs;
- (4) Elimination of duplicate programs, services, and facilities;
- (5) Achievement in scientific and technical development to meet Ohio's economic needs;
- (6) Research and workforce development programs to create economic opportunities.

According to the Regents, the Master Plan mandated by the bill would require research beyond that in which the agency is already engaged. The Regents estimates that it would require several additional resources including: one senior staff member devoted full-time to management and coordination of the plan, one employee to act as administrative support, paid consultants and expenses for travel, accommodation, supplies, etc. The Regents has produced two other master plans before and estimated approximately \$250,000 in costs to recreate the process. Once the Master Plan is created, the Regents indicates that the ongoing costs of updating the Master Plan would be minimal.

Administration of program reviews and tuition ranges

The bill would give the Board of Regents the authority to implement their statewide goals of higher education, including the power to mandate a minimum and maximum in-state undergraduate tuition to each of Ohio's state-assisted colleges and universities, create degree programs that are in the state's interest, and eliminate degree programs and program funding that they deem redundant.

The additional administrative responsibilities associated with approval and disapproval of colleges' and universities' programs and the responsibilities of setting tuition ranges would also require additional costs. The Regents indicates that additional external contractors would be needed to conduct more in-depth program reviews required by the bill and estimates that, at 20 reviews a year, the cost would be approximately \$100,000 for consulting services. The determination of tuition ranges would require additional staff as well. According to the Regents, the required man hours could range from one-quarter of a full-time equivalent staff member if only basic administration is required, to one full-time senior finance staff member if a detailed study is required. The Regents estimates that a small staff commitment would cost approximately \$35,000 - \$40,000 per year. The commitment of a full-time senior staff member could cost approximately \$100,000 per year.

Individual state-assisted institutions of higher education could be affected by the changes made in the bill. Tuition ranges set by the Board of Regents could be higher or lower than the ones individual institutions may establish themselves, therefore affecting their tuition revenues and expenditures. If the Regents disapproves and dissolves programs, enrollment could decrease at affected institutions, lowering their tuition revenues and state funding. Enrollment could increase at institutions with new programs mandated by the Regents and at institutions that retain a program when duplicate programs at other institutions have been removed, increasing their tuition revenues and state funding to pay for additional services.

The Higher Education Purchasing Commission

The new Higher Education Purchasing Commission established by the bill would research ways in which state-assisted colleges and universities can save money through joint purchasing contracts. The Commission would include representatives from the state institutions of higher education, the Board of Regents staff, and the Department of Administrative Services, and would have the authority to mandate joint purchases.

The Regents suggests that the Higher Education Purchasing Commission would likely have a full-time employee serving as Director of Collaborative Planning and one additional employee for administrative support. It estimates that these two employees would cost \$100,000 and \$50,000 respectively, per year. The meetings necessary to coordinate the institutions' representatives, the Board of Regents' employees, and Department of Administrative Services' representatives would likely require reimbursements for travel, and possibly space and equipment rental. The Regents estimates that these costs could amount to approximately \$50,000 annually. Notably, the purpose of the Commission is to identify areas in which institutions of higher education can save money and the Commission could indirectly decrease individual institutions' expenditures in the long run.

Community college system

The bill proposes the development of a statewide community college system. The system is an effort to ensure local availability of higher education for all Ohioans, establishing community college options within a reasonable distance from all Ohio communities. The creation of such a system could also require additional costs; however, the Regents indicates that it is difficult to quantify these costs at this time. The system is likely to require some additional capital investments and other one-time costs in the short run. Individual colleges and universities may have to make some changes to their existing resources to accommodate this newly created system. To the extent the system attracts more Ohioans to pursue post-secondary education, colleges and universities may experience additional tuition revenues and state funding to provide additional services.

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