

Affordability & Efficiency – Report to Ohio Department of Higher Education

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Ohio Task Force on Affordability & Efficiency

THE CHARGE

- Former Governor Kasich's Executive Order 2015-01K established a new task force to review and recommend ways in which all state-sponsored institutions of higher education can impact affordability based on three key needs:
 1. Increase efficiencies via expense management and generate new resources
 2. Protect and enhance the quality of education
 3. And decrease costs to students and their families
- The Governor assembled a task force of eight members consisting of corporate leaders and legislative leaders and led by Ohio State as the university had efficiency initiatives already underway since 2012
- Statewide collaboration was coordinated between an
 - Advisory Panel (Intra-University Council and Ohio Association of Community Colleges) and
 - Institutional Councils (Representatives from each college and university)

Ohio Task Force on Affordability & Efficiency

INITIAL RECOMMENDATIONS

- Institutions to set 5-year goals for savings and revenue generation
- Assets and operations review to outsource, dispose or find private partners
- Administrative cost reforms to streamline and reduce costs
- Joint procurement and requirement of employees to use new/expanded vendor contracts
- Textbook affordability initiatives and consortiums
- Duplicative/low-enrollment programs consolidated or retired
- Time to degree initiatives to complete in 4-years to avoid costs and reduce debt
- Use of savings to be used to directly reduce student costs
- Annual reports approved by the Board of Trustees Finance & Investment Committee

Ohio State Historical Report Summary

- **2016:** Since FY12, the university produced cumulative savings of \$190M by utilizing the university's buying power to drive both savings and quality enhancements. In FY16, the university saved \$50M through strategic procurement compared with contracted rates in FY12.
- **2017:** Administrative efficiencies funded \$60M in President's Affordability Grants and the comprehensive energy management partnership provided \$1.165B in resources to further support the academic mission and student financial aid.
- **2018:** Elimination of 278 course fees, and piloted digital textbook program that reduced student textbook costs by 75% saving students \$1.9M a year. Established joint oversight board between co-located regional campuses producing \$5.4M in efficiencies.
- **2019:** \$155.4M of cost savings/avoidance and the ongoing commitment to strategic procurement initiatives saved \$64M in FY19, which produced \$388M in cumulative savings since 2012 through negotiating 960 university supplier contracts.
- **2020:** Transitioned 12,000 courses online and processed 46,000 student housing and dining refunds in response to COVID-19. In the same year, generated \$220M in efficiency savings.
- **2021:** Reported \$497.9M in strategic procurement cumulative savings since FY12 with \$46.3M saved in FY21. Financial controls implemented, including a hiring pause, a reduction in travel and business-essential-only spending, created \$194.8M in university operational efficiency savings, \$103.7M in medical center savings and \$44.7M in capital efficiencies, totaling \$343M in FY21.



Ohio State 2022 Report Summary

- **Regional Compacts:** Ohio State is sharing resources to address workforce needs by developing stackable certificates and micro-credentials through interdisciplinary offerings.
- **Regional Campuses:** Co-located technical colleges’ sharing expenses for personnel, public safety and academic support services saving in total \$4.9M.
- **Textbook Affordability:** Through partnerships between Ohio State colleges, faculty adopt open educational resources (OER) and reduce textbook costs.
 - This partnership, established in 2016, has saved students \$18M on the cost of course materials using OER and freely available course materials.
- **Policy Reforms:** Ohio State implemented the *Second Chance Grant Program* as described in SB 135 effective July 21, 2022, providing one-time grants for qualifying disenrolled students in good standing to return to complete their degree.
- **Student Debt:** Ohio State is focused on affordability for all students, and our continuing efforts have reduced student debt numbers for graduates for each of the past four years.
 - In FY21, less than half (46%) of Ohio State’s bachelor’s degree recipients graduated with debt, and these borrowers graduated with debt of \$26,772 on average. For the 2017 graduating class, 53% had debt at the time of graduation, with an average debt balance of \$28,158.
- **Future Goals:** The State of Ohio can further support the strength, resiliency and reputational excellence in Ohio’s post-secondary education system by:
 - Providing additional state appropriations in FY24 and FY25 would further support affordability initiatives as we prepare the workforce and develop entrepreneurs for the state's economy.
 - Enhancing support for CFAES Extension and Veterinary Medical line items as these programs benefit the state as a whole.
 - The State using cash balances to assist institutions with deferred maintenance and facility demolition costs.

REGIONAL CAMPUS	FY22 BUDGET	SAVINGS
Lima	\$13M	\$1.8M
Mansfield	\$13M	\$1.0M
Marion	\$16M	\$1.2M
Newark	\$33M	\$0.9M

Operational Excellence Scorecard (Q1 FY23)

Operational Efficiency Enterprise Progress to Goal: \$85M

Efficiency Savings	FY23 Target	FYTD23 Actual	Progress to Goal	Status
University	\$25M	\$6.6M	26%	
OSUWMC	\$30M	\$9.1M	30%	
Capital Efficiencies	\$30M	\$7.9M	26%	