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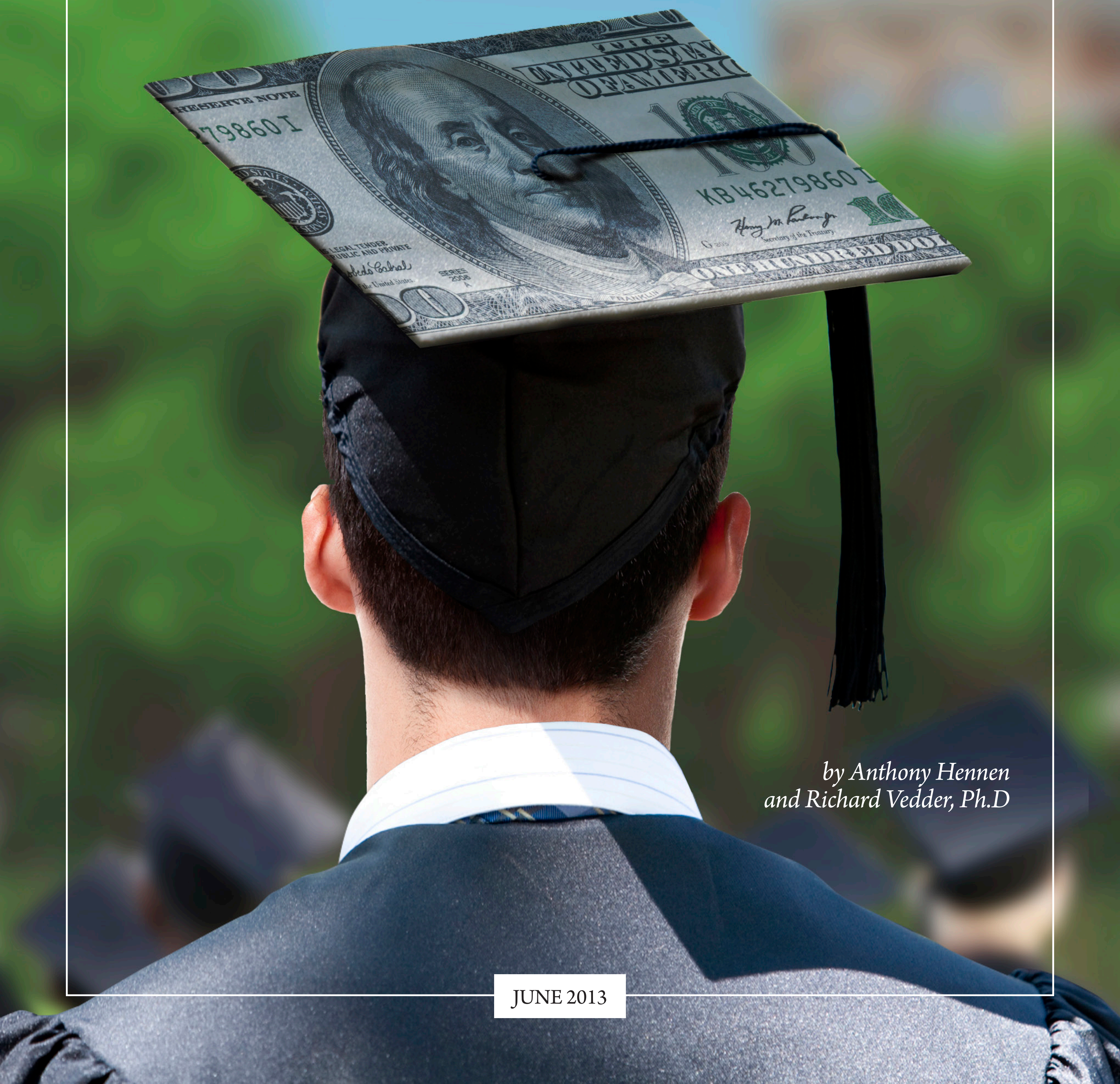
Ohio's Higher Education Budget

A Commendable If Modest Action Plan



by Anthony Hennen
and Richard Vedder, Ph.D

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THE BUCKEYE INSTITUTE *for* PUBLIC POLICY SOLUTIONS
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Why This Report Matters to You

American higher education has been plagued by rising costs that have saddled many students and recent graduates with massive debt. This financial burden has raised questions about whether the benefits obtained justify public subsidies. Ohio Governor John Kasich has attempted to ameliorate some of the burden through a revamped system for Higher Education subsidization that focuses on graduation while also capping tuition and general fee increases. The long-term impacts of these changes will help determine the efficacy of Ohio's Higher Education system.

Executive Summary

As part of Governor Kasich's Higher Education plan, appropriations will remain at $2.37 billion for FY2014 and will increase to $2.42 billion in FY2015. In-state undergraduate tuition and general fees will be capped at two percent increase over charges from the previous academic year or two percent "of the statewide average cost, by sector." However, most notably, the Governor's plan will make degree completion a major factor—50 percent—in determining total university funding from the State Share of Instruction (SSI). The plan also ends a redistributive mechanism that reduced university allocations for each fiscal year in order to help mitigate financial losses for low-performing institutions and eliminates several earmarks for community colleges and regional campuses. Meanwhile, 25 percent of the SSI funds for community and technical colleges will be distributed based on course completions, not enrollments.

This report finds that the shift from enrollment to degree completion represents a commendable, yet modest plan. The plan marks a step toward improving universities' awareness of campus performance and achieves progress in transparency and accountability. The plan presents the Higher Education system with much needed, and previously non-existing, pressure to become more efficient. Yet the potential for a lowering of standards across the board and grade inflation remain legitimate concerns, making it essential that incentives are properly aligned and the funding model remains accessible and open to revision. Ultimately, the plan continues to fund institutions and not individuals. Thus, while it will likely improve the public education system in Ohio, there remain numerous bold actions on the table that could be pursued in the hope of transforming it more comprehensively for the 21st Century.

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Introduction

American higher education has been plagued by rising costs and increased uncertainty as to whether the benefits obtained justify public subsidies. In this short study, we do not assess those broader issues, but rather focus on the question: Is Governor John Kasich's proposed biennial budget for higher education moving in a positive direction?

We conclude that the Governor's higher-education budget lacks the boldness of some of his other proposals, such as the 50 percent income tax cut for small business (pass through entity) income up to $750,000 to enhance Ohio's lackluster rate of economic growth. For example, the governor could have recommended radically moving to a new higher-education financing approach where funds are disbursed to students, not institutions, with performance standards built into the scholarship awards (or vouchers) that enhance student and institutional performance. Positive experience with that approach at the K-12 level suggests it has considerable promise, and makes higher education more responsive to the needs of students.

While the Governor's higher-education proposal might be best described as more modest than we would have hoped, that does not mean it is "bad." It has one well-intentioned, mostly positive, move: give schools more funding based on performance rather than student attendance. It implicitly recognizes that higher education acts as more of a private than a public good, and the very modest funding enhancements proposed are actually slight reductions adjusting for probable inflation and, perhaps, enrollment changes. Given limited public resources, that is probably a fiscally prudent move.

The Governor rightly shares the public concern over rising tuition costs, and proposes to address this by imposing a two percent tuition cap for in-state students, a probable freeze in an inflation-adjusted sense. We have real reservations about government attempts to fix prices, as historically they have led to all sorts of inefficient market distortions, such as shortages and deterioration in quality. Yet this is already a market where government intervention greatly impacts prices, and while we would prefer an approach that offers greater institutional autonomy, the intent here is good. Again, however, the law of unintended consequences may be at work: to get around tuition increases, schools may enroll more out-of-state students (free of tuition controls), thereby depriving Ohioans of some educational opportunities. Room and board fees might be adjusted upward more than otherwise to raise revenues, etc.

Because it is, strictly speaking, less of a direct budgetary issue, we do not address some efforts to raise faculty teaching loads by statutory mandate. A very good case can be made that faculty resources are underutilized and, for example, some faculty research is trivial and unproductive. Yet trying to use a one-size-fits-all approach to micromanaging university resources is often counterproductive. Still, since this does not involve directly state allocation of higher education resources, we do not discuss the issue further below.

The Devil Is in the Details

"Modest" encapsulates Kasich's proposal. Funding levels slightly increase, some earmarks disappear, and tuition and general fee increases face a cap. The boldest change comes from a greater shift to performance-based funding, following the lead of states such as Tennessee, which funds its system based on degree completion rather than enrollments. However, performance-based funding models, at the proportion Governor Kasich recommends, are relatively new, and the incentives inherent in the model must be scrutinized and revised to avoid unintended consequences. The benefits and pitfalls are not entirely clear at this time.

Governor Kasich's proposed budget will keep appropriations at $2.37 billion for FY2014 and will increase to $2.42 billion in FY2015.[1] That is consistent with recent funding that stays relatively flat, slowly increasing since the recession. Appropriations amounted to $2.19 billion in FY2011, $2.2 billion in FY2012, and $2.3 billion in FY2013.[2] The four-year proposed increase from FYs 2011 to 2015 is less than 11 percent, essentially a flat figure after allowing for inflation and very modest population growth. For two-year and four-year public colleges, any increases of in-state tuition and fees would be capped at two percent per year from the previous year. Funding for four-year universities would shift away from enrollment figures to graduation rates, and "half of the funding would be linked to course completion rates."[3] Twelve states (including Ohio) have performance-based funding models in place, and another four states are transitioning, but most models determine less than 10 percent of the total funding.[4] Tennessee passed the Complete College Tennessee Act of 2010, which replaced their funding formula with a wholly outcomes-based model that will be implemented over four years.[5]

Gov. Kasich proposes modest increases in spending and treads lightly where such cau-

1 Ken Marshall, *The Cleveland Plain Dealer*, "9 graphical things to know about Gov. Kasich's Ohio budget proposal," February 8, 2013, http://www.cleveland.com/open/index.ssf/2013/02/9_graphical_things_to_know_abo.html.

2 State of Ohio Budget Summary, p. 3, http://media.obm.ohio.gov/OBM/Budget/Documents/operating/fy-12-13/bluebook/Book3-Budget_Summary-FY2012-2013.pdf.

3 Marshall, Ibid.

4 National Conference of State Legislatures, "Performance Funding for Higher Education," February 2013, http://www.ncsl.org/issues-research/educ/performance-funding.aspx.

5 Thomas L. Harnisch, "Performance-based Funding: A Re-Emerging Strategy in Public Higher Education Financing," American Association of State Colleges and Universities, June 2011, http://www.congressweb.com/aascu/docfiles/Performance_Funding_AASCU_June2011.pdf.

Table 1: The Budget in Brief

Spending Category	Proposed Changes
Budget appropriations	Appropriations remain at $2.37 billion for FY2014, but increase to $2.42 billion in FY2015.
College affordability	Limits in-state, undergraduate tuition and general fee increases to 2 percent over charges from the previous academic year or two percent "of the statewide average cost, by sector."
Improving university degree completion	Degree completions determine 50 percent of the total university funding from the State Share of Instruction.
Eliminate stop-loss	Ends a redistributive mechanism that reduced university allocations for each fiscal year to help mitigate financial losses for low-performing institutions.
Earmark reform	Eliminates two earmarks, the Access Challenge and Supplemental Tuition Subsidy, for community colleges. University regional campuses lose the Access Challenge and plant operation and maintenance (POM). The $67 million from those earmarks will be awarded through the new formula. The Access Challenge and plant operation and maintenance earmarks end in FY2016 for university main campuses.
Community and technical college degree completion	Starting in FY2014, 25 percent of the SSI funds will be funded based on course completions, not enrollments.
Financial aid	Priority funding for the War Orphans Scholarship, National Guard Scholarship, Choose Ohio First Scholarship, and Ohio College Opportunity Grant, with "modest appropriation increases."
Success Point review	Success Points, an incentive system that links community-college funding to student achievement, will be reviewed and revised.
Teaching loads	Discussions in place for modifying teaching loads.

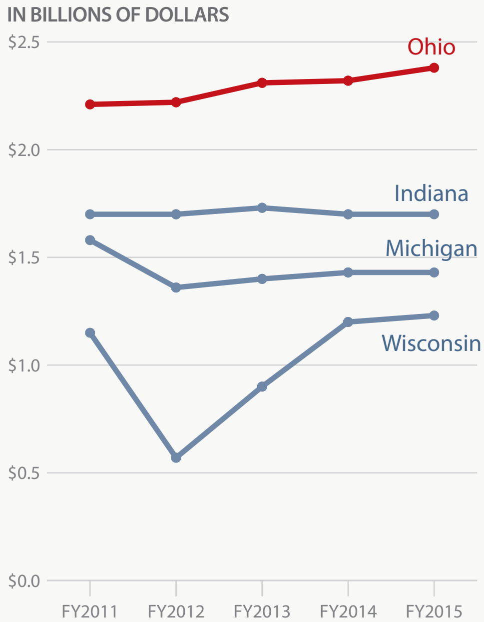
Source: Ohio executive budget highlights, p. 17, http://media.obm.ohio.gov/OBM/Budget/Documents/operating/fy-14-15/bluebook/budget/Highlights_14-15.pdf.

tion isn't necessary. Capping in-state tuition might cause a drop in quality or a transition to less-than-transparent costs; increasing fees to replace lost revenue, for instance, has proved to be popular in recent years.[6] Tuition freezes, while politically popular, don't address underlying factors that drive up costs. A freeze on tuition and general fees doesn't prevent new technology fees, parking fees, or academic fees from appearing on students' bills. In the short run, students might save on tuition, but the freezes are meaningless if universities do not limit spending or develop new revenue streams. And if a greater focus is put on non-price controlled admissions (out-of-state and foreign students), Ohio students could well be crowded out of some educational options.

Allowing graduation rates to play a bigger funding role can prompt a stronger focus on quality, if implemented well. But what would prevent schools from lowering standards to enhance graduation rates? What if it encourages already excessive grade inflation? The efficacy of a graduate-rate-spending model is indicated by the title of this section: the devil is in the details.

6 Paul D. Thacker, "A Fee That Is Not a Fee," *Inside Higher Ed*, November 9, 2006, http://www.insidehighered.com/news/2006/11/09/enhancement; Andrew Mytelka, "Worcester State U. Students Complain of 'Pedestrian Access Fee,'" *The Chronicle of Higher Education*, January 21, 2013, http://chronicle.com/blogs/ticker/jp/worcester-state-u-students-complain-of-pedestrian-access-fee; and Allie Grasgreen, "Fed Up With a Fee," *Inside Higher Ed*, May 1, 2013, http://www.insidehighered.com/news/2013/05/01/new-mexico-students-protest-continual-athletic-fee-increase.

Chart 1: State Appropriations for Higher Education



Source: National Center for Higher Education Management Systems.

In principle, however, reducing excessive spending through constraining tuition revenues and state appropriations, as well as greater university evaluation on the basis of performance, not on enrollment, would be strong steps in improving the efficiency of Ohio's higher-education institutions while making them more competitive regionally and nationally.

Comparing states in the Midwest, Ohio fares favorably. Adjusted for inflation, the average state has decreased spending per higher education student by 28 percent from FY2008 to FY2013. Ohio cut spending by 28.9 percent, Michigan by 32.4 percent, Indiana by 17.2 percent, and Wisconsin by 17.5 percent. To cover that shortfall, most states opted to increase tuition, among other alternatives. Adjusted for inflation, the average state increased tuition by 27 percent from FY2008 to FY2013. Ohio's public four-year colleges and universities have increased tuition by 2.8 percent (only Maryland imposed a smaller increase), Michigan by 19.5 percent, Indiana by 15.1 percent, and Wisconsin by 23.2 percent.[7]

Governor Kasich's budget recommendations for higher education keep spending at $2.37 billion in FY2014 (a 0.6 percent increase from FY2013) and increases to $2.42 billion in FY2015 (a 2.3 percent increase from 2014).[8] For comparison, Michigan's proposed higher-education budget for FY2014 and FY2015 totals $1.43 billion for each year.[9] Indiana spent $1.7 billion in FY2012-2013 and increases that modestly to $1.78 billion in FY2014, then $1.84 billion in FY2015.[10] Wisconsin increases higher-education appropriations by $181 million to a total of $1.23 billion in FY2014-2015, ties more aid to performance models like graduation rates, job placement, and worker training in high-demand fields.[11] Ohio has the largest population of the four with 11.5 million people as of July

7 Phil Oliff, Vincent Palacios, Ingrid Johnson, and Michael Leachman, "Recent Deep State Higher Education Cuts May Harm Students and the Economy for Years to Come," Center on Budget and Policy Priorities, March 19, 2013, http://www.cbpp.org/cms/?fa=view&id=3927.

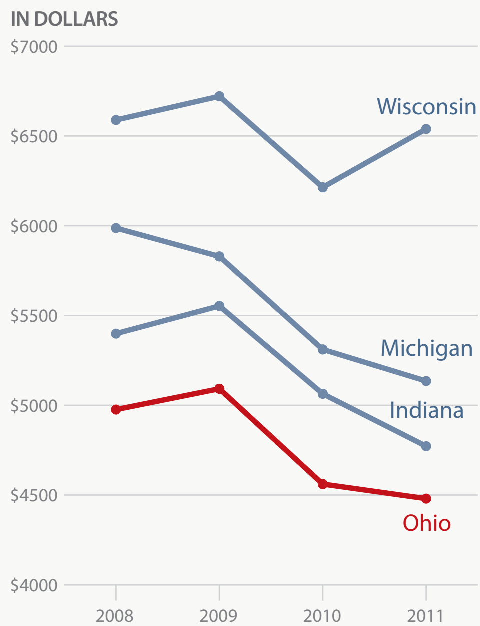
8 Ohio executive budget highlights, p. 3, http://media.obm.ohio.gov/OBM/Budget/Documents/operating/fy-14-15/bluebook/budget/Highlights_14-15.pdf; and Ohio executive budget summaries, p. C-8, http://media.obm.ohio.gov/OBM/Budget/Documents/operating/fy-14-15/bluebook/budget/Section-C_14-15.pdf.

9 Michigan executive budget, p. 148, http://www.vpcomm.umich.edu/budget/pdf/2014-Exec-Article-III.pdf.

10 Indiana higher education appropriations, Table 1, http://www.in.gov/che/2434.htm; and Indiana submitted budget, base budget, general fund category summary, http://www.in.gov/sba/2603.htm.

11 Dan Simmons, "Budget: Higher education satisfied with funding," *La Crosse Tribune*, February 20, 2013, http://lacrossetribune.com/budget-higher-education-satifised-with-funding/article_85570184-a052-5748-a99f-ce93bccf31ed.html; and Wisconsin Budget in Brief, p. 28 and 93, http://www.doa.state.wi.us/debf/pdf_files/bib1315.pdf.

Chart 2: State and Local Support per Full-Time Student



Source: National Center for Higher Education Management Systems.

2012, compared with 9.8 million in Michigan, 6.5 million in Indiana, and 5.7 million in Wisconsin.[12] However, Ohio spent the least per student in 2011 at $4,480.[13] Indeed, Ohio is among the most frugal in public spending per student, with only Vermont, New Hampshire, Colorado, South Carolina, and Oregon spending less per student than the Buckeye State.

As tuition and fees increase, Ohio should focus on alternative approaches that evaluate the efficient use of funds, recognizing the political reality that the proportion of state support probably won't return to pre-recession levels (though higher education funding isn't threatened by cuts like it was after the recession), and should strive to provide a quality education that doesn't leave 68 percent of students with an average debt load of $28,683.[14] New allocation models should reward universities for outcomes rather than enrollments; the widespread enrollment model encourages expansion and spending instead of a focus on educating and graduating students.

To that end, the expansion of performance-based funding in the budget comes at a propitious moment. Specifically, the budget proposal allocates 50 percent of funding from the State Share of Instruction for degree completions. The number of graduating students determines the funding that universities receive. For community colleges, funding will also shift from rewarding course enrollments to rewarding degree completion. Beginning in fiscal year 2014, 25 percent of the state share of instruction funds available to community and technical colleges will shift to that model.[15]

That funding approach, when successfully implemented, can have myriad advantages over the common model. Universities can improve their awareness of campus performance, better understand the relationship between state and institutional priorities, achieve progress in transparency and accountability, and gain productivity.[16] There are issues, however. Not only

12 U.S. Census Bureau, https://www.google.com/publicdata/explore?ds=kf7tgg1uo9ude_&ctype=l&strail=false&bcs=d&nselm=h&met_y=population&scale_y=lin&ind_y=false&rdim=country&idim=state:39000:26000:18000:55000&ifdim=country&hl=en&dl=en&ind=false&icfg&iconSize=0.5.

13 National Center for Higher Education Management Systems, http://www.higheredinfo.org/dbrowser/index.php?measure=36.

14 *Chronicle of Higher Education*, tuition and fee database, http://chronicle.com/article/Searchable-Database-Tuition/48879/; Doug Lederman, "State Budgeters' View of Higher Ed," *Inside Higher Ed*, March 27, 2013, http://www.insidehighered.com/news/2013/03/27/state-state-funding-higher-education; and Project on Student Debt, state-by-state data, http://projectonstudentdebt.org/state_by_state-data.php.

15 Ohio executive budget highlights, p. 17, http://media.obm.ohio.gov/OBM/Budget/Documents/operating/fy-14-15/bluebook/budget/Highlights_14-15.pdf.

16 Harnisch, Ibid.

the quality issues raised above, but also: What is the appropriate time that should be allowed for students to graduate without the institution being penalized financially? Since colleges imply degrees take four years to complete, a strong case can be made for four-year graduation rates. Yet some programs with heavy internship/coop proponents (e.g., engineering at the University of Cincinnati) are designed as five-year degrees, and some working students might make the economic decision to avoid fully maximizing their course load. As a general rule, institutions should be incentivized to reward speedy graduation. Why not simply cut off all funding for students in, say, bachelor degree programs, who already have earned more than 135 semester credit hours?

Between 1979 and 2007, 26 states tried performance funding, 14 abandoned their programs, and, since then, two have returned to it. Ohio experimented with performance-based funding in the late 1990s, and former governor Ted Strickland promoted performance-based models during his tenure.[17] With a performance-based model from FY1999 to FY2003, the median time for a bachelor's degree in Ohio dropped from 4.7 to 4.3 years, holding steady until 2007. In addition, "persistence and completion, especially for at-risk students, increased steadily" during that time, which lends tepid support to the model, though the low proportion of funds dependent upon it doesn't necessarily support a performance-based model as the driver of success.[18] However, Tennessee found that "a small amount of funds (5 percent of the budget) had a large impact," and Florida community colleges saw an 18 percent increase in enrollment, but a 43 percent increase in degrees and certificates awarded from 1996 to 2007, with less than 5 percent of funds dependent upon a performance-based model.[19] Were such low levels of funding enough to create dramatic improvement, it'd be surprising that more states wouldn't adopt a similar, expanded model. Or, to take a more cynical interpretation, for such anecdotes to be definitive, institutional inertia would have had to prevent successful expansion, which hampered higher-education.

Tennessee has seen moderate success and more focus on students with their model, but most states with performance-based funding use it to allocate less than 10 percent of total funding.[20] States that allocate little funding for performance-based models, however, don't seem to provide a sound basis for significant results, as the majority of funds depend upon recruiting and enrollment, which prevents a shift in incentives.[21] A token share of funding allocation

17 Harnisch, Ibid.

18 Brenda Norman Albright, Lumina Foundation, "Making Opportunity Affordable Initiative, Higher Education Performance Funding 2.0, 2009," http://www.collegeproductivity.org/sites/default/files/tipsheetonperformancefunding.pdf; and Matthew Crellin, Darrell Aaron, David Mabe, and Courtney Wilk, "Catalyst for Completion: Performance-Based Funding in Higher Education, A Case Study of Three States," New England Board of Higher Education, March 2011, http://www.nebhe.org/info/pdf/PerformanceFunding_NEBHE.pdf.

19 Albright, Ibid.

20 Eric Kelderman, "With State Support Now Tied to Completion, Tennessee Colleges Must Refocus," *The Chronicle of Higher Education*, October 1, 2012, http://chronicle.com/article/Completion-Is-New-Key-to-Cash/134752/; and Richard Locker, *PolitiFact*, November 11, 2012, http://www.politifact.com/tennessee/statements/2012/nov/11/bill-haslam/tennessees-outcomes-based-college-funding-model-al/.

21 Doug Lederman, "Does Performance Funding Work," *Inside Higher Ed*, July 25, 2011, http://www.insidehighered.com/news/2011/07/25/study_examines_impact_of_state_performance_based_funding_on_graduation_retention; Dylan Scott, "Performance-Based College Funding is Coming Stateside," Governing, February 2013, http://www.governing.com/topics/education/gov-performance-based-college-funding-coming-stateside.html; and T. Sanford and J. Hunter, Impact of Performance Funding on Retention and Graduation Rates, 2011, Education Policy Analysis Archives, pp. 19 and 33, http://epaa.asu.edu/ojs/article/view/949/939.

Kasich's proposal for Ohio to reach a 50 percent allocation would bring scrutiny on the state, but also praise and a useful model for other states to duplicate, if done well.

might provide the basis for an expanded model, but cannot definitively claim to drive institutional change. Without a significant level of funding at stake based on performance results, universities have little incentive to change policy.

Indiana introduced performance-based funding in 2007 that focuses on improving transfer rates from community colleges to four-year universities, as well as the number of degrees awarded, though it doesn't factor in the time taken to finish a degree, or a student's status as full-time or part-time.[22] Indiana will allocate 5 percent of its higher-education budget for FY2011-2013 with a performance-based model, and expects this allocation to increase to 7 percent by 2015.[23] Texas Governor Rick Perry encouraged the introduction of a performance-based model to tie 10 percent of appropriations to graduation rates.[24] Pennsylvania currently allocates 2.4 percent of the Pennsylvania State System of Higher Education for four-year universities with performance-based funding.[25]

Tennessee's performance-based model, enacted in 2010, allocates 100 percent of its funds for higher education.[26] Its model has formulae for universities and community colleges with 10 and 11 data points, respectively, to account for institutional goals.[27] The weights of data points vary among them to recognize the diversity of focus, and raw data gets scaled to evaluate outcomes. Institutions received similar funding in 2011 as in 2010, and the state plans to integrate the model over four years. The switch "has led campuses to bring in extra student advisers, increase tutoring and remedial classes, fast-track majors and develop extra courses between semesters."[28]

Governor Kasich's proposal for Ohio to reach a 50 percent allocation would put the state's higher-education system with Tennessee as leaders in performance-based funding, which would bring scrutiny on the state, but also praise and a useful model for other states to duplicate, if done well.

Success for performance-based funding depends upon proper and effective incentives, flexibility to revise goals, responding to unintended consequences, recognizing differing goals among universities, and engaging interest groups for support while preserving academic quality.[29] Clearly defined goals keep the funding model transparent, accessible, and flexible for revision.[30] However, if policymakers blun-

22 Crellin, Aaron, Mabe, and Wilk, Ibid.

23 Kysie Miao, "Performance-Based Funding of Higher Education: A Detailed Look at Best Practices in 6 States," Center for American Progress, August 2012, http://www.americanprogress.org/issues/2012/08/pdf/performance_funding.pdf; and National Conference of State Legislatures, Ibid.

24 Katherine Mangan, "Tie State Funds to Colleges' Graduation Rates, Texas Governor Urges," *The Chronicle of Higher Education*, October 4, 2012, http://chronicle.com/article/Tie-State-Funds-to-Colleges/134856/.

25 National Conference of State Legislatures, Ibid.

26 Kelderman, Ibid; National Conference of State Legislatures, Ibid.

27 Crellin, Aaron, Mabe, and Wilk, Ibid.

28 Harnisch, Ibid.

29 Harnisch, Ibid.

30 Crellin, Aaron, Mabe, and Wilk, Ibid.

der when creating the incentive structure, it can provide an oversimplified and inaccurate evaluation of a university, a distortion of the university mission, diminished quality, and increased inequality and instability. Policymakers can succeed when the design:

- Subjects enough funding to performance-based models for incentives to matter
- Measures different university missions with different weights and standards
- Engages all interest groups for input and revision
- Integrates the model over a number of years
- Provides a clear and simple formula for expectations
- Rewards progress and achievement
- Allows institutional autonomy
- Ensures academic quality by reviewing and revising goals, expectations, and programs[31]

The largest challenge with performance-based funding will be the unintended consequences associated with the funding-model shift, and the ability of higher-education administrators and state policymakers to respond. The pressure for scholastic improvement, for instance, could encourage grade inflation, as arbitrarily increasing the grade of a struggling student requires fewer resources than extra tutoring or assistance from the university.

University presidents in Ohio should take notice of Mitch Daniels at Purdue University. Upon taking office as its president, he signed a performance-based contract that ties his pay to meeting criteria that gauge his effectiveness at running the university.[32] When administrators get held responsible for quality improvement and college affordability, they show a symbolic solidarity with their institution's students and have accountability that incentivizes them to improve the institution and reap the rewards. Too often, presidents don't concern themselves with the rising costs students face or the lackluster economy graduates enter after college; the notion should be cultivated that university presidents are only as good as their ability to oversee a university that cultivates its students as educated individuals and prepares them for success and financial stability.[33]

Where Kasich's higher-education proposal could be improved isn't so much in what he wants to do so much as in what he doesn't do. To an extent, policymakers remain limited in their influence, as issues of academic freedom might arise. However, performance-based contracts for high-ranking administrators could be another area to improve upon quality and efficiency.

Outside Assessment of Ohio Public Education

And perhaps we should look at the quality of outcomes more. One external assessment of colleges and universities is provided through magazine rankings. *Forbes* provides numeric rankings (compiled by the Center for College Affordability and Productivity) for most public schools in Ohio (*U.S. News*' rankings do not provide a strict

31 National Conference of State Legislatures, Ibid; Harnisch, Ibid.; and Tennessee Higher Education Commission, "Tennessee's Outcomes-Based Funding Formula," http://www.tn.gov/thec/Divisions/Fiscal/funding_formula/1-Funding%20Formula%20-%20Updated%20for%20Website.ppt.

32 Kevin Kiley, "Purdue's Outsider," *Inside Higher Ed*, April 2, 2013, http://www.insidehighered.com/news/2013/04/02/purdues-mitch-daniels-challenging-higher-education-leadership.

33 Jordan Weissmann, "Only 65% of College Presidents Say It's 'Very Important' That Grads Get Good Jobs," *The Atlantic*, May 2, 2013, http://www.theatlantic.com/business/archive/2013/05/only-65-of-college-presidents-say-its-very-important-that-grads-get-good-jobs/275519/.

ordinal ranking). Below are the 2012 *Forbes* rankings for some of Ohio's schools.[34]

Name	2012 *Forbes* College Rankings
Kenyon College	No. 39
Oberlin College	75
Denison University	102
College of Wooster	163
Case Western Reserve University	165
Ohio Wesleyan University	170
Miami University	183
Ohio State University	188
Ohio University	372
University of Cincinnati	507
Bowling Green State University	548
University of Akron	609
Wright State University	613
Youngstown State University	625
Kent State University	631
University of Toledo	641
Cleveland State University	643
Central State University	n/a
Shawnee State University	n/a

Public four-year universities in Ohio have a lackluster record when compared on the national level. Miami University tops public universities, with Ohio State University second and Ohio University third. Of the 650 schools ranked, public and private, no Ohio public school makes the top 150—yet six are in the *bottom* 50: the University of Akron, Wright State University, Youngstown State, Kent State, the University of Toledo, and Cleveland State University. No other public schools crack the top 500, and Shawnee State University and Central State University are not ranked. Private Ohio colleges fare much better, with Kenyon College, Oberlin College, and Denison University leading private schools, and three other private schools rank above Miami. While public universities adhere to different missions and face other challenges, it would be worthwhile for public universities to examine the private model and find translations that can improve quality. Noteworthy schools in peer states (e.g., Illinois and Michigan) have state universities that rank well above any in Ohio.

Conclusions

Ohio's proposed higher-education budget has some modestly positive virtues. However, it does not effect needed long-term change. The budget maintains the relatively inefficient approach of funding institutions, not individuals. But it also provides some needed pressure on institutions of higher education to become more efficient. Thus, it is a budget that, while far from perfect, will more likely improve rather than worsen the overall public higher education environment in the Buckeye State.

Anthony Hennen is the Administrative Director of, and Richard Vedder, Ph.D is the Director of the Center for College Affordability and Productivity.

34 *Forbes*, "America's Top Colleges," http://centerforcollegeaffordability.org/uploads/2012_Rankings.pdf.

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