

BEFORE THE SENATE HIGHER EDUCATION COMMITTEE

**SENATOR STEPHANIE KUNZE
CHAIR**

**TESTIMONY
OF
BRUCE JOHNSON
PRESIDENT
INTER-UNIVERSITY COUNCIL OF OHIO**

MAY 8, 2019

The Public Universities of Ohio

The University of Akron
University of Cincinnati
Miami University
Ohio University
Wright State University

Bowling Green State University
Cleveland State University
Northeast Ohio Medical University
Shawnee State University
Youngstown State University

Central State University
Kent State University
The Ohio State University
The University of Toledo

Chair Kunze, Vice Chair Gavarone, Ranking Minority Member Williams and members of the Senate Higher Education Committee, thank you for the opportunity to testify before you today on behalf of the state's fourteen public universities, all of which are members of the Inter-University Council of Ohio (IUC). My name is Bruce Johnson and I am the President of the IUC.

The IUC was established in 1939 as a voluntary educational association of Ohio's public universities. It is committed to ensuring affordable opportunities for the more than 329,000 students attending our member institutions without sacrificing the quality of their education or experience.

Thank you for your vision, leadership, and dedication to the growing number of young people and their families from around the state and the world who chose to attend our public institutions of higher education. The work you are doing on this committee is a credit to your public service and clearly demonstrates your commitment to and compassion for our students. But for our students, Ohio's public universities would not exist. Without their support, we could not function.

Ohio's public universities appreciate Governor DeWine's support for higher education in his executive proposal. We also appreciate the commitment shown by the Ohio House to ensure a quality educational experience for our students through the targeted investments it is making in the House substitute version of the bill. My testimony will emphasize for you several key issues and provisions that affect our operation.

IUC Supports Need-Based Financial Aid

Financial aid plays a key role in keeping students in college. Institutional support and support from the state in the form of need-based financial aid through the Ohio College Opportunity Grant (OCOG) and other scholarship programs help mitigate one of the major risks confronting students today – financial need. This grant program serves almost 64,000 students at Ohio public and private universities, including 46,411 at just our state universities.

The Ohio College Opportunity Grant helps financially at-risk students cover those academic costs that the federal Pell Grant does not. The maximum federal Pell Grant award is \$6,095 for the 2018–19 award year (July 1, 2018, to June 30, 2019) and \$6,195 for the 2019–20 award year (July 1, 2019, to June 30, 2020). The average main campus tuition for 2018 was \$9,755. The difference between those numbers demonstrates where the need exists and the gap that OCOG helps to fill.

The DeWine Administration and the Ohio House have stepped up to help meet that need. The Governor's proposed budget increased funding for OCOG by 21.2 percent in each fiscal year, or by over \$47.3 million across the biennium, and the House substitute version of the bill maintains that funding level. For public university students, this translates into an increase of \$400 for FY20, bringing the total per student award amount to \$1,900 and an increase of \$500 in FY21, bringing the award amount to \$2,400. This investment will increase access to a college education for our neediest students.

It is a much-needed investment at just the right time. Ohio will not increase attainment without increasing access for targeted student populations that may be at greater risk of not completing because of financial need. The IUC respectfully requests the Ohio Senate to maintain the level of funding proposed by the Governor and supported by the House to help the state's neediest students stay in school and earn a degree.

On the topic of college costs, the IUC also welcomes the Administration proposal in House Bill 166 to provide \$3 million in each fiscal year to award aid to students at community colleges and university branch campuses for the purchase of textbooks and instructional materials.

The House maintained this assistance at the proposed funding level but removed it as an earmark from within the OCOG program to establish a separate program with its own appropriation line. The IUC supports the change. This assistance will complement the work already being done by Ohio's public universities to make textbooks more affordable for students. Ohio's public universities are collaborating and, through a variety of innovative programs, working hard to

reduce the cost of textbooks for students -- with tangible results. For example, most schools have adopted inclusive access programs. Inclusive access programs provide textbooks to students at very reasonable prices and charge each student the negotiated price of that textbook. The typical average savings for an inclusive access program is forty-eight percent.

With respect to the \$6 million available for annual grants to full-time students meeting the eligibility requirements to be determined by the Chancellor, the IUC requests that Central State University students also be eligible for assistance. Central State students do not receive the full OCOG award amount because of the low cost of tuition to attend that institution, effectively putting Central State students in the same category as university branch and community college students. So, a little additional assistance to help purchase textbooks would be a welcome relief for the many financially at-risk students attending that institution.

The IUC Supports High-Quality Education for All Students

Just as there is a cost to the student to attend a public university, there is a cost to the institution to provide a product of value without compromising quality. The cost the university incurs is paid for by two related sources of revenue – state share of instruction, or what the state appropriates in support of its public institutions of higher education, and tuition, or the price of payment for instruction the institution charges the student. They are related -- as state support on a per student basis has gone down over time, tuition has risen.

Ohio’s public universities have held the line on tuition. Contrary to popular belief, it is not spiraling out of control. Despite the state’s investment in support for higher education lagging the nation by approximately \$1,581 on a per FTE basis, tuition growth in Ohio has remained well below the national average and relatively constant.

Summary of Annualized Full-Time In-State Undergraduate Tuition and Fees*, FY14 to FY18

Sector/Campus	FY2014	FY2015	FY2016	FY2017	FY2018	Change FY2017-FY2018
University Main Campuses						
BGSU	\$10,726	\$10,726	\$10,726	\$10,726	\$10,726	0%
Cent State	\$6,058	\$6,246	\$6,246	\$6,246	\$6,246	0%
CSU**	\$9,499	\$9,686	\$9,720	\$9,768	\$9,874	1%
KSU	\$9,816	\$10,012	\$10,012	\$10,012	\$10,012	0%
MU***	\$13,748	\$14,233	\$14,233	\$14,233	\$14,233	0%
OSU***	\$10,037	\$10,037	\$10,037	\$10,037	\$10,037	0%
OU***	\$10,446	\$10,602	\$10,602	\$10,602	\$10,602	0%
SSU	\$7,176	\$7,364	\$7,364	\$7,364	\$7,364	0%
UA	\$9,736	\$10,056	\$10,270	\$10,270	\$10,270	0%
UC	\$10,784	\$11,000	\$11,000	\$11,000	\$11,000	0%
UT	\$9,054	\$9,380	\$9,380	\$9,380	\$9,380	0%
WSU	\$8,542	\$8,730	\$8,730	\$8,730	\$8,730	0%
YSU	\$7,900	\$8,317	\$8,317	\$8,317	\$8,317	0%
University Main Campus Average	\$9,502	\$9,722	\$9,741	\$9,745	\$9,755	0.11%

Source: Ohio Department of Higher Education. Fall 2017 Survey of Student Charges for AY 2017 – 2018.

Table Notations:

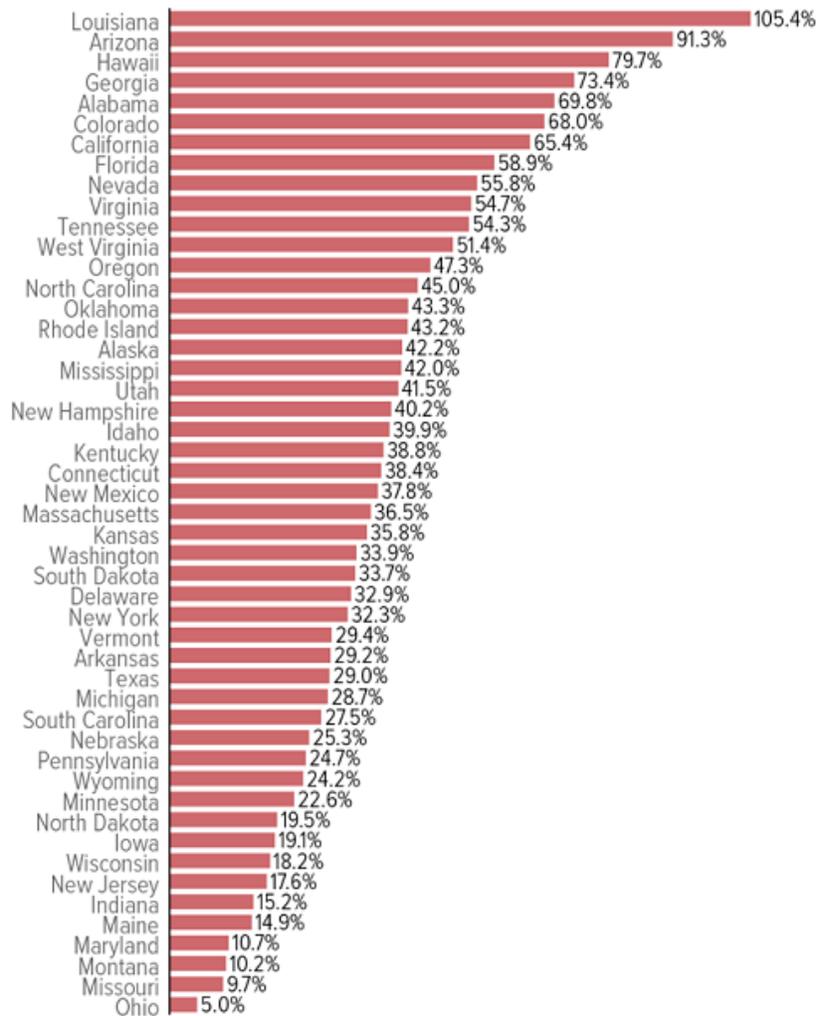
* Fees reported in the summary table include the general fee as well as all other mandatory fees assessed to full-time students which meet each of the following: they are in fact mandatory, are not included in the general fee, and are charged each term. The latter may include facility fees, technology fees, parking fees, or other mandatory fees.

** Includes a new career services fee.

*** Amount for FY2016 and 2017 is based on the tuition rate for continuing undergraduates. These institutions have a Guaranteed Tuition Programs with different tuition rates for each cohort year.

In fact, according to the Center on Budget and Policy Priorities, from 2008 to 2018, Ohio had the lowest average rate of tuition growth for public universities across all states. Specifically, the report found the percent change in-state tuition and fees for Ohio, at +5 percent, was the lowest rate of increase among all states. The next lowest state was Missouri at a rate of +9.7 percent, or nearly double Ohio’s percentage.

Percent change in average tuition at public, four-year colleges, inflation adjusted, 2008-2018



Note: Illinois was excluded because the data necessary to make a valid comparison are not available. Since enrollment data are only available through the 2016-17 school year, we have estimated enrollment for the 2017-18 school year using data from past years.

Source: CBPP calculations using the “Grapevine” higher education appropriations data from Illinois State University, enrollment and combined state and local funding data from the State Higher Education Executive Officers Association and the Consumer Price Index, published by the Bureau of Labor Statistics

The IUC can support the proposed restriction on fee increases in House Bill 166. The substitute bill under consideration by the Ohio House keeps the Governor’s proposed policies to restrain in-state undergraduate instructional and general fees. The first policy requires all public universities to participate in the state’s tuition guarantee program. The second policy restricts increases in in-state undergraduate instructional and general fees to no more than two percent over what the institution charged for the previous academic year. That percentage is consistent with the rate of inflation, which is currently 2.1 percent according to the U.S. Bureau of Labor Statistics.

Originally enacted in House Bill 59 from the 130th GA, current law authorizes the Board of Trustees of a state university to establish an undergraduate tuition guarantee program and it is optional. Under the program, eligible students in the same cohort pay a fixed rate for general and instructional fees for four years. Room, board, and any additional fees may be included.

Current law requires the University Board of Trustees to adopt rules for the program and the rules must include: the number of credit hours to earn an undergraduate degree in each major, a guarantee that the general and instructional fees for each student in the cohort shall remain constant for four years if the student complies with the requirements of the program, and a benchmark by which the Board of Trustees sets annual increases in general and instructional fees for incoming cohorts.

Now, all public universities in Ohio are planning to participate in the state's tuition guarantee. At campuses where the program already exists, students and parents enjoy the assurance that prices will not go up.

State Share of Instruction

On the other side of the cost equation is the state's investment in higher education through its subsidy – the state share of instruction, or SSI. The IUC appreciates the increase in state funding for Ohio's public universities that the substitute version of House Bill 166 proposes – a 1.1 percent increase in FY20 and a 1.0 percent increase in FY21. The total increase over biennium is approximately \$41,831,868. This increase is important because Ohio is approximately \$1,581 below the national average in state spending on a per FTE basis.

The IUC believes that the state should adopt a long-term policy that funds the state share of instruction at the national average on a per student basis. To that end, we request the Ohio Senate further increase the SSI line item in support of our students to reflect the current rate of inflationary growth as determined by the U.S. Bureau of Labor Statistics. As mentioned previously, the current consumer price index for all major categories, less food and energy, as of March 12, was only 2.1 percent. This rate is a reasonable measure of the increasing cost of doing business -- which is very much felt by public universities. An additional investment by the state in SSI would help to ensure that the state's public institutions of higher education can continue to offer a quality product with a meaningful return.

The SSI funding is distributed to each institution based on a formula that measures course and degree completions. Ohio has one of the most aggressive performance-based funding formulas in the nation and House Bill 166 further strengthens it by changing the formula for distributing funds to doctoral programs.

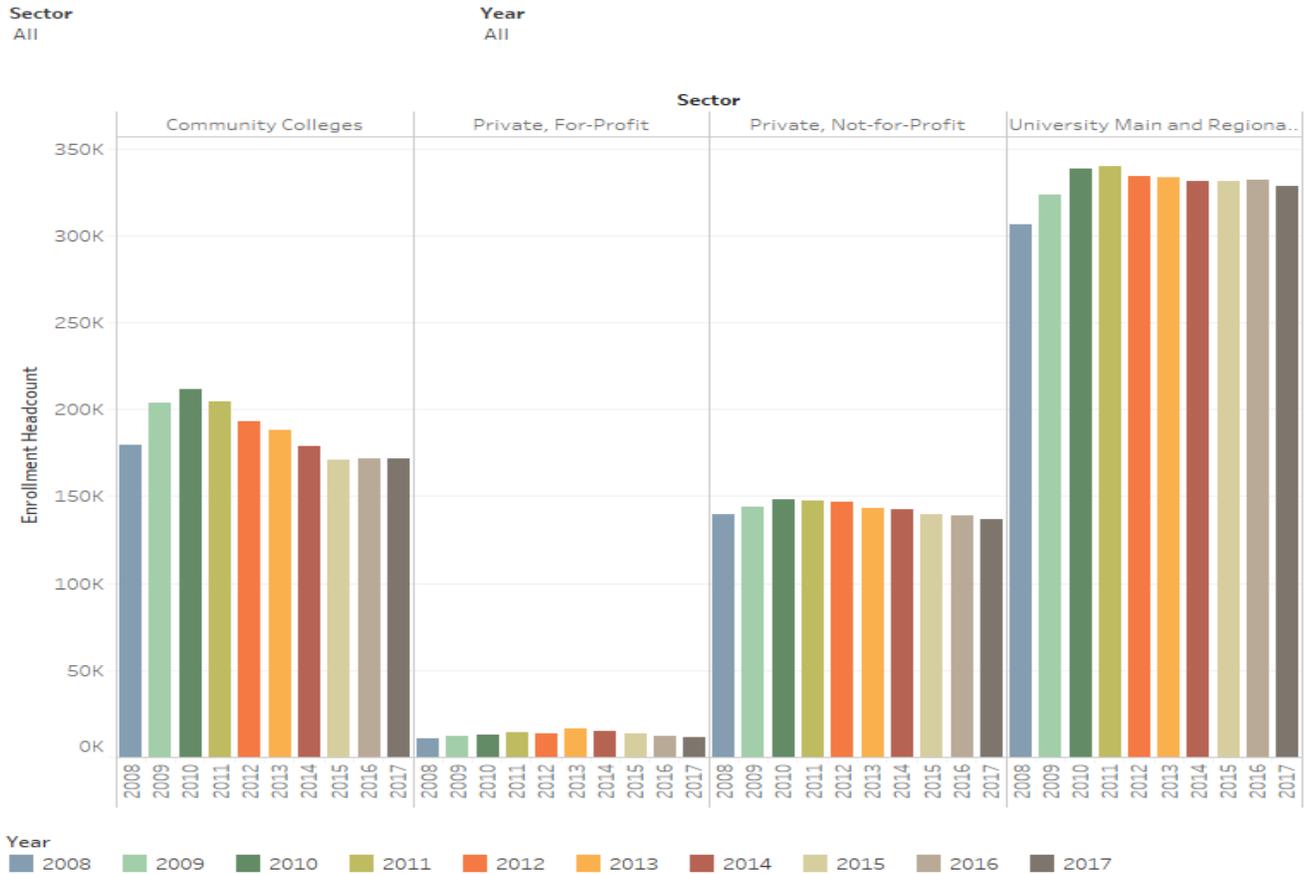
The IUC supports the change that would allocate to universities twenty-five percent of the doctoral funds in proportion to their share of course completions and that would allocate an additional fifty percent of the doctoral funds in proportion to each campus' share of the total statewide doctoral degrees. This change is the result of an IUC working group recommendation. The remaining twenty-five percent of doctoral funds would be allocated to universities in proportion to their share of research grant activity.

Public Universities are Enrolling and Graduating More Students

Over the last ten years from Fall of 2008 to Fall of 2017, public university sector enrollment at main and regional campuses has grown from 306,272 to 328,134, an increase of over 21,800 students. The only other sector to have experienced enrollment growth over that same period was the private, for-profit sector which grew by 472 students.

We believe that growth may be attributed to the fact that, according to the U.S. Bureau of Labor Statistics – which most believe to be a credible source – there is an urgent demand for bachelor's degrees. In fact, there are three times as many new jobs for holders of bachelor's degrees than for individuals with sub-baccalaureate education.

Fall Headcount Enrollment by Sector - Institution Based Counts Fall 2008 to Fall 2017



According to the Ohio Department of Higher Education report entitled “Degrees and Certificates Awarded by Ohio Public Institutions – Fiscal Years 2008 to 2017” published in March, 2018, total bachelor’s degrees awarded by the state’s public university main and regional campuses increased by thirty percent. Associate degrees awarded were up by forty-seven percent and master’s degrees were up by twenty-nine percent. Total all degrees awarded was up by twenty-nine percent.

It is especially significant that the number of degrees awarded is increasing at a much higher percentage than enrollment has been growing for the public sector. This means public universities are graduating a higher percentage of the total student population – our degrees awarded numbers are up, while enrollments remain steady or are slightly up.

The impact is even more dramatic because the degrees experiencing this remarkable increase – the STEMM degrees – are much more expensive to deliver than the typical education or humanities degree. Communications, English, and Psychology degrees cost about \$55,000 to deliver where a Computer Science degree (\$74,000), Nursing degree (\$93,000) or Civil Engineering degree (\$104,000) cost considerably more.

Further, I would suggest to you that the market is responding to a strong demand for STEMM degrees and that the state’s policy of emphasizing STEMM degrees is working. According to the same ODHE report, students really are selecting and earning degrees in STEMM fields and that those degrees are considerably outpacing others. Consider that from 2008 to 2017, four-year engineering degrees increased by seventy-nine percent, health degrees were up one hundred seventeen percent, and natural sciences and mathematics degrees were up seventy percent. Law degrees, on the other hand were down twelve percent and social science degrees were down two percent.

I believe the state is seeing growth in the degree programs it has emphasized over the last several years and that this growth will help fill the STEM and in-demand jobs of the future. In addition, it confirms the data collected by the U.S. Bureau of Labor Statistics.

For this reason, the IUC supports the additional funding appropriated by the Administration and supported by the House (a \$24 million increase over current funding across the FY20-21 biennium) for the Choose Ohio First program that will provide approximately 2,500 more scholarships targeting under-represented student populations. This investment will significantly strengthen Ohio's competitiveness within STEM disciplines and STEM education.

Public Universities Stimulate Economic Development Through Research

The IUC supports the proposals in House Bill 166 to advance collaborative research at our colleges and universities. We believe that it is critical to position our state to take full advantage of emerging industries that have the potential to define Ohio's future. To that end, our public universities are conducting research and developing programs to stimulate business and economic development. I have included several examples which may be found in Appendix A of my testimony.

The IUC supports the proposed increase of \$888,249, which represents a 15.8 percent increase in funding over the current year for this program, for the Third Frontier Research Incentive. Increased funding for this program will help support existing and facilitate new collaborations between public universities and private businesses. Continued investment by the state in research funding and other resources that are accessible to universities and Ohio industry is critical. Funding to maximize and leverage industrial research grants, direct support for specific technology commercialization, and academic research programs will help Ohio's public universities attract the best and brightest minds and create an environment where they can thrive.

Public Universities Support Students Through Health Counseling

Support for our students embodies more than just assistance for academic excellence or financial need. It also means support for mental health and substance abuse services. Data have consistently shown that college and university counseling centers have had a positive impact on student academic success and retention. The primary reasons students seek counseling services are anxiety and depression and those two challenges have been found to be primary factors affecting academic success.

Ohio's public universities are experiencing a health crisis. Nationally, over one third of counseling centers report having a wait-list for services. Comparing data from contributing Ohio institutions with the national sample, Ohio evidenced significantly more counseling center clients having been hospitalized for mental health concerns (Ohio = 23.5 percent, National = 9.8 percent) – the demand for service on campus is overwhelming the ability to serve. And, unfortunately, those services come at a cost.

The IUC supports the House provision establishing funding assistance in the amount of \$120,000 in each fiscal year for the Ohio Program for Campus Safety and Mental Health (OPCSMH). This program, administered by the Northeast Ohio Medical University, serves as a resource center promoting a comprehensive approach to suicide prevention and mental health promotion at college campuses across the state of Ohio. Its primary goal is to stimulate collaboration between campus and community stakeholders, to develop programs that prevent campus suicide, and to create a culture of care. The ultimate outcome of such collaboration is greater student academic success resulting from the improved mental health and well-being of students as well as, faculty and staff on all Ohio campuses.

The assessments provided by the OPCSMH help identify necessary services for those campuses, but they do not provide sufficient resources to implement new services. To help cover the mounting cost of services provided to students on campus, the IUC requests that the Ohio Senate provide additional assistance in the form of matching state funding through a special dedication of funds to be used to support the addition of counselors, clinical staff, psychiatric services, and/or the addition of resources for students.

The IUC also supports inclusion in the House substitute version of the bill the authority to assess a campus-wide student mental health and substance abuse fee. The fee would be subject to the approval of the chancellor and applied in such a manner that any new funding permitted or appropriated would supplement, not supplant, existing funding for services.

The IUC appreciates and fully supports the language in House Bill 166 requiring the chancellor to establish the Ohio Physicians and Allied Health Care Workforce Preparation Task Force. The group would be required to study, evaluate, and make recommendations to the Legislature and Governor with respect to healthcare workforce needs in Ohio, including identification of shortages in Ohio's healthcare workforce. This is an excellent opportunity to address the mental health issues just identified and the shortage of workers – including counselors, clinical psychologists, doctors, nurses, and others – on campus that most of our institutions are experiencing.

New House Provisions

The House substitute bill contains new provisions not included in “as introduced” version of the bill. They are:

- A new provision delays the time period by which a state university or college must repay a Choose Ohio First award when terms of the award have been violated by the student recipient of the award until the university or college collects repayment from the student recipient. The language specifically specifies that the Chancellor may not require repayment if the state university or college has certified collections of the repayment to the Attorney General and has sent a copy of that certification to the Chancellor. The current practice of the Ohio Department of Higher Education (ODHE) is to obligate or require the university to repay to ODHE the entire award amount plus interest within ninety days of receipt of an invoice from ODHE confirming the default and the original amount of the scholarship awarded. This window leaves very little time for the institution to collect from the student the amount to be repaid, effectively making the institution solely responsible. For this reason, the IUC supports the House change and requests that the Senate maintain this language.
- A new provision is the re-establishment of the Jobs Challenge program to support noncredit job-related workforce training programs. Fiscal years 2008-2009 was the last time the Jobs Challenge program was funded in an operating budget. Funding was proposed in the FY2010-2011 biennial budget but was removed before the bill was enacted. The last iteration of the program required appropriated funds to be used by the Chancellor of the Ohio Board of Regents to support state-assisted community and technical colleges, **regional campuses of state-assisted universities**, and other organizationally distinct and identifiable member campuses of the workforce training network in support of noncredit job-related training. All fifty-three two-year campuses were recognized to be part of the program. The substitute version of House Bill 166 does not include state universities as was done previously. We believe this was a simple oversight and respectfully request that public universities be made eligible for this program as was the case in the past.

Conclusion

In summary, the changes the IUC has identified in this testimony that it asks the Senate to support include:

- Making Central State University students eligible for assistance under the Textbook and Instructional Materials Grant Program.
- Increasing the SSI line item by an additional one percent in each fiscal year to reflect the current rate of inflationary growth in support of our students.
- Providing additional assistance in the form of new matching state funding through a special dedication of funds to be used to support the addition of mental health and substance abuse counselors, clinical staff, psychiatric services, and/or the addition of resources to help meet the mental health needs of our students.
- Making public universities eligible to participate in the Jobs Challenge Program.

We believe that our public institutions of higher education are a great value for our students. It is our students who have determined that enrolling in a public university to earn a degree is the best investment for their future and that there is value in the educational experience and in the degree that is earned. They consider a range of options of varying price points that reflect the quality and value of each option and then make a choice of where to attend based on what is best for

them. Some of those choices are more expensive than others, but when the return on investment is determined, what was once deemed unaffordable might now become affordable.

According to EMSI - an internationally recognized labor market analytics company - in its 2018 report on the economic impact and return on investment of Ohio's public universities, the annual average return on investment for a bachelor's degree in Ohio was almost fourteen percent for the student. Compare that to an 0.8 percent return on interest earned on a savings account, or a less than ten percent average return on investment for most stock portfolios.

To the extent that price presents a substantial barrier for our students to access what can be a life changing experience, we acknowledge that we must continue to work hard to control price increases. So public universities are doing more to find efficiencies and make college more affordable. House Bill 166 also helps make college more affordable. We appreciate the investment in SSI, OCOG, and other student scholarship programs. But I believe we can do more.

Chair Kunze and members of the Committee, thank you for your consideration of my testimony today on behalf of Ohio's public universities. I think we would all agree that the students we serve are the foundation of Ohio's future. Any obstacle to increasing the number of Ohioans with the knowledge and skills needed to succeed in college or work is a threat to our economic competitiveness and to our citizen's opportunities to pursue their dreams. That is why we need to ensure that college is affordable for those students who chose to attend. I am happy to answer any questions you may have.

APPENDIX A

Stimulating Economic Development Through Research – Examples

1. The 1819 Innovation Hub at The University of Cincinnati is a place of thinking, making and doing, of discovery and delivery, for the university and its community. The 100,000-square-foot building is outfitted with state-of-the-art technology and incorporates shared office spaces, classrooms, and gathering spaces to stimulate innovation and entrepreneurial activity.
2. The Innovation Center at Ohio University provides business incubation resources to fuel the economy in Athens, Ohio, and surrounding regions.
3. The Youngstown Business Incubator is an internationally recognized program focused on the development of software and additive manufacturing companies in the Mahoning Valley. It was ranked the No. 1 high impact incubation program in North America by UBI Global in 2015.