



House Bill 474 – Higher Education MBR
House Finance Committee
April 20, 2016
John Carey, Chancellor

Chairman Smith, Vice Chair Schuring, Ranking Member Driehaus and members of the committee, my name is John Carey, and I serve as the Chancellor of the Ohio Department of Higher Education. Thank you for the opportunity to provide testimony on House Bill 474 today. I would also like to thank Representative Brown for his sponsorship of this legislation.

The ever-increasing importance of college affordability continues to be the driving force behind Governor Kasich's and the legislature's efforts to improve higher education for Ohio's students and their families. Across the country, the cost of a college education has far outpaced the consumer price index, and even health care costs. That cost has put the American dream of a college degree out of reach for a growing number of students and families. Controlling college costs to ensure that more Ohioans can obtain a college degree or credential remains a top priority for this administration. The governor and the General Assembly have been focused on getting our colleges and universities to find ways to significantly reduce their overall costs and begin to reduce the price of getting a degree for all of Ohio's students.

For the last several years, Ohio has taken a number of steps to ensure affordability and encourage degree completion, including holding down tuition growth more than almost every other state, strengthening opportunities for high school students to get a jump start on college and encouraging timely graduation through performance-based funding.

Recent reforms are giving a record number of high school students an opportunity to earn college credit while still in high school through the new statewide College Credit Plus program. By earning high school and college credit simultaneously through College Credit Plus, students can graduate from high school and potentially have up to two years of college under their belt. Getting a jump start on a college degree while in high school can significantly reduce the cost of earning that degree. In fact, preliminary data collected by the Department of Higher Education shows more than \$50 million in tuition savings for students in the fall semester of 2015 alone.

Last summer, Governor Kasich created the Task Force on College Affordability and Efficiency to examine ways to reduce a wide range of costs. The Task Force looked at ways to better manage those factors that can drive up the cost of higher education. They looked at shared services and outsourcing, textbook affordability, administrative staffing levels, more efficient space utilization, elimination of low-enrollment courses, intellectual property that has potential to be commercialized, and innovative uses of technology to reduce costs.

Thanks to recommendations by the Task Force, Ohio's 37 public colleges and universities are taking a harder look at ways to control costs and pass those savings on to their students. In addition, the governor's 2016 Mid-Biennium Review provides important new initiatives to further reduce the cost of a college degree.

I'd like to provide an overview of the main provisions in House Bill 474, which is before you today.

Bachelor's Degrees at Community Colleges

In an effort to expand Ohio's low-cost pathways, the MBR provides the opportunity for up to 10 bachelor's degree programs to be offered through Ohio's community colleges. The application process will allow the chancellor to consider parameters such as the availability of current bachelor's degree programs similar to the proposed degree, as well as the workforce needs in the geographic region, before approval of any new programs. With an average tuition of slightly more than \$4,000 per year at a community college, this pilot initiative could provide a lower-cost pathway to a four-year degree.

Competency-Based Education

When it comes to measuring student success, the department has been looking at new models to award degrees and certificates. One of those models involves awarding degrees based on competency rather than time in the classroom. Through new authority in the MBR, Ohio will be able to enter into a partnership with Western Governors University, a multi-state, nonprofit online institution that allows students to receive college credit based on demonstrated competencies instead of the amount of time spent in class. This model of education is also cost-effective for students, with an annual tuition rate of about \$6,000 per 12-month year, and students can progress through as many competencies as they are able within the same tuition rate.

3+1 Agreements

Building on the Department's efforts to develop and expand 2+2 agreements and low-cost pathways among Ohio's community colleges and universities, the MBR tasks the chancellor with developing a model for 3+1 programming, in which a student can complete the equivalent of three years, or 90 credit hours, at a community college, and then transfer to a university to complete his or her final academic year and receive a bachelor's degree. The chancellor will work with the IUC, OACC and administrators and faculty from stakeholder institutions that have already started agreements of this type in developing the model no later than June 30, 2017. With three years at the community college's lower tuition rate, this is another way Ohio's students can achieve a more affordable college degree.

Midwest Higher Education Compact's Midwest Student Exchange Program (MSEP)

Ohio is one of three Midwest Higher Education Compact states that does not currently participate in the Midwest Student Exchange Program (MSEP). House Bill 474 would permit Ohio to participate in MSEP, which then allows Ohio institutions to choose to join in tuition reciprocity with other MSEP states. Through this program, public colleges and universities agree to charge students no more than 150% of the in-state rate for participating programs. MSEP students saved more than \$51 million in tuition – an average of \$5,433 per student – in the 2014-15 academic year.¹ Ohio's ability to participate in the MSEP would provide savings opportunities for Ohio students and families, as well as potential incentives for our colleges and universities to attract out-of-state students.

College Credit Plus

As the College Credit Plus program is completing the first full year of operation, some concerns have been brought to our attention. The department is collecting an in-depth and wide-ranging scope of data on the program, as well as forming an advisory committee to recommend strategies to address any shortcomings of the program in future years.

While we are still waiting on the first year's data to be fully compiled and analyzed, we have suggested the following modifications to College Credit Plus in this MBR:

¹ Midwest Student Exchange Program 2014-15 Enrollment Data report - http://msep.mhec.org/sites/msep.mhec.org/files/14_15enrollment_data_sheet_lr.pdf

Funding Floor & Ceiling

House Bill 474 restores the funding floor by removing the below-the-floor waiver process. A minimum funding floor is needed in order to assure quality coursework, instruction and sustainable services from the higher education partners.

Additionally, the bill clarifies that the amount that a college may charge cannot be more than the institution's regular per-credit-hour rate if that rate is less than the statutory ceiling.

Course Eligibility

HB 474 requires the Chancellor and Superintendent, with input from school districts and higher education institutions, to adopt rules specifying which courses are eligible for funding under the program. The goal is to ensure that state resources being used to support the College Credit Plus program are prioritized for courses that advance students toward degree completion and address high school graduation requirements.

Under-Performing Students

This bill requires the Chancellor and Superintendent, with input from school districts and higher education institutions, to adopt rules regarding under-performing CCP students. Specifically, the rules are to address students who withdraw from courses or receive a final grade of D or lower in a course, and under what conditions those students may continue in the College Credit Plus program. The rules would establish a system that balances a student's choice to participate in CCP against the level of academic performance demonstrated by the student. The overall goal is to significantly diminish the possibility of student's participation in CCP causing irreparable harm to his or her academic standing at both the high school and postsecondary level.

Co-requisite Remediation Pilot Program

Co-requisite remediation allows students to receive remediation and academic support while simultaneously being enrolled in a credit-bearing college level course. Studies consistently show that students in co-requisite programs are far more likely to complete their degree. For example, "Students enrolled in single-semester, co-requisite English courses typically succeeded at twice the rate of students enrolled in traditional prerequisite English courses. Students enrolled in co-requisite gateway math courses that were aligned with their chosen programs of study saw results at five to six times the success rates of traditional remedial math sequences."² The Ohio Department of Higher Education has promoted co-requisite remediation models in mathematics and English by encouraging their inclusion in campus completion plans, and by providing technical assistance in developing these programs on campuses.

The co-requisite Remediation Pilot Program under College Credit Plus would allow high school seniors who are on the cusp of college-readiness to enroll in college courses with co-requisite remediation in introductory English and/or math. The Tennessee SAILS program has shown great success by allowing colleges to provide developmental education coursework while students are still in high school. The Ohio pilot would take this a step further by allowing a student to achieve college credit with co-requisite support. By providing this model under College Credit Plus, we believe we can increase student success, while lowering costs for students and families.

² Remedial Education's Role in Perpetuating Achievement Gaps - <http://completecollege.org/tag/corequisite-remediation/>

Efficiency Advisory Committee

Since 2013, the chancellor has maintained the Efficiency Advisory Committee, the membership of which consists of finance and administration representatives from each of Ohio's public colleges and universities. The Department of Higher Education produces an annual report composed of campus' efficiency plans that are submitted by committee members. The MBR makes technical changes to the language pertaining to the committee, and moves it from uncodified law into permanent law. Additionally, the MBR incorporates recommendations from the Governor's Task Force on Affordability and Efficiency in Higher Education, which include a plan for how each campus will migrate recovery data centers to the State of Ohio Computer Center, an outline of how each school will increase standardization of course materials for large enrollment courses and a plan on increasing efficient, year-round usage of facilities.

Financial Literacy

As a way to ensure that students are receiving financial literacy education throughout the entirety of their academic career, the MBR asks our public colleges and universities to integrate financial literacy programming into existing academic advising, financial aid programming, freshman experience programming or career services in order to help students understand financial issues, including student loan debt. Additionally, the MBR tasks the chancellor with consulting with the superintendent of public instruction and interested parties in developing model financial literacy standards and resources to aid colleges and universities with the incorporation of this programming.

Completion Plans

In 2014, our public colleges and universities were required to adopt and submit to the chancellor an institution-specific strategic completion plan designed to increase the number of degrees and certificates awarded to students. The board of trustees at each school is required to update its plan at least once every two years. We know that completing a degree on time can mean significant savings in cost of attendance for students; therefore, the MBR asks that the next update from each school include an outline of how the institution will advise each undergraduate student on timely and efficient graduation pathways.

Low-Enrollment & Duplicative Courses and Program Reports

House Bill 64 required public institutions to conduct a course and program review (based on low-enrollment) by January 1, 2016, and report their findings to the Chancellor. The section in the MBR seeks to clarify the language around course and program reviews, including duplicative programs in the reviews, based on the recommendations from the Affordability and Efficiency Task Force. Under this provision, the new deadline for the evaluations is July 1, 2016, and every five years thereafter. Institutions would also be permitted to submit their findings as a part of their annual efficiency reviews.

Income Share Agreement Study

When it comes to reducing or eliminating the need for students to take on student loan debt in the pursuit of a higher education, all methods and models should be taken into consideration. For this reason, the MBR directs the Chancellor to consult with interested parties on a study and analysis of income share agreements. Under this model, a student receives a fixed amount of money for their college education and agrees to pay back a percentage of their income for a fixed number of years after graduation as an alternative to accruing student loan debt for their education.

This MBR legislation continues to make strides to support making a college education more accessible and affordable for Ohio's students and families. I am grateful for all the work and support the legislature has provided on these issues, and I look forward to continuing this important work.

Thank you for the opportunity to provide testimony today. I would welcome any questions you may have at this time.