

**BEFORE THE HOUSE FINANCE SUBCOMMITTEE ON HIGHER EDUCATION**

**REPRESENTATIVE MIKE DUFFEY  
CHAIR**

**HOUSE BILL 474**

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

**MAY 12, 2016**

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**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

Chairman Duffey, Ranking Minority Member Ramos, and members of the House Finance Subcommittee on Higher Education, thank you for the opportunity to testify today on House Bill 474, the Administration's higher education mid-biennium review bill. My name is Bruce Johnson and I am President and CEO of the Inter-University Council of Ohio.

The IUC was established in 1939 as a voluntary educational association of Ohio's public universities. Today, the association represents all of Ohio's fourteen public universities. The IUC values providing access to a high-quality, affordable education. It is committed to ensuring affordable opportunities for the more than 333,000 students attending our member institutions without sacrificing the quality of their education or experience.

The IUC appreciates and supports the *focus* of the bill, which is to increase access and reduce costs for students by creating alternative, affordable pathways to earning a degree. Ohio's public universities also thank you for the investment you made in state subsidy in the last operating budget. For fiscal year 2016, the state appropriated an additional 4.5% in funding over fiscal year 2015 and then, for 2017, added another 4% over the 2016 appropriation. We applaud the state for recognizing that its flat tuition policy requires an additional investment and then its willingness to actually support that policy with funding. In addition, we commend the state's ongoing emphasis on outcomes through its funding formula, which is viewed as a national model. We continue to believe that the most important feature of a college education is the quality of the program. Students in quality programs are challenged beyond their comfort zone, learn valuable and marketable skills, graduate with a degree, and secure employment after graduation.

We also acknowledge that earning a college degree is still an expensive endeavor and Ohio remains a costly state in which to earn a degree. Thanks to the 5% Senate Challenge, also enacted in the last operating budget, and the implementation of recommendations from Governor Kasich's Task Force on Affordability and Efficiency in Higher Education, all fourteen of Ohio's public universities are working hard to reduce costs and make the college experience more affordable and accessible. And as Ohio's public universities continue to make progress on affordability through efficiency and other measures, we appreciate the additional attempts to address that concern through the introduction of House Bill 474,

which includes several provisions the IUC supports and believes will result in greater affordability, greater access, and reduced costs for students.

College Credit Plus is a good example. The program provides students with the opportunity to take college classes offered by any Ohio public college or university, or from any participating private postsecondary institution, at their high school, on the college or university campus, or online. It allows students to explore college interests sooner and to earn college credits toward a degree before graduating from high school. College Credit Plus debuted at the beginning of the 2015-2016 school year with more than 32,000 students enrolling to take advantage of the opportunity to get a jump start on college and reduce their costs toward a college degree. That number more than doubled previous enrollment in the state's original dual enrollment program.

The bill restores the hard funding floor by removing the below-the-floor waiver process and the chancellor's authority to approve agreements below the floor. Like the Ohio Department of Higher Education, the IUC always has believed that a minimum funding floor is needed in order to assure quality coursework, instruction, and sustainable services from the higher education partners participating in the program. Creating seamless and equitable pathways for qualified high school students to access and benefit from College Credit Plus by earning college credit while still in high school at no cost to the student will result in more college and career ready citizens that the state is desperately going to need in the future to fill the ever-growing jobs gap.

Additionally, the IUC supports the provision in the bill requiring the Chancellor, in consultation with the Superintendent of Public Instruction, to adopt rules specifying which College Credit Plus courses are eligible for funding from the Department of Education. Giving the chancellor this authority will focus a student's efforts on those courses that will result in a degree, while being sensitive to cost, and, as the chancellor has stated, ensure that limited state resources are being used most wisely.

There is some concern with the provision establishing a co-requisite remediation pilot program for College Credit Plus students. However, because it simply establishes a pilot program, the IUC does not oppose the provision. While we strongly support College Credit Plus and the concept of co-requisite remediation for students who have graduated high school and enrolled in our institutions, we do not

think it is appropriate to blend the two programs. College Credit Plus is for college ready students. If students are below college level, then they should take high school classes. If there is any question about a high school student's readiness, then that student should be required to finish his/her high school career before a determination is made that there is a need for remediation, especially in a subject or subjects that have not yet been completed. It seems to be a costly duplication to have the students taking remedial classes in college when that same content is available in high school. Our member institutions might stand to gain financially if we just support the provision as written, but we believe the provision is unfair to high schools and their students and blurs the lines between high school work and college work.

The IUC also supports the language permitting Ohio to participate in the Midwest Student Exchange Program (MSEP) which then would allow Ohio institutions to participate in tuition reciprocity with other MSEP states. The language is permissive, allowing the chancellor to endorse the Midwest Higher Education Commission MSEP and allowing state institutions of higher education in Ohio to participate if they so choose. Once again, the IUC institutions may lose money if more in state students utilize this program to pursue an out of state education, but the program will enable more students to attain their dreams.

The IUC is generally supportive of the 3+1 language in the bill. The language requires the establishment of a model, so there is no opposition to that approach. While the preferred pathway is a more standard 2+2 agreement, which most of our public universities and community colleges have, a 3+1 agreement may make sense for place bound students who are unable to travel to or attend a public university main or regional campus. That said, there would be a significant concern if universities were *required* to enter into such agreements. The IUC would not be able to support such a provision.

There are some provisions of the bill with which we have concerns. The most troubling issue is the specific language allowing bachelor's degrees at community college campuses. We support more clarity regarding this pilot project. In his 2016 State of the State address, Governor Kasich stated,

“And we want to work with you to allow community colleges to offer a limited number of four-year degree programs in fields where we won't have overlap with other schools so students

can earn a college diploma at a lower cost and meet the needs of local industries. There are places here.”

We support his desire to help students earn a degree at a lower cost. Just as it is for the Governor, making college more affordable for all students is a priority of Ohio’s public universities. We also support the Governor’s specific language from his state of the state address which stipulated two important principles: First, degrees would not overlap with other schools, eliminating duplication. Second, the number of degrees would be limited.

However, this is still a major policy initiative that would dramatically change the higher education system in Ohio and its operation. We believe the provision has the potential to create duplication as it is currently drafted despite what the Governor stated in his speech. It is, arguably, also in conflict with the intent of the new provision in the bill requiring identification and an analysis of duplicative programs.

The last thing we want is a new state policy resulting in community colleges moving away from what it is they do well, which is standing up technical or applied degree programs nimbly and quickly in response to the workforce needs of the community or region. Community colleges are also good at encouraging students to transfer to university programs to complete their education. We are less convinced that they will be good at competing with their regional university partners on more traditional degrees like psychology, business, and early childhood education. We do not think this type of duplication is in the economic development interests of the state. Ohio’s demographics are not the same as those in Florida and California where populations are booming. Most states have proceeded cautiously with this initiative, and we agree with the Governor that Ohio should too. Florida, in fact, has imposed a moratorium on its program.

The IUC strongly recommends the state proceed with a high degree of caution as it advances down this path. At the very least, we have a responsibility to raise a number of questions that should be considered before acting.

- Will the policy change result in a shift in focus from what community colleges do reasonably well today – identifying and responding to the local and regional workforce needs – to something

that may be more challenging in terms of achieving success and a mission better suited to public universities?

- Will the policy change actually result in additional costs? Faculty must be credentialed at a higher level to teach courses in a program offering a bachelor's degree. Who will pay the additional costs? If these costs will be absorbed by the institution, will other services like intensive advising be sacrificed? Will community colleges absorb these costs within their current SSI allocation and then through the community college formula? I don't know the answer to these questions, do you?
- As the IUC has been saying for several years, the biggest waste in the college affordability arena is not how much an individual pays for a completed degree, but how much money is wasted when degree programs are attempted but not completed. Are the necessary parameters built into this proposal so that we can assure students and their families that graduation rates will not be embarrassingly low? Will the lower tuition rates actually result in lower costs per degree granted?

If the state has answered these and other excellent questions posed by this panel and still intends to proceed, the IUC recommends amending the language in the bill and reinstating the language that was previously agreed to by the OACC and IUC, and supported by both organizations representing public institutions. The language from the House passed version of House Bill 64, the biennial operating budget, gave right of first refusal to the public university, it did not contemplate online degrees and perhaps that should be clarified. It avoided duplication by prohibiting subject areas that were the same or substantially similar, and implemented a study to examine the efficacy of what should be established as a pilot program - completion rates, in particular, should be examined as part of that study. All of those provisions should be reinstated.

Duplication of degrees within a 30 mile radius needs to be prohibited. Direct competition based on either price or quality between two state entities in such close proximity is problematic. Eliminating the requirement demonstrating need for the program is equally problematic. Does this mean that

community colleges will use state funds and resources to create a degree merely because it is a popular selling option but has no direct workforce or economic need relative to nearby university options?

After hearing the Chancellor's testimony before this subcommittee several weeks ago where he indicated that reconsidering the exact language from House Bill 64 may not be acceptable to the Legislature, the IUC believes that a hybrid approach might be developed that we could also support. This approach would include the guardrails from House Bill 64 and the language from House Bill 474 limiting the number of degrees approved by the chancellor to ten, with clarification that the number is a statewide total. The program further could be limited to applied science or other technical degrees – degrees that are traditionally the focus of a two-year associate's degree program. The IUC also would suggest that the application and approval process of any four-year degree to be offered at a community college be required to mirror that of the Higher Learning Commission (HLC). The community colleges also need HLC approval to move into bachelor's degree granting status, so the State process and expectations should be the same or more stringent. We do not want public colleges offering degree programs that are not fully accredited.

The final provision with which the IUC has questions is the provision designating Western Governors' University (WGU) as a state institution of higher education. What is the ramification of designating WGU a state institution? Clearly it would not be eligible for SSI funding as indicated in the bill, and the gentleman testifying last week said that they did not need state support, but there could be other precedent setting issues. What is not clear is why this designation is being sought in law or is necessary. If it is for promotional purposes only, then that could be accomplished by other means. WGU can and currently does offer its program in Ohio just like the University of Phoenix or Indiana Wesleyan. Ohioans are choosing to attend WGU by taking online courses today. Additional recruitment does not require the institution receiving the designation of state institution of higher education in Ohio.

Finally, the IUC hopes that this sole-authority to enter into a competency-based agreement with this out of state entity, does not abrogate the ability of any existing state institution of higher education to voluntarily participate in and compete for dollars associated with the program through the process previously established in House Bill 64. Colleges and universities should have the chance to determine

their own ability to offer high quality competency based education, and to compete for contracts that may be offered or awarded to out of state service providers.

As you can see from my testimony, we are asking questions about some of the provisions in House Bill 474 -- important questions that we believe must be answered before enacting major higher education policy changes. But asking questions does not mean we oppose this bill or the Governor's desire to make college more affordable in Ohio. Quite the contrary. We view ourselves as partners in this mission and we are working hard to reduce costs and become more efficient. We will continue that work. We have been grateful to this Administration for its support and the Governor's leadership on higher education issues in the state. Governor Kasich sets big goals and expects us to exceed them -- we're up to the challenge. But most importantly, he has trusted Ohio's higher education leaders to best determine how to do that. That is a special relationship for which we are very thankful. By asking questions, seeking answers, and suggesting clarifications, we think we can make this higher education mid-biennium review bill an even better bill.

Earlier this week, on Monday, the state formally adopted an ambitious statewide goal for its future success -- that sixty-five percent of working-age Ohioans, ages 25-64, will have a degree, certificate, or other postsecondary credential of value in the workplace by the year 2025. The many economic, social, and quality-of-life benefits associated with a college degree are well-documented. College-level learning is essential to economic opportunity and prosperity, for individuals and for the state, as well as to a strong democracy.

Ohio's ability to attract and retain jobs is the key to our state's economic future and hinges on the knowledge, skills, and credentials of our citizens. The Governor knows that. He also knows the only way to do it is through better affordability, higher quality, and greater access. To meet the future workforce needs of Ohio employers, the state must produce an estimated 1.7 million more adults with a postsecondary education certificate or college/university degree by 2025. It's another ambitious goal and it won't come easy. To hit it, the state must be firing on all cylinders, in every sector, at all levels. With the right amount of adjustment, House Bill 474 will help us to do just that.

Thank you Mr. Chairman and members of the committee. I am happy to answer any questions.