

OHIO University
OHIO Guarantee Testimony
Ohio Senate Finance Higher Education Subcommittee
May 19, 2015

Introduction: Rethinking Ohio University;

I would like to begin my testimony this morning by thanking the legislature and the governor for their support for higher education these last several years. Your support has been instrumental in helping Ohio University weather difficult economic times and pave the way for some very exciting and innovative programs that we think will serve the state and its residents well in the coming years. Before I talk about some of these innovative programs, I think it is important to recount a little history in order to provide context to our testimony this morning.

Over the last decade or so, the University has reallocated more than \$75 million in our budget to protect OHIO's tripartite mission of teaching, research and service. We have accomplished this by restructuring central administrative business functionality, developing shared services across our campuses and leveraging procurement activities to take advantage of our buying power. We have trimmed segments of our workforce by providing early retirement programs and other incentives, having to deal with increasing services for an expanding student body on both the Athens and our regional campuses. We have diversified our revenue streams by making a commitment to eLearning, focusing on degree completion and supporting the workforce requirements of key industry sectors across the state. We also have constrained our tuition and fee increases in the last several years to only meet our base costs – deferred maintenance, employee benefits and regulatory requirements – while focusing on operational efficiencies and improved productivity measures intended to manage our costs and control budgetary increases.

We understand these conditions are higher education's new reality, and over the last several years have worked with our Board of Trustees to develop innovative strategies to try and position our University to meet them head on. We developed a new Responsibility Centered Budget model that incentivizes schools and colleges to be more self-reliant and rewards innovative and entrepreneurial activities rather than dependencies on traditional sources of revenue and ways of doing business. This new approach has led to our expanding strategic partnership with Columbus State Community College on our new Dublin Campus and a soon to open new campus in Cleveland that will provide more primary care physicians for Ohio residents in partnership with the Cleveland Clinic.

With our Board's support, we also have moved aggressively to address a growing deferred maintenance backlog that was compromising our ability to protect health, life, and safety on our campuses and our ability to deliver high quality educational programs. We did this by being the first public university in the nation to issue Century Bonds that capitalized a central revolving loan fund that will produce in excess of \$1.4

billion in funded depreciation for our campuses over the next century and will generate real cost savings for both the state and future generations of students over time.

Over the last 18 months we have been actively engaged with our alumni seeking their participation in a \$75 million matching Financial Aid Endowment initiative that when fully funded will provide in excess of \$3 million in new financial aid for deserving students and will grow over time to meet the needs of even more students. These dollars, in conjunction with the State's commitment to ensure public universities receive their fair share of OCOG resources (we would like this fund minimally to be shared dollar for dollar with the privates, as was intended in the original agreement entered into earlier this year) and additional SSI funding, are a critical part of the University's strategy to ensure that we remain accessible and affordable to Ohio residents who make up 87% of our student body.

This financial aid strategy is a critical element of an even more exciting initiative that we are here to talk to you about today – The OHIO Guarantee. A unique program we have been working on for three years fulfilling a commitment made to prospective students and their families that we will guarantee a fixed price for four years – or time to degree – solving a problem that has been very stressful to Ohio students and their families. I have asked our University's Executive Vice President and Provost, Pam Benoit, and our University's CFO, Steve Golding, to discuss this innovative program in more detail.

History: Internal Process to Develop the Plan;

The OHIO Guarantee has been a three year innovation in the making. In early 2012, at the request of the OHIO University Board of Trustees, University leadership began researching and benchmarking models for addressing the rising costs of undergraduate degrees. What we learned from our students and families is that steadily rising tuition, fees, and housing costs, along with protracted graduation rates, made predicting and planning for college difficult, particularly during the period of slow economic recovery which flattened family wages and college savings accounts. Two strong values emerged: cost containment and transparency.

After considerable research, University leadership identified two viable approaches that best addressed these values: Differential Tuition and Guaranteed Tuition. After thorough discussion, we rejected differential tuition, in which students pay different tuition rates and varied fee structures based on their major. In practice, we believe this model is not transparent and the "differential" often drives up the total cost of attendance beyond tuition caps. We also considered and rejected Tuition-only guarantees, for the same reason. We came to the conclusion that an all-in Guarantee was the only way to make college costs transparent.

We determined that the time was right to pilot an innovative – level-rate tuition model – an all-inclusive tuition and fee plan – that would be transparent, predictable, allow the value of financial aid to remain constant, and incentivize students to graduate in four years.

The Ohio University Board of Trustees (BOT) directed leadership to continue to explore a tuition guarantee model in February 2013 and after significant consultation with the Governor's Office, the Chancellor and members of the legislature, HB 59 approved The OHIO Guarantee concept that June. Once we received legislative support for the concept, University leadership established the Tuition Guarantee Implementation Team (TGIT) in July of 2013 to begin the formal drafting of The OHIO Guarantee Program and the preparation of the administrative and technical infrastructure to support it.

The first step was a year-long planning process to develop an all-in Guarantee model that studied programs established by other institutions nationally as well as seeking feedback on proposed plan options from potential students and their families. We ultimately proposed a Guarantee that is very student-centric (Summary of Plan attached) providing significant flexibility to assist students in achieving their goal of attaining a college degree, within four years and therefore at a considerable cost savings. In March 2014, the Ohio Board of Trustees adopted a resolution (2014-3378) to approve The OHIO Guarantee upon approval from the Board of Regents.

In April 2014, the Board of Regents Chancellor John Carey signed directive 2014-006 approving The Ohio Guarantee program.

To ensure full transparency to students and their families, the state legislation required that The OHIO Guarantee rules be published or posted in the university course catalog and on our website. With approval from the state legislature in 2014, we began aggressively communicating to prospective applicants for the incoming fall 2015 freshman class and their families to ensure that they fully understood the Guarantee's parameters and operation. Between August and September 2014 we blanketed our admissions and marketing materials with information about the Guarantee. We launched a Guarantee website, developed and released promotional videos, written materials, mailers, and brochures in order to ensure the new students understood the value proposition The OHIO Guarantee offers (see materials). We firmly believe, based on these communications and representations that we have a commitment to incoming students and their families for the fall of 2015 which we would very much like to keep as it supports two of our core values: cost containment and transparency.

Feedback on The OHIO Guarantee

Over the past three years we have proactively met with the OHIO Parents Advisory Council to solicit their feedback and answer questions. They have repeatedly told us that they would rather know upfront what the cost of their child's education will be rather than speculate on annual increases. In a recent letter, they wrote:

We appreciate The OHIO Guarantee provides an “all-in” fixed price that includes tuition, fees, housing, and dining. As such it greatly helps parents and students plan and prepare for what they will pay during their four years of college. Our resounding feedback to the Ohio University administration was and continues to be to move full-steam ahead as quickly as possible. Several of us wish that our current students would be eligible!

We also reached out to the Ohio University Counselor Advisory Board which represents guidance and school counselors throughout the state and engages with the Admissions staff on issues that impact future and current students and their families. They to support The OHIO Guarantee because it:

- Protects students’ scholarships
- Allows families to actively plan
- Increases accessibility
- Encourages students and families to think not only about one year of college but about completing a degree
- Promotes degree completion in four years
- Is a long-term sustainable plan versus a one-year, knee-jerk reaction to the issue of college access

While these testimonies are helpful, we believe our commitment to The OHIO Guarantee is more profoundly legitimized by the class of 2019 that will enroll this coming fall. We believe we can say this for several different reasons. First we are seeing the largest applicant pool in OHIO University’s history – 20,939 as of last week. Second we will enroll the largest freshman class in OHIO University’s history – 4,463 as of last week. And this growth is coming from all regions of the State - Central, Northwest, Southwest and Southeast - meaning that 87% of our freshman class will come from Ohio.

Community College Partnerships and The OHIO Guarantee

Since announcing the Guarantee and receiving the necessary approvals, we have continued to think about the opportunities it may offer. One of our recent refinements is the STEP (Strategic Transfer Education Plan) program, which we will offer jointly with our 20 community college partners. Through this program, students will receive intentional advising and pathway planning through OHIO Undergraduate Admissions community partnership managers in order to obtain an OHIO baccalaureate degree.

We will begin actively piloting this new program this fall, whereby students at participating institutions who sign a STEP agreement will lock in their Guarantee rate with that year’s entering cohort. So, for instance, a student who enrolls fall 2015 at Columbus State Community College and plans to finish a degree at OHIO can work with Admissions staff to develop a STEP plan. Upon signing the STEP

agreement, the student will join the Fall 2015 Guarantee cohort and be assessed according to that cohort's rate table whenever (s)he takes any classes at OHIO. This means students who begin college at a community college are given credit for the time they were enrolled at that college by joining in at the rate of their peers who began at Ohio University. We believe this will help transfer students who choose a lower-cost option of beginning degree programs closer to home at community colleges.

University Investment in The OHIO Guarantee

Over the last three years, in order to be ready to enroll the class of 2019 this fall, we have built and tested information systems, tested customized interface screens and modelled financial aid against all-inclusive costs. All this has been accomplished with a significant commitment of time, talent, and resources. The development and implementation of The OHIO Guarantee has been a campus-wide, intensive effort to provide a fully integrated precedent-setting student cost model that offers transparency and predictability for our students and parents over the entire undergraduate experience.

It has included (very conservatively):

		Estimated Cost in Dollars
Marketing and Communication	Web Design, Collateral, Marketing	\$100,000
Business Office- Bursar	Systems oversight and implementation, staff position	\$80,000
OIT (Systems Development)	Staff resources	\$600,000
Housing	Adirondack implementation and conversion	\$20,000
Miscellaneous	Staff time, recruitment efforts, financial aid work, functional systems work	\$120,000
TOTAL -		\$920,000

Where We Are Today

OHIO University has expended a significant amount of time and resources to pilot a program that is being watched nationally and is gaining traction among a number of our peers across the state. University leadership is committed to the Guarantee because it values cost containment and transparency. We believe the Guarantee is innovative and will help students manage the cost of their education, incentivize them to graduate on time, and restrain future cost increases. And by expanding the Guarantee to our community college partners provide access to students who would not otherwise have access to its benefits at a significant cost savings over time. But most importantly we are committed to the Guarantee because of the promises we have made to the class of 2019. This past March we sent newly developed financial aid award letters that included the guarantee language, costs, and aid to the fall 2015 students, the first cohort to be accepted under The OHIO Guarantee initiative. Our commitment to these students and the students we are already engaged in planning for and communicating to for the next cohort in fall Semester 2016 motivates our testimony here today.

Summary of Plan – Basics of The OHIO Guarantee

The OHIO Guarantee is a cohort based, level-rate tuition, housing, dining, and fee model that assures a student and his/her family a set of comprehensive rates for the pursuit of an undergraduate degree at Ohio University. The Ohio Guarantee is unique and precedent-setting in higher education as an all-in, fully transparent and predictable model for students and their families.

The OHIO Guarantee allows a four year cohort (12 semesters) of students a transparent and comprehensive cost structure that is unchanging and includes:

- Instructional and General Fees
- Non-Resident Surcharge Fees
- Student Information and Network Fees
- Technology Fees
- Graduation Application Fee
- Most Individual Course Fees
- Bobcat Student Orientation Fee
- Student Health and Well-Being Fee
- Menu of costs that will not change for Residential Housing
- Menu of costs that will not change for Residential Dining

Appendix

Annual				
Cohort 1				
	<u>FY15</u>	<u>FY16</u>	<u>Increase</u>	<u>Increase %</u>
<u>Fee</u>				
Course Fees	\$ 76			
Technology Fees	\$ 196			
Health/WellBeing	\$ 120			
Orientation/Graduation	\$ 58			
Subtotal Other Fees	\$ 450	\$ 474	\$ 24	5.1%
Instructional/General	\$ 10,536	\$ 11,074	\$ 538	5.1%
Tuition and Fees	\$ 11,437	\$ 11,548	\$ 562	4.9%
Room	\$ 6,050	\$ 6,370	\$ 320	5.3%
Board	\$ 4,428	\$ 4,494	\$ 66	1.5%
Room & Board	\$ 10,478	\$ 10,864	\$ 386	3.7%
Cohort Grand Total	\$ 21,915	\$ 22,412	\$ 948	4.3%