



Ohio Conference of the American Association of University Professors

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Testimony of John McNay, Ph.D., President
Ohio Conference of the American Association of University Professors
Before the Senate Finance Higher Education Subcommittee
Senator Randy Gardner, Chair
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Chairman Gardner, Ranking Member Cafaro, and distinguished members of the Senate Finance Higher Education Subcommittee: my name is John McNay and I am President of the Ohio Conference of the American Association of University Professors (AAUP), the largest faculty organization in Ohio, which represents nearly 6,000 college and university professors at both public and private institutions of higher education across the State of Ohio. I am also a professor of American history at the University of Cincinnati.

I come to you today to voice my association's views on Amended Substitute House Bill 64, the state budget bill.

Faculty Versus the Real Cost Drivers in Higher Education

First, I would like to acknowledge and applaud that the House Finance Committee did the right thing by removing amendments from the bill that would have reclassified faculty as "supervisors" or "management-level employees." The intent of such provisions is to prohibit faculty from engaging in collective bargaining.

This wasn't the first time we had seen language to this effect. Nearly identical language was part of the controversial and divisive Senate Bill 5 of the 129th General Assembly.

Provisions that deal with reclassification of public employees have no place buried in a budget bill. This same kind of undemocratic process was followed with Senate Bill 5, and voters showed their resounding rejection of both the process and principles for which SB 5 stood.

While no person or group came forward to claim credit for these last-minute additions to the substitute bill, there were indications made by House leaders that these measures were added in response to concerns raised by colleges and universities about controlling costs.

This line of thinking relies on the myth that faculty, and in particular, faculty collective bargaining units, are driving up costs at our public institutions of higher education.

My association recently released a 2015 Ohio Higher Education Report entitled *The Real Problems Deserve Real Solutions*. The report is a response to the various proposals that we have seen over the last four years that do not tackle the real issues and cost-drivers in higher education. We are raising awareness of these issues not because it is the easy thing to do, but because we believe that taxpayers have a right to know how their dollars are being spent; that

students have a right to know how their tuition and fees are being spent; and faculty have grown weary of being scapegoated for problems we did not create.

The numbers tell the story. According to data from the Integrated Post-Secondary Data System (IPEDS) between FY 2002 and FY 2013, Ohio's institutions spent, on average, 23.9 percent of their operating budgets on total instructional compensation (e.g. salaries *and* benefits). Over the 10 year period, instructional compensation declined by 4.1 percent when adjusted for inflation. In other words, our institutions spent less than a quarter of their budgets employing faculty, and the total amount spent employing faculty declined over that time frame. As college costs have continued to rise, faculty compensation has dipped below inflationary levels. Clearly, other factors need to be examined.

One of the recommendations of our report is to change the way college and university boards of trustees are selected and institute guidelines for the types of people who should serve. Trustees are good people who care about the institutions they oversee, but trustee positions are political prizes awarded to friends of, and contributors to, sitting governors. Most trustees hail from the corporate community and know little about the inner workings of colleges and universities. As a result, their inclination is to run a non-profit educational enterprise like a business. This approach has created a pro-management model that favors hiring more and more administrators at corporate-level salaries, while devaluing full-time tenure-track faculty in favor of adjuncts, many of whom do not earn living wages and do not receive benefits.

On average, there is one administrator for every 14 students. Administrative staff now outnumber full-time tenured and tenure-track faculty by a nearly two to one ratio. If you include all full-time faculty, the ratio is closer to one to one. To be clear, our institutions are employing as many administrative staffers as full-time faculty. Research has shown that the ideal faculty to administrator ratio - the point at which efficiencies are achieved - is three to one.

In addition, the report brings to light how heavily universities are subsidizing their athletic programs with student money. Only Ohio State has a self-sustaining athletics department. Students, usually in the form of an activity fee, but also through tuition dollars, are paying a hefty price for the athletics at their institutions. For instance, a recent *Athens News* article revealed that Ohio University students are paying about \$1,000 annually to subsidize athletics. When the average student debt in Ohio is around \$29,000, can we say that it is acceptable that a student is paying upwards of \$4,000 over a four-year college career to subsidize athletic programs that can't sustain themselves?

Moreover, recent stories in the *Dayton Daily News* and *Columbus Dispatch* point to the folly of the "construction arms race." Certainly, there are times for new buildings and modernization projects, but the seemingly endless borrowing in the name of attracting students has gotten out of control. Our 14 public universities have more than doubled their debt in recent years to \$6.5 billion. Of course, the institutions finance these projects by tacking on extra student fees or raising tuition.

As the *Dispatch* editorial board noted, "Even a small fee tacked onto student loans can snowball. The \$110 per-semester student fee Miami University charges to finance its \$53 million

Armstrong Student Center, opened last year, looks manageable enough. But added to a student loan, at 4.5 percent interest over 10 years, this increases the amount to be repaid by \$1,100.”

No one wants colleges and universities to be micromanaged, but we should think seriously about instituting guidelines that ensure that state resources and student dollars are being focused on instruction. We applaud many of the microefficiencies that our administrations have worked diligently to find, but we believe it is past time to take a hard look on the big money that is being spent on things that are peripheral to the academic missions of our public institutions.

State Share of Instruction

Moreover, we are asking for a recommitment from the General Assembly and Governor to fund public higher education. While the bill takes steps to restore funding, even FY 2017’s funding does not get us back to where we were before funding was cut heavily in 2011.

Steadily dwindling state subsidies has been one of the biggest problems facing Ohio higher education. The not-so-funny joke is that our public colleges and universities have gone from state-funded to state-supported simply to state-located. In the last fiscal year, only 12.8 percent of university funding came from the state, representing a 13.1 percent decline since 2002.

Looking at the most recent data supplied by the Board of Regents, from 2002 to 2011, when adjusted for inflation, funding for four-year universities dropped 14.2 percent. For regional campuses, funding plummeted 25.7 percent. Finally, community colleges have faced a 22.2 percent decline over that 10-year period.

There is a direct relationship between state subsidies and tuition – as state support has gone down, tuition has risen. We support the IUC’s recommendation of a 2.5 percent increase in FY 2016 and a 5 percent increase in FY 2017.

OCOG Funding

We support the provision in Am. Sub. HB 64 which makes the Ohio College Opportunity Grant (OCOG) available to community college students during the summer. However, we respectfully ask this committee to work to restore OCOG funding to pre-2009 levels. Since 2009, when OCOG funding was cut by more than half from \$358 million to \$171 million, and requirements were changed so that federal Pell Grants are applied before a student can receive OCOG funding, low-income students have been put at an even greater financial disadvantage. Students used to be able to count on OCOG to help with college-related expenses outside of tuition and fees, but are now struggling to pay for living expenses and books.

We commend the House for adding \$5 million in OCOG funding to each fiscal year, but believe the Legislature can still do better. Moreover, we share the IUC’s concerns that the change in the OCOG distribution method made by the House is unfair to public college and university students, as it reduces amounts for those students while raising them for private university students.

Competency-Based Credit

In terms of awarding competency-based credit, the legislature should be skeptical about committing increasingly scarce state resources to Western Governors University. The course

content and assessment of student work, such as it is, is provided by the British conglomerate Pearson Educational. This is the same corporation that has been making billions of dollars each year in pushing standardized testing to K-12 schools across the United States. In the late 1800s, Pearson started as a construction company specializing in public works projects; it became a print media conglomerate in the 1930s, then a television and radio conglomerate in the 1980s. It entered the textbook market only in the late 1990s, and now that textbook prices are becoming unsustainable, it is shifting to becoming a "course content provider." But it has no history in or special expertise in higher education. Selective competency-based programs are one thing. A university that offers nothing but competency-based programs – a university without *any* faculty, without even adjunct faculty – is going to award degrees of very dubious value to employers.

The New SSI Funding Formulas

Furthermore, we encourage this committee to examine the impact that the new funding formulas are having on our colleges and universities. When the new production-based formulas were rolled out, we were surprised at the support of all of the presidents, especially since we were hearing on our respective campuses that the new formulas were going to result in substantial losses for some units. When you award funds based on course completions and graduations, it gives a lopsided benefit to universities like Ohio State and Miami that have selective admissions and already do better in those areas than open-enrollment schools.

Take the college where I teach, UC-Blue Ash (UCBA), the state's largest regional campus, as an example. UC's main campus has selective admissions, but our regional campus is open admissions. In fact, 60 percent of our students are transfer students. Keep in mind that the 24 regional campuses are designed to allow students to take the first two years of their course work at much lower tuition – about half of the main campus rate – and then transfer to the main campus to finish their baccalaureate. Thus, successful transfers are a mark of achievement for the regional campus. But the funding formula does not reward that success. This failure to fund this basic role of the regional campuses is a genuine flaw in the funding system.

We've learned just recently that the funding formula has created a \$1.1 million hole in the budget at UCBA that will need to be closed by June 30. And because the funding is done on a rolling three-year average, the college will continue to struggle with under-funding in the years to come. To have a college that is so obviously doing its job financially penalized in such a severe way is not an indication of a funding model that is working well.

Because institutions are just now experiencing the impacts of the new formula, we can't say what the situation is at the other 23 regional campuses. But the odds are that they are facing similar challenges. And the concern is how do regional campuses and other open-enrollment institutions deal with this moving forward? I'd like to echo the comments of a retired professor from Youngstown State University, Dr. Thomas Maraffa, which he expressed in a recent op-ed to the *Vindicator*. He pointed out that there is one way to improve the funding formula and that would be to acknowledge that public universities in Ohio have diverse missions. One size doesn't fit all. At one end of the spectrum is Miami of Ohio, the self-styled "public ivy," highly selective in admissions and residential in character, with a graduation rate of 84 percent. In contrast, YSU is an access university serving the local region. Its graduation rate is 35 percent, not because of anything that it does or doesn't do, but because of the population that it serves.

We have heard in other testimony that course completions and graduations are already on the rise. We are not sure whether to be excited or troubled by that. While we can appreciate the philosophy behind a production-based funding model, I think what we're coming to find out is universities will deliver whatever it is they need to deliver in order to get funding. However, under this new system, we have to be cautious that quality isn't being sacrificed to churn out the numbers needed to obtain that funding. Faculty are being put in a position where their decision to pass or not pass students has a direct impact on funding for their institution. There could be negative consequences if such a mindset becomes institutionalized in the coming years.

We need to rethink whether this new production-based model is the right path forward; and if so, serious consideration still needs to be given to moving away from treating every institution in the same manner. Open-enrollment institutions and regional campuses should have a separate funding mechanism to acknowledge their unique missions.

College Credit Plus

Moreover, we encourage this committee to look critically at the College Credit Plus program. When this program was initially rolled out, it was touted as an expansion to Post-Secondary Enrollment Options (PSEO). Faculty, as far as we can tell, were never consulted in any meaningful way about the program. And as is often the case, the devil is in the details. We are troubled by what we are hearing about this program as it is pushed toward implementation.

First off, we continue to hear that the best way to decrease college costs and reduce student debt is to reduce time to completion. That might sound good on its face, but we are concerned that what that's really saying is "less education is better," and we don't believe that's true.

We fully support Advanced Placement options and opportunities for bright students to get a jumpstart on their college careers. From my own personal experience, I can tell you that some of my best students have been those that take courses at my campus before they ultimately transition to the college full-time after high school graduation. However, we have to keep in mind that in terms of progression of educational material and even the students' maturity, we ought not push students to sacrifice their educational quality in the name of streamlining costs.

Additionally, we are concerned about how the program is being implemented locally. We wonder if anyone has considered that these introductory-level courses are the lifeblood of our regional campuses. We wonder if anyone has considered that at our main campuses, high enrollments in these courses are the way that small enrollment graduate courses are funded. These are questions that could be addressed if faculty were involved in the process.

We are uncertain how exactly CCP will develop. Some colleges are expecting a lot of demand from surrounding high schools, others not so much. Some colleges foresee turning over a lot of their teaching to high school teachers, others not so much. We need to ensure that we're going into this with open eyes instead of being surprised later down the road.

Thank you for the opportunity to testify today. I would be happy to answer any questions that the committee may have.