



Ohio House Finance Subcommittee on Higher Education
House Bill 49 - FY18-19 Operating Budget Testimony
John Carey, Chancellor, Ohio Department of Higher Education
March 1, 2017

Chairman Perales, Ranking Member Ramos, and members of the subcommittee, thank you for the opportunity to present testimony today on the higher education portions of the state operating budget. My name is John Carey, Chancellor of the Ohio Department of Higher Education.

One of the main focuses of Governor Kasich's executive budget proposal is increased educational attainment for Ohioans. In order to meet our workforce needs and maintain a healthy economy, Ohio needs 65% of our population with a post-secondary credential by 2025. In order to reach this goal, it is imperative that we find ways to lower the cost of education for all of Ohio's students, both traditional and non-traditional, and expand the avenues available for the more than one million adults who have some college but no degree, and the more than one million adults with no high school diploma.

Since you have already heard me testify in front of the full Finance Committee, for today's testimony I'd like to focus on a couple of our larger proposals, and then have an open discussion with you regarding all of the higher education provisions of the executive budget. My staff and I are prepared to answer any questions that you may have on these items.

Out of all of the budget's higher education provisions, the one that has garnered the most attention is the requirement that, beginning in the 2018-2019 academic school year, public institutions of higher education include the cost of textbooks as part of an undergraduate student's tuition. This proposal is a direct response to the textbook recommendations made by the Governor's Task Force on Affordability and Efficiency in Higher Education, and we believe this is a step in the right direction. I know that you have heard and will continue to hear from stakeholders that this proposal is untenable and should be taken off the table for consideration. However, I urge you not to let our institutions off the hook when it comes to finding ways to lower textbook costs for students. Our publicly funded universities and colleges should be vested in this goal. It is my hope that through a strong partnership with the administration and the legislature, our institutions can achieve true textbook savings for students through innovation and a desire to truly move the needle on this issue.

Another topic of high interest is the proposal to include special fees in the annual tuition cap historically enacted via the biennial budget bill. Since fiscal year 2004, Ohio has either capped or frozen annual increases in in-state, undergraduate tuition and general fees. General fees are those that are mandatory in nature, are uniformly assessed to all students, and are charged each term. Special fees, or fees that are assessed on only certain segments of students, have not historically been subject to these freezes and caps. This has allowed for some instances of special fees being assessed on large numbers of students, increasing costs by essentially circumventing the tuition and fee policy of the state. To me, large increases in special fees are actually differential tuition

and should be discussed in that context instead of being considered a “special fee.” A fee that approaches or surpasses 50% of annual tuition is no longer a “special fee” in my mind. In order to quell this practice and ensure that all students’ costs remain affordable and transparent, these special fees will now be subject to the proposed freeze.

Governor Kasich and the legislature continue to view higher education as an economic investment. In this budget, we have increased the State Share of Instruction by 1 percent in each fiscal year, as well as current scholarship and grant offerings, including the Ohio College Opportunity Grant, which increases by 2 percent over the biennium. These increases, along with new programs such as the Finish for Your Future Scholarship, Accelerated Completion of Technical Studies (ACTS) and Completion and Retention for Educational Success (OhioCARES), are meant to ensure that a postsecondary education is achievable for all Ohioans, regardless of their circumstance. I would like to thank our higher education partners for their leadership in providing opportunities for Ohio’s students. In Ohio, more than ever, we are recognizing higher education as an integral part of our state’s quality of life and economic future.

Included with my testimony submission was an overview of these and the other higher education items in Governor Kasich’s Executive Budget; I look forward to covering these items in our discussion here today. These proposals are aimed at making a postsecondary education more affordable and accessible for Ohio’s students and their families. I have no doubt that you and your colleagues in the General Assembly share in the belief that students should always be the focus of our collective efforts, and I look forward to working with you on moving these initiatives forward.

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Mr. Chairman, this concludes my testimony. Thank you for the opportunity to speak to you about the higher education budget portion of the executive budget today. I would be happy to answer any questions you and your fellow subcommittee members may have at this time.

HB49 Highlights



Holding Down Costs for Students

Tuition and Fee Freeze

Ohio's tuition increases over the past five years have been well below the national average, and the governor's budget seeks to continue that positive trend by freezing tuition, general fees, and special fees in both years of the upcoming biennium.

State Share of Instruction (SSI)

Ohio's subsidy to our public colleges and universities. Funding is increasing 1% in each fiscal year, approximately \$40 million over the biennium.

Textbooks

In the 2018-19 academic year, public colleges and universities will be required to share the cost of textbooks with students, with a \$300 annualized increase in tuition. This cost sharing will foster innovation in providing more affordable textbook options.

Technology and Research

Commercialization

The budget proposal requires all universities to have intellectual property (IP) policies that incentivize faculty to commercialize. It also requires all state universities to have a commercial tenure track for faculty.

Ohio Innovation Exchange

This budget supports the continued development of the Ohio Innovation Exchange, which showcases the research expertise of Ohio's university and college faculty in engineering, biomedicine, and information technology, as well as other fields of study, and identifies institutional research equipment available around the state.

Research Initiatives

This budget includes funding for continued research on the study of harmful algal blooms and improved water quality, strategies to reduce infant mortality, as well as allocating \$1 million in each fiscal year to fund research aimed at the state's growing opiate addiction epidemic.

Efficiencies

Regional Compacts

This budget requires the formation of Regional Compacts in which institutions of higher education will execute agreements to reduce duplication and enhance the sharing of resources, among other strategies.

Co-Located Campus Best Practices

Also included in the budget is a recommendation from the Task Force for Creating Opportunities for Shared Governance on Co-Located Campuses that co-located institutions annually review and report best practices and shared services.

Efficiency Advisory Committee

This item moves the Chancellors Efficiency Advisory Committee language from temporary law to permanent law. Additionally, it requires the boards of trustees to approve the IHE's efficiency report submitted to the chancellor under ORC 3333.95, requires the report to be based on the Task Force recommendations.

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Investing in Ohio's Students

Finish for Your Future Scholarship Program

A new scholarship program to help those students who have dropped out of college within a year of completion and have accrued college debt to return to complete their degree. Students could receive scholarships of up to \$3,500 from the state, which would be matched 1:1 by the college and 1:1 by the student. The budget provides funding at \$2 million in FY18 and \$4 million in FY 19.

Completion and Retention for Educational Success (OhioCARES)

Provides \$1.3 million matching funds over the biennium to colleges and universities for grants to students who are in jeopardy of dropping out of college due to a short-term lack of resources.

Accelerated Completion of Technical Studies (ACTS)

This program will provide funding to community colleges that agree to provide financial resources and support services to traditionally at risk students. ACTS is modeled after the City University of New York's Accelerated Studies in Associate Programs (ASAP), which has more than doubled graduation rates for students.

Bachelor's Degrees at Community Colleges

This budget contains an updated proposal that would allow our community colleges, in partnerships with local industries, to develop and offer in-demand applied bachelor's programs that are not otherwise available locally and for which there is a demonstrated workforce need.

Competency-based Education

Ohio's community colleges have entered into a partnership with Western Governors University, an online non-profit institution that awards college credit and degrees based on a student's demonstrated skills. To build upon this partnership, Ohio will formally recognize Western Governors University in an effort to reach more students.

OCOG for GI Bill Beneficiaries

Provides changes to the OCOG statute to allow GI Bill beneficiaries to take full advantage of their federal benefits.

Federal Assistance First for National Guard Scholarship

Implements a federal assistance first policy for Ohio National Guard Scholarship recipients, allowing Ohio to maximize state scholarship resources.

Changing Campus Culture

The Campus Safety and Training line item allocates \$750,000 in each fiscal year for ongoing operations of the program for preventing and responding to sexual violence on campuses.

College Credit Plus HB49 Items



In the first year of the program:

- More than **52,000** Ohio students earned college credit
- Participants saved more than **\$120 million** on college costs
- **15%** of Ohio's juniors and seniors participated



The Ohio Department of Higher Education and the Ohio Department of Education are working on ways to make the program an even greater success, while improving upon the foundation from which the program operates. With the first year of the program under our belt, we now have concrete data that, coupled with input from stakeholders, have been used to propose the following improvements to the program:

Course eligibility

Requires the Chancellor of Higher Education, in consultation with the Superintendent of Public Instruction, to adopt rules specifying which courses under the CCP program are eligible for funding, specifically giving consideration to courses that contain a statewide transfer guarantee and courses that are applicable to multiple degree pathways or to in-demand jobs.

Underperforming students

Requires the Chancellor and Superintendent to adopt rules specifying conditions under which "underperforming" student participants may continue participating in the CCP program.

Cost floor and ceiling

Clarifies that the default ceiling payments under College Credit Plus shall not be more than the college's per-credit-hour rate, and removes the waiver language that would allow for negotiations below the funding floor.

Aligning deadlines

Moves to February 1 (from March 1 as under current law) the annual deadline by which a high school must provide information about the College Credit Plus program to all 6th to 11th grade students.

Student eligibility

In order to meet eligibility requirements for College Credit Plus, a student will be required to meet remediation-free thresholds on an assessment (such as ACT, SAT, or Accuplacer). If a student scores within a specified range below the threshold, he or she may still be eligible with a GPA above 3.0 or a recommendation of a school counselor, principal or career-technical program advisor.

Textbooks

Requires secondary schools to have agreements with their partnering colleges and universities on textbook costs and distribution. The default payment structure would require the institution of higher education (IHE) to provide the textbooks at a cost of \$10 per credit hour to the local school district, while the IHE retains ownership.

Refining the appeals process

Changes the appeals process for public school students who do not receive their principal's consent to participate in College Credit Plus after missing the April 1 notification deadline by allowing an appeal to the district superintendent. Also requires appeals to be made to the Department of Education in the case of disputes between students and their schools over high school credit for college courses.