

BEFORE THE HOUSE FINANCE HIGHER EDUCATION SUBCOMMITTEE

**REPRESENTATIVE RICK PERALES
CHAIR**

HOUSE BILL 49

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

MARCH 7, 2017

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

Introduction

Chair Perales, Ranking Minority Member Ramos, and members of the House Finance Higher Education Subcommittee, thank you for the opportunity to testify today on the higher education provisions of House Bill 49, the FY2018-2019 biennial budget. My name is Bruce Johnson and I am the President 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 330,000 students attending our member institutions without sacrificing the quality of their education or experience.

On behalf of Ohio's fourteen public universities, thank you for your support of higher education. Your leadership, dedication, and commitment to quality education on behalf of our institutions and students are appreciated and to be commended. We are grateful for your efforts to help us help our students attain their educational goals by earning a degree in the most efficient and affordable manner possible while ensuring a quality experience.

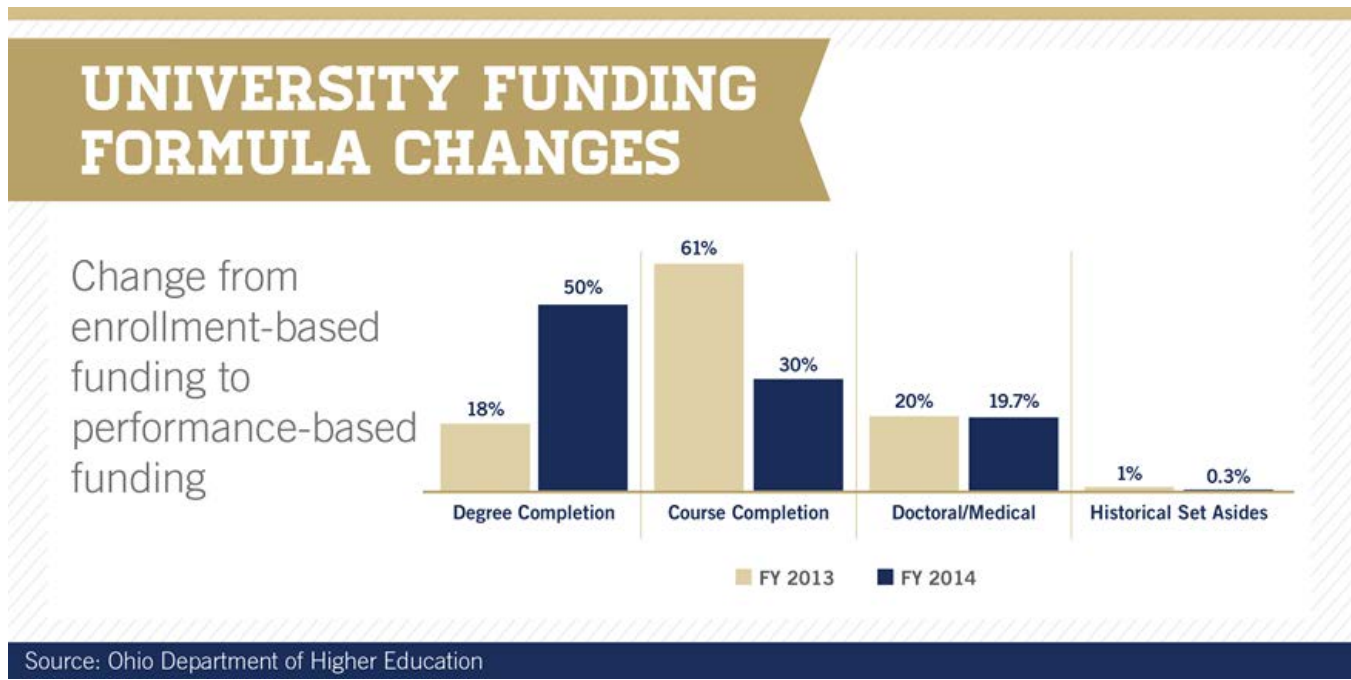
You have challenged us in the past to think outside the box, to be innovative and collaborative, and more cost-sensitive. We believe we are meeting those challenges to be more efficient, to find creative and cooperative ways to save money, and to pass those savings on to our students. I will share with you a few examples.

PUBLIC UNIVERSITIES ARE RESPONDING

- ***Performance-based Funding***
- ***Campus Completion Plans***
- ***University Efficiency Reports***
- ***The 5% Challenge***
- ***Governor's Task Force on Affordability & Efficiency***
- ***Ohio's Attainment Goal***

Performance Based Funding

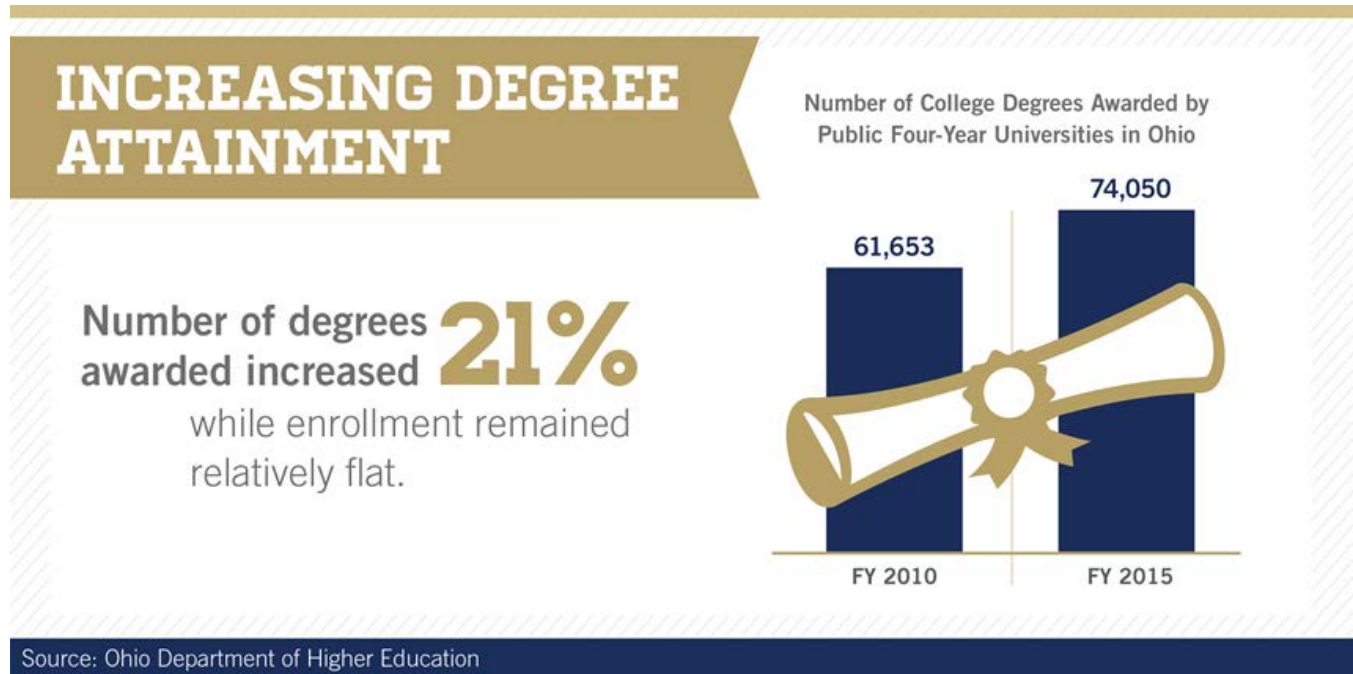
- ✓ Governor Kasich's first major challenge to higher education
- ✓ One of the most aggressive performance based funding designs in the country
- ✓ Performance is improving
- ✓ Performance yes, funding no



At the start of the Kasich Administration, Ohio's public universities and community colleges were challenged to develop and implement a performance-based funding formula that rewarded outcomes rather than inputs. This challenge led to a major change in how state support for higher education is allocated. We moved from a subsidy for enrolled students to a subsidy for successful progress of students toward course and degree completions and, for community colleges, success points. This represents a shift in focus from quantity to quality, which, in our opinion, is absolutely the right approach for the student, the institution, and the state of Ohio. With this change came the expectation and responsibility to provide additional student services to help ensure completion and graduation. Services like advising, guidance, and career coaching are offered to help students move towards that end goal of attainment. Those services came at a cost.

In this proposed budget, public universities are taking the commitment to performance funding even further by recommending the inclusion of a new, first generation risk factor in our funding formula. Data shows that first generation students face greater challenges in persisting, completing, and earning a degree. It has become clear that they need special assistance. Because of the proposed IUC change in the formula, that assistance now will be realized through the redistribution of existing state subsidy to institutions that help first generation students complete courses and graduate.

The formula is working. From FY10 to FY15, the number of college degrees awarded by Ohio's public universities in Ohio increased by 21%, despite the fact that enrollment remained relatively flat. Student retention and time to degree also have improved under the new formula. First to second year retention of first-time, full-time, degree-seeking students has increased every year since FY10 and is now just under 80% at any institution.



Campus Completion Plans

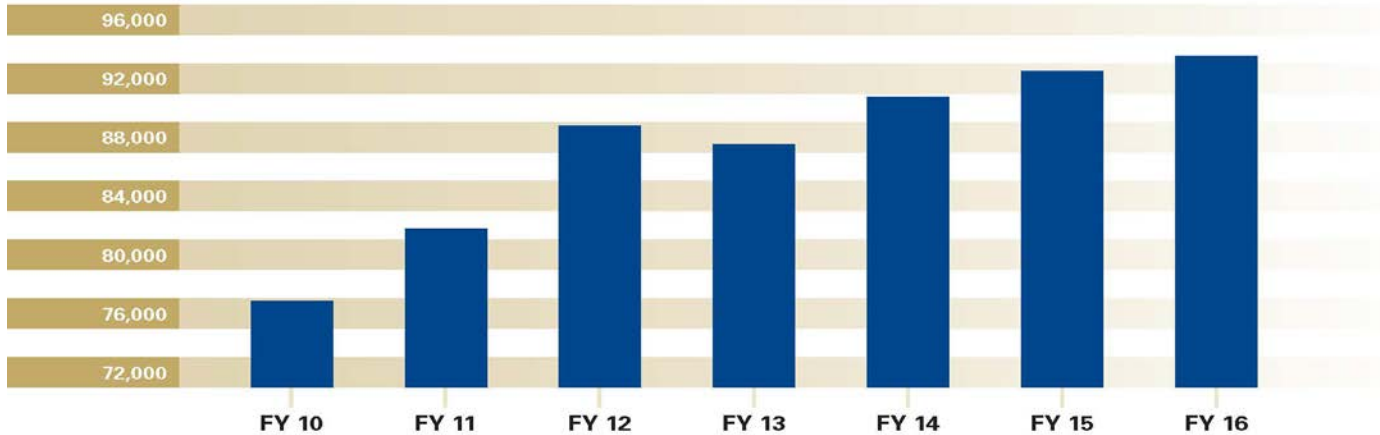
- ✓ **Failure to complete is the biggest “cost” in higher education**
- ✓ **General Assembly calls for comprehensive plans**
- ✓ **Campus focus on completion is showing strong results**

Another accomplishment of which we are particularly proud is the progress we have made in implementing our campus completion plans. House Bill 59, the biennial budget bill enacted during the 130th General Assembly, called for each public college and university to submit to the Chancellor by June 30, 2014 a campus completion plan approved by their board of trustees. The legislation further required institutions to update these plans every two years. The idea behind the completion plans was a good one – to provide a continuous improvement framework allowing campuses to identify and implement strategies to increase the number and percentage of students earning meaningful postsecondary credentials. All public institutions in Ohio filed plans in 2014 and then again in 2016. The plans include measureable student completion goals and are aligned with the state's workforce development priorities. All are available on the Department of Higher Education's website. I encourage each of you to review those plans, to see the progress being made and what steps our public universities have taken to help students achieve success by breaking down barriers to persistence and completion.

Once again, the General Assembly challenged us, each institution submitted a plan, and the progress is evident.

Postsecondary Degrees Awarded

FY 2010 – FY 2016



The impact of performance-based funding and other strategies focused on student success has led to a steady increase in the number of postsecondary degrees awarded.

Source: Ohio Department of Higher Education, Degrees and Certificates
Awarded by Ohio Public Institutions, January 2017

University Efficiency Reports

- ✓ **General Assembly requires Efficiency Advisory Committee**
- ✓ **Efficiency Committee reports increase collaboration and produce cost savings**
- ✓ **Efficiency is paying dividends**

Am. Sub. H.B. 64 of the 131st General Assembly required the chancellor to maintain an Efficiency Advisory Committee, composed of members from each of Ohio's public institutions of higher education. The purpose was for each institution to generate efficiency plans, to identify opportunities for shared services, share best practices, and streamline administrative operations. Any savings that resulted from these efforts was to be used to reduce the cost of college for students and improve the quality of education. In the 2016 Efficiency Advisory Committee Report, the chancellor stated that the total estimated cost savings or avoidance reported for FY16 alone was almost \$250 million. In recognition of our progress he said, "I am proud of the work our colleges and universities have done thus far to fulfill this vision." The report documents that the aggregated amount invested by state institutions to reduce the total cost of attendance – which includes tuition, fees, room, board, books, and materials – was over \$25.5 million. Institutions invested \$55.8 million for student financial aid, and over \$8.5 million for student success services related to completion and time to degree. So not only are we meeting the challenge to be more efficient, but we are providing students with a significant financial benefit as a result. We view this as a legislative challenge that clearly now is paying dividends for our students.

The 5% Challenge

- ✓ **The General Assembly challenges higher education to identify opportunities for students to save on the cost of education**
- ✓ **Primary sponsor lauds the cumulative efforts of Ohio's public institutions**

Perhaps one of the most creative challenges given recently was the 5% Challenge that former Senate President, now Representative, Keith Faber, issued. This challenge required institutions to create opportunities for students to save five percent on the cost of attendance. According to Representative Faber we have met that challenge.

In an August 2016 letter to Ohio State University President Michael Drake, then Senate President Faber wrote that all 37 of Ohio's public college and universities responded positively to the 2015 challenge to reduce student costs by five percent, and in many cases, exceeded the challenge with total savings in the 10-12% range. He also stated that our answer to the challenge was a significant step forward in addressing a plea for help from Ohio families and our current and future students. While we continue to strive for even greater efficiency and affordability, it is clear we are meeting our challenges and obligations not only to graduate more students, but also to be more affordable. Once again, the General Assembly issued a challenge and we responded in a way that exceeded the expectations of the primary sponsor.

Governor's Task Force on Affordability & Efficiency in Higher Education

- ✓ **Public private task force identifies opportunities to reduce costs and improve quality**
- ✓ **Governor challenges Trustees to submit response plans by August 2016**
- ✓ **Universities working to implement plans, most are making significant progress**

Governor Kasich also has challenged public higher education to become more efficient and affordable. On February 10, 2015, Governor Kasich signed Executive Order 2015-01K establishing the Ohio Task Force on Affordability and Efficiency in Higher Education. Consisting of private business leaders from around the state, legislators, and higher education professionals, its purpose was to review and recommend ways in which public institutions of higher education could be more efficient, offering an education of equal or higher quality while at the same time decreasing their costs. The challenge was for institutions to become more efficient and productive in the use of their assets, personnel, and resources.

The Task Force issued a report On October 1, 2015 with a host of recommendations on how our state institutions of higher education could operate more productively. Each institution was required to submit a plan by August 1, 2016 to the chancellor explaining how it would implement those "recommendations." That was done and now all public universities and community colleges are making progress on implementing the Governor's recommendations according to their plans to become more productive and efficient, and more importantly, how best to pass along those savings to students. Once again, the Governor issued a challenge, supported by the General Assembly, to respond to the recommendations of the Task Force. We have done so by submitting individual institutional plans.

Looking back on these challenges and accomplishments, I think it would be very difficult for anyone to argue that Ohio's public institutions of higher education have shirked their responsibility and not been responsive. As Governor Voinovich used to say, we are doing more with less, and in this case, much more with much less. This leads me to the portion of my testimony on the proposed budget before you today, House Bill 49.

The State's Attainment Goal

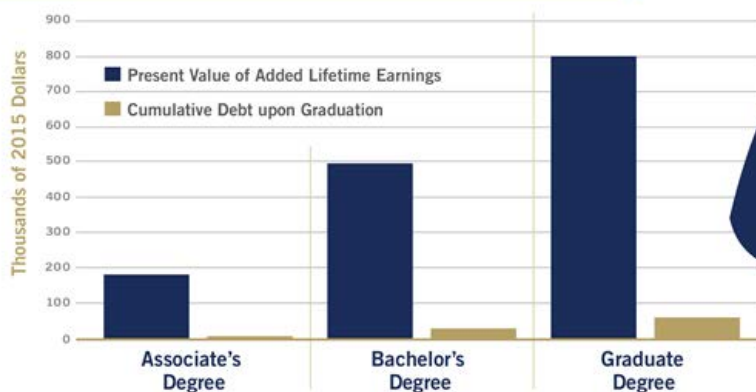
- ✓ **State recognizes a huge attainment gap, and economic development risks**
- ✓ **State identifies a goal of 65% by 2025**
- ✓ **State plans fall short**



This budget issues yet another challenge to the state's public institutions of higher education. It comes in the form of an "attainment goal." It is a challenge we willingly embrace. The Administration correctly recognizes that a severe and well-documented talent gap threatens our state's continued economic competitiveness and growth. The threat is serious. According to the Georgetown Center on Education and the Workforce, 64% of Ohio jobs in 2020 will require a postsecondary education. A Lumina Foundation report shows that just 43.2% of working-age adults in Ohio have a postsecondary certificate or degree, which is slightly below the nation's overall postsecondary attainment rate of 45.3%.

The state's new goal is to produce, by 2025, an estimated 1.7 million more adults with high-quality postsecondary certificates or degrees. The goal is very worthwhile both for the state's economy and for the individual citizens who will seek these new degrees. Consider that the return on investment for a college credential is well worth the investment. According to the Federal Reserve Bank of New York, the return on investment for earning an associate's or bachelor's degree has remained steady at about 15% a year over the past decade, "easily surpassing the threshold for a sound investment," about 7% a year, the authors, economists Jaison Abel and Richard Deitz, wrote. Areas of specialization also influence earnings, the report said. Among workers with a bachelor's degree, engineering majors earn the highest average annual returns, 21%, while liberal arts majors post a 12% average annual rate of return.

LIFETIME EARNINGS & STUDENT DEBT



Source: CPS ASEC 2014 and 2015; NPSAS 2012

Make no mistake about it this is an ambitious goal. Consider that at Ohio's current rate of production, by 2025 almost 2 million Ohioans will lack the postsecondary education or training needed to be competitive in the labor market. Even if we improve Ohio's performance by increasing college access and increasing college credentials to the same level as leading states, we still will have a shortfall of hundreds of thousands of credentialed workers with the knowledge and skills needed to fill projected workforce needs in Ohio in 2025.

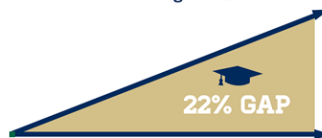
Clearly, urgent action is needed. A budget that supports this goal is needed. Unfortunately, the Administration has proposed a budget with a number of shortcomings that will inhibit higher education's ability to meet the state's attainment goal. To put it more succinctly, this budget presents neither the plan nor the necessary resources to get there. In fact, this budget is counter-productive because it underfunds the innovative and effective performance funding formula, university and college completion plans, success initiatives, career services, and other institutional programs that benefit students on a daily basis. This budget also is counter-productive because it imposes new, costly mandates on public institutions of higher education.

THE TALENT GAP IMPERATIVE

By 2025, nearly **two-thirds** of Ohio jobs will require post-secondary education. At our current rate of completion, just **43% of Ohio adults will have a college certificate or degree by 2025.**



2025 Target Goal =
65% Degree Attainment



2025 At Current Rate =
43% Degree Attainment

SOURCE: U.S. Census Bureau, 2000 Census, 2010, 2011 & 2012 American Community Surveys

Textbook Purchase Mandate

- ✓ Textbooks are an important, but expensive component of higher education
- ✓ Governor's Task Force makes recommendations and universities respond
- ✓ No new challenge issued, no collaboration
- ✓ Governor issues counterproductive, expensive, unfunded mandate in budget

Governor's Task Force on Affordability & Efficiency in Higher Education October, 2015

Background: Textbooks can cost the average university student \$1,225 a year and a full-time community college student \$1,328 a year. (6)

Source: (6) The College Board, Average Undergraduate Estimated Budgets 2014-15, <http://trends.collegeboard.org/collegepricing/figures-tables/average-estimated-undergraduate-budgets-2014-15>

TEXTBOOK AFFORDABILITY

- **Recommendation 6A** *Negotiate cost: Professional negotiators must be assigned to help faculty obtain the best deals for textbooks and instructional materials, starting with high-volume, high-cost courses. Faculty must consider both cost and quality in selecting course materials.*
- **Recommendation 6B** *Standardize materials for gateway courses: Institutions must encourage departments to choose common materials, including digital elements, for gateway courses that serve large volumes of students.*
- **Recommendation 6C** *Develop digital capabilities: Institutions must be part of a consortium to develop digital tools and materials, including open educational resources, that provide students with high-quality, low-cost materials.*



The most egregious unfunded mandate proposed in House Bill 49 is the textbook purchase mandate. This provision requires the boards of trustees at state institutions of higher education to provide, presumably by purchasing, textbooks to all undergraduate students as a mandatory service for the 2018-2019 academic year. It defines textbook as any required instructional tools, including software, used specifically for curricular content instruction in a course. This is an incredibly broad definition. The language does permit the board to charge a fee, not related to tuition, not to exceed an annualized amount of \$300 for a full-time undergraduate student. The amount would be pro-rated for part time students.

Without question, this proposal will have a negative impact on the quality of education provided to students. It will force universities to pay for textbooks, inhibiting academic freedom and creativity, both

of which will effect quality. It will force universities to store and house textbooks, which will necessitate the creation of a new bureaucracy and administrative process to manage that operation. This too will come at a cost and perhaps at the expense of other services currently provided to students.

While the idea to curb costs is well intentioned, and we agree that something should be done to address the issue, this proposal is not the answer. Further, it is a radical departure from the Administration's first attempt to address textbook costs, which was mandated to our institutions in the previously mentioned Governor's Task Force on Affordability and Efficiency in Higher Education report issued in October of 2015. As noted, we are currently in the process of implementing those recommendations, but the House Bill 49 requirement to purchase textbooks seems to take us in a different direction.

The Task Force Report suggested three things. First, it required professional negotiators to be assigned to help faculty obtain the best deals for students on textbooks and instructional materials starting with high-volume, high-cost courses. Faculty are required to consider both cost and quality in the selection of course materials. Second, institutions were required to encourage departments to choose common materials, including digital elements, for courses that serve a large enrollment of students. Finally, institutions were required to be part of a consortium to develop digital tools and materials, including open educational resources – which includes open textbooks, faculty generated, peer-reviewed electronic books that are available for free to students – that provide students with high-quality, low-cost materials. These were rational requirements. Every public university submitted a plan to the Department of Higher Education for implementing these recommendations. Every state institution is making progress.

According to the 2016 Efficiency Advisory Committee Report prepared by the chancellor, 19% of colleges and universities are making tangible progress towards implementing the requirement to negotiate cost, 68% are making tangible progress towards standardizing materials, and 51% are making tangible progress towards developing digital capabilities. These are real policies that will have a real effect on reducing the cost of textbooks. Simply requiring state institutions to purchase textbooks and charging students a fee will not reduce the real price of textbooks. Universities will spend more than the students would to buy the textbooks. So, if anything, it could increase costs.

Students have proven to be very entrepreneurial, creative, and innovative in managing textbook costs. Some reduce costs by utilizing libraries, used textbooks, digital options, sharing, and borrowing books. Many do so at a cost below the \$300 fee the institutions are permitted to charge. Buying textbooks at the beginning of the semester will require the university to purchase textbooks for students who will eventually drop the class. The proposal requires that some students will financially lose, some will break even, and others will have a huge windfall.

Some have suggested that colleges and universities have done nothing and will do nothing, to address textbook costs. I would suggest to you just the opposite. In fact, over the last 16 months, our institutions have made steady progress in reducing costs – partly by implementing the Administration's first solution. Now we have a second solution, one that, among other things, confuses the issue of annual cost to students.

In the Governor's Task Force report, the average annual cost was \$1,225 for students attending public universities and over \$1,300 for students at community colleges. The Administration cited the College Board, a well-recognized source in the industry, as the source for this number – which as we heard in

ODHE testimony on March 1, is now apparently a questionable source. The second, and new, Administration number, \$600, is the assumption being utilized in House Bill 49, which ODHE testified came from the National Association of College Stores (NACS).

First, I would point out that the House Bill 49 number grossly understates the cost of providing textbooks and that there is a rather large \$600 difference in the Administration's own estimates. Second, I also would question using NACS as a source. This estimate includes students who do not purchase books, who purchase used books, who share books, who rent books, who use library course reserves, and otherwise avoid purchasing new books. It is what a student spends – a figure much lower than the actual cost of all textbooks being assigned. Finally, each institution publishes information on tuition and expenses, including books and supplies. We have those numbers. Nobody from the ODHE contacted the IUC or, to the best of my knowledge, any member institution to collect those amounts, which vary from institution to institution and range from \$1,000 to \$1,500.

My point is there is no baseline, and therefore no properly researched policy. Nobody in the administration really knows the actual cost. Picking \$600 is, at worst, just arbitrary and, at best, based upon an internet search. Depending on what number you pick, the cost to the institution will be either high or very high. The IUC estimates that the unfunded cost for textbooks to the university in the Governor's most recent proposal is between \$300 and \$925 per full time equivalent student in the public university sector. Assuming there are 292,429 FTEs in our sector, the potential loss is between \$87.7 million and \$270.4 million. For some perspective, consider that the entire proposed State Share of Instruction increase of 1% for FY18 and FY19 is \$39.7 million across the biennium. One of the things we could consider as part of a solution is a study to establish a real baseline cost.

A basic problem of this budget proposal is taking the already highly efficient student strategy of rentals, used purchases, sharing, and use of reserve books, and assuming that the state can generate a 50% efficiency over what entrepreneurial and self-interested individuals already produce. A final point to consider is the inevitable subsidization of majors that heavily use textbooks by majors without expensive textbooks. Socializing textbook costs may be in the financial best interest of some students, but it is not in the best interest of all students. Everyone will have to pay the maximum \$300 fee and those who would be spending less than that will complain. Studio art majors, who spend heavily on supplies, will have to pay the maximum textbook fee for what essentially costs them very little.

We do agree that this is a problem and we need a solution. However, a one-size-fits-all, silver bullet solution is not plausible. On principle, we fundamentally believe that requiring the state, through its universities and colleges, to purchase textbooks is wrong. Our public universities and community colleges should not be in that business. On the other hand, the Governor's Task Force Report was a good start. That first proposal was rational and benefited from the input of higher education professionals. Ohio's public universities are making steady progress on implementing those recommendations. We can do more. We can address this problem by aligning the interests of students with the interests of the university. Stated succinctly, those interests are to select the highest quality educational materials for all students at the lowest possible cost to the student. Faculty creativity should be encouraged and rewarded, not dismissed. Exploding opportunities presented by new technology should be utilized and enhanced. Students should have options not limitations.

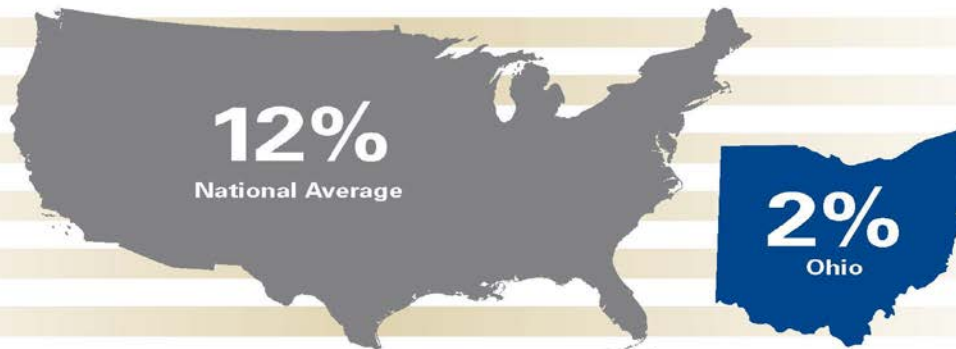
Mr. Chairman, we have been challenged before. You and your colleagues in the Legislature should challenge us again. We can find a thoughtful solution based on real data that lowers the costs of

textbooks without bankrupting our institutions of higher education or negatively affecting the quality of education that we are providing our students in Ohio.

State Share of Instruction & Tuition Freeze

- ✓ Modest increase in SSI
- ✓ Tuition freeze and expansion will undercut quality and inhibit needed investment
- ✓ The myth of skyrocketing tuition

Five-Year Percentage Change in Inflation-Adjusted In-State Tuition and Fees (Public Universities)



Affordability greatly increases access to higher education. In response to rising costs, university and Ohio government leaders have approached affordability on many fronts, beginning with one of the longest-running state-imposed tuition freezes in the nation.

Source: Ohio Department of Higher Education, Degrees and Certificates
Awarded by Ohio Public Institutions, January 2017

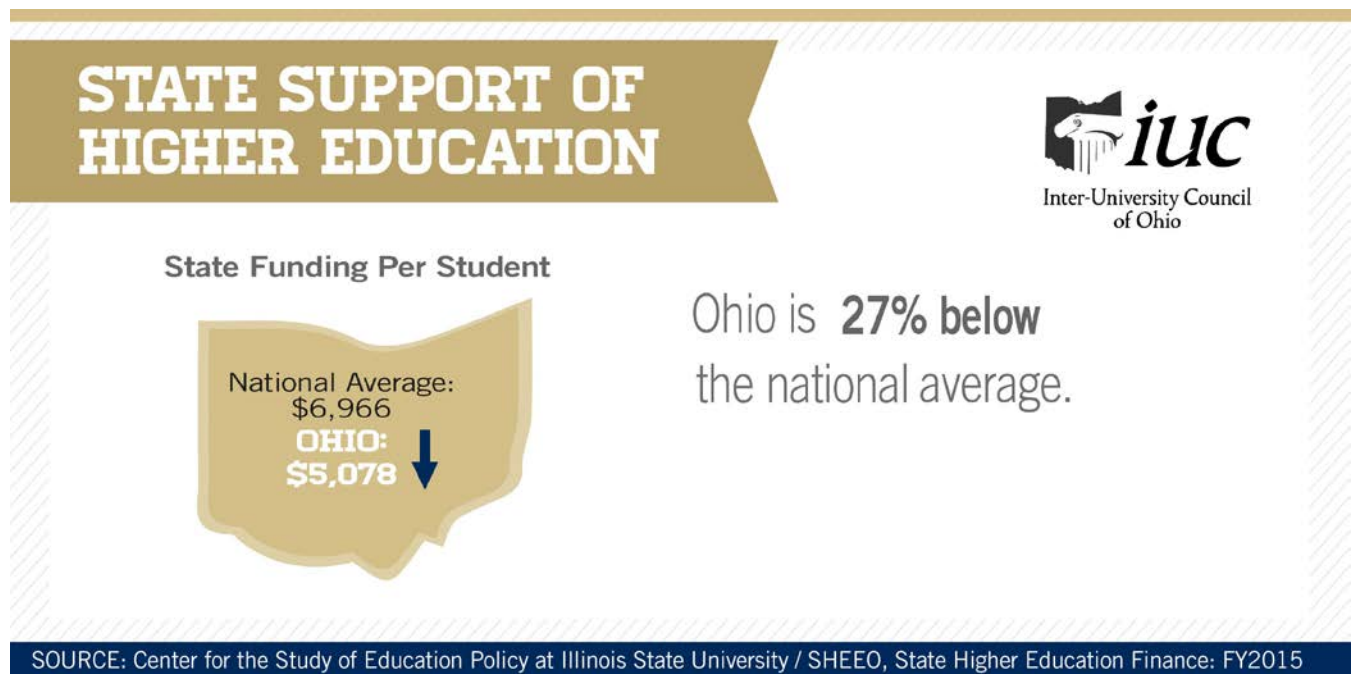
I want to thank the Governor and the Chancellor for increasing the SSI by 1% in each year of the biennium.

The 1% increase in the SSI line item, which amounts to approximately \$39.7 million over the biennium, is, however, below the rate of inflation, which was 2.1% for the twelve-month period ending December 2016, according to the U.S. Bureau of Labor Statistics. This amount does not compensate for the proposed tuition freeze and expansion; nor does it support or recognize the success and performance improvements public institutions of higher education have realized through the outcome-based funding formula.

According to the Department of Higher Education, the number of degrees awarded across the system has increased over the last ten years. Just in the public university sector alone, the number of degrees

awarded increased 21% while enrollment only slightly increased. In FY10, when the formula was first implemented, the number of college degrees awarded by public four-year institutions in Ohio was 61,653 and by 2016, that number had increased to 75,004. The SSI appropriation in this proposed budget basically is flat, making the concept of a performance-based funding formula more myth than reality. There is neither recognition of the work being done by public higher education, nor the willingness to invest in those services that have been proven to be effective in graduating more students.

The 1% increase in State Share of Instruction does not adequately fund higher education when put in the context of a broad new tuition freeze. The 1% increase, coupled with a tuition freeze, violates the historical precedence of providing some additional relief by offsetting the loss in revenue. In FY08-09 when tuition was frozen for the first time, the General Assembly appropriated an additional \$118 million over the biennium to compensate for that lost revenue. In this current budget, the state share of instruction increased by 4.5% in FY16 and 4% in FY17 to compensate for the most recent freeze. Under this proposed budget, tuition again is frozen for two years, holding us flat now four years in a row, while the proposed funding increase for the state share of instruction is less than half the rate of inflation. The state of Ohio is already \$1,900, or 27%, below the national average for state funding on an FTE basis. In addition, many costs on university campuses are beyond our control. Costs associated with new technology investments are rising, employment and healthcare costs are rising, and data utilization costs are exploding.



Besides SSI, tuition is the only other source of revenue available to public institutions. Without adequate state support to compensate, freezing tuition puts the state's public universities in an untenable financial situation. As a result, academic programming is likely to be affected.

Not only is tuition frozen in this budget, but the freeze is extended to "all other fees" beyond just instructional and general fees. There is a lack of specificity on what these fees may include, as you have heard from previous testimony. There is no definition, other than that room and board are not included. Students pay many different types of pass-through fees for a variety of services, including student health

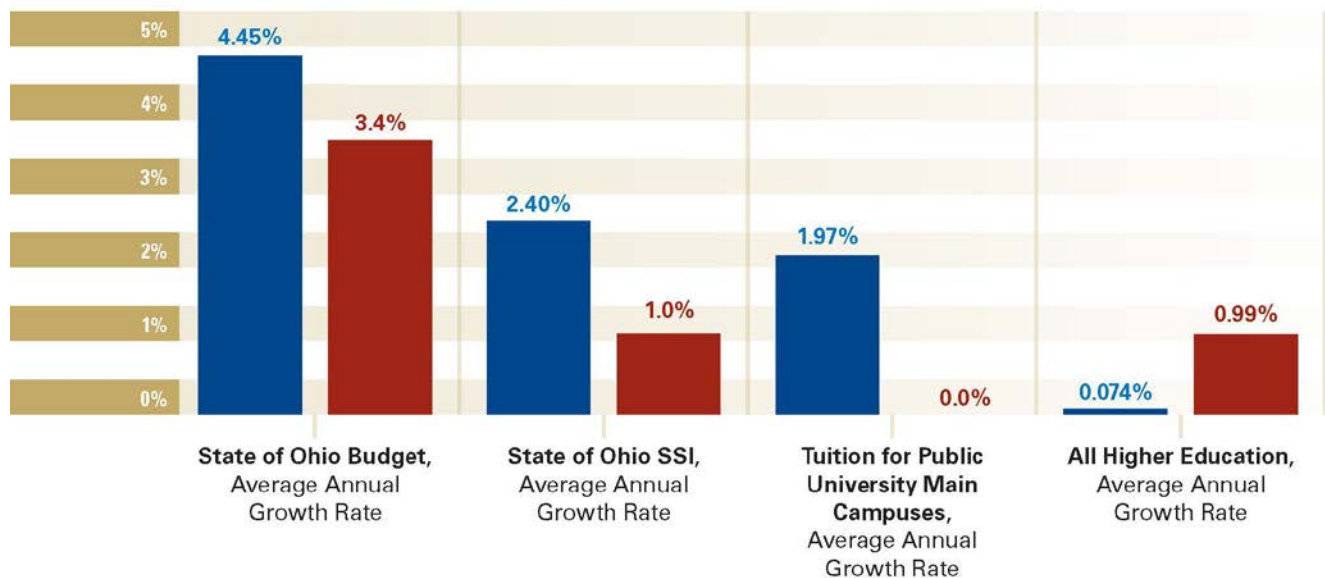
insurance, transportation, lab fees, and study abroad opportunities. Many of these fees are determined by current market rates that the university has no role in setting. I appreciate the Department's willingness to work with us to identify fees that should be able to be adjusted, especially given the fact that the university must pass through costs that are beyond our control.

Finally, contrary to popular belief, tuition is not spiraling out of control. Over the last ten years, tuition for public university main campuses has grown at an annual average rate of 1.97%. In the proposed budget, that growth rate is zero. When compared to the average annual growth rate of the state of Ohio budget over the last ten years, which grew at 4.45%, tuition is very much in control. According to the ODHE, the five-year percentage change in inflation-adjusted in-state tuition and fees was 2%, while the national average was 12%. That number does not consider the fact we have just completed two years of flat tuition.

I hope this information helps dispel the myth that Ohio's tuition costs are out of control. Further, I would suggest to you that these numbers demonstrate that there is room for the Legislature to grant institutions of higher education some flexibility on tuition, at least to the rate of inflation, and especially in light of the almost flat funding proposed for the state share of instruction in House Bill 49.

Average Annual Growth Rates

2007–2017 (Actual) and 2018–2019 (Proposed)



■ 2007–2017 (Actual)
 ■ 2018–2019 (Proposed)

Source: State of Ohio Biennial Budgets, 2007–2019

Ohio College Opportunity Grant

- ✓ Need based financial aid is improving
- ✓ Still well below pre-recession levels

On a positive note, the bill proposes a slight increase in funding for need-based financial aid through the Ohio College Opportunity Grant (OCOG) program. The availability of adequate financial aid resources is a vital factor in increasing the number of Ohioans – particularly low-income Ohioans – with college degrees or other postsecondary education credentials. Unfortunately, state funding for need-based financial aid in Ohio was cut by 50%, or \$400 per student, during the recession.

This budget continues a positive trend and proposes a 3% increase in FY18 and a 2% increase in FY19 for OCOG. That translates into \$5 million more over the biennium than was appropriated for FY17. The IUC supports restoration of recession-era funding for OCOG and believes this is a step in the right direction. If you are looking for ways to expand OCOG to more need-based students who still have a substantial tuition and fee balance after all federal grants and state awards are taken into account, we will be more than happy to work with you.

Ohio Student Need-Based Financial Aid Funding History

FY2008-FY2017

**Total State General Revenue Funds Allocated for Need-Based Financial Aid Programs:
Ohio Instructional Grants and Ohio College Opportunity Grants**



Bachelor's Degrees at Community Colleges

✓ Blurring the lines and creating unnecessary duplication

The bill requires the chancellor of higher education to establish a program under which a community college may apply to the chancellor for authorization to offer applied bachelor's degree programs.

The IUC continues to have concerns with this version and our position is very clear. We oppose the expansion of bachelor degree programs on community college campuses unless students are unable to access the same or similar programs at public universities. In addition, we believe any effort should be treated as a pilot project with a mandated study to ascertain whether the new degrees are meeting the needs of local business, whether the graduation rates are reasonable, and whether the promise of filling high demand jobs is being fulfilled. The Chancellor's language falls short. The language does not define applied degrees. The language does not give a local university the right to object. There is no study on the efficacy of offering four-year degrees at community colleges as was included in House Bill 64. This language will need further refinement and clarification in order to address these concerns.

Western Governors' University

- ✓ Competency Based Education plans encouraged by the administration**
- ✓ What are the ramifications of an out-of-state, state institution of higher education?**

The language permits the chancellor to enter into a partnership with an "eligible institution of higher education" for the purpose of providing competency-based education programs. It defines "eligible institution of higher education" as an institution of higher education that is created by the governors of several states and where at least one of the governors of these states is also a member of the institution's board of trustees. The language then designates an eligible institution as a state institution of higher education for the purpose of providing competency-based education programs. As defined in the law, there is only one, out-of-state online institution that is eligible – Western Governors' University (WGU).

After two previous attempts to designate WGU as a state institution of higher education in Ohio, it remains unclear what the administration is trying to accomplish through this provision. Why must an out-of-state institution be designated a state institution in Ohio? What are the ramifications? The language prohibits the eligible institution from receiving any state share of instruction funds, but not other funds appropriated to the department of higher education by the general assembly. While it would not be eligible for SSI funding, it could be eligible for other state funds, including capital funds. What are the collective bargaining and legal representation implications? The administration has justified this language as a way to provide a marketing advantage to this out of state education services provider. Additional recruitment or promotion does not require WGU to be designated a state institution of higher education in Ohio. If this designation is for marketing purposes, as the administration has asserted, then it is not necessary.

Mr. Chairman and members of the Subcommittee, I will conclude my testimony by saying that the greatest strength of Ohio's higher education system is its ability to be innovative and creative in the delivery of a high quality education. Our research expertise and the many educational options available

to students buttress this strength. There are low cost options, access institutions, private and public institutions, and even high-cost options. Students have choices and choices are good. Ohio's public universities work hard to provide a quality education at an affordable cost, to provide students a variety of services they want and pay for, and to help them attain their educational goals. This budget does not do much for Ohio. In fact, the mandates, cost constraints, and other requirements imposed by House Bill 49 will limit those choices and services. They will limit our ability to be innovative and to stand up world-class, high quality curricula and research programs. They will discourage rather than encourage students from attending our public institutions of higher education.

If the goal is to close the attainment gap and to attract the best and brightest students from around Ohio, the country, and even the world, then under this proposed budget, we will fail. Failure is not an option, however. We must do more and we must do better. Higher education continues to be one of the soundest investments we can make in Ohio's future. Postsecondary, college-level learning is the key to economic opportunity and prosperity for individuals and for the state. Ohio's public four-year universities play a pivotal role in building the state's innovation capacity and strengthening our ability to compete globally for investment, talent and jobs. If that is to remain the case, then we need your help to make this a better budget.

Thank you Mr. Chairman. I am happy to answer any questions.