KENT STATE UNIVERSITY

House Education Subcommittee
President Beverly Warren, Kent State University, Testimony
Tuesday, March 7, 2017

Chairman Perales, Ranking Member Ramos and members of the House Higher Education Subcommittee, thank you for the opportunity to present testimony today on House Bill 49. My name is Beverly Warren, president of Kent State University.

On behalf of the nearly 41,000 students of Kent State, I express appreciation for your leadership and efforts to control the rising costs of college tuition for Ohio residents. We join with you in believing the dream of a college degree must remain within reach for Ohio's citizens.

Our eight-campus system structure strategically addresses this very priority, with tuition reduced by 40 percent and no room and board costs on seven of our eight campuses. We are proud to serve a wide range of students and families, including those who can least afford a college education. Ohio's Appalachia region is the home to five of our Regional Campuses, and many of our Kent Campus students hail from this proud region.

Because so many of our students and their families depend on need-based aid to pursue their postsecondary studies, we applaud Governor Kasich's budget proposal of a 3 percent increase in the Ohio College Opportunity Grant and the potential to support completion funds that many state universities have implemented. We have significant evidence that completion grants work.

In August, we offered completion scholarships to 68 students in good standing who had not yet enrolled for the fall semester. All returned to Kent State; 44 graduated in December and all but one of the remaining 24 are slated for graduation this spring or fall. Another 90 Completion Scholarships were awarded at the start of this spring semester.

As we offer our gratitude for the foresight of including these proposed investments in House Bill 49, we are obliged to express concern for the proposed 1 percent increase in the State Share of Instruction. Under this plan, Kent State's projected SSI increase would be $1.52 million in Fiscal Year 2018 and $3.04 million in Fiscal Year 2019. In addition to falling short of the consumer price index, this limited investment threatens the advancements and educational quality we have achieved to date through collaboration with the Administration and the General Assembly.

Our public colleges and universities are central to the vision of transforming Ohio's economy as we educate tomorrow's job creators and innovators.

People like Shanice Cheatham who, while still enrolled at Kent State, launched the biotechnology company Endemic Solutions – a start-up focused on solutions to fight infectious disease. She created a portable handwashing system that will help healthcare professionals

Office of the President
P.O. Box 5190 • Kent, Ohio 44242-0001
330-672-2210 • Fax: 330-672-3281 • http://www.kent.edu

treating patients in countries with underdeveloped water sources. Her invention took first place at the "Pitch U" entrepreneurship competition sponsored by the Burton D. Morgan Foundation.

If we are to take the lead in the knowledge economy, we must invest in students like Shanice and in faculty like those who mentor her. We need the courage and discipline to invest in Ohio's future by creating a competitive funding strategy for our higher education system.

I also wish to provide insights that will illuminate some of the negative consequences of House Bill 49's proposed freeze on program fees.

Aeronautics major Alexander Wukovits was named the No. 1 certified flight instructor in the country last year by the National Intercollegiate Flying Association. Alexander and all of our aeronautics majors benefit from the university's volume purchasing of aviation fuel. Aviation fuel varies from year to year, and Kent State's program fee is based on this market value – going up when fuel prices go up but also going down when fuel prices may decline.

At-cost program fees also come into play for other academic programs for expenses such as background checks, health insurance and testing fees. The university does not set the cost of these fees, and we realize no financial gain from them.

In addition, the university already enforces a five-year freeze on all other program fees not dependent on external forces.

Finally, I will offer our perspectives on the proposed textbook policy. The intent of this policy is noble. We absolutely need to make sure that textbooks are affordable for our students. However, this policy does not solve the problem of textbook costs and would make it more difficult for us to negotiate the issue effectively.

First, we are concerned about the policy's potential impact on quality, as it could provide an incentive to select textbooks based on cost and not their academic content.

Second, the reauthorized Higher Education Act requires us to provide the list of assigned textbooks for each course, including ISBN numbers and prices, during registration. By having this information, students can plan ahead for the expense, and they have more time to explore cost-saving options such as where and from whom to purchase their required textbooks. The new policy will eliminate a student's choice about which books to buy, which to rent and which to borrow – decisions that are specific to each students' circumstances, major and goals.

At the prior request of the Administration, we have outsourced ancillary services not related to our core academic mission, including textbook sales. While students are free to explore multiple options for textbook purchases, the university is obligated to purchase from our official textbook provider, which is currently Barnes & Noble. We would not have the same flexibility to explore purchase options, and we would be forced to, once again, engage in the textbook business.

For Kent State, the unfunded cost for textbooks in House Bill 49 is between $300 and $900 per student for a potential total loss to the university of $17 million to $30.6 million. This figure does not consider the cost of personnel and space to manage this new textbook renting process – one that would directly compete with the private sector.

- Representative Mike Duffey, chair of the Higher Education and Workforce Development Committee, estimates that the textbook policy will cost the state of Ohio roughly $25 million in lost tax revenue – as state institutions are not subject to sales tax.
- Kent State's portion translates into $441,000 in lost state sales tax revenue and more than $91,000 in lost county sales tax revenues to seven counties.

What will suffer at the hands of this significant additional financial burden?

- Certainly university-funded scholarships and aid will suffer, making a Kent State education unaffordable to many.
- Retention and student success programs also would be at risk. These programs have had a significantly positive impact on first-year retention and graduation rates.

As responsible stewards of public and other resources, we have sustained repeated tuition freezes and incremental increases in State Share of Instruction while continuing to enhance productivity in terms of enrollments, retention and graduation rates.

Like all of our public university colleagues, we have embraced opportunities to consider cost containment, revenue generation and collaboration strategies to drive effectiveness and efficiencies to the benefit of our students. Over the last two years, Kent State has implemented cost savings and efficiencies totaling $17 million, permitting increases in need-based aid and addressing the credit-hour plateau that provided $4.7 million in savings for all students.

Adopting a funding plan calling our public higher education institutions to sustain a 1 percent SSI increase and flat tuition in addition to a fee freeze and a costly textbook policy will undermine the very efforts we have collaboratively developed to increase efficiency while providing a quality education for the most students.

We are asking you to strike the new fee freeze and textbook policy from House Bill 49 and consider an increase in SSI commensurate with previous year budgets and to keep pace with the growth in student success since the conception of the formula. We encourage maintaining the tuition freeze, OCOG increase and completion grant investment as proposed in the bill. This combination of provisions will position Ohio's public colleges and universities to serve growing numbers of students while also joining with education, business and government partners to be the catalysts of Ohio's knowledge economy.

Chairman Perales and members of the subcommittee, thank you for the opportunity to speak to you about Kent State and the state budget. I would be happy to answer any questions at this time.