

Ohio House Finance Subcommittee on Higher Education
House Bill 49 – FY18-19 Operating Budget Testimony
Matthew J. Wilson, President, The University of Akron

Chairman Perales, Ranking Member Ramos, members of the subcommittee and in particular, Representative Anielski, a distinguished alumna of our University...thank you for this opportunity to present testimony on the higher education portions of the state operating budget. My name is Matthew Wilson, president of The University of Akron.

I preface my remarks about HB49 with the observation that while Dr. Drake, Dr. Warren and I share the same perspective as leaders of our respective institutions, our views come from markedly different positions on the public institution spectrum. If proposed legislation causes concern for a flagship institution, it raises real and legitimate alarm among regional institutions like KSU and UA.

As you may know, like many other institutions of higher education, The University of Akron is battling substantial financial challenges -- some of our own making, and others driven by external market forces. I am very proud of, and grateful for, the responsible response of our trustees, faculty, staff, and administrators to these challenges.

Please allow me to share with you a few examples of the recent steps we have taken in the past eight months to contain our costs and help our students save money.

EFFORTS TO SAVE STUDENTS MONEY AT UA

- **SAVINGS**
 - **2015-16 budget year:** eliminated \$20 million in expenses including reductions in force and lower administrative salaries.
 - **2016-17 budget year:** will save an additional \$12-\$15 million through hiring “frost,” refinanced debt, and fiscal conservatism
 - **2017-19 budget years:** looking to reduce expenses by \$20-\$30 million over the course of two years through the transformation plan (*adjustments to graduate assistantships, hiring adjustments, travel savings, energy savings, and others*) together with the comprehensive assistance of Ernst & Young
- **INNOVATION -- AKRON GUARANTEE SCHOLARSHIPS**
 - Innovative program that rewards steady academic progress with an incentive for students to stay on track, graduate on time, and achieve an education with less debt.
 - Guaranteed annual scholarship renewal for students so long as they stay in good academic standing (maintain a minimum 2.0 GPA).
 - Automatic Scholarship Upgrades – student will receive an additional \$1500 scholarship when reaching the 30-credit mark, another \$1000 when hitting the 60-credit mark and yet another \$1000 at the 90-credit mark.
 - Higher total amount

This is not the totality of our efforts, and additional steps are underway to further improve our financial health. It is still early in the process, but enrollment numbers for next fall point toward improvement over last year.

As we continue to work to contain costs, enhance quality and facilitate our students graduating with less debt, we are genuinely concerned by the potential effects of several well-intentioned features of the Operating Budget/HB 49. This budget would potentially undermine the financial recovery underway at The University of Akron, expose other regional universities to the risk of financial distress, and take away valuable resources and services from our students.

TEXTBOOKS: One proposal is to require public universities to provide textbooks to all undergraduate students and allows universities to charge only \$300 annually for a full-time student. While this proposal is well-intentioned, it will have negative consequences:

- Concerns:
 - In estimating costs for students, we conservatively place annual textbook costs at \$1000 per year for financial aid purposes. That amount is \$200 less than College Board estimates as the average annual cost to students. Those enrolled in the STEM disciplines face even higher costs.
 - If we must provide necessary \$1000 worth of textbooks to our students with a \$300 cap in fees, this means we might need to spend approximately \$700 for each of our 19,465 undergraduate students without additional financial assistance from the State (in the form of a block grant, increased SSI, or student scholarships), the cost to The University of Akron alone would be approximately **\$13.63 million**.
 - As proposed, the budget prohibits us from increasing tuition/fees to cover the additional \$700 expense described above. If we must bear that cost, we will be forced to cut student services.
 - We know from research, such as a 2009 study performed by Cornell University, that there is a correlation between student services and rates of retention and graduation.
 - Search for solutions is admirable, and we will continue to look at possible options. In fact, I am happy to assist in the development of solutions through discourse and dialogue. However, the list of potential unintended negative consequences is daunting.
 - Unless we are going to purchase new books for every student through our current vendor, we would need to create our own book check-out system – in effect adding a new layer of *administration and staffing*. Distributing, tracking, and maintaining books would present incredible challenges.
 - The quality of student education could suffer
 - Forcing universities to pay for textbooks inhibits academic freedom and creativity, which negatively impacts quality.
 - The incentive will be to select textbooks based on COST and not academic quality
 - In particular, STEM textbooks evolve due to rapid advancements in technology. This necessitates new editions to get the most current research and disciplinary information.
 - Students learn through different mediums – some students prefer new books, others prefer used books underlined by previous users, while others may

prefer electronic books. Allowing students to choose a particular medium through a mandated system would create extra work and expense.

- Will this proposal mandate motivate publishers and booksellers to rein in their costs, or might it have the opposite effect?
 - Real issue is the textbook market where five major publishers control 80% of the market
- How will we manage online materials? Many books have been converted into comprehensive websites containing reading materials, PowerPoint slides, supplemental materials, homework assignments and the like. These websites require access codes, which are very expensive. Do course websites count as textbooks?
- We should also consider that the market -- rather than the state -- is better suited to remedy this situation. The consumers, the students in this case, have not waited for a state-supplied solution. They are finding their own solutions.
 - Our bookstore estimated that only 50% of students purchase some or none of their required course material. Other surveys show that up to two-thirds of students skip renting or buying at least one of their textbooks.
 - Also, in a 2016 survey of student purchasing and lifestyles, the Student Monitor reported that while campus bookstores are the primary source for textbook purchases, student are purchasing fewer new and used printed textbooks from these stores. As long ago as 2010, the New York Times reported that almost a quarter of students simply chose not to buy textbooks, and 30 percent bought their books online. Amazon now captures a larger share of book “renters,” and students who buy eTextbooks than campus bookstores.
 - On my own campus, there is a student who has spearheaded a lightly used textbook program.
 - I recently learned that at least one of our fraternities maintains its own library of textbooks.
 - Other students have engaged in “textbook pooling” where several students will split the cost of a textbook and share.
 - Students often “hand down” or trade textbooks.
- Finally, I would like to share with you what leaders from our Student Government said when we discussed this proposal with them. At first they were excited by the idea, but they quickly became less enthused.
 - One student said she and others have kept their spending on textbooks below the \$300 annual amount through creative solutions. Her words were “So now you are

asking me to pay for the textbooks of others” who are not as frugal or who take other majors where expensive textbooks are a necessity.

- The students asked how the University will pay for and manage these books, and if student services will be cut as a consequence.
 - They asked who will have ownership of the books. Will there be limits on notation, such as underlines or margin notes?
 - As aspiring professionals, could they retain certain textbooks in their own libraries. If the student pays a \$300 book fee, how many books may they keep?
 - The Ohio Student Government Association President's Council met last month and this was a topic they talked about at length. Our representative to that council said her peers from five other state institutions expressed similar concerns. The sense was that the fee looks great on the surface, but the further they dug into the matter, the more they questioned the benefit to students.
- **STATE SHARE OF INSTRUCTION:** is increased by 1% in FY 18 and 1% in FY 19.
 - Concerns:
 - Funding levels not growing with the rate of inflation, medical costs, and the like.
 - Last General Assembly, the state agreed to increase the state subsidy by 4.5% and 4% to help compensate for the FY 16/17 tuition freeze imposed on universities.
 - How then can a 1% increase compensate for an even more extensive revenue freeze?
 - The textbook mandate alone would more than cancel out any increase in SSI
 - **TUITION AND FEE FREEZE:** prohibits Boards of Trustees from raising in-state undergraduate tuition or fees.
 - Concerns:
 - Our primary market is overwhelmingly Ohio, and most of our revenue is derived from undergraduate tuition and fees so this impacts us significantly.
 - Extends current cap for the next two years without appropriate state investment.
 - Freeze is extended to “all other fees,” not just instructional and general fees.
 - Doesn’t take into account that students pay many different types of pass-through fees for a variety of services including student health insurance and study abroad

Mr. Chairman, this concludes my testimony. Thank you for the opportunity to express my concerns about the higher education budget portion of the executive budget. I would be happy to answer questions from you and your fellow subcommittee members.