

Testimony before the House Finance Subcommittee on Higher Education on House Bill 49

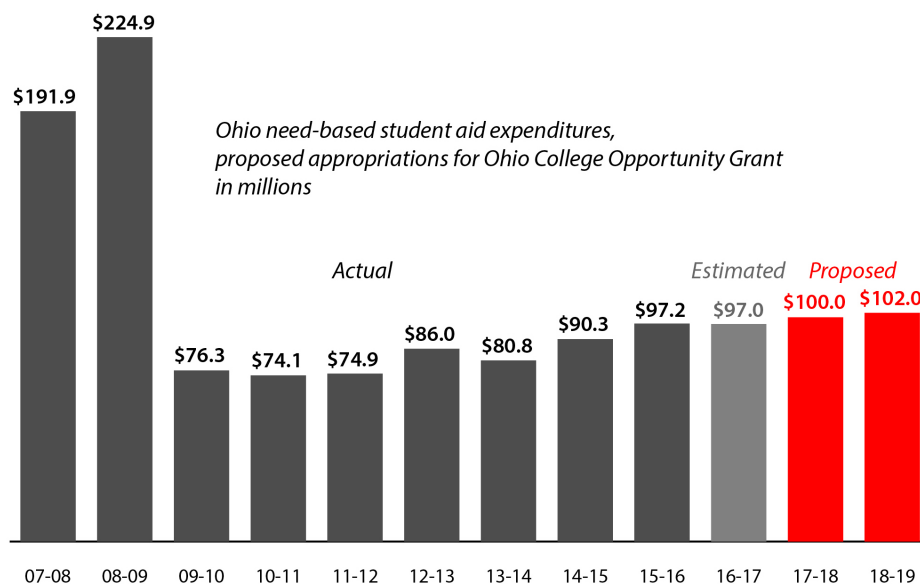
C. Todd Jones, President and General Counsel
Association of Independent Colleges and Universities of Ohio
March 8, 2017

Thank you, Chairman Perales, Ranking Member Ramos, and members of the House Finance Subcommittee on Higher Education, for allowing me to testify on behalf of Ohio's independent, nonprofit colleges and universities and their students. My name is C. Todd Jones and I am president and general counsel of the Association of Independent Colleges and Universities of Ohio.

AICUO represents 53 nonprofit institutions of higher education in our state. Our members educate nearly 133,000 students, and award one-third of the baccalaureate degrees in Ohio each year, and an even higher share of our state's degrees in mathematics, natural and biological sciences, and other key areas of study.

The Ohio College Opportunity Grant

I am here, mainly, to advocate on behalf of the Ohio College Opportunity Grant (OCOG). As you know, this is Ohio's only need-based financial aid program and it is woefully underfunded. As you can see in the chart below, OCOG is less than half of the funding level of 2008-2009. While Governor Strickland slashed the program to pay for a tuition freeze, our state has yet to rebuild its investment for our financially neediest-population.

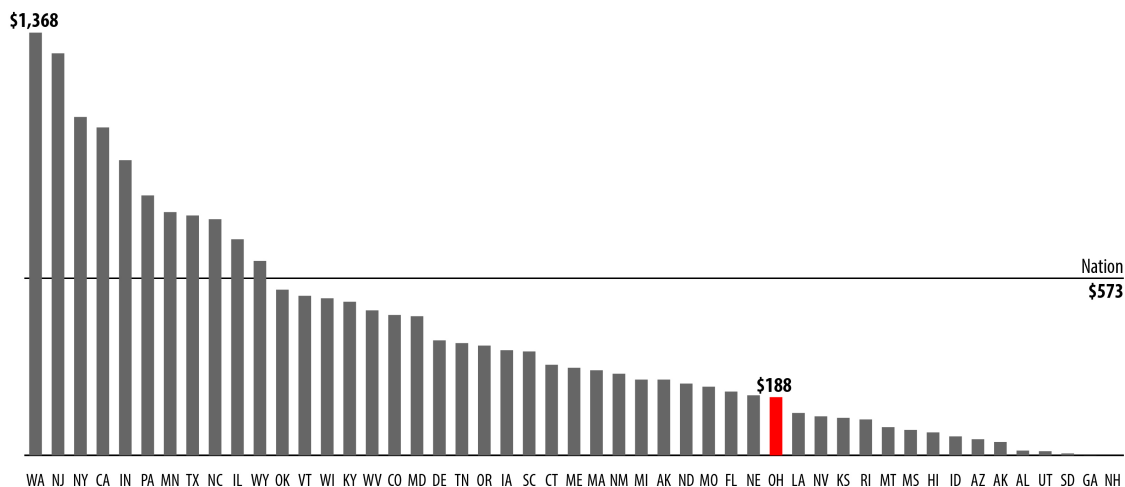


Sources: Office of State Grants and Scholarships, Ohio Department of Higher Education (2001-02 through 15-16);
Ohio Office of Budget and Management (2016-17 estimate,
2017-18 and 18-19 Executive Budget proposed appropriations)

In fact, this is the first time since 2005 a Governor has included an increase for OCOG in his proposed budget to the legislature.

Ohio is thirty-third out of fifty states for need-based aid funding:

Estimated Undergraduate Need-Based Grant Dollars Per Undergraduate FTE By State, Academic Year 2014-15

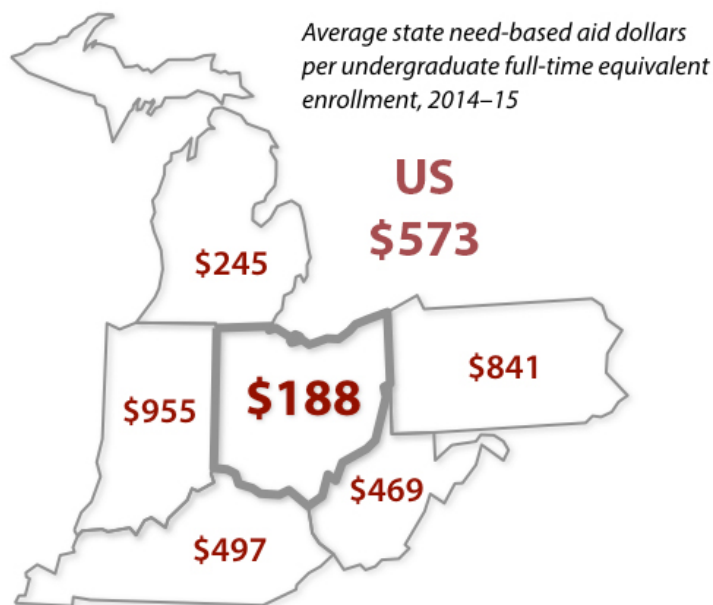


Source: National Association of State Student Grant and Aid Programs, "46th Annual Survey Report on State-Sponsored Student Financial Aid"

Ohio's commitment to need-based aid is so poor that we are dead last even in our own region in funding:

Ohio: Last in the Region

The need-based Ohio College Opportunity Grant needs an upgrade to award more funds to more needy students.



source: National Association of State Student Grant and Aid Programs

As you can see, Ohio only provides an average of \$188 per undergraduate full-time equivalent (FTE) and every single one of our border states does a better job. Michigan, which many would argue is in much worse financial shape than Ohio, still funds its program at higher levels. Pennsylvania and Indiana provide almost five times more funding to their students than we do. It is shameful.

According to a University of Massachusetts study, need based-aid has more effect on graduation rates than ANY other kind of aid. In fact, for every \$1,000 a state gives students in need-based aid, it increases degree attainment among low-income students by 2.4 percent. The study found:

Overall, these results confirm the positive impact of grant aid for low-income students [of past research]. None of the other financial aid elements showed significant results for this students [sic] group, receiving only grants in their financial aid package, underscoring the importance of need-based grant aid to increase low-income students' chances of college completion.

Even when Ohio is looking at tighter budgets and more effective use of taxpayer dollars, OCOG should be on the top of higher education's budget priorities. We ask that you recommit this state to helping those who want to help themselves and put some real money into OCOG this budget.

College Credit Plus (CCP)

Currently, 30 independent non-profit institutions of higher education serve over 5,100 high school students. That number will be zero if the Executive Budget language moves forward. Just to remind the committee and the public, every single four-year institution of higher education that participates in College Credit Plus does so at a loss. The \$40 per credit hour "floor" is cheaper than any school in the state for an undergraduate course. Kenyon College currently charges a total of \$15 per credit hour for a CCP course - 15 dollars. By anyone's math, that is an incredible deal.

However, the administration is not satisfied with that enormous savings. It wants to place an arbitrary cap on textbook costs within College Credit Plus. House Bill 49 contains language stating that an institution of higher education cannot charge more than \$10 per credit hour for textbooks (so a three-credit hour class means a college can charge a maximum of \$30 for a textbook). The language goes on to prohibit the students from being charged for textbooks under any circumstance.

As you heard Vice Chancellor Davidson state last week, there is language to allow the negotiation for textbooks costs. But no one will negotiate above the already mandated ceiling.

This budget language will cause what is already a bureaucratic nightmare for college campuses to become untenable for our 53 members. They will shut their programs down. Asking non-profit institutions of higher education to offer college at a huge discount and then mandate an arbitrary cost of textbooks will be too much. They cannot afford to put the viability of their institutions on the line for College Credit Plus. Already, the CCP implementation has caused six independent non-

profit higher education colleges to drop their programs, one of which was a nationally accredited by the National Alliance of Concurrent Enrollment Partnerships (NACEP).

If this language moves forward I am sad to say that the under the guidance of a small-government Republican legislature, the entire private sector will have been purged from participation in College Credit Plus by its market-distorting policies. If the will of this legislature is to look for ways to increase affordability and accessibility of college, this is not it.

Bachelor's Degree Expansion

Since all but Representative Antonio were members of this committee last year, you know where our association stands on the expansion of bachelor's degrees to community colleges. We are opposed to Ohio totally shifting the higher education landscape for a small number of taxpayer-funded programs. For all the reasons stated in our mid-biennium budget testimony in the spring, we do not believe this is the best use of public resources.

However, if the will of the legislature is to move forward with this language we believe some changes need to be made beforehand:

- The language currently prohibits a degree from being duplicated if it is offered within thirty miles of the institution. However, the original language in 2015 included a sixty-mile prohibition and we believe that language should be consistent with the original plan. The concern about duplication should also extend to online-only programs as well, as they are accessible by anyone with a computer. Currently, Ohio has a total of 221 bachelor degree programs that are available entirely online; 155 of those are at an independent non-profit institution.
- The budget also leaves the term "bachelor's of applied science" up to the Chancellor. While this Chancellor may want to keep it to a specific area of study, there is no way to know what a future Chancellor's agenda may be. It should be defined by the legislature.
- Finally, we believe it is imperative that a study be done on how many students enroll in these new programs, how many of them graduate, the compete costs associated with this expansion, including buildings, capital dollars, accreditation, and other administrative costs, and what job placement rates are upon graduation.

Thank you very much and I look forward to working with this committee to help Ohio increase its educational attainment. I would be happy to answer any questions.