



**Testimony Before the House Finance Higher Education Subcommittee
on House Bill 49 (FY 2018-19 Biennial Budget)
Higher Education Proposals
Tuesday, March 14th, 2017**

Chairman Perales, Ranking Member Ramos and members of the House Finance Higher Education Subcommittee, thank you for the opportunity to testify today on HB 49, the FY 2018-19 budget bill. I am Jack Hershey, President of the Ohio Association of Community Colleges. OACC represents the presidents and trustees of all twenty-three of the state's public community colleges.

With the Executive Budget, Governor Kasich has again put forth a proposal with several good ideas that we believe will improve postsecondary opportunities for Ohioans – especially for low and middle-income students and our working adult students. As with every budget, there are proposals that we strongly support, some that the legislature should improve, and others that we believe are so flawed that they should be removed for more thorough consideration. While many of the reforms in this budget are good, the pace at which the State has been moving to implement many of these common-sense policies has been too slow if we are going to meet the statewide attainment goal of having 65% of all working adults with either a postsecondary certificate or degree by 2025. In order to meet this goal, the state and institutions of higher education will need to aggressively pursue new and innovative solutions to ensure college is accessible for hundreds of thousands of new Ohioans by providing our colleges and universities with the necessary tools to train and educate tomorrow's workforce.

There has been a tremendous change in higher education since the public college and university presidents recommended that Ohio become the only state in the nation to be 100% performance funded. For that, the Governor, the Chancellor, the legislature and our public community college and university presidents should all be applauded for their ongoing leadership that is driving real, student-focused reforms across all of our campuses. These reforms, coupled with state investments in the State Share of Instruction (SSI) in recent years, have resulted in a culture change at Ohio's community colleges. Our colleges have embraced reforms to improve student success on each of our campuses. Change is being implemented at a more rapid pace and its being done at scale. As the attached chart details, every community college in Ohio is in the process of implementing numerous reforms, in many cases simultaneously, all with the goal of increasing the number of students that we graduate.

With over 97% of our students coming from Ohio, community colleges are focused on being responsive to the pressing demands of our local and regional employers by training and educating the skilled workforce they so desperately need. Community colleges are nimble by nature and respond quickly when called upon. However, we now find ourselves at a place and time with several reforms where our colleges are ready to move faster than the State appears to be. Furthermore, we fear that a number of the proposals contained in HB 49 may impede many of these responsive reforms.

Short-term Certificates

The first area where both community colleges and Ohio businesses need the state to move faster is in recognizing the value of short term certificates as a legitimate pathway to obtaining a job. There are scores of good paying jobs available to Ohioans that require less than a year of training. However, neither the state nor federal governments have traditionally chosen to support neither the institutions who offer these programs nor the students who enroll in them. The executive budget takes the first step by creating a list of non-credit short term certificates for in-demand jobs. This is a good starting point; however, we don't believe it goes far enough, quickly enough. What good is an inventory of certificates that we know will lead to a job in Ohio without the state helping to incentivize the completion of these programs?

State operating support flows to public colleges and universities for all graduate, bachelors and associate degree programs. Yet, when it comes to providing short-term educational programs (30 credit hours or less), there is no dedicated state support to either the institution or students. In addition, even though the Ohio Department of Higher Education (ODHE) repeatedly says that the Ohio College Opportunity Grant (OCOG) operates under a "Pell First rule," students in these short-term training programs are precluded from accessing OCOG funding, despite the fact that Pell grants do not cover the cost of their tuition.

Below are just a few examples of the kind of jobs we are talking about that only require a short term certificate in order to take the first step toward a career:

- Chemical Dependency
- Aircraft Dispatcher
- Calibration Technician
- Specimen Processing
- Tissue Banking Technology
- GIS Systems
- Dietary Manager
- Digital Design
- Business Operations Systems Support
- Industrial Maintenance Technician

- Construction Technician
- Construction Supervisor
- Welding Technology
- HVAC Commercial Technician
- CDL Licensed Truck Driver

All of these jobs have a median salary of around \$40,000-\$50,000, with businesses all across the state pleading for trained Ohio workers who hold these credentials.

For instance, the last five certificates listed above are all associated with the construction industry. If the federal government does invest in a large infrastructure bill this year, thousands of new jobs in these skilled areas will be available, meaning Ohio needs to start ramping up enrollment in the appropriate certificate training programs today. If we move quickly to

encourage enrollment in these programs, Ohio will be well prepared for a potential significant influx of federal infrastructure dollars.

According to the National Association of Social Workers, 75% of all the clients served by social workers have substance abuse or dependency problems, but only 3% of them have certificates or licenses designed to work with this population. Despite the best efforts of every layer of the public sector, our country's heroin epidemic is one that continues to spread. Unfortunately, Ohio is on the front lines of this war. By making it easier for more individuals to earn this certification, we can enlist more Ohioans with a passion for working with individuals, groups, and families affected by the heroin crisis into this effort. Certificate holders can immediately begin work in an outpatient treatment facility, detoxification center, or residential treatment facility.

One of these examples is an opportunity, one is a crisis. Both demand a quick response.

OACC Request

- Expand the proposed inventory of short-term certificates and industry-recognized credentials for in-demand jobs to include both credit and non-credit programs.
- Provide \$10 million in FY 19 to help colleges develop and offer short-term certificate programs that will meet the in-demand workforce needs of our employers.
- To ensure consistent application of the Pell First policy, allow students in short-term certificate programs to be eligible to receive OCOG.

Job Focused Bachelor's Degrees

For two years now we have been debating the answer to the following question: Should the University System of Ohio utilize all of its available resources in order to fill the workforce needs of major Ohio employers and industries? We think the answer to that question is clearly YES. Unfortunately, current law prevents community colleges from serving critical workforce needs of some employers, even in situations where the local university does not offer the necessary programs. Under HB 49, the Administration has once again proposed a reasonable approach by allowing community colleges to be able to offer an applied bachelor's degree program if an Ohio employer or industry asks us to do so.

OACC supports an important change to previous proposals that would put Ohio business and industry, not the institutions of higher education themselves, in the driver's seat. In order for a bachelor's degree program to even be considered for approval by the Chancellor, HB 49 requires that a regional business or industry enter into an agreement with the college to train students in an in-demand field and to employ students upon completion of the program. Our colleges strongly support this new condition to further demonstrate what our goal has been all along: this is not about creating direct competition with the universities; rather, it is about modernizing some of our offerings to meet the technical education requirements of the disciplines and industries that have traditionally been served by community colleges. While we understand that our university partners are probably never going to stand up and enthusiastically praise this proposal, we have greatly appreciated their support of allowing community colleges to offer bachelor's degrees in Ohio. Now it's time to take action.

OACC Request

- Maintain the bachelor's degree language as proposed in the budget bill.

3+1 Degree Pathways

While we support the language proposed in HB 49 requiring the Chancellor to develop 3+1 models, we believe this is another opportunity where we should collectively move faster to provide real saving opportunities for Ohio students. As you know, it has been over a full calendar year since the Chancellor first proposed language to require Ohio's colleges and universities to sit down with ODHE and develop a strategy to establish and highlight more 3+1 degree pathways. When I testified before this committee last year, I said at the time that we didn't understand why the Chancellor felt the need to pass a law requiring ODHE and our higher education partners to sit down and talk about the issue.

In the meantime, Ohio community colleges were able to hold numerous meetings with Western Governors University (WGU). In less than twelve months, we were able to completely work out statewide transfer agreements with WGU for 2+2, 3+1, and even a 3+2 pathway from every Ohio community college to WGU. We also negotiated a 5% tuition discount for our graduates and access to scholarship programs offered by WGU. Even though we just signed the agreement a few months ago, we already have transferred more than 100 community college graduates to WGU. We believe that the Chancellor should call the meeting on 3+1 degree pathways as soon as possible so that we could hopefully be able report similar success stories with our state university partners.

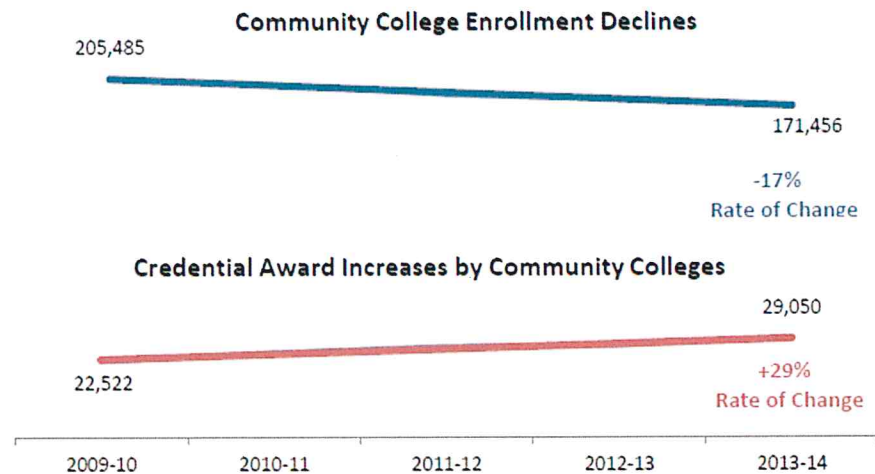
At the same time, let's also start taking some action with some very easy first steps. ODHE has the ability, through their excellent Office of Transfer and Articulation, to produce degree maps that will show how many 3+1 agreements already organically exist right now because of state policy that guarantees the transfer of hundreds of equivalent courses throughout our state system. For those 3+1 pathways that already exist, it makes little sense for the Department to do anything but communicate these opportunities to students for whom a 3+1 pathway could be the ideal route to a bachelor's degree.

OACC Request

- Chancellor Carey should convene a meeting on 3+1 with OACC, IUC and AIUCO as soon as possible to identify ways that we can work collaboratively to encourage more of these affordable pathways for Ohioans to earn a bachelor's degree.
- Require ODHE to utilize the state's current course-based transfer system to map out the 3+1 degree pathways that already exist today.
- Require ODHE to develop a communications plan designed to inform students, parents, and working adults about these existing 3+1 degree pathways.

Tuition and Fee Freeze

Unfortunately, House Bill 49 continues a one-size-fits-all approach to college costs that pretends that community colleges and universities face the same challenges. Community colleges do not have an affordability problem; instead our top priority is helping more of our students complete their academic goals – whether that is earning an associate degree, a certificate or credential, transferring to a university, or upgrading their skills for a promotion in their current job. As you see from the chart below we are making major gains in this area. Despite experiencing the traditional enrollment decline that community colleges historically see during better economic times, our colleges have actually been able to increase the number of degrees and certificates awarded by more than 29%.



For reasons that we frankly still do not understand, House Bill 49 actually restricts community college revenues far more than it does universities, who would still be permitted to increase room and board and tuition for graduate/professional programs, out-of-state and international students. In order to best serve the demographics of our student population, we understand that we must continue to keep costs low. However, allowing for modest and targeted revenue growth specifically dedicated to student success initiatives such as improved advising and career counseling services will help us take our efforts to increase completion rates to the next level.

Last year, every Ohio community college has been engaged in an ongoing initiative to update and improve their state mandated strategic completion plans. Through OACC's Student Success Leadership Institute (SSLI), we brought in experts from throughout the country to Ohio and have developed a strong partnership with the outstanding faculty of Columbia University to help us develop plans that incorporate strategies proven to increase completion rates. For more than a year, all twenty-three of our colleges have actively participated in the SSLI to redesign their curriculum and implement aggressive reforms on our campuses with the goal of improving student outcomes. As you can imagine, many of these strategies have costs associated with them, and colleges should be able to establish a reasonable student success fee which could only be used to implement programs contained in a college's strategic Campus Completion plan.

OACC Request

- Allow institutions of higher education – especially our open access colleges and universities that serve a particularly challenging demographic of students – to establish a new student completion and career advantage fee. This fee would be used specifically to implement initiatives and programs in their state mandated completion plans that will lead to increased student success rates. Unlike tuition and general fee increases in the past, this fee would be developed in consultation with the Chancellor and the revenues would be dedicated solely to direct student support services such as academic advisors, career counselors and implementation of Campus Completion Plans.
- Permit community colleges to increase tuition up to \$10 per credit hour.
- Remove community colleges from the overall fee freeze. Or, rather than penalize all of our public colleges and universities when state leaders may disagree with proposed fees

of particular institutions, permit the Chancellor to reject specific fee increases or reduce the amount of any egregiously large increases on a case-by-case basis.

- Maintain the 1% SSI increase to support the continued implementation of the performance-based funding reforms.

Textbooks

I know that at this point in the budget hearing process you understand the textbook issue well. Ohio's community colleges stand alongside our public and private university partners in opposing this proposal. Besides merely opposing the provision, it is disappointing that this proposal was developed with no input from one of ODHE's principal constituencies: Ohio's community college and university leaders. When our presidents have been asked to work with the Administration in the past, we have produced and implemented serious, complicated public policy solutions that have become national models. Unfortunately and uncharacteristically, a different strategy was chosen to develop this textbook proposal. It became clear in the Chancellor's recent testimony before this subcommittee that for this proposal, he has spent more time meeting with textbook publishers than with our college or university presidents.

The Chancellor also stated that no one from Ohio's public higher education institutions have ever contacted him with ideas on how to reduce student textbook costs. I must set the record straight and assure the committee that Ohio's community colleges certainly have. First, we have repeatedly asked over a number of years for the Chancellor to support a common sense tweak to the OCOG program to allow state financial aid to cover the cost of textbooks. Secondly, Chancellor Carey sent a letter to all college and university presidents last summer seeking ideas for inclusion in the current budget bill. Despite never mentioning textbooks in his letter, numerous community college presidents responded back with the idea of greatly expanding the number of courses utilizing open education resources, which would reduce the textbooks costs down to \$0 for those courses.

Finally, a consortium of the majority of our community colleges partnered with OACC to submit an application through ODHE's Innovation Grant program to work on moving forward with the idea of developing Open Educational Resource materials for the top 20 most highly enrolled courses. The proposal, which is included with my testimony would impact more than 225,000 students and save \$30 million annually in textbooks. We should know next month whether ODHE will help our institutions develop and utilized OER content when the grant awards are announced. Hopefully, we can get to work on real solutions on the issue of textbook affordability even before the legislature finalizes its work on this state budget.

There are two major flaws with this current textbook proposal, which is why we believe we need to start over from scratch:

- 1) The "digital divide" – According to a recent study by Dr. John Hoag of Ohio University, only 76% of Ohioans have access to broadband internet at home. According to the Chancellor's own final report on the recent eTextbook Pilot Project for K-12, the primary obstacles to successfully implementing digital content included internet access at home, reliability of technology and access to computers and devices to use digital content. Despite \$6 million in grant moneys and more than \$3.5 million allocated to the Distance Learning Clearinghouse to provide support, this initiative ultimately ended with little to show for it. The Indiana University model, which is being touted by the Chancellor, would force every student to access their digital learning materials through a broadband

connection, resulting in the same challenges identified through the eTextbook Pilot Project. Ohio will not get to the state's 65% attainment goal by erecting new barriers for 25% of the population right from the start.

- 2) It will raise costs on thousands of students – Ohio's college and universities have all made progress towards the difficult task of reducing the costs of textbooks both by working with the publishing industry and by working around them. Through various strategies, there are now students all over the state who have reduced their textbook costs to below \$300 per year. A solution that merely shifts textbook costs and that raises costs on those students is not the best solution.

Perhaps the most perplexing part of this proposal is that it completely ignores the most important player in the textbook cost debate – the textbook publishers themselves. This would be analogous to the state telling hospitals they must cover the cost of prescription drugs without forcing the pharmaceutical industry to have any skin in the game.

While we certainly disagree with this particular proposal, what our colleges and universities don't disagree with is that this is the right issue to tackle. Controlling textbooks costs has proven to be a difficult issue. It takes a lot of effort to get publishers to agree to reduce textbook costs, because they are facing enormous pressures as the market for new textbooks continues to shrink. I can't sit here today and tell you the exact set of solutions to this problem. However, I do know that if the Legislature has faith in our college and university presidents, and you asked us to develop a meaningful proposal to reduce overall textbook spending, we would rise to that challenge. I'm certain we could deliver you a proposal that both reduces textbooks costs overall and also ensures that no student is forced to pay more for textbooks than they currently pay.

OACC Request

- Remove all of the current textbook provisions in HB 49.
- Charge college and university presidents with developing a plan to significantly reduce overall textbook spending in Ohio.
- Make it explicitly clear that the Ohio College Opportunity Grant award covers the costs of textbooks.
- Require that textbook publishers must fully disclose their sales practices on our public college and university campuses.

College Credit Plus

The second point we need to correct from ODHE's testimony to this committee is the projection that there would not be a drop in college credit plus dual enrollment as a result of the textbook proposal. ODHE was correct in saying that public community colleges and universities are required by law to participate in College Credit Plus; however, we are not required to offer college courses inside high school buildings themselves. Of the over 50,000 students and families who completed college credit plus courses in the program's first year, 60% of their courses were taken physically at the high school.

Utilizing actual sales data from our colleges, rather than relying on a national survey, OACC has estimated that the cost of the current proposal would be at least \$88 million for community colleges alone, and that is a conservative estimate based on utilization of the secondary market. Given the realities of imposing such an immediate financial crisis on our institutions, it is not

unreasonable to assume that a college or university could decide that it can no longer afford to provide College Credit Plus courses that are delivered directly to students in their high schools. Instead, we fear that Ohio may inadvertently revert back to a system that forced the students to come to us, thus eliminating access for a large number of students who previously had little to no ability to take advantage of dual enrollment programs – including traditionally underserved urban and rural students.

Finally, OACC continues to acknowledge that College Credit Plus will need modifications to ensure the sustainability and efficacy of the program. However, our concern is that the proposed fixes in the budget may dramatically weaken this widely popular program. One budget provision that raised new questions was the proposal to grant broad rulemaking authority to ODHE to limit the courses students can take through College Credit Plus. When this concept was first proposed a year ago, we were talking about making sure a student didn't take a random Zumba class. Now it appears that ODHE may be most interested in eliminating broad categories of classes. We were already concerned that the College Credit Plus program was too focused in its design for students pursuing a bachelor's degree versus those students who are interested in more technical fields of study. OACC believes that this is a provision that deserves further clarification of the Department's intentions before proceeding.

OACC Request

- Remove all of the current textbook provision in HB 49.
- Resist the urge to change the current rules of the College Credit Plus program until at least three years of data is available upon which we can make informed decisions about any major changes to the current program. Changes to College Credit Plus should be driven by data, not anecdotes.
- Require the Department of Higher Education, the Department of Education and the Governor's Office of Workforce Transformation to make recommendations on how the state can increase enrollment through College Credit Plus in courses that lead to certificates in career and technical fields.

Chairman Perales and members of the subcommittee, once again thank you for the opportunity to testify. Out of respect to the committee's time, I did not address other issues contained in the budget bill, including the regional compact requirements, the new targeted scholarship programs and duplication program reviews. I am happy of course happy to answer any questions you may have.

Adoption of student success policies and practices as a result of Ohio's performance-based funding (PBF) model for community colleges

