



**John Carey  
Chancellor, Ohio Department of Higher Education  
Testimony before the Higher Education Subcommittee of Finance  
March 23, 2017**

Chairman Perales, Ranking Member Ramos, and members of the Higher Education Subcommittee, I would like to thank you for all of your hard work in considering a budget that will give Ohio students the best opportunity to succeed and use Ohio taxpayer dollars wisely. Over the biennium, the proposed budget spends more than \$5 billion on higher education. Excluding debt service, more than 99% of the GRF portion of that amount goes directly to support universities, community colleges, adult career technical centers, and adult basic literacy education programs that serve Ohioans along their educational journey. Because of your leadership and the support of Governor Kasich and the stakeholders in higher education, Ohio has become a trailblazer in making postsecondary education more affordable and providing multiple pathways to obtain a degree or certificate that leads to economic success.

Performance-based funding is one area that has changed the paradigm in higher education in Ohio. The new structure has led to increased completion and graduation rates. We have asked our stakeholders to reform, they have taken significant steps to do so, and the results show. Ohio is a national leader in holding down tuition over the past five years, but we know that we need to do better. Ohio has also increased its investment in higher education over the past five years by \$244 million, including another \$39.8 million increase in this very tight budget. Governor Kasich and you in the legislature have shown support of higher education due, in part, to some of the successful aforementioned policies.

Personally, I want you and the public to know that I value the partnerships that I have with each president and institution that is part of the Ohio Department of Higher Education, as well as the leaders of the other programs that ODHE funds and supports.

In order for ODHE to be successful, those on the front lines, including administration, faculty, support staff, and the governing board, must be successful. Each president has access to my cell number, and many have called me on weekends or during vacation, holidays, or evenings to discuss important issues. I also call them quite frequently to seek their counsel and to discuss matters. In addition, my staff and I meet regularly with IUC, OACC, and AICUO representatives, either at their request or at our request, including bi-weekly meetings with those who choose to do so. It is my goal to pursue policies that will place higher education stakeholders in the best position to provide a quality education to students, both traditional and non-traditional, while providing the most value as the result of student and taxpayer investment.

With that being said, I would like to cover five points that have generated robust discussion in your committee process and clarify why the policy decision was included in the budget proposal before you.

## 1. Textbooks:

**Policy Goal:** To reduce the cost of textbooks using available technology with Institutions of Higher Education having a shared responsibility in driving down those costs.

### Proposed language:

***Section 381.150. (B)** For the 2018-2019 academic year, the boards of trustees of state institutions of higher education shall provide textbooks to all undergraduate students as a mandatory service. For this purpose, the board of trustees may charge a textbook fee not to exceed an annualized amount of \$300 for a full-time undergraduate student. The board of trustees shall pro-rate the fee for a part-time undergraduate student based on the number of credit hours for which the student is enrolled.*

*(D) As used in this section, "textbook" means any required instructional tools, such as bound and electronic textbooks and software, used specifically for curricular content instruction in a course.*

### Why is this Policy Goal important to student success?

We know that students who have access to textbooks on the first day of class are more successful in the classroom and have a greater completion rate. As you heard in testimony, many students cannot afford the textbooks and are therefore put at an academic disadvantage. There are also studies that show students sometimes choose their major based on the cost of textbooks. Student debt is a concern that many share, and if you pay more than is necessary to obtain textbooks it only adds to the problem.

There has been much angst about this provision in the budget, which has generated a great deal of testimony. I know that you have heard everything from students are getting books free, to it is really much more expensive than we recognize, to only half of students buy textbooks. The IUC and OACC have made clear that they do not want to change the paradigm regarding textbooks. When I talked with IUC and OACC last year and told them that we wanted to develop a way to systematically drive down textbook costs, the message was that they wanted to continue to do what they are doing now. It is true that many community colleges and universities are doing many good things on campus to address textbook costs to students. One strategy to reduce costs is through open educational resources, which is something that ODHE supports through OhioLINK. It is definitely part of the solution, but it does not make the paradigm change that results in the best price for students who have to buy textbooks that the faculty chooses.

The language in H.B. 49 is just one way to accomplish this goal. Indiana University negotiates directly with the textbook publishers, which results in savings of 70% or more, and the bursar bills the textbooks directly to the student as part of their bill each semester. The student has the materials on the first day of class, and at a much-reduced price. It is equitable for the students in that they do not have to be aware of how to navigate an informal network that they may or may not know about.

The biggest concern that has come through to me relates to the contracts that many institutions of higher education have with the bookstores. Unlike performance-based funding, for example, where there is an economic incentive to participate to change the paradigm, some see the potential loss of revenue from existing bookstore contracts as a disincentive. I would encourage those who have those contracts to revisit this issue with their private partner to work out a different way to deliver books digitally and to reduce costs to the students. The proposal in the budget is designed to begin in the fall of 2018 and allows for a tuition increase, in deference to the difficulty of this task. I strongly believe that the way textbooks are being delivered now will be obsolete, and that it will benefit students and Ohio's higher education stakeholders in the long run to transition now to a delivery system that already exists elsewhere in the country. Mr. Chairman and members of the Committee, you mentioned placing metrics

in regards to textbook costs to students in the budget, I stand ready to work with you and the higher education stakeholders to address this important issue for students.

## **2. Special Fees Freeze:**

**Policy Goal:** To ensure that special fees result in direct services to the individual student and to better define special fees to avoid broad interpretations that lead to increased costs to the students.

**Proposed language:**

***Section 381.150** (A) Except as provided in division (B) of this section, in fiscal years 2018 and 2019, the boards of trustees of state institutions of higher education shall restrain increases in in-state undergraduate instructional, general, and all other fees. For the 2017-2018 and 2018-2019 academic years, each state institution of higher education shall not increase its in-state undergraduate instructional, general, and all other fees over what the institution charged for the 2016-2017 academic year. This limitation does not apply to room and board.*

**Why is this Policy Goal important to student success?**

Affordability is a barrier for student success. We have heard concerns from the stakeholders and agree that certain special fees should be permitted. A few examples include aviation fuel, trips abroad, and health insurance, among others. We also support career services as part of that list. In developing the list, I would ask that you maintain the principle that the special fee has to be a direct service provided to the individual students paying the special fee. Special fees cannot be used to hire faculty or provide basic classroom instruction, for example. We would be glad to provide ODHE input into items that you may want to list as exempt from the special fee freeze.

In response to questions from Representatives Duffey and Ramos, we supplied a sampling of “special fees” that were applied based on credit hours (either accumulated or attempting). The services provided by these fees were not limited to those paying the fees.

Another growing issue involves large special fees for certain programs. As I said in previous testimony, I do not feel comfortable when special fees approach or surpass 50% of tuition costs. While I recognize certain programs are more costly or provide expanded out-of-class experiences, this is really differential tuition and not how special fees were intended to be utilized.

## **3. Applied Bachelor’s Degrees at Community Colleges:**

**Policy Goal:** To allow students who are seeking an applied bachelor’s degree to do so at the community college where they completed their associate degree, if the bachelor’s degree is not available in the region and there is a business partner that validates the workforce need for employees with that degree.

**Proposed language:**

***Sec. 3333.051.** (A) The chancellor of higher education shall establish a program under which a community college established under Chapter 3354., technical college established under Chapter 3357., or state community college established under Chapter 3358. of the Revised Code may apply to the chancellor for authorization to offer applied bachelor's degree programs. The chancellor may approve programs under this section that demonstrate all of the following:*

(1) Evidence of an agreement between the college and a regional business or industry to train students in an in-demand field and to employ students upon their successful completion of the program;

(2) That the workforce need of the regional business or industry is in an in-demand field with long-term sustainability based upon data provided by the governor's office of workforce transformation;

(3) Supporting data that identifies the specific workforce need the program will address;

(4) The absence of a bachelor's degree program that meets the workforce need addressed by the proposed program that is offered by a state university or private college or university located within a thirty-mile radius of the proposed program as determined by the chancellor;

(5) Willingness of an industry partner to offer workplace-based learning and employment opportunities to students enrolled in the proposed program.

(B) Before approving a program under this section, the chancellor shall consult with the governor's office of workforce transformation, the inter-university council of Ohio, the Ohio association of community colleges, and the association of independent colleges and universities of Ohio, or any successor to those organizations.

(C) As used in this section:

(1) "Applied bachelor's degree" shall be defined by the chancellor.

(2) "Private college or university" means a nonprofit institution that holds a certificate of authorization pursuant to Chapter 1713. of the Revised Code.

(3) "State university" has the same meaning as in section 3345.011 of the Revised Code.

#### **Why is this Policy Goal important to student success?**

A limited number of students in Ohio are not able to obtain their applied bachelor's degree from a public or private higher education institution in their region of the state. The concept began with the former presidents of the University of Cincinnati and Cincinnati State Technical and Community College, who proposed to allow community college students who earn their applied associate degree at the community college to complete their bachelor's degree in that applied field at the community college if a bachelor's degree program is not available elsewhere in the region.

I have met with students and businesses engaged in the land-surveying field in southwest Ohio. Current law does not provide the opportunity for the land-surveying students to obtain a bachelor's degree in their region, and in order to receive the certification needed to perform their land surveying trade, a bachelor's degree is required. This results in more expense and time to the student and more difficulty for employers seeking qualified personnel to fill available jobs.

In testimony, it was pointed out that applied degrees are not defined. If the subcommittee decides to define applied degrees, other states have defined an applied baccalaureate degree as "a bachelor's degree designed to incorporate applied associate courses and degrees with additional coursework emphasizing higher-order thinking skills and advanced technical knowledge and skills."

#### **4. Recognizing Western Governors University as an Ohio Public Institution**

**Policy Goal:** To create Western Governors University-Ohio to deliver competency-based education to a largely underserved population in Ohio.

#### **Proposed language:**

**Sec. 3333.45. (A) For purposes of this section, "eligible institution of higher education" means an institution of higher education that is created by the governors of several states. At least one of the governors of these states shall also be a member of the institution's board of trustees.**

(B) The chancellor of higher education may enter into a partnership with an eligible institution of higher education for the purpose of providing competency-based education programs. The terms of the partnership may specify all of the following:

(1) The approval process for programs offered by the institution;

(2) The eligibility of students enrolled in the institution for state student financial aid programs;

(3) Any articulation and transfer policies of the chancellor that apply to the institution;

(4) The reporting requirements for the institution;

(5) Any other requirements that the chancellor determines to be in the best interests of the state.

(C) Notwithstanding anything to the contrary in the Revised Code, an eligible institution of higher education that enters into a partnership with the chancellor under this section shall be designated as a state institution of higher education for the purpose of providing competency-based education programs. However, the institution shall not receive any state share of instruction funds appropriated to the department of higher education by the general assembly.

### **Why is this Policy Goal important to student success?**

Ohio has more than one million adults with some college and no degree. Non-traditional students such as these are at higher risk of having stranded student debt and less ability to pay back the loans. WGU provides an online competency-based program to students whose average age is 37, who are already working and cannot go back to campus to finish their bachelor's or master's degree. I know some traditional stakeholders see this as competition, but in reality this is a population that in many cases is not being served. The language in H.B. 49 specifically says that WGU would not be eligible for State Share of Instruction funding. Our goal is to create WGU-Ohio in order to expand competency-based educational opportunities to underserved students in our state. We are open to discussing other avenues that give WGU the recognition it desires.

WGU will also be a willing partner in helping our traditional four-year and two-year institutions develop competency-based programs. This is a non-profit that has decades of experience, which will be helpful to move Ohio colleges and universities to competency-based programming. It takes three to five years to develop competency-based programs; a smart strategy is to take advantage of WGU's expertise now and to encourage partnerships to have more competency-based programs at our traditional institutions.

I have also heard some confusion around what competency-based education (CBE) means. CBE is not prior learning assessments or simply a course offered online. It is an entirely different delivery model that measures a student's mastery of skills and knowledge as he or she progresses through a program.

(For more information, please see the [9<sup>th</sup> Report on the Condition of Higher Education in Ohio regarding Competency Based Education.](#))<sup>1</sup>

## **5. College Credit Plus**

**Policy Goal:** To make changes to College Credit Plus in response to stakeholders' concerns. (For additional background, please see attached testimony from H.B. 474 from last General Assembly)

### **Why it is important to student success?**

College Credit Plus is an important option for high school students who are college ready to enroll in college courses. This option should be an important discussion between the high school counselor, the student, and his or her parents. Many students who thought they would never have the chance to go to college have been able to be successful, and those students now understand that college is an option for

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<sup>1</sup> The Conditions Report is available online at

[https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/board/condition-report/2016-Conditions-Report\\_FINAL.pdf](https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/board/condition-report/2016-Conditions-Report_FINAL.pdf)

them. College Credit Plus changed the paradigm from a school administrator deciding whether a student would have a chance to participate in college work to one where the student and parent decide. The Ohio Department of Education and the Ohio Department of Higher Education convened all of the stakeholders, including OASBO and affiliates that signed off on the framework of College Credit Plus. In the launch of a new program, it was anticipated that adjustments would need to be made. Many of the provisions in H.B. 49 provide the chancellor with the ability, with stakeholder input, to make rules to address issues with the program as they arise.

We have reconvened stakeholders, the College Credit Plus Advisory Committee, as well as other forums, and have incorporated some of the feedback from that interaction into H.B. 49. As some of you may recall, we addressed many of these issues in testimony for H.B. 474 in the last General Assembly. I am not going to discuss every point again, but I would like to make a few counterpoints. Just as there is a school base formula per student that a district is guaranteed, there should be a CCP floor. I do not think OASBO would advocate going below the floor for a school's base student amount, because it takes a base amount to educate students. Taxpayer dollars are invested to educate students; College Credit Plus enhances that investment.

As you consider issues regarding College Credit Plus, I encourage you to concentrate on what is best for the student. We have many outstanding superintendents and principals who want to make College Credit Plus work to the advantage of their students. I would like to give an example. The Pike Western Local Schools Superintendent serves one of the smallest and poorest school districts in the state. He and his team have made a real difference for students, giving them an opportunity for college courses that they would not otherwise have. There are many other stories I could tell, and I am sure there are even more that I am not aware of, but CCP is working.

There have been opponents of CCP from the very beginning, and those opponents are very vocal, which is their right. I do not agree with the premise that school district personnel should decide if and who should have the opportunity to take advantage of College Credit Plus. One of the reasons College Credit Plus came about was because the opportunity to participate relied heavily on the leadership of the school district. Students who are college ready and parents who make the decision with advice from the school counselor on what is best for them is a principle that cannot be compromised. We certainly want to continue this discussion and make improvements when we can.

Mr. Chairman and members of the committee, ODHE staff and I would be glad to go into further detail on any of these topics and answer any questions at this time.