



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

Chairman Gardner, Vice Chairwoman Williams, and members of the Senate Finance Higher Education Subcommittee -- thank you for this opportunity to present testimony on the higher education portions of the state operating budget. My name is Matt Wilson, and I serve as the 17<sup>th</sup> President of The University of Akron. As we quickly approach our 150<sup>th</sup> anniversary in 2020, I express appreciation for your support of our university.

I preface my remarks about Am. Sub. HB49 with the observation that while I share the same perspective as many of the leaders of the other 13 public four-year universities in Ohio, our views often come from markedly different positions on the public institution spectrum. For example, if proposed legislation causes concern for a flagship institution such as The Ohio State University, it raises real and legitimate alarm among regional institutions like my own.

As you may know, like many other institutions of higher education, The University of Akron is battling financial challenges -- some of our own making, others driven by external market forces, and some challenges driven by inflation and cost of living increases.

I am very proud of, and grateful for, the responsible response of our trustees, faculty, staff, and administrators to these challenges as we are making substantial adjustments to save the University and our students substantial monies while at the same time working to ensure a quality experience that will lead to high paying jobs that will help retain talent and attract businesses to the State of Ohio.

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

**EFFORTS TO SAVE STUDENTS MONEY AT UA**

- **SAVINGS.** We seek recognition of the work being done to reduce and control costs while providing a quality, practical education together with cutting-edge research opportunities.
  - **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 \$25 million through a hiring “frost,” refinanced debt, and fiscal conservatism under my direction.
  - **2017-19 budget years:** looking to reduce expenses by \$30-\$40 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.
  - **Frozen salaries** for non-bargaining unit employees for years.

- **Fewer administrators/staff per student.** For 2015, UA had 25.3 students per administrator and 29.2 students per staff member at its main campus.
  - **University residence:** seeking permission to offer for sale via an amendment added in the House to HB49.
- **INNOVATION -- AKRON GUARANTEE SCHOLARSHIPS**
    - Independently looking for ways to provide affordable education and workforce training to students in a manner that will facilitate student retention and graduation.
    - 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 – Total amounts have increased anywhere from \$1,500 to \$4,000 per scholarship recipient.

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

#### CONCERNS ABOUT THE BUDGET

As we continue to work to contain costs, enhance quality, and facilitate our students graduating with less debt at The University of Akron, we are genuinely concerned by the potential effects of several well-intentioned features of the amended Operating Budget/HB 49. Although the version of the bill passed by the House of Representatives is better than the original budget proposal, it potentially underfunds higher education while imposing new and unfunded mandates on public institutions of higher education. In fact, this budget could negatively impact 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.

- **STATE SHARE OF INSTRUCTION:** Flat funded
  - Concerns:
    - Funding levels not growing with the rate of inflation, medical costs, and the like risking the need for even more expense reductions. Rate of inflation last year was 2.1%
    - 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 flat funding (or even decreased funding) compensate for an even more extensive revenue freeze if there is not tuition flexibility?
    - Without additional funding, there is also a negative impact on research and ability to generate high paying jobs.
- **TUITION AND FEE FREEZE:** freezes tuition and fees with the exception of nine separate fees.
  - Concerns:
    - Our primary market is overwhelmingly Ohio, and most of our revenue is derived from undergraduate tuition and fees so a continuing cap impacts us significantly.

- Extends current cap for the next two years without appropriate state investment.
- Without flexibility or additional state support, we face the prospect of reduced student services, difficult layoffs, and reduced research opportunities.
- Option to use Ohio Guarantee is currently available, but we couldn't utilize until next year.
- Advocate bridge tuition increase for this coming academic year. Would function as a bridge to possible use of Ohio Guarantee.
- Concerns about retroactive review of fees.

**TEXTBOOKS AND ASSESSMENTS FOR COLLEGE CREDIT PLUS STUDENTS:** The House passed version of the bill specifies that universities bear 50% of the cost of required textbooks for each college credit plus participant. The bill also adds a new provision requiring the college to pay for one assessment (ACT or SAT) to determine the students' eligibility to participate in the College Credit Plus program.

- Concerns:
  - Requiring universities to bear the additional cost of purchasing textbooks or paying for even one assessment for college credit plus students without additional SSI or tuition flexibility will further cut into funds expended on student services and university operations.
    - We currently have over 1,500 students enrolled in this program.
    - 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.
  - Bearing the costs associated with books for 1,500 students will require the development of an additional administrative systems along with time, costs, and personnel that we currently do not have available. Number of mandates that universities currently have puts significant pressure on resources.
  - 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?
  - The quality of student education could suffer if universities are mandated to bear the cost of textbooks. This includes:
    - 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.
- Solution:
  - Requiring families of students directly benefitting from the substantially reduced tuition associated with College Credit Plus courses to share part, if not all, of the textbook and assessment costs is more than reasonable.
  - Encourage high schools and families to depend on the market, rather than the state, to remedy this situation with respect to textbooks. The consumers, the students in this

case, have not waited for a state-supplied solution. They are finding their own solutions including: used books, rentals, eTextbooks, textbook pooling, and others.

**BACHELOR DEGREES OR 3+1 DEGREES AT COMMUNITY COLLEGES:** As amended, the bill currently requires the chancellor to establish a program allowing community colleges to apply for authorization to offer “applied bachelor’s degree programs” (a bachelor’s degree specifically designed for individuals having an associate of applied science, and one that incorporates both theoretical and applied knowledge and skills in a specific field into the curriculum) so long as these are not offered by any university or college in the state.

- Concerns:
  - The chancellor has the discretion of approving a bachelor’s degree program for a community college if the program clearly demonstrates a unique approach, as determined by the chancellor, to benefit the state and its higher education system. This authority is overly broad and negates the purpose of establishing any conditions in the first place. It should be removed.
  - We question the need for 3+1 programs involving baccalaureate degree programs for state universities and state community colleges. With the support and popularity of 2+2 programs, the focus should be on requiring community colleges to offer associates’ degrees that guarantee admission as juniors to a public university campus in Ohio.

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.