

THE UNIVERSITY OF AKRON



OFFICE OF THE PRESIDENT

GARY L. MILLER
PRESIDENT

BEFORE THE HOUSE FINANCE SUBCOMMITTEE OF HIGHER EDUCATION

**REPRESENTATIVE JON CROSS
CHAIR**

**TESTIMONY
OF
GARY L. MILLER
PRESIDENT
THE UNIVERSITY OF AKRON**

MARCH 3, 2021

A PUBLIC URBAN RESEARCH UNIVERSITY, INSPIRED BY OUR PEOPLE, PLACE AND PROMISES.

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Chairman Cross, Ranking Minority Member Howse, and members of the House Finance Subcommittee on Higher Education, thank you for allowing me to submit written testimony in favor of House Bill 110 on behalf of The University of Akron. My name is Gary Miller, and I am the president of The University of Akron.

The University of Akron, which is proudly celebrating its sesquicentennial, is one of Ohio's most influential public urban research universities. We serve a diverse population of nearly 20,000 students from across the country and around the world, offering unique, top-ranked and in-demand associate, bachelor's, master's, doctoral and professional degree programs in engineering, business, health care, the arts and sciences, education and law. Nationally renowned for our STEM programs, we enjoy strong relationships with industries such as polymers, advanced materials and engineering. Our metropolitan campus, located in the heart of Ohio's fifth-largest city, is surrounded by thousands of businesses, including Fortune 500 companies, giving students access to countless internship, co-op and career opportunities.

The University of Akron is recognized at the state, national and even global level for many of its programs. Below are several of our prominent areas of study.

- **Biomimicry**
 - Our Biomimicry Fellowship Program is the first of its kind in the world, and in 2017 we graduated the first students in the world with Ph.D.-level training in biomimicry.
- **Business**
 - Of the 16,500-plus schools worldwide offering business degree programs, only 189, or about 1%, hold dual AACSB accreditation in business and accounting — and our College of Business is one of them.
 - Our College of Business was also ranked among the top-100 undergraduate business schools in the country, and fourth in Ohio, by Poets&Quants in its 2021 rankings.
 - Our Ronald R. and Diane C. Fisher Institute for Professional Selling is the second-oldest university-based sales institution in the world and was one of the seven founding members of the University Sales Center Alliance.
- **Cybersecurity**
 - Our bachelor's degree in computer information systems with a focus in cybersecurity is the first degree of its kind among public universities in Ohio. It is also among the first cybersecurity degree tracks in the country to offer courses in applied cryptography, which are typically offered at the graduate level.
 - We are also the only university, public or private, in Northern Ohio to have been designated an Ohio Cyber Range Institute Regional Programming Center by the state of Ohio.
- **Emergency Management and Homeland Security**
 - Our Emergency Management and Homeland Security (EMHS) bachelor's degree program was the first accredited program of its kind in the world. It is the only accredited EMHS bachelor's degree among public universities in Ohio.

- **Engineering**
 - We are home to the country's fifth-oldest engineering co-op program, as well as engineering design teams that frequently rank among the nation's best.
 - We were the first in the country to offer a bachelor's degree in corrosion engineering, and we are the only institution in the nation, outside of the U.S. Air Force Academy, offering a bachelor's degree in aerospace systems engineering.
- **Law**
 - Our School of Law's trial advocacy teams have won more than 20 national and regional championships.
 - Our School of Law's part-time program was ranked No. 46, our trial advocacy program No. 25 (tied), and our IP program No. 51 in the country by U.S. News & World Report in its 2021 rankings.
- **Polymers**
 - The University of Akron is a world leader in polymer science and polymer engineering. Our polymer faculty research has resulted in more than 300 issued and pending patents and helped launch more than two dozen regional startup businesses.
 - The University has served the polymer industry for more than 50 years with testing services, completing 300-400 projects per year. Since 2017, we have provided more than \$1M worth of polymer-related testing services to more than 140 companies, including The Proctor & Gamble Co., Pfizer Inc., ExxonMobile Chemical Co. and more.
 - Graduates from our polymer programs include company presidents and vice presidents, CEOs and directors, as well as university professors, engaged in cutting-edge research and education throughout the world.
- **Psychology**
 - Our Department of Psychology boasts one of the most respected and highest-ranked industrial/organizational (I/O) psychology programs in the country, based on scholarships and Ph.D. graduates.
 - Our counseling psychology Ph.D. program has been ranked second in the country by CounselingPsychology.org, based on national exam scores.
 - The University is home to the National Museum of Psychology, the only museum of its kind in the country.

We appreciate Governor DeWine's and Chancellor Gardner's strong support and advocacy for state institutions of higher education across all sectors, for their recognition of the value of a post-secondary degree, and for their efforts to maintain the quality of academic programming and instruction we provide our students without compromising either access or affordability. Both as a member institution of the Inter-University Council of Ohio (IUC) and individually as The University of Akron, we look forward to working with the members of this subcommittee specifically, and the members of the General Assembly more broadly, as you work to address your own priorities and our needs.

My testimony will echo much of what Bruce Johnson, President of the IUC, presented to this subcommittee, but I will share with you how these issues specifically affect The University of Akron. From our perspective, House Bill 110 represents a solid foundation in funding both in terms of state subsidy for higher education and for student need-based financial aid. These items are the IUC's and The University of Akron's top priorities for this operating budget, and both directly affect access, affordability and success.

STATE SHARE OF INSTRUCTION (SSI)

Let me speak first on the importance of the State Share of Instruction (SSI) to our students and to our University. SSI revenue is a central resource and critical support that the University relies on to achieve its mission of providing a quality and affordable education. SSI comprises approximately 41% of the University's General Fund budget and, along with Tuition and Fees, makes up 96% of our total General Fund unrestricted budget. As a result of COVID-19, the University endured two consecutive years of declining SSI support. For FY20, the University's SSI allocation was \$3.9M less than budget due to the state's COVID-19-driven reduction in funding. The FY21 budget assumed an SSI reduction of 5%, or \$4.7M from FY 2019-20 due to a reduction in the overall state budget (regardless of school retention and completion performance). As a result of Governor DeWine's recent executive order restoring previous SSI reductions, the projected SSI totaled \$95M, which reflects a \$4.6M increase.

The distribution of SSI funding is outcome-based. For public universities, the funding is distributed based on course completion, which comprises approximately 30% of the distribution; degree completion, which allocates 50% of the distribution; and certain set-asides, if applicable, for medical and doctoral programs, which comprise the remainder. The SSI allocation is part of the University's General Fund unrestricted budget, and although these funds have not been traditionally earmarked for a specific use on the expense side, the SSI allocation, along with Tuition, enables the University to carry the compensation expense, which is approximately 67% of the budget, for the faculty and staff. An increase in SSI would empower The University of Akron to dedicate unrestricted dollars to invest in fortifying our flagship programs and provide college deans with the resources to innovatively grow our programs, enrollment and degree completions — thereby improving our SSI distribution and promoting a sustainable revenue cycle. **Because SSI is such an important part of our budget, we respectfully request the Ohio House of Representatives to further increase the SSI line item in support of our students to reflect the current rate of the consumer price index (CPI) growth as determined by the Ohio Department of Higher Education (ODHE). The ODHE communicated to the IUC that rate as being 1.8% in each year of the biennium.**

OHIO COLLEGE OPPORTUNITY GRANT (OGOC)

As a university of opportunity, The University of Akron is resolutely committed to making higher education accessible and affordable to all students, providing financial and academic support to new freshmen from historically underrepresented backgrounds, first-generation students and non-traditional students — as well as those, most recently, whose academic futures have been threatened by the pandemic. The Ohio College Opportunity Grant (OCOG) program provides grant money to Ohio residents who demonstrate the highest levels of financial need.

Need is determined by the results of the Free Application for Federal Student Aid (FAFSA). Currently, Ohio residents in an associate degree, first bachelor's degree, or nurse diploma program at an eligible Ohio institution with an expected family contribution (EFC) of \$2,190 or less and a maximum household income of \$96,000 are eligible for OCOG. During the 2019-20 (most recently completed) academic year, 3,035 University of Akron students received an Ohio College Opportunity Grant, totaling \$5,168,179.33. That is approximately 21% of our undergraduate student body. As enacted in the current operating budget, before COVID cuts, the total OCOG appropriation over the biennium was \$270,460,500. **The total funding proposed in House Bill 110 for the FY22 and FY23 biennium is \$211,256,352. We believe funding should be increased to the level of funding that was last approved by the General Assembly for FY20 and FY21. To do so, and to help the state's neediest students stay in school and earn a degree, would require additional funding of \$59,204,148.**

The RAY C. BLISS INSTITUTE OF APPLIED POLITICS

The University of Akron is home to the nationally renowned Ray C. Bliss Institute of Applied Politics, a bipartisan research, teaching and experiential learning institute dedicated to increasing understanding of the political process with special emphasis on political parties, grassroots activity, civility and ethics, and hands-on learning through internships and events. The Institute educates and prepares students to engage politically at the local, state and national level, and historically we have received funding through the state operating budget to assist with this. **We are respectfully requesting a restoration of funding at the previously appropriated FY20-21 levels per year, which is \$62,500, for FY22 and for FY23.**

UNIVERSITY OF OPPORTUNITY AND ACCESSIBILITY

As mentioned above, The University of Akron is a university of opportunity and is committed to making higher education accessible and affordable to all students. For example, in response to the disruptions caused by COVID-19, we simplified our application procedures, adopted a test-optional admissions policy, expanded our student support services, and waived enrollment and GPA requirements for University-awarded scholarships. We also have a number of programs that assist historically underrepresented students and those with limited financial means to succeed at The University of Akron.

Our university and four partnering community colleges recently received a two-year OhioCorps Pilot Grant from the Ohio Department of Education, valued at more than \$345,000. The grant will support our development of mentorship programs providing pathways to higher education for at-risk secondary students in Northeast Ohio whose futures have been threatened by poverty and the opioid crisis.

We also reaffirmed our commitment to The LeBron James Family Foundation's I PROMISE students by introducing the Zips Promise Scholarship, which will provide housing and meals, for up to four years of study, to five first-time, full-time students from the I PROMISE program's class of 2021. This full room-and-board scholarship is in addition to the free tuition and general fees that all qualifying I PROMISE students receive from UA.

The University of Akron is also strengthening its Akron Rises Program, which provides targeted support services to a number of students admitted through our holistic review process. Through the Office of Academic and Retention Support, our Akron Rises Scholars will have access to student mentors, personalized academic and success coaching, support in obtaining scholarships and more. The Office of Academic and Retention Support also manages our Choose Ohio First STEMM Scholarship Program, which provides financial assistance to students from backgrounds underrepresented in the STEMM fields, as well as to non-traditional students, including former military personnel and professionals seeking to enhance or change their careers.

We also continue to provide streamlined and affordable pathways to four-year degree programs through initiatives such as Direct Connect, which grants students dual admission at Stark State College and The University of Akron, allowing them to earn and seamlessly transfer an associate's degree from Stark State or Cuyahoga Community College to a bachelor's degree program at The University of Akron.

We also, in light of nationwide racial tensions, recently established a Racial Equality and Social Justice Working Group and student-led Inclusive Excellence Action Team to evaluate current practices and recommend improvements to our diversity and inclusion efforts on campus. The Working Group will soon report their findings and recommendations. I am also pleased to mention that we are currently hosting our 15th Rethinking Race program, a two-week virtual forum in which race and race-related issues can be discussed, examined and better understood. For one of our Rethinking Race events, three Ohio state representatives, including Ranking Minority Member Howse, participated on a panel discussion on "Minority Representation in a Representative Democracy" last week. At the end of this month, we will also host our annual Black Male Summit, a national platform for best practices and strategies to promote cradle-to-career success for African American males.

COVID COSTS AND BUDGET REDUCTIONS

As you can see, The University of Akron does a great deal to make our institution accessible and affordable for all, but costs associated with COVID-19 have affected our budget, despite the many budget-cutting steps we have implemented.

COVID-19 has significantly impacted The University of Akron and the way in which we teach, conduct research and serve our students and the Ohio community. The pandemic has threatened the supports that sustain our survival as a public opportunity higher education institution. While it may be easier to outline the ways in which The University of Akron has NOT been affected by the COVID-19 pandemic, there have been two major categories of impact: COVID Related Expenses and COVID Related Lost Revenue. We have calculated those for calendar year (CY) 2020, and we have calculated projected costs for January-June 2021, which are shown below.

We also wish to acknowledge the various federal and local COVID-19 grant funds that The University of Akron and its students have received. Through two effective rounds of funding, the federal government has provided direct emergency relief to our students who, in turn, have addressed critical academic and, more important, life issues with the additional resources. The University has received approximately \$37M in federal Higher Education Emergency Relief

Fund Federal Agency: Department of Education (HEERF) dollars — of which approximately \$14.2M has gone directly to students. Another \$540K has gone to student mental health from two different federal agencies. It should be acknowledged that - but for the timely intervention of funding from the various federal and local granting agencies over the past year, the economic position of the University (and students) would be remarkably different – all other variables remaining equal. But even as the University has benefited greatly from the varied funding, we still have a negative financial impact of over \$18M for CY20 and the first half of CY21 (projected):

| | The University of Akron | |
|-----------------------------------|---------------------------|-------------------------------|
| | CY20 Actuals | Jan-June 2021 projected |
| COVID Expense Impact | \$ (22,173,510) | \$ (15,803,162) |
| Lost Revenue | (17,782,406) | (16,794,889) |
| Offsetting Grants | 31,040,581 | 22,879,070 |
| Total Financial Impact | \$ (8,915,335) | \$ (9,718,981) |

BUDGET REDUCTIONS

The University of Akron employed cost-saving measures to mitigate the impacts of COVID-19’s economic impact. Below are several examples of cost-saving measures.

In August 2020, the University of Akron trustees voted unanimously to approve a budget for fiscal year 2021 that calls for \$44M in cuts compared to the previous year. The FY21 budget outlined \$186.17M in expenses, compared to \$230.34M in the previous year. Of the \$44.17M in cuts, about \$35M came from payroll and other compensation for employees. The cuts came from reducing the size of the workforce; eliminating unfilled positions; reducing the university’s portion of healthcare premiums for staff, contract workers and police; eliminating retiree dependent healthcare for staff and contract workers; reductions in operations and utility expenses; and reducing university support of athletics.

As a result of the COVID-19 virus, the University invoked the “force majeure” clause in the union contract that allows for layoffs, pay cuts and furloughs of faculty members. The subsequent reduction in force accounted for \$16.4M cost savings and plans for 178 layoffs that included 96 unionized faculty, a law school faculty member, 60 staff members and 21 contract employees.

Staffing and Compensation Impact

In May, the Board authorized the University administration to temporarily reduce the annual base wages of all non-bargaining unit staff and contract professionals hired before April 1, 2020, earning \$50,000 or more per year, who are not subject to an individual employment agreement, effective July 1, 2020, through June 30, 2021 — representing a \$2.6M savings for the University. This decision was revisited in February of 2021 as the University announced that staff salaries would be restored for half of the fiscal year (effective Jan. 1, 2021) resulting in a potential savings of \$1.3M.

Additionally, the University discontinued both the Voluntary Retirement Incentive Program (VRIP) and the Voluntary Separation and Retirement Program (VSRP). Finally, the University realized \$1M in savings associated with increased employee contributions to health care and elimination of the retiree dependent coverage effective Dec. 31, 2020.

Athletics

Although revenue losses associated with Athletics have been costly, the cancellation of spring sports, team travel, and recruiting is resulting in cost savings of \$541,000 and various coaching salary reductions equaling \$3.3M in savings.

We continue to monitor expenses closely and reduce expenditures when possible.

LOOKING AHEAD TO FALL 2021

We are optimistic that the decline in COVID-19 cases, and increase in vaccinations and immunity, will enable us to safely resume, with appropriate precautions, many of our normal, pre-COVID-19 campus operations in the fall, including mostly in-person instruction and traditional social activities and events. Of course, safety remains our top priority. Our plan is subject to change, should health conditions warrant, and will, at all times, conform to state and local health department recommendations. Faculty, students and staff with health risks and vulnerabilities will be accommodated and protected. Still, we remain optimistic that we will be welcoming students back in person this fall, and the funding requests that we have discussed will ensure that we remain a university of opportunity, offering to all who seek it an affordable and quality education.