

SENATE WORKFORCE AND HIGHER EDUCATION COMMITTEE

SENATOR JERRY C. CIRNO, CHAIR

**TESTIMONY OF
ERIC ANDREW BRAUN, PRESIDENT
SHAWNEE STATE UNIVERSITY
APRIL 24, 2024**

Chair Cirino, Vice Chair Rulli, Ranking Member Ingram, and members of the Senate Workforce and Higher Education Committee, thank you for allowing me to testify today on behalf of Shawnee State University in support of capital budget funding for fiscal years 2025 and 2026. My name is Eric Braun. I'm President of Shawnee State University. We are the regional university for Appalachian Ohio with a unique mission to provide affordable college access to an underserved part of Ohio. 90% of our students are Ohioans. Most of our students are first-generation from lower-income families and would not attend college if not for SSU.

Our region is tied to a history of reliance on the Ohio River, the railway system, and manufacturing. Decades ago, these resources fell out of favor and our economy took some big hits – manufacturing moved south, and offshore, and middle-class incomes were disrupted. Population flight led to abandoned buildings and homes, followed by a growth in poverty, a decline in health, and rampant drug use. Direct intervention by the state over the past several years however, together with intentional investments and a renewed interest in domestic manufacturing, are improving the outlook for Appalachian Ohio.

Shawnee State University is a key driver of regional recovery in Appalachia. We are working in partnership with our community to address a healthcare workforce crisis, to spur revitalization of our downtowns, to create jobs tied to our nationally ranked game design program, and to meet the growing needs of our advanced manufacturing ecosystem throughout Ohio. We provide access to practical degrees in fields that are not only in demand in Ohio but are also in demand in Appalachian Ohio – electromechanical engineering, advanced manufacturing, nursing and health care, and teacher education – meaning southern Ohioans who attend SSU can begin or change a career and stay in southern Ohio to build a life, start a family, and contribute to their community.

Shawnee State has been named a highly competitive EDA Build-to-Scale Entrepreneurship site, co-authored an EDA comprehensive economic development strategy for Appalachian Ohio, is recipient of funding from the International Economic Development Council's Economic Recovery Grant program, and is identified as one of the top ten locations in the U.S. that is prime for small business technology start-ups by the Center on Rural Innovation.

In February, following Governor DeWine's announcement of \$85 Million in federal funding for an Appalachian Community Innovation Centers program, Senate President Matt Huffman said, "Ohio's Appalachian communities often feel overlooked, and they have a real need for these dollars as they work to provide educational, health care, and job opportunities in centralized locations... These are real improvements that people will see every day and will make a

difference for decades to come." I sincerely appreciate those comments by President Huffman and the support from the Ohio Senate. The rural population in southern Ohio indeed has a tremendous need for educational, health care, and job opportunities. Shawnee State University is a proven centralized location for opportunity to tens of thousands of southern Ohioans and is a crucial piece of the state's investment to spread economic growth and prosperity to all corners of the state.

The university's net fiscal position is materially improving due to several deliberate actions taken over the past year under a new administrative leadership team. Expenses have been adjusted to reflect enrollment realities, the operating budget is balanced, and we are restoring cash-on-hand and healthy operating reserves. Total debt for the institution is \$16M with debt service of \$1.5M per year and decreasing annually. Our most recent financial indicators show material improvement across the board. This trend will continue, with the support of our Board of Trustees, as we undertake comprehensive reviews in the coming year and reallocate resources to build capacity in high-demand programs.

Demographics have challenged Shawnee State for years and much of the enrollment cliff facing other colleges was realized at SSU prior to and throughout the COVID-19 disruption. Successful future delivery of SSU demands that we work closely with state agencies and employers, that we listen and respond to their needs rather than try to prescribe them, and that we innovate and adapt quickly to deliver programs and services that evolve year over year, rather than decade over decade. Our small size is a strategic advantage as we can pivot and evolve quickly.

As an institution, we are taking steps to implement more operational efficiencies. SSU has been ahead of the curve with facilities automation and energy efficient utilities initiatives for several years. Now we are exploring student and financial services areas that might be more efficiently served by AI, not only as a cost-savings replacement for labor, but also to deliver automated digital service interactions preferred by younger students and meet evolving consumer demand.

We are a small campus with a relatively small budget, but we have fixed costs that require a critical mass of funding to maintain basic facilities. Capital funding is a critical element of Shawnee State University operations. We sincerely appreciate your interest in supporting higher education institutions in the Capital Budget for the upcoming biennium. I will provide some background information about Shawnee State, will address your request for data about our institution, and will present our capital request, including the need for the projects, cost avoidance data, and how the projects will impact the future delivery of instruction at SSU.

[REFER TO VISUAL SLIDE PRESENTATION HERE]

Shawnee State University's FY25-FY26 Capital Request. [Insert Exhibit references]

SSU submitted a request for funding in December 2023 through the Inter-University Council (IUC) for \$3,507,300 under the FY25-FY26 capital budget higher education appropriation. This amount is the product of a formula agreed upon by the IUC member schools and Shawnee State

University supports its fellow IUC members to receive their requested appropriations under that IUC request. I have been asked to testify before the committee today to provide details on SSU's roughly \$3.5M capital request, including the need for the projects that would be funded by this allocation under the appropriation. At just over \$1.75M per year in capital funding, SSU does not have fundable projects per se; capital funds are used to support a contingency fund for high priority university-wide basic renovations and emergency repairs.

We are grateful for this funding and frankly do not know what we would do without it. On one hand, Shawnee State is very fortunate to have a relatively new campus – most of our buildings are less than fifty-years-old. On the other hand, most of our campus buildings are at or near end-of-life and in need of renovation and updating to maintain critical plant envelope and systems. We are extremely efficient and are committed to continuing to be efficient. We have not built a new building in nearly 20 years. We are downsizing portions of campus now to reduce square footage under management and reduce operating costs.

Deferred Maintenance

The total of deferred maintenance at Shawnee State University is \$48,853,762. This amount is from a December 2023 Facilities Condition Assessment study performed by BHDP Architecture.

Demolition Projects & Tear Down Fund

Mr. Chairman, you shared information with IUC member schools that this Committee might recommend funding beyond the allocations contained in the IUC request and furthermore is considering a one-time building tear-down fund to reduce campus square footage operating costs. We submitted a request of \$1,000,000 for demolition costs to the IUC in response to a request for information on fundable demolition costs last month.

Since several of the facilities on our campus were acquired or placed in service around the 1970's and 1980's, we have several buildings that are reaching the end of their life cycle or need major renovations but are not necessarily ripe for demolition. The university is currently working to sell two buildings totaling 50,000 square feet to reduce our operating footprint. And at \$3.5M per biennium, we maintain basic systems, but are not able to refresh, rehabilitate, or update labs sufficiently. If one-time building tear-down funds are made available, Shawnee State University would ask that its appropriation be made for long-overdue renovation projects to maintain modern and competitive facilities, particularly in science and technology.

Shawnee State's natural science and health care laboratories have not seen material investment in more than thirty years. Updating applied science and technology labs is not only important to keep Shawnee State competitive, but also to ensure that we are developing the best possible workforce with innovative tools that are keeping up with advancements in health care and manufacturing. 40% of our students are seeking certificates and 2-year degrees and it is important that they have access to modern tools and instruction so they can enter the workforce ready to contribute on day one.

Specifically, our Health Science & Natural Science Laboratories can be renovated for \$12,000,000. These labs were constructed in the late 1980's and have not been updated since due to the high cost of STEM lab construction and renovation. Every STEM, nursing, health science, and rehabilitation science student takes classes in these natural science labs as part of their 2-year or 4-year degree program. These labs also serve as the exclusive education location for the college's top-rated dental hygiene, radiology, respiratory therapy, and medical laboratory programs.

SSU's small size and low tuition result in tight operating margins, our rural location limits private corporate support, and our endowment is small because of our young age and documented philanthropic deficit characteristic of Appalachian communities. State capital funding is the exclusive source for SSU campus facilities and physical plant. We are committed to making Appalachian Ohio competitive and keeping Ohio a leader in modern workforce training. Your support in renewing labs and aging facilities is a very important element of our ability to deliver on that commitment.

Thank you for your consideration and for your partnership in advancing higher education opportunity in the Great State of Ohio.