



10 West Broad Street, Suite 450
Columbus, Ohio 43215-7415
(614) 464-1266
fax (614) 464-9281
www.iuc-ohio.org

Before the Senate Finance Committee

Senator Scott Oelslager, Chairman

House Bill 64

Testimony

Of

Bruce Johnson, President
Inter-University Council of Ohio

June 11, 2015

Chairman Oelslager and members of the Senate Finance Committee, good morning. Thank you for the opportunity to present testimony on the Senate's substitute version of House Bill 64, the biennial budget. My name is Bruce Johnson and I am the President and CEO of the Inter-University Council of Ohio.

I would like to thank Senate Leadership, particularly Senator Faber, you, Mr. Chairman, and this Committee's chairman of its Higher Education Subcommittee, Senator Randy Gardner, for the strong support and tireless efforts on behalf of public higher education in the state of Ohio all of you have demonstrated.

We commend the Senate's leadership and resolve in bringing forward a revised state budget bill that acknowledges the critical role higher education plays in creating economic opportunity and driving economic growth. The Senate version of the bill calls for a thoughtful, strategic investment in higher education that will help make possible our shared goal of keeping the college tuition costs flat, while continuing to improve quality and student success.

The IUC supports the increase in State Share of Instruction (SSI) funding as proposed by the Senate – the 4.5% increase in FY16 and the 4% increase in FY17 – and the proposed distribution method for those funds. It is fair and appropriate to proportionally allocate these new funds according to the precedent set in House Bill 119 from the 127th General Assembly. Distributing the funds based on each campus's proportional share of the total in-state undergraduate instructional and general fees for the preceding fiscal year – in this case, fiscal year 2015 – is a reasonable and rational way to compensate institutions for revenue lost as a result of the Senate's proposed two-year tuition freeze. We request the Senate preserve this distribution method as proposed in its substitute bill.

In addition, Ohio's public universities respectfully request the Senate to maintain this level of funding going forward. We ask you to recognize that tuition constraint requires a corresponding increased investment in SSI funding to "pay for" tuition caps. The additional funding appropriated in this version of the bill is sufficient for the caps being imposed on instructional and general fees for in-state undergraduate students. However, if the caps are extended, then there would be a need for an additional investment in SSI.

The IUC supports the increase in Ohio College Opportunity Grant program funding and the restoration of the award distribution ratio for private and public university students. Thank you for hearing our

concerns and making this change. While there is a legitimate question about whether private institutions should receive more money than public university students, the changes in the Senate substitute bill restore balance to award amounts that were unfairly distorted by a last minute House change.

We also appreciate the preservation of the Pell First policy. As you know, in 2009, Ohio faced a large drop in state revenues due to the national recession and adopted a budget that reduced state appropriations for OCOG from a peak of \$352 million in the 2008-09 biennium, to \$171 million for 2010-11. As a result of these cuts, the Ohio Board of Regents proposed a "Pell-first" policy for the allocation of OCOG awards. A determination was made by the Administration at the time, and then supported by the General Assembly, that limited state resources allocated for student financial aid should be utilized for the cost of obtaining an education, in other words tuition and related fees, as opposed to non-educational, or personal, costs. Maintaining Pell First is a fair and wise use of limited resources.

The IUC does have one concern with a provision that was inserted into the substitute bill. A new section of code was added prohibiting a university from requiring a student to live in on-campus housing if the student lives within forty miles of the campus. This provision will have serious, unintended consequences. First, there are legitimate reasons for on campus housing requirements that support important educational outcomes for students. Student success is frequently and directly related to student engagement on campus. Secondly, many of our institutions have borrowed money to build student housing. Frequently the bond documents demand that the university require students to live on campus. It is common to include this requirement as a condition of the bond when constructing new housing on campus. If state universities are prohibited from requiring students to live on campus in their first and second years, then the institution will be in default and severe penalties may result. I respectfully ask you to remove ORC section 3345.47 from the substitute bill before the Committee.

Again, we thank you for your recognition that, after years of underfunding which was particularly exacerbated by the Great Recession, additional dollars are needed to ensure continued necessary investments in quality on our university campuses. Thank you for your demonstrated commitment to that quality as evidenced by the investment you are making in this bill.

We urge members of this Committee and the Senate to support the higher education funding provisions in the new version of the budget bill, and we pledge to continue to work collaboratively with leadership and other members of the House and Senate to ensure this proposal reaches the Governor's desk for his signature.