



**Ohio House Finance Committee
FY18-19 Operating Budget Testimony
John Carey, Chancellor, Ohio Department of Higher Education
February 7, 2017**

Chairman Smith, Vice Chair Ryan, Ranking Member Cera, and members of the Finance Committee, thank you for the opportunity to present testimony today on the higher education portions of the state operating budget. With this executive budget proposal, Governor Kasich continues to put forward policy reforms that will create more postsecondary learning opportunities for students, affordably educate more Ohioans, and strengthen the skills of Ohio's workforce.

This budget focuses primarily on affordability and completion. By 2025, Ohio needs to have 65 percent of its population holding some kind of postsecondary credential, whether it be an advanced, bachelor's or associate degree, workforce credential, or apprenticeship. We are currently at 43 percent. We know that technology and the overall economy are changing rapidly, and in order to reach our goal, we have to expand the opportunities for both traditional and non-traditional students to earn a degree or credential. Our higher education partners have done a good job educating Ohio citizens; however, expanding opportunities to earn a degree should be seen as a supplement to the traditional paths in higher education that Ohio has followed to this point. The budget proposal focuses on what is best for students, their families and the future of Ohio.

Governor Kasich and the legislature have supported higher education as an economic investment. Over the past five years, the State Share of Instruction has increased by more than 14 percent, which amounts to an additional \$244 million. I appreciate the support the legislature has provided in funding and expanding higher education opportunities in our state.

Improving College Access by Controlling Costs

As you heard in Director Keen's testimony, higher education continues to be a priority in this budget. In a difficult budget environment, we have increased the State Share of Instruction by 1 percent in each fiscal year, as well as current scholarship and grant offerings, including the Ohio College Opportunity Grant, which increases by 2 percent over the biennium. This budget will also fund the Ohio War Orphans Scholarship and the Ohio National Guard Scholarship at 100 percent.

Finish for Your Future Scholarship

Building on the state's current grant and scholarship offerings, this budget creates the Finish for Your Future scholarship, which will help those students who have dropped out of college with less than a year remaining and have accrued college debt to return to complete their degree, increasing their earning potential. The scholarship will provide state funds that will be matched 1:1 by the institution and 1:1 by the student. Stranded student debt is one of the major reasons for default; this scholarship is an important strategy in taking on an issue that plagues many Ohioans.

Also, bringing Ohioans back to college to complete their degree is a critical strategy in helping the state meet its 2025 workforce goal.

Tuition and Fees Freeze

Another part of making college more affordable is keeping down the cost of tuition. Ohio's tuition increases over the past five years have been well below the national average, and the governor's budget seeks to continue that positive trend by freezing tuition, general fees, and special fees in both years of the upcoming biennium.

Textbooks

As many of you are well aware, the cost of new textbooks has been escalating in recent years, increasing at more than triple the rate of inflation. While some reports estimate the total annual cost for textbooks at around \$1,200 for a full-time student, this figure includes more than just textbooks. Rather, when looking at actual student expenditures on textbooks, it is found that the average textbook spend for students is really closer to \$600 a year.¹ Ohio will be the first state in the nation to require colleges and universities to share the cost of textbooks with students by including these costs as part of tuition, beginning with the 2018-2019 academic year. This will help cut the current cost of textbooks in half for the average student and is in response to the textbook recommendations made by the Governor's Task Force on Affordability and Efficiency in Higher Education. We believe this cost sharing will foster innovation in providing more affordable textbook options.

Shared Services, Regional Compacts and Co-Located Campuses

As a further result of the Task Force's recommendations, Ohio's colleges and universities are sharing services and reviewing operations. This work saved an estimated \$250 million in 2016 alone. To continue this work, boards of trustees of Ohio's public colleges and universities must certify annual reporting on the savings that they are achieving and how they are passing those savings on to students.

Continuing along the lines of increased collaboration, this budget requires the formation of Regional Compacts in which institutions of higher education will execute agreements to reduce duplication and enhance the sharing of resources, among other strategies.

The recently released report of the Task Force for Creating Opportunities for Shared Governance on Co-Located Campuses suggested that co-located institutions annually review best practices and shared services and report them annually to the chancellor, and you will see that recommendation has been included in this budget proposal.

¹ The National Association of College Stores (NACS) states average annual student spending on course materials is \$602 - <https://www.nacs.org/advocacynewsmedia/StudentSpendingInfographics.aspx>;

The Student Monitor found the average textbooks spend for students was \$607 - <http://www.studentmonitor.com/s16/textbooks.pdf>

Other coverage:

<http://newsroom.publishers.org/surveys-reveal-college-students-spent-an-average-of-600-on-textbooks-for-2015-2016-academic-year>

University Boards of Trustees Change

Another change included in this budget is the change in term length for university boards of trustees from nine years to six. This change will ensure that each board of trustees continues to have a long-term view as they guide their institutions, while also guaranteeing a continued infusion of fresh ideas and leadership on each campus, helping Ohio's school evolve. Additionally, it will be easier to attract qualified candidates to make a six-year commitment. This provision makes no changes to the trustee appointment structure for community colleges.

Improving Ohio through Emerging Technologies and Research

Commercialization

As Governor Kasich stated in his budget rollout announcement, this executive budget proposal requires all universities to have intellectual property (IP) policies that incentivize faculty to commercialize. The proposal requires all state universities to have a commercial tenure track for faculty. We are also encouraging faculty to commercialize research through our I-Corps program, a statewide program to assist faculty and graduate students from Ohio colleges and universities with validating the market potential of their technologies and launching startup companies.

Ohio Innovation Exchange

This budget supports the continued development of the Ohio Innovation Exchange, which showcases the research expertise of Ohio's university and college faculty in engineering, biomedicine, and information technology, as well as other fields of study, and identifies institutional research equipment available around the state.

Research Initiatives

Over the last biennium, we have targeted research dollars toward statewide issues and instituted a model in which a collaborative of our public and private colleges and universities has focused research to solve an identified problem. These issues included the study of harmful algal blooms and improved water quality, as well as strategies to reduce infant mortality. This budget seeks to further those research initiatives as well as devote \$1 million in each fiscal year to fund research aimed at the state's growing opiate addiction epidemic.

Keeping Our Campuses Safe

Changing Campus Culture

In the last budget, the Ohio Department of Higher Education was charged with developing model best practices for preventing and responding to campus sexual assault, with \$2 million allocated to support this work. Nearly all of Ohio's public and private non-profit institutions participated in the nation's first comprehensive statewide collaboration to eliminate sexual violence on college campuses by completing benchmark and campus climate surveys. Additionally, the initiative provided training for prevention, intervention, and response geared to campus safety professionals and other staff. To make our campuses safer and further this extremely important work, this budget includes continued funding for the initiative.

Helping More Ohioans Pursue a College Degree

College Credit Plus

The College Credit Plus program continues to be a great success, with more than 52,000 Ohio students earning college credit while still in high school. College Credit Plus saved Ohio students and their families more than \$120 million on college costs, with 15 percent of Ohio's juniors and seniors taking advantage of the program.

Along with our partners at the Ohio Department of Education, we are working on ways to make the program an even greater success, while improving upon the foundation from which the program operates. With the first year of the program under our belt, we now have concrete data, which, along with the input of stakeholders, we have used to propose improvements to the program such as better defining eligible courses and college-ready students, along with determining guidance on underperforming students.

Competency-based Education

In our pursuit to increase the number of Ohioans with a post-secondary credential, it is imperative that we include new models of instruction that complement traditional models. One of these models is to award degrees and certificates based on competency rather than time spent in a classroom. Ohio's community colleges have entered into a partnership with Western Governors University, an online non-profit institution that awards college credit and degrees based on a student's demonstrated skills. We see this program and the flexibility it offers as an especially attractive option for older students who are already in the workforce and are seeking to further their education and advance their careers. To build upon this partnership, Ohio will formally recognize Western Governors University in an effort to reach more of these potential students.

Bachelor's Degrees at Community Colleges

This budget contains an updated proposal that would allow our community colleges, in partnerships with local industries, to develop and offer in-demand applied bachelor's programs that are not otherwise available locally and for which there is a demonstrated workforce need. For example, Cincinnati State currently offers a land surveying associate degree program; students wishing to continue on to earn a bachelor's degree in that field have to leave Ohio for the nearest four-year program, which is in Kentucky.

Accelerated Completion of Technical Studies (ACTS) and Completion And Retention for Educational Success (OhioCARES)

Ohio can meet its 2025 attainment goal only if colleges offer programs that meet the needs of all students, including lower-income and high-risk students, and this budget looks to expand existing programs that help retain these students and ensure their graduation.

The Accelerated Completion of Technical Studies (ACTS) program will provide funds for the chancellor to work with community colleges to develop highly structured programs that provide comprehensive support services for students. This program is modeled after the City University of New York's Accelerated Studies in Associate Program (ASAP), which has three-year graduation rates of program participants that are more than double the general population (53% v. 23%). We have piloted a similar program at three Ohio community colleges, and after two years the participating colleges are seeing similar results.

In addition, the Ohio CARES initiative will provide financial support to students that are in jeopardy of dropping out of college due to a short-term lack of resources. Sometimes the cost of a car repair or an unexpected medical bill can throw a student off course, and this initiative will match emergency funds that institutions currently offer to help in these types of circumstances. Studies show that this “emergency financial aid” can be instrumental in helping students complete.²

College Ready Program

Under the College Ready Program, the chancellor, in consultation with the state superintendent, will convene a workgroup of high school and college faculty and administrators to develop transitional courses for high school students who do not meet the state’s remediation free thresholds for the 2018-19 school year. Many high school students are on the cusp of college readiness, and can be successful if they receive that extra help that will prepare them for college-level coursework.

...

Mr. Chairman, this concludes my testimony. Thank you for the opportunity to speak to you about the higher education budget portion of the executive budget today. I would be happy to answer any questions you may have at this time.

² *Investing in Student Completion: Overcoming Financial Barriers to Retention Through Small-Dollar Grants and Emergency Aid Programs* - http://wihopelab.com/publications/Investing-in-Student-Completion-WI-Hope_Lab.pdf
Landscape Analysis of Emergency Aid Programs - <https://www.naspa.org/rpi/reports/landscape-analysis-of-emergency-aid-programs>