

Testimony before the House Finance Subcommittee on
Higher Education on House Bill 474
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Association of Independent Colleges and Universities of Ohio
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Thank you, Chairman Duffey, Ranking Member Ramos, and members of the House Finance Subcommittee on Higher Education, for allowing me to testify on behalf of Ohio's independent, nonprofit colleges and universities and their students. My name is C. Todd Jones and I am president and general counsel of the Association of Independent Colleges and Universities of Ohio.

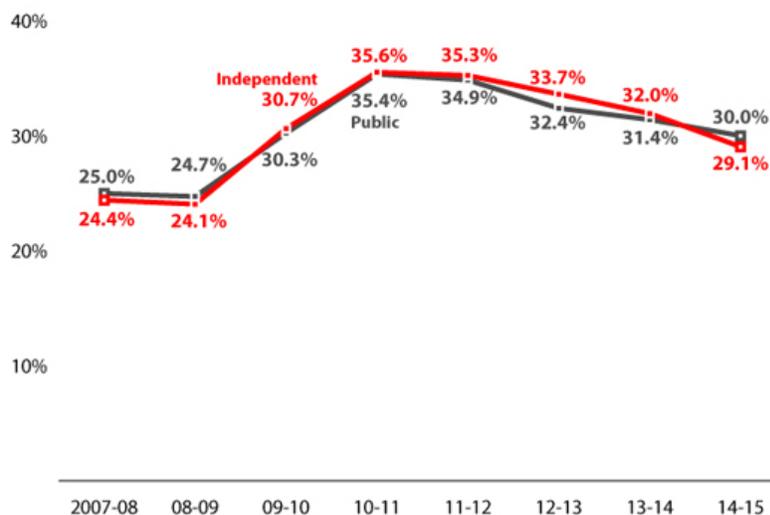
AICUO represents 51 nonprofit institutions of higher education in our state. Our members educate 134,000 students, and award one third of the baccalaureate degrees in Ohio each year, and an even higher shares of our state's degrees in mathematics, natural and biological sciences, and other key areas of study.

My testimony today will address House Bill 474, but I will be doing so in the context of some testimony that you received earlier this week. To that end, I would like to correct some of the erroneous information about independent colleges that was provided to you at that time.

Ohio's independent colleges and universities are part of the system of universities in Ohio that educate all Ohioans. The sector's students mirror that of the public sector in many ways, including selectivity. Contrary to what you heard earlier in the week, independent colleges accepted more than 91,000 applicants for the freshman class of 2015, 60 percent of their applicants in the fall of 2015, with 8 of 10 institutions accepting between about half to about nine-tenths of their applicants.

And, again, to correct testimony earlier this week regarding the students our institutions admit, we have roughly the same percentage of students who receive Pell attending our institutions as the public main campuses:

**Percentage of Undergraduates Receiving Pell Grants
At Ohio Public Main Campuses and Independent 4-Year Institutions
2007-08 through 2014-15**



Source: National Center for Education Statistics

According to the Educational Trust, 47.2 percent of Pell Grant eligible students graduate from our institutions within six years compared to 43.4 percent at public four-year institutions. I would also be remiss if I did not mention that the Pell Grant recipients at John Carroll University have a higher

graduation rate that the rest of the student body. A September 2015 report released by The Education Trust calls John Carroll a “standout institution for graduation of Pell students.” John Carroll is one of only 36 schools nationwide and the only school in Ohio singled out for a Pell graduation rate 10% higher than their peers.

As this data shows, we are not, as other have alluded to, ivory tower institutions.

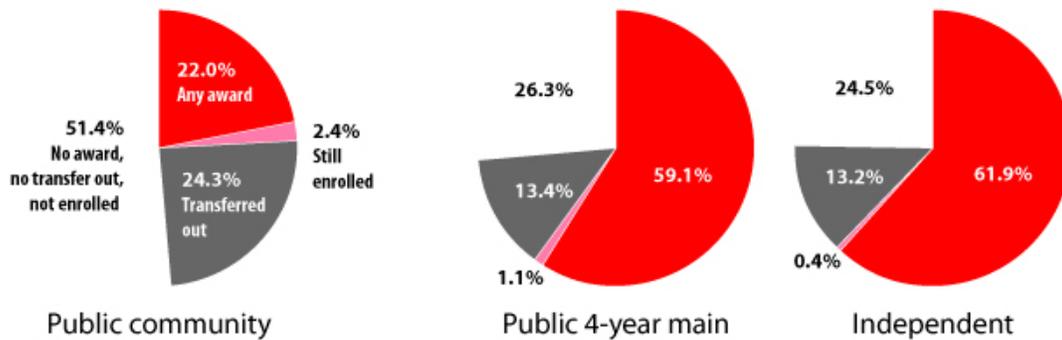
As to House Bill 474, I would like to focus on three areas:

Expansion of Bachelor’s Degrees

Before I talk about expanding the degree granting authority of community colleges, I would like to provide you a little more information about what community colleges are actually doing today:

Let’s start with their current graduation rates:

8-Year Outcomes For 2007 Entering Cohort Ohio Public and Independent Colleges and Universities Total all entering students: full- and part-time, first-time and transfers



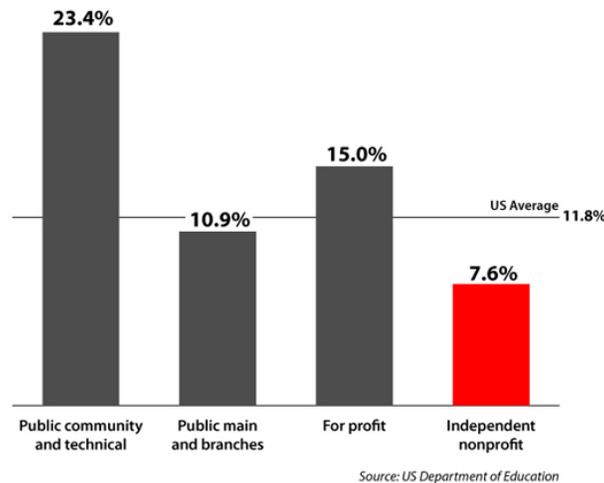
Note: “Any award” means an associate or bachelor’s degree, or a workforce certificate recognized by the US Department of Education

Source: National Center for Education Statistics, IPEDS Outcome Measures survey

As you can see, only 22 percent of students who start their educational pathway at a community college graduate or complete their certification after eight years - 22 percent in eight years! In fact, over half of all students drop out of community college with nothing to show for their time, except debt.

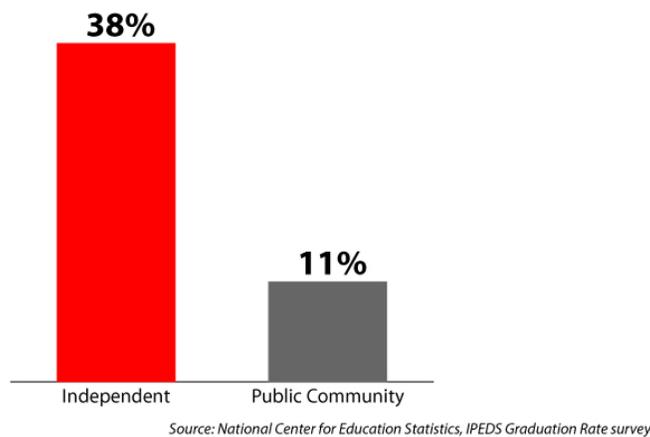
In the 2014-15 academic year, 35 percent of undergraduates at Ohio community colleges took on federal loans with an average loan of \$5,109 per borrower. Their student loan default rates reflect that many of them are still unable to find work and pay off even these relatively small loans:

**3-Year Student Loan Default Rates
2012 Cohort
Ohio Colleges and Universities by Sector**



Too often, policy makers have been told that all of this should be overlooked because they are the cheapest option for Ohioans. These claims are buttressed by fanciful charts citing "savings!" compared to independent colleges and their list-tuition figures, when you and everyone else in the world knows that independent colleges provide hundreds of millions of dollars in institutional aid to students. However, even using these figures, the yearly cost of attending any institution is moot if you never actually graduate or complete your program. If you are a student who is looking for an associate degree, you are three times more likely to graduate within three years from an independent non-profit institution than you are at your local community college:

**Graduation Rate In 150% of Normal Time
Seeking 2-Year to Less Than 4-Year Degree/Certificate
Ohio Independent and Public Community Colleges
Cohort Entering Fall 2012 (Community Colleges), Fall 2009 (Independent)**



This data paints a stark picture for community colleges in Ohio.

Further, even if Ohio chooses to move forward with this initiative, legislators should be aware that the process of offering bachelor's degrees will not happen overnight. The Higher Learning Commission (HLC) would have to accredit any new program and would provide even greater scrutiny to the community colleges seeking to offer baccalaureate degrees. The same serious scrutiny has occurred with independent colleges in Ohio that have expanded their offerings to include master's and doctoral level programs. In essence, the college is becoming a new type of higher education institution, not simply providing a variation of educational degree.

It is well known that the HLC is one of the toughest regional accreditors so this new accreditation is not a “given,” as some would have you believe. This process is also expensive, and particularly so, because the institution is changing its educational blueprint or DNA. This committee needs to ask itself if Ohio should spend potentially millions of public taxpayer dollars to underwrite the expansion of degrees that may not ever see approval.

If you think I am being alarmist, please remind yourselves of the experience of Owens Community College, whose nursing program had its accreditation revoked in 2009. After five years, Owens was able to obtain short-term accreditation; however, many nursing graduates from Owens a few years ago found themselves without an accredited degree.

Many independent non-profit institutions are found in small rural communities where they are, by far, the biggest employer in the region. If the state wants to move forward with a state-sponsored higher education system, many of our institutions will have no choice but to shutter and leave an already struggling small town in even worse economic shape.

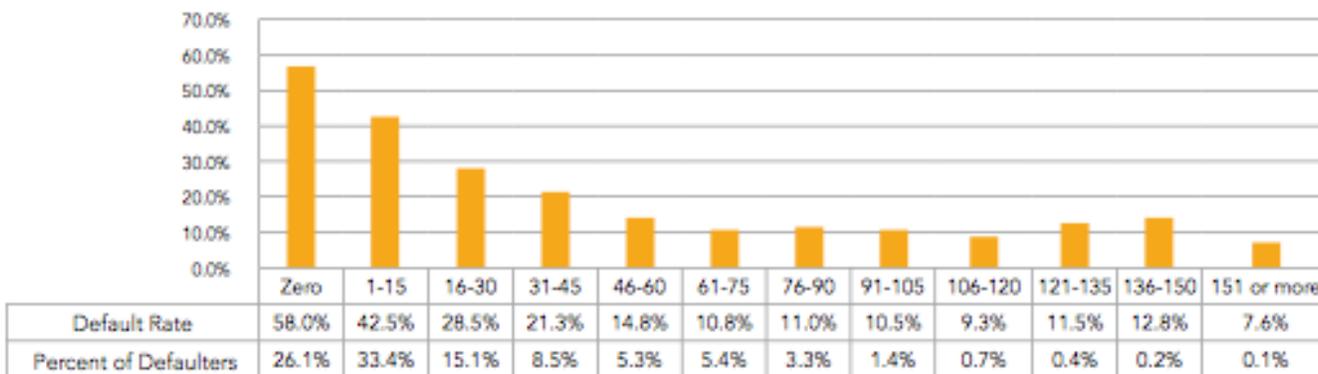
The nation’s community colleges are not faring much better. The Center for Community College Research at Columbia University's Teachers College released a report this April regarding bachelor’s degrees for students who start at community colleges. The report found that only fourteen percent of first-time, degree-seeking community college students managed to earn a bachelor's degree within six years. Fourteen percent. That figure is roughly half of the rate of Ohio’s lowest rate at its public colleges.

The United States Department of Education calculates the national community college graduation rate at just 20 percent within three years of enrollment. Think about that - institutions that are awarding two-year degrees are only delivering them to one out of five students, even if you give them 50 percent more time. This is a far cry from the nation's 60 percent completion rate at four-year colleges and universities.

Studies also back the national data on student debt. A 2015 report from Stanford University found that thirty-eight percent of two-year college students who started to repay their loans in 2009 defaulted within five years. If you remember the fact that student-loan debt cannot be discharged in bankruptcy, the idea that four out of ten former students do not pay their loans is simply shocking.

In Iowa, a state similar to Ohio, 35.9 percent of students who attended a community college received no credential — neither a degree nor a workforce certificate. The fewer the credits earned, the more likely an Iowa community college borrower was to default: of those who didn’t earn a single credit, 58 went on to default on a relatively small loan amount:

Figure 21: FY2011 Default Rates, by Credits Earned



Source: Iowa community colleges’ student information systems and the National Student Loan Data System (NSLDS).

In fact, in Iowa the highest default rate (31.7 percent) is from those who borrowed less than \$5,000! This data correlates with what we see nationally: students at public 2-year institutions nationwide borrowed only an average of \$4,700 but have a 19.1 percent default rate. This is in comparison to a 7.6 percent rate at four-year public institutions and a 6.3 percent rate at four-year independent institutions nationally.

If you look at Florida, the poster-child for expanding bachelor's degrees to community colleges, the data is as follows:

Florida State College system bachelor's degrees 2014-15

Business Management Marketing and Related Support Services: 2,909

Health Professions and Related Programs: 1,702

Education: 775

Computer and Information Sciences and Support Services: 410

Homeland Security Law Enforcement Firefighting & Related Protective Service: 394

Public Administration and Social Service Professions: 142

Biological and Biomedical Sciences: 114

Engineering Technologies and Engineering-related Fields: 89

Visual and Performing Arts: 68

Communications Technologies/Technicians and Support Services: 51

Legal Professions and Studies: 35

Communication, Journalism, and Related Programs: 22

Natural Resources and Conservation: 19

Where are the technical degrees? Part of the argument in Florida at the time was a need for technical bachelor's degrees; yet they are not evidenced in this data. The data also points to issues of bachelor's degree quality at community colleges. Of those 775 education degrees awarded, none of them has been approved by the Council for the Accreditation of Educator Preparation, the national accrediting body.

Lastly, to the issue of the development of this policy. Although I was not present at Tuesday's hearing, I had an opportunity to read the testimony of the president of the Ohio Association of Community Colleges. Sadly, the testimony included a number of descriptions of the independent-college sector that I will charitably call inadvertent distortions.

AICUO, whose members you will recall award one-third of the baccalaureate degrees in the state, learned of the idea to add bachelor's degrees at community colleges in Ohio the way other members of the public did: when the lieutenant governor announced the idea as part of the governor's executive budget last year. That proposal, which would have encouraged community colleges to spend millions of tax dollars to duplicate degree programs at independent colleges and which was actively backed by OACC, was thankfully rejected by the legislature last year.

This year, the administration and OACC put forward a new proposal that is more expansive than last year's problematic proposal, and Tuesday, the president of OACC said he was, "quite honestly surprised" that AICUO opposed last year's proposal in HB 64.

I was surprised myself by the president's testimony for a couple of reasons. First, in the 17 months since the proposal was rolled out, not once has a representative from OACC contacted me or anyone else at AICUO to discuss the position. In fact, I have spoken only once with the OACC president since his appointment to his position, approximately one month after he took the job.

If he had asked, our opposition is the proposal is very simple: the proposal would encourage Ohioans to seek baccalaureate degrees at institutions that are generally ill-suited for the task; which are statistically less likely to help students obtain bachelor's degrees when compared to students that start at

baccalaureate institutions as freshmen; and which disserve many of their students by leading to loan burdens at default rates that are comparable to for-profit colleges (and in many cases, exceed them).

We believe that there may be community colleges that are prepared to offer degrees in certain boutique areas that are not currently offered at public and independent baccalaureate institutions. We believe there may even be a policy and legislative pathway that provides safeguards to students and taxpayers meriting creation of a few programs. We believe that the Department of Higher Education is well suited to contract for appropriate studies of changes like these.

We would have been more than willing to discuss any of these things if the association representing community colleges had bothered to pick up the phone over the last eighteen months, instead of 'calling us out' in testimony before this committee.

My second reason for surprise is more basic. I simply cannot believe that the views of OACC vis-a-vis independent colleges represent the views of Ohio's community colleges. Ohio independent colleges are trusted partners of our state's community colleges, helping thousands of students every year earn baccalaureate degrees at independent colleges while they are earning their associate's degrees at community colleges.

Roy Church and Lorain County Community College have been pioneers in this area. Today, tens of thousands of northern Ohioans are alums of private and two-year colleges thanks to his efforts to create articulation agreements between institutions and even to host independent-college classes on his campus.

Columbus State Community College is one of the main hubs in central Ohio for students that take their degrees onward to bachelor's degrees at Capital, Otterbein, Ohio Dominican, Franklin, Ohio Christian, and numerous other universities. Articulation agreements and co-location of classes exist in hundreds of examples across this state. In fact, our state's weak community college graduation rates are greatly supported by the relatively modest number of students who are using community colleges as the low-cost pathway to bachelor's degrees.

The idea that the president of OACC would directly state to this panel that independent colleges are attempting to deny access to middle income families by opposing this proposal surprised me. It should surprise you and would certainly surprise independent college presidents and most of their partners and colleagues at community colleges. Hopefully, if community college leaders were fully informed about the policy development process over the last two years and the willingness of our sector to work toward policy solutions, those partners would be disappointed with their association's representation as well.

Before giving this proposal more than cursory consideration, I would strongly urge this body to reconsider expanding degree granting authority to a sector that is not even handling its current degree granting authority with any consistent success.

3+1 Model

As I mentioned above, developing a 3+1 policy for institutions that are struggling to graduate students at two years should be a red flag for this committee.

On Tuesday, the *New York Times* wrote an editorial entitled "Guess Who's Taking Remedial Classes." It cited a study, by Education Reform Now, a nonprofit think tank, which found that 57 percent of the students needing remedial classes attended public community colleges. The study also found that among full-time students seeking a bachelor's degree, those who take remedial courses are 74 percent more likely to drop out of college than nonremedial students.

It would not be possible for students to complete a degree in four years if it were necessary for them to take remedial classes to “catch up” to the rest of their classmates. This would lead to a longer time to degrees and increased cost to the student.

The “Tracking Transfer” report by Jenkins and Fink at the Community College Research Center at Columbia University found that Ohio’s community colleges already perform well below the U.S. average in the percentage of students who transfer out to baccalaureate institutions and the percentage who actually complete a degree. Ohio is 36th among the 43 states measured in its transfer-out completion rate of 31% — the nation’s overall rate is 42% — and this despite the ballyhooed mandatory acceptance of nearly all community college credits by the state’s public universities. Only 21% of entering community college students transfer out with an award in hand, compared to 29% for the nation.

I will state again: independent colleges have numerous articulation agreements with community colleges. These agreements benefit students and because of the comparisons of curricula and student performance performed by our colleges, they assure that students whose credits transfer toward a bachelor's degree meet necessary levels of rigor. Our colleges support them.

However, there is a difference between making such programs available in appropriate circumstances, and expanding the process as a norm. I ask the committee why would the state of Ohio want to promote a program that is not currently producing the expected outcomes?

College Credit Plus

HB 474 reinforces the originally intended \$40 per credit hour floor of College Credit Plus. With the first school year of College Credit Plus almost over, it became very apparent that the number one concern for high schools around the state was cost. On numerous occasions, the partnering negotiations with institutions of higher education came down to only one decision: which school could offer College Credit Plus for the lowest cost.

The goal of College Credit Plus is to encourage more students to participate in earning college credits while they are in high school. However, by driving the cost to zero, many students are missing out on opportunities to attend multiple institutions that would offer a wide variety of experience and education.

Four non-profit institutions shuttered their CCP programs entirely because they are unable to compete with “free.” By reinstating the floor, it will allow all institutions of higher education to have a level playing field. The floor assures that higher education institutions do not use cross-subsidization to artificially subsidize college costs. There will be no disincentive for high schools to partner only with one institution; instead if everyone has the same minimum, schools and colleges will create more partnerships and opportunities.

Even \$40 for a college credit is still an amazing value, no matter which institution a student attends. If the goal of the legislature is to increase participation, then the floor must be reinstated. Without it most of our institutions will be forced to stop offering CCP. Ohio has only two national accredited dual-enrollment programs in the state and both are at non-profit independent institutions: Ohio Dominican University and the University of Findlay.

My members have made it very clear that unless something changes within the pricing structure of College Credit Plus, they will have no choice but to end their participation in the program at the end of the next school year. What a sad irony it would be if in just three years, we move from a complete free-market success story, if one that was not big or widespread enough, to an exclusively government provided program, dominated by a handful of community colleges offering classes for \$0.

House Bill 474 also requires institutions to offer co-requisite remediation. The great irony of this provision is that CCP students are supposed to be able to participate in college level courses because they are ready for the next step. However, by mandating that college campuses must create a whole new remediation system for these students, it is apparent that some of these students are not, in fact, ready for college.

This unfunded mandate would be just another barrier to participation for non-profit independent higher education institutions. Our schools do not have the staffing power or the budget to create a whole new counseling program for a small subset of the high school population.

Overall, House Bill 474 offers some very complicated changes to the landscape of higher education and is not a bill that should be rushed through before it has been properly debated and discussed. Thank you for allowing me to testify, and I would be pleased to answer any questions.