

Testimony before the Senate Higher Education Finance
Subcommittee on House Bill 64
C. Todd Jones, President and General Counsel
Association of Independent Colleges and Universities of Ohio

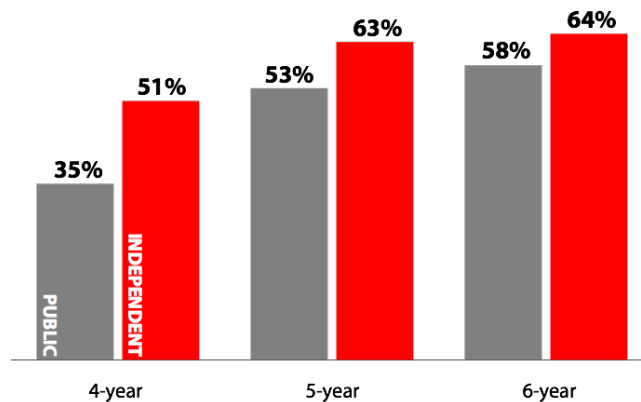
April 28, 2015

Thank you, Chair Gardner, Ranking Member Cafaro, and members of the Senate Higher Education Finance Subcommittee, 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 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 even higher shares of our state's degrees in mathematics, natural and biological sciences, and other key areas of study.

While independent colleges make up 33 percent of all four-year undergraduates, we have 45 percent of those students who are under 18 (through dual-enrollment programs) and of those non-traditional students over 25, at 38 percent. Independent colleges and universities graduate their students at a faster rate than their public counterparts:

**Baccalaureate Graduation Rates
Ohio Public Main Campuses and 4-Year Independents
Cohort Entering Fall 2007**

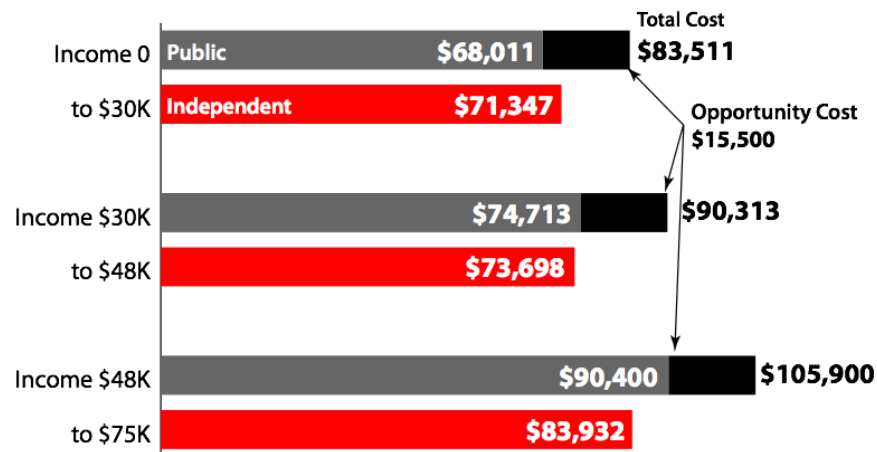


Source: National Center for Education Statistics

Independent colleges also graduate a higher percentage of minority students on time, 42 percent, compared to 22 percent of on-time minority graduates at public universities. Independent colleges and universities also help retain Ohioans, as two-thirds of our recent graduates remain here within five years of receiving their degrees.

I know the main focus of this chamber on higher education has been affordability and we applaud that. Independent institutions have been meeting the marketplace as well and, as a sector, increased tuition by 0.5 percent last year. By graduating students in four years, rather than five, independent colleges save families over \$15,000 in opportunity costs.

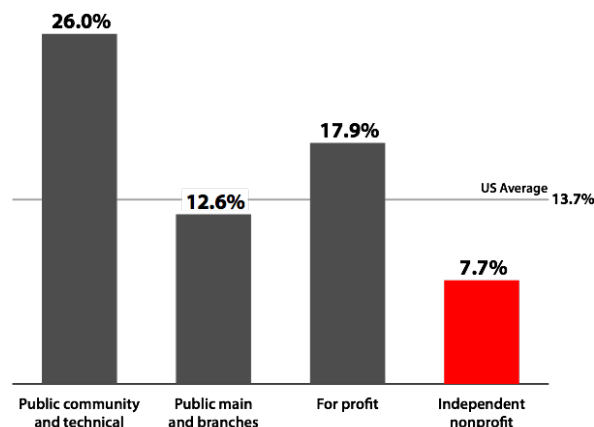
Average Net Price of Bachelor’s Degree in Ohio Families at 150% of State Median or Less By Sector



Source: National Center for Education Statistics (Net price, time to degree)

I also encourage this committee to look at post-graduation employment when discussing affordability. While on average, students in Ohio have \$29,000 in debt, independent college graduates have the smallest default rate three years after leaving school:

3-Year Student Loan Default Rates 2011 Cohort Ohio Colleges and Universities by Sector

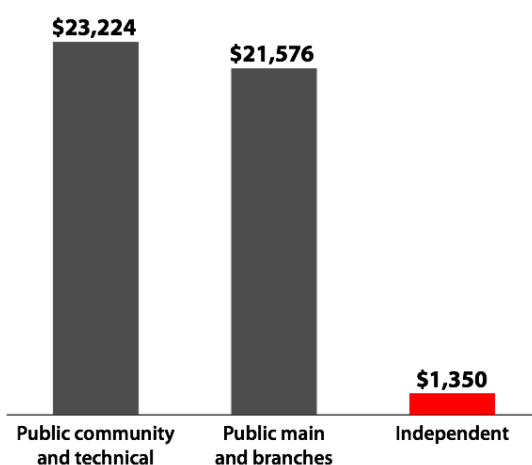


Source: US Department of Education

The reason for this is simple – students earn degrees that are valued in the marketplace, and they graduate more often than students attending colleges elsewhere.

Finally, one of the most overlooked aspects of college affordability is our need-based aid program, the Ohio College Opportunity Grant. Student who choose to attend an independent college or university have only one option for state support: OCOG. This is why the cost to the state for a student obtaining a degree from an independent college is substantially lower than in other sectors.

**Cost to State of Ohio Per Degree Awarded
By Sector, Academic Year 2013-14**



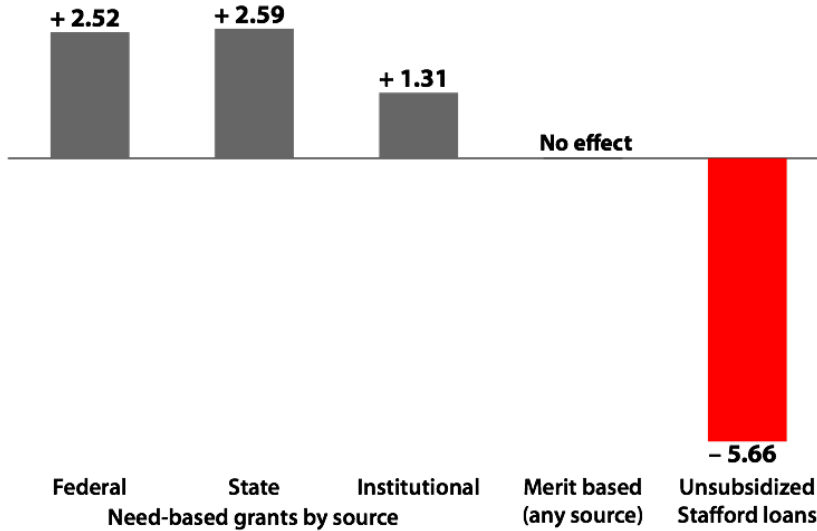
*Sources: Ohio Board of Regents (state expenditures),
National Center for Education Statistics (degrees)*

As you are aware, the budget incorporates the Board of Regents Financial Aid Working Group Report recommendations. AICUO supports the report and the subsequent changes, however there was, by the Chancellor’s admission to this committee last week, an unintended consequence of the report.

House Bill 64 reinstates the two-to-one ratio for OCOG distribution. However, since the Governor’s proposal did not add any additional money to OCOG except to cover the expansion for community college students in the summer, reinstating the ratio inadvertently reduces independent college students’ financial aid by \$2.8 million, or seven percent.

Multiple studies show that need-based financial aid has the most impact on improving graduation rates. Need-based aid will help more students graduate and graduate on time than any other assistance they receive.

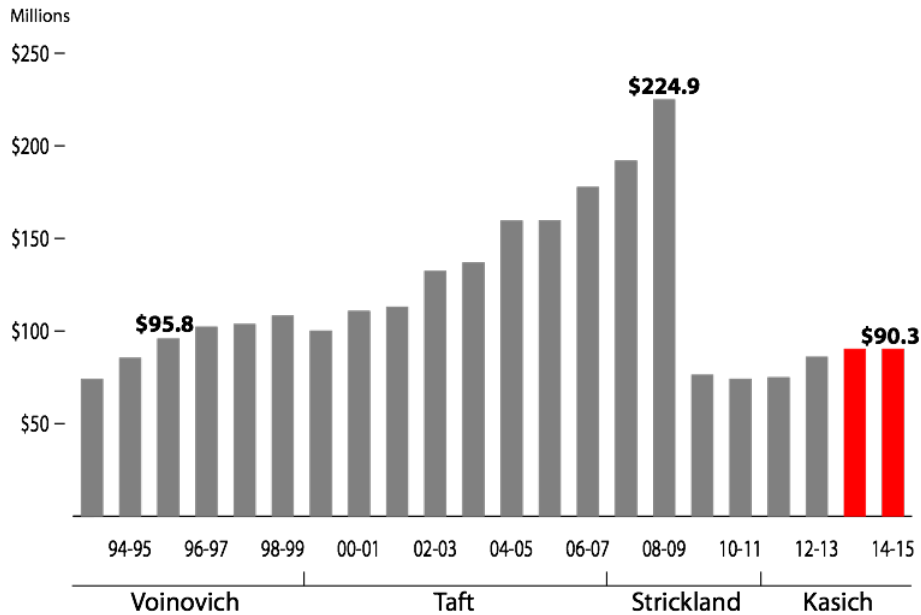
**Effect in Percentage Points
On Graduation Rates of Low Income Undergraduates
Per \$1,000 Awarded of Varied Types of Financial Aid Grants and Loans**



Source: Franke, Ray, Ph.D.: "Towards the Education Nation? Revisiting the Impact of Financial Aid, College Experience, and Institutional Context on Baccalaureate Degree Attainment for Low-Income Students" Presented at 2014 Annual Meeting of the American Educational Research Association

As you can see in the chart below, we believe that the entire pool of OCOG should be raised to reflect the original intent of the need-based aid program.

**Need-Based Financial Aid From State of Ohio
By Gubernatorial Administration, AY 1993-94 to 2014-15**



Source: Ohio General Assembly

Ohio's neediest students get less money in nominal dollars than students 20 years ago, let alone in real, inflation-adjusted dollars. That is shameful.

I know that this committee is working from this fiscal year's budget figures, but I just want to quickly highlight our thoughts on the Governor's and the House's budget proposals.

The Governor's proposed budget, House Bill 64, includes four new higher education programs: higher education innovation grants, campus safety and training, student debt reduction program, and the work experience strategies program. While all of these programs have merit, the language only makes them available to state institutions. As you heard from the Chancellor last week, while there are certain legal limitations on the Board of Regents regarding independent colleges, we would welcome the opportunity to participate in these programs if they are authorized or funded this year.

AICUO's 51 colleges benefit Ohio in all of these areas and it would be a disservice to the state and to independent college students to arbitrarily exclude them from these efforts. We have spoken with the Chancellor and the administration about our concerns and as you heard last week, they are supportive of including independent college students and institutions in these programs.

The final version of House Bill 64 included non-profit higher education institutions in three of the new program but still excluded our sector from the campus safety and training working group.

House Bill 64 also includes language allowing community colleges to offer bachelor's degrees as long as a state institution within 30 miles does not already offer a similar degree or will within a year. By allowing state institutions the "first right of refusal" the Board of Regents recognizes the inherent value and cost associated with institutions creating a baccalaureate program. However, the proposal misses two important components that could lead to wasting state tax dollars and undermining private-sector investments in higher education.

First, the bill does not limit new baccalaureate degrees where the same or similar degree is offered or will be offered by an independent college within a year. There are numerous, unique bachelor-degree programs at independent institutions that go exactly to the purpose of the governor's proposal—workforce-specific degrees. For example:

- The University of Northwestern Ohio in Lima offers bachelor's degrees in Agribusiness and Automotive Technology Supervision. Rhodes State College could offer any of these programs without protection by law. This would waste millions in taxpayer dollars to fund new programs that exist nearby.
- Marietta College recently started a program in Land and Energy Management, designed to offer certification to become an oil and gas landman, which are in

high demand in Eastern Ohio. Yet Washington State Community College could start such a program in 2016 unless you add independent colleges to public bachelor's protections under the new law.

- There are numerous nursing baccalaureate programs that are offered across Ohio by independent colleges that have no four-year public counterparts nearby (e.g., Muskingum University, Marietta University, Ashland University's nursing program at Mansfield, Bluffton University's new nursing program, to name a few). To permit the creation of new baccalaureate nursing programs at nearby community colleges would be wasteful of state resources.

In addition, the proposal fails to address the issue of on-line baccalaureate degrees. There are numerous examples of on-line degree programs – which by definition are available to every adult in the state without travel – that exist today or could quickly be added as on-line programs. Independent colleges are particularly strong in this area. Why would Ohio want its public community colleges to spend tax dollars to create new degree programs with costs for curricular design, staffing, and buildings, when students can access the program on a laptop from an Ohio-based institution?

We ask that this committee offer the same protections the bill offers state institutions to independent institutions and to on-line programs at public and independent colleges.

All of these new programs aside, the most important message from today I want to leave you with is the need for more OCOG funding. The House included an additional \$5 million for OCOG, and it is a great first step. Candidly, it is not enough. Instead of giving \$120 million over four years to a debt-relief program, you should help students avoid taking on debt in the first place by helping to re-fund OCOG.

OCOG is a program for those who are trying to help themselves and we, as a state, should be doing everything in our power to help them succeed. Thank you and I would be happy to answer any questions you may have.