

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

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Thank you, Chair Duffey, Ranking Member Ramos, and members of the House 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.

As you know, the Governor's proposed budget, House Bill 64, includes four new higher education programs:

- Section 369.130: Higher Education Innovation Grants
 - Creates grants for "innovative administration redesign proposals, which result in cost savings to students, including, but not limited to, project-based approaches and reduction or reorganization of department."
- Section 369.140: Campus Safety and Training:
 - Creates a taskforce to determine the best practices for preventing and responding to campus sexual assaults by September 1, 2015.
- Section 369.480: Student Debt Reduction Program
 - This program allocates \$120 million over the next four years for the Board of Regents to develop a debt reduction program focusing on need based students, in-demand jobs, and the requirement for participating students to stay in Ohio for five years after graduation.
- Section 369.570: Work Experience Strategies
 - The Director is to develop implementation strategies to embed work experiences, including but not limited to internships and cooperatives, into the curriculum of degree programs starting in the 2016-2017 academic year.

While all of these programs have merit, the language specifically 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.

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 any of 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.

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. By allowing state institutions the "first right of refusal" the Board of Regents recognizes the inherent value and cost associated with an 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 bachelor-degree at independent institutions that go exactly to the purpose of the governor's proposal—workforce-specific degree programs. For example:

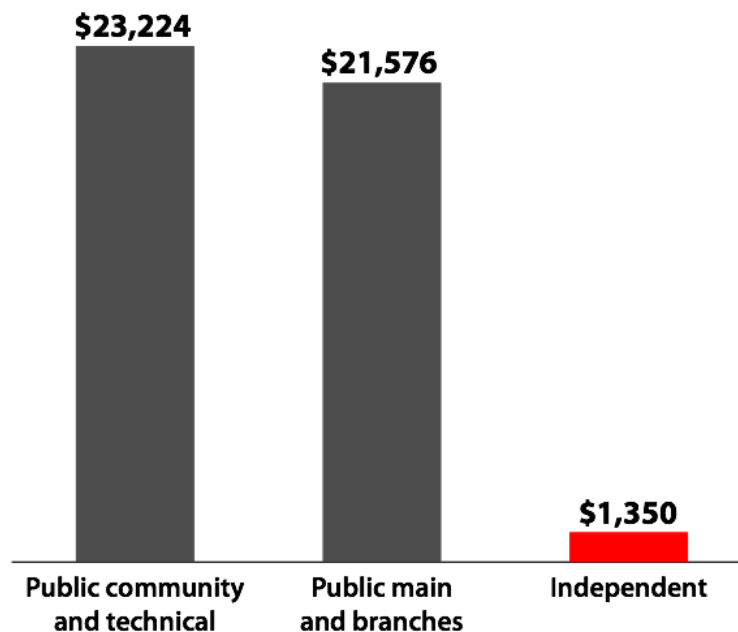
- The University of Northwestern Ohio in Lima offers bachelor's degrees in Agribusiness and Automotive Technology Supervision. Rhodes State College could offer any of these programs without protection by law. This would waste millions in taxpayer dollars to fund new programs that exist nearby.
- Marietta 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 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 money 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.

Finally, I would like to discuss the changes to the Ohio College Opportunity Grant (OCOG). 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)*

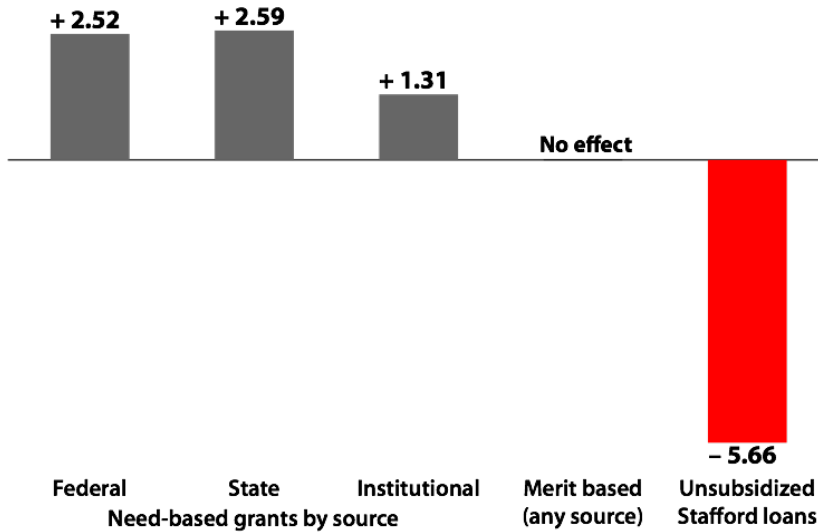
As you are aware, the budget incorporates the Board of Regents Financial Aid Working Group Report recommendations. AICUO supports the report and the subsequent changes, however there was, by the Chancellor's admission to this committee last week, an unintended consequence of the report.

House Bill 64 reinstates the two-to-one ratio for OCOG distribution. However, since the Governor's proposal does not add any additional money to OCOG except to cover the expansion for community college students in the summer, the ratio

inadvertently reduces independent college student's financial aid by \$2.8 million, or seven percent.

As our presentation showed last time we were in front of you, multiple studies show that need-based financial aid has the most impact on improving graduation rates.

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



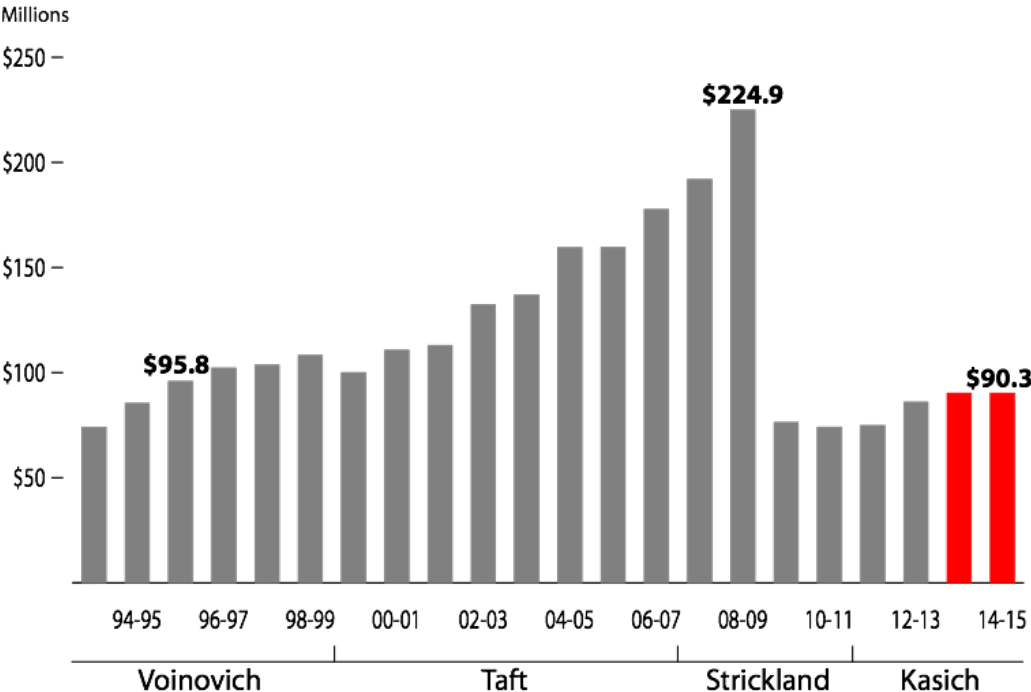
Source: Franke, Ray, Ph.D.: "Towards the Education Nation? Revisiting the Impact of Financial Aid, College Experience, and Institutional Context on Baccalaureate Degree Attainment for Low-Income Students" Presented at 2014 Annual Meeting of the American Educational Research Association

The association recognizes that the chairman strongly believes that a one-to-one ratio for OCOG is a superior state policy. We have had a number of engaging conversations on that topic and I believe each is well acquainted with the other's views.

For the benefit of the other members of the committee, I will only reaffirm that the position of AICUO is the same as that of the current chancellor and governor, the Financial Aid Task Force last year, the Inter-University Council, the Ohio Association of Community Colleges, and every single governor and legislature since 1969, when OCOG's predecessor, the Ohio Instructional Grant, was created. We encourage you to maintain that policy for the next two years.

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 the students 20 years before them, let alone in real, inflation-adjusted dollars. That is shameful.

Thank you and I would be happy to answer any questions you may have.