



# **Joint Committee on Ohio College Affordability**

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Committee Report and Recommendations  
September 2018



September 28, 2018

Dear Governor Kasich, President Obhof and Speaker Smith:

Throughout the last several months, the Joint Committee on Ohio College Affordability has actively engaged with students, administrators, university presidents and faculty to discuss the cost of higher education in Ohio. Understanding that the overall cost of attaining a post-secondary education is comprised of many different factors, we made a conscious decision to not make tuition the sole focus of our work, but rather to examine what it means to be affordable through an all-encompassing lens.

As legislators, it is our shared goal to provide Ohio's students—regardless of income level, family backgrounds or ethnicity—with the best opportunity to succeed in whatever career path they choose. Whether it be a two year degree, four year degree or an industry recognized credential, certificate or license, we do not lack options for learners of all ages. Ohio is home to 14 public universities, 23 public community colleges, 78 private nonprofit and 30 proprietary schools, over 120 adult workforce education and training centers, and a number of out-of-state universities with Ohio affiliates that cover a wide range of educational offerings. Ohio has also taken important strides to improve access to higher education and restrain the growth in the cost of pursuing a degree or credential, more than almost any other state in the nation. Yet, despite prior actions and plentiful choices, Ohio still faces serious obstacles to keeping higher education options accessible and meeting the projected needs of our state's future workforce.

According to the Institute for Research on Higher Education, by 2025 two out of every three Ohioans will need an associate's degree or higher to fulfill our state's future workforce demands<sup>1</sup>. Our current rankings in affordability, attainment and access indicate that, as a state, we can do more to remove the barriers to success that so often inhibit students from achieving their goals. This realization is the foundation behind the Joint Committee's recommendations—that every high school graduate needs some level of post-secondary education or training in order to meet the economic demands of the modern, globalized workforce.

Accordingly, enclosed is a report highlighting the findings and recommendations of the Joint Committee. Thank you for your attention to this important issue. We look forward to continuing to work together to provide all Ohioans with the very best value in high quality post-secondary options.

Sincerely,

A handwritten signature in black ink that reads "Steve Wilson".

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Senator Steve Wilson, Chair

A handwritten signature in blue ink that reads "Mike Duffey".

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Representative Mike Duffey, Vice-Chair

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<sup>1</sup> Institute for Research on Higher Education, *College Affordability Diagnosis: Ohio*, Philadelphia, PA: Institute for Research on Higher Education, Graduate School of Education, University of Pennsylvania, (2016), <http://www2.gse.upenn.edu/irhe/affordability-diagnosis>, p. 1.



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Senator Matt Dolan



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Representative Niraj Antani



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Senator Jay Hottinger



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Representative Rick Perales



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Senator Cecil Thomas



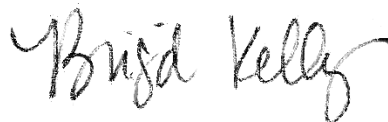
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Representative Kristin Boggs



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Senator Sandra Williams



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Representative Brigid Kelly

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## I. Statutory Authority and Committee Membership

The Joint Committee on Ohio College Affordability (the “Joint Committee”) was created in statute by Amended Substitute House Bill 49 of the 132<sup>nd</sup> General Assembly in an effort to reduce the cost of attending Ohio’s colleges and universities.

Pursuant to the Ohio Revised Code Section 757.130:

(A) There is hereby created the Joint Committee on Ohio College Affordability composed of the following members:

- (1) Five members of the Senate, appointed by the President of the Senate, not more than three of whom may be members of the same political party;
- (2) Five members of the House of Representatives, appointed by the Speaker of the House of Representatives, not more than three of whom may be members of the same political party.

(B) The President of the Senate and the Speaker of the House of Representatives shall appoint the members of the committee within thirty days after the effective date of this act. The committee shall hold an initial meeting within sixty days after the effective date of this act and shall meet thereafter at the discretion of the committee members.

(C) The committee shall study and develop strategies to reduce the cost of attending colleges and universities in this state. As part of this process, the committee shall consult with the Chancellor of Higher Education and persons or organizations representing institutions of higher education.

(D) The committee shall compile a report of its activities, findings, and recommendations and shall furnish a copy of the report to the Governor, President of the Senate, and Speaker of the House of Representatives not later than one year after the effective date of this act, at which time the committee shall dissolve by operation of law.

The Senate President appointed the following members to the Joint Committee:

Senator Steve Wilson, <i>chair</i>	R-Maineville
Senator Matt Dolan	R-Chagrin Falls
Senator Jay Hottinger	R-Newark
Senator Cecil Thomas	D-Cincinnati
Senator Sandra Williams	D-Cleveland

The Speaker of the House appointed the following members to the Joint Committee:

Representative Mike Duffey, <i>vice chair</i>	R-Worthington
Representative Niraj Antani	R-Miamisburg
Representative Rick Perales	R-Beavercreek
Representative Kristin Boggs	D-Columbus
Representative Brigid Kelly	D-Cincinnati

## II. Public Hearings

The Joint Committee held five public hearings. All agendas, testimony and additional information are available through the Committee’s website at <http://www.ohiosenate.gov/committees/joint-committee-on-ohio-college-affordability>. All facts, figures, and information not available from this archive are cited within the report.

<b>Date</b>	<b>Presenter</b>	<b>Topic</b>
5.17.18	<b>John Carey</b> Chancellor, Ohio Department of Higher Education	Update on past and current initiatives to reduce the cost of college education
6.28.18	<b>Jack Hershey</b> President, Ohio Association of Community Colleges	Overview of strategies for preserving and improving affordability
	<b>Bruce Johnson</b> President, Inter-University Council of Ohio	Overview of cost savings and affordability efforts utilized by Ohio’s public universities
7.18.18	<b>C. Todd Jones</b> President, Association of Independent Colleges and Universities	Summary of how Ohio’s independent institutions are working to make college more affordable and attainable
	<b>Rebecca Watts</b> Chancellor, WGU Ohio	WGU Ohio’s initiatives to improve quality and expand access to post-secondary educational opportunities
	<b>Michael Drake (written only)</b> President, The Ohio State University	OSU’s initiatives to make college more affordable
8.21.18	<b>Kent Trofholz</b> Executive Director, Ohio-Michigan Association of Career Colleges and Schools	Strategies for improving the affordability and accessibility of a career college education
	<b>Andrea Fricks</b> President, Harrison College	Overview of career education demands and recommendations for increased degree attainment and affordability
	<b>Dr. Dan Krane</b> Chair, Ohio Faculty Council	Initiatives for lowering the cost of textbooks and reducing overall costs for students
	<b>Jesse Gutierrez</b> Vice President of Government Affairs, McGraw-Hill Education	Strategies for developing accessible and affordable textbooks and education resources
	<b>Gregory Crawford (written only)</b> President, Miami University	Miami University’s initiatives to maintain affordable costs and promote degree completion
	<b>Neville Pinto (written only)</b> President, University of Cincinnati	UC’s efforts to provide an affordable education to its students
	<b>John C. Green (written only)</b> Interim President, The University of Akron	The University of Akron’s initiatives to make attaining a degree more affordable
9.4.18	<b>Daniel Palmer</b> Student Body President, Wright State University	Student perspective on the cost and affordability of a post-secondary education
	<b>Adrian Williams</b> Student Body Vice President, Wright State University	Student perspective on the cost and affordability of a post-secondary education

### **III. Recommendations**

Post-secondary educational attainment is a major investment on the part of Ohio's citizens. The return on investment is an incredibly important consideration for taxpayers, the business community and for the students themselves, who expect and deserve affordable access to the pathway of their choice at the highest possible value and quality for the dollars they invest in their education.

Ohio has consistently prioritized increasing accessibility and improving the overall affordability of higher education, as is evidenced by the work of the 2015 Ohio Task Force on Affordability and Efficiency in Higher Education and the continuing mission of the Department of Higher Education's Efficiency Advisory Committee. The state has also seen success in initiatives such as the "Senate 5% Challenge" issued in 2015, the creation of the College Credit Plus program and a number of policies designed to reduce a students' time and cost toward degree and certificate-granting programs.

The Joint Committee appreciates the improvements that have already been made in this area, but recognizes that further advancements can be achieved. To that end, the recommendations of the Joint Committee follow five major themes – increased student success and completion, predictability and transparency in pricing, providing accessible and affordable course materials, incentivizing pursuit of in-demand programs, and FAFSA completion and preparing for college attendance. Those recommendations are listed on the following pages.

This report contains a series of recommendations that the Joint Committee generally believes will reduce college costs for students throughout Ohio. Each specific recommendation may not be supported by every member of the committee, but this report does broadly represent ideas from members to improve affordability.

## **A. Increased Student Success and Completion**

A carefully trained and prepared workforce paves the way for prosperity by helping create a competitive business environment and a strong economy. The benefits to students and our population at large are plentiful; individuals with a college-level education typically receive higher wages and have better health, lower incarceration rates, and higher rates of civic engagement. Unfortunately, Ohio faces a serious challenge in producing an adequate supply of knowledgeable, highly skilled and globally competitive workers, as our current post-secondary attainment rate is only 43.2 percent. In order to meet Ohio's 2025 Attainment Goal of a 65 percent attainment rate, it is estimated the state will need to produce an additional 1.3 million high school graduates and working-age adults with high quality post-secondary degrees or certificates.<sup>2</sup> While the state has increased the number of degrees and certificates awarded at our public colleges and universities by 20 percent from fiscal years 2011–2016, more progress must be made if Ohio is to reach this goal.

### **Recommendations:**

#### **Timely Degree Completion**

Obtaining a degree or credential in the expected amount of time is perhaps the largest cost saver students can realize. There is no worse situation students can find themselves in than one where they take on debt and never complete their goal. The benefits for first-generation college students in particular can be considerable.

In order to assist students in finishing their degrees on time, several institutions have implemented credit completion incentive programs to encourage full-time students to stay on track. For example, the University of Akron implemented the "Finish in Time" (FIT) campaign to encourage full-time students to enroll in 15 or more credit hours per semester. Since the implementation of FIT in 2013, the University of Akron has seen a nine percent increase in the percentage of full-time enrolled students taking 15 or more credit hours per semester.<sup>3</sup> This is only one example of an incentive program that has been utilized by a number of institutions to keep students on track to graduate, be it at a public community college, public university, or an independent college.

As another means to help students effectively manage their course load, or as an alternate pathway to early graduation, other institutions have offered undergraduate students summer tuition discounts. In its first year offered, The Ohio State University saved students \$2.4 million by offering a 25 percent discount on summer tuition.<sup>4</sup>

These models have demonstrated great potential for improving student success and should be seriously considered—by individual institutions and the state at large—as a relatively minor investment in the overall graduation or credentialing of students who may not otherwise obtain a degree or credential on time, or at all.

#### **Furtherance of Competency-Based Education and Short-Term Certificates**

The Ohio Governor's Office of Workforce Transformation (OWT) reported that while Ohio's current post-secondary attainment rate is only 43.2 percent, 56 percent of our state's in-demand jobs currently require a certificate or degree;

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<sup>2</sup> Ohio Attainment Goal 2025, <https://www.ohiohighered.org/attainment>, accessed 18 September 2018.

<sup>3</sup> Bruce Johnson, Inter-University Council of Ohio, "Examples of Cost Saving Initiatives at Ohio's Public Universities," p. 3-4.

<sup>4</sup> President Michael V. Drake, The Ohio State University, letter to the committee, 18 July 2018, p. 2.



the education requirements for these jobs are anticipated to increase over the next 10 years.<sup>5</sup> Currently in Ohio, there are over 976,000 working-age adults between the ages of 25-64 who have some college experience, but no degree or credential.<sup>6</sup>

In continuation of our shared mission to reach Ohio's 2025 Attainment Goal, the state has taken several steps to eliminate some of the barriers to post-secondary success, and better align our education and workforce training programs to help Ohio's working-age adults obtain the education and skills they need to be successful in the workforce.

For example, in House Bill 49 – the main operating budget of the 132<sup>nd</sup> General Assembly – a new line item was created to provide \$5 million in need-based financial aid to assist students enrolled in short-term certificate programs for in-demand job fields<sup>7</sup>. In order to track progress and trends from this additional need-based financial aid, the Ohio Department of Higher Education (DHE) should study the impact this investment is having on student enrollment, completion and post-graduation career success in short-term certificate programs, and submit their findings to the General Assembly for consideration of state investment in the next budget.

Another promising initiative the state has implemented to assist adult learners on their journey toward degree attainment is the adoption of competency-based education models such as Western Governor's University (WGU) Ohio. WGU is an online post-secondary program designed with the working adult in mind that lets students achieve at their own pace. Though Ohio only recently established a state-recognized partnership with WGU, they currently enroll over 2,200 students—77 percent of whom work full-time and 71 percent of whom come from underserved populations.<sup>8</sup> It is likely that many of these students would not have been able to utilize a traditional four-year program. In order to track the progress and trends resulting from this new pathway to post-secondary education, DHE should study the impact competency-based education is having on student enrollment, completion, and post-graduation career success for the General Assembly's consideration.

Furthermore, the Ohio Association of Community Colleges (OACC) has negotiated a statewide transfer agreement and a five percent tuition discount for graduates who enroll in WGU Ohio. As a result, over 1,000 former community college students have transferred to WGU Ohio to continue their post-secondary education.<sup>9</sup> While Ohio is making good strides in this area, additional expansion of credit transfer partnerships will increase opportunities for Ohio's non-traditional students to obtain a degree or credential. As part of its continuing review of credit transfers among post-secondary institutions, DHE and individual institutions should consider additional transfer partnerships and assurance policies for competency-based education programs. This new form of education does not need to be limited to one institution, and can significantly address the talent gap Ohio faces within our population of adults who have some college education but no degree or credential. Each institution should carefully consider whether they may be able to implement an in-state competency-based educational model on their campus.

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<sup>5</sup> Joint Statement of Paolo Demaria, Ohio Superintendent of Public Instruction, John Carey, Chancellor of the Ohio Department of Higher Education, and Ryan Burgess, Director of the Governor's Office of Workforce Transformation, "Ohio Attainment Goal 2025." [https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/Link/Attainment-Joint-Statement-odhe\\_oht\\_oht.pdf](https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/Link/Attainment-Joint-Statement-odhe_oht_oht.pdf)

<sup>6</sup> Lumina Foundation, *A Stronger Nation: Learning Beyond High School Builds American Talent*, <http://strongernation.luminafoundation.org/report/2018/#state/OH>, accessed 12 September 2018.

<sup>7</sup> Chancellor John Carey, Ohio Department of Higher Education, "Presentation to the Joint Committee on College Affordability," 17 May 2018, slide 13.

<sup>8</sup> Dr. Rebecca Watts, Chancellor, Western Governor's University Ohio, "Submitted Testimony," 18 July 2018, p. 1.

<sup>9</sup> Jack Hershey, Ohio Association of Community Colleges, "Overview of Strategies for Preserving and Improving Affordability," 28 June 2018, p. 6.

## Offering Support for Students at Risk of Dropping Out

Since FY 2012, Ohio has steadily increased the overall amount of general revenue support for our students.<sup>10</sup> However, a common theme in the testimony before the committee was that many students do not finish their education due to unforeseen financial circumstances.

To identify and help students who are at risk of disenrolling due to financial struggle, some institutions have implemented completion grants that provide limited financial assistance to students who are on the verge of not graduating in the final year of their program. For example, Kent State University offers a grant of up to \$4,000 to students who have earned at least 75 credit hours and are in need of additional financial assistance to complete their degree. According to the 2017 Efficiency Advisory Committee Report, 226 students have received completion grants thus far, and 91.6 percent of the students who received these grants graduated from their program.<sup>11</sup> The Ohio State University also offers completion grants—averaging around \$1,000—to seniors near completion but who are unable to graduate due to a financial hold on their record.<sup>12</sup>

In addition to financial interventions, other institutions have utilized data-driven, predictive measures to identify students who may be at risk of not graduating. Miami University has seen success with these measures, coupled with proactive and personalized student advising sessions. Early identification of these students provides them with additional resources and supports to achieve their graduation goal.<sup>13</sup>

Consequently, each institution of higher education should consider how they can implement incidental aid for students who face temporary setbacks that put them at risk of dropping out, especially toward the end of their program. Institutions should also review their existing early detection and intervention practices for students at risk of not graduating, and update university policies that do not effectively address this problem. Possible areas of consideration could include absentee tracking, visibly promoting available completion grants, and financial counseling for students who receive completion grants or who have applied to receive grants but were not selected.

## Expansion of Career-Technical Education

At the end of July, the federal government passed the Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act, a reauthorization of the Carl Perkins Career and Technical Education Act. This program is the primary federal funding mechanism for career-tech education to the states, and has been administered jointly between the Ohio Departments of Education and Higher Education. The reauthorization of the Perkins Act is expected to provide states more flexibility to adopt state-set goals that will increase opportunities for students to access career-technical education.

It is too early to determine how Ohio can best utilize its new flexibility with career-technical education, or to issue policy recommendations that will expand access to such education. It is essential that the legislature, administration, State Board of Education, education stakeholders, business groups, parents, and students engage in a robust conversation on the best way Ohio can implement a career-tech model that equips our students for success in the 21<sup>st</sup> century.

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<sup>10</sup> Chancellor Carey, "Presentation to the Joint Committee on College Affordability," slide 12.

<sup>11</sup> Ohio Department of Higher Education, *2017 Efficiency Advisory Committee Report*, <https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/affordability-efficiency/2017-Efficiency-Advisory-Committee-Report.pdf>, p. 23, accessed 12 September 2018.

<sup>12</sup> President Drake, letter to the committee, p. 2.

<sup>13</sup> Johnson, "Examples of Cost Saving Initiatives at Ohio's Public Universities," p. 5.

## College Credit Plus

The Ohio College Credit Plus (CCP) Program offers students in grades 7-12 the opportunity to take college-level coursework while still in school at a public or participating private institution, with little to no cost to the student. The first two years of CCP demonstrated solid results; 52,403 participating students in 2015 and 64,482 students in 2016 saved an estimated \$262 million in tuition costs, with those students receiving passing grades and earning college credit in 90 percent of the courses attempted.<sup>14</sup> It is recommended that Ohio continue administering this program. The legislature should also consider the fiscal impact that CCP has had on funding models for participating higher education institutions and the enrollment status and graduation rate of students who participated in CCP, to better understand what impact this program has had on enrollment and student achievement. A long-term study will provide a thorough analysis of whether CCP is meeting the metrics of success the program was designed to provide.

## Apprenticeship Programs

The committee supports apprenticeship pathways for Ohioans and recognizes the value in improving the alignment of these programs with other forms of higher education. It is strongly recommended that the legislature explore reforms that can improve recognition of pre-apprenticeship credits in high schools with adult apprenticeship programs, and that more state investments in these programs could significantly enhance the attractiveness of such programs to many students.

## Transfer Pathways

Another promising option for students to lower the cost of their education is through the continued development of 2+2 transfer pathways between community colleges and public and private four-year universities. These pathways offer students the opportunity to take courses at a community college for the first two years of their education, earning an associate's degree in that field of study, then transfer to a university to finish a baccalaureate program in that same field of study. This was required in House Bill 64 of the 131<sup>st</sup> General Assembly, instructing DHE to create guaranteed transfer pathways for two-year and four-year programs by the end of December 2018. DHE created the Ohio Guaranteed Transfer Pathways Statewide Steering Committee following enactment of HB 64 and is working toward full implementation of the language.<sup>15</sup>

The OACC testified that more than 10,000 students transfer from a community college to a four-year institution annually and over 350 individual 2+2 transfer agreements already exist between Ohio colleges and universities.<sup>16</sup> The cost savings for a student pursuing a four-year baccalaureate degree to first attend a community college and then transfer to a university for the last two years of their program with a guaranteed transfer of their earned credits is significant. Transfer pathways bear thorough consideration as a lower-cost tool for students to earn credit for coursework and for their positive impact on time to completion and student retention.

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<sup>14</sup> Ohio Department of Higher Education, *Annual Report: Year Two of the College Credit Plus Program, 2016-2017*, [https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/CCP/CCP-REPORT-2016-2017\\_FINAL\\_010418.pdf](https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/CCP/CCP-REPORT-2016-2017_FINAL_010418.pdf).

<sup>15</sup> Ohio Department of Higher Education, *Ohio Transfer to Degree Guarantee: Guaranteed Transfer Pathways*, <https://www.ohiohighered.org/transfer/guaranteed-transfer-pathways>, accessed 24 September 2018.

<sup>16</sup> Hershey, "Overview of Strategies for Preserving and Improving Affordability," p. 6.

## **Ensuring Students Graduate Prepared to Succeed**

The policies listed above detail a number of options the state has created or incentivized to afford students multiple paths toward a degree or credential. The promise of each of these exciting new policies is significant, but the committee believes there is an expectation that constant monitoring and review be conducted on each of these programs to ensure that these investments are worthwhile for individual students and for the state.

The committee further recommends that DHE explore the possibility of working alongside other state agencies and appropriate stakeholders to gather data on students' post-graduate success, including job placement, salary, and other relevant data not currently available. The committee asks that the Department consider this suggestion, survey the work of other states in the area of higher education dashboards and related data systems and determine what resources Ohio would need to create a reporting tool that illustrates the return on investment that graduates of Ohio institutions achieve within the workforce.

## **B. Predictability and Transparency in Pricing**

Transparency and predictability are two pillars upon which higher education must depend. Both are essential for all higher education stakeholders, from the student wishing to enroll in classes, to the parents or guardians determining the amount they need to put aside to support their child's education, to the institution determining its short- and long-term financial needs and assets, to the General Assembly seeking the most effective way to support higher education as a matter of state policy. Institutions that give stakeholders predictable prices and transparent costs benefit themselves, their student body, and supporting partners.

### **Recommendations:**

#### **Tuition Guarantee Programs**

The General Assembly first permitted state universities to establish an undergraduate tuition guarantee program in House Bill 59 of the 130<sup>th</sup> General Assembly. Tuition guarantee programs act as an assurance to students and their families that their tuition, fees, and room and board will remain the same for their four-year undergraduate program—which can be four years, or twelve consecutive semesters of fall, spring, and summer courses. A university implementing a tuition guarantee may enact a one-time six percent increase in tuition charges for that cohort. Subsequent cohorts may enact tuition increases equal to the five-year rate of inflation, plus any increase authorized within a tuition cap, if one exists for that year. No other tuition or fee increases are permitted for that cohort without the express authorization of the General Assembly.

Tuition guarantee models have proven popular and effective since their introduction. Since initial adoption by Ohio University in 2015, similar guarantee programs have been implemented at 11 institutions: the University of Akron, Bowling Green State University, Cleveland State University, Kent State University, Miami University, Ohio University, The Ohio State University, Shawnee State University, the University of Toledo, Wright State University, and Youngstown State University<sup>17</sup>. Ohio University, Miami University and The Ohio State University have expanded their guarantee program to their regional campuses.<sup>18</sup> Similar guarantee programs have been implemented by private non-profit universities including the University of Dayton, Baldwin Wallace University, Hiram College, John Carroll University, and the Union Institute.<sup>19</sup>

It is strongly recommended that every public university should implement an undergraduate guarantee model as the default option for students seeking a four-year undergraduate experience, for students at both main and regional campuses. This recommendation also merits consideration for private institutions operating in the state and the state's public community colleges. Tuition guarantee models provide students and their families with a predictable guide to how much their education will cost. These programs are beneficial for both the student and the institution. It is also recommended that universities include at least the first two years of room and board costs in their guarantee. Many universities include this in their current plan, per directive, but the committee believes this could be made permanent through a statutory change.

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<sup>17</sup> Ohio Department of Higher Education, "Undergraduate Tuition Guarantee Program Report," September 2018, p. 2-4, [https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/reports/Undergraduate-Tuition-Guarantee-Program-Report\\_sep2018.pdf](https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/reports/Undergraduate-Tuition-Guarantee-Program-Report_sep2018.pdf).

<sup>18</sup> Ohio DHE, "Undergraduate Tuition Guarantee Program Report," p. 4

<sup>19</sup> C. Todd Jones, Association of Independent Colleges & Universities of Ohio, "Testimony Before the Joint Committee on Ohio College Affordability," 18 July 2018, p. 4.

State law requires a public university that offers a tuition guarantee program to adopt rules governing its procedures for students who require more than four years to complete their education. Students who do not graduate within four years due to a lack of access to needed classes provided by the university are offered access to needed courses at no additional charge. The university policy must also provide consideration for circumstances that were beyond the student's control such as military service, or other circumstances as determined by the board of trustees. State law requires the institution to offer necessary courses to a student in this scenario at their initial cohort rate.<sup>20</sup> Degree programs that take longer than four academic years are generally included at their initial guaranteed rate.

Universities must also adopt guidelines for adjusting the annual charges of a student who fails to graduate in four years for reasons other than the criteria listed above. Universities that have implemented a guarantee program have included such options for their students, typically allowing students to continue at their initial cohort rate for the duration of their four year period, then at the guaranteed rate of the following cohort. Institutions have also adopted procedures that recognize students may require more than four years to graduate and provide for those incidents on a situational basis.

Universities should retain the flexibility to implement a consistent policy for students who require extra time to graduate that is clearly provided at the time a student enrolls at the institution. It is appropriate to allow some situational awareness that takes individual student circumstances into account. The committee recognizes many, if not all, universities are operating under this approach, and encourages its continued use by all institutions of higher education.

### **Eliminate Tuition Freeze and Allow Limited Growth under a Reinstated Cap**

The Administration and General Assembly have taken significant steps in the last several years to lower students' cost to access higher education. This includes instituting caps or freezes on the maximum amount of tuition that state public institutions can charge in-state students. A freeze was placed on undergraduate tuition charges in FY2008-2009. Caps were then placed on the growth of tuition in FY2010-2013 at 3.5 percent. In FY2014-2015, House Bill 59 lowered the cap on tuition growth to two percent. This was followed by a full tuition freeze in FY2016-2017 that was extended in the current budget bill, with the exception of public community colleges in FY2019. This has amounted to significant student savings over the last decade, complimented by additional cost reduction policies enacted in recent years by the legislature and Administration, and actions taken by individual institutions on their own initiative. A non-comprehensive list of such initiatives was provided to the committee by the Inter-University Council (IUC)<sup>21</sup> and examples were included by the IUC, OACC, Association of Independent Colleges & Universities of Ohio, and Ohio-Michigan Association of Career Colleges and Schools during individual testimony.

These restraints on tuition have proven successful in the Buckeye State. According to College Board data, from 2012 to 2018, Ohio ranked 46<sup>th</sup> for in-state tuition and fee growth nationwide for public four-year universities with a growth of one percent, and 46<sup>th</sup> for public two-year community colleges with a decrease of two percent.<sup>22</sup> Compare this to the 10 states with the fastest-growing tuition and fees, with increases from 19-48 percent in the public four-year sector.<sup>23</sup> Figure 1 shows that from 2008-2018, Ohio's tuition has increased by only 5.8 percent for public universities and 6.2 percent for public community colleges when adjusted for inflation. On the national level, tuition has increased by 36.9

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<sup>20</sup> Ohio Revised Code Sec. 3345.48, <http://codes.ohio.gov/orc/3345.48>, accessed 12 September 2018.

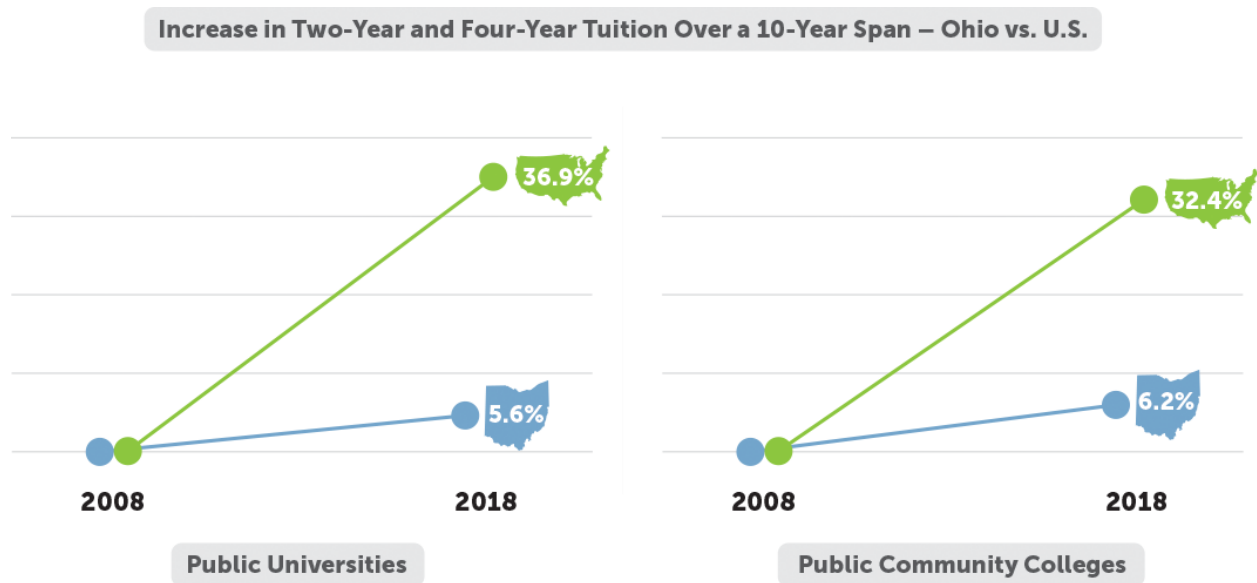
<sup>21</sup> Johnson, "Examples of Cost Saving Initiatives at Ohio's Public Universities."

<sup>22</sup> College Board, *Trends in Higher Education: Tuition & Fees by Sector and State Over Time*, Table 5, <https://trends.collegeboard.org/college-pricing/figures-tables/tuition-fees-sector-state-over-time>, accessed 20 September 2018.

<sup>23</sup> Bruce Johnson, Inter-University Council of Ohio, "Testimony Before the Joint Committee on Ohio College Affordability," 28 June 2018, p. 7.

percent at public universities and 32.4 percent for public community colleges over the same period. Ohio's tuition growth demonstrated the lowest overall increase over the last 10 years in the country.<sup>24</sup>

**Figure 1: Tuition and Fee Restraint, 2008-2018**



Source: Ohio Department of Higher Education

Over the same period of time, while tuition costs were low, the cost of educating students has not decreased. This is an issue that will continue to grow in significance the longer that tuition is restrained and inflation continues to rise. The State of Ohio has made increased investments in its State Share of Instruction (SSI), including a 14 percent increase from FY2012-2019,<sup>25</sup> and made boosts to state-supported student financial aid programs. Without significant new increases in SSI, the next best option for long-term stability in tuition costs is to discontinue the tuition freeze in the upcoming biennium, allowing boards of trustees at individual public institutions to authorize moderate increases in in-state instructional and general fees. To ensure that such increases —if authorized by individual institutions—are moderate, appropriate to the needs of the university, and responsive to student needs, a cap on overall tuition growth should still be instituted under the authority of the Chancellor. Furthermore, any state institution that seeks an increase in its tuition charges must use such revenue to promote student success through academic programming, need-based financial aid, or career services. The legislature should also consider policies to avoid penalizing institutions that choose not to increase their tuition even if a small increase is authorized under a tuition cap.

### Transparent Pricing

In-state undergraduate general and instructional fees charged by institutions are typically what individuals examine most closely when they calculate tuition. Institutions can, and frequently do, assess additional fees for special services and programs applicable to a variety of the student body over and above their general and instructional fees. These fees vary by institution and overall cost, but can significantly add to the cost of a student's education.

Steps have been taken to reduce the additional cost that special or auxiliary fees place on students, while acknowledging that institutions cannot absorb the cost of all services provided to their student body without passing along the cost of

<sup>24</sup> Chancellor Carey, "Presentation to the Joint Committee on College Affordability," slide 7.

<sup>25</sup> Ibid.



some services to the beneficiaries. House Bill 49 of the 132<sup>nd</sup> General Assembly froze all fees to no more than what the institution charged during the 2016-2017 school year, but allowed some exemptions to the prohibition. These include room and board, student health insurance, fees for auxiliary goods or services provided to students at the cost incurred by the institution, fees assessed to students as a pass-through for licensure and certification examinations, travel expenses incurred for elective courses, elective service charges, fines, voluntary sales transactions, and career services.<sup>26</sup>

HB 49 also authorized the Chancellor of Higher Education to investigate all fees charged to students by state institutions of higher education, and prohibit an institution from charging any fee that the Chancellor determines is not in the best interest of students.<sup>27</sup> To date, no fees have been prohibited by the Chancellor under this authority, but the existence of this process will likely temper the future development of new or egregiously expansive special fees.

This is not to say that more cannot be done in this arena. It is imperative that the full cost of a student's college education be as transparent, stable, and affordable as possible. Fees on unique or voluntary services may be necessary for institutions to afford student access to desired services, but the issuance of special fees on the student body must be limited in scope, based off need, and result in significant benefit to not only the institution, but the students themselves. The benefit incurred should always be as broad as the fee charged on enrollees.

It is strongly recommended that each institution of higher education, both state and independent institutions, review and carefully consider whether each fee they assess their student body is necessary for student success and safety, whether the fee can be reduced or eliminated, and how fee information can be best brought to the attention of all enrollees. This is an action many institutions have already taken. Those institutions that have not undergone this self-examination should do so promptly. The engagement of the student body is also strongly encouraged as a part of this internal review.

### **Ohio College Opportunity Grant**

The Ohio College Opportunity Grant (OCOG) is Ohio's primary need-based financial aid program. OCOG is administered by DHE to provide grant money to Ohio residents who demonstrate the highest levels of need, as determined by the result of that student's Free Application for Federal Student Aid (FAFSA). Eligible students receive their OCOG awards based on an annual calculation. For academic year 2018-2019, OCOG will provide \$1,500 to a full-time student at the main campus of a public university, \$3,000 for students attending an in-state private non-profit university, \$576 for a full-time student enrolled at WGU Ohio, and \$1,112 for a full-time student attending a proprietary institution.<sup>28</sup>

OCOG is a valuable resource that allows students from families with financial need to pursue a degree in higher education. The committee recognizes the importance of this program, and believes that OCOG awards should be consistently maintained for each student throughout the duration of their expected two or four-year tenure.

Knowing that their OCOG award will be consistent for two years or four years, depending on the degree sought, will help students and their families plan their finances accordingly and is another step in addressing not only affordability, but retention and time to degree.

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<sup>26</sup> Ohio House Bill 49, 132<sup>nd</sup> General Assembly, Sec. 381.160.

<sup>27</sup> Ohio Revised Code Sec. 3333.0416, <http://codes.ohio.gov/orc/3333.0416>, accessed 13 September 2018.

<sup>28</sup> Ohio Department of Higher Education, *Ohio College Opportunity Grant*, <https://www.ohiohighered.org/ocog>, accessed 20 September 2018.



## C. Providing Timely Access to Affordable Textbooks

Suitable access to textbooks and course materials provides a wide array of benefits for students. In fact, students who purchase and have access to course materials by the first day of class perform 20 percent better than their peers who wait two weeks to obtain the materials.<sup>29</sup> According to the College Board, a full-time student enrolled in a public four-year institution spent an average of \$1,250 on books and supplies for the 2017-2018 school year.<sup>30</sup> While textbooks account for only a portion of the overall cost of post-secondary education, a student's decision and ability to purchase course materials on time is a driving factor in their overall success, and should be a priority of all institutions.

### Recommendations:

#### **Inclusive Access Programs**

Ohio's institutions of higher education have taken several thoughtful approaches to provide students with more accessible and affordable course materials. One measure that has seen ample success is the adoption of inclusive access programs. Though student participation is optional—and should remain optional—inclusive access can lower textbook costs by granting institutions some negotiating power on the cost of textbooks, as well as ensuring student access to materials on or before the first day of class. Savings and immediate access are then translated down to students who take part in the program. On average, institutions can realize a savings of 50-70 percent off the price of course materials through inclusive access.<sup>31</sup>

For example, OhioLINK—the state's academic library consortium—formed an agreement with four major textbook publishers to reduce the wholesale price of e-textbooks by up to 80 percent and courseware by up to 55 percent. This expansion of inclusive access has the potential to generate approximately \$39.7 million in savings each year for Ohio's students. To date, at least 17 institutions—with representation from Ohio's public universities, private universities and public community colleges—have implemented an inclusive access program.<sup>32</sup>

Given the potential savings that inclusive access programs can generate for students—and the affect that timely access to materials has on student success—all of Ohio's institutions of higher education should consider adopting an inclusive access model, or creating a pilot program to gauge the success that inclusive access might have at their institution. The results of a pilot project launched by Wright State University saved 1,029 students enrolled in nine courses \$102,400—an average overall savings of 48 percent. To monitor the savings and success, the pilot program will be expanded to include 6,105 students enrolled in 40 courses and is expected to generate \$651,000 in student savings.<sup>33</sup> It is strongly recommended that this policy be implemented by all institutions, with an opt-out for students who chose not to participate in inclusive access and wish to purchase textbooks through other means, such as rentals, loans, or buying used textbook copies. This policy aligns with continuing federal law and preserves student options in how they choose to obtain their textbooks. It is worth noting that HB 49 allows institutions to charge for inclusive access as part of tuition and general fees, without counting toward the tuition cap. This effectively allows textbooks to be charged as part of tuition, possibly qualifying this expense for grant and/or loan programs while also exempting such charges from state sales tax.

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<sup>29</sup> Johnson, "Testimony Before the Joint Committee on Ohio College Affordability," p. 5.

<sup>30</sup> College Board, *Average Estimated Undergraduate Budgets, 2017-18*, <https://trends.collegeboard.org/college-pricing/figures-tables/average-estimated-undergraduate-budgets-2017-18#Key%20Points>, accessed 11 September 2018.

<sup>31</sup> Dr. Dan E. Krane, Ohio Faculty Council, "Initiatives for Lowering the Cost of Textbooks & Reducing Overall Costs for Students," 21 August 2018, p. 2.

<sup>32</sup> McGraw-Hill Education, *Ohio Profile*, 21 August 2018, p. 1.

<sup>33</sup> Dr. Krane, "Initiatives for Lowering the Cost of Textbooks & Reducing Overall Costs for Students," p. 2.

## Exploring Textbook Grant Opportunities

While institutions have been proactive in addressing textbook costs, witness testimony and discussions throughout the hearing process demonstrate that the cost of textbooks and course materials remains a major concern of students, faculty and legislators. As such, institutions and the state at large should continue to explore innovative strategies—including grant programs that incentivize student attainment and success—to help students offset the cost of textbooks. The University of Dayton, for example, created a textbook fund where students who participate in a campus visit and complete a FAFSA will receive a \$4,000 grant, or \$500 per semester, for textbooks.<sup>34</sup>

It is also interesting to note the results of a recent study conducted by the University of Georgia regarding open educational resources (OER) and textbook affordability. This study, admittedly limited in scope and specific to one institution, examined the scores of over 21,000 students in eight undergraduate courses between 2010 and 2016. At one point in these school years, each class switched from a commercial textbook with a cost greater than \$100, to a free digital textbook or OER. The study found that after moving to an OER platform, more students achieved “A” and “A-” scores, while fewer students received grades of “D” or “F”, or withdrew from the course. While limited in scope, the results merit consideration and suggest that immediate access to affordable textbooks not only save students money, but can result in greater academic achievement.<sup>35</sup>

The committee recommends that institutions continue seeking innovative programs that lower textbook costs for students. The committee also believes that consideration should be given to how the state of Ohio might support funding for OER on an institutional or multi-institutional level, with the assurance that overall savings from reduced publishing costs must be realized to justify the use of increased state funds.

## Early Adoption Policies

College faculty should be strongly encouraged to adopt textbooks early so students know the course materials they will need to purchase or access and can find the most competitive price for those materials. This should be complimented by auto-adoption policies, which specify that if a faculty member does not identify a new textbook by the start of class registration, the textbook or resource for the prior semester be adopted. These policies will benefit students and align with federal law, which requires institutions of higher education to select textbooks when course registration begins.

## Make Annual Disclosure of Textbook Initiatives Permanent

Each institution of higher education should continue disclosing textbook costs and institutional actions taken to reduce those costs through annual efficiency reports to DHE. This information must currently be reported to the Efficiency Advisory Committee, and should be maintained.

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<sup>34</sup> Jones, “Testimony Before the Joint Committee on Ohio College Affordability,” p. 6.

<sup>35</sup> Nicholas B. Colvard, C. Edward Watson, and Hyojin Park, “The Impact of Open Educational Resources on Various Student Success Metrics,” *International Journal of Teaching and Learning in Higher Education*, 2018 Vol. 30 (Number 2), p. 266-267, <http://www.isetl.org/ijtlhe/pdf/IJTLHE3386.pdf>, accessed 12 September 2018.

## **Textbook Sales Tax**

The committee understands the rising cost of college textbooks pose an increasing burden to the overall cost of a student's educational experience and believes that the General Assembly should consider the equity of applying state sales tax to college textbooks but not inclusive access textbooks, tuition, general fees, or room and board. The General Assembly should consider whether eliminating the sales tax on textbooks outside of an inclusive access program could significantly alleviate financial pressure for students.

## D. Incentivizing Pursuit of In-Demand Programs

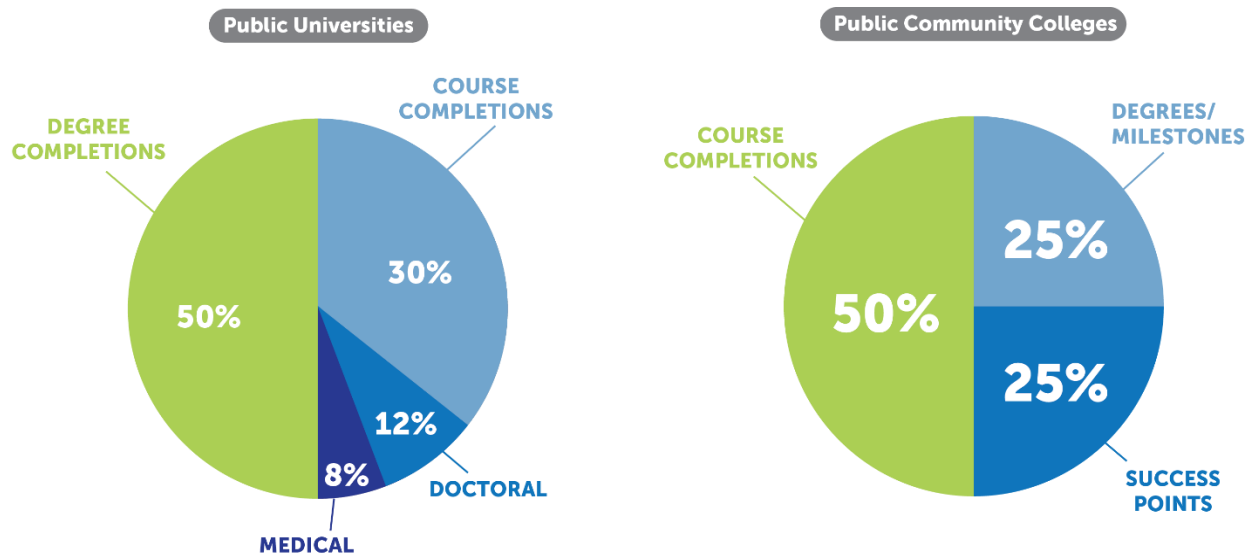
Ohio's workforce will likely look significantly different over the next 20 years. Many Ohioans will be employed in traditional fields that look markedly different than they do now; many others will be working in high-paying, high-skill jobs that likely do not even exist today. This globalized, fast paced marketplace will need trained workers whose education has prepared them to thrive in that world. As such, Ohio should prioritize encouraging its institutions of higher education to look toward the needs of our future workforce by incentivizing forward-thinking, responsive degree programs that prepare students to enter high-demand fields that may not yet exist.

### Recommendations:

#### **Create Special Weight for Institutions Implementing New In-Demand Degree Offerings**

Ohio's current funding formula for state institutions of higher education is a performance-based model that bases funding off student outcomes. This ensures that Ohio's SSI dollars fund student completion, rather than paying schools based off enrollment. HB 49 appropriated \$3.96 billion over the current biennium for this purpose. This does not include over \$140 million that the state appropriated each year in financial aid programs.

**Figure 2: Current State Funding Formula: Public Universities & Community Colleges**



Source: Ohio Department of Higher Education

Testimony received by this committee over the course of its hearings evidences the return on investment for pursuing higher education. Obtaining a diploma, credential or certificate can unlock a multitude of benefits for students in both in the short-term and through lifelong opportunities. As Figure 2 demonstrates above, the formula incentivizes those kinds of accomplishments by paying based off the success of students. The public university model includes allocations for medical and doctoral education as well, both of which are important, and weights for at-risk students and degrees earned in STEM-based fields. These incentives have worked well within the funding formula; the number of degrees and certificates awarded by public colleges and universities has shown a 20 percent increase from FY2011 to FY2016.<sup>36</sup>

<sup>36</sup> Chancellor Carey, "Presentation on Ohio College Affordability," slide 18.

These improvements are commendable, but Ohio can continue to build on this success in new ways to create incentives for our public universities to pursue new or developing in-demand fields of study.

New degree-granting programs can be expensive, multi-year undertakings. The long-term benefits for graduates and the state as a whole are readily apparent, but the upfront costs for an institution can be considerable. To help counteract these upfront costs and incentivize universities to offer degrees in rising, in-demand, competitive fields, the state should add an additional weight to the public university funding formula for the first cohort of students who pursue a degree in such an in-demand program. This change would make new degree undertakings more attractive for institutions and students alike, and will aid Ohio in meeting its 2025 Attainment Goal.

Methods to identify high-need occupations are becoming widely available; for example, the Workforce Supply Tool created by DHE, the Department of Jobs and Family Services (JFS), and OWT can be used by higher education institutions to identify programs that may be of great need for employers and businesses seeking qualified applicants. HB 49 required the creation of this supply tool, and also requires design teams from DHE, ODE, and OWT to identify “emerging skill needs” and “periodically recommend innovations for responding to emerging in-demand jobs and skills” by the end of 2018.<sup>37</sup> Higher education institutions can use this and similar sources of information to identify educational opportunities for future jobs in Ohio and adapt their programming to match that anticipated need.

### **Biennial Review of Ohio’s Funding Model**

It is recommended that DHE, the legislature, and higher education stakeholders continue to periodically review Ohio’s performance-based funding system for possible improvements and adjustments. Ohio’s current funding model is a leader in the nation. The state should conduct biennial reviews of its performance-based model to ensure that this remains the case. Regular, collaborative review may generate fruitful suggestions on how the state can leverage this model toward even more substantial results in future years and make certain that Ohio’s funding model continues to lead the nation.

### **Program Reviews**

Each institution of higher education should perform regular program reviews to determine its key assets, both instructional and otherwise, that allow it a competitive advantage over other institutions, and consider restructuring programs deemed non-competitive or a financial loss to the institution.

### **Differentiation**

The committee recommends that the legislature and Administration, in cooperation with higher education stakeholders, should consider authorizing differentiation in tuition costs so that institutions can charge *less* in tuition for courses and degree programs that are less expensive for the institution to offer. This policy, if implemented, should be conducted with program reviews and regional or statewide workforce needs in mind.

An institution’s efficiencies are most fully realized when that institution is at peak enrollment and instructional costs are balanced among a larger number of student enrollees. In a time of declining enrollment nationwide, the committee does not discourage institutions from taking steps to attract the widest possible pool of students to attend their institution, from Ohio, other states, and across the world.

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<sup>37</sup> Ohio Revised Code Sec. 6301.112, <http://codes.ohio.gov/orc/6301.112>, accessed 12 September 2018.

## **E. FAFSA Completion & Preparing Students for College Attendance**

Completion of the FAFSA is a strong indicator of whether a high school senior will attend college, as seniors who complete the FAFSA are 63 percent more likely to enroll in post-secondary education.<sup>38</sup> Yet, according to the National College Access Network, the national FAFSA completion rate is only 61 percent, resulting in roughly \$24 billion being left on the table each year by students who do not apply for federal aid.<sup>39</sup>

### **Recommendations:**

#### **Commitment to FAFSA Completion**

FAFSA completion has a strong correlation with positive post-secondary outcomes. In fact, 90 percent of high school seniors who complete the FAFSA attend college directly from high school, compared to 55 percent of students who do not file.<sup>40</sup>

Perhaps the largest population of students negatively impacted by a failure to complete the FAFSA is Ohio's community college students. Under the current OCOG formula, students who enroll in community college are typically not eligible to receive OCOG funding, largely due to the fact that the amount of aid these students receive from the fixed Pell grant and expected family contribution of \$6,095 continues to exceed the average community college tuition.<sup>41</sup> Therefore, if these students fail to complete the FAFSA, they are in essence denying themselves the opportunity to receive almost any financial aid for their post-secondary aspirations.

Increasing the number of FAFSA filers will help ensure that higher education remains accessible to all Ohioans, regardless of the path they choose, by giving students the opportunity to leverage all available financial aid as they begin their quest to degree or credential. Therefore, the state should prioritize FAFSA completion for all graduating high school seniors as a means to help students capitalize on the billions of dollars that are available in federal, state and institutional financial aid. Each institution of higher education should adopt a policy strongly encouraging FAFSA completion as part of its application process. The committee further believes that the importance of FAFSA completion is such that the state should look for ways to facilitate FAFSA applications, making it easier for parents and students where practical and incentivizing completion in some manner.

#### **Preparing for College**

Financial literacy is a key component in the overall question of college affordability. Students need to understand the fundamental principles of debt, borrowing, inflation and other important aspects of financing before they decide to enroll in an institution of higher education. Ohio currently has financial literacy standards for grades k-8, but does not offer model curriculum for high school students regarding the financial components of college attendance. Ohio should implement a model curriculum for students in grades 9-12 that addresses these issues.

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<sup>38</sup> Jeffrey J. Sellinger, "Moving the Needle on FAFSA Completion: How Changes to Federal Financial-Aid Policy Can Broaden Access to Higher Education," National College Access Network, October 2017, <http://www.collegeaccess.org/>, accessed 12 September 2018.

<sup>39</sup> Allie Ciaramella, "NCAN Launches #FormYourFuture FAFSA Tracker," National College Access Network, <http://www.collegeaccess.org/BlogItem?dg=12a4c00e-5b62-4d23-a6d3-5a57dc3104bc>, 22 January 2018, accessed 12 September 2018.

<sup>40</sup> National College Access Network, "Why Invest in Increasing FAFSA Completion," <http://www.collegeaccess.org/WhyInvestFAFSA>, accessed 12 September 2018.

<sup>41</sup> Ohio Department of Higher Education, *Ohio College Opportunity Grant*, <https://www.ohiohighered.org/ocog>, accessed 14 September 2018.

## **Funding for Educational Services**

The committee recommends exploring whether the state could utilize roughly \$60 million in unspent Temporary Assistance for Needy Families (TANF) dollars that were appropriated for Ohio JFS to administer the comprehensive case management and employment program. These funds support wraparound services for students age 16-24 and may be eligible to use for various education expenses such as pursuing a college degree. The committee recommends exploring whether these funds could be used to assist eligible students with obtaining a degree, credential, or workforce certificate in the next biennial budget.