

Testimony on House Bill 166

Ohio House of Representatives Finance Committee' Subcommittee on Higher
Education
Representative Rick Carfagna, Chair

Dr. Dan E. Krane,
Chair, Ohio Faculty Council

Chair Carfagna, Ranking member Sweeney, and Representatives Edwards, Miller and Perales, my name is Dan Krane and I am a professor of Biological Sciences (with an affiliate appointment in Computer Science) and the Faculty President-elect at Wright State University. I also have the honor of serving as the Chair of the Ohio Faculty Council which represents the faculty at all 14 of the four-year public universities in the State of Ohio. Thank you for allowing me to appear before you today to give a faculty perspective on the aspects of the proposed budget that pertain to higher education.

I would like to start by reminding the subcommittee that first and foremost the Ohio Faculty Council is committed to supporting and bringing attention to the critical role that Ohio's institutions of higher education play in revitalizing the economy of the State and the nation by attracting and training an educated workforce.

In 2016 the OFC launched a Technology Commercialization Award that will be presented annually to recognize a faculty member in the state university system in Ohio for exceptional research discoveries and the role they have played in supporting the translation of those discoveries into marketable products and/or services. We celebrate the successes of faculty like the 2018 winner, Dr. Vijay Goel, a professor of Bioengineering from the University of Toledo and runner up Dr. Jay Lee from the University of Cincinnati. Dr. Goel has 25 issued patents and his LIBRA™ pre-sterilized pedicle screw system is being widely used in spinal surgeries around the world. His work is an outstanding example of how faculty across the state are working to create a collaborative and resourceful statewide entrepreneurial ecosystem that allows high-potential companies to grow and prosper.

In that same spirit the Ohio Faculty Council expresses appreciation for your leadership and efforts to control the rising costs of college tuition for Ohio residents. Individuals with college degrees enjoy great benefits like 84% more earnings over their lifetimes than those with only a high school diploma¹. The greater tax base that creates translates directly into more revenue for the State. Support for higher

¹ Tamborini, Christopher R., ChangHwan Kim, and Arthur Sakamoto. 2015. "Education and Lifetime Earnings in the United States." *Demography* 52: 1383-1407.

education also translates to reduced costs to the State through lower healthcare costs and incarceration rates.

State Support for Higher Education

Public universities are primarily funded by two sources: 1) tuition and fees from students and their families, and 2) state support. The split between these two sources across the US averaged 46.4% for FY 2017. But, at 41%, there are only 12 states where students and families pay a larger share than those in Ohio.

This is not surprising given that higher education expenditures made up just 4.3% of Ohio's total expenditures in FY 2017 compared to a national average of 5.7% and what is seen in neighboring states like Indiana (6.5%)². Nationwide, state governments invested \$289 per capita in support for higher education in FY 2017. At only \$208 only seven states provided less per capita support than Ohio. Neighboring states like Kentucky (\$271), Indiana (\$262), West Virginia (\$266), and Michigan (\$238) all provided more per capita support than Ohio³.

Ohio's public system of higher education is in direct competition with those of other states. We need to do everything we can to compete for students. We need to keep college-age residents in Ohio at the same time that we attract students from other states. There is only so much that can be accomplished by keeping costs low. Experts in Strategic Management address a fundamental question: "Why do some organizations outperform others?" Cost leaders only rarely outperform their competitors in the long run. It is more often the case that "winning" organizations because they differentiate themselves from the competition. We need to go out of our way to establish the quality of a college degree from Ohio. It ultimately all comes down to talent – we want the most talented students and we know that they will be drawn to the most talented faculty and the highest quality institutions.

Of course increases in State Share of Instruction that keep costs of attendance low are essential. The proposed 1.1% increase in State Share of Instruction for 2019-2020 followed by another 1.0% increase in 2020-2021 is welcome. Given that inflation for the upcoming biennium is expected to be at almost 2% per year it is also reasonable that tuition increases of up to 6% be allowed if institutions commit to guarantees that students would see no further increases during the course of a four-year degree.

But, until the State's budget can allow investments in higher education that are on a par with those that are being made by neighboring states, we also need to make strategic investments that allow us to emphasize the quality of the education at our

² http://sheeoorg.wpengine.com/wp-content/uploads/2019/02/SHEEO_SHEF_FY2017_FINAL.pdf

³ http://sheeoorg.wpengine.com/wp-content/uploads/2019/02/SHEEO_SHEF_FY2017_FINAL.pdf

For FY 2015 Ohio was 38th in terms of percent of tax revenues allocated to higher education (4.3% vs. 5.7% national average; Indiana, in contrast, was at almost 6.5%).

fourteen public four-year universities. In that spirit we ask that you consider the following three initiatives:

- 1) Re-starting the Ohio Eminent Scholar Program to attract and retain high-quality, entrepreneurial faculty with already designated Third Frontier funds or whatever the successor to the Third Frontier becomes,
- 2) Providing support for two \$25,000 awards to be made to outstanding faculty at each of Ohio's public four-year institutions of higher education (to be used specifically to help those faculty to excel to an even greater degree) as well as the recipient of the Ohio Faculty Council Technology Commercialization Award, and
- 3) Providing up to \$275,000 in support for train-the-trainer programs that would invest in the professional development of faculty at all of Ohio's public two- and four-year institutions of higher education.

Brief descriptions of all three of these proposals are attached as appendices to this written testimony.

What follows are comments on three other specific aspects of House Bill 166:

Ohio College Opportunity Grants

The Ohio College Opportunity Grant (OCOG) program is a significant component of the State's efforts to make higher education affordable to first-generation students. The proposed 21.2% increases in support for OCOG for both years of the biennium in House Bill 166 is very welcome. It is worth noting, however, that even with the proposed increase, FY 2020 OCOG support would be about half of what it was in FY 2009. We support ODHE discussing changes in the way that OCOG is administered (e.g. fixing the amount of OCOG awards for four years instead of the current one year) and the proposal to provide equal levels of OCOG support to students at Ohio's public and private universities.

Choose Ohio First Scholarship

The proposed addition of 2,500 scholarships for students studying in Science, Technology, Engineering, Mathematics, and Medicine (STEMM) fields is also welcome. Such scholarships simultaneously make Ohio's institutions of higher education more appealing to the most highly recruited students at the same time that they reinforce our institution's efforts to revitalize the State's economy.

Employment Metrics Consultation Committee

The proposed budget suggests a new metric be incorporated into the formula by which State Share of Instruction is allocated – specifically, a measure of job placements for graduates. As submitted, HB 166 calls for a study (to be completed by June 30, 2020) to be conducted by the Chancellor and appointees from the Inter-University Council and Ohio Association of Community Colleges. This study is intended to inform a change that might be proposed as part of the FY 2022 budget process. The Ohio Faculty Council appreciates that almost two years has been set aside for this study and recognizes that it is a very complicated matter. Faculty at

two- and four-year universities are uniquely aware of the employment requirements and opportunities for students in their disciplines and we respectfully ask that a representative from both the Ohio Faculty Senate and the Ohio Faculty Council be included in the membership of this study group.

Chairman Carfagna and members of the subcommittee, thank you for the opportunity to share with you a university faculty perspective on the proposed state budget. I would welcome any questions you might have for me or the Ohio Faculty Council.

Appendix 1: Ohio's Eminent Scholars Program

Ohio's public institutions of higher education play a vital role in revitalizing the economy of the State. Faculty, through their work with students and their research into social and technological challenges important to our citizens, are uniquely poised to make discoveries with significant commercial implications.

The value of faculty contributions generally increases with the length of time they have been at an institution as they become more experienced and familiar with academic programs, institutional mission and student/regional needs. Yet, highly effective faculty are a very mobile commodity and are often intensely recruited by institutions of higher education outside of the Ohio system. Modest investment by the State could simultaneously: 1) make it easier to recruit high quality faculty to Ohio, 2) retain valuable faculty within the State, 3) improve the efficacy of faculty that have already proven to perform at the very highest level, and 4) create an environment that facilitates collaborations on translational research between faculty within and between Ohio's institutions of higher education.

In the spirit of Ohio's Eminent Scholars Program (RR-91-01; <https://eric.ed.gov/?id=ED393391>), other states have recognized the need to invest in attracting and retaining high quality faculty. For instance, the Texas Faculty STARs (Science and Technology Acquisition and Retention) Program was established by statute in 2004 to "help purchase state-of-the-art research equipment and make necessary laboratory renovations to encourage faculty members to perform their research at U. T. institutions." Priority was originally given to recruitment or retention of individuals with national reputations and promise of election to national honorific societies such as the National Academy of Sciences and the National Academy of Engineering. Individuals nominated for these funds must show evidence of accomplishment in research with demonstrated capacity for extramural research support and graduate student training. In 2012 the Texas Faculty STARs Program was expanded to include investments for faculty engaged in translational research (Translational STARs) and those who are national leaders in educational and instructional processes (Teaching STARs). Awards made range from \$250,000 to \$500,000 though can be more than \$1,000,000 under some circumstances with increased institutional support.

Ohio should return to its practice of funding an eminent scholars program through the Third Frontier Program. Up to 20 awards of between \$250,000 to \$500,000 should be made across the system's 14 public four-year universities to recruit or retain faculty on the basis of their ability to successfully engage in translational research that leads to the development of intellectual property that addresses the State's highest priorities (e.g. advanced energy, biomedicine and health care, agriculture/food production and bioproducts, advanced transportation and aerospace, advanced materials and sensors, and cultural/societal transformation). Awards should be limited to full-time faculty and be used for: support of students, the purchase of institutional equipment, or renovations to existing university facilities.

Appendix 2: Recognizing High-Quality Faculty in the Ohio System of Higher Education

Ohio should consider launching a pilot program that aims to draw attention to the work of exemplary faculty at each of the fourteen institutions within the Ohio public system of higher education. An ancillary benefit of such a pilot would be an increased awareness of outstanding faculty within the system that should help in the recruitment of undergraduate and graduate students for the State system.

Each of the presidents at Ohio's 14 public four-year institutions of higher education would nominate up to two full-time faculty from their institution for a one time \$25,000 award. One additional \$25,000 award would be presented to the winner of the Ohio Faculty Council Technology Commercialization Award (<https://www.ohiofacultycouncil.org/technology-commercialization-award>).

Awards could only be used for undergraduate/graduate student support or the purchase of institutional equipment/renovations that would aid and encourage recipients in the performance of their scholarly activities within the State public system of higher education. To ensure faculty awareness and engagement, presidential nominations would be made only with the advice and consent of the institution's established shared governance (e.g. its Faculty Senate). Preference could be given to faculty engaged in activities that align with the State's priorities (e.g. commercialization of university-owned intellectual property, success of first-generation students). Total maximum cost: \$725,000.

Appendix 3: Enhancing Pedagogical Skills that Lead to Student Success in Ohio

The Ohio Department of Higher Education should sponsor three or four workshops in FY 2020 that aim to increase baseline effectiveness of faculty in strategically important areas such as: the development of effective on-line courses; the reduction of the cost of instructional materials; participation in entrepreneurial activities associated with university-owned intellectual property; and the implementation of co-remediation strategies in broadly defined gateway courses. Leaders from within the system in each area would be invited to share best practices in day-long train-the-trainer workshops. Defraying travel costs for up to five full-time faculty from each of Ohio's public two- and four-year institutions of higher education would ensure broad participation and lead to synergies from system-wide collaboration. Total maximum cost: \$275,000.