

A Shared Commitment, A Common Cause

Ohio's Public University Presidents Speak for the Future of the State

A White Paper directed to the
House Select Committee on Ohio's System of Higher Education

In summer and fall 2002, in eight regional hearings before the House Select Committee on Ohio's System of Higher Education, we, the presidents of Ohio's public universities, welcomed the opportunity to describe achievements, challenges, and opportunities specific to our institutions. Some of us also offered views as to the special contributions that our particular universities make. Yet more important was our opportunity to set forth a shared vision of a critical statewide dilemma and of public higher education's vital role in addressing that dilemma. This brief summary, based on the many points of agreement in our testimony, offers an outline of that vision. We trust that it will prove useful as Ohio confronts an obligation to reverse its decline and to create a more promising future for its citizens.*

A State in Decline

- Forty years ago, Ohio ranked fifth in the nation in terms of *per capita* income. Now, Ohioans earn well *below* the national average, and the decline is continuing.
- Smokestack industry closings have expanded the ranks of the unemployed and put an end to the expectation of rewarding careers by those with only high school diplomas.
- An exodus of corporate centers and manufacturing facilities has reduced Ohio's tax base, swelled unemployment, forced a corresponding out-of-state migration of relocated Ohioans, and tarnished the state's reputation for competitiveness and entrepreneurship.
- Recent declines in tax revenues have forced sharp reductions in state services.

*In setting forth this consensus, we acknowledge welcome indicators of support. Higher education received a critical reprieve from further budget reductions in spring 2002. Qualified flexibility allowed for tuition and fee policies has assisted our efforts to sustain educational quality despite the reductions we have faced. Expansion of the Eminent Scholars program will provide additional catalysts for research. The Third Frontier initiative offers the promise of increased productivity statewide in fields critical to economic development.

A New Economic Landscape

- While the first generation after World War II witnessed steady and substantial increases in income among families of all education backgrounds, for the past 30 years, income gains have largely been limited to families with a college education. On average, families with high school diplomas or less education have actually lost income relative to inflation over the past 30 years. Those with some college or an associate's degree have barely held their own or made slight gains. Only those with baccalaureate degrees have enjoyed on average substantial gains in income, with the largest gains reserved for those with advanced degrees.
- This increasing connection between education attainment and family incomes reflects a fundamental change in our economy. Economic success today requires organizations that can use science, technology, and creative management to develop new products and services and to provide old products and services in newer, more effective, and less costly ways.
- In a recent study of the U.S. economy, the Milken Institute found that prosperous metropolitan areas had special strength in high technology goods and services. They were characterized by populations with high levels of baccalaureate degree attainment and strong university research centers. In that study, no metropolitan area in Ohio ranked in the top fifty in the country in its measure of high tech strength.

A Solution at Hand: Higher Education and the State Economy

- In today's knowledge economy, higher education degree attainment correlates closely not only with individual prosperity, but also with broader measures of societal health such as lowered dependency on government assistance, better access to health care, less involvement with the criminal justice system, and a stronger dedication to the public good.
- The return on state investment in higher education is significant. By one measure, for every dollar Ohio invests in higher education, graduates with bachelor's degrees will return to taxpayers about \$1.84--just in additional tax revenues! By another measure, for every dollar an *individual* bachelor's degree recipient has received in direct state support, he or she will return \$5.80 in lifetime income taxes.
- Higher education and an educated workforce (technical through graduate level) should encourage corporate relocation to Ohio.
- University-centered research leads to discoveries that support economic growth and produce new jobs and give rise to spin-off enterprises that directly contribute to economic diversification, statewide competitiveness, and employment opportunities.

A Solution Deferred: The Plight of Ohio's Citizens

- Notwithstanding compelling examples of states that have fueled their economies through investment in public higher education, Ohio continues to *disinvest*. Twenty years ago, state support represented approximately 60% of a university's total general funds budget; in FY 2003, state support provides only about 40%.
- Although its metropolitan high-tech economies demand a highly educated workforce, Ohio falls well below the national average in the percentage of its citizens with baccalaureate or higher degrees: 21.1% compared with 24.4%, for a deficit of approximately 250,000 citizens. This statistic has a direct bearing on the quality of life for all of Ohioans.
- With a declining per capita income (relative to the national average), Ohio citizens must pay a far greater percentage of public university costs than families in most other states. Regrettably, Ohio deserves its failing grade for college affordability.
- Despite the demonstrated connection between productive research and economic development, Ohio trails in sponsored research by more than 25% below the national average for sponsored research *per capita*.

Ohio's Public Universities: Responding by Doing More With Less

- Despite sharp budget reductions, Ohio's public universities have reallocated strained resources in response to emerging needs, discontinued programs no longer in demand, achieved greater efficiency through inter-university partnerships, and sought more effective academic and administrative structures.
- Ohio's public universities have successfully called on private supporters and those within their own academic communities to provide critical assistance.
- Scrutiny of academic services and sponsorships for duplication, falling demand, and relevance to mission has led to significant savings.

The Limits of Resourcefulness

- In responding to over \$240 million in cuts to higher education's FY 2002 and FY 2003 state appropriations, universities have depleted reserves, reduced support for travel, undertaken joint purchasing agreements, and implemented wide-ranging cost containment efforts. But this disciplined approach to the containment of costs can no longer keep pace with inflationary pressures.
- Despite a shared determination to protect students, universities have had to make sacrifices in program quality and, hence, in the opportunities they can offer.

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- The obligation to maintain essential services and to avoid crippling reductions in academic program effectiveness have necessitated increases in tuition and fees that stand at odds with a shared commitment to access. There are clear limits to what students and their families are able to pay, resulting in a further reduction in access to baccalaureate education.
- Some proposed "solutions" would make matters worse. For example, proposals that lessen support for graduate programs would accelerate Ohio's brain drain, discourage recruitment of exceptional faculty, reduce diversity on campus, increase instructional costs, impair the preparation of future faculty, erode the quality of research programs - especially in the physical sciences, mathematics, engineering and medicine - and thus their capacity to attract federal support, and create disincentives to the pursuit of Third Frontier initiatives. Similarly, caps on tuition would deprive universities of a critical means of maintaining sound programs of instruction and research.

Planting the Seeds of Sustained Success

- Ohio must listen to its citizens and invest in its *human* capital by making it possible for *many more* of its citizens to earn baccalaureate and graduate degrees.*
- Ohio's public universities must share a commitment to make more visible their emphasis on student learning, must continue to seek economies and efficiencies that promote affordability, and must expand access to life-long learning.
- In framing its recovery strategy, Ohio should (a) build a statewide commitment to educational attainment and economic prosperity, (b) select appropriate benchmarks for support of its public higher education system, (c) document the investment required to achieve that benchmark, and (d) commit to a budget strategy that will provide this investment.

Those who question whether Ohioans view higher education as a compelling priority may be asking the *wrong* questions. A realistic measure of support is likely to appear in response to the following:

- Do you want your child (or your neighbor's child) to have a job in which the annual salary is \$52,200 a year (bachelor's degree) or \$30,400 a year (high school diploma)?
- Do you want the option of attending a quality public institution of higher education not too far from home?
- Do you want to be able to pay for the cost of attending that university without incurring substantial long-term debt?
- Do you want Ohio's children to be able to live in Ohio pursuing careers that offer personal satisfaction and a high quality of life?
- Do you want access to additional training and education to advance your own career?

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- The development of such a strategy must be guided by the principle that Ohio's people should represent the first priority for state support, and that education (preschool through doctoral) is the highest need within that top priority.

Some Important Next Steps

- In pursuit of a recovery strategy, state leaders and public colleges and universities should work together to maintain access to an affordable, quality college education. Today a typical Ohio undergraduate pays one half and the state pays the other half of a college education. Over the next five biennial budgets, the state should strive to reach the point where the student pays one third and the state provides support for two thirds of a college education through a series of strategic investments in the *State Share of Instruction*.
- The Challenge programs, *Access* (getting more students to come to college), *Success* (retaining and graduating greater numbers of college students), *Jobs* (improving the jobs- and workforce-ready skills of Ohioans) and *Research* (rewarding research productivity and promoting the commercial development of university-based research) merit strong continuing support. These programs fill gaps that are otherwise difficult to accommodate within the State Share of Instruction core formula. These interdependent programs, together with the State Share of Instruction core formula, support the ladder that leads to increased numbers of Ohioans realizing a higher education and to a more competitive and economically developed state.
- The economic development potential of Research Challenge funding should be expanded with strategic investments in *Eminent Scholars* (in engineering, advanced materials, mathematics, and science), *OhioLINK* (the state's world-class electronic library program) and the *Ohio Learning Network*, connecting these complementary programs to the state's broader Third Frontier strategy.
- The Ohio Instructional Grant, the state's need-based student financial aid program, merits strong support. Long-term efforts are needed to remedy OIG shortcomings in the treatment of independent students with dependent children and to harmonize OIG's methodology for determining eligibility with the Effective Family Contribution methodology used in awarding federal need-based student aid.
- A dialogue with state political leaders should be initiated to examine the question of whether or not it is in the best interest of the people of Ohio to find a dedicated revenue source for additional higher education investments and, if determined, what conditions and outcomes could the state reasonably expect to receive in return on its additional investment.

A Final Word

All of the state's most highly respected newspapers effectively summarized the points above in a call for action. "This is an opportune time to use Ohio's higher education apparatus to help restore the state's business luster. Nothing less than Ohio's future is riding on it" said The *Cleveland Plain Dealer* on September 10, 2000. Three months later to the day, on December 10, 2000, The *Columbus Dispatch* concluded, "There's only one way to write a happy conclusion for higher education and all the economic promise it holds in Ohio. Legislators are going to have to give these schools the flexibility and support they need to succeed." An October 6, 2002 *Akron Beacon Journal* editorial cites "the correlation between a strong system of...higher education...and a state's economic health." The editorial notes that "Unfortunately, Ohio is losing ground on higher education and losing the edge in job creation and retention in the new technology-based economy."

Ohio awaits the leadership its potential deserves. The time for that leadership is now. As Ohio's public university presidents, we stand ready to help policy leaders chart a course to recovery and prosperity.

* This White Paper was shaped from testimony provided before the House Select Committee on Ohio's System of Higher Education. Twelve IUC campuses testified at one of the eight regional hearings. These campuses included University of Akron, Bowling Green State University, Central State University, University of Cincinnati, Cleveland State University, Kent State University, Miami University, Ohio State University, Shawnee State University, University of Toledo, Wright State University and Youngstown State University. In most cases, the university president provided campus testimony. Testimony was also offered by the Inter-University Council's executive director.