



2015 Ohio Higher Education Report

The Real Problems
Deserve Real Solutions

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INTRODUCTION

“In the nineteenth and twentieth centuries, Ohio made itself a leader among states by investing in canals, railroads, and factories – the infrastructure that was on the cutting edge of the industrial economy of the day. But Ohio has been coasting on its success. In the coming years, knowledge will be the infrastructure upon which the modern economies are built.” – *Columbus Dispatch*, May 2001 editorial.

That opinion of the *Dispatch* is even more relevant in today’s knowledge-based economy. Unfortunately, as the importance of public higher education has increased, the state’s commitment to funding and overseeing it has declined.

Ohio higher education faces two key problems. One is steadily dwindling subsidies from the state. The second problem is that the money that is granted to the colleges and universities is too often funneled away from instruction and research, the primary missions of the institutions. The solutions to these problems require a significant re-commitment of funding and oversight.

Statistics from the State Higher Education Executive Officers organization help tell the story. From 2008-2013, Ohio’s appropriations per FTE declined nearly 20%. Ohio is just above the national average on total educational revenue spent per FTE, but most states invest more money than does Ohio in higher education. In 2008, Ohio’s educational appropriation per FTE was \$5,526. While there has been some recovery from the drastic cuts that were made in 2011, Ohio’s appropriation per FTE still remains at \$4,523. Meanwhile, the cost of higher education has been shifted to the students. Net tuition revenue per FTE has gone from \$6,406 in 2008 to \$7,442 in 2013, a 16.2% increase over the period while educational appropriations have declined 18.2%.

This report contains more statistical analysis and explanation about the status of Ohio’s system of higher education, where the real problems do and do not lie, and solutions that can help reverse this unsustainable course.

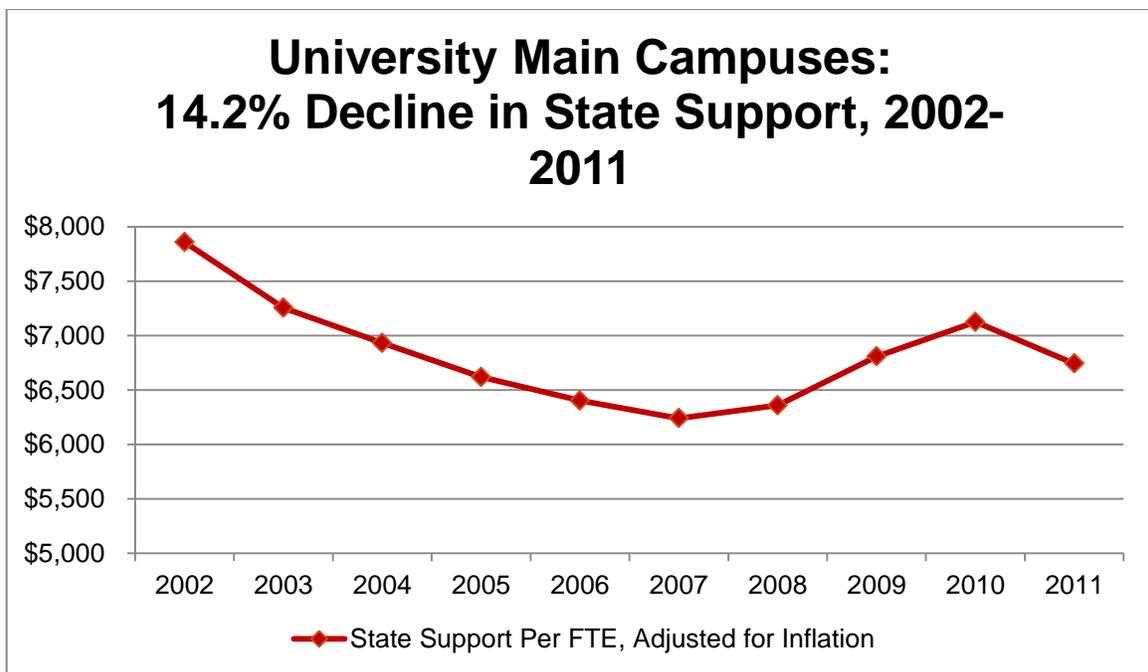
The American Association of University Professors (AAUP), a national organization celebrating its centennial in 2015, is a faculty-led group whose primary objectives are shared governance and academic freedom. The Ohio Conference AAUP represents about 6,000 faculty at both public and private institutions across the state.

We hope that Ohio policymakers will consider our analysis carefully as they face issues and search for solutions regarding higher education.

THE DECLINE IN STATE SUPPORT AND RISE OF TUITION

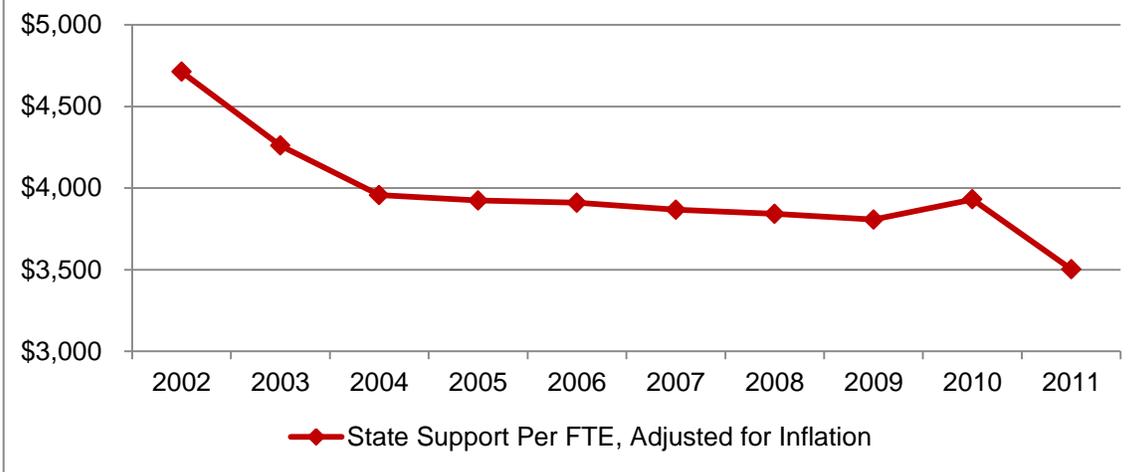
The not-so-funny joke is that Ohio's public colleges and universities have gone from state funded, to state supported, simply to state located. Ohio gradually has been abandoning its commitment to affordable and accessible public higher education over the last 30 years.

Looking at the more recent past, the following charts show the vast decline in state support per Full-Time Equivalent (FTE) student from 2002 to 2011 at university main campuses, university regional campuses, and community colleges.¹



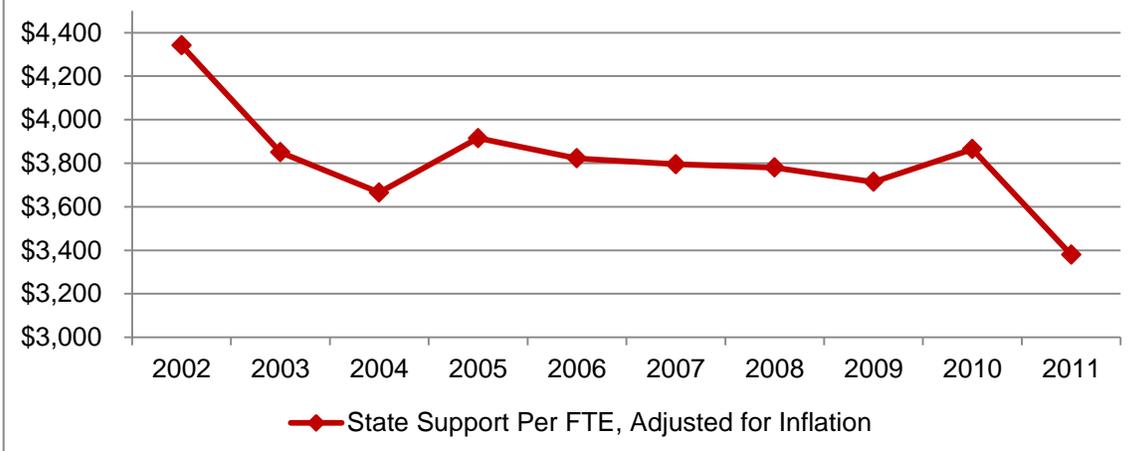
¹ "Cost & State Support Per FTE in Public Higher Education FY 2002 to FY 2011." Ohio Board of Regents: <https://www.ohiohighered.org/data-reports/finances-faculty-facilities>.

University Regional Campuses: 25.7% Decline in State Subsidy, 2002-2011



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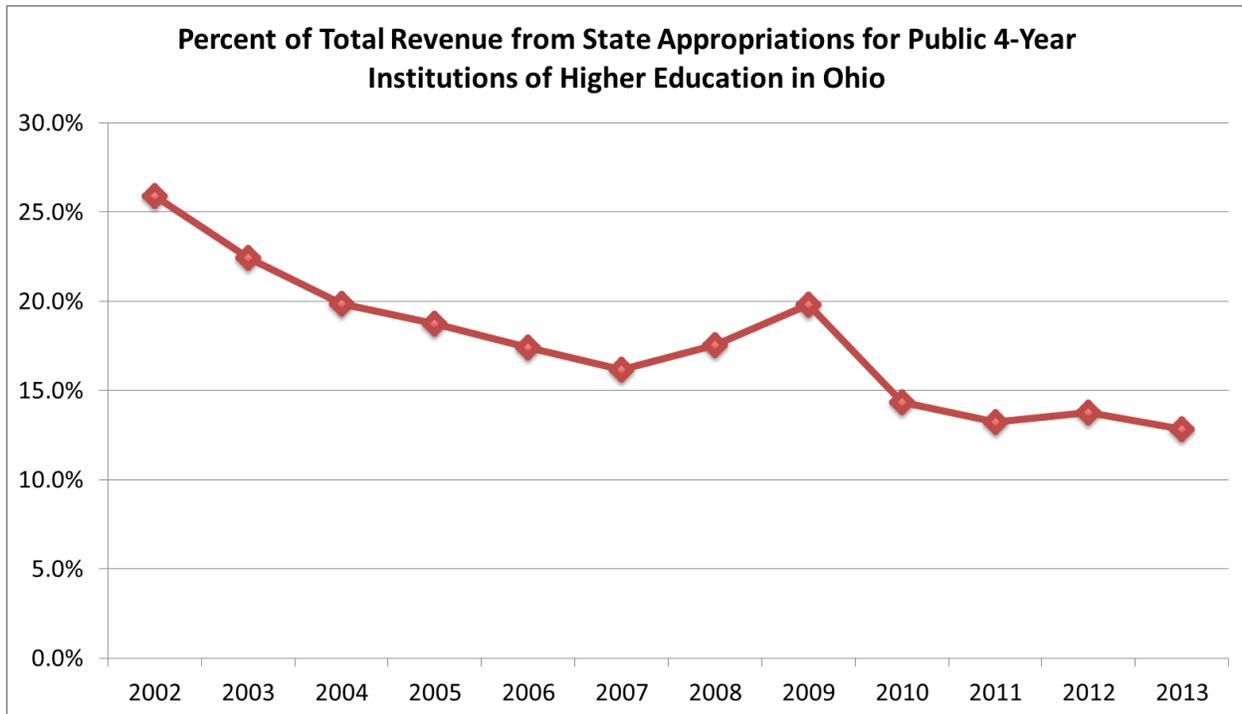
Community Colleges: 22.2% Decline in State Subsidy, 2002-2011



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² "Cost & State Support Per FTE in Public Higher Education FY 2002 to FY 2011." Ohio Board of Regents: <https://www.ohiohighered.org/data-reports/finances-faculty-facilities>.

In the last fiscal year, only 12.8% of university funding came from the state, representing a 13.1% decline since 2002, which is shown graphically below.



Some lawmakers contend that social welfare programs, namely Medicaid, have consumed an ever-increasing piece of the state budget, which has led to cuts in other expenditures like higher education. While there may be some merit to that point, what is rarely admitted is that previous Ohio lawmakers have made deliberate decisions to reduce state revenues via tax cuts.

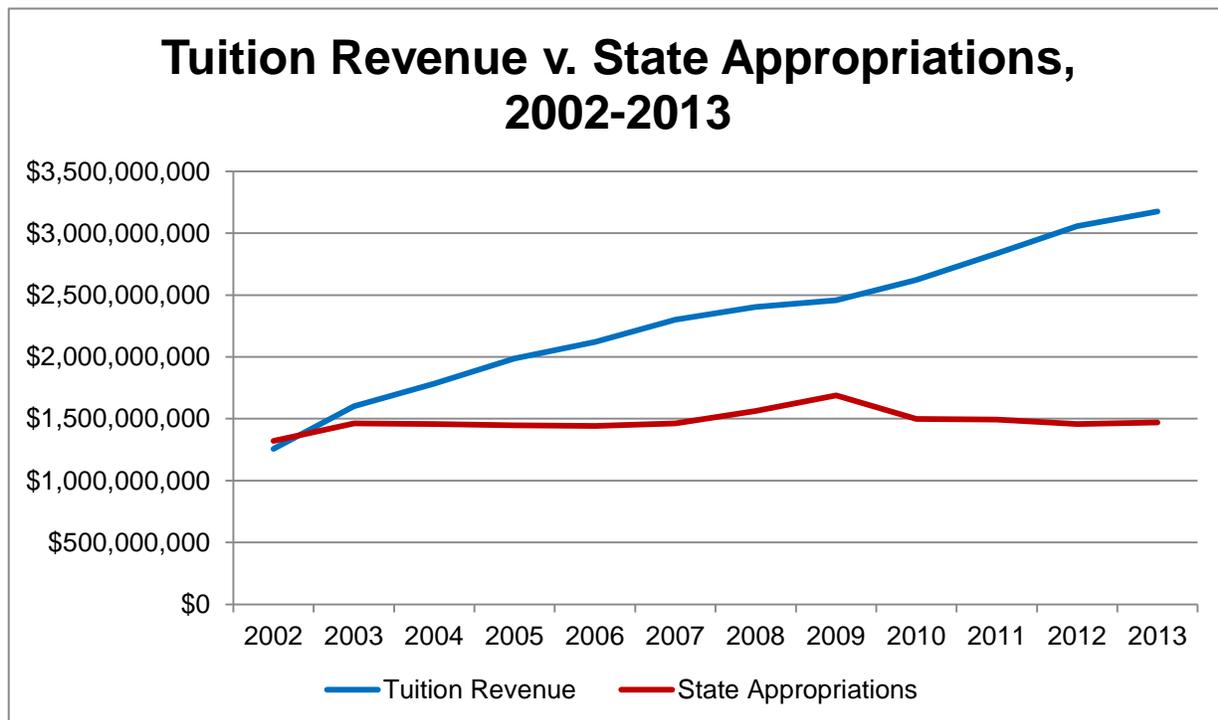
In 2005, Gov. Bob Taft and the legislature passed a major tax overhaul. The changes were phased in over five years and fully implemented by 2010. The result has been a \$2.5 billion loss in revenue, which was a primary factor in the budget deficit that the state faced in 2011.

Despite this massive loss in revenue, Gov. Kasich has continued to seek additional income tax cuts – ones that have been implemented disproportionately to favor the wealthiest Ohioans and have a negligible impact on middle- and low-income families. As a result, college in Ohio is becoming a luxury for those who can afford it or those willing to be burdened with ever-increasing student debt.

While we all would like to believe that we could get more for less, Ohio's tax cuts have not paved a path to prosperity. Instead, the lost revenue has forced substantial cuts that have hurt local communities, social services, and of course, public higher education.

The decline in state subsidies is a key driver of higher tuition costs. Sometimes, the fact that tax cuts and increases in the cost of higher education are tightly linked gets lost, but it is the reality. If taxes are cut, revenue will decline, thus impacting higher education appropriations and tuition. Of course, the opposite is true, too. If revenues increase, there is more funding to allocate to the universities and tuition can become more affordable.

The graph below illustrates tuition revenue and state appropriations received at Ohio's public institutions of higher education. As can be seen, 2002 was the last year that state appropriations exceeded tuition revenue. Since then, tuition revenue has steadily increased while state appropriations have remained relatively flat. The one anomaly is 2009 when there was an obvious increase in state appropriations and a slight decline in tuition revenue.



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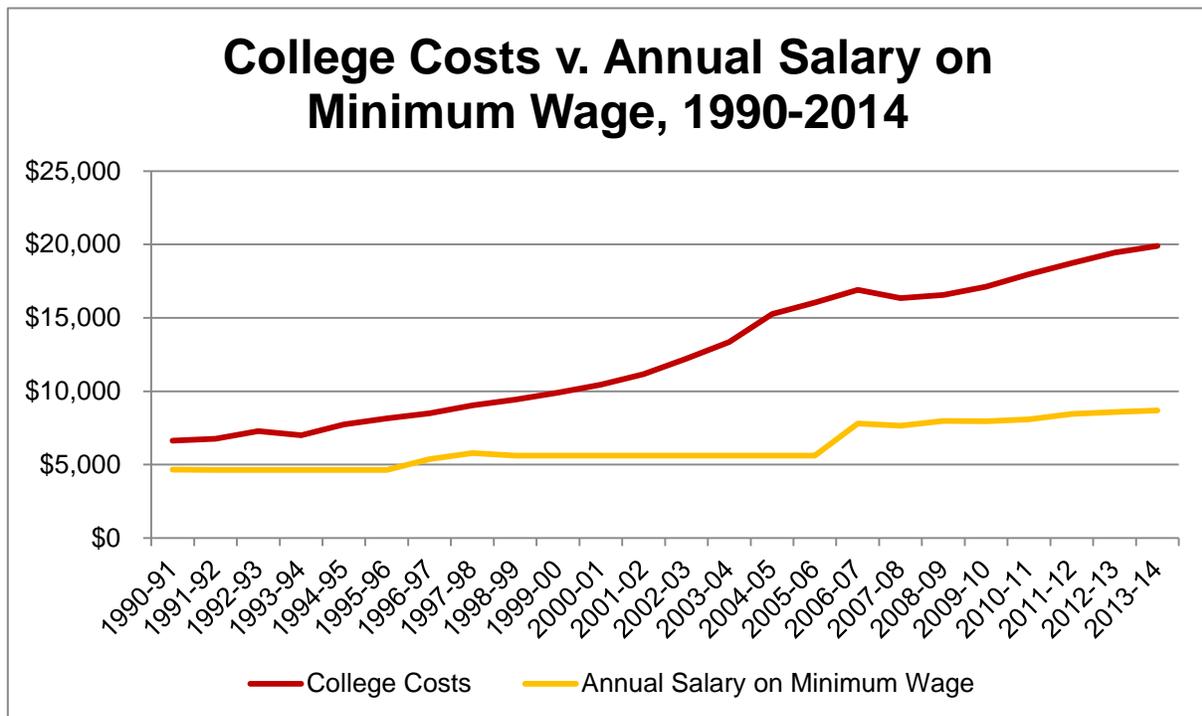
³ Data taken from the Integrated Post-Secondary Education Data System (IPEDS).

<http://nces.ed.gov/ipeds/>

According to data collected by the *Cleveland Plain Dealer*, federal numbers show the average cost for tuition, fees, room and board at four-year public schools in Ohio in 1981-82 was \$3,431. If that cost had kept pace with inflation, it would have increased only to \$8,978 for the 2013-14 academic year. Instead, the average cost was \$19,895.

It used to be the case that a student could work part-time during the school year and find full-time employment over breaks to pay their tuition, but that hasn't been the case since the early 1980s. Today a student would need to make \$18 per hour to pay for their education, which is \$9.90 above Ohio's minimum wage of \$8.10.

The chart below shows the average cost for tuition, room and board and what a full-time student could earn from a minimum wage job.



⁴ "Minimum wage job now falls far short of paying for college in Ohio." *Cleveland Plain Dealer*, Oct. 20, 2014 http://www.cleveland.com/datacentral/index.ssf/2014/10/minimum_wage_job_now_falls_far.html

In 2013, approximately 68% of Ohio students graduated with debt, the average of which was \$29,090.⁵

Former Ohio State University President William Kirwan wrote in a 2005 essay, "I imagine that Ohio would have to commit something on the order of an additional \$500 million a year to match the investment of states with top-tier public universities...Ohio must abandon its present dead-end journey and put its pedal to the metal. It needs to reclaim its proud legacy of leadership and its needs to start now."⁶

Recommitting funding to higher education is not only about Ohio's proud educational legacy, but also about fairness.

The bottom line: Ohio must have reasonable tax policies, including a fair income tax, in order to have the revenue it needs to fund great services like public higher education. Ohio lawmakers should make it a priority to invest more in public colleges and universities to make a degree more affordable.

⁵ Institute for College Access and Success: Project on Student Debt.

http://www.projectonstudentdebt.org/state_by_state-data.php

⁶ William Kirwan, "Ohio 2053: A Retrospective on Ohio's Quality of Life and a Consideration of Roads Taken and Not Taken in the 21st Century" in *Ohio and the World, 1753-2053: Essays toward a new history of Ohio* (Columbus: Ohio State University Press, 2005).

BOARDS OF TRUSTEES

One of the developments that has most undermined the affordability and integrity of our universities has been the operation and nature of the boards of trustees that oversee the institutions.

Ideally, trustees would be people with experience in education, have higher degrees, have a familiarity with student life, a familiarity with non-profit organizations, and broadly represent the community. The reality, though, is far different.

Trustees are good people who want to contribute to higher education; unfortunately, they often don't have the experience or outlook to do so. Instead, two criteria account for almost all of the trustees overseeing public universities – they are either CEOs of private companies or corporations or they made major political donations to the sitting governor. Higher degrees are largely absent, outside of a smattering of lawyers and medical doctors.

The result of these combined characteristics has been predictable. The operation most of the CEOs are familiar with is the business model and so we have the effort to make a university operate like a business. In a time with examples of Enron, auto bailouts, and corporations off-shoring their operations, we know the business model shouldn't be something universities necessarily aspire to emulate.

So, not only is the square peg of the business model forced into the round hole of the university, but the CEOs also tend to focus on sports management. Sports, of course, is something easily understandable compared to the intricacies of faculty expertise, shared governance, and the tenure process where outsiders tend to feel at sea. Most of the CEOs have no experience working with unions when almost all of the state's university employees, from faculty to janitors, are unionized.

One might say that a large organization like a university could benefit from the financial experience of the CEOs. But each university spends a great deal of money on large salaries for accountants and business managers who are the universities' financial experts. There is no need for duplication. Further, boards should represent their communities but, by and large, boards tend to represent only the corporate community.

Forcing the business model on the universities causes education to be viewed as a commodity and students as customers. As customers, students become seen as a profit center and thus raising tuition is seen as having no more social impact than raising the price of widgets. This pro-management model also has resulted in the

sidelining of faculty who are now outnumbered by administrators and staff at Ohio's universities. How different this might be if the criteria for selecting trustees were legislated in such a way to promote the appointment of trustees based on useful skills and experience.

Among the criteria that should be required by Ohio's universities to make sure that boards of trustees represent the communities they are serving:

- Experience in the non-profit or not-for-profit world. Universities do not and should not operate on the profit principle. They provide an important social service and don't produce widgets where the product is commoditized and priced. Experience in this world, where finances need to be carefully monitored, administrative costs reigned in, and public service emphasized would do much to provide a new perspective. These kinds of enterprises do not see the people they serve as profit centers and would less likely see tuition hikes as a solution to financial mismanagement.
- A faculty member should hold a voting board seat. Tenured faculty or emeriti faculty can provide a great deal of expertise in what is the actual operation of the university, the colleges and the academic departments. Regular contact with the people who are actually doing the work of education at the university would broaden the perspective of all concerned and is too often the area about which the trustees have the least knowledge and involvement.
- An undergraduate and graduate student should hold voting board seats. The habit has been for boards to have student representatives in non-voting positions. The students should have a vote. The students should be ones with obvious commitments to the university. The originating college for the students should be rotated so that one college does not provide all of the student representatives over time.
- The business community should be represented but the emphasis should not be on CEOs necessarily. Someone, instead, who has a sincere interest or connection in the work of the university like a scientist, engineer, chemist, or someone in the health care industry, could ably represent the business community.
- Gender and racial diversity is an important factor. Every community has an Urban League or an NAACP or a League of Women Voters. The local Chamber

of Commerce should not be the only pool from which trustees are drawn.

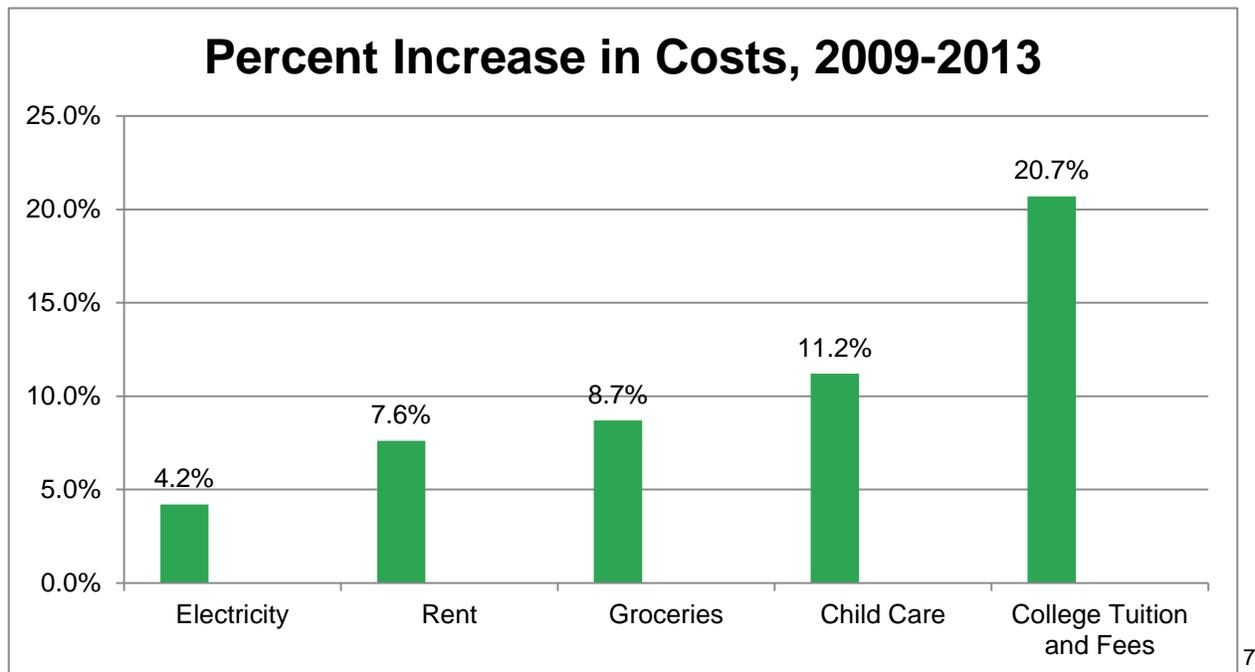
- Seats on boards of trustees should not be used to reward wealthy contributors or political allies. These positions are too important to be squandered in such a way.

The bottom line: By creating boards of trustees that accurately represent the communities that the universities and colleges serve, institutions can move away from the inappropriate corporate model. As a result, Ohio can create an environment where our public system of higher education can thrive, service the most important priorities, and provide the best opportunities for our students.

THE ADMINISTRATIVE TAX ON STUDENTS

Higher education costs have increased dramatically over the last 30 years. Economists have noted the disproportional inflation of college costs compared to cost of living expenses and even medical costs.

But let's examine what has happened in just recent years. From 2009 to 2013, college tuition and fees nationally have increased by 20.7%. Compare that to child care (11.2%), groceries (8.7%), rent (7.6%), and electricity (4.2%).



The common assumption is that universities' costs are so high due to the labor (e.g. faculty) that they employ. **Yet the most recent data from the Integrated Post-Secondary Data System (IPEDS) reveals that between FY 2002 and FY 2013, Ohio's institutions spent, on average, 23.9% of their operating budgets on total instructional compensation (e.g. salaries and benefits). Over the 10 year period, total instructional compensation declined by 4.1%.**

As mentioned in the previous section, boards of trustees' pro-management model has resulted in an exponential increase in administrators and their staffs. Administrators outnumber tenured and tenure-track full-time faculty by a nearly two to one ratio. If you include all full-time faculty, the ratio is closer to one to one. **Our universities are employing as many administrators as full-time faculty.** Research has shown that

⁷% change in cost of living categories compared to college tuition and fees, 2009–2013. Source: U.S. Department of Labor.

the ideal faculty to administrator ratio is three to one. **There is one administrator for every 14 students, representing an increase of 25% over the last 10 years.**

The data also reveals that "Institutional Support," which IPEDS defines as administrative spending, went up 33.6%. In addition, it shows that "Academic Support," which IPEDS defines as instructional support, increased 27.8%. However, Academic Support includes academic administration like deans' office and heads of various centers. As a result, a large portion of the increase in Academic Support actually can be chalked up to more administrative spending.

These statistics illustrate the most pervasive problem behind rising tuition and waste in higher education, something commonly referred to as "administrative bloat."

University administration is difficult and challenging work, and good administrators make valuable contributions to the educational enterprise. But thirty years ago, administration was just a thin layer above the faculty ranks. Not anymore. Far beyond a response to new regulations and requirements from the state and federal governments, administrative bureaucracy has shown a determined ability to expand its ranks.

Administrative bloat is amounting to a non-value added administrative tax on our students.

What's more are the alarming amounts of money spent on consultants. Why are there so many administrators if they cannot effectively administer? A poignant example of egregious waste was in 2013 when Bowling Green State University paid the consulting firm Accenture \$500,000 for a report to help the university determine how to handle a projected \$3 million budget deficit. A good start to saving \$3 million is to not spend half a million on consultants.

Moreover, administrative bloat is surely part of the reason for the overuse of part-time faculty. The ratio of part-time faculty to full-time faculty is nearing two to one, representing a 16% increase over the aforementioned 10 year period. Too many administrations – engaged in real estate deals, new construction projects, and sports management – when faced with a choice, prioritize hiring and maintaining staff over full-time faculty.

By hiring armies of adjuncts, administrations have avoided paying livable wages as well as avoided paying for health insurance and retirement benefits. It is wrong to characterize adjuncts as, say, accountants or lawyers, who teach a course in their spare time to give some real world experience to students. The vast majority of adjuncts handle the required composition, mathematics, and introductory courses in a variety of disciplines. Given that all of our full-time university faculty at every institution are outnumbered by these part-time faculty, it is not true that this gives administrations needed "flexibility." It is instead a morally irresponsible situation that involves the widespread misuse of the valuable professional skills of these individuals.

Our universities year after year re-hire the same adjuncts for grossly inadequate wages. Students, who are paying thousands of dollars to take courses, likely don't realize that often times the person in front of them is only earning around \$2,500 to teach one course. Institutions ought to convert these part-time positions into full-time, tenure-track positions. Full-time, tenure-track, faculty have the time to be more available and helpful to the students and have the resources to conduct the continuing education, research, and publication that are so much a part of being a professional.

Administrative bloat is being addressed in other states. For example, in the State University of New York system, Chancellor Nancy Zimpher has led an effort to redirect 5% of administrative spending in the system to instructional spending. In Oregon, the legislature has pursued management to staff/faculty ratios. Other states are requiring colleges and universities to have more transparency in their budgets so that it is crystal clear where the money is being spent. The Ohio General Assembly should consider these examples and think about other, creative solutions.

The bottom line: Scarce resources are being siphoned away from the real purpose of the university: education. It is unconscionable to allow students to continue accruing massive amounts of debt to pay for the inexorable growth in administrators and administrative salaries.

ATHLETIC FUNDING AND THE UNIVERSITY

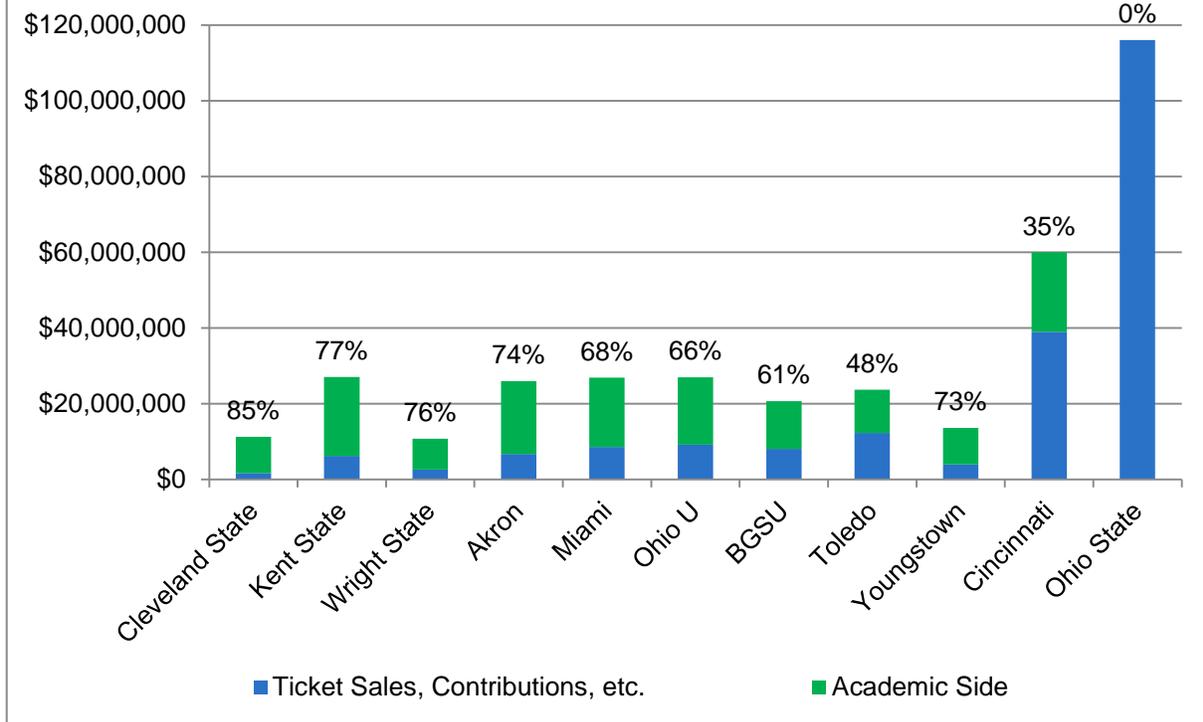
Nationwide, there has been a growing realization that the grandiose expenditures on college athletics have become a huge problem that is threatening not just the values of university education but the very financial operation of our universities. This particularly came to a head when just recently, the University of Alabama-Birmingham announced the elimination of their football program, citing the unsustainable costs of maintaining it. Unfortunately, all too often at Ohio's universities, the academic mission is operating in a peripheral and supportive role to athletics.

Professors enjoy athletics as much as anyone and we cheer for our student-athletes because we want them to be successful in all of their endeavors. However, we have to ask ourselves if the athletic expenditures are worthwhile, especially when students are the ones footing a substantial part of the bill, probably largely unknown to them. This is an issue of priorities and whether we are willing to say it is acceptable for students to accumulate thousands in debt over a four-year period to pay for athletic programs that neither make money nor are self-sustaining.

And we should be concerned about the educations of the athletes themselves, the vast majority of whom will never have a professional athletic career. For example, two University of North Carolina athletes recently have sued the university and the NCAA because they contend they were given phony classes and an inadequate education.

As shown in the chart on the following page, The Ohio State University is the only institution in the state with a self-sustaining athletic program. All other state universities rely heavily on moneys from the academic side of the institution (i.e. the revenue from tuition, fees, and state appropriations). Scarce resources that could be spent on instruction are being diverted to unprofitable athletic programs.

2013 Athletic Spending Covered by Academic Side



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Richard Vedder, professor of economics at Ohio University, is the author of *Going Broke by Degree: Why Colleges Cost Too Much*. He is blunt about the squandering of money on athletics. Writing in a column that appeared in newspapers nationwide last year, Vedder lampooned the explosion of athletic spending. “Schools spend more for two reasons,” Vedder writes. “First, they calculate that athletic spending will lead to more victories, and with that more revenue. Second, they gamble that the spending will improve national name recognition and enhance student admissions demand, improving the school’s reputation. **In reality, neither occurs often.**”⁹

Worse, Vedder argues, some schools that invest substantially in intercollegiate athletics suffer declines in their reputations. Ohio University was ranked 98th by *U.S. News & World Report* in 2005. Despite some moderate athletic success; however, it fell 26 spots to No. 124 by 2011 and has fallen even more since.

⁸ USA Today College Finances Database. <http://www.usatoday.com/sports/college/schools/finances/>

⁹ Richard Vedder, “Price of a Touchdown,” *Akron Beacon Journal*, Jan. 2, 2014; Richard Vedder, *Going Broke by Degree: Why College Costs Too Much* (New York: AEI Press, 2004).

The Knight Commission on Intercollegiate Athletics has produced an extensive report on spending on academics and athletics at universities across the country. The Knight Commission was formed by the John S. and James L. Knight Foundation in October 1989 in response to more than a decade of highly visible scandals in college sports. The Commission's initial goal was to recommend a reform agenda that emphasized academic values in an arena where commercialization of college sports often overshadowed the underlying goals of higher education. Since 1989, the Knight Commission on Intercollegiate Athletics has worked to ensure that intercollegiate athletics programs operate within the educational mission of their colleges and universities. We would encourage you to investigate the site yourself. It can be found here: <http://www.knightcommission.org/>.

The Ohio numbers reveal very disturbing trends. As the *Cincinnati Enquirer* reported in 2013 as it focused on the dramatic increase in athletic spending at Miami University and the University of Cincinnati: "College sports create undeniable campus pride and identity, but spending has increased so fast it's taking money from academics and student services." Some defend huge athletic spending because they say it is going to support athletes to complete degrees, but the *Enquirer* pointed out that **only 16.2% of spending at Division 1 schools with football like Miami and Cincinnati goes to student aid. The rest goes to salaries, game expenses, and facilities.**¹⁰

According to the Knight Commission, between 2005 and 2012, adjusted for inflation, instructional spending per FTE dropped 4% at Bowling Green State, 10% at Kent State, 2% at Miami, 7% at Ohio University, 4% at Ohio State, 32% at UC, and 4% at Wright State. Instructional spending increased only at Toledo, 31%, and Akron, 4%. As evidence of the lack of Ohio institutions to keep up with its peers, the Big Ten Conference median increased by 3% over the same period.

By contrast, athletic spending per athlete was sharply higher, adjusted for inflation, between 2005 and 2012. Spending per athlete increased 14% at BGSU, 3% at Kent State, 11% at Miami, 55% at Ohio University, 25% at Ohio State, 35% at Akron, 76% at UC, 16% at Toledo, and 3% at Wright State. The median increase in the Big Ten was 22%.

Let's take a closer look at one example: BGSU. In the 2014 fiscal year, BGSU athletics had total revenue of \$22,387,273. Of that, \$12,718,603 came from student activity fees. That is \$655 per student, so over a four-year period, a student would pay \$2,620 just to support athletics. Another \$2,000,000 of athletics' revenue came in the form of direct

¹⁰ Cliff Peale, "Athletics cost colleges, students millions," *Cincinnati Enquirer*, Sept. 13, 2013.

institutional support - money the university could have used for anything. This was in a year that BGSU laid off nearly 100 full-time, non-tenured faculty members. In the same year, the football team won the MAC Championship and participated in the Little Caesar's Bowl Game, yet the football program alone lost \$3.36 million.¹¹

Coaching salaries have also skyrocketed, ranging from a 25% hike at Wright State, which had the smallest total at \$1.94 million, to Akron, up 127% to \$5.7 million. Ohio State's coaching salaries were relatively unchanged but were the highest at \$16.76 million. Next was Cincinnati where salaries increased 63% to \$9.57 million.

This summer, Bill Snyder, the great football coach of Kansas State, reflected on what has gone wrong with intercollegiate athletics.

"It's changed. I mean, college athletics, football in particular, has changed dramatically over the years," Snyder said. "I think we've sold out. We're all about dollars and cents. The concept of college football no longer has any bearing on the quality of the person, the quality of students. Universities are selling themselves out. It's no longer about education."

He continued: "Everybody is building Taj Mahals and I think it sends the message — and young people today I think are more susceptible to the downside of that message, and that it's not about education. We're saying it is, but it's really about the glitz and the glitter, and I think sometimes values get distorted that way. I hate to think a young guy would make a decision about where he's going to get an education based on what a building looks like."¹²

The bottom line: We need to embrace a plan to rebalance our priorities at Ohio's universities to focus on instructional spending and academic excellence, and also ask ourselves if it is acceptable to charge students significant fees to subsidize unprofitable athletic programs.

¹¹ Nicholas Piotrowicz, "Colleges set to redefine scholarships, at high cost," *Toledo Blade*, Dec. 7, 2014. http://www.bcsn.tv/news_article/show/454733

¹² "K-State's Snyder Says Colleges sold out to TV," *St. Louis Post-Dispatch*, Aug. 7, 2014.

THE ROLE OF THE UNIVERSITY SYSTEM IN THE STATE

The state of Ohio created a system of public universities so that every Ohioan would have access to an affordable higher education. Previous governors and legislatures envisioned a system where every citizen, no matter where they lived in the state, could make a reasonable commute to a school.

The universities themselves have said in their mission statements what great universities look like. For instance, The Ohio State University states in its academic plan:

“Academic excellence begins with high-quality faculty. Faculty not only enhance the University's teaching and programmatic reputation but also attract the highest quality students at all levels. More than any other single factor, attracting and keeping exceptional faculty members will help us become a great university.”

Ohio University states that its mission is:

“... a public university providing a broad range of educational programs and services. As an academic community, Ohio University holds the intellectual and personal growth of the individual to be a central purpose. Its programs are designed to broaden perspectives, enrich awareness, deepen understanding, establish disciplined habits of thought, prepare for meaningful careers and, thus, to help develop individuals who are informed, responsible, productive citizens.”

The mission statement at the University of Cincinnati reads:

“The University of Cincinnati serves the people of Ohio, the nation, and the world as a premier, public, urban research university dedicated to undergraduate, graduate, and professional education, experience-based learning, and research. We are committed to excellence and diversity in our students, faculty, staff, and all of our activities. We provide an inclusive environment where innovation and freedom of intellectual inquiry flourish. Through scholarship, service, partnerships, and leadership, we create opportunity, develop educated and engaged citizens, enhance the economy and enrich our University, city, state and global community.”

A historical study of the University of Cincinnati points out why Ohio created at mid-century such a broad system of public education:

“Since many parents could not afford to send their children to old established colleges, there was a growing demand that the colleges come to them by creating...institutions wholly or partially maintained by public funds in which all the youth of the land might be given an opportunity to obtain higher education. As Thomas Jefferson had said: ‘If all the people are to rule, all the people must be educated.’ And he believed and

significantly pointed out that there was ‘a mass of talent which lies buried in the poverty of every community.’”¹³

Having a robust, well-funded system of universities is critical to the success of Ohio. Now, however, after years of chronic underfunding, Ohio’s universities struggle to meet their missions and they are in danger of no longer matching Jefferson’s ideal either.

Indeed, education has an impact on individuals’ personal success and earnings, as well as the state’s economy. As a result, as Ohio’s economy continues to struggle, lawmakers have turned to higher education as a solution. However, the tendency has been to push students into “in-demand” fields, even if they do not have the aptitude or passion to pursue a career in those areas. This sets up many students for failure, having to start over with a new major a year or even more into their college careers. There also has been the tendency to devalue the liberal arts and general education as these “pipeline” programs into specific jobs are created.

As professors, we want our students to be employed when they graduate, but our mission is to educate. We must not confuse a university education with “job training.” There are career and technical schools that serve that purpose. The role of the university is to help create an educated citizenry capable of critical thinking and appreciative of the roles that disciplines outside of their own play in society.

Certainly, this is not to deny the economic development aspects of the university. A carefully-crafted book on the topic, *The Indispensable University: Higher Education, Economic Development, and the Knowledge Economy* points out the powerful economic development potential of a well-funded university system. The authors emphasize that the twenty-first century economy offers universities unique opportunities to generate the intellectual and financial capital that drives emerging knowledge-based industries.¹⁴ But we would note that our universities’ ability to be economic drivers will be crippled as long as chronic underfunding continues and the funds that the universities do get are inappropriately directed toward areas outside of research and teaching.

The bottom line: The way to encourage higher education’s role in Ohio’s economic success is to restore funding and bring down tuition costs. The current system is forcing students to defer college or be willing to take on crippling debt. This is why many schools across the state are dealing with declining enrollments. If we invest in affordable and accessible education, we will have the well-rounded, skilled graduates we need to fill the jobs of today and tomorrow.

¹³ Reginald McGrane, *The University of Cincinnati: A Success Story in Urban Higher Education* (New York: Harper & Row, 1963) xiii.

¹⁴ Eugene Trani and Robert D. Holsworth, *The Indispensable University: Higher Education, Economic Development, and the Knowledge Economy* (New York: Roman & Littlefield, 2013).

CONCLUSION

Ohio's public colleges and universities largely have been a public policy afterthought. Previous General Assemblies established a dangerous precedent of robbing higher education funding in favor of other initiatives and irresponsible tax cuts. The decline of funding and lack of commitment to being good stewards of the university system has led to the various problems that we have addressed in this report. However, the current General Assembly has the opportunity to start a new chapter for higher education.

Now that we see where the real problems lie, it is time to address them in a meaningful way. Tough, and perhaps unpopular, decisions must be made.

The Ohio Conference AAUP looks forward to working with lawmakers and other interested parties to craft sustainable solutions. Here is a summary of the recommendations we have outlined in this report:

- 1) Increasing funding for our higher education system. This must be coupled with a halt to tax breaks that benefit the wealthy while passing costs onto the middle class.
- 2) Establishing guidelines that create boards of trustees that represent the whole community and have relevant understanding of higher education. Our colleges and universities are too important for these positions to be bestowed as political prizes.
- 3) Addressing administrative bloat. More transparency in university budgets is necessary to rein in costs. We also must consider redirecting administrative spending toward instruction or placing limits on administration through a ratio that gives primacy to the teaching and research missions of our universities.
- 4) Rebalancing athletic expenditures with the academic mission of our institutions. We must consider placing limits on athletic expenditures and how much of an institution's budget can be diverted to athletics outside of student scholarships.
- 5) Valuing education as the product of our public institutions. We all want our graduates to become gainfully employed, but our institutions exist to educate, not simply job train.

The Ohio University Class Gateway is inscribed with a passage from the Ordinance of 1787 that reads: "**Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged.**" The gate was an alumni gift and commemorates the graduation of 1815, the first in the Old Northwest Territory.

We have an opportunity in 2015 on the 200th anniversary of that graduation to honor the rich history of higher education in Ohio with wisdom and generosity.



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