



OHIO
UNIVERSITY
Office of the President

MEMORANDUM

Date: October 14, 2015

To: The Honorable John Carey
Chancellor

From: Roderick J. McDavis
President

Re: House Bill 64 Section 369:600 - Cost of Attendance Response

Ohio University's official response to House Bill 64 Section 369:600 (The 5% Senate Challenge) is attached to my memorandum. As required by statute, we are submitting our response to the Office of the Chancellor in the prescribed format on or before October 15, 2015. We understand that you will consider our submission as a provisional response until we receive approval from our Board of Trustees, which we hope to obtain on Friday, October 16, 2015.

As you will see from the attached form, we calculated a student's total cost of attendance based on a breakdown of the average tuition, fees, room and board, textbooks, etc., for a full-time student living on campus. Ohio University's total cost of attendance based on this calculation was determined to be \$24,472, and 5% of this number is \$1,224. As you know, this sticker price is not what the average Ohio University student pays. Therefore, we have adjusted this number by our average financial aid award for the AY 2015-16, which is \$4,331. This means that Ohio University's true cost of attendance on average is \$20,141, and 5% of that number is \$1,007. Using this calculation, we analyzed all existing options available to facilitate students reducing their cost of attendance and those that we have been planning and are currently in the pipeline to see if we would meet the requirements stated in the 5% Senate Challenge.

As noted on the attached form, there are a number of initiatives that are directly related to the OHIO Guarantee and the student-centered opportunities that we built into the program. These include starting in the summer at a lower price and using a two-year cap for Room & Board fees. We recognized that a majority of our full time students take 15 credit hours, but our pricing model only charges them for 12.5 credit hours, which represents additional savings to our students. We also calculated the value of College Credit Plus for a number of our students as well as the 46% of students who graduate from one of our 3-year degree-eligible programs. Finally, we took into account our Board of

Trustees' decision not to increase tuition over the past three years to the limit they were allowed by statute, which represents further savings that will compound over time.

In addition to existing programs, we also accounted for the value of new programs that will benefit future students. In this area, we identified the \$75 million dollar Endowed Scholarship Campaign, our efforts to reduce the cost of instructional materials including textbooks, and our regional and Community College OHIO Guarantee initiative that will permit students to pay a significantly lower tuition than they might otherwise have been required to pay. While Ohio University has almost 6,000 eLearning students who receive a significant discount in their cost of attendance, we have not included them because they do not fit the definition of a full time student for the purposes of this calculation. Although this student population was omitted from our calculations, we certainly see eLearning as an initiative that helps manage student costs.

As noted, Ohio University has invested in many existing and future programs that are designed to offer our students a more cost effective and affordable education. We recognize that not all students can avail themselves of every option, but we feel it is important that they understand that these options exist. It also is important to understand that on average (after adjusting for financial aid) these options represent a per student value of \$3,332 or a total institutional value in excess of \$46.5 million – 18% of the University's net tuition. We believe these programs and initiatives offer valuable pathways to helping current students manage their costs, and opportunities for cost-savings will increase as new programs are initiated. If you have any questions about our submission or if you require additional information, please let me know.
Thanks!

Name of Institution: OHIO University

Legislative Requirements

House Bill 64 Section 369.600 requires the board of trustees of each state institution of higher education to develop and implement a plan to provide all in-state, undergraduate students the opportunity to reduce the student cost of earning a degree by five percent.

Plans are due to the Chancellor by **October 15, 2015**.

This template is intended to provide guidance for institutions' reports to the chancellor, based on the legislation – please modify and add additional detail as necessary.

Total Cost of Attendance at Institution

Please provide a breakdown of average tuition, fees, room, board, textbooks, etc, for a full-time student, living on campus. (Add explanation as necessary)

| Type of Cost | Average Cost (Dollar Amount) | 5% Cost Computation |
|---|---------------------------------|------------------------|
| OHIO Guarantee Cohort 2015 Direct billable fees w/avg aid | | |
| Tuition and Fees | \$11,548 | |
| Books and Supplies | 990 | |
| Room | 6,370 | |
| Board | 5,564 | |
| Gross Cost | \$24,472 | \$1,224 |
| Avg Aid* (includes avg of all federal, state and institutional grants and scholarships for all full-time, resident students in the freshman class at Athens whether received aid or not; \$217) | (4,331) | |
| | | |
| Net Total: | \$20,141 | \$1,007 |

Outline Options for reducing student costs:

(1) Reducing the credit hours required to complete an associate or baccalaureate degree offered by the institution

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|-----------------------------------|--|---|
| N/A | N/A | |

(2) Offering a tuition discount or rebate to any student that completes a full load of coursework, as determined by the board of trustees. ("Tuition" means the instructional and general fees charged by a state institution of higher education.)

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|-----------------------------------|--|---|
|-----------------------------------|--|---|

| | | |
|-----|-----|--|
| N/A | N/A | |
|-----|-----|--|

(3) Offering a tuition discount or rebate or reduced tuition option to students enrolling in a summer semester or quarter ("Tuition" means the instructional and general fees charged by a state institution of higher education.)

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|--|---|--|
| OHIO Guarantee freshmen enrolled in summer session prior to cohort at prior cohort rate discount for freshmen subset | \$65.36 | |
| | | |

(4) Offering online courses or degrees

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|-----------------------------------|---|--|
| See footnote | | |

(5) Reducing the cost of textbooks using cost-saving measures identified and implemented by the board of trustees

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|--|---|--|
| Savings strategy on costs of textbooks and course materials – available to all | \$148.50 | |
| | | |

(6) Incorporation of remediation in the coursework and curriculum of credit-bearing courses

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|-----------------------------------|---|--|
| N/A | N/A | |

(7) Offering a fixed rate of instructional and general fees for any additional credits taken by students above a full course load, as determined by the board of trustees

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|---|---|--|
| Fixed rate savings for taking 12.5-20 credit hours – available to all | \$227 | |
| | | |

(8) Offering fast-track degree completion programs

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|--|---|--|
| 3-year degree pathways – proportionate savings calculated based on degree cost savings for % of degrees awarded in 3-yr pathway programs conservatively figured on 3.6% of resident enrollment which is double today's 1.8% representing those graduating in 3 years | \$2,093.35 | |
| | | |

(9) Eliminating, reducing or freezing auxiliary fees ("Auxiliary fees" mean charges assessed by a state institution of higher education to a student for various educational expenses including, but not limited to, course-related fees, laboratory fees, books and supplies, room and board, transportation, enrollment application fees, and other miscellaneous charges. "Auxiliary fees" do not include instructional or general fees uniformly assessed to all students.)

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|---|--|---|
| OHIO Guarantee includes room and board at same value for sophomore year | \$79.56 | |
| | | |

(10) Increased participation in the college credit plus program

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|--|--|---|
| College Credit Plus – valued the credits based on avg of current freshmen class experience and estimated ¼ as savings since option only exists during first year | \$200.93 | |
| | | |

(11) Offering programs to reduce or eliminate the need for remediation coursework

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|-----------------------------------|--|---|
| N/A | | |
| | | |

(12) Other options offered by the institution (any other option that does not fall into the categories above can be captured here or on additional pages)

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|--|--|---|
| Community College & Regional Campuses OHIO Guarantee | \$117.25 | |
| \$75M Scholarship Endowment | \$213.72 | |
| | | |

Options offered in previous academic years:

Please be sure to quantify savings as they roll forward into the current academic year. *(For instance, a tuition freeze last year would result in \$X and Y% cost avoidance to students in this academic year).* Add additional fields and details as necessary.

(13) Academic Year 2013-2014

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|---|--|---|
| Reduced Tuition Increase to 1.6% - 2% cap | \$40 | |
| | | |
| | | |

(14) Academic Year 2014-2015

| Option offered by the institution | Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|--|--|---|
| (a) Reduced Tuition Increase to 1.5% - 2% cap | \$52 | |
| (b) Guarantee Cohort Increase of 5.1% - 6% cap | \$95 | |
| | | |

Total Possible Cost Savings for Students – Please add the previous columns and capture total possible student cost savings here.

| Cost savings to student (Dollar Amount) | Percentage of total cost of attendance |
|--|---|
| \$3,332.67 | 16.5% |

Additional Explanation – Options for Reducing Student Costs

(3) Through The OHIO Guarantee, students who begin their academic year the summer before their freshman Fall term will receive the benefit of lower costs for summer tuition for that term. Students will pay the previous year's costs before being moved to the new Fall cohort of students upon matriculation in Fall semester. This is a benefit eligible to all students and will save them an estimated \$65.36 for that term.

(4) Through Ohio University's eCampus (ECAM), we offer seven undergraduate degree completion programs enrolling roughly 6,057 students. ECAM courses are offered at a substantial tuition discount of just \$240 per credit hour. This amounts to \$200 savings per credit hour. Given that our online students take an average of eight credits per semester, ECAM yields average savings of nearly \$20 million annually.

(5) Ohio University is implementing a multipronged strategy for reducing the cost of course materials. As part of this strategy, we will:

- Support faculty integration of licensed library materials and assertive fair use of copyrighted works in place of textbooks;
- Incentivize faculty adoption of open source educational materials and licensed electronic resources within existing library holdings, particularly for large enrollment courses;
- Promote course redesign that incorporates creative commons licensed faculty- and student-generated content;
- Negotiate direct with publishers for reduced etext rates with publisher-independent content platform to manage delivery; and
- Explore vendor partnerships that ensure on demand delivery of textbooks to students at competitive prices

We anticipate increased cost savings over time as adoption rates increase for one or more of these strategies. We project a savings of 15% for students, or just over \$2 million.

(7) Ohio University offers a comprehensive tuition rate for students whereby students pay one rate which covers 12-20 credit hours of enrollment. Statistics for the past two academic years show that over 90% of Ohio University's full-time students take more than 12 credit hours each term. Students can reduce the cost of their degree by approximately \$227 per academic year by taking advantage of the comprehensive tuition structure and enrolling in more than 12 credit hours each semester.

(8) A three-year degree option can significantly shorten the time students stay in college, allowing them to graduate early while saving as much as a year's worth of tuition, fees, room and board, and other educational expenses, not including the opportunity cost of an additional year out of the labor market.

A three-year degree option can also benefit students who do not complete college in three years by creating additional space to pursue a double major, study abroad, or include internships or other high impact experiential learning in their academic programs to improve success in the labor market or graduate school.

Ohio University responded to the 2012-13 state budget bill by creating 120 three-year degree options (out of approximately 220 degree programs) by the summer of 2014.

Over the prior three academic years (AY 2012-13 through AY 2014-15), approximately 46% of all degrees were awarded to students in programs where three-year degree pathways are available. The last three student cohorts that started before three-year pathways were articulated (2010, 2011, and 2012) have completed at an average three-year graduation rate of 1.8% (see Table 1). We anticipate more students will take advantage of the opportunity to complete three-year pathways since they were fully phased in by summer 2014.

Many three-year plans include options for summer courses, AP credit, College Credit Plus credits, etc. Not all three-year degrees or students will require summers courses. However, the conservative estimate below assumes tuition for 17 credits of summer courses rather than assuming AP credits, College Credits Plus credits, PLA, etc. It is likely that more and more students will bring credits from College Credit Plus with them in the coming years, further increasing savings. Below is a sample savings for an individual student on the three-year plan:

| | 3-year plan | 4-year plan |
|--|--------------------|--------------------|
| Year 1 full cost of attendance | 24,472 | 24,472 |
| Year 2 full cost of attendance | 24,472 | 24,472 |
| Year 3 full cost of attendance* | 24,472 | 24,472 |
| Year 4 full cost of attendance* | 0 | 24,472 |
| Summer tuition and books (17 credits)** | 6269 | |
| TOTAL | 79,685 | 97,888 |
| Savings | 18,203 | |
| Percent savings | 18.60% | |

*assumes cost of off campus apartment/food/transportation similar to room and board

**assumes Athens tuition for single summer, no aid, no room/board; regional or online cost could be lower

(9) Through the OHIO Guarantee, the schedule of costs for both housing and dining auxiliary fees do not change for students in the cohort. Therefore, for every student in the freshman class, there will be no change in costs from the previous year for the same room and board choice. This will save students approximately \$239 in auxiliary fees each year for three years, or an overall average of \$79.56 per year.

(10) At Ohio University, 35% of our freshmen students have obtained college credits prior to entering the university. College Credit Plus high school seniors through Ohio University are taking an average of 18 credits per year. This equates to a savings of \$8,582 per student over the course of students' college careers at Ohio University's current tuition rates. When averaged per year for the entire freshman population, this equates to a savings of \$200.93 per student.

(12a) Through The OHIO Guarantee, students are able to lock into the current Guarantee rate even though they have not started their post-secondary education with us. Starting in Fall 2015, students who begin their academic career at one of our Regional Higher Education campuses, or students who have established a Strategic Transfer Education Plan (STEP) with us while attending one of our 20 community college partner institutions across Ohio, will be locked into the same rate as the Ohio University freshmen who started this Fall. This means even if students transfer to Ohio University two years later, they will be charged the costs that were established two years prior with that entering freshman cohort. This has the potential to impact 863 students annually, saving \$188.56 on average for all students.

(12b) For the new students starting in Fall 2015, approximately \$1 million of new institutional financial aid was awarded beyond the Fall 2014 class. As a result of Ohio University's matching scholarship program, it is expected that an additional \$75 million in financial aid will be available to our students. Proceeds from these endowed programs will be used to fund this new scholarship over the remaining three years for these students for a total of \$3 million new dollars beyond our current financial aid leveraging strategy.

(13) For the 2013-14 academic year, Ohio University raised tuition by 1.6% on a state cap of 2%. This provided an immediate \$40 savings for all students during that year and set the base for all future student cost increases \$40 less than was allowed. This was a revenue loss for the institution to the benefit of affordability for students.

(14a) For the 2014-15 academic year, Ohio University raised tuition by 1.5% on a state cap of 2%. This provided an immediate \$52 savings for all students during that year and set the base for all future students cost increases \$52 less than was allowed. Again, this was a revenue loss for the institution to the benefit of affordability for students.

(14b) State legislation established the opportunity for institutions of higher education to develop four year cost structures effective for the 2015-16 academic year. This legislation also established the parameters, which includes the impacts of state mandated tuition caps. For Fall 2015, the maximum one time increase for the cohort's entire four year program was 6%. Ohio University, being the first public institution to adopt a guaranteed pricing model, chose to only raise tuition for this entering cohort by 5.1%, an immediate and four-year cost savings for our entering freshmen students of 0.9%, or \$95 per year.