



**SUMMARY POLICY RECOMMENDATIONS TO THE HOUSE FINANCE
SUB-COMMITTEE ON HIGHER EDUCATION**

1. *Over the next two biennia, more aggressively phase in an increase in new, need-based OCOG dollars to the level of the State's FY 2008 (recession era) appropriation of \$233 million. Current FY 2017 OCOG appropriation is \$100 million.*
2. *Create and fund a new financial aid program that includes incentives for community college students who take at least 15 credit hours per semester, to be used by students for "cost of attendance" expenses such as tuition and fees; room and board; books and supplies; transportation; and miscellaneous personal expenses.*
3. *Work with the Governor's Executive Workforce Board to design and implement an employer-incentive pilot program to incentivize employers to assist their employees financially in earning postsecondary credentials.*
4. *Explore state-based tax credits that mirror successful federal programs (e.g., the federal Lifetime Learning Tax Credit or the federal HOPE Scholarship Tax Credit Project).*

Written Testimony to the House Finance Sub-Committee on Higher Education

March 22, 2017

Chairman Perales, Ranking member Ramos and members of the House Finance Sub-Committee on Higher Education, thank you for the opportunity to provide written testimony on the higher education provisions in House Bill 49.

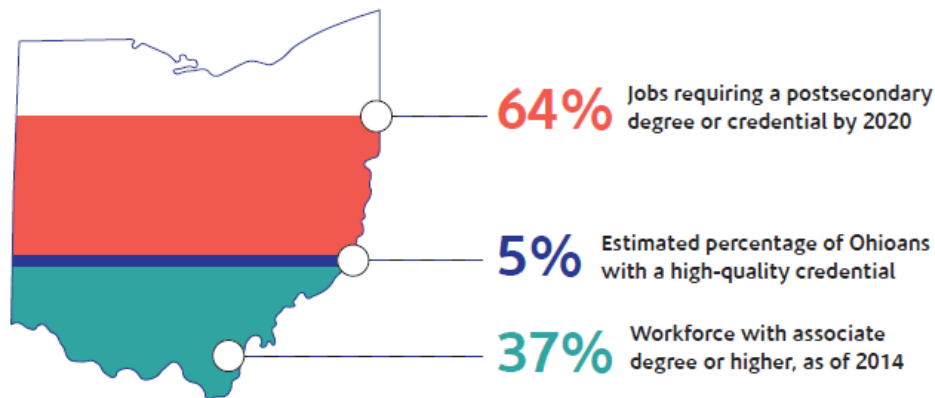
First, a bit about who we are. Philanthropy Ohio is an association of foundations, corporate giving programs and other individuals and organizations actively involved in philanthropy. We provide leadership for Ohio's philanthropic sector to enhance the ability of our members to fulfill their charitable goals. Philanthropy Ohio is comprised of over 200 philanthropic organizations whose assets total nearly \$56 billion and who contribute more than \$4 billion annually, including hundreds of millions given in the area of P-20 education every year.

In partnership with Ohio's cradle-to-career and higher education attainment initiatives (e.g., Learn to Earn Dayton and Higher Education Compact of Greater Cleveland), Philanthropy Ohio recently developed a white paper on post-secondary access and affordability in Ohio, titled *Investing in Ohio's Future. Now. A Postsecondary Education Access and Affordability Agenda for Ohio.* ([See here](#)) This brief

and its recommendations are anchored to Ohio's Attainment Goal 2025: **65 percent of Ohioans, ages 25-64, will have a degree, certificate or other postsecondary workforce credential of value in the workplace by 2025.**

FIGURE 1

On average, **37 percent** of working-age Ohio state residents (ages 25-64) have an associate degree or higher.
By 2020 **64%** of jobs will require a postsecondary degree or credential.



Adapted from the College Affordability Diagnosis: Ohio, p 1. (2016). Institute for Research on Higher Education.

This goal is not simply about more degrees and marketable credentials for Ohioans, it is about our future economic vitality as a state. As other states and communities are discovering, economic vitality and educational attainment are inextricably linked.

In order for us to meet the ambitious 65% attainment goal (and it is VERY ambitious), to continue to develop a robust economy and workforce, and to assist Ohioans in bettering themselves and their families economically, we must do more to make post-secondary options available to all Ohioans. Affordability must be a key component of Ohio's strategy to keep and maintain not just the jobs it needs but also attract the GOOD JOBS that it wants.

Ohio is not producing enough intellectual capital to meet industry demand. One reason for that circumstance is the affordability of post-secondary educational offerings.

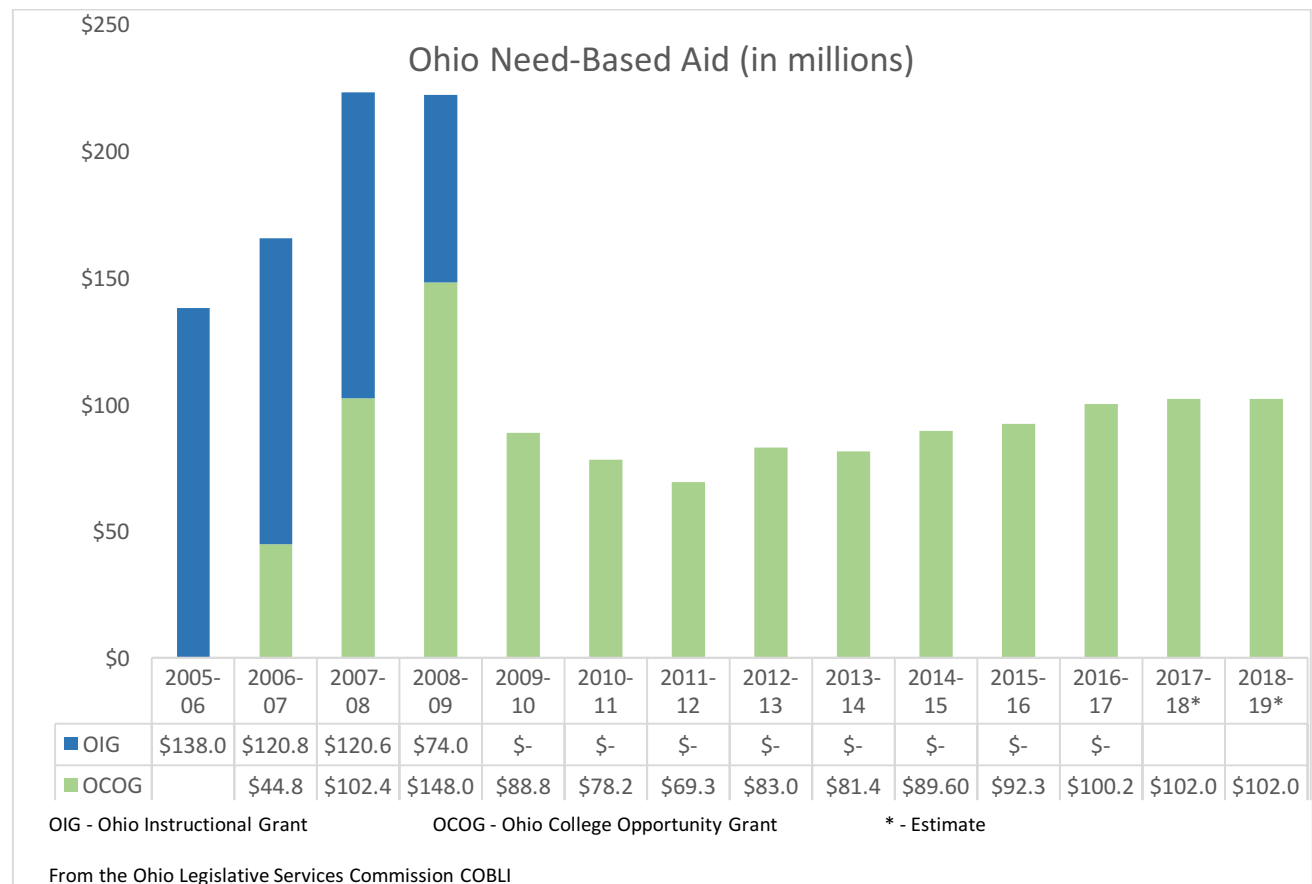
Over the past several decades, the State of Ohio, has **underinvested in higher education**. Ohio allocates just **7 percent** of state and federal expenditures toward higher education, compared to an average of **10 percent** in other states, which mitigates the state's attainment efforts and impacts its economic opportunities. While state funding for public higher education in Ohio has recently increased, state appropriations per student are still about **\$1,900**, below the national average.

The second factor impacting affordability is that **tuition costs**, particularly in our 4 year institutions, are **relatively high**. For many years Ohio's public colleges and universities compensated for low state investment by increasing tuition. In 2006, tuition at Ohio's four-year public institutions was **47 percent** higher than the national average. Over the past six years, Ohio's Governor, General Assembly and higher education institutions have addressed these skyrocketing costs through a series of tuition caps, tuition freezes and other cost-cutting measures. These efforts have had a real impact, resulting in a 5-year

tuition growth rate of just 2 percent, making Ohio now a national leader in this area. However, tuition costs in Ohio remain higher than the national average - **11 percent** higher at four-year public institutions and **14 percent** at community colleges.

The third and most troubling factor, is that need-based financial aid in Ohio has been decimated.

Ohio’s current need-based aid program, the Ohio College Opportunity Grant, was established in 2006 when the Ohio Instructional Grant and part-time aid programs were phased out. Once considered a gold standard, OCOG was drastically reduced from **\$223 million** in 2007–2008 to **\$69 million** in 2011–2012. While funding has slowly increased, and we appreciate that, current appropriations remain more than **\$130 million** below recession era levels.



The combination of these three factors: 1) the state’s disinvestment in higher education, 2) relatively higher tuition costs, and 3) dismal levels of need-based aid make higher education out of reach for too many Ohioans, especially our most disadvantaged students and families.

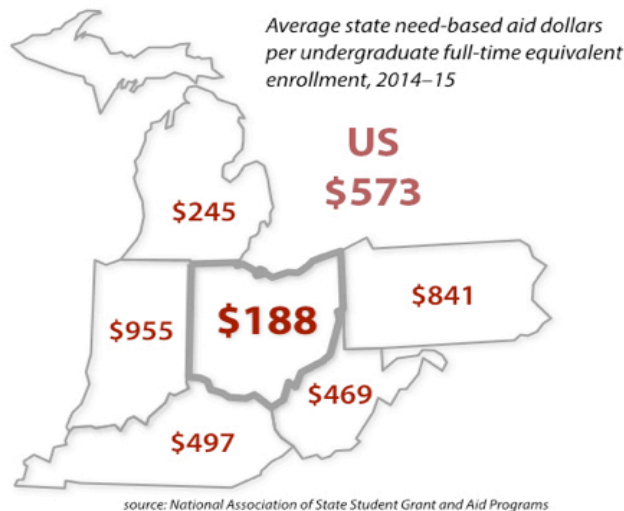
Consider these other critical facts:

1. Currently, Ohio is 36th out of 50 states for overall educational attainment, with approximately 43.2 percent of working age Ohioans holding a post-secondary degree or certificate. Economists estimate by 2025 the workforce in Ohio will need at least 65% of Ohioans holding some sort of post-secondary credential. Two states are projected to hit that goal; Ohio is not projected to be close to it!

2. Ohio ranks 45th out of 50 states in post-secondary affordability. Ohio's investment in higher education, generally, and need-based aid specifically, is not keeping pace with our peer states.
3. Ohio ranks dead-last in our Midwest region when it comes to need-based aid. Ohio's allocation, averaged across all full-time students, translates into only \$188; compared to \$245 in Michigan, \$469 in West Virginia, \$841 in Pennsylvania, and \$955 in Indiana.

Ohio: Last in the Region

The need-based Ohio College Opportunity Grant needs an upgrade to award more funds to more needy students.



So what are we specifically proposing for House Bill 49? In our concept paper, which we will also make available to you, we outline all the recommendations that the State and our higher education institutions should consider and act on. Our **priority recommendations** include the following:

1. Over the next two biennia, more aggressively phasing in an increase in new, need-based OCOG dollars to the level of the State's FY 2008 (recession era) appropriation of \$233 million. Current FY 2017 OCOG appropriation is \$100 million. As we indicate above, we are not currently competitive with states contiguous to Ohio. If Ohio is going to have access to the intellectual capital it needs, more OCOG dollars need to be available;
2. Create and fund a new financial aid program that includes incentives for community college students who take at least 15 credit hours per semester, to be used by students for "cost of attendance" expenses such as tuition and fees; room and board; books and supplies; transportation; and miscellaneous personal expenses. We know that students who take full schedules are much more likely to complete their degrees. Ohio should find ways to incentivize degree completion;
3. Work with the Governor's Executive Workforce Board to design and implement an employer-incentive pilot program to incentivize employers to assist their employees financially in earning postsecondary credentials. Our businesses are demanding more and better talent and they should and can be strategic partners in creating that talent by

helping their employees and their families to pursue and complete marketable credentials;
and

4. Explore state-based tax credits that mirror successful federal programs (e.g., the federal Lifetime Learning Tax Credit or the federal HOPE Scholarship Tax Credit Project).

Additionally, we are urging our **Ohio colleges and universities** to identify, customize, implement and share policy and program best practices and to build on existing successful partnerships aimed at increasing college access, affordability and completion.

1. Establish “transfer centers” (or some other equivalent service) on community college campuses to help ensure seamless transition to the university before graduation from the community college;
2. Continue and expand their partnerships with community colleges to increase the number of students participating in 2+2 pathways and to create “academies” whereby students can enroll at a community college while simultaneously being co-admitted to a four-year institution;
3. Identify selected beta site institutions to experiment with “free to finish” programs for students who are in good standing and have degree work appropriate for in- demand workforce areas;
4. Establish college- or university-sponsored “emergency funds” that can be accessed by students to address financial barriers that decrease completion rates;
5. Ensure students who transfer have access to the same types of financial aid opportunities as students who directly enroll at universities as freshmen; and
6. Be encouraged to maintain tuition freezes and fee caps.

We support the Governor’s two proposed pilots around the use of “emergency funds” (Finish for your Future) and the Accelerated Completion of Accelerated Studies pilot. We do not support the Governor’s textbook proposal. We agree that the textbook issue is part of the affordability problem for Ohio’s students but the proposed fix is the wrong approach for addressing the matter. Many Ohio institutions are identifying ways to mitigate textbook costs; those measures should be shared and implemented more broadly.

We urge you to act on these recommendations and to consider the other measures that we have outlined in our College Affordability concept paper. Research from Dr. William Doyle, author of the College Affordability Diagnosis at Vanderbilt University, demonstrates that the single best way to increase college enrollment is to increase need-based aid to students.

Ohio and other states are in an intellectual capital race, and successfully competing in that race requires that college costs be addressed so that ALL of Ohio’s students can secure the credentials and/or degrees that they need and that we as a state require to attract and secure next generation of GOOD jobs and to ensure that we have the talent available to keep those jobs within the state.