

**Ohio Senate**  
**Finance Subcommittee on Higher Education**  
**HB49**  
***Testimony of Kent Trofholz***  
***Executive Director, Ohio Association of Career Colleges and Schools***  
**May 11, 2017**

Good afternoon Chairman Gardner, Vice-Chair Williams and members of the Finance Subcommittee on Higher Education. My name is Kent Trofholz, and I am the Executive Director of the Ohio Association of Career Colleges and Schools (OACCS). Thank you for the opportunity to provide background material regarding Ohio's Career Colleges sector my testimony will also address the Ohio College Opportunity Grant (OCOG) and the positive impact on the career college students who receive this valuable tuition assistance.

Allow me to set the stage for my presentation, career colleges and schools are essential to Ohio's transformation into a stable, growing and attractive place to live and work and raise a family. Nearly 60,000 Ohioans are enrolled in Ohio's 250-plus career colleges and schools. Of the total student enrollment, 41 percent are pursuing degree programs at 82 colleges in every region of the state.

Career colleges and schools offer training in more than 200 occupational areas. We provide professional, technical, career-focused education leading to certificates, diplomas, and associate's, bachelor's and advanced degrees. We meet a variety of educational and training needs, ranging from certificate and diploma programs in HVAC and truck driving, to degree granting programs such as nursing and information technology.

Career colleges and schools are overseen by the State Board of Career Colleges and Schools, and colleges offering associate degrees or above are overseen by the Department of Higher Education as well.

Our colleges and schools exist to prepare Ohioans for today's in-demand occupations, provide retraining for displaced workers, and help workers upgrade their skills to continue to move up the career ladder.

Our colleges and schools are privately owned and self-supporting. We receive no direct taxpayer support. Our schools routinely engage on public policy initiatives which impact our students. Historically, during the deliberation of the state's budget, we advocate on behalf of the Ohio College Opportunity Grant, or OCOG, which provides financial assistance to needy students.

It's on behalf of our financially needy students that I urge you to continue your support for OCOG, so that more Ohioans can get the career-oriented education they need to do better in life. OCOG tuition assistance is a key component to enable students - in particular, lower- income adults, minorities and women - to earn degrees, seek retraining, and increase their earning potential.

In making the case for OCOG investment in career college students, I will refer to research completed earlier this year that compares our sector to other sectors of higher education, and which is attached as part of my testimony. The data is drawn from the U.S. Department of Education IPED System. That acronym stands for the *Integrated Postsecondary Education Data System*. All colleges and universities are required to report data to the IPED system.

Many of our students are pursuing an education - and an opportunity for a better life - against great odds. Women who attend our career colleges account for more than 70 percent of enrollment. Minorities make up almost 35 percent of our enrollment, the highest percentage of all sectors of higher education. And 64 percent of our students are age 25 and older.

Walk through the halls of any of our colleges and you 'll see hard-working Ohioans striving for the American dream. Classrooms filled with working single mothers...men and women who are the first in their families to go to college...veterans looking for civilian opportunities. Most of our students are financially independent of their parents, and pay their own way through school, while simultaneously paying rent or a mortgage, a car loan, medical bills, and maybe trying to save a little bit from each paycheck for their own kids' college fund.

When you invest in career college students, you are helping to fuel Ohio's economy. That's because 78 percent of our graduates earned degrees in the state's most in-demand and fastest growing occupations of health, technology and business. Although career colleges comprised only 5.1 percent of all college graduates in 2015, they represented 18% of all students earning a computer/technology degree and 12 percent of all graduates in the state earning a health related degree.

You'll note from the IPEDS data I've submitted, Career Colleges have nearly a 41% graduation rate, considerably higher than Ohio's Public Universities and Community Colleges. Even more impressive, 79% of Career College graduates find employment in their field of study within 90 days of graduation. This stat is due to our sector's strong working relationship and coordination with Ohio employers. Schools are very active in their local business community and routinely develop internships with local employers, as a result students often times have job offers prior to graduation.

According to the Bureau of Labor Statistics, Ohio's career colleges and schools are projected to contribute more than 200,000 skilled employees in the next decade to help fill the need for qualified workers. **That's why our schools urge Ohio policy makers to support these 200,000 Ohioans who pursue high-demand occupations.** If you look through the lens of employers desperate for skilled workers, OCOG is a great tool to equip Ohio's workforce with the advanced skills their businesses need to be competitive in a global economy.

Members of the Ohio Association of Career Colleges and Schools believe that the state needs to grant tuition assistance, including OCOG, to students based on financial need, without regard to where they enroll. If an Ohioan wants to go to college to earn a nursing degree, it should be of no public policy interest where the student earns that degree. Governmental policies should apply equitably across all institutions of higher education. The 24,000 Ohioans earning associate's or bachelor's degrees at career colleges to improve their opportunities in life should not be penalized for choosing a career college over a taxpayer-supported college or non-profit university. Quite simply, a student in need, is a student in need.

If the cost of education is beyond their means, Ohioans will take out more in loans, delay their education and training, or give up on their dreams and remain stuck in a dead-end job. When individuals fail to live up to their earning potential and their human potential, that's devastating for them and their families - and it's disastrous for Ohio's economic future. Undereducated Ohioans are underemployed Ohioans, at the very time employers are begging for higher-skilled workers.

Speaking of the financial responsibilities of students attending career colleges and schools, I'd like to explain how many of our schools prepare and inform potential students about their financial options and obligations for furthering their education. For example, at Daymar College, a Financial Services Officer will present a package showing a variety of grants and scholarships for which the student may be eligible. In fact, Daymar makes a substantial investment in Ohio students: last year, they provided \$1,149,099 in scholarship aid. Students make the decision whether or not to enroll based on pooling personal finances and financial aid. OCOG is the last, critical piece of this financial puzzle. Without this piece – without OCOG – a college education may be beyond their reach, and they decide they can't afford to enroll. Or, alternatively, they have to incur higher debt to cover the gap between tuition and financial aid.

Thousands of career college students struggle to support themselves and their children. Many are overcoming family legacies of poverty and welfare. The Ohio College Opportunity Grant is an important resource that, when combined with other financial aid, makes it possible for Ohioans to realize their dreams to go to college, qualify for high-skilled jobs, and live up to their potential.

The Ohio College Opportunity Grant is a cost-effective tool to train or retrain Ohioans for local workforces that demand advanced skills. In fact, the Ohio Chamber of Commerce recognizes the value of OCOG and has made "enhanced funding for OCOG" one of its five education and workforce development goals for 2017-2018.

We believe that Ohio needs to offer many paths to career success. Competition among four-year institutions, community colleges and career colleges is the best way to promote choice and accountability. If it's good public policy to support aid for needy students attending public colleges and non-profit universities, it's good public policy to equitably fund all needy career college students.

On behalf of the members of the Ohio Association of Career Colleges and Schools, and the nearly 60,000 Ohioans on all of our campuses, I thank you for your continued support and for making financially needy career college students eligible for OCOG. I urge you to support OCOG Funding in HB49 to ensure that the Ohio College Opportunity Grant lives by its name: an opportunity for the thousands of students to pursue career education and a better life.

We are grateful that the Ohio General Assembly recognizes that financially qualified students deserve support to earn a degree, regardless of which institution they chose to attend. OCOG tuition assistance for financially needy career college students extends the ladder of prosperity for low-income adults, minorities and women, reduces multi-generational poverty, and builds Ohio's middle class. I urge members of the committee to support OCOG for career college students and help put highly trained career college graduates to work in jobs that are waiting to be filled now, right here in Ohio.

Mr. Chairman, before I conclude my testimony, I'd like to touch on the Career College closings that have occurred here in the recent months. Approximately 10 Ohio schools have announced they will not be accepting new enrollees and will effectively close their operations after their current students graduate. All current students at these Colleges will continue their education, without disruption and will be eligible to graduate, receive their degree and pursue employment.

These closings are primarily due to a change in the Federal Gainful Employment Rule enacted by the Obama Administration in 2015. Briefly, I'd like to explain the implications of the US Department of Education's new Rule. First, I want to stress, the Gainful Employment rule ONLY applies to private for-

profit Career Colleges and Schools; the rule did not impact public or non-profit colleges or universities.

The Gainful Employment Rule is designed to set starting salary minimums that a Career College graduate must attain in order for that former student to be considered “gainfully employed”. The Obama Administration raised the salary minimum, thus making many Career College graduates, not considered “Gainfully Employed” under the rule’s new provisions. Career College degree programs without the required number of graduates considered “Gainfully Employed” are not eligible for the Federal Pell Grant Program and Federally Qualified Loans. The Career Colleges in Ohio that plan to close after teaching out their current students, did so because their new students wouldn’t be eligible for the Federal Programs.

I’d like to remind you, this rule only applied to for-profit Career Colleges and didn’t impact graduates of Ohio’s public or non-profit institutions. I’m sure you all are aware of graduates of those sectors who haven’t reached their full potential, waiting on their dream job or simply living with mom and dad and “enjoying life”. None of these example would be considered “gainfully employed” if the new rule applied to public or non-profit colleges or universities.

Now, I’d like to address the school closing many of you might have heard about, ITT Technical Institute. ITT abruptly closed all their campuses throughout the country in 2016, including nine sites here in Ohio. Approximately 2000 Ohio students were faced with the tough decision of... if/where and how they would continue their education and career pursuit. Before I explain how Ohio law and the State Board of Career Colleges and Schools assisted these students, I’d like to give you a brief background on what precipitated ITT’s closing.

Starting in about 2007, ITT came under the scrutiny of the Federal Government for questionable business practices and high default rates on student loans. Following a series of investigations, the US Department of Education prevented students from using Federally guaranteed student loans at any ITT location. Ultimately, ITT voluntarily closed its doors and filed for bankruptcy due to the Federal Government’s requirement that they fully capitalize all loans the school made to their students.

ITT routinely provided loans to their students which “bridged” the gap between the student’s Pell Grant, personal funds and tuition costs.

Following the campus closings in September 2016, representatives of the Ohio State Board of Career Colleges and Schools and the Student Tuition Recovery Authority (or STRA), met a number of times at each of ITT’s 9 campuses to provide effected students with variety of options and personal assistance. Students were given the option to continue their education, refund pre-paid tuition cost and debt forgiveness. Many willing students transferred to other Career Colleges or local Community Colleges and are continuing their education. Others opted for the US Department of Education debt forgiveness and refunds for pre-paid tuition from the State Tuition Recovery Authority.

While the ITT closing was very disruptive for many Ohioans, the State’s intended regulatory response has worked to assist these effected students. I encourage you, if you have specific questions regarding the State’s response to the ITT closings, to contact John Ware the Executive Director of the State Board of Career Colleges and Schools. Mr. Ware spent many hours himself assisting students.

As you may have noticed, I brought a colleague with me today; I would like to introduce Mr. Greg Shields, Campus President at Daymar College in Columbus. Greg is available to assist with any questions you may have on a campus level focus. Thank you for this opportunity; Greg and I are happy to answer any questions you have.

# GRADUATING A SKILLED WORKFORCE

How career education serves Ohio's individuals, communities, and economy

Research report on Ohio's degree-granting colleges  
**March 2017**

# About the Research

The primary source for our research is the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS). IPEDS gathers information from every college, university, and technical and vocational institution that participates in the federal student financial aid programs. Their participation is required under the Higher Education Act of 1965, which makes the data set one of the most comprehensive available.

In each case, we have used the most recent available required reporting year. Data from 2015 is provisional at the time of this publishing. Provisional data has been edited but is subject to further National Center for Educational Statistics quality control procedures. Imputed data for non-responding institutions are not included. Any data from 2014 or prior is final data, in other words, data that includes revisions to the provisional data that have been made by institutions during the subsequent data collection year.

## **Our Research Partner: Cyanna Education Services**

Cyanna serves educators and related regulatory agencies in four key areas: licensing, compliance, and accreditation consulting; curriculum licensing and development; software licensing and development; and brand and marketing.

# Executive Summary

Career colleges continue to proportionately serve a larger share of underserved and economically disadvantaged students. And because many of our students are non-traditional students with families and roots here, they're more likely to stay in Ohio after graduation.

More than  
**1/3<sup>rd</sup>**  
OF  
career college  
students  
ARE  
**minorities**

**Women**  
make up about  
◀ **70%** ▶  
of students at  
career colleges

**64%**  
OF  
career college  
students  
ARE  
**age 25 and  
older**

# Executive Summary

Career colleges contribute to the vibrant mix of higher education options in Ohio.

Over  
**24,000**  
Ohioans attended  
A  
career college  
in 2015

For the last  
10 years  
**graduation rates**  
AT  
Ohio career colleges  
have been  
**higher than**  
rates at the state's  
public universities  
AND  
community colleges

Our student to  
faculty ratio for 2015  
IS  
**12:1**  
That's lower than  
Ohio's public universities  
and community colleges

In 2015 Ohio's career schools\* paid  
**\$173M**  
IN WAGES  
AND SPENT  
**\$508M**  
in our local economy

\*This data applies to all career schools in Ohio, not just degree-granting institutions.



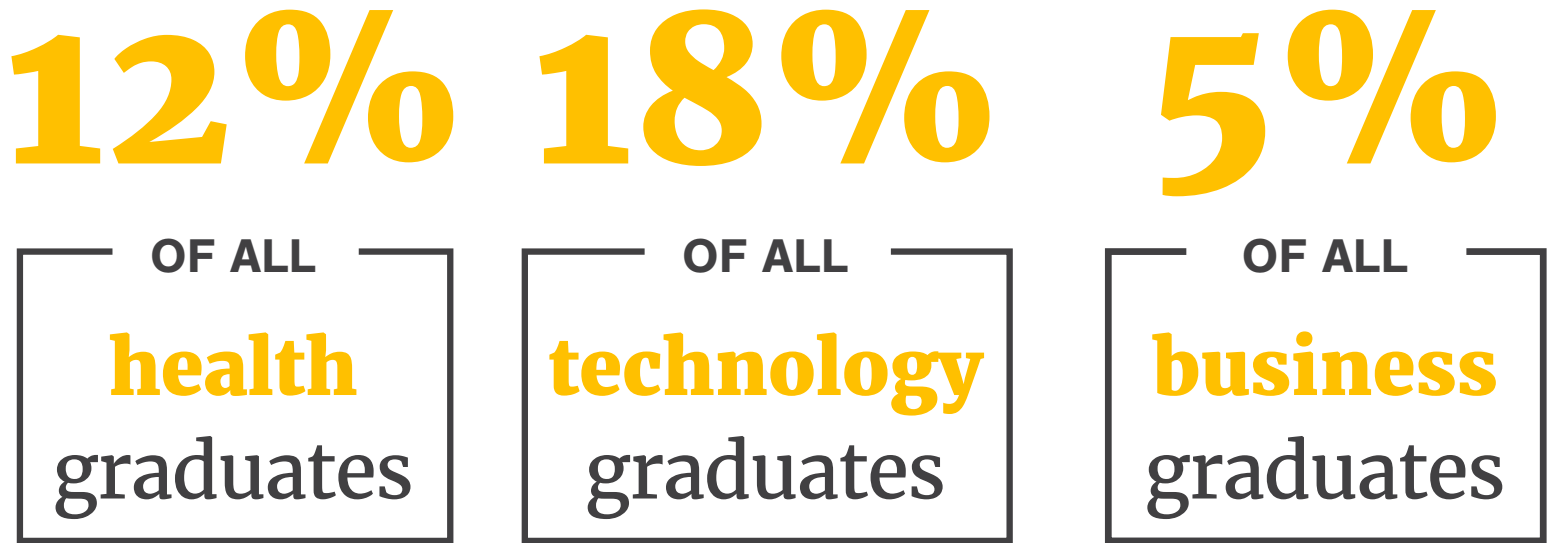
# Executive Summary

Since average earnings for individuals with a two-year degree are higher than those with a high school diploma alone,\* we're increasing the earning potential of our graduates. And because the majority of our graduates go to work in high-demand occupations, we're helping Ohio keep pace with workforce demands.

\*Based on US Census Bureau Data

**79%**  
OF  
2015 graduates found  
employment in their field  
within 90 days  
after graduation

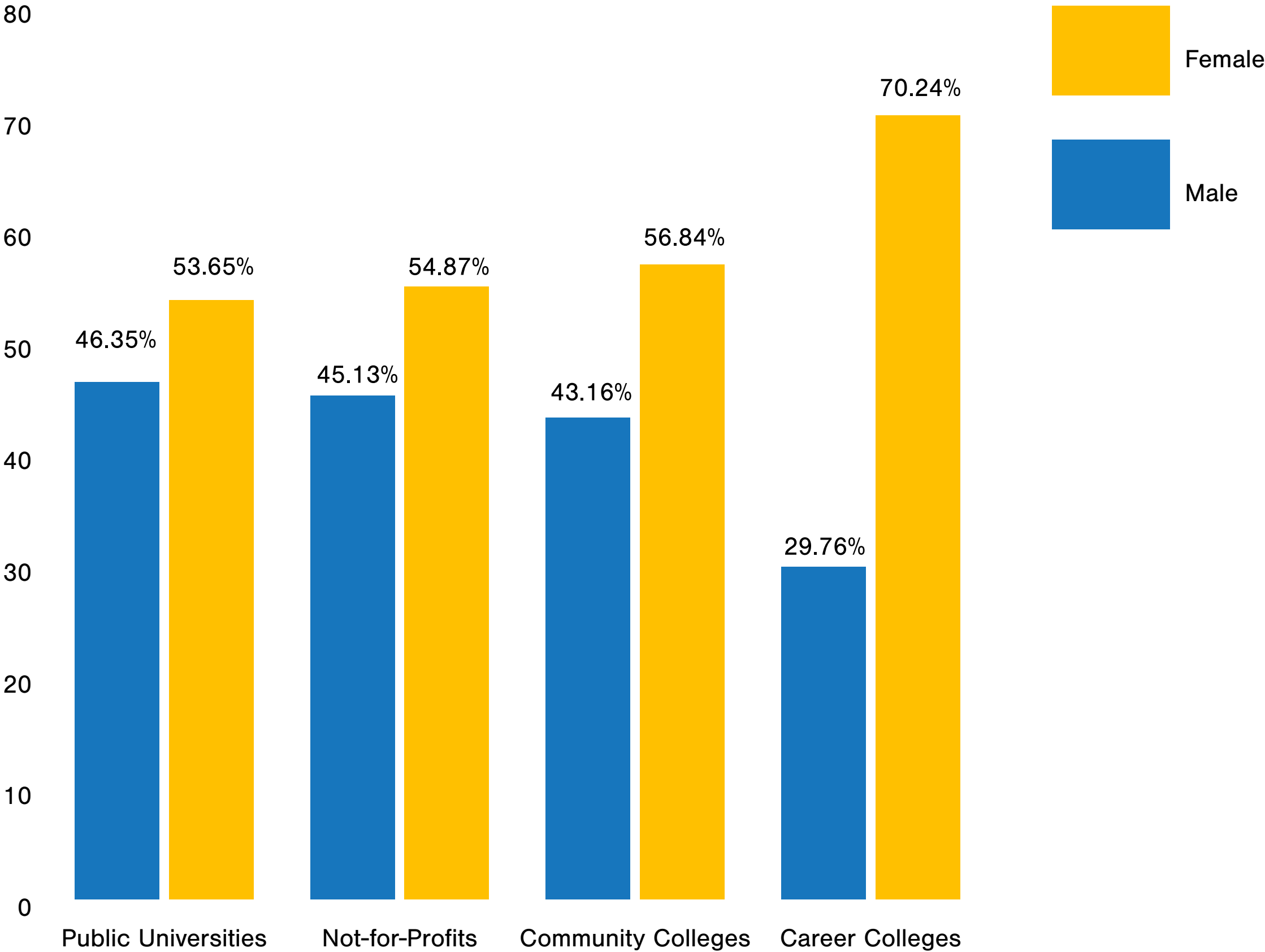
Career college grads represent **5.1%** of  
all Ohio's grads but represent:



**78%**  
of grads earned  
degrees in Ohio's  
fastest growing fields:  
**health, business,  
technology**

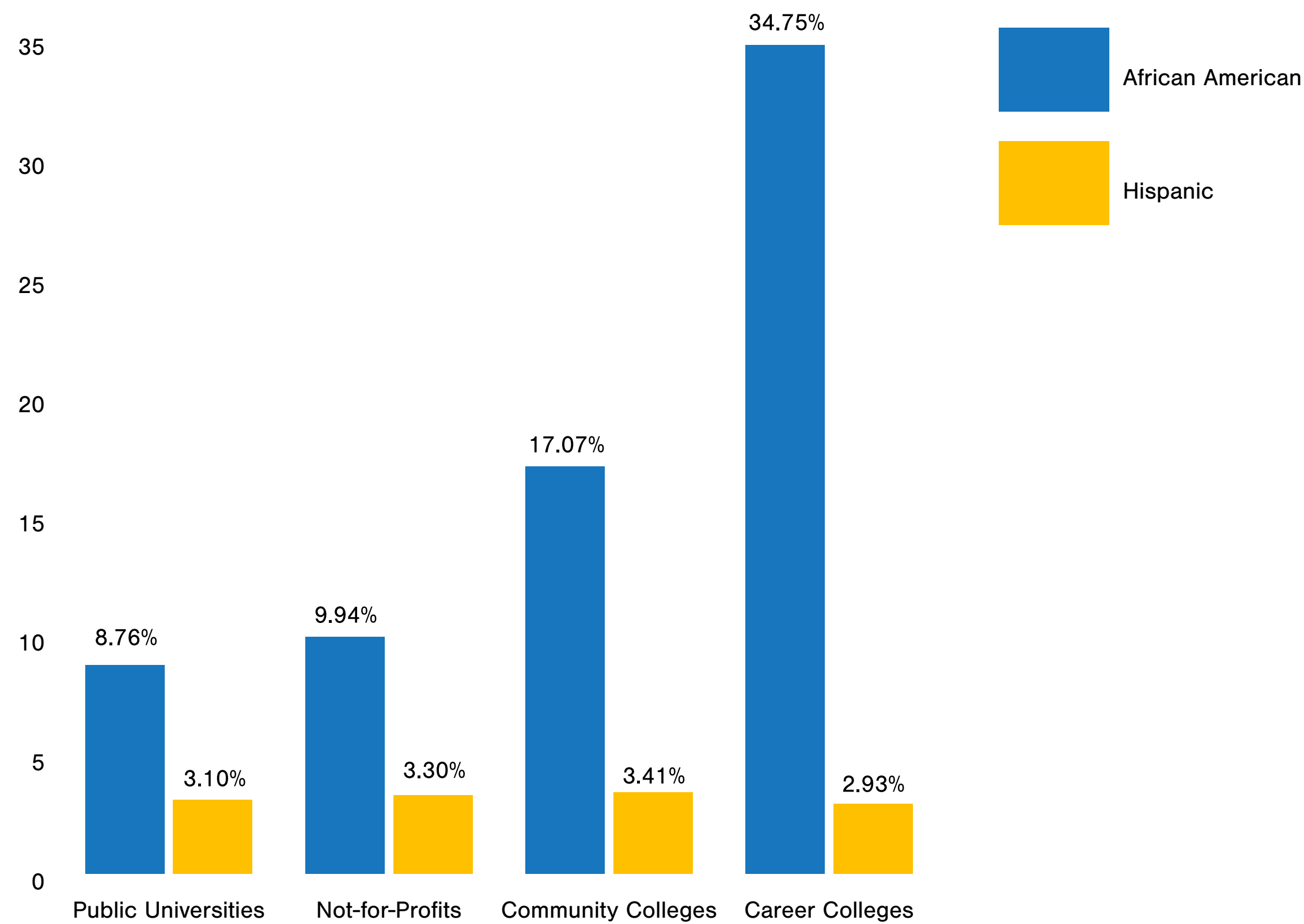
# Enrollment by Gender

Women make up a larger share of career college enrollment than other sectors of higher education — a full 70% of the student population.



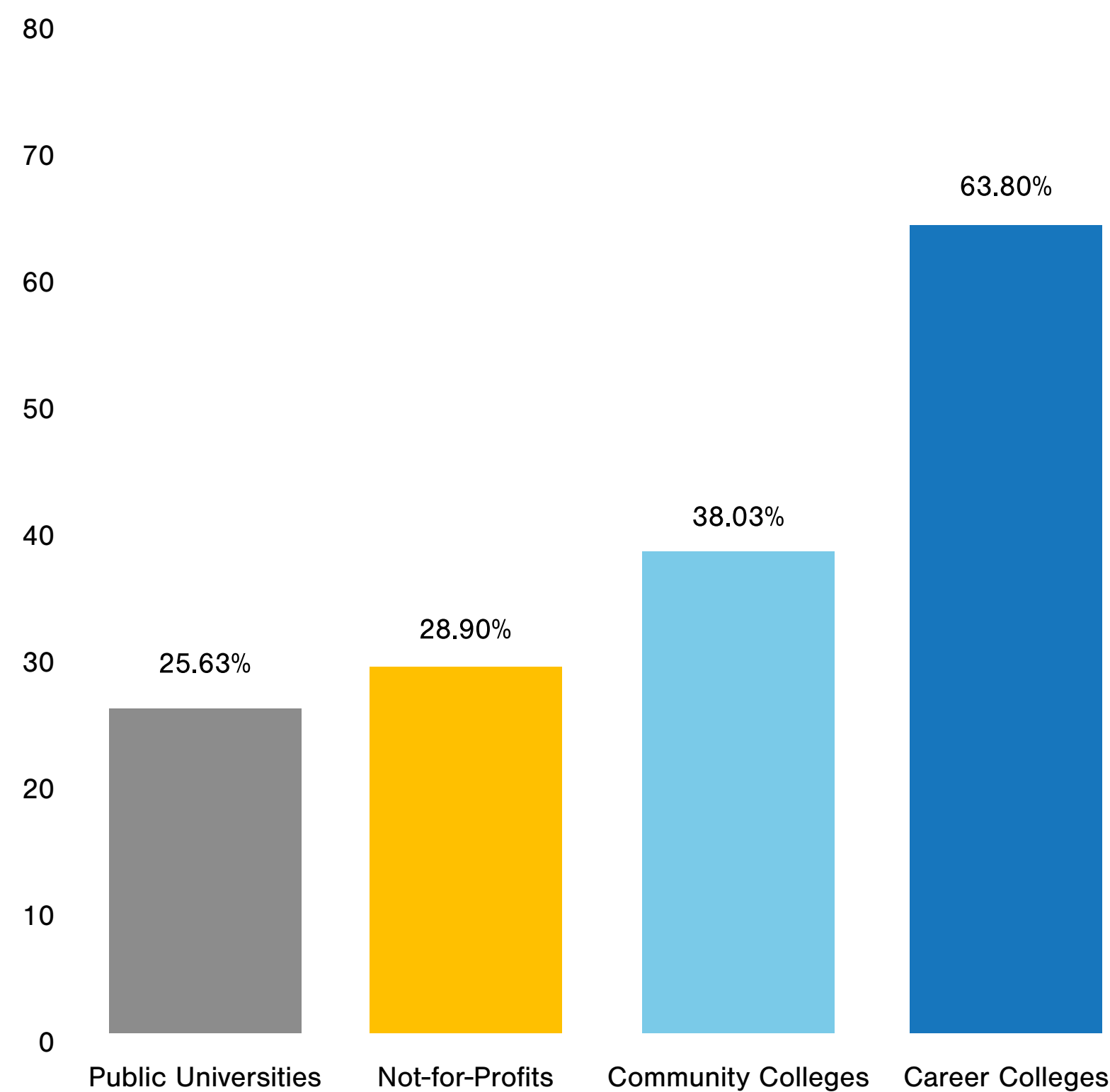
# Minority Enrollment

More than one-third of the total student population at Ohio’s degree-granting career schools are minorities.



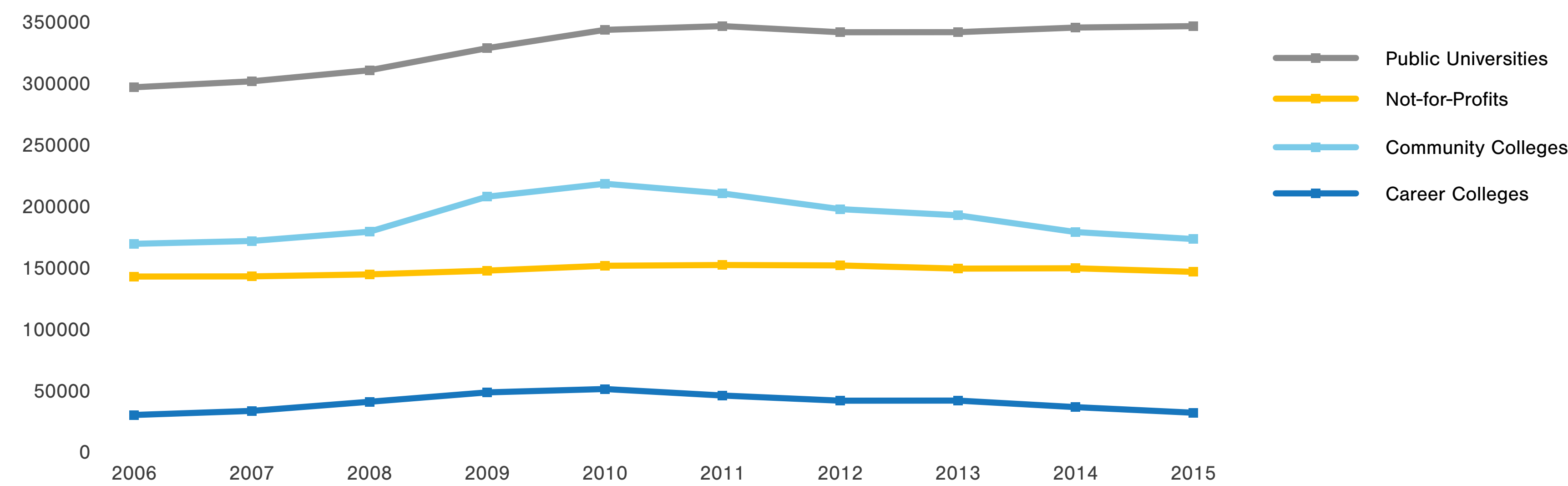
# Students Age 25+

Students aged 25 and older represent nearly 64% of all students enrolled in a degree-granting career school in Ohio.



# Enrollment Trends

Since 2010, the peak enrollment year for career colleges, enrollment declined, then leveled off between 2011 and 2013. Enrollment for career colleges and community colleges declined between 2013 and 2015.

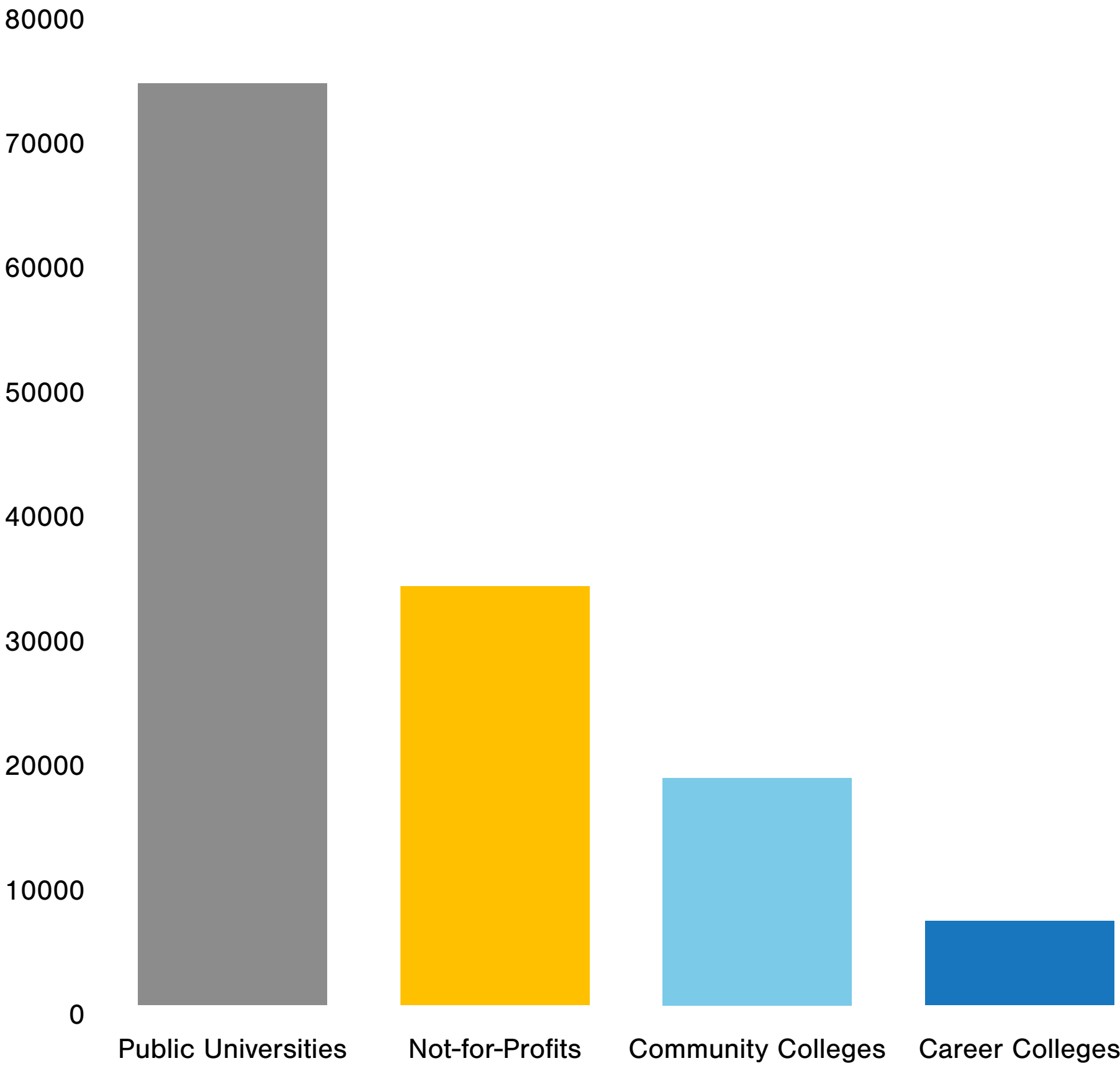


	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Universities	289,296	294,149	303,159	321,117	336,009	339,083	334,075	334,148	337,895	339,047
Not-for-Profits	135,242	135,377	137,008	140,060	144,025	144,634	144,291	141,684	141,987	139,052
Community Colleges	161,869	164,200	171,760	200,226	210,775	202,872	190,107	185,059	171,456	165,768
Career Colleges	22,570	25,893	33,322	40,956	43,697	38,405	34,195	34,276	28,957	24,403

# Total Ohio Graduates

Graduates of degree-granting career colleges account for 5.1% of all Ohio college graduates.

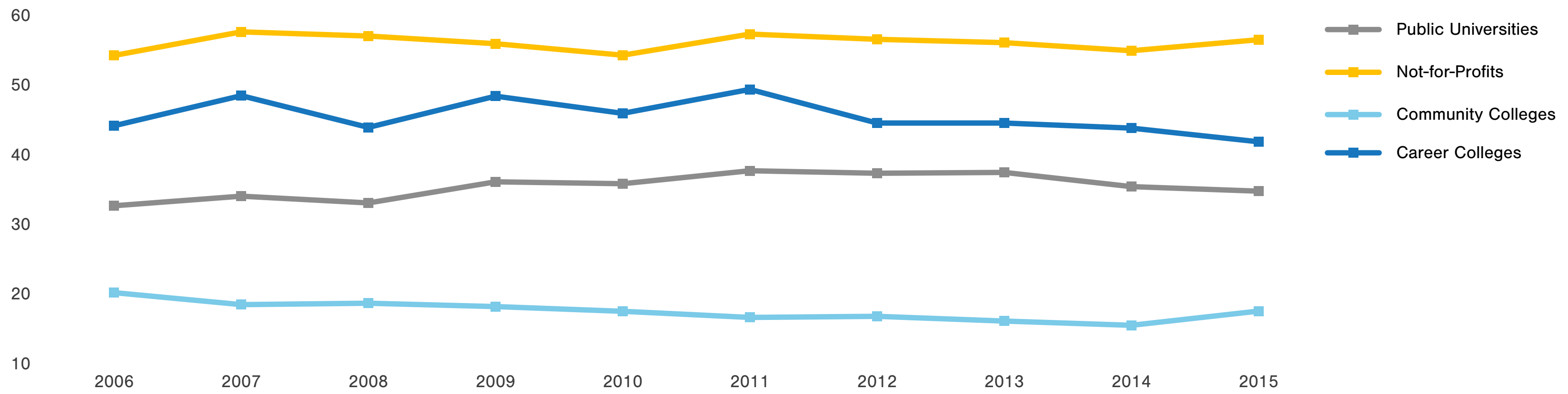
	2015
Public Universities	74,086
Not-for-profits	33,673
Community Colleges	18,285
Career Colleges	6,675



# Graduation Rates

Numbers shown in %

For over a decade, degree-granting career schools in Ohio have achieved higher graduation rates than public universities and community colleges.

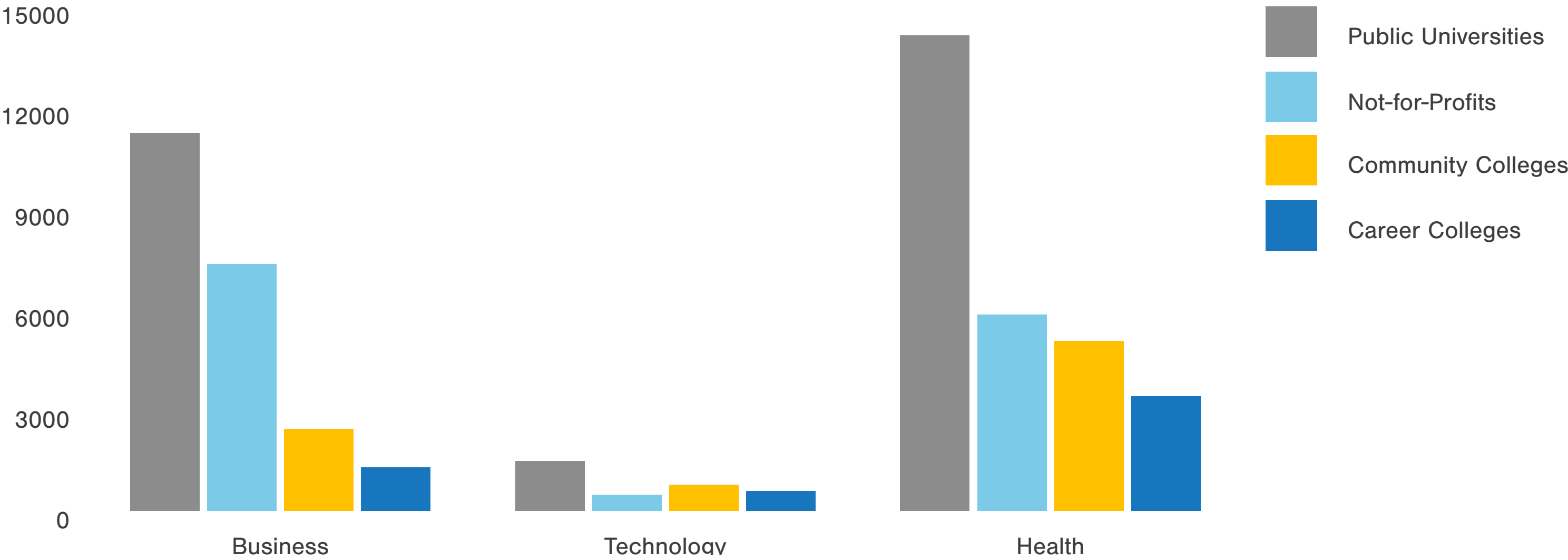


	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Universities	31.71	33.09	32.12	35.15	34.88	36.74	36.38	36.50	34.46	33.81
Not-for-Profits	53.29	56.68	56.08	54.98	53.33	56.36	55.61	55.13	53.97	55.55
Community Colleges	19.24	17.52	17.72	17.24	16.56	15.68	15.84	15.16	14.55	16.59
Career Colleges	43.20	47.52	42.96	47.45	44.98	48.42	43.59	43.59	42.86	40.90

# Supplying Ohio's Workforce

While Ohio career colleges comprised only 5.1% all graduates of degree-granting institutions in 2015, they represented 18% of all students earning a computer/technology degree and 12% of all graduates in the state earning a health-related degree. Among the 6,765 career college graduates, 79% of them earned degrees in health, technology, and business.

Business, Technology, and Health Graduates



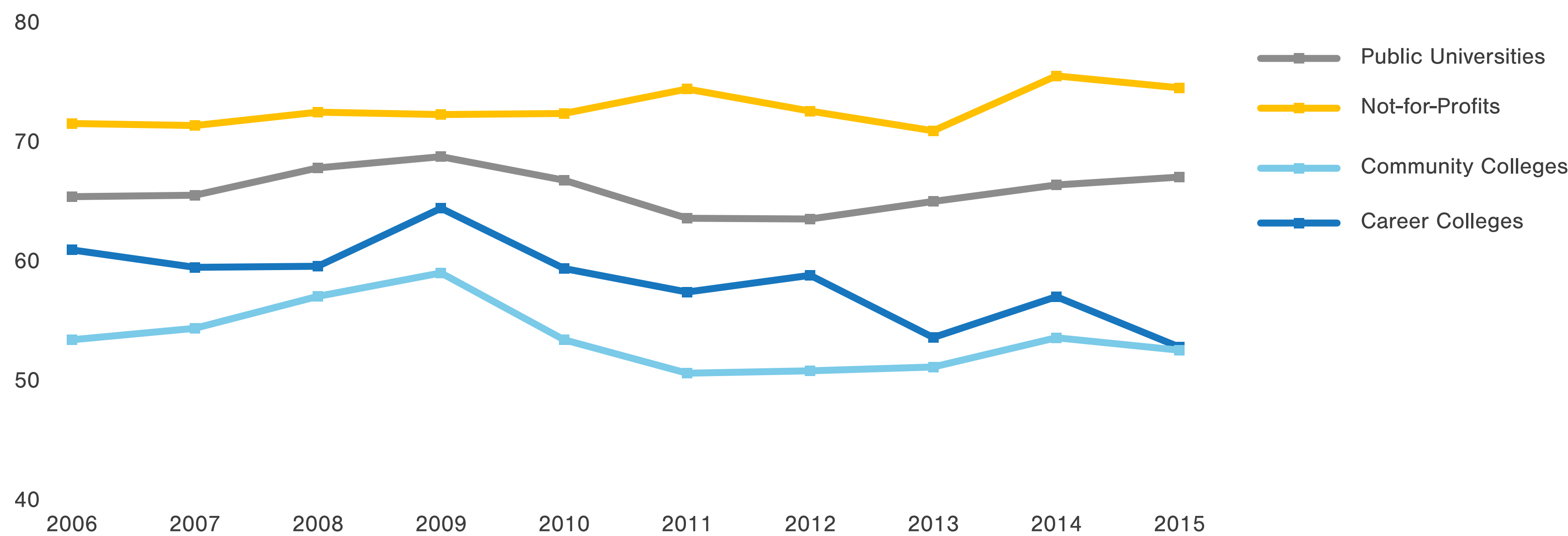
	Public Universities	Not-for-Profits	Community Colleges	Career Colleges
Business	11,221	7,330	2,438	1,286
Technology	1,447	472	779	594
Health	14,120	5,827	5,044	3,409



# Retention Rates

Numbers shown in %

Retention rate is the percentage of a school’s first-time, first-year undergraduate students who continue at that school the next year. Over the decade, the career college retention rates have remained consistently higher than the rates for community colleges.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Universities	64.59	64.71	67.00	67.94	65.97	62.78	62.72	64.19	65.57	66.23
Not-for-Profits	70.72	70.55	71.67	71.47	71.56	73.61	71.76	70.11	74.70	73.71
Community Colleges	52.60	53.56	56.24	58.20	52.60	49.80	50.00	50.32	52.77	51.73
Career Colleges	60.13	58.67	58.76	63.62	58.57	56.6	58.00	52.79	56.21	51.99

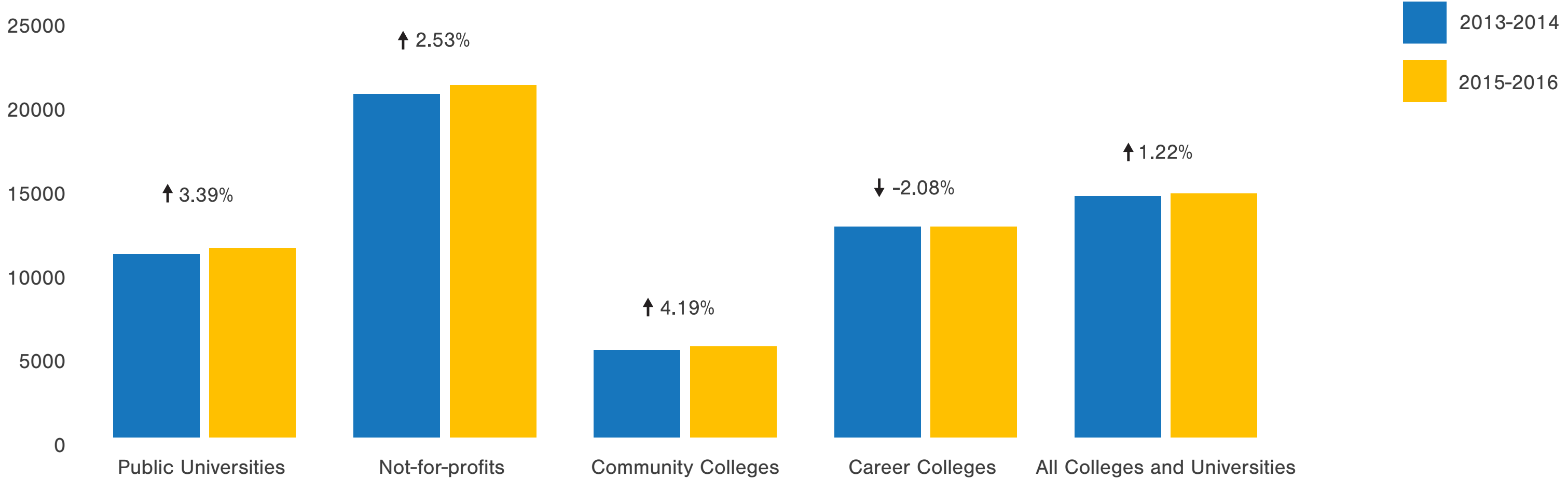
# Student to Faculty Ratio

Ohio’s degree-granting career schools have a long tradition of keeping class sizes small enough to foster one-on-one learning. Their student to faculty ratios are lower than those at the state’s public universities and community colleges.

Public Universities	19:1
Not-for-Profits	12:1
Community Colleges	17:1
Career Colleges	12:1

# Average Tuition

Between 2013 and 2016, Ohio’s career colleges lowered average tuition, while all other colleges and universities raised their average tuition.



	Public Universities	Not-for-Profits	Community Colleges	Career Colleges	All Colleges & Universities
2013-2014	\$10,922.74	\$20,461.79	\$5,196.16	\$12,533.38	\$14,364.73
2015-2016	\$11,292.96	\$20,979.56	\$5,413.89	\$12,272.10	\$14,539.72
Percentage change	3.39%	2.53%	4.19%	-2.08%	1.22%

# Loan Default Rates

Ohio has the 9th highest student loan default rate in the nation, with more than 30,000 Ohio students in default in the latest cohort default rate calculation. However, the state has shown improvement since 2014 when Ohio ranked 7th highest with 36,000 students in default.

Highest Default Rates

Rank	State	Default percentage
1	New Mexico	18.9
2	West Virginia	16.2
3	Kentucky	15.5
4	Mississippi	14.6
5	Indiana	14.2
6	Florida	14.1
7	Arizona	14.0
	Arkansas	14.0
	Wyoming	14.0
8	Oregon	13.7
9	Ohio	13.6

Lowest Default Rates

Rank	State	Default percentage
1	Massachusetts	6.1
2	North Dakota	6.5
3	Vermont	7.2
4	New Hampshire	7.8
5	Rhode Island	7.9
6	Nebraska	8.2
7	Connecticut	8.5

# Ohio Default Rates by Sector

Career colleges continue to post lower default rates than community colleges. Meanwhile, all sectors of higher education have showed some improvement in lowering default rates between 2011 and 2013.

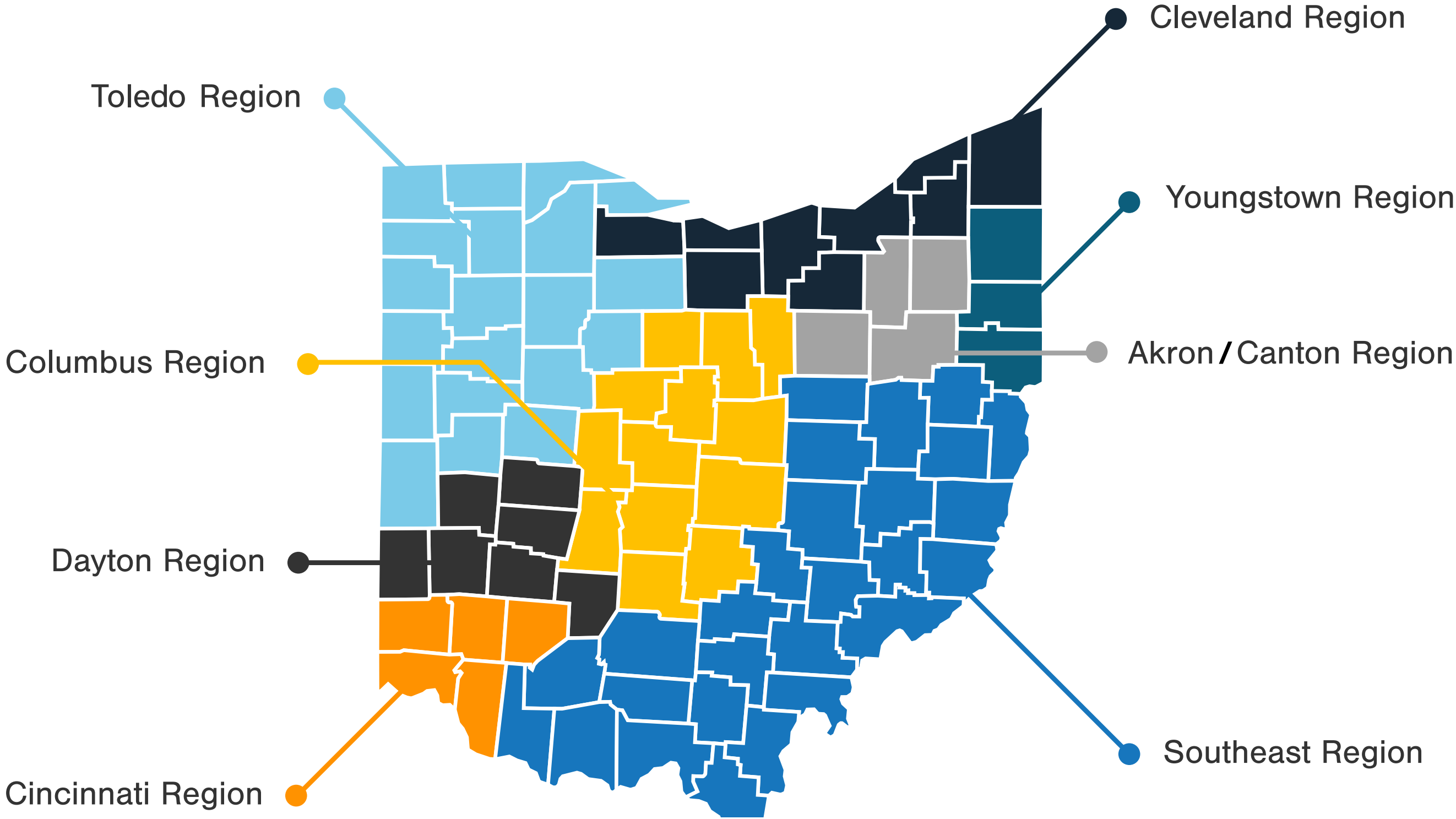
	2010	2011	2012	2013
Public Universities	9.2%	12.6%	13.0%	11.9%
Not-for-Profits	6.3%	7.7%	6.7%	6.8%
Community Colleges	19.3%	25.6%	21.2%	19.0%
Career Colleges	22.3%	19.0%	16.4%	17.7%

# Serving Every Corner of the State

In total, Ohio boasts more than 80 degree-granting career colleges that serve students in all major regions of the state.

	2015 enrollment	Number of degree granting career colleges
Akron/Canton	2,212	10
Cincinnati	2,852	13
Cleveland	5,858	19
Columbus	7,859	13
Dayton	2,226	10
Southeast	171	4
Toledo	2,279	8
Youngstown	946	5
Grand Total	24,403	82

Source  
The Integrated Postsecondary Education Data System



# Contact

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