

**Ohio Senate  
Finance Committee  
HB 166 State Operating Budget  
*Testimony of Kent A. Trofholz, Executive Director  
Ohio-Michigan Association of Career Colleges and Schools***

**May 21, 2019**

Good morning, Chair Dolan, Vice-Chair Burke, Ranking Member Sykes, and members of the Senate Finance Committee. My name is Kent Trofholz, and I'm the Executive Director of the Ohio-Michigan Association of Career Colleges and Schools, or OMACCS. OMACCS is a membership organization dedicated to advancing the interests of Ohio's career colleges and schools and the students they serve.

Thank you for the opportunity to discuss how career education contributes to Ohio's workforce, and specifically address the critical need for the Ohio College Opportunity Grant (OCOG). We are grateful that House Bill 166 recognizes the need for OCOG to pave the way to high-quality jobs.

### **Meeting the needs of students and Ohio's workforce**

In a press release, Chancellor Gardner said that Governor DeWine's budget "may be the most student-focused state budget" he's seen that centers on "affordability while helping prepare Ohio for a fast-changing economy and high-quality jobs through workforce preparation, more need-based financial aid, and strategic scholarships."

These aspirations for state-supported universities mirror what career colleges and schools already excel at and make our mission: putting students' needs at the heart of instruction from enrollment to graduation to placement into better jobs as fast as possible.

Career colleges play a key role in the state's education vision and workforce development strategy. Career colleges help fill the skills gap, supplying the workforce with well-trained employees to grow Ohio's economy.

Our sector enrolls more than 60,000 students a year in more than 200 occupational fields. Of Ohio's 225 career colleges and schools, 47 are degree-granting.

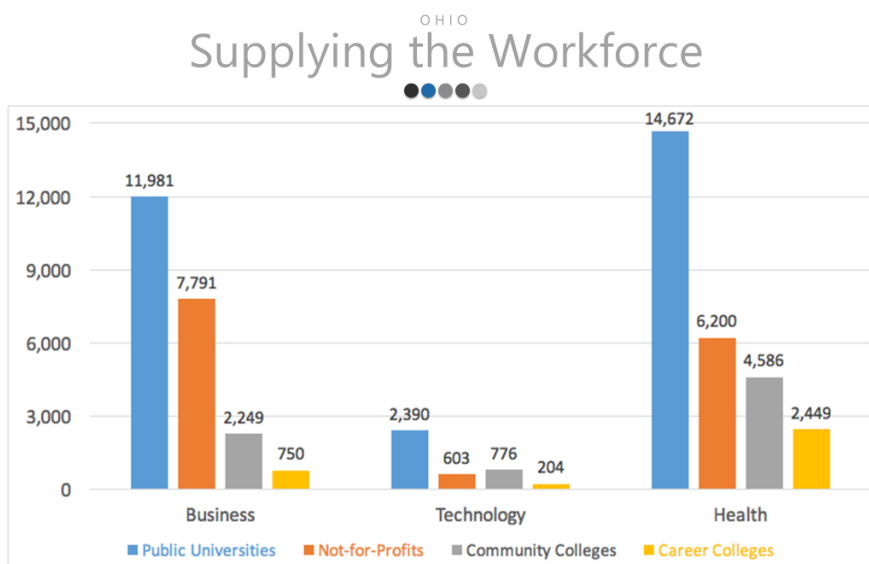
All career colleges and schools in Ohio are overseen by the State Board of Career Colleges and Schools, and colleges offering associate degrees or above are also overseen by the Ohio Department of Higher Education.

## Career college graduates ready for in-demand occupations

Our qualified graduates are filling Ohio's most in-demand occupations. **81 percent of career college students earned degrees in the fastest-growing occupations of business, health care, and technology.**

**Here's the best proof of the preparedness of career college graduates: 81 percent found employment in their field within 90 days of graduation.**

Because many of our students are non-traditional students with families and roots here, they're more likely to ply their skills in Ohio's workforce after graduation.



While career colleges comprised only 3.1% of all graduates of degree-granting institutions in 2017, they represented 9% of all students earning a health-related degree and 5% of all graduates in the state earning a computer/technology degree. Among the 4,211 career college graduates, 81% of them earned degrees in health, technology, and business.

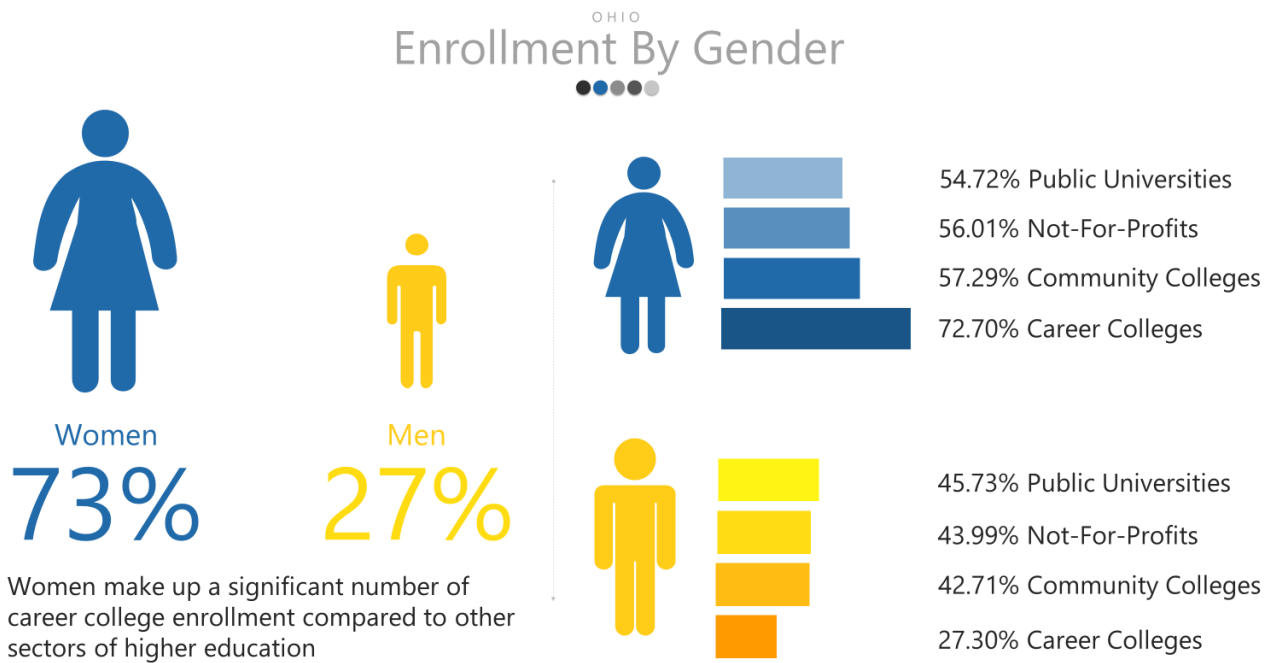
*Source: The Integrated Postsecondary Education Data System*

## Career colleges serve economically disadvantaged

### Majority women students

Data from the Integrated Postsecondary Education Data System (IPEDS) show that Ohio career colleges continue to educate the most under-served populations in the state relative to the other educational institutions. More women, minorities and older students already in the workplace are enrolled in career colleges proportionately than other institutions of higher learning.

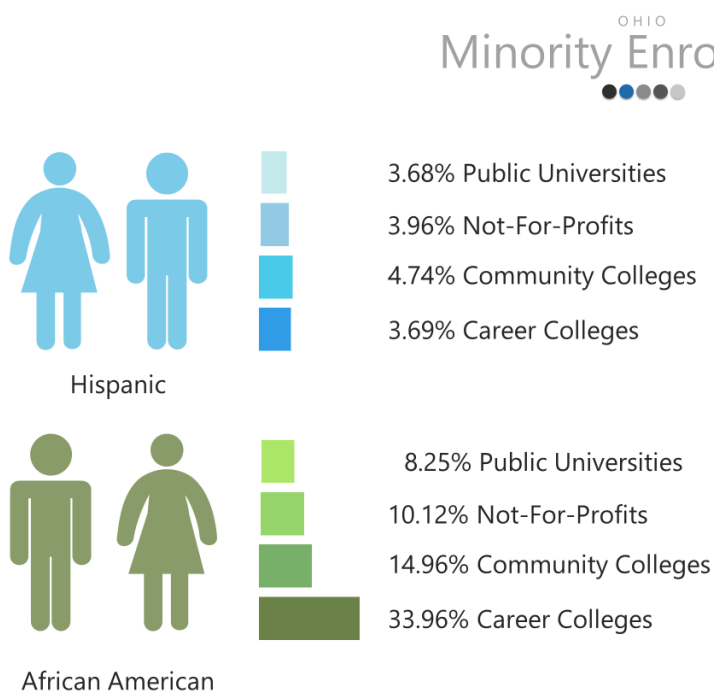
**Women currently represent about 73 percent of the enrollment at career colleges. That average is about 15-18 percent more than other colleges and universities.**



Source: The Integrated Postsecondary Education Data System

## Serving Ohio's minorities

Turning to minority student enrollment, more than one-third of the total student population at our degree-grant career schools are minorities, higher than our higher-education counterparts. About 34 percent are African American and about 4 percent are Hispanic/Latino.

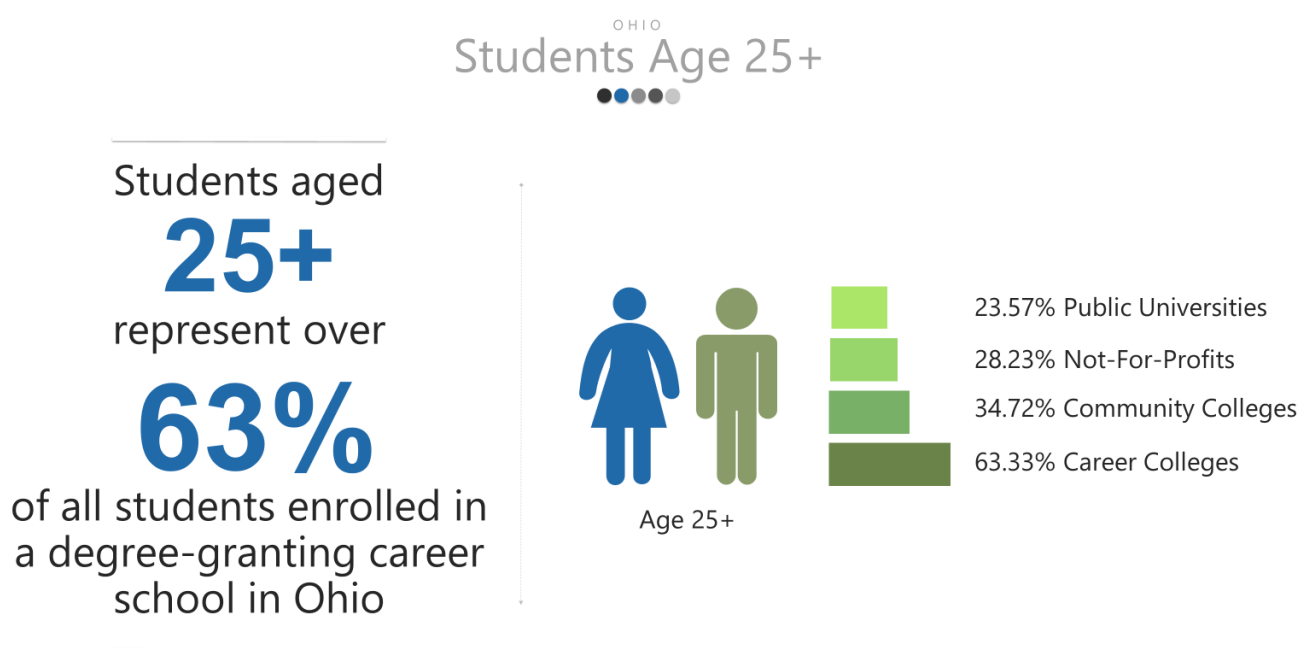


More than  
**1/3**  
of the total student  
population at Ohio's  
degree-granting career  
schools are  
**MINORITIES**

Source: The Integrated Postsecondary Education Data System

## Educating older adults

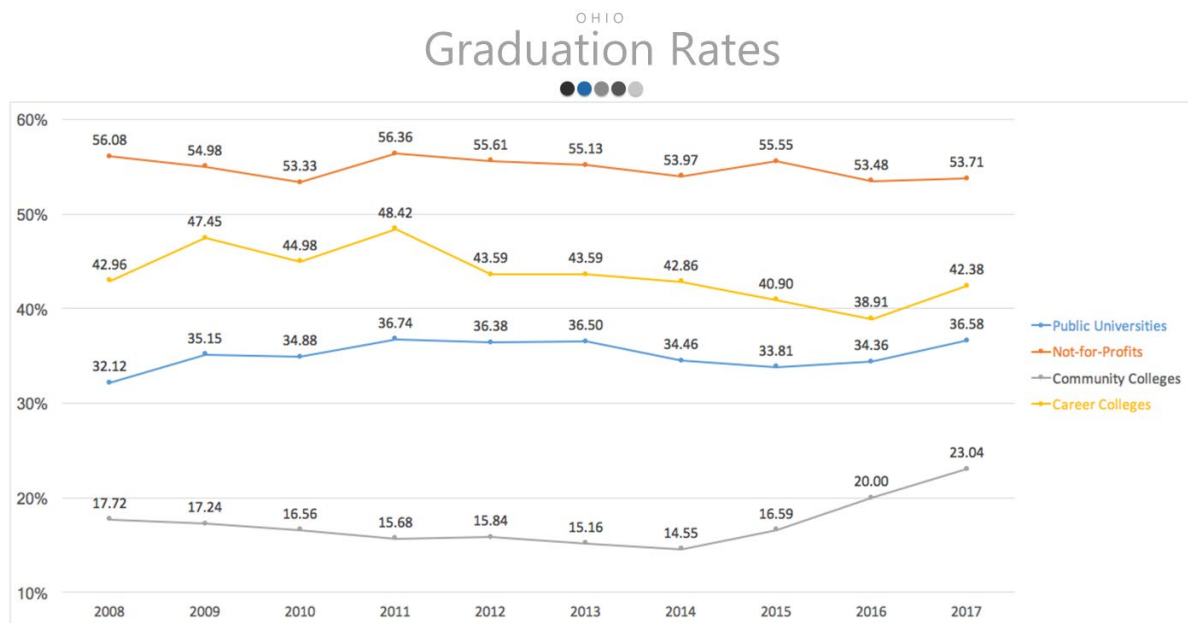
Career colleges serve an older student population. **Approximately 63 percent of our students are 25 years of age or older.** Many of the older career college students are workers who are looking for a fresh start in the job market or need retraining. Most of them do not receive financial support from their parents, and are funding their own education while paying bills and raising a family of their own. Many have tried public universities but found a career college model better suited to their educational goals and need for schedules that accommodate their jobs and families.



Source: The Integrated Postsecondary Education Data System

## Accelerating graduation

**Graduation rates are a significant measure of how well institutions of higher education are performing, and career colleges outperform our public-sector peers.** Although we're always striving for higher numbers, our 43 percent graduation rate is remarkable considering the challenges our non-traditional students face. Only non-profit, private universities post better results.



Career schools in Ohio that consistently achieved higher graduation rates than public universities and community colleges.

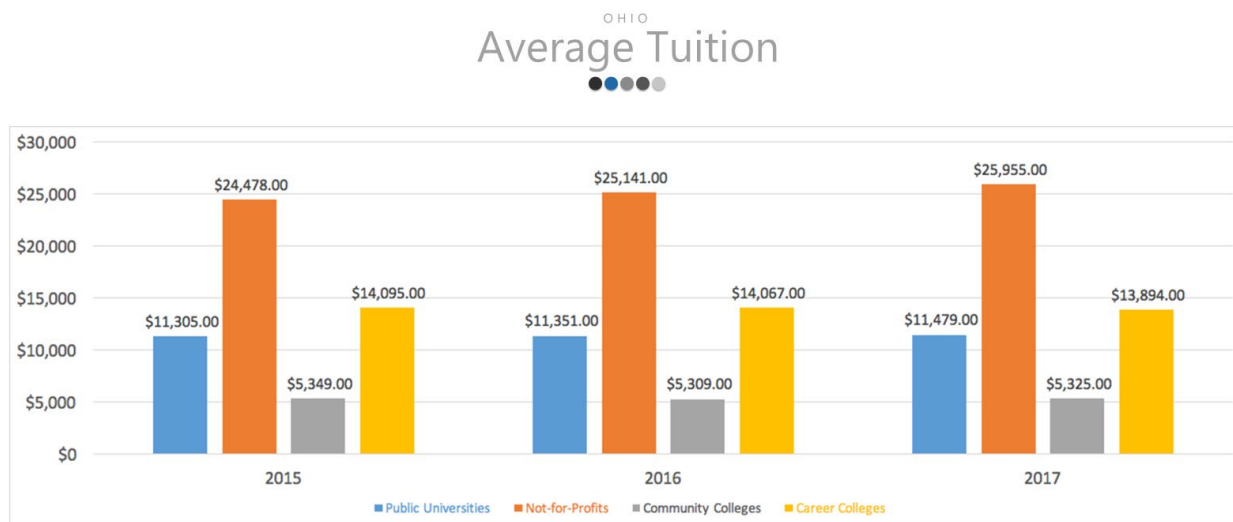
Source: The Integrated Postsecondary Education Data System

## Competitive tuition

Let's turn to tuition. Often, career colleges are unfairly stereotyped as prohibitively expensive places for students to learn. In fact, the average annual cost of tuition at Ohio career colleges, at \$13,894, is **less** than the average of all of Ohio's tax-supported community colleges, state universities and their branches, and non-profits (\$14,163.25).

It is also true that tuition is higher at career colleges than at public universities in large part because our sector receives no state subsidies.

As it relates to student tuition, the career education model of higher education is devoid of many of the intrinsic costs that four-year public and private universities especially must sustain, such as sports stadiums, student housing, workout studios, student unions, and other facilities. Our colleges don't have these facility maintenance costs to pass on to students in the form of higher tuition and student fees.



From 2015 through 2017, tuition at public universities was capped by the Ohio Legislature. Career colleges have slightly decreased tuition during that 3-year period.

*Source: The Integrated Postsecondary Education Data System*

Perhaps more to the point is rather than depend on Ohio taxpayers to subsidize our operations, we respond to the marketplace. That makes us nimble in meeting employer needs, quickly adding faculty and programs that train students in fast-growing occupations.

## Educational value and return on investment

Appraising the value of higher education credentials involves more than the price of tuition, however. What students desire from their education is based on their unique circumstances. In that respect, a certificate or diploma isn't that different from anything of value that a consumer buys. Compare a Honda Civic, priced at \$20,000 with a \$30,000 Ford f150. Objectively, the sedan is more affordable, if price is the only consideration. But the owner of a construction company who needs a truck to run his business will opt for the costlier pick-up.

In a similar manner, our students research their options through filters, evaluating the length of time it will take to earn a certificate or degree, and how the credential will increase their earning and career potential after graduation. For them, career education is the answer to getting further faster. The proof is that 81 percent of students are on the job within days of graduation.

Students tell us they value the flexible schedules, small campuses and classrooms, low ratio of students to faculty, and personal attention. These benefits enable them to stay in college, complete their degrees, and move into jobs for which they have prepared.

As long as Ohio's career college students and schools continue to provide a high-quality education that leads to meaningful employment and career advancement, thousands of women, minorities, veterans, and low-income Ohioans will prioritize career education.

The return on investment not only benefits college graduates, but all Ohio residents who enjoy a better economy and quality of life when people are fully employed in the jobs that are building our state's economic future. Many of our students are overcoming family legacies of poverty and welfare. When we improve their opportunities in life, we also increase their independence and create new taxpayers, not tax users.

## Our sector's commitment to scholarship aid

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, child care, and in many instances, saving for or paying for their children's college education.

They cannot fund the cost of education entirely out of their own pockets and need the help of scholarship aid. There are three financial sources to fill a potential student's tuition bucket: federal aid, such as the Pell Grant, personal borrowing, and scholarships.

I'd like to tell you about two sources of aid that are intuitional-based and unique to our sector. First is the LEADS! Scholarship, an acronym for Leadership, Excellence, and Dedication



Scholarship. The scholarships are awarded to high school seniors who meet qualifying criteria. Participating colleges and schools provide in-kind donations to supplement the student's tuition or cover it 100 percent. The target audience is high school seniors who may not be interested in attending a traditional institution or want to attend a career college that offers programs that may not be available in traditional post-secondary institutions.

The second source of tuition aid is our Workforce Tuition Scholarship, funded by a non-profit foundation overseen by OMACCS with its own Board of Directors. Funding is generated through a portion of the Association's online courses and deposited directly into the foundation's bank account. Our target audience is financially needy students currently attending one of our member career colleges and schools or registered to attend.

Since OMACCS offers the LEADS! Scholarship program and the Workforce Tuition Scholarship Foundation to all schools, **100 percent of our member schools have access to scholarships to offer their students. Last academic year, a total of 46 current college students or college-bound, high school seniors received \$88,000 in scholarship aid – an average of \$1,900 per student.**

In addition, approximately one-third of our member schools offer one or more scholarships from external sources, ranging in amounts up to \$15,000.

## Ohio College Opportunity Grant Equity

One of the most vital and widely used forms of tuition assistance is the Ohio College Opportunity Grant. As established adults, our students are supporting families and paying rent or a mortgage, a car loan, and child care. As an indicator of financial need, the estimated average of a career college student's income is \$26,209. OCOG fills the gap between tuition and what students bring to the table in personal income, Pell grants and loans. OCOG also means students can take on less debt.

Let me get specific about the proposed FY 2020-21 OCOG budget. While HB 166 proposes nearly a 40% increase in total OCOG spending over the two-year biennium, it's unclear if any of that increase will be allocated to career college students. This is due to career colleges not having a specific earmark/allocation for OCOG distribution. Rather, current law states that the career college sector will only receive the "remainder" of the OCOG line item, after the distribution of dollars to the public and non-profit sectors, which have a detailed earmark and a specified, exact grant amount (see attached HB 166 lines 104049-104052). We do know that OCOG-eligible students attending public universities and non-profit institutions will see their

annual OCOG grant grow by \$900 over the biennium; this is on top of the 5+% increase they received in the current budget.

Even more troubling, when you look at a historical analysis of OCOG allocation by sector, career college students have fared even worse. As the chart below details, career college students have experienced a 48% decrease in the OCOG grant amount since the award peaked in FY08-09 (pre-recession years). During that same time, their counterparts attending public and non-profit colleges and universities will benefit from increases of 71% and 39%, respectively.

### OCOG Awards for Full Time Students<sup>1</sup>

Sector	FY08-09 (Award Peak)	FY16-17	FY18-19	FY 20-21	5-yr. Change (i.e. FY16-FY21)	% Change since Award Peak (Avg.)
<b>Public</b>	Avg. \$1,399 Max \$2,496	\$1,416	\$1,500	\$1,900 FY20 \$2,400 FY21	69% Increase	71% Increase
<b>Non-profit</b>	Avg. \$2,799 Max \$4,992	\$2,832	\$3,000	\$3,400 FY20 \$3,900 FY21	37% Increase	39% Increase
<b>Career College</b>	Avg. \$2,213 Max \$3,996	\$1,040	\$1,140	\$1,140 <sup>2</sup>	13% Increase	(-48%) decrease

<sup>1</sup> Annual grant amounts for full-time students. Source: Ohio Department of Higher Education

<sup>2</sup> Exact amount of "remainder" (HB 166 language) is unknown.

Ohio career college are grateful that HB 166 recognizes the need for OCOG. However, the current language in the bill does not ensure any of the proposed increase will flow to career college students.

Our Association recommends that the allocation and earmark of OCOG for Career Colleges be written in statute, similar to the public and non-profit sectors. Specifically, the Career College sector would receive \$4.5 million in each year of the biennium. The specific grant amount, per full-time student, would be \$1,500 in FY20 and \$1,750 in FY21 (see attached DRAFT amendment). The \$4.5 million and the corresponding grants are well within the "remainder" as outlined currently in HB166 and would not require an additional appropriation. These figures are based on the number of OCOG eligible Career College students, as reported by the Department of Higher Education. While this specific earmark will not address previous budgets' discriminatory treatment, it will ensure Career College students benefit from the OCOG increase enacted by the legislature in HB 166.

On behalf of the OCOG recipients at our career college campuses. I urge you to support OCOG, and amend HB 166 to earmark an equitable share of the OCOG fund for career college students.

OCOG is an investment in individual human potential and in Ohio's economic future. Thank you. I'm happy to answer any questions you have.

\_\_\_\_\_ moved to amend as follows:

1 In line 80018, delete "The remainder of" and insert "Of"

2 In line 80019, after the comma insert "up to \$4,500,000 in  
3 each fiscal year"

4 In line 80037, delete "and"

5 In line 80039, after "2021" insert ", and for students  
6 attending eligible private for-profit career colleges and  
7 schools shall be \$1,500 in fiscal year 2020 and \$1,750 in fiscal  
8 year 2021."

9 The motion was \_\_\_\_\_ agreed to.

10 SYNOPSIS

11 **Department of Higher Education**

12 **Section 381.360**

13 Earmarks up to \$4,500,000 in each fiscal year, instead of  
14 the "remainder," from GRF appropriation item 235563, Ohio  
15 College Opportunity Grant (OCOG), to be used by the Chancellor  
16 of Higher Education to award OCOG to students enrolled in  
17 eligible private for-profit career colleges and schools.  
18 Requires such students to receive OCOG awards of \$1,500 in FY  
19 2020 and \$1,750 in FY 2021.

The foregoing appropriation item 235558, Long-term Care Research, shall be disbursed to Miami University for long-term care research.

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**Section 381.360. OHIO COLLEGE OPPORTUNITY GRANT** 104040

(A) Except as provided in division (C) of this section: 104041

Of the foregoing appropriation item 235563, Ohio College Opportunity Grant, at least \$113,700,000 in fiscal year 2020 and at least \$139,700,000 in fiscal year 2021 shall be used by the Chancellor of Higher Education to award need-based financial aid to students enrolled in eligible public and private nonprofit institutions of higher education, excluding early college high school and post-secondary enrollment option participants.

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The remainder of the foregoing appropriation item 235563, Ohio College Opportunity Grant, shall be used by the Chancellor to award needs-based financial aid to students enrolled in eligible private for-profit career colleges and schools.

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(B) (1) As used in this section: 104053

(a) "Eligible institution" means any institution described in divisions (B) (2) (a) to (c) of section 3333.122 of the Revised Code.

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(b) The three "sectors" of institutions of higher education consist of the following:

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(i) State colleges and universities, community colleges, state community colleges, university branches, and technical colleges;

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(ii) Eligible private nonprofit institutions of higher education;

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(iii) Eligible private for-profit career colleges and schools.

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(2) Awards for students attending eligible state colleges and universities shall be \$1,900 in fiscal year 2020 and \$2,400 in fiscal year 2021, and for students attending eligible private nonprofit institutions of higher education shall be \$3,400 in fiscal year 2020 and \$3,900 in fiscal year 2021.

For students attending an eligible institution year-round, awards may be distributed on an annual basis, once Pell grants have been exhausted.

(3) If the Chancellor determines that the amounts appropriated for support of the Ohio College Opportunity Grant program are inadequate to provide grants to all eligible students as calculated under division (D) of section 3333.122 of the Revised Code, the Chancellor may create a distribution formula for fiscal year 2020 and fiscal year 2021 based on the formula used in fiscal year 2019, or may follow methods established in division (C) (1) (a) or (b) of section 3333.122 of the Revised Code. The Chancellor shall notify the Controlling Board of the distribution method. Any formula calculated under this division shall be complete and established to coincide with the start of the 2019-2020 academic year.

(C) Prior to determining the amount of funds available to award under this section and section 3333.122 of the Revised Code, the Chancellor shall use the foregoing appropriation item 235563, Ohio College Opportunity Grant, to pay for waivers of tuition and student fees for eligible students under the Ohio Safety Officer's College Memorial Fund Program under sections 3333.26 of the Revised Code. In paying for waivers under this division, the Chancellor shall deduct funds from the allocations made under division (A) of this section. Deductions shall be proportionate to the amounts allocated to each sector from the total amounts appropriated for each sector under the foregoing appropriation item 235563, Ohio College Opportunity Grant.

In each fiscal year, with the exception of sections 3333.121 and 3333.124 of the Revised Code and the section of this act entitled "STATE FINANCIAL AID RECONCILIATION," the Chancellor shall not distribute or obligate or commit to be distributed an amount greater than what is appropriated under the foregoing appropriation item 235563, Ohio College Opportunity Grant.

(D) The Chancellor shall establish, and post on the Department of Higher Education's web site, award tables based on any formulas created under division (B) of this section. The Chancellor shall notify students and institutions of any reductions in awards under this section.

(E) Notwithstanding section 3333.122 of the Revised Code, no student shall be eligible to receive an Ohio College Opportunity Grant for more than ten semesters, fifteen quarters, or the equivalent of five academic years, less the number of semesters or quarters in which the student received an Ohio Instructional Grant.

(F) During each fiscal year, the Chancellor, as soon as possible after cancellation, may certify to the Director of Budget and Management the amount of canceled prior-year encumbrances in appropriation item 235563, Ohio College Opportunity Grant. Upon receipt of the certification, the Director of Budget and Management may transfer cash, up to the certified amount, from the General Revenue Fund to the Ohio College Opportunity Grant Program Reserve Fund (Fund 5PU0).

