

Sponsor Testimony: **HB 514 GROW Ohio Act**
State Representative Jon Cross, 83rd Ohio House District
State Representative Sedrick Denson, 33rd Ohio House District
March 22nd – Higher Education and Career Readiness Committee

Chairman Lanese, Vice-Chair Young, Ranking Member Ingram, and my colleagues of the Ohio House Higher Education and Career Readiness Committee. Thank you for allowing me to testify on House Bill 514, the GROW Ohio Act, now that will help our state to recruit students from Ohio and across the country to attend our states universities and work to retain them after graduating.

In our state, we are projected to have major problems in the coming years when looking at the

- **Decline in our states population-** Ohio's population of people over the age of 18 is projected to decline by 7% in Cincinnati, 12% in Cleveland, and 17% in Non-Metropolitan areas. For those who have attended any post-secondary institution after HS, Cincinnati is projected to decline by 17%, 15% in Cleveland, and 19% in non-metropolitan areas.
- **Decline in the number of HS graduates-** Ohio is projected to have an **11% decline in the number of HS graduates from 2019 to 2037**. Indiana and Pennsylvania 7%, Kentucky 13%, Michigan 15%, and Illinois and West Virginia 24%.

The four major points of this bill will work to help turn the tide to it that are centered around college recruitment, degree advancement, business-education partnerships and workforce retention. I will be discussing how this bill will help Ohio's population growth and help state businesses, universities and students with different programs that this bill would allow.

First, students that have obtained their Associates degrees and whom would like to pursue a Bachelor's degree **may obtain an additional Ohio College Opportunity Grant** to continue on and obtain a bachelor's degree.

Chancellor Gardner shared with the House Finance Subcommittee on Higher Education that the Median weekly earnings for those with Associate's degrees is \$887 while those with Bachelor's degrees is \$1,248. Another study done by the U.S. Bureau of Labor Statistics showed that individuals with Bachelor's degrees weekly unemployment rate is at 5.5% compared to the 7.1% for those with Associate's degrees.

The second part of this bill focuses on helping businesses promote internship programs. To better incentivize paid internships with Ohio businesses, an **Ohio employer will earn a refundable credit of 30 percent of paid internship wages for students who engaged in internships, apprenticeships and co-ops**. Giving businesses a refundable credit on their internship wages will allow businesses to not only recruit more students to come and work for them during their time in college, but will also allow them to take that money and use it to recruit those same students to work for them after they graduate.

The third part of this bill focuses on creating a new merit-based scholarship program. Ohio does not currently offer any merit-based scholarships until now! **Modeling after the Choose Ohio First Program, we could, at a baseline, offer 100 scholarships of \$25,000 will be made available for out-of-state students enrolling to any of Ohio's four-year colleges/universities if they are in the top 5 percent of their high-school graduating class AND pursuing a degree within a STEM field. In addition, the scholarship will be a forgivable loan if they remain in Ohio after graduation. If a recipient stays in Ohio for only one year following their graduation, they will receive 33% forgiveness on principle and interest, 50% if they stay for two years after graduating and 100% if they stay in Ohio for three years after graduating.**

Here are some interesting statistics about the positive impacts that merit based scholarships have had on other states.

- According to a ten-year study, **states with merit aid programs that rewarded high school performance had high school graduation rates 5 to 17% higher on average than states without such programs, even when controlling for extraneous factors.**
- After a new merit aid program was implemented in West Virginia, **the number of recent high school graduates enrolling in college increased by 6%. Recipients were also more likely to own a home and have higher financial well-being ten years after graduation.**
- Another study on 13 states with merit-based **scholarships found that merit-based aid decreased out-of-state migration by 10%, while increasing college enrollment by 4%.**
- Ohio has seen an increase in the number of students being brought to the colleges and universities since 2000 from states like Illinois where we have increased the number of students coming here by 59%. However we are going to have to go beyond our region to recruit more students to pursue a degree.

The final part and key point this legislation focuses on helping retain student after graduating from college. **If a graduating college student takes a full-time job offer in Ohio vs. out-of-state employment, they can receive a 100 percent refundable state income tax payment for up to three years of employment.**

The legislation will also codify into the Ohio Revised Code the Governor's Workforce Development Board to include the Chancellor of Higher Education or a representative named by them.

Jobs Ohio has worked with our office and found that **Ohio is losing the most tax-payers to New York, Pennsylvania, West Virginia, New Jersey, and Illinois. All of which have higher state income tax rates than Ohio.** Knowing this, Jobs Ohio is also working on creating an Income Calculator for students to use. They would be able to type in the annual salary that they might be making and see what they will actually be bringing in if they were to live in another state.

Of course there is no state that retains all of their college graduates, however the exodus of educated young adults from Ohio has become worrisome. Many college students are leaving the

state after graduation due to their frustrations and belief that Ohio does not have a competitive job market with competitive salaries. However, some students that have shared their thoughts on this bill have said otherwise.

Vincent Roper Jr., a 19 year old business student attending Kent State University at Tuscarawas said, **“If tax breaks were offered, that would be a huge factor in my decision of staying in Ohio.”** He went on to say, **“At the moment, I think that while Ohio is trying to keep college graduates here, there is more that they could do. Mostly having to do with offering financial help.”**

Brady Warmbein, a senior at Kent State and a Pittsburgh native who is interning with Sherwin-Williams in Cleveland said in an interview with the Canton Repository that, **“There’s all these bigger companies that are here, yet nobody knows.”** He went on to say, **“Ohio just needs its own marketing campaign for students like him to understand the opportunities that already exist.”**

In the state of Alabama, their legislature has dropped the amount of funding for higher education down to 12.5%. Universities like the University of Alabama is offering more merit base financial aid. Now at \$100.6 million, up from \$8.3 million just one decade ago. However, if we give these universities the tools to help recruit more students, that can take the burden off of them and lead to an increase in out of state enrollment.

Dense and metro areas allow more job opportunities with higher wages for all types of workers and simultaneously provide cultural diversity. As it is natural for young and spontaneous graduates to have a desire to move from their hometowns or college towns, current college students have expressed that although they have plans to leave the state to explore other opportunities, they would consider staying in Ohio after graduation if there were some incentives offered to help them.

I am saying today that there are ways to keep Ohio natives as well as non-Ohio natives in the state by listening to their concerns and improving their situation(s). **Incentives like scholarships and tax credit(s) for young adult(s) entering the labor market are steps in the right direction by not only persuading students to stay in Ohio long term but to also help them get settled into their jobs without the stress of student loans.**

Working with Jobs Ohio, they estimated that our state **is losing at least \$255 Million – \$367 Million annually in tax revenue from degree graduates of public colleges and universities leaving the state for work one year post-graduation. As this does not include private college and university data, the true numbers are likely higher.**

Additionally, Jobs Ohio attempted to estimate the revenue loss associated with graduates of a few selected “in-demand” degree fields leaving the state after graduation:

- **Biological and Biomedical Sciences degreed graduates \$4M - \$6M**
- **Computer and Information Sciences degreed graduates \$5M - \$8M**
- **Engineering degreed graduates \$23M - \$33M**

- **Engineering/Engineering-Related Technologies/Technicians degreed graduates \$3M - \$4M**

The GROW Act is important because college graduates turn into registered voters and civically engaged adult(s). The value of a Bachelor's Degree and investing into higher education has proven to not only decrease incarceration rates, but also increased worker productivity, higher salary and wages, increased life expectancy, a healthier population, and inevitably a healthier Ohio.

The support that we have received from the Chamber of Commerce, AICUO and its members, numerous public universities, the Ohio Business Roundtable, and the NFIB have helped shape this bill in hopes of helping them out in ways for each party to help our state as a whole.

We can't afford to do nothing. Giving colleges and universities recruiting points to use, companies and businesses incentives to utilize, and student's resources to utilize before and after graduating from any of our states colleges or universities will help **increase our states population, increase our tax base, and increase our workforce talent pool** by helping to recruit and retain graduating students to start their lives and career's here in Ohio.