



Testimony on House Bill 110

Senate Finance Committee

May 11, 2021

Thank you, Chairman Dolan, Ranking Member Sykes, and members of the Senate Finance Committee, for allowing me to testify on behalf of Ohio’s independent, nonprofit colleges and universities and their students. My name is C. Todd Jones and I am president and general counsel of the Association of Independent Colleges and Universities of Ohio.

AICUO represents 51 nonprofit institutions of higher education in our state. Our members educate nearly 131,000 students, and award about one third of the baccalaureate degrees in Ohio each year, and an even higher share of our state’s degrees in mathematics, natural and biological sciences, and other key areas of study.

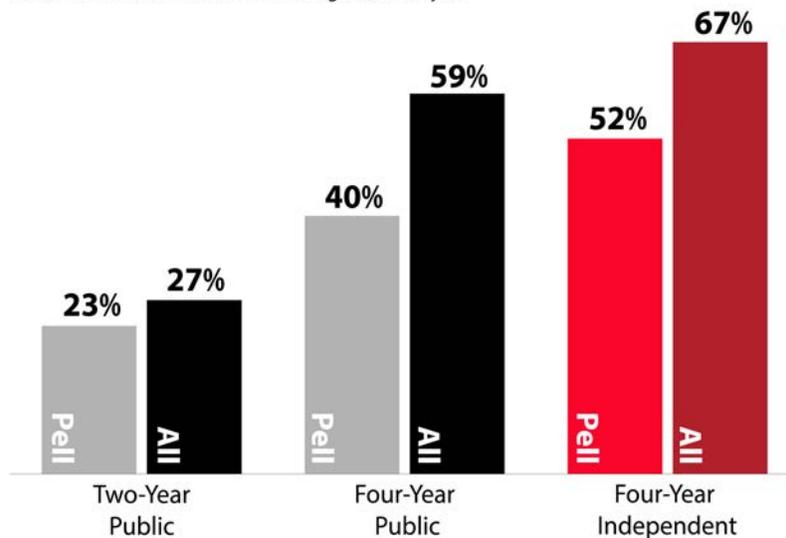
Graduation and Completion

When talking about post-secondary education, policymakers should start first with graduation and completion. State higher education policy should not just focus on enrollment but graduation. Unequivocally, the worst thing that can happen to any student is to enroll and not complete. Ohio’s independent colleges lead all sectors in graduation rates in Ohio, both for all students and among low-income students:

Who Graduates Ohio Pell Students Best? Independents

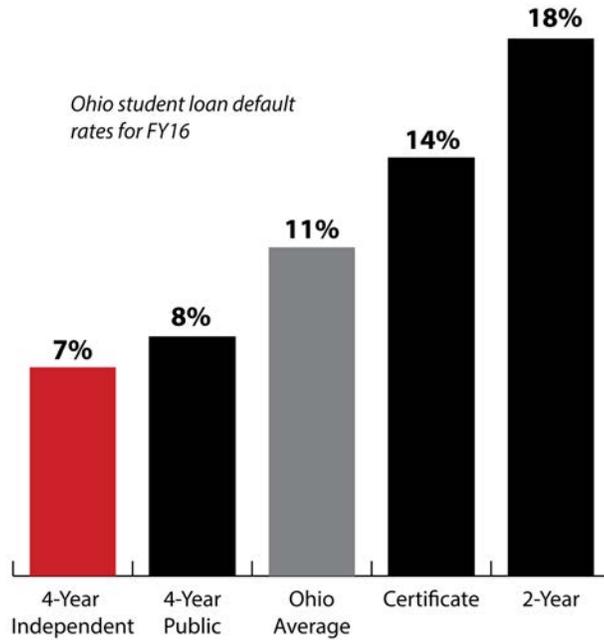
Pell students are 30% more likely to graduate at independent institutions than at public

Ohio completion rates for degree programs by sector and all/Pell rates for the 2019 graduation year



*Note: Completion after three years at two-year publics and six years at four-year public and independents
Source: IPEDS (2019 Graduation Year)*

Our graduates are also gainfully employed, as evidenced by the fact that they are the least likely to default on any student loans they receive.

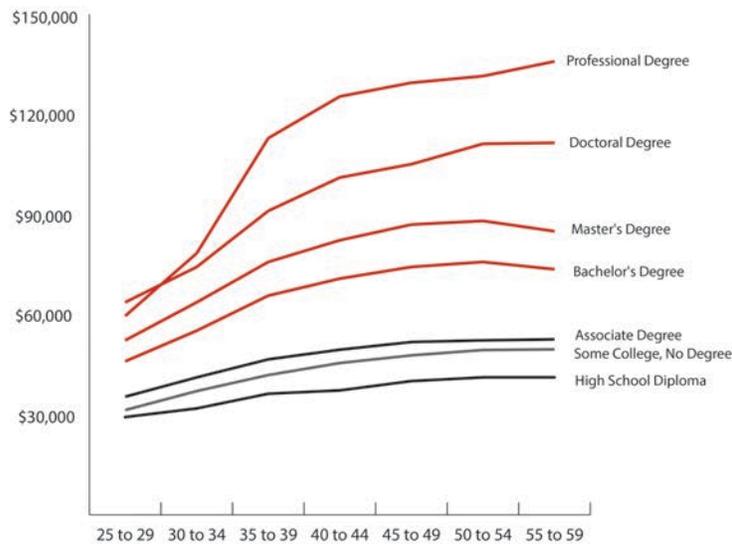


Source: U.S. Department of Education (2019)

Value of Higher Education

There is also no doubt that post-secondary attainment is necessary. Ohio needs more of everything: more vocational training, more career-tech, more credentials, more associates degrees, more baccalaureate graduates, and more post-doctoral degrees. Ohio lags on all fronts and in this global economy, just having a high school diploma will not cut it.

At Every Stage of Life, It Pays to Have a College Degree



Note: Based on the 2013 to 2017 American Community Survey five-year combined data file. Earnings are adjusted to 2017 dollars using the Consumer Price Index for all urban consumers from the Bureau of Labor Statistics. Median earnings are the median of combined data.

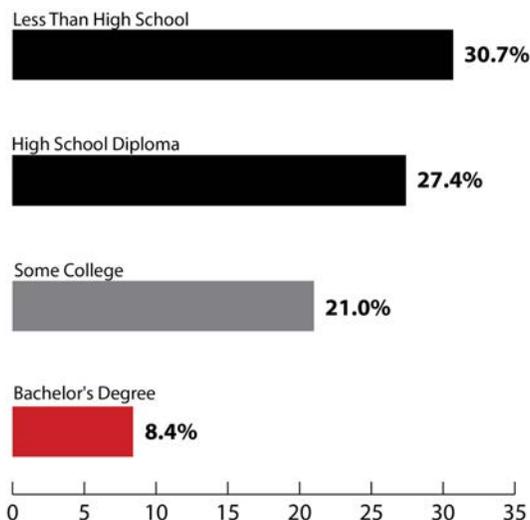
Source: U.S. Census Bureau, American Community Survey, 2013-2017 Five-Year Public Use Microdata Sample; calculations by the College Board.

Even in the past year – a year we hope to never see again – education levels directly correlated with employment. For Ohioans to become more prosperous, even in uncertain economic times, the state needs to continue prioritizing all forms of post-secondary education.

The More Education You Have, The More Pandemic-Proof You Are

Higher education insulates you economically during a pandemic

Percentage of Americans who missed last month's rent payment, by education level

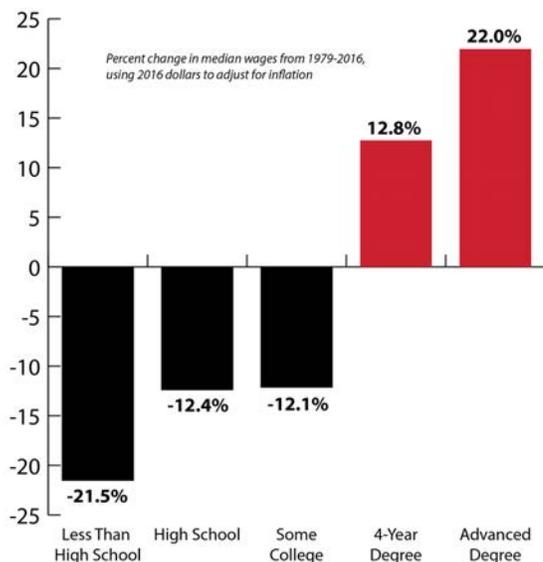


*Note: Household Pulse Survey: July 16-21
Source: U.S. Census Bureau (2020)*

Not only does having increased education lead to more employment, but it also tends to lead to higher paychecks.

Wages Have Grown If You Have a College Degree

From 1979 to 2016, real median wages decreased for non-college educated workers and increased for others



Note: Wages are median hourly earnings and deflated using the CPI-U-RS. Sample includes those age 25-54.

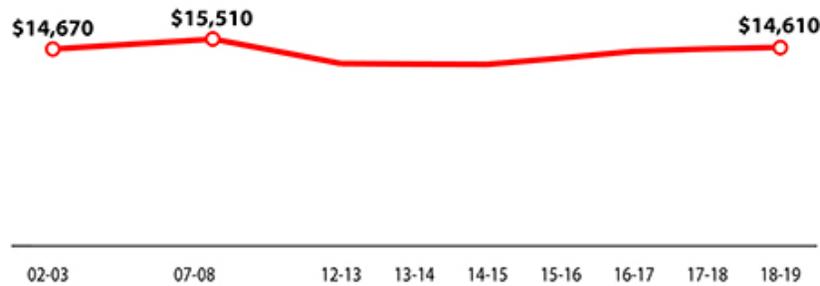
Source: NBER (2020)

Accessibility and Affordability

Independent colleges also recognize that college affordability and accessibility are a priority, and as a sector, it costs less to attend one of our institutions today than it did in 2002, after accounting for inflation and financial aid.

Net Tuition and Fees at Independent Colleges Remain Lower Than They Were 15 Years Ago When you consider financial aid and inflation

Constant 2018 dollars



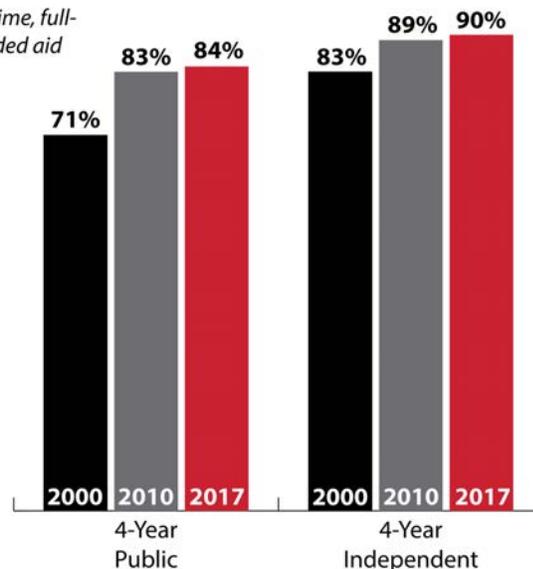
Source: The College Board

In the past decade, AICUO member schools have nearly doubled the school-based financial aid provided to their students (reaching over \$1 billion collectively). Independent colleges overall have increased financial aid at a rate even higher than our public counterparts.

Independent Colleges Lead in Expanding Financial Aid

Higher levels of financial aid show institutions have skin in the game

Percentage of first-time, full-time students awarded aid



Note: Percentage of first-time, full-time undergraduate students awarded financial aid at four-year degree-granting postsecondary institutions, by type of institution

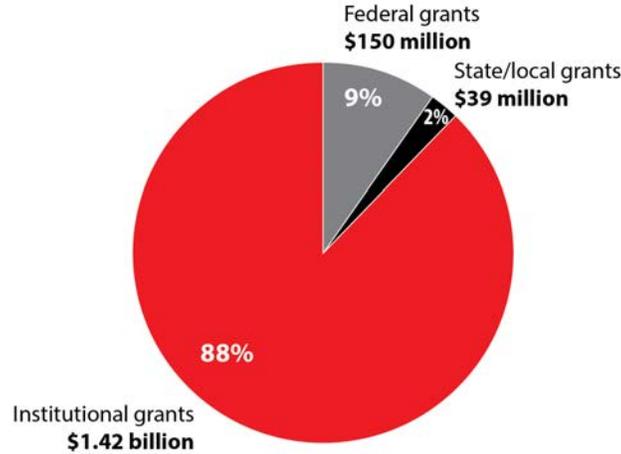
Source: IPEDS (2000-2017);
"Digest of Education Statistics" (2019)

In fact, nearly 90 percent of aid that a student receives at independent colleges comes from the college itself.

Supporting Our Own Students

At Ohio independents, about 9 of every 10 student aid grant dollars comes from the college or university itself.

Student aid grants by source at AICUO members, 2016–17

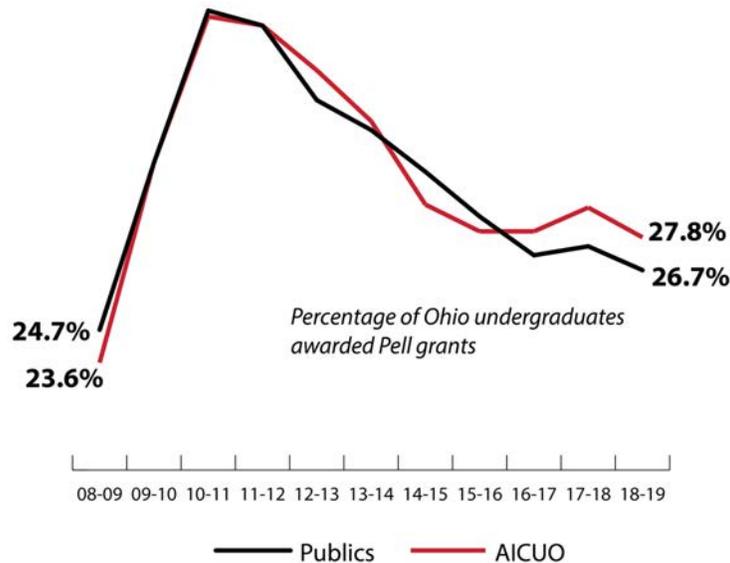


Note: Does not add to 100% because of rounding
Source: National Center for Education Statistics

Ohio’s independent colleges are committed to supporting the students with the greatest financial need. Perhaps surprisingly to some, independent colleges educate a higher percentage of Pell-eligible students than Ohio’s public institutions.

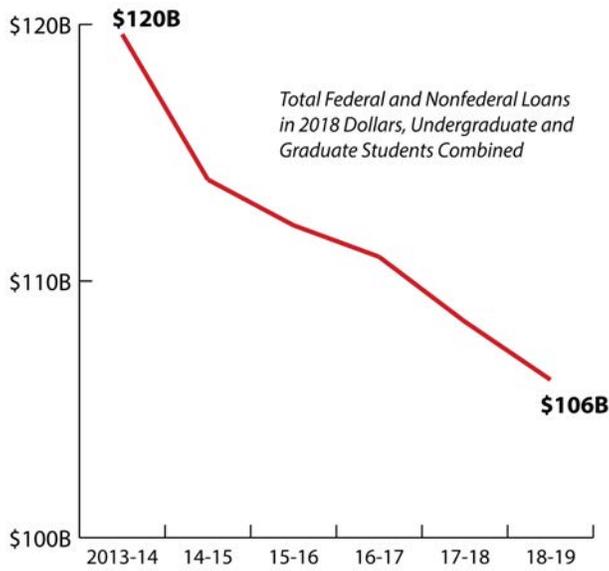
Ohio’s Independent Colleges Enroll Pell Students

Ohio’s public and independent colleges enroll Pell students in similar proportions



Note: Publics are 4-year main campuses only
Source: IPEDS (2008-2019)

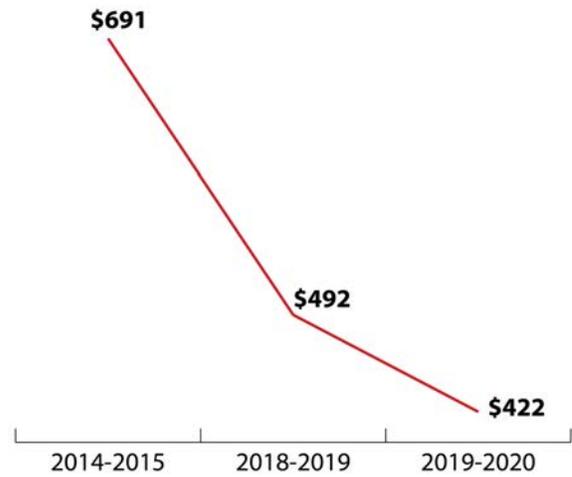
And the efforts on affordability by colleges in Ohio are working. Total federal borrowing is well below 2013-2014 levels. In fact, even spending on college textbooks declined.



Note: Labels are rounded to the nearest billion
Source: "Trends in Student Aid 2019," Table 1, College Board

College Students are Paying Less for Textbooks

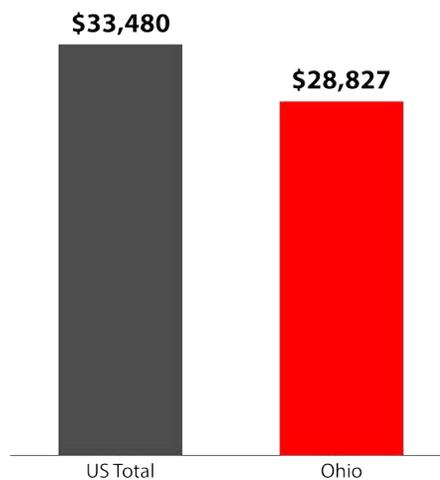
Student spending on course materials has declined 39 percent over a six-year period



Note: Amount spent on course materials per academic year
Source: Lifestyle and Media survey report, Student Monitor (Spring 2020)

As you are all aware, list tuition is less important than average tuition paid when looking at independent institutions because of student aid. However, it is a useful way to compare groups of independent institutions across regions or types. Understanding that, I bring to your attention that published tuition at Ohio's independent colleges is \$4,600 less than the national average.

Average Published Tuition and Fees at Independent Colleges and Universities: Ohio is \$4,600 less than the national average



Sources:
US Total: The College Board
Ohio: AICUO Counselor's Guide 2016-17

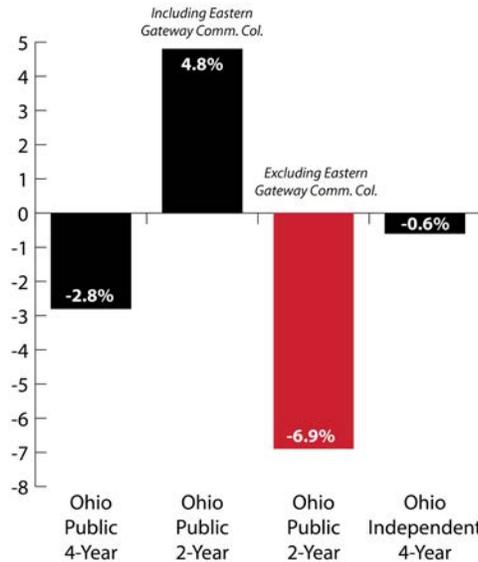
In sum, Ohio's independent colleges are accessible and affordable for Ohio students, providing a variety of pathways to success.

The College Landscape

A great deal has happened since I testified before this committee two years ago. As you may be aware, we had a pandemic. Like every other facet of society, COVID affected independent colleges. First and obviously, it directly impacted enrollment.

Ohio's Fall 2020 Enrollment Varied by Sector

The pandemic's impact on fall 2020 enrollment has varied, even within sectors of higher education

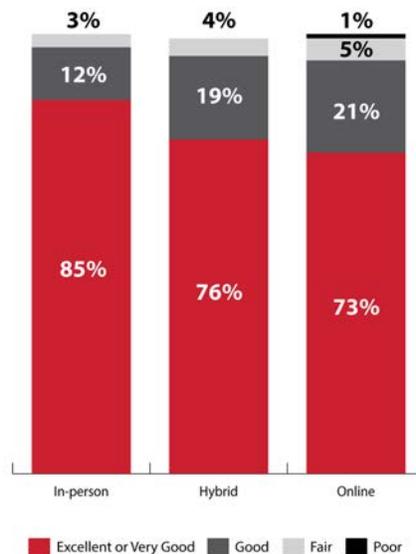


Note: Public four- and two-year data is from ODHE; independent four-year data is from NSCLRC
Source: Ohio Department of Higher Education, "Data & Reports" (2020); National Student Clearinghouse Research Center, "Fall 2020 Enrollment" (2020)

However, even during a pandemic, college students still preferred an in-person higher education experience.

College Students Preferred In-Person Instruction

A recent survey asked college students to rate the quality of their education by delivery model



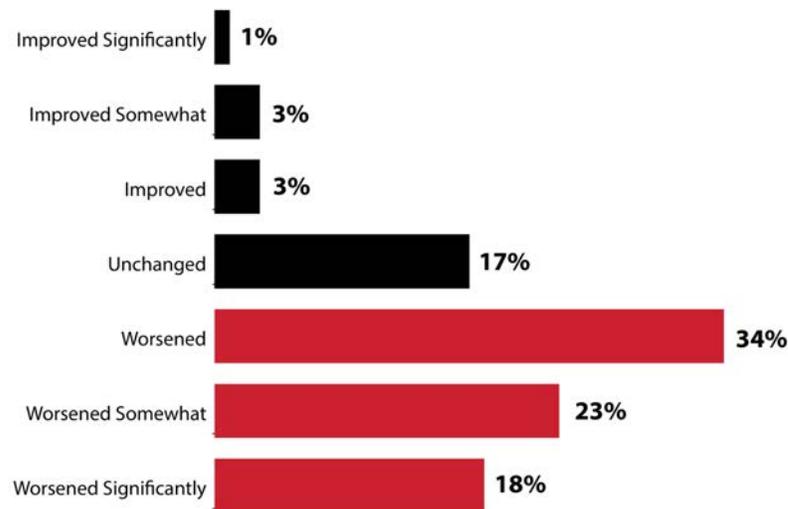
Note: Among all currently enrolled associate and bachelor's degree students
Source: Gallup & Lumina Foundation, "State of the Student Experience: Fall 2020" (2020)

Our institutions focused on maintaining in-person education whenever possible. We were pleased that Ohio allowed higher education institutions to operate safely in-person this past year and thank the governor and the legislature for their leadership and the resources provided for support.

The college student of today differs somewhat from the college student of past. They face mental health issues unlike generations before them. Ohio is the only state in the country to dedicate a portion of the corona virus federal relief funds to help support student’s mental health. Because of the nature of the educational experience, independents help meet these needs by ensuring that their students are aware of these support services.

COVID-19 Has Negatively Impacted College Students’ Mental Health

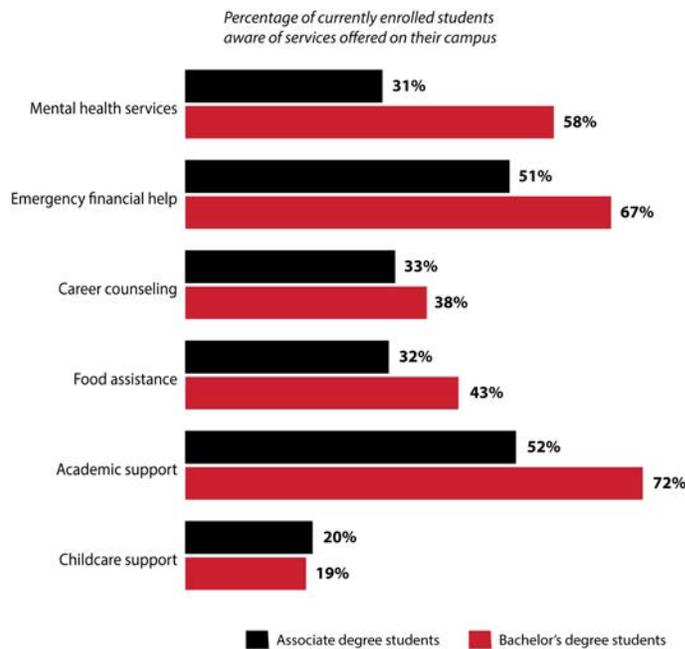
College students were asked how COVID-19 has impacted their mental health



Note: College students are defined as bachelor-seeking students, 1,277 were surveyed in September 2020.
Source: Active Minds, “Student Mental Health Survey,” (September 2020)

Students at Four-Year Institutions are More Aware of Support

Bachelor degree-seeking students are more aware of the services designed to help them combat issues raised by COVID-19



Source: Gallup & Lumina Foundation, “State of the Student Experience: Fall 2020” (2020)

Another modern problem is that 38 percent of students at four-year institutions are also facing food insecurity. While USDA expanded the SNAP program for students who have financial need, our campuses are also dedicated to helping their students have a healthy and safe environment. Otterbein University has the Promise House, which is a student-led community resource center and food pantry for Otterbein students on its campus. Near Cleveland, Baldwin Wallace University students received a \$100,000 grant to develop The Campus Plate – an app that will allow college students to access a map showing a list of available food on campus, which will also show how far away the sustainable food spot is from their current location.

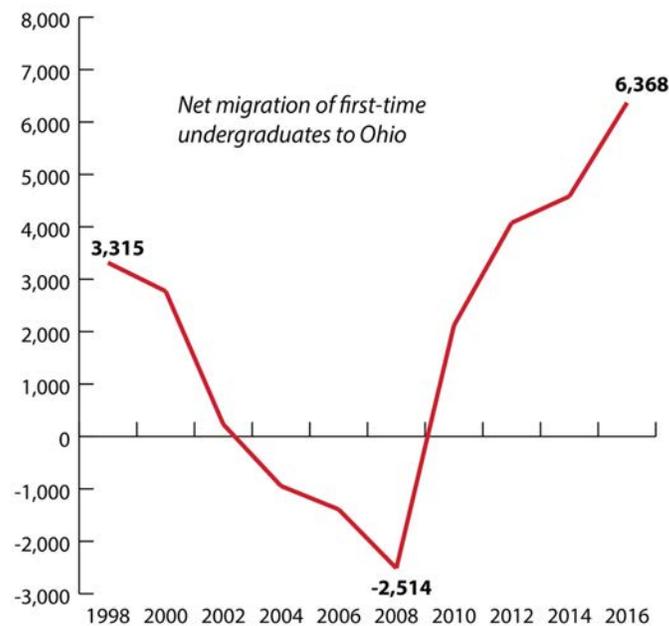
The Christ College of Nursing in Cincinnati also has food pantry available to students on campus as well as a specific fund for students to access Kroger gift cards to help with food insecurity. These are just a few examples of how our campuses take a leading role in helping support today’s college student.

Economic Impact

Finally, Ohio’s higher education sector brings people and resources to our state. Our state is a net-importer of students – the higher education sector brings thousands of students into Ohio.

Ohio’s Colleges Bring Students Here

Colleges in Ohio are doing their part to drive economic growth



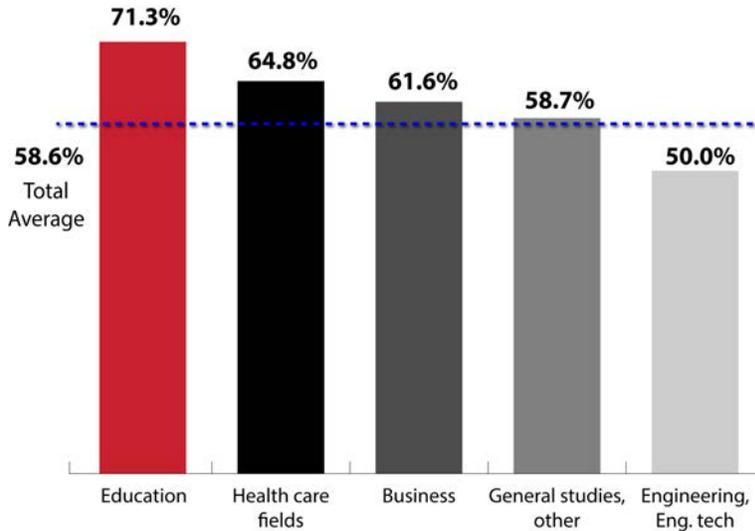
Note: Net migration is the number of students who migrate to Ohio minus the number of Ohio residents who leave Ohio.

Source: IPEDS (Fall 1998-2016)

More Than Half of College Grads Stay in Alma Mater's State

If more students attend Ohio institutions, more graduates will stay

Percentage of 2007-08 U.S. graduates employed in the same state as bachelor's degree-granting institution in 2018



Note: Top four majors and lowest major
Source: NCES, U.S. Department of Education (2021)

However, we believe Ohio can do a better job of retaining those college graduates. A little under 60 percent of college graduates stay in their home state. Ohio has a program called “Grants for Grads” via the Ohio Housing Finance Agency, which provides discounted mortgage interest rates to recent graduates as an additional incentive to make Ohio home. The student must have graduated within the last 48 months with an associate's, bachelor's, master's, doctorate or other post-graduate degree from an accredited college or university.

However, I doubt that many in this room knew that this program even existed. Ohio needs to make a concerted effort to market itself to our college students. AICUO hopes that the announced \$50 million in marketing in this budget will go directly towards marketing to soon-to-be college graduates.

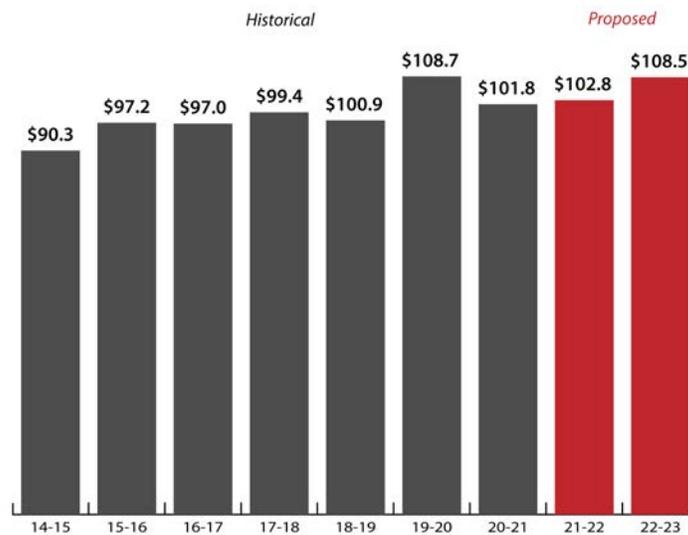
Ohio College Opportunity Grant (OCOG)

AICUO was very happy to see that Governor DeWine’s proposed budget reflects the value that all of higher education provides to Ohio; specifically, Governor DeWine’s increased investment in OCOG. This is a desperately needed priority, as Ohio’s state need-based aid program has been woefully underfunded. AICUO is also grateful to the House for maintaining the proposed increase to the program.

Governor DeWine's Proposed Budget Invests in Higher Ed

The Executive Budget will increase the Ohio College Opportunity Grant by \$500 per student

Ohio need-based student aid expenditures, proposed appropriations for Ohio College Opportunity Grant in millions



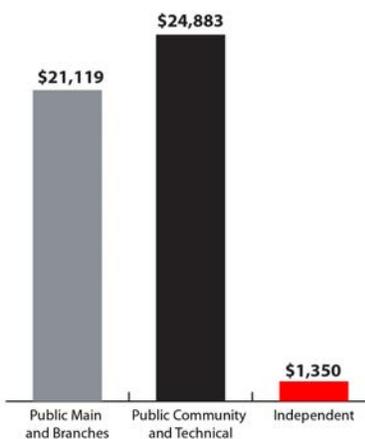
Sources: Office of State Grants and Scholarships, Ohio Dept. of Higher Education (2008-09 through 15-16); Ohio Office of Budget and Management (2016-17); Governor DeWine's Executive Budget Proposal (2019); Governor DeWine's Executive Budget Proposal (2021)

AICUO fully supports increasing our state's need-based financial aid program. However, we hope this body can do more. As this state slowly comes out of the pandemic and the overall tax revenues continue to look better than anticipated, reinvesting additional funding into OCOG would be a worthwhile decision. There is really no way to know what the upcoming school year will look like for families in need. Many families found themselves out of work for many months – perhaps longer, due to the pandemic. Ohio should increase its need-based aid program to ensure that no current OCOG recipient loses his or her grant funding, and also help newly qualified students. In fact, a 2019 national report found that every additional \$1,000 in state grant-aid per student increases postsecondary persistence and attainment by 1.5 to 2 percent – more than any other kind of state aid. If the goal is – and the goal SHOULD be – graduation, then OCOG is the best investment you can make in the entire higher education budget.

The reality for this body and for the state, is that the small investment you make into independent college OCOG recipients results in dramatic savings to the taxpayer.

A Bargain for the State

Every Independent college student saves Ohio money



State of Ohio expenditures per degree awarded by sector, 2016-2017

Source: Ohio Department of Higher Education & IPEDS (2019)

As you can see, for every degree awarded at an independent college, the state only pays \$1,428 on average, while it pays \$22,693 for a four-year state degree and \$24,448 for a community college degree. Let's be clear: any student who attends an independent college costs the state drastically less than a student who attends a state institution.

There has been talk about the state's "Pell first" policy. AICUO supports this policy as it allows OCOG, which has been historically underfunded, to go as far as possible. Limiting OCOG to direct tuition and fees allows for accountability and oversight. It also ensures that every state dollar is meeting the maximum level of direct college costs for each low-income student before any money goes to pay for other important but indirect costs, such as rent, transportation, and food – expenses that every Ohioan, whether in college or not, must bear. I think it would be a true tragedy if Ohio decided it was more important for students to taxpayer funded gas money over helping kids pay to attend any of Ohio's post-secondary institutions.

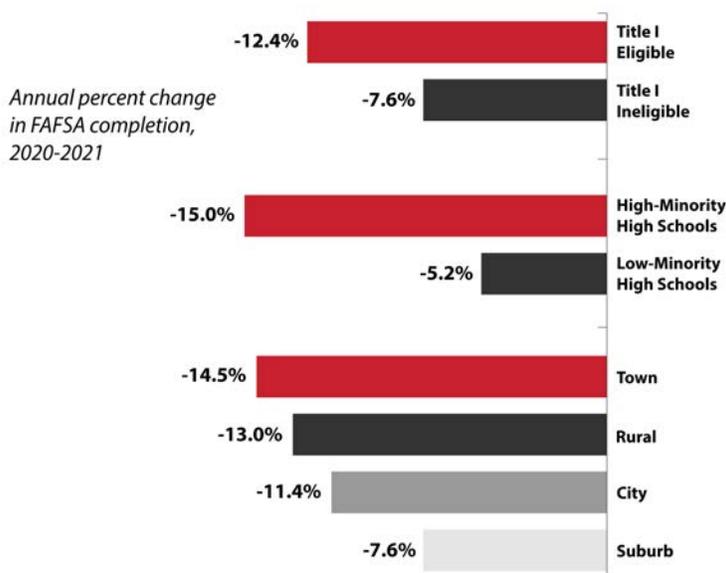
Free Application for Federal Student Aid (FAFSA)

Ohio needs to do a better job of helping Ohioans complete FAFSA. If this committee wants to improve college affordability and accessibility as quickly as possible, increasing FAFSA completion is the best means to that end. Ohio's high school graduating class of 2017 left \$92 million of Pell grant funds on the table by not filing a FAFSA. FAFSA completion also strongly correlates with postsecondary enrollment. Ninety percent of high school seniors who complete the FAFSA attend college directly from high school, compared to just 55 percent of FAFSA non-completers.

COVID led to a decrease in FAFSA completion at all income levels, but most impactfully on those who make \$25,000 per year or less. FAFSA completion also declined all over Ohio, but our small towns and rural communities were hurt even more than our cities.

High School Student FAFSA Completions Have Dropped

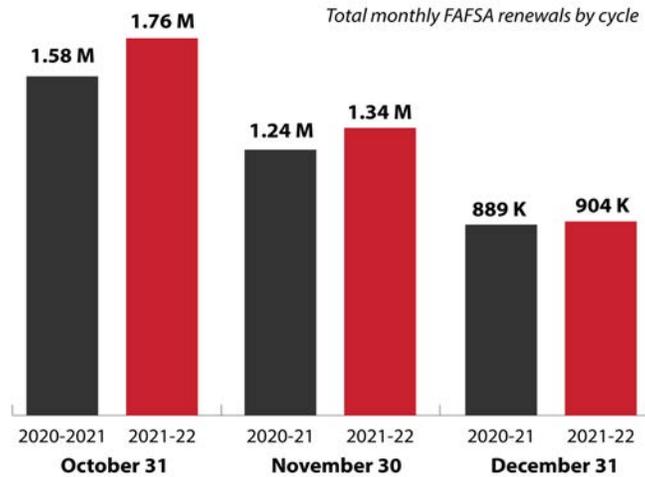
The drop may delay students from pursuing higher education



Source: National College Attainment Network, "FAFSA Renewals (2021-22 Cycle) Through December 30, 2020" (2021)

College Student FAFSA Renewals are on Track

Colleges are giving students confidence to continue their education despite pandemic



Source: National College Attainment Network, "FAFSA Renewals (2021-22 Cycle) Through December 30, 2020" (2021)

However, FAFSA completion among current college students actually increased during the pandemic. This data shows that once a student knows the real savings from completing the FAFSA – not just the theoretical value during high school – the student is more likely to complete the FAFSA.

This is why AICUO is a strong proponent of the budget language that will add FAFSA completion to the list of high school graduation requirements. The language is modeled after Louisiana and includes a very simple opt-out. Louisiana had a FAFSA completion rate in 2015 of 56 percent. In 2019, it skyrocketed to 83 percent, the number one state in the country at the time. The graduation requirement works as a proven strategy and AICUO is very excited to see the governor take the bold step in his budget language. This year, Alabama – yes, THAT Alabama – just became the fourth state to include FAFSA as a high school graduation requirement.

We were disappointed to see the House remove this language. The concern about students not graduating is a fallacy – one perpetuated by school leaders who apparently care more about their workload than student success. No student in Louisiana has been unable to graduate due to FAFSA, not one. When they testified in the House, those same Ohio K-12 leaders also offered no other suggestion as an alternative – simply shameful.

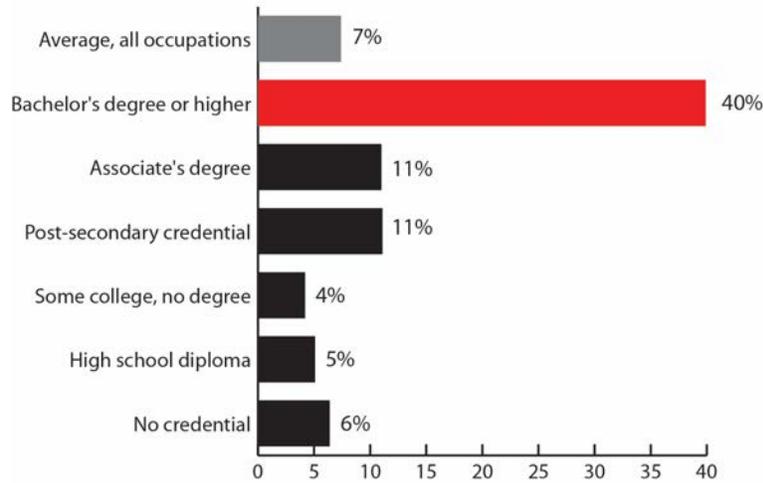
This committee required more information out of me to testify before this committee than the state would require to opt-out of the proposed graduation requirement. I know members of this committee are especially concerned with college affordability and accessibility – as we all should be. Including FAFSA as a graduation requirement will make an immediate impact and requires no additional funding.

The End Goal: Employment

While all post-secondary attainment matters and is needed, the data clearly show that if Ohio wants to prepare its workforce for the future, it must increase baccalaureate attainment.

Higher Education: The Path to Employment

Occupations requiring higher education levels will grow rapidly from 2016-2026



Source: U.S. Bureau of Labor Statistics

We believe that Governor DeWine's budget proposal, and the House's support of OCOG, will support higher education in a way that will help close that gap. The emphasis is in the right place and makes meaningful changes that our association supports.

We look forward to working with this committee to helping Ohioans achieve their educational goals. I would be happy to answer questions the committee may have.