

Written Testimony to the Ohio Senate Finance Committee

House Bill 110 Public Testimony on Higher Education

Provided by Third Sector Capital Partners

May 11, 2021

Chairman Dolan, Vice Chairwoman Gavarone, Ranking Member Sykes, and members of the Senate Finance Committee, thank you for the opportunity to provide written testimony on House Bill 110 relating to higher education and the Pay-For-Success project.

The Ohio Department of Higher Education (ODHE) and the Adjutant General's Department are developing a Pay-for-Success (PFS) project for recipients of the Ohio National Guard Scholarship Program (ONGSP). Pay for Success (PFS) is an innovative financing model championed by the ResultsOHIO program within the Ohio Treasurer's Office, which aims to support the PFS initiatives of state and local policymakers. In PFS, costs of services are funded upfront by private capital investors, rather than the government. Government repayment of this upfront investment only occurs if results are achieved by the services. The budget amendment request will generate the funding necessary to pay for the successful results ("outcomes payments") of a coaching program in ODHE's planned PFS contract.

The ONGSP provides full tuition assistance to soldiers to support their postsecondary education at public institutions of higher education. Despite receiving this financial assistance, less than 25% of ONGSP recipients complete two-year degrees and less than 50% complete four-year degrees. Each year, approximately \$16M in taxpayer dollars is spent to finance the higher education of ONGSP recipients, and the Guard estimates that over \$1M per year is spent on scholarships for soldiers who never complete a degree. In this PFS project, ODHE will contract with an external service provider to deliver student support services to recipients of the ONGSP, with the ultimate goal of improving graduation rates. This project will generate a positive ROI for the scholarship dollars, as well as for Ohio institutions, Ohio's state economy, and the soldiers, themselves.

Evidence shows that when you combine financial aid with wraparound student supports, such as academic coaching services, persistence and graduation outcomes improve. In partnership with a service provider, ODHE will leverage private funding (loans and grants) as working capital to fund the delivery of customized pre-enrollment and first year coaching services to each recipient of the ONGSP attending a public 2- or 4-year institution full time. These services will help soldiers match to an appropriate degree (or non-degree) program, help them navigate on-campus or other emergency supports, develop specific study skills and beliefs/attitudes about their academics, and maximize all benefits that they are eligible for given their involvement in the Guard. An independent evaluator will then measure and report the outcomes achieved by ONGSP recipients. If – and only if – predetermined outcomes, including persistence and graduation, have been achieved, the budget amendment funding request will be used to repay the upfront investment in coaching services made by private funders.

Thank you for the opportunity to present written testimony in support of Pay-for-Success and helping ensure Ohio's men and women in uniform are adequately connected to the resources provided to them.