



Budget Testimony before the Senate Workforce & Higher Education Committee

Am. Sub HB 110 (FY 2022-23 Operating Budget)

Wednesday, April 28th, 2021

Chairman Johnson, Vice Chair Cirino, Ranking Member Williams and members of the Senate Workforce & Higher Education Committee, thank you for the opportunity to testify today. I am Jack Hershey, President of the Ohio Association of Community Colleges (OACC), which represents the trustees and presidents of all twenty-three of the state's public community colleges.

Let me start by stating the obvious – the pandemic has dramatically altered the higher education market. A quick snapshot of data from the National Student Clearinghouse would show that overall enrollment in higher education nationwide dropped by approximately half a million individuals, with community colleges on average seeing a 10% drop in enrollment. Within that overall loss, there are declines within certain populations that are even more alarming:

- A 30% drop in enrollment of adults enrolling for the first time across all sectors of higher education.
- A 14% drop in White male enrollment at community colleges.
- A 19% drop in Black male enrollment at community colleges

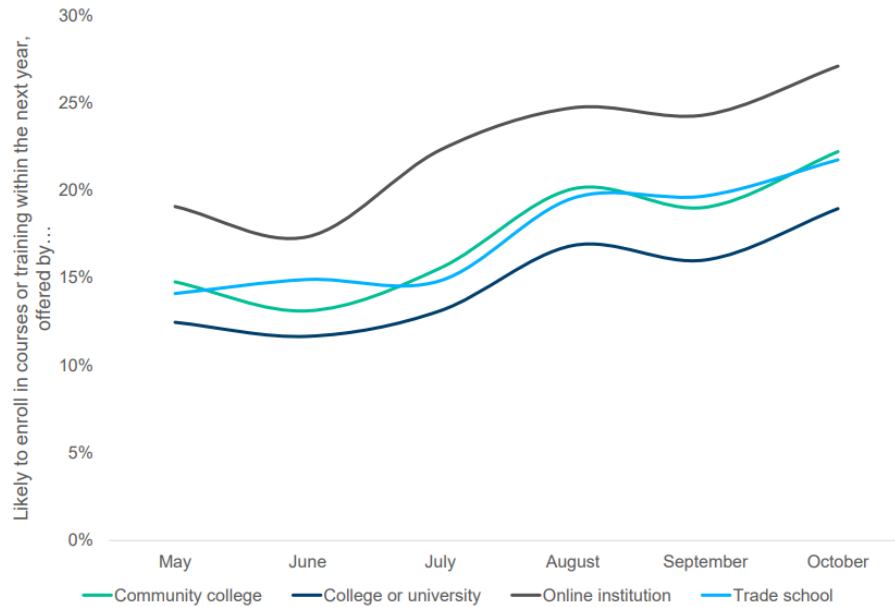
These declines become even more concerning when you consider that community colleges historically see a 10%-15% increase in enrollment during times of high unemployment. Due to the unique impact of the pandemic, that has not happened yet.

Over the past several months we have heard economists and analysts talk about the so-called “K-Shaped” Economic Recovery to describe the disparate impact that the recovery has had between the wealthier, better educated and skilled workers compared to lower-income, less educated workers. Unfortunately, these same inequities and opportunity gaps are also occurring with those who are attending college. Enrollment data is clear that it is lower socio-economic, minority, rural and adult students that have stopped out of the higher education system.

I would like to highlight research that has been done over the course of the pandemic by the Gallup organization and the Strada Education Network that gives us a sense of how we can encourage these students to come back – and new students to enroll - if we are willing to market to students differently by attracting them back through affordable programs that better align with their career goals. But to help us do that, we need your help.

As the chart below suggests, the most encouraging news is that despite the enrollment decline we have seen, overall interest in enrolling has increased over the pandemic.

Interest in enrolling has increased

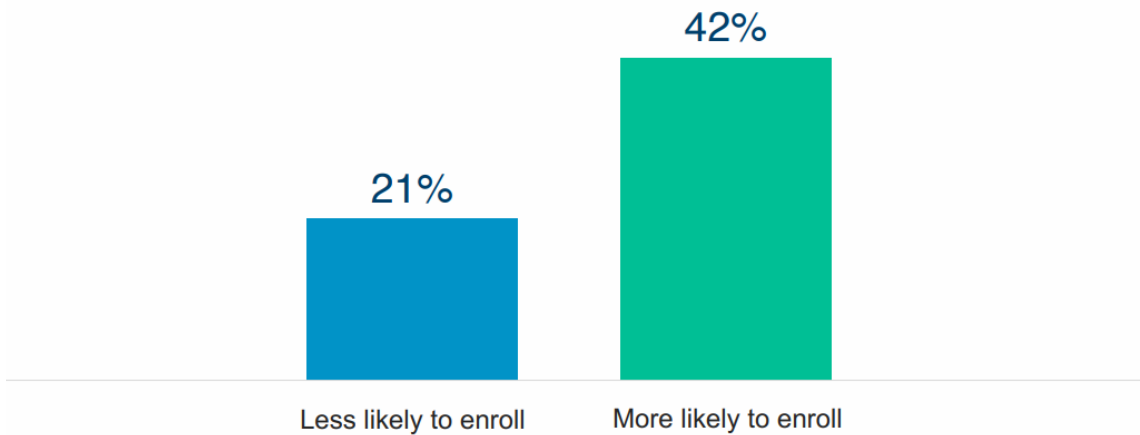


Strada Center for Consumer Insights Public Viewpoint surveys, May 20-October 29. Base: Americans ages 18-64 not currently enrolled, n=16,033.

This is especially true among adult learners, where 42% say that the effects of the pandemic have made them more likely to enroll in an education or training program.

Aspiring adult learners say that COVID-19 has made them more likely to enroll in education

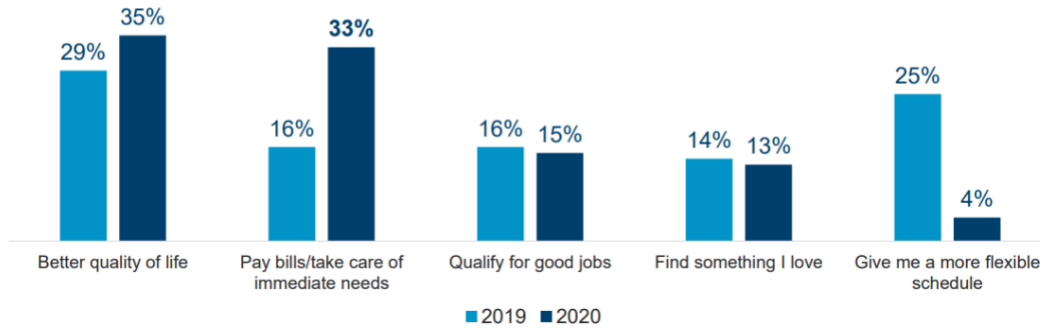
How has the coronavirus (COVID-19) crisis affected your interest in enrolling in an education or training program? Would you say you are:



Digging further into the data shows that their motivations for seeking education have shifted dramatically as well – notice, in the chart below, that the need to pay bills and take care of immediate financial needs has skyrocketed in importance.

Motivations have shifted to pay bills/take care of immediate needs

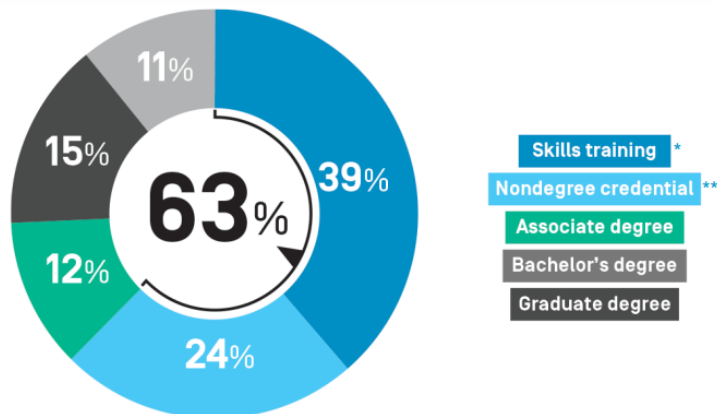
Thinking about the potential benefits of the additional education [you are considering], please rate each of the following benefits based on how important each is to you personally. (% most important)



This suggests to us that in aftermath of the pandemic, individuals want a job, and they want it quickly. Marketing a bachelor’s degree, or even an associate degree, to them would be a mistake. Instead, the data shows that non-degree options and skilled training that led to in-demand jobs are the preferred choices right now.

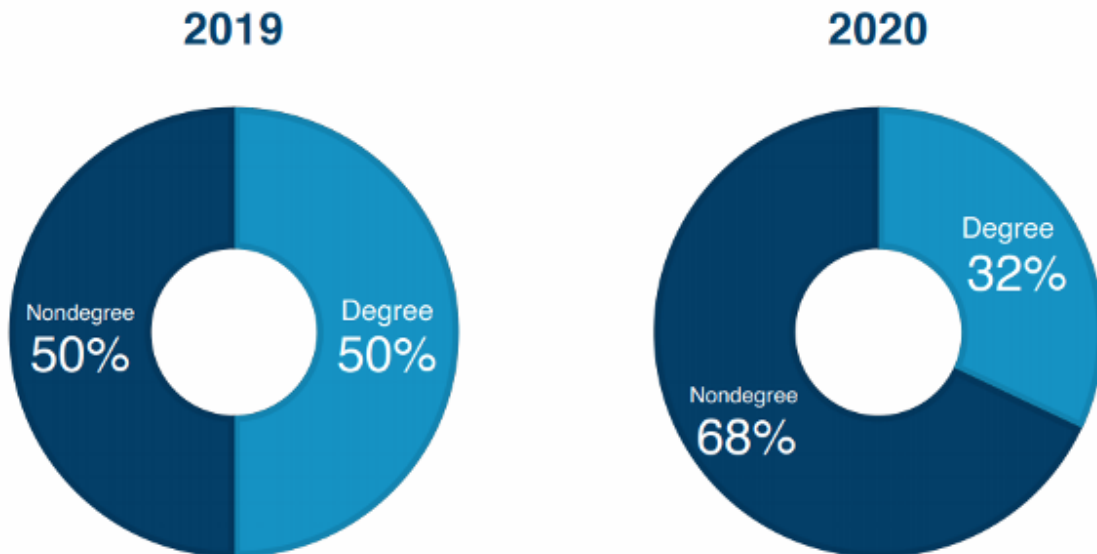
Since the onset of the pandemic, Americans have expressed a consistent preference for **nondegree** and **skills training** options

Preferred education option (six months)



This is particularly true among adult students, whose interests have shifted dramatically during the past year, with more than two-thirds now saying they are more interested in non-degree pathways.

In 2020, aspiring adult learners' interests have shifted toward nondegree pathways



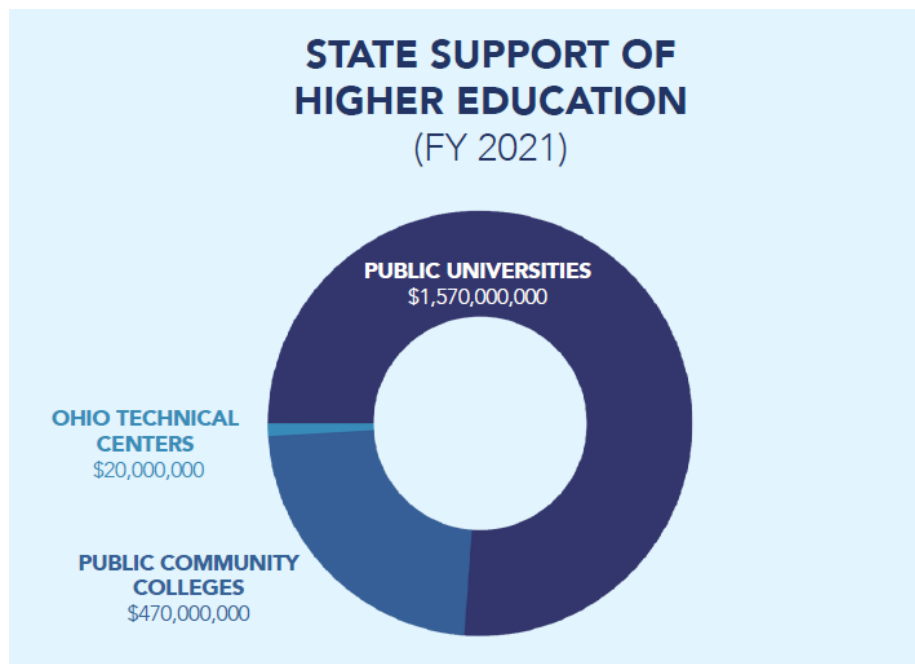
All of this is not meant to minimize the benefits of obtaining a degree. However, the reality is, that the pandemic accelerated a fundamental shift in higher education preferences: for many Ohio students, they are turning to higher education for short-term certificates or credentials to quickly get them a job. Unfortunately, while community colleges are trying to adapt to this need, the state has not responded to this shift as quickly as necessary.

The good news is that we know what these potential students are interested in and what to market to them. The bad news is that Ohio's higher education investment strategy, which overwhelmingly emphasizes bachelor's degree completion, is misaligned with this new reality. However, by embracing parity in state funding, combined with addressing long-standing equity concerns, we can quickly produce a newly trained workforce that will fuel Ohio's economic recovery.

PARITY IN WORKFORCE FUNDING

[Begin to Fund Non-Degree Pathways](#)

Most people do not understand this, because they see community colleges offering a comprehensive set of non-degree education and training programs, but the state of Ohio provides **zero funding** to community colleges for any of these noncredit workforce programs.



We ultimately want to get our students to an associate degree or a bachelor’s degree, if that is their goal. However, because of the barriers these students often face, they are more likely to first pursue a short-term credential that leads them to a job. With the stability of that income, then they can often return to continue their education with a career path in mind, and the support of their employer. We believe now is the time for Ohio to look for ways to fix this mismatch in the current degree-centric funding strategy. As Ohio’s post-pandemic recovery continues, providing an immediate investment for short-term, workforce at our colleges is imperative.

We recognize that full parity within the state’s funding is not possible within one biennium and we appreciate the Ohio House for amending HB 110 to create the Joint Committee on Workforce Training and Career Readiness to study and address what a balanced level of funding should be in Ohio’s postsecondary portfolio – ranging from certificates to bachelor’s degrees – that may be more responsive and attractive to what Ohioans and employers are seeking before the next state budget. We respectfully ask the Senate to maintain this important study committee.

[Provide Financial Aid to Students Pursuing Non-Degree Options](#)

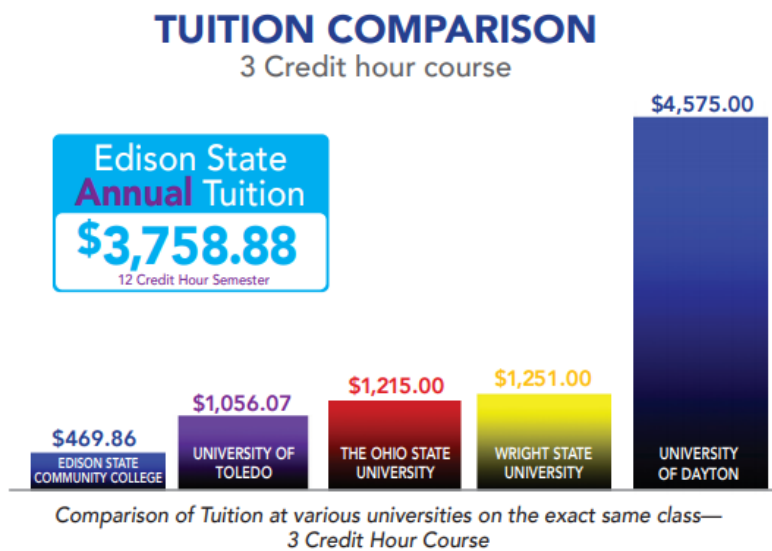
I will go into more depth on the Ohio College Opportunity Grant (OCOG) program later, but I’ll highlight the easy change to the program here. For more than a decade, the state has applied a “Pell First” policy onto the OCOG program. It says that if a federal Pell Grant covers the full cost of tuition at an institution, then students at that institution are not eligible to receive an OCOG Grant. This is a policy that both ignores the actual cost of pursuing higher education and penalizes low-income students for attending low-cost colleges.

To make matters worse, students pursuing short-term workforce credentials are not eligible to receive Pell Grants, and yet they also do not receive OCOG Grants from the state, even though a Pell First policy would suggest they should. For the past several years, Senators Rob Portman and Tim Kaine have co-sponsored a bill to make short-term training programs Pell eligible.

The bill has strong bi-partisan support and, despite opposition from some national higher ed groups, we hope it will eventually pass. However, Ohio should no longer wait for Congress to act. OACC encourages the Ohio Senate to **at least** provide funding to help Ohio College low-income college students who are pursuing a short-term certificate that is currently not Pell-eligible be able to receive an OCOG award.

Embrace Low-Cost Pathways

As stated earlier, most community colleges saw enrollment declines this year. One exception to that is Edison State Community College, which saw an increase in enrollment. Over the past several years, the college employed a successful strategy aimed specifically at enrolling adult learners and traditionally underrepresented students. Some of the credit to that enrollment increase is given to the chart below, which was shared widely within the counties they serve.



In all other areas of state government, we routinely embrace the most affordable, efficient option. Taxpayers become understandably upset when they discover that government entities spend more than they need to for goods and services. That is why we believe that this marketing graphic worked so well for Edison State. It very simply illustrates the enormous cost difference that exists just to take the same individual course at institutions throughout the state.

Between the State Share of Instruction and the Ohio College Opportunity Grant, the State of Ohio spends \$2.1 billion per year to help college students “purchase” higher education classes. The results of the Edison State effort would suggest that the state could help encourage more students to pursue higher education, and graduate with far less student loan debt, if it marketed and invested more of its money into colleges that can deliver the same courses to students at a fraction of the cost.

HELPING TO CLOSE EQUITY GAPS

Before the pandemic, data shows that 90% of all jobs filled went to college graduates, and yet nearly 80% of all college graduates are white. The opportunities to take advantage of higher education remain out of reach for far too many Black and other minoritized students. Our open access mission

and commitment to remaining affordable means that we are often the first choice for most first generation, minority and adult college students.

	Undergraduate Headcount	Black/African American	First Generation	Over Age of 24	Part-Time
Community Colleges	190,385 (40%)	28,558 (54%)	68,539 (53%)	76,154 (67%)	83,769 (74%)
Universities – Main	223,337 (47%)	20,100 (38%)	42,434 (32%)	26,800 (23%)	20,100 (18%)
Universities – Regional	58,596 (12%)	4,102 (8%)	19,579 (15%)	11,113 (10%)	9,961 (8%)
Statewide Total	472,318	52,760	130,552	114,087	113,830
Source: ODHE Undergraduate & Graduate Student Diversity Report (April 2020)					
*Note: Percentages may not equal 100% due to rounding					

Not only are our colleges proud of the diversity within our student population, we are also equally committed to closing equity gaps and improving success rates for all of our students. Through OACC’s Student Success Leadership Institute, Ohio’s colleges have been leading the way on several national and state initiatives aimed at improving student success by implementing equity-minded reforms such as co-requisite remediation, holistic student supports and active learning practices.

[Formula Change for Developmental Education](#)

First, we are putting our money where our mouth is and recommending a significant change to our funding formula that our presidents worked to recommend last year. Increasingly the data suggests that developmental education isn’t an effective strategy for any student, regardless of race. At the same time, it is also true that a higher percentage of Black students have traditionally been placed in developmental education than White students.

In our current formula, a college is rewarded for getting a student through their developmental math and English courses. With the formula change contained in the Executive Budget, we will now reward colleges for placing students directly into the college level course and incentivize them to provide additional supports to those students who need it to help them pass the college level course. The new measure of success will be having students complete their Gateway Math and English course within the first 30 credit hours they take. The chart below shows the success rates across both community colleges and universities for the students enrolled in fall 2018. With this proposed formula change, we are charging ourselves to erase these equity gaps.

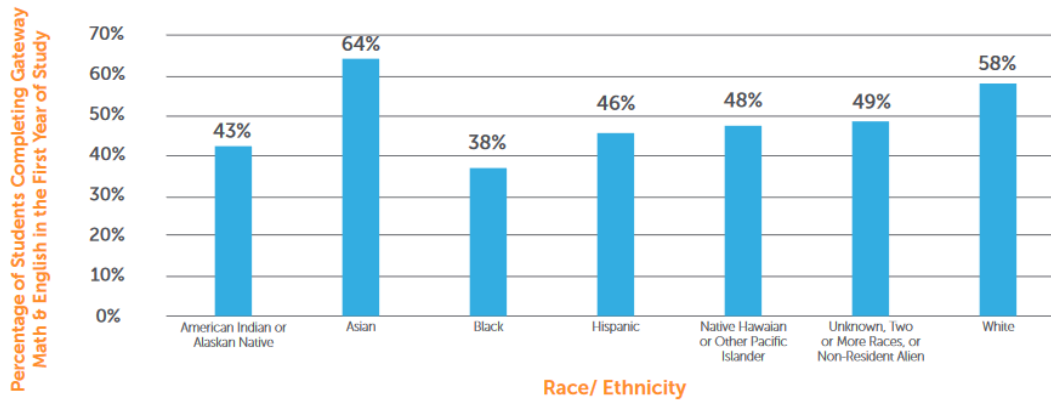
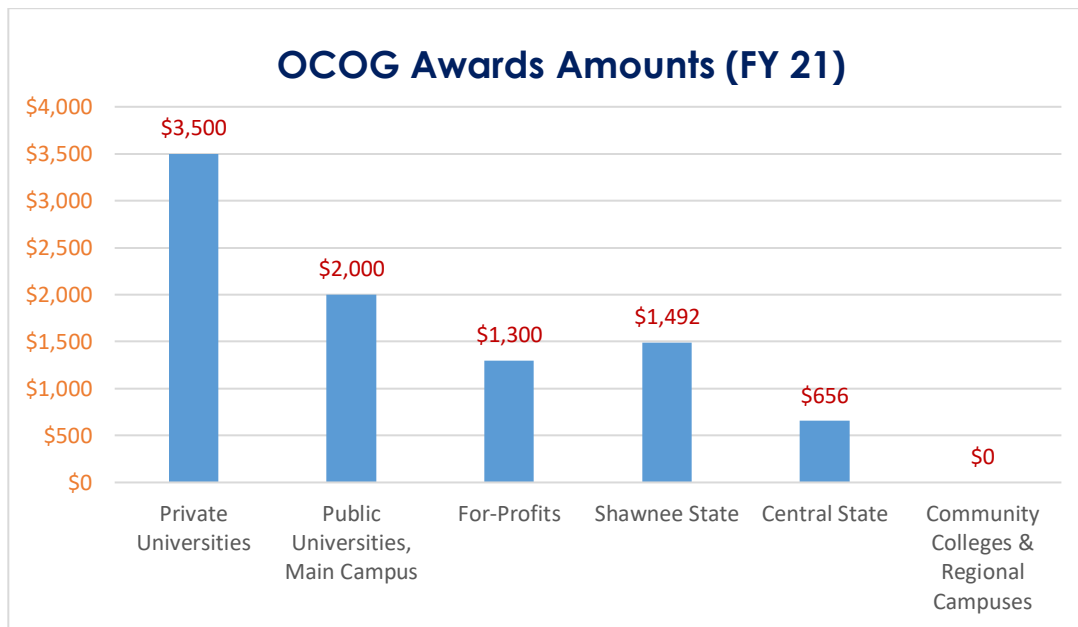


Figure 2. Gateway math & English completion in the first year of study rates by race/ethnicity: Fall 2018 cohort.

OACC is grateful for the Administration’s support to use federal GEER funds to help our colleges implement these reforms and we request the Senate maintain the recommended changes within the community college SSI funding formula.

Ohio College Opportunity Grant

Let me start by stating this clearly – the state’s overall investment in need-based financial aid is commendable, and the increases in OCOG funding in this budget are worthy of praise. It is only in the structure around how that investment is utilized where community college leaders disagree.



As discussed previously, Ohio community colleges have a very diverse student population – serving significant populations of first-generation students, working adults, parents, and minority or underrepresented students. And yet, with very few exceptions, all of those students are ineligible to receive an OCOG award.

But this unfair policy does not just impact students at community colleges; rather, it disadvantages students at other lower cost institutions, including regional campuses and important access universities. For example, as the following chart illustrates, students who attend Central State University or Shawnee State University also do not receive the full OCOG award simply because they have made a commitment to remain affordable.

A national report by the Center for Postsecondary and Economic Success, *Redesigning State Financial Aid to Better Serve Nontraditional Adult Students*, pointed out one of the major shortcomings of the current OCOG design: “In Ohio, students at public community and technical colleges are ineligible for the state’s College Opportunity Grant because its award formula is based on tuition levels rather than need, a policy that can disadvantage nontraditional students. Furthermore, nontraditional students’ reliance on loans to satisfy their unmet needs, albeit even in smaller amounts, is more likely to lead to negative outcomes and position the students to default in repayment.”

The barriers for many of today’s college students go beyond just the cost of tuition. The reality is that many of our college students are also struggling with the cost of textbooks and other educational expenses, food and housing insecurity, childcare, mental health issues, transportation, and access to technology.

A 2019 survey by the Trellis Company illustrates just how financially fragile many of Ohio’s community college students are:

- More than half of community college students experienced food insecurity in the last year, with 28% showing signs of very low food security.
- Nearly 50% had housing insecurity – ranging from having troubles to paying rent to having been homeless at least once in the last year (15%).
- 59% of students would not be able to pay an unexpected bill of \$500.

Let me be clear: The Administration quite frankly inherited the problems that exist within the OCOG program and our colleges strongly supported their proposal in the Governor’s first budget to earmark some OCOG funding to help our students with the cost of textbooks. Unfortunately, this proposal was ultimately removed during the budget process two years ago. However, we still believe that Ohio needs to study how to reform the program to better serve the students’ needs, not institution types. Whether better assisting all students means completely reforming OCOG or creating a new need-based aid program specific to our students, the current policy simply leaves far too many community college students with unmet financial needs.

Finally, the inequities within the distribution of OCOG awards are not the only problem with the rules that govern this program. The lack of transparency and accountability within the program also make it stand out within state government. Because very little data is required to be submitted to ODHE, there is little way to determine the success of this program or its return on the state’s investment. Without this basic level of accountability, there is no true way to know if the state’s \$100 million a year allocation is worthy of continued investment or in need of strategic reforms.

[College Credit Plus](#)

With nearly 77,000 participants and more than \$569 million in tuition savings for Ohio’s families, College Credit Plus is truly one of the best college affordability programs that the state has passed in decades, and the legislature and Administration should be lauded for their continued support of CCP. However, as with every program, improvements can always be made to improve its outcomes.

As you can see from the chart below, since its inception, African American students consistently have been under-enrolled in the College Credit Plus program as a percentage of overall K-12 enrollment. Unfortunately, just as incremental improvements were being made toward closing the equity gaps in CCP participation, the state changed the eligibility requirements. Once the new testing requirements were put into place for the 2018-19 academic year, the previous progress was quickly erased which has once again led to a growing equity gap between minoritized high school students as compared to the total statewide high school population. We must reverse this trend.

College Credit Plus Student Race/Ethnicity

	African American	American Indian, Native American	Asian, Pacific Islander	Caucasian, White	Hispanic	Multiple Races	Native Hawaiian	Unknown or Not Reported
CCP 2015-16	6.3%	0.3%	1.7%	71.6%	2.6%	1.8%	0.1%	15.5%
High School Population 2015-16	16.0%	0.1%	2.1%	73.0%	4.5%	4.2%	0.1%	0.0%
CCP 2016-17	6.8%	0.3%	2.1%	69.4%	2.7%	2.2%	0.1%	16.4%
High School Population 2016-17	16.7%	0.1%	2.3%	70.4%	5.5%	5.0%	0.1%	0.0%
CCP 2017-18	7.6%	0.3%	2.3%	69.7%	1.6%	4.5%	0.1%	13.8%
High School Population 2017-18	16.8%	0.1%	2.4%	69.7%	5.8%	5.2%	0.1%	0.0%
CCP 2018-19	6.9%	0.3%	2.6%	71.1%	1.7%	4.7%	0.1%	12.6%
High School Population 2018-19	16.8%	0.1%	2.5%	69.0%	6.1%	5.4%	0.1%	0.0%
CCP 2019-20	6.7%	0.3%	3.0%	71.8%	1.5%	5.2%	0.1%	11.4%
High School Population 2019-20	16.8%	0.1%	2.6%	68.1%	6.4%	5.8%	0.1%	0.0%

Note: These figures include all enrollments from public and nonpublic secondary schools and homeschooled students.

We applaud the Administration for their commitment in trying to tackle the CCP participation gap amongst minority HS students. The Chancellor has convened a task force with a very diverse set of perspectives to look at changing program eligibility requirements so that more students, including career technical students, can take advantage of this dual enrollment program. We strongly support language proposed by the Governor and maintained in the House version to give the Chancellor authority to advance new rules in this area, based on the final recommendations of the work group.

SUPPORT FOR INCREASED ENROLLMENT

State Share of Instruction (SSI)

OACC is grateful for the Administration’s ongoing support of the State Share of Instruction program and we appreciate the Governor’s decision to restore the previously planned SSI cuts for the current fiscal year, as well as the proposed 1% increase in FY 22 and 0.9% in FY 23. The proposed increases provide approximately \$20 million per year in increased support to Ohio’s public universities (\$15 million annually) and community colleges (\$4.5 million annually).

While we have obviously never lived through a pandemic-inspired recession, we know that historically, increased unemployment or underemployment has always led to increased enrollment in community colleges. If future enrollment mirrors what has been seen in the past, then it will be very difficult for your local community college to handle a 10% or more increase in enrollment with a 1% increase in the State Share of Instruction line item for FY 22 and an additional 0.9% in FY 23 as proposed in the Executive Budget.

We would also request that the Senate reinstate the amendment contained in initial House substitute version of HB 110 (which was later removed by the House Finance Committee in their budget omnibus amendment) to split the State Share of Instruction (SSI) line item into two separate line items – one for public universities and one for community colleges – at the exact earmarked levels currently in the bill:

	<u>FY 2022</u>	<u>FY 2023</u>
SSI - Universities	\$1,582,613,811	\$1,597,298,400
SSI - Community Colleges	\$474,064,305	\$478,463,002

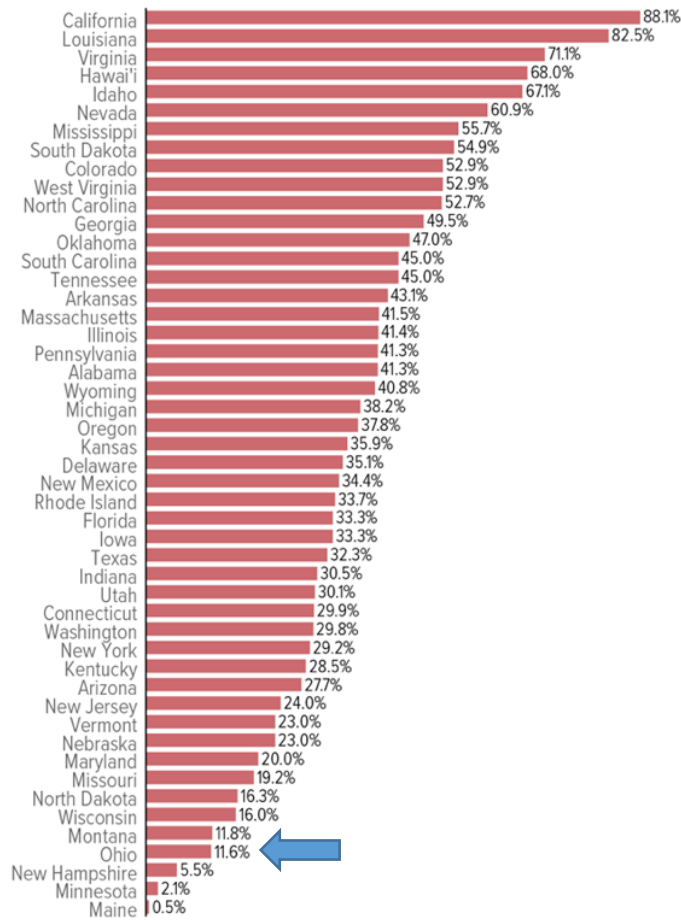
This would provide greater transparency to the public on how higher education funding is spent, in the same way greater transparency was achieved when Ohio implemented the Ohio Checkbook. It also would make it easier to provide targeted funds should you choose to help fund the expected growth in enrollment or workforce training programs.

\$5 Tuition Caps for Community Colleges

The Executive Budget also authorizes tuition increases at community colleges of up to \$5 per credit hour for each year of the biennium, far below the \$10-\$25 per credit hour tuition increases that the state’s public universities will be allowed to implement under this budget. In this case, we are not asking for parity with the universities, but we do believe that having the option to moderately increase tuition is important, should we need additional revenues to help meet an increased demand for our services.

Given that our students are often very price sensitive, we do not simply rubber stamp tuition increases, even though a Pell Grant covers the full cost of tuition for many of our students. We know the true cost to attend college for those students is far greater than the price of tuition. As the chart below illustrates, Ohio’s community colleges have maintained one of the lowest increases in tuition in the country over the last decade.

Percent change in average tuition, inflation adjusted, 2008-2019



Note: Alaska does not have community colleges, so it is not included.

Source: CBPP analysis using College Board Trends in College Pricing 2019 and Bureau of Labor Statistics Consumer Price Index Retroactive Series (CPI-U-RS)

Remaining affordable for those we serve is central to our mission, and it's a responsibility we take seriously. At the same time, our mission is also to serve all who wish to pursue education and training. We do not deny admission to our institutions, and we never want to do that. Therefore, we would ask that you maintain the proposed \$5 tuition increase in the budget for community colleges.

DEREGULATION

Finally, we would request two non-monetary changes in law for community colleges. The first is to exclude us from the requirement that our colleges prepare and submit an annual efficiency report to the Ohio Department of Higher Education. I once again reference the chart Edison State used in their marketing materials to help illustrate that we are already at least 50% more efficient than the state's universities due to the lower amounts of tuition revenue we operate on, not to mention that we only receive 23% of the state's SSI funding, even though we educate 40% of the state's undergraduate students. The reality is this report takes a lot of effort and work hours to prepare and produce, all in an

effort to report what we already know: community colleges are the most efficiently run organizations in higher education.

In addition, we would ask that you remove the restrictions under ORC 3333.046 to provide greater local control to our Board of Trustees. These restrictions were put in place in response to a proposal from one of the state's universities to implement a new program fee that was higher than the yearly tuition at a community college. Our trustees have carefully monitored and managed total student costs over the years, including the addition of any course specific fees. We would request that you remove these restrictions and allow our trustees to exercise their most important duty – manage the fiduciary matters of the organization in the best interest of their community.

Thank you, Chairman Johnson and members of the committee for your time and attention this morning. I would be happy to answer any questions that you may have.