

Chair Manning, Ranking Member Jarrells, and members of the House Finance Subcommittee on Higher Education, thank you for allowing me the opportunity to provide proponent testimony today in support of House Bill 33 on behalf of the state's fourteen public universities, all of which are members of the Inter-University Council of Ohio (IUC). My name is Laura Lanese, and I am the President and CEO of the IUC.

The IUC was established in 1939 as a voluntary educational association of Ohio's public universities. It is committed to ensuring affordable opportunities for the more than 300,000 students attending our member institutions.

On behalf of Ohio's fourteen public universities, the IUC appreciates the continued support for, and investment in, higher education as proposed in the as-introduced version of the FY24-FY25 biennial operating budget. We thank Governor DeWine and Chancellor Gardner for their strong continued support and advocacy on behalf of our state institutions of higher education, for their recognition of the value of a post-secondary degree, and for their efforts to maintain the quality of academic instruction we provide our students without compromising either access or affordability. To paraphrase Chancellor Gardner, this higher education budget is truly "transformative." It will transform students' lives. It will transform local communities. It will transform the economic future of this state.

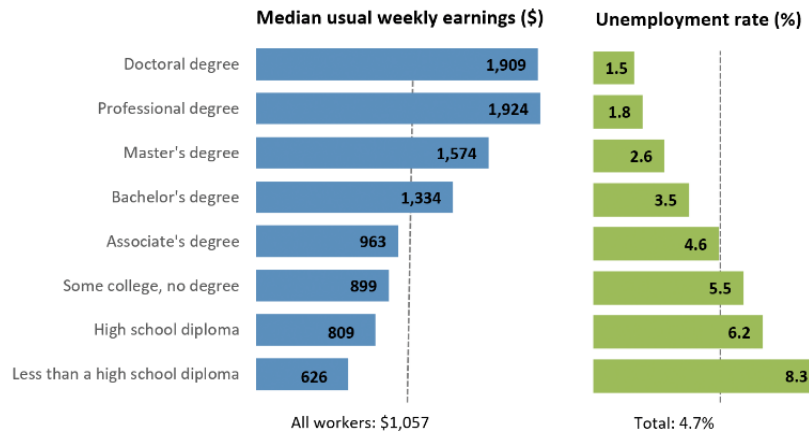
Benefits to Our Public University Graduates

An investment in higher education transforms the lives of our college graduates. In addition to the cultural, psychological, and social rewards of being a more educated individual, we know that the economic benefits of a college degree are life changing. We also know that students who complete a four-year degree will make substantially more over a lifetime than students who have not attained this milestone. Individuals with bachelor's degrees typically earn 40% more than individuals with associate degrees.¹ An individual with a bachelor's degree earns approximately \$2.8 million over their lifetime, with a master's degree \$3.2 million, and with a professional degree, \$4.7 million. The picture is clear. The more you learn, the more you earn.

And while we have seen a perceptual pivot away from higher education from some policy makers, we know that the economic payoff is truer today than ever before. A study from the NY Fed just last year indicated that we are now seeing the highest wage gap ever of those aged 22-27. Today those young people with a high school diploma will on average earn \$30k/year, while those same 22-27-year-olds with bachelor's degree will earn on average \$52k/year. Over a lifetime this difference grows to over a million dollars. You can see in the graph below that bachelor's degrees are the golden ticket to financial security. Additionally, as you have heard in the chancellor's testimony, jobs that require bachelor's degrees are projected to have the highest net job growth between 2020 – 2030. The transformative nature and long-lasting impact of a college degree cannot be overemphasized.

¹ The State of American Higher Education Outcomes in 2023, Third Way, Feb. 22nd, 2023, <https://www.thirdway.org/report/the-state-of-american-higher-education-outcomes-in-2023>; last accessed Feb. 27th 2023.

Earnings and unemployment rates by educational attainment, 2021



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics, Current Population Survey.

Source: U.S. Bureau of Labor Statistics

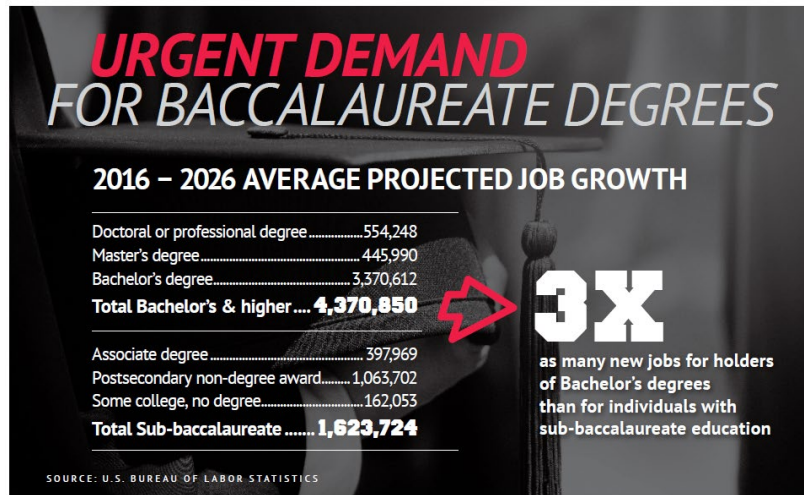
Enrollment and Demand

You may have heard that due to the global pandemic, enrollment at many sectors of higher education have been suffering from low enrollment. This is not the case at Ohio's public universities, particularly on main campus, where enrollment has remained relatively steady. We believe this is because there is a strong demand by students for the high-quality and affordable education that we provide and because, in the job market, bachelor's degrees are still very much in high demand. Students clearly see the value in a four-year bachelor's degree. They know that with it, they will have a better chance of securing a job and earning more in that job than if they had a lower level of attainment.

It is choice that protects the student, and Ohio has many excellent choices. It should be the market and demand that determine price, what is affordable, and what is not affordable for each individual student. In this relationship, it is the public university's responsibility to provide its student with an accessible, valuable, high-quality product, which we believe is what the student demands. We take that responsibility seriously. And attainment is critical because, as the chart below demonstrates, not only do individuals benefit as they attain a higher level of education, but so does the entire state.

Economists believe that for Ohio to stay competitive, 65% of Ohioans need a high-value credential or postsecondary degree. In 2018, only 49.2% of Ohioans had such a credential or degree. Ohio ranked thirty-one out of 50 states.¹ Baccalaureate degrees are where the jobs are. Many of the most in-demand jobs are in healthcare or technology and require a higher education degree.² According to the U.S. Bureau of Labor Statistics there is an urgent demand for bachelor's degrees. In fact,

there are three times as many new jobs for holders of bachelor’s degrees than for individuals with sub-baccalaureate education.



Source: U.S. Bureau of Labor Statistics

Additional Benefits to Graduates

We also know that there are many other benefits to an individual who earns a bachelor’s degree. They are more likely to be entrepreneurs, more likely to have children who earn degrees, more likely to donate to a charity, survive an economic downturn, have upward mobility, lead healthier lives, be less likely to need state-supported services, and so on and so on.

Benefits to Our Communities

An investment in higher education also benefits our communities. With our 14 main campuses, we also have 24 regional campuses that play a significant role in our local communities. Universities employ thousands of workers. In the Athens area, Ohio University is the largest employer and a major economic driver. Its impact is felt from the school all the way down to the coffee shop on the street corner. Same for Miami University in Oxford and Bowling Green State University. Cleveland State University is ranked the 10th best midsize employer in the nation for 2023 by Forbes Magazine. Ohio’s universities offer social opportunities like theater and sports, and their faculty, staff, and students donate hundreds of thousands of hours to local causes like river cleanups, tutoring at risk students, and volunteering in food banks, homeless shelters, and even our new cyber security reserve. For example, scientists at the University of Toledo (UT) are collaborating with the Ohio EPA to adjust road salt methods to reduce harm to freshwater ecosystems. A 2017 economic impact study looking at UT found that for every \$1 invested by the state into the university, \$10 of economic impact is generated to the local economy; and every one job at UT meant 2.6 jobs in the local economy. And the University of Akron is the number one university in the world for polymer science and plastics engineering, which means that the city of Akron continues its moniker of Rubber Capital.

The fiscal, social, and environmental impact of these 38 campuses spread well beyond the footprint of their buildings. They are integral part of our local communities and the regions beyond. Wright State University's Dayton Campus continues to strengthen its relationship with Wright-Patterson Air Force Base through an elevated partnership where the Air Force Research Laboratory will conduct ground-breaking research on campus affording students and faculty additional opportunities. Central State University established the Center of Excellence HBCU Corporate Engagement and partnered with Fortune 500 companies to engage in outreach, research, and development for student placement and talent pipeline development.

Benefits to Our State

Next, I'll talk about what the impact this investment will have on the state. I know that there's a big desire to pass income tax cuts, but if cuts are made in higher education the long-term impact on our economy will be severe. Currently, we're in the midst of talent wars across the country and across the globe. Everyone from Michigan to Florida, and even to China are competing for talent, our talent. And the most in demand workers are those with the highest levels of education.

The three most important words for our state's economic future are: investment, investment, and investment. This wouldn't be the first time that we've demonstrated that investing in higher education will result in transformative dividends. On the national level we've seen it at three different critical moments in history: During the Civil War with the Morrill Act, during the post-World War II era with the GI Bill, and finally during the Sputnik era with the National Defense Education Act or the NDEA.

Not unsurprisingly, prior to the passage of the Morrill Act, Ohio led the charge with public investment in higher education with the Lands Act, which was part of the Northwest Territory Ordinance. This public policy goal was led by an agent for the Ohio Company, Manasseh Cutler. He petitioned Congress to appropriate land for the support of a university. Eventually, Ohio University was born from this appropriation-the first university chartered in Ohio and the first university chartered by Congress.

Nearly fifty years later at the height of the Civil War, the Morrill Act Land Grants transferred federal lands for states to use for higher education. This act laid the foundation and precedent of the government's commitment and investment in higher education, an investment that would lead, in part, to the US surpassing Great Britain as the leader of the Industrial Revolution. In Ohio we're fortunate to have two great land grant universities: The Ohio State University, which became a land grant university in 1870, and Central State, which is considered an 1890 land grant university, one designated for historically black colleges and universities, but did not officially become one until 2014.

Congress also saw the need for investment in higher education at the height of World War II, and just two weeks after the Normandy invasion, Congress passed the Servicemen's Readjustment Act, and unleashed the power of higher education to transform the lives of more than 8 million American veterans, a number that later climbed to 16 million. And like the investment made by the Morrill Act, this investment in higher education launched the US into one of the most

productive and prosperous economic periods in our history. As average Americans earned more money, they pumped more money back into the economy and changed their lives in the process. President George H.W. Bush summed up the impact of the SRA in 1990 by saying, “the GI Bill changed the lives of millions by replacing old roadblocks with paths of opportunity.”

One final example is the National Defense Education Act, which was passed to address American national security needs after the launch of Sputnik by the Russians in 1957. The goal of the NDEA was to advance America’s science, math, engineering, and language studies to compete on a global scale with the USSR in these areas. The NDEA ensured that students at both the K-12 and the college level received upgraded STEM education and resources. The Act steered \$500 million just on teacher training and classroom development. This became the dawn of technology and labs in the classrooms. Much of today’s technology, such as laptops and the internet can be traced to the accelerated pace of applied research spawned by Sputnik. And the investment paid off in the most visible way possible, in a little more than a decade of this legislation, the US landed on the moon and JFK’s dream was realized.

Talent Wars in the Knowledge Economy

From the industrial revolution to the space race, we’ve seen the impact of investment in higher education. We are now in the middle of what’s called the Knowledge Economy, which is as the name suggests based on intellectual capital. Today’s economy rewards those that have the ability to leverage scientific discoveries and applied research. Layer that talent wars on top of the knowledge economy, and hopefully you get an appreciation for the importance of investing in higher education. That’s why we see other states and countries reversing years of decline in higher education spending. For example, just last year Michigan passed bipartisan legislation to fund up to 75% of Michigan students with an appropriation that will grow to approximately by \$560 million, which is on top of their existing funding (EFC 25k). Another example is Florida, which had historically seen a low investment in higher education. Under Governor DeSantis the state now spends \$11,000 per college student per year, compared to Ohio’s approximately \$7,500. And then there’s China, which is not only having its own Sputnik moment, but is going all in with the talent wars with unprecedented investment in higher education. China is not only spending more than \$250 billion/year investing in higher education; it is working to raise the profile of its own universities to attract international students and draw them away from the US. The lists of elite universities now include Chinese institutions, which have been knocking out mid-range American universities on these world rankings. Many of these Chinese universities now offer advanced degrees taught in English and are often heavily subsidizing not just their own students, but international students as well. More than ever the race for talent is on.

Universities Doing Their Part

On this topic of why the state should continue to fully support its public universities, the IUC believes that Ohio’s public universities unequivocally remain one of the best investments the state can make to continue to grow its economy. The return on that investment is significant, as will be shown in an economic impact study conducted for the IUC by Lightcast, an independent and nationally recognized company that provides colleges and universities with labor market data designed to create better outcomes for students, businesses, and communities. The report is scheduled for release in April and, upon its completion, will clearly demonstrate that the state’s

public universities, their students and regional alumni contributed substantially to the state economy in FY2021-FY2022. The bottom-line result shows that in FY 2021-22, the public universities of Ohio added \$67.8 billion in income to the Ohio economy, a value approximately equal to 8.6% of the state's total gross state product (GSP). Expressed in terms of jobs, the universities' impact supported 860,603 jobs. For perspective, the activities of the universities and their students support one out of every eight jobs in Ohio.

In the area of research alone, the report finds that over the last four years, our public universities received 2,577 invention disclosures, filed 2,002 new patent applications, and produced 459 licenses. Total license income over the same four-year time period grew from \$16.2 million in FY 2018-19 to \$21.5 million in FY 2021-22, an approximate \$5.3 million increase. In FY 2021-22, the universities spent \$858.4 million on payroll to support research activities. This, along with \$1.1 billion in other research spending, created a net total of \$1.9 billion in added income for the state economy. This added income is equivalent to supporting 24,795 jobs.

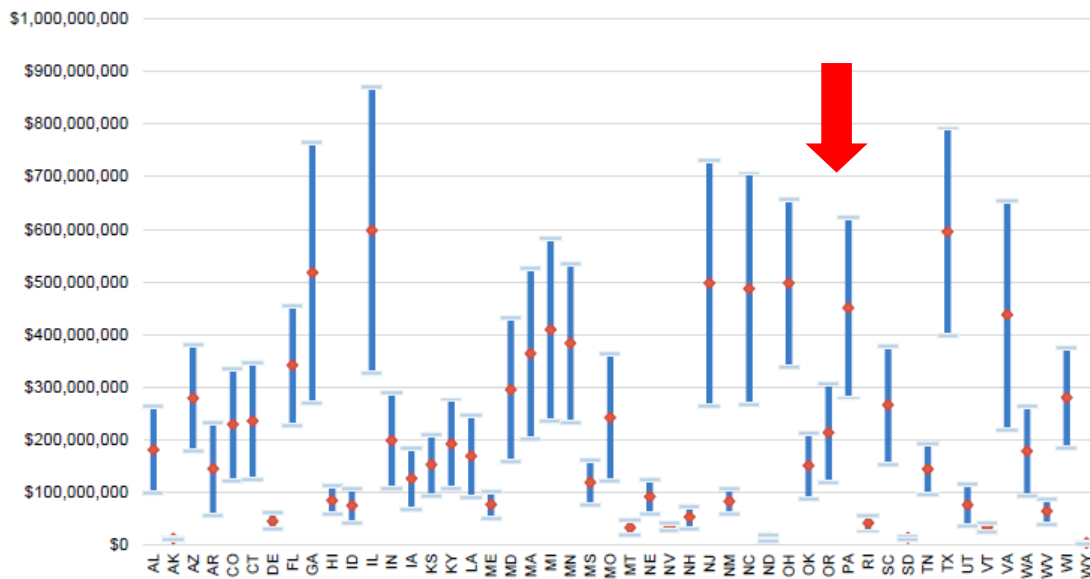
In addition, from a taxpayer perspective, it may surprise you to learn that Ohio's public universities generate more in tax revenue than they receive. As the universities' students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. Altogether, the present value of the benefits associated with an education from the universities will generate \$1.6 billion in savings to state and local taxpayers. And the universities themselves contribute as employers. Ohio's public universities employed 70,187 full-time and part-time faculty and staff (excluding clinical and research employees). Payroll amounted to \$3.7 billion (excluding payroll from clinical and research employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The universities spent another \$1.8 billion on day-to-day expenses related to facilities, supplies, and professional services (excluding clinical and research expenditures), most of which went to local and regional businesses. The net impact of the universities' operations spending added \$4 billion in income to the state economy in FY 2021-22.

At the end of the day, the benefits are clear -- our university graduates' benefit from a significant earnings premium, public universities generate more tax dollars than they take, and they create and retain wealth. The benefits to students are reflected largely in increased earnings over a lifetime. Benefits to taxpayers consist primarily of taxes paid to state government and used to benefit the state. Taxpayers realize additional benefits in the form of reduced costs incurred by the state to pay for healthcare, crime, and unemployment. These are compelling reasons why supporting higher education should be a public policy priority in Ohio.

As we ask the state to support higher education funding, it is important to recognize that universities are doing their part as well. Because of the tuition guarantee program implemented in 2014, Ohio's public universities are required to hold their costs of attendance frozen for four years for their incoming class of freshmen. Thus, for nearly a decade they have been called on to do significantly more with significantly less. They are tasked with increasing state and federal mandates, as well as increasing costs as more and more degrees are in the STEM fields, which are historically some of the most expensive courses offered due to salaries, labs, and classroom costs.

To meet these constraints, many of our public universities are getting leaner. For example, Kent State has reduced its workforce by 13%. The University of Akron has reduced its full-time employee headcount by nearly 1,000 in less than a decade. Other universities have done the same. At the same time, our public universities have been leaning on alumni and other donors for many of their financial needs, such as building costs and new scholarships to keep tuition affordable. For example, Miami University recently received a \$46 million donation from an alumnus for scholarships for students who are Pell eligible. Bowling Green received an \$8 million donation for their convocation center, while Kent State received a \$6.5 million for a new aeronautics and aviation building. Youngstown State University received \$5 million donation for a student center. Northeast Ohio Medical University was awarded a \$2 million grant from the federal government for equipment and construction of the NEOMED Dental Clinic, which will also work to solve a significant medical need in Ohio. Shawnee State has committed to fully funding its most financially challenged students in the surrounding rural counties through their Friends of Shawnee program. Finally, just this month, OSU announced their largest single donation in history of \$110 million for The Center for Software Innovation. As you see many cranes across college campuses, please remember that many of these are supported through private donations or through bond instruments. These philanthropic donations are in addition to the billions of dollars our universities have secured for funding innovative research. OSU is a national leader in securing over \$1.2 billion dollars in research funds. In terms of National Science Foundation funding alone, Ohio ranks in the top ten in the country. Not only do these funds help our universities financially and academically, but they also bring cutting edge research to our doors.

State-by-state Net Benefit Associated with a Five-Percentage Point Increase in Attainment



Note: To facilitate readability, we exclude California (\$1.4B - \$4.5B) and New York (\$690M - \$1.9B) from this graph.

Source: Ithaca S+R Issue Brief “It’s Complicated: The Relationship between Postsecondary Attainment and State Finances”, January 19, 2021

According to the issue brief from Ithaka S+R, the source for the chart above, for most states, an increase in attainment is associated with several hundred million dollars in increased tax revenue and decreased public expenditures. The research concluded that, not surprisingly, the difference between aggregate net benefits for a five-percentage point increase exclusively in bachelor's degree attainment compared to a five-percentage point increase exclusively in associate degree attainment also grows with the size of the population.

This underscores the potential benefits to states for prioritizing longer degree programs in their attainment strategies. Remember the more you learn, the more you earn. Our success as public universities, and as a state, will be based on enrolling more students, our students persisting, earning a degree, and finding a job in Ohio. Chancellor Gardner summarized the findings of this report well when he succinctly pointed out that if Ohio achieved a 5% increase in attainment “split evenly between bachelor's and associate degrees...Ohio would realize a net fiscal benefit of \$500 million per year – the 4th largest net benefit of any state in the U.S.”

Because of our focus on student retention and graduation rates, significantly more students are graduating today than ten years ago. According to the Ohio Department of Higher Education report entitled “Degrees and Certificates Awarded by Ohio Public Institutions, Fiscal Years 2009-2018” published by ODHE in September of 2019, total bachelor's degrees awarded by the state's public university main and regional campuses increased by 30% and master's degrees were up by 24%. According to the ODHE, within six years, 71% of first-time full-time students seeking a degree at an Ohio public university graduate. The Ohio State University leads the way on this measure with an astounding 87% graduation rate with Miami University close behind at 80%.² Admittedly, there is always more work to do in this area, particularly for non-traditional and at-risk students. A big part of the reason graduation rates have improved is because Ohio's public universities have made strides investigating impediments for these students and supporting them with services throughout their education. For example, in the University of Cincinnati established the Gen-1 Program in 2008 for Pell-eligible, first-generation college students providing them with a scholarship and support while they complete their degree, including ensuring they have a laptop computer. Ohio University launched its OHIO Guarantee Plus Graduation Plan, which ensures students graduate on-plan, reducing time to degree, decreasing debt, and ensuring students are prepared for entry into their careers. The public universities have demonstrated that they are working to solve the challenges of increasing costs and demands through cost-cutting, leveraging private donations, and utilizing federal research dollars as well as ensuring that students graduate in a timely manner.

So how does the state help our public universities accomplish the goals of investment in our students, our communities, and our state?

² Six Year Success Measures for First-Time, Full-Time, Degree-Seeking Students at Fall 2015 Enter Cohort, Ohio Department of Higher Education, https://highered.ohio.gov/static/hei/6_yr_success_public_2015_for_website_10102022.pdf; last access Feb. 13th, 2023.

State Share of Instruction

The most impactful way the state helps fund our public higher education is through the state share of instruction (SSI), which is the largest line item in the Ohio Department of Higher Education's (ODHE) budget. The reason for this is because it directly supports the operations of all public institutions of higher education – both state universities and community colleges. Because a state institution of higher education is maintained or “owned” by the state, the state has acknowledged it has committed to helping fund its operation. The dollars appropriated to this line item are the fulfillment of that commitment.

The distribution of this funding to each institution is outcome-based rather than enrollment based. Ohio was an early adopter of outcome-based funding and is one of the few schools that directly supports funding through this model. For public universities, the funding is distributed based on course completion, which comprises approximately 30% of the distribution; degree completion, which allocates 50% of the distribution; and the remaining 20% for medical and doctoral programs, if applicable.

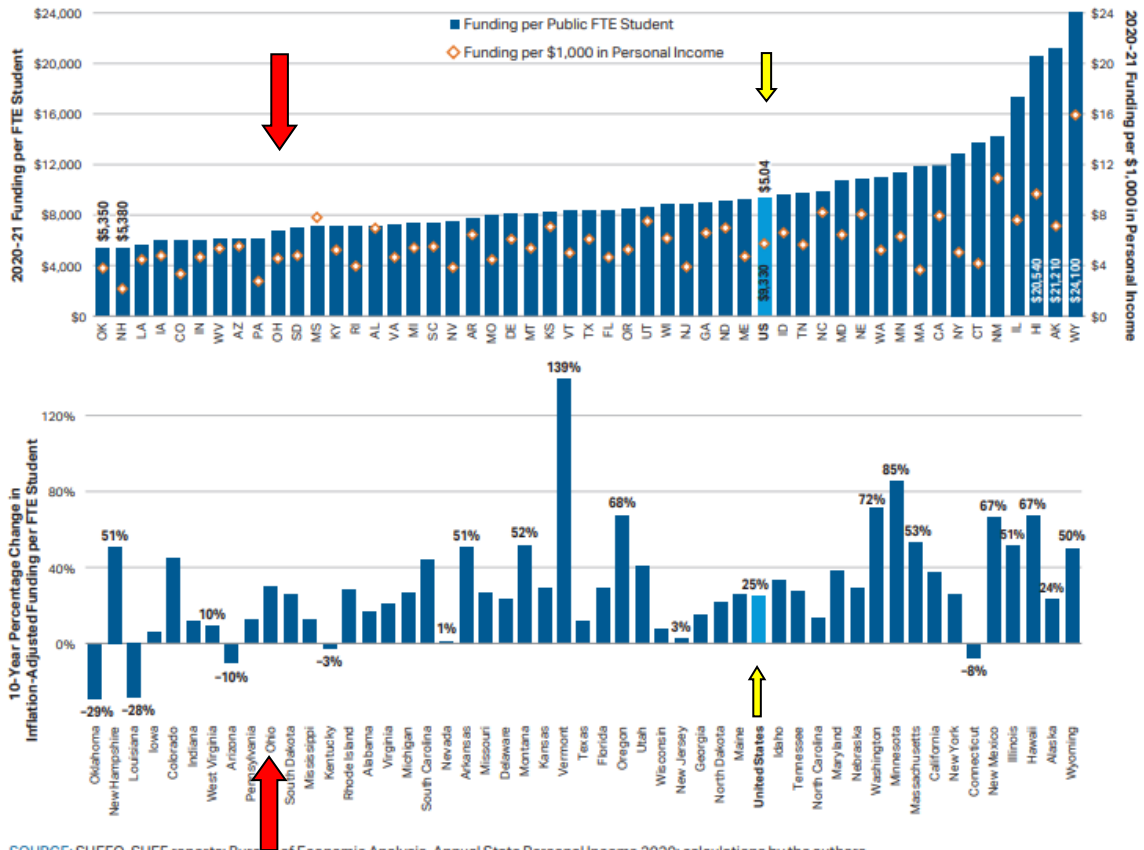
Total funding appropriated in House Bill 33 for this subsidy is \$2,138,034,244 in FY24 and \$2,202,175,271 in FY25. Those numbers represent an increase of 3% in FY24 over the FY23 appropriation and 3% from FY24 to FY25. Of that total amount, our member universities, main and regional campuses, will receive \$1,643,678,352 and \$1,693,034,872 in each year of the biennium, respectively.

The state's share of instruction is important because it represents one side of the affordability equation – the other side being tuition. Both shape the cost of attendance for our students. As one changes, going either up or down, the other is affected. That is why the state's investment is so essential. You can see in the charts on the following page from the College Board – Trends in College Pricing 2020-21 Report – that Ohio's investment on a per full-time equivalent (FTE) student basis is below the national average.

In 2020-21, state and local funding for public higher education averaged \$9,300 per FTE in the United States. It ranged from \$5,350 in Oklahoma to \$20,000 in Hawaii, Alaska, and Wyoming. In Ohio, the subsidy was \$7,567. Long term, the IUC believes that the state should adopt a policy that funds the SSI at the national average on a per student basis. If the state were to fund the SSI on a per FTE basis at the national average, then the total SSI funding, on an annual basis, would be \$3,480,264,600. This is based on a total FTE enrollment of 374,222 students in 2021 at Ohio's public universities and community colleges. Despite the acknowledgement that Ohio is close to the bottom in funding institutions, IUC is supportive of this “student focused” budget and the funding structure Governor DeWine and Chancellor Gardner have proposed in this budget.

Personal Income and 10-Year Percentage in Inflation-Adjusted Funding per Student, by State

FIGURE CP-12 2020-21 State and Local Funding for Higher Education per Student and per \$1,000 in Personal Income and 10-Year Percentage Changes in Inflation-Adjusted Funding per Student, by State



SOURCE: SHEEO, SHEF reports; Bureau of Economic Analysis, Annual State Personal Income 2020; calculations by the authors.

Source: The College Board, Trends in College Pricing 2020-21

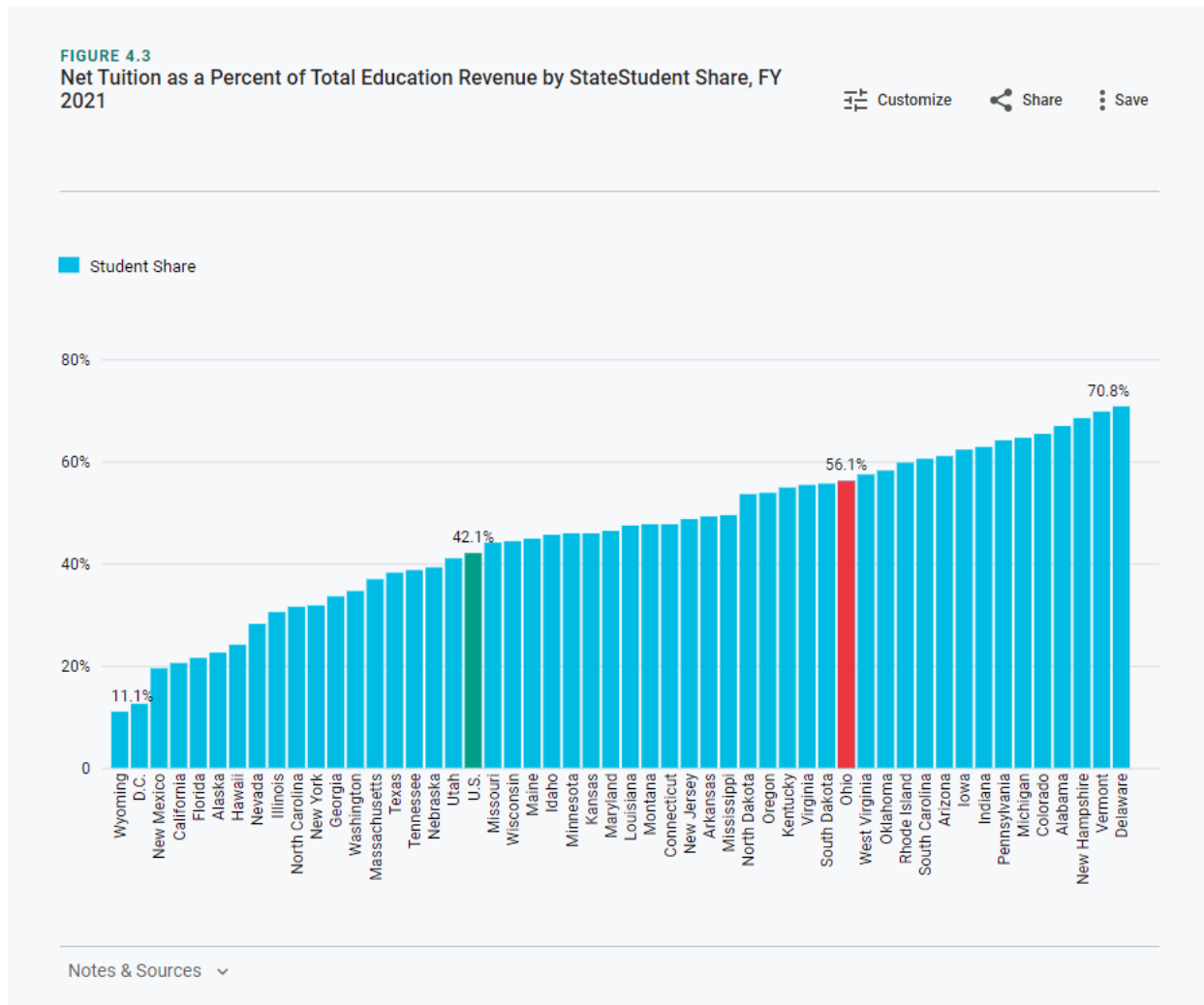
Holding the Line on Tuition

The other side of the affordability equation, as mentioned earlier, is tuition – the price the student pays for the instruction provided by the institution. State subsidies cover part of the cost, and instructional and general fees, aka tuition, are charged to cover the remaining costs. Frequently, some portion of the tuition is offset by financial aid and scholarships.

One way to measure affordability in comparison to other states is to measure the percentage that students pay compared to the percentage the state pays. According to the State Higher Education Executive Officers Association’s 2021 State Higher Education Finance Report, when identifying net tuition as a percent of total education revenue, twenty states had a student share above 50%. “Only one state, Delaware (70.8%), had a student share above 70%. Conversely, six states and Washington, D.C., had a student share below 25%.” The national average was 42.1%. Ohio’s share

was just over 56.1%, down from 61% last biennium. Over the last ten years, the student share has increased in all but three states (Florida, Vermont, and Wyoming).

Ohio trends towards the higher side of tuition because its state share of instruction trends towards the lower side. Taken together, these graphics – the previous state funding per FTE and the one below on net tuition – present a clear picture of the relationship between investment by the state through its subsidy and tuition charged by the institution.



Source: State Higher Education Executive Officers Association

As noted earlier, the state sets price controls on in-state undergraduate instructional and general fees by requiring all public universities to participate in the state’s tuition guarantee program and by limiting increases in in-state undergraduate instructional and general fees to no more than what the institution charged for the previous academic year. This tuition guarantee has kept Ohio’s 14 public universities affordable for our in-state students.

Need-Based Financial Aid

OCOG

The next major mechanism the state uses to fund higher education students is through the need-based program, the Ohio College Opportunity Grant (OCOG) program which provides grant money to Ohio residents who demonstrate the highest levels of financial need. Need is determined by the results of the Free Application for Federal Student Aid (FAFSA). OCOG helps financially challenged students to cover those academic costs that the federal Pell Grant does not. Ohio College Opportunity Grant award amounts for students at public and private universities, private for-profit institutions of higher education, and community colleges are determined by the ODHE. For full time students on main campus at public universities the OCOG award amount for 2022-2023 is \$2,700. Under House Bill 33, in FY24, for students on main campus at public universities, the OCOG award amount is \$4,000. By FY25, students on main campus at public universities and at private universities the OCOG award amount is \$6,000. As proposed under this budget, Ohio residents in an associate degree, first bachelor's degree, or nurse diploma program at an eligible Ohio institution with an expected family contribution (EFC) of \$10,000 or less can be eligible for OCOG. This equates to an average adjusted gross income of approximately \$87,000. Thus, the proposed budget for financial aid reaches into the middle class for the first time ever.

The maximum Pell Grant award for 2023-2024 award year is \$7,395. To stretch limited OCOG resources as far as possible, the state adopted a policy requiring students to apply the Pell Grant first. The "Pell First" policy was implemented in 2009-2010 in response to the Great Recession and the dramatic cuts that were made to the OCOG program to help balance the state budget and at that time. The rationale was to maximize the use of federal benefits (Pell) before using limited state resources (OCOG) for academic expenses. It was the most rational policy for the state to adopt at the time because, generally, federal Pell Grants alone are enough to cover tuition and fees at lower-cost degree-offering institutions, including regional campuses and community colleges. It remains the most rational and expedient policy for the state because OCOG resources remain limited. The fixed Pell/EFC combo of \$7,395 continues to exceed the average tuition and general charges at community colleges and university regional campuses and therefore, consistent with past practice, no OCOG awards will be available to students attending these institutions unless they otherwise qualify for foster youth status, or Federal Veteran's Education benefits, or third term OCOG. These students may be eligible for up to the public main campus award amount.

The IUC appreciates the administration's support for OCOG in House Bill 33. It will go a long way towards helping students with financial need earn a degree. This budget is more than a \$100 million a year expansion of OCOG funding - a significant investment in Ohio's students and large increase from last biennium.

New Funding

OCAG

Unlike previous years, this budget creates a separate line item for need-based assistance for students at regional campuses, community colleges, and technical schools. This is the Ohio College Access Grant, or OCAG. The threshold will be the same expected family contribution of \$10,000 or less. These students will be able to receive an award amount of \$1,000.

Merit Scholarships

IUC is also enthusiastic about the Merit Scholarship Program in House Bill 33. As the subcommittee has heard, the program will provide a \$5,000 annual scholarship, renewable for four years, to the ranked top 5% of students in every high school in Ohio attending college in state. IUC supports this initiative for numerous reasons. First, it will serve as an aspirational goal for Ohio high school students. Second, as this committee knows from their work in the legislature and on this biennium budget, not all high school students are afforded the same opportunities. The Merit Scholarship Program allocates funds by comparing students from the same school who have access to relatively the same resources, for example access to the same AP classes or non-traditional extra circular activities. The students are compared apples to apples, and the highest achieving at each school are awarded scholarship. Finally, Ohio needs to keep its highest achieving students in state. Merit scholarships will keep these bright young people in Ohio for their education, and jobs will keep them here to raise their families.

Mentor Scholarship Program

IUC also supports the Mentorship Scholar Program that awards \$2,500 renewable scholarships to students who participate in the mentoring program when they were in 6th – 12th grade.

Funds for Mental Health

House Bill 33 allocates \$10 million each fiscal year for mental health program. Particularly after the COVID-19 pandemic, public universities have seen a real need for mental health support for their students. Everyone's goal is for these young people to be happy and healthy so they can graduate and become contributing members of our economy and society.

Access Challenge

This student focused budget also allocates \$40,000,000 per year to be distributed to public institutions to help "at-risk" students complete their degree by providing them with wrap-around services, counseling, and other support services in a new program called Access Challenge.

WorkFORCE Ohio

Another new program in the budget is WorkFORCE Ohio which provides \$30 million each fiscal year for grants to higher education institutions based on Ohio's need for critical education and training to support high-demand occupations and careers.

Super RAPIDS

The final new program in the budget I want to discuss is the Super RAPIDS (or the Regionally Aligned Priorities in Delivering Skills) program. This program is funded at \$200,000,000 for FY24 only. This money is primarily for community colleges, public universities, and Ohio Technical Centers to purchase and upgrade pivotal lab equipment and facilities for the education and upskill of Ohio's current and future workforce.

Choose Ohio First

IUC is also grateful to Governor DeWine and Chancellor Gardner for their continued investment in the Choose Ohio First Scholarship Program, which provides scholarships to Ohio college

students studying a STEM field. The budget funds these scholars at \$30 million and \$32 million in FY24 and FY25 respectively. This is approximately a 7% increase in funding from FY23.

Increase to the Second Chance Grant Program

The bill also increases the grant amount from \$2,000 to \$3,000 for the Second Chance Grant Program for individuals who previously disenrolled from higher education so that they can now finish their degree.

Free Application for Federal Student Aid (FAFSA)

Relative to financial aid, the IUC echoes and supports the Administration's emphasis on the importance of the FAFSA completion. By completing the FAFSA, students contemplating college will know if they are eligible to receive financial aid, what financial aid is available to them, and how much. Federal student aid includes grants, work-study programs, and low-cost loans.

The U.S. Department of Education uses the data from the FAFSA to determine eligibility for federal student aid and it also may be used to determine eligibility for state and institutional aid. The FAFSA is critical because it generates a student's EFC, which is an important number in the financial aid process and packaging. Generally, colleges determine financial need by subtracting the EFC from the cost of attendance.

The IUC supports House Bill 33's creation of the ApplyOhio under the Department of Higher Education (ODHE). One of the office's major functions will be helping to facilitate FAFSA completion. IUC supports the \$3 million appropriation for ApplyOhio. Finally, IUC supports ODHE requiring the completion of FAFSA form with the option to opt out. This approach is consistent with research from economists like Nobel Prize Winner Richard Thaler who determined that outcomes can be improved by making the desired behavior the default option and the less desirable behavior the opt-out option.³ This is an aggressive plan to address this challenge, and it is truly necessary because the level of financial aid that students may be leaving on the table when they do not complete the FAFSA is significant.

Conclusion

Our public universities are the doors of opportunity for all Ohioans, they are the economic engines of towns and communities across the state; they are the pipeline to ensure Ohio continues to thrive in the new Knowledge Economy and beyond. Ohio can capitalize on the many opportunities that are arriving within our borders, from the electric vehicle plant in Fayette County, to the Abbott Labs investment in Bowling Green, to the transformation of the former Buckeye Steel plant into a hydrogen energy plant, to the possible submarine dry dock in Lorain. These investments are predicted to bring billions of dollars into Ohio, but they need an educated workforce. Many of these jobs will require credentials and associates degrees, and the budget includes funding opportunities for those programs as well. But the majority of these job openings will demand college degrees, including advanced degrees. During the research for this testimony, I came across an article explaining how Ohio was successful in attracting the new billion dollar plus microchip

³ Richard H. Thaler, Cass R. Sunstein, *Nudge: Improving Decisions about Health, Wealth, and Happiness* (2008).

plant. The article was titled, "What does Ohio have that Michigan doesn't?" The answer, of course, was a well-educated workforce. This answer shouldn't come as any surprise to our neighbors up north because as Woody Hayes would always say, "You win with people." I ask you to show your strong support for winning with our people by investing in our 14 public universities.

Thank you for this opportunity to testify. I am happy to answer any questions at this time.