



**House Bill 33 Biennium Budget
Proponent Testimony
May 2, 2023**

Chair Cirino, Vice Chair Rulli, Ranking Member Smith, and members of the Senate Workforce and Higher Education Committee, thank you for allowing me the opportunity to provide proponent testimony regarding House Bill 33 (HB33) 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 association and today represents Ohio's 14 public universities. Together, these institutions offer a broad range of associate, baccalaureate, graduate, and professional programs. In FY 2021-22 alone, Ohio's public universities collectively contributed approximately \$67.8 billion to Ohio's economy and support one out of every eight jobs in Ohio. IUC's purpose is to facilitate the development of common interest and to assist in sustaining and improving the quality of public higher education. IUC also engages in public relations, research, and government liaison work. The major goal of the IUC is to sustain a consortium that establishes a dynamic forum that fosters idea exploration and problem solving. IUC member institutions are committed to ensuring affordable opportunities for the more than 290,000 students attending Ohio's public universities without sacrificing the quality of their education.

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 and as passed by the House versions of the FY24-FY25 biennial operating budget. We thank Governor DeWine, Chancellor Gardner, and the Ohio House 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, Governor DeWine's higher education budget was truly "transformative." Unfortunately, some of the governor's proposed funding was cut in the House. ***IUC requests that the Ohio Senate restore the State Share of Instruction funding (SSI) and the Ohio College Opportunity Grant (OCOG) to the levels proposed by Governor DeWine, as well as any of the new line items the governor proposed that will propel Ohio forward in attracting and keeping Ohio students in Ohio.*** Funding at those levels will transform students' lives. It will transform local communities. It will transform the economic future of this state.

Benefits to Our Public University Graduates

The return on the investment for higher education is significant. For every \$1 an individual spends to attend an Ohio public university, they will have a return of \$5.60 in lifetime earnings. This is according to 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 will be released next week on Tuesday May 9th. The study clearly demonstrates that the state's public universities, their students and regional alumni contributed substantially to the state economy in FY2021-FY2022. 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, that amounts to 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. 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, equivalent to supporting 24,795 jobs.

As the report pointed out, “the universities create an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created because of the universities. The universities’ start-up and spin-off companies generated \$1.7 billion in added income for the Ohio economy.”

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. For every \$1 taxpayers spend on public universities, they get a return of \$4.60 in added tax revenue and public sector savings. 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. An infographic summary of the study is attached at the end of this testimony.

The advantages are clear -- our university graduates’ gain from a significant earnings premium, public universities generate more tax dollars than they receive, and they create and retain exceptional 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 by alumni with higher earnings and in the reduced costs incurred by the state to healthcare, crime, and unemployment costs. These are compelling reasons why supporting higher education should be a public policy priority in Ohio.

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.

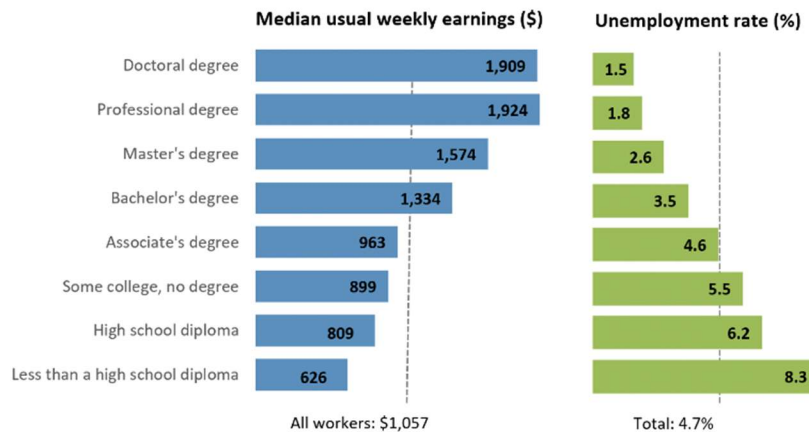
As you can see the tag line in higher education should be “the more you learn, the more you earn.” As the universities’ students will earn more, they will not only improve their lives and their families’ lives, but they will also greatly contribute to the fiscal health of the state. As you go through the budget process to determine which programs you should fund, higher education should rise to the top because the investment will pay dividends unlike most other budget items leading to a more robust budget for the next budget cycle.

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 per year, while those same 22–27-year-olds with bachelor’s degrees will earn on average \$52k per year. Over a lifetime

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.

this difference grows to, on average, \$1.2 million more than individuals with a high school diploma.² You can see in the graph below that bachelor’s degrees are the golden ticket to financial security. To truly make it to the middle class in America and Ohio, a bachelor’s degree is the best place to start.

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

Additionally, jobs that require bachelor’s degrees are projected to have the highest net job growth between 2020 – 2030. This statistic is not surprising when you consider that Ohio needs 7,500 teachers a year. Twenty-five percent of the openings for "in-demand jobs" currently require a bachelor's degree or higher compared to the 12% that require an associate degree or a postsecondary nondegree award.³ Ohio’s workforce needs are not just in manufacturing. Other in-demand jobs include registered nurses, business managers, accountants, business operations specialist, software developers, and market research analysts.⁴ Because of large investments recently made in Ohio, we also know Ohio will need more graduates with engineering and advanced manufacturing degrees. Not only does Ohio have a great need for people with bachelor’s degrees or higher, but those are also the best paying jobs. Of the 63 top paying in-demand jobs, 62 require a bachelor's degree or higher and one requires a high school diploma or equivalent.⁵ The transformative nature and long-lasting impact of a college degree cannot be overemphasized.

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

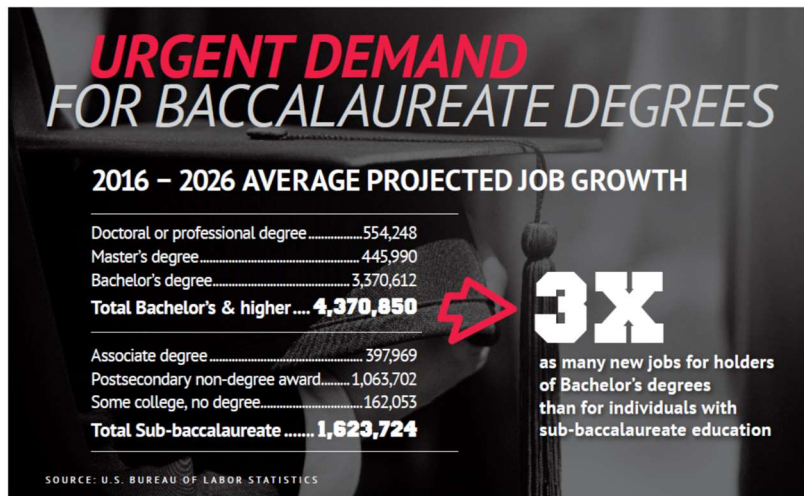
² Association of Public & Land-Grant Universities, <https://www.aplu.org/our-work/4-policy-and-advocacy/publicvalues/employment-earnings/#11>; citing Abel and Deitz, "Despite Rising Costs, College Is Still a Good Investment," Federal Reserve Bank of New York, 2019; last accessed April, 2023.

³ In-Demand Jobs List, Governor's Office of Workforce Transformation, <https://topjobs.ohio.gov/list>; last accessed aMarch 26, 2023.

⁴ *Id.* The list represents the bachelor's degree positions in the top 51 jobs with the most openings. That list included four positions that required a postsecondary non-degree award. The rest required a high school diploma or less.

⁵ In-Demand Jobs List, Governor's Office of Workforce Transformation, <https://topjobs.ohio.gov/list>; last accessed March 26, 2023.

ranked thirty-one out of 50 states.¹ According to the U.S. Bureau of Labor Statistics there is an urgent demand for bachelor's degrees in particular. 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.

Enrollment and Demand

Ohio must plan for its long-term future and how it will avoid the demographic cliff. Ohio lost 91,000 residents between 2000 – 2020.⁶ By 2030, a quarter of Ohio's population will be age 60 or older.⁷ Only 22% of Ohio's population is under 18.⁸ Ohio has two choices, we can try to increase immigration to our state, or we can invest in a quality higher education system that attracts and keeps young people in Ohio.

Despite the pandemic, there is still a strong demand by students for the high-quality and affordable education that Ohio's public universities provide. Between 2013 – 2022, Ohio's public universities saw just a 12.6% decrease in enrollment.⁹ Compare that to the 31.6% decrease seen by other public institutions of higher education during that same period.¹⁰ Further, post-pandemic, the numbers for public universities are likely improving. The University of Cincinnati had its largest freshman class ever last Fall. Kent State University received a record number of applications for

⁶ David DeWitt, *Ohio is largely losing population and growing older except in greater Columbus area, study shows*, Ohio Capital Journal, Nov. 2nd, 2022, <https://ohiocapitaljournal.com/2022/11/02/ohio-is-largely-losing-populationand-growing-older-except-in-the-greater-columbus-area-study-shows/>; last accessed March 27, 2023.

⁷ Ohio Department of Aging.

⁸ United States Census, QuickFacts Ohio, <https://www.census.gov/quickfacts/OH>, last accessed March 27, 2023.

⁹ Legislative Budget Office of the Legislative Service Commission, decrease in attendance from FY2013 - FY2022.

¹⁰ *Id.*



its 2023-2024 academic year. 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 than if they had a lower level of attainment.

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, especially in rural communities. 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. The same is true for our other rural schools: Miami University, Bowling Green, Shawnee State and Central State. To give just two examples, Miami's College@Elm Innovation & Workforce Development Center will work with regional manufacturers to develop incubators to grow the economy in the southwest corner of the state. Meanwhile in the northwest corner, Bowling Green's university scientists have been integral in studying and improving water quality for the entire region and state. These universities have an important impact in the rural communities of our state that would not be realized without their contributions that go far beyond educating students.

Ohio's urban communities also benefit from our public universities. Cleveland State University is a leading public urban research institution that provides a dynamic setting for engaged learning. *U.S. News & World Report* named CSU number one among all Ohio public and private universities and number 105 nationally for social mobility. The university also ranked number two in Ohio on the *Forbes* list of "America's Best Employers by State." Youngstown State University serves its region with industry credentials through the Division of Workforce Education and Innovation. YSU also ensures an excellent and affordable education is available in their region as it was ranked a top seven most affordable universities nationwide by College Consensus.

Ohio's universities also offer social opportunities like theater and sports, while 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. A 2017 economic impact study looking at the University of Toledo 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. 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. Another example of regional economic impact can be seen at the University of Akron, which is the number one university in the world for polymer science and plastics engineering. Because Akron is still the Rubber Capital of the World with its focus on polymer research and development, the region relies on the university's graduates to fill these important roles. A final example is Wright State through its partnerships with Ohio's largest single site employer and key player in our country's national security, Wright Patterson Air Force Base. The Air Force Research Laboratory is where ground-breaking research opportunities abound for students and faculty. The fiscal, social, and environmental impact of these 38 campuses spread well beyond the footprint of their buildings. They are an integral part of our local communities and the regions beyond.

Finally, it's important to note the impact of Ohio's six medical schools, our soon to be two dental schools, our one podiatric school, and our one veterinary school as they are integral part of Ohio's

public health. Besides being major employers to both our graduates and others, they provide medical, dental and veterinary care to our citizens that might otherwise be unavailable. These schools also provide cutting edge research like the University of Cincinnati's in Parkinson's disease, genetics in opioid addiction, and personalized treatment for deadly blood and bone marrow cancer. Our public universities are so vital to the health of our state because they are literally saving the lives of countless Ohioans and people all across the country.

Economic Benefits to Our State

We know there's a strong desire to pass income tax cuts, but if cuts are made in higher education the long-term impact on our economy will be severe. An investment in higher ed will have a much greater impact on the financial health of Ohio. Currently, we're engaged in a talent war across the country and across the globe. Everyone from Michigan to Florida, and even to China are competing for our talent. As noted previously, 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 (NDEA). When the going got tough, America invested in higher education.

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. It was 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 (SRA), 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. 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 toward teacher training and classroom development alone. 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 who can leverage scientific discoveries and applied research. Layer the talent wars on top of the knowledge economy and 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. Not uncoincidentally, the top five fastest growing states: Utah, Idaho, Texas, North Dakota and Nevada all fund their public institutions higher than Ohio. These aren't the tropical warm weather states either, like Florida another top ten growing state, which funds its students at nearly 50% more than Ohio. Governor DeSantis has been able to address social issues at Florida's public universities and still recognize their importance to the economic viability of the state.

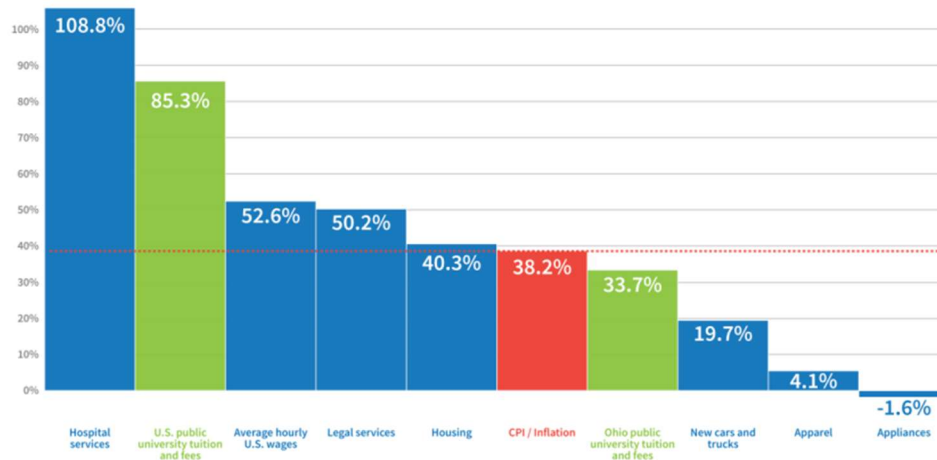
Another example is Michigan, which last year passed bipartisan legislation to fund up to 75% of Michigan students with an appropriation that will grow to approximately \$560 million, which is on top of their existing funding (EFC 25k). Then there's China, which is not only having its own Sputnik moment, but is going all in with the talent wars with unprecedented investment in higher education. China is not only spending more than \$250 billion per 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 global elite universities now include Chinese institutions, which have been displacing American universities on these world rankings lists. 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 is on for talent.

The conclusion is clear: The states that want to grow know the best way to do this is through higher education and workforce.

Universities Doing Their Part To Keep Costs Low

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. This is part of the reason that tuition and fees at Ohio's public universities has increased less than the rate of inflation since 2007.

Ohio Public University Tuition and Fees vs. Overall Inflation and Price Changes in Other Goods and Services, 2007-2022



Source: Ohio Department of Higher Education

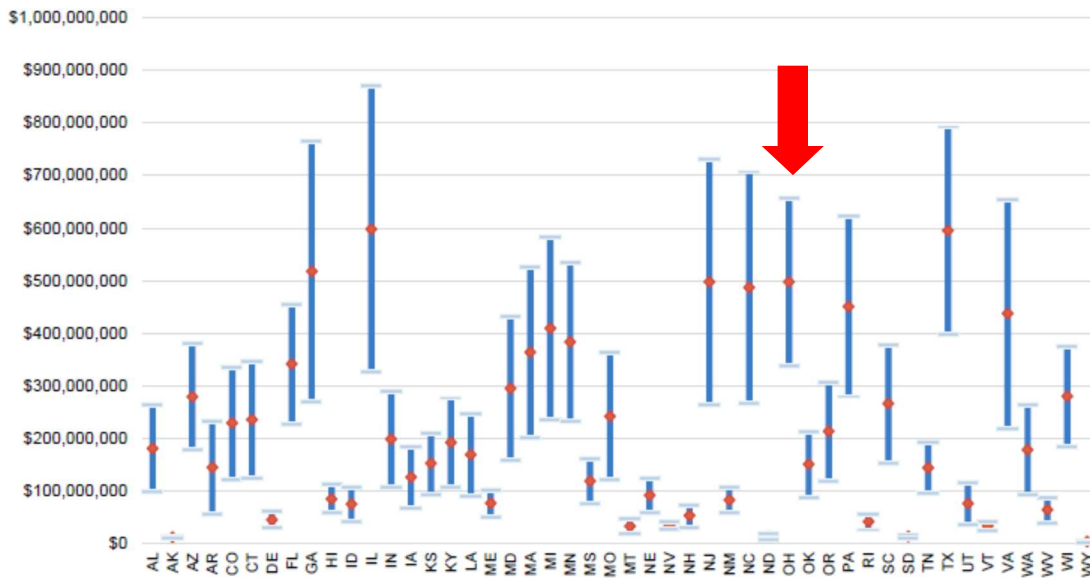
Thus, for nearly a decade our public universities have been called on to do significantly more with significantly less. They are tasked with increasing state and federal mandates, as well as increasing costs as more and more degrees are in the STEM fields, which are historically some of the most expensive 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 end of this testimony, you will find examples from all 14 public universities.

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 alumna for scholarships for students who are Pell eligible. Bowling Green received an \$8 million donation for their convocation center, while Kent State received \$6.5 million for a new aeronautics and aviation building. Youngstown State University received a \$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, OSU just announced their largest single donation in history of \$110 million for The Center for Software Innovation. As you see construction cranes sprinkled 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 \$1.3 billion in research funds. In 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

According to the issue brief from Ithaca S+R, the source for the chart below, for most states, an increase in attainment is associated with several hundred million dollars in increased tax revenue and decreased public expenditures. 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.” 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.



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

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 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%.¹¹

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 improved is because Ohio’s public universities have made strides investigating impediments for these students and supporting them with

¹¹ Six Year Success Measures for First-Time, Full-Time, Degree-Seeking Students at Fall 2015 Enter Cohort, Ohio Department of Higher Education, https://higher.ed.ohio.gov/static/hei/6_yr_success_public_2015_for_website_10102022.pdf; last accessed Feb. 13th, 2023.



services throughout their education. For example, 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, including increasing attainment; our communities; and our state?

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 ODHE's 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.

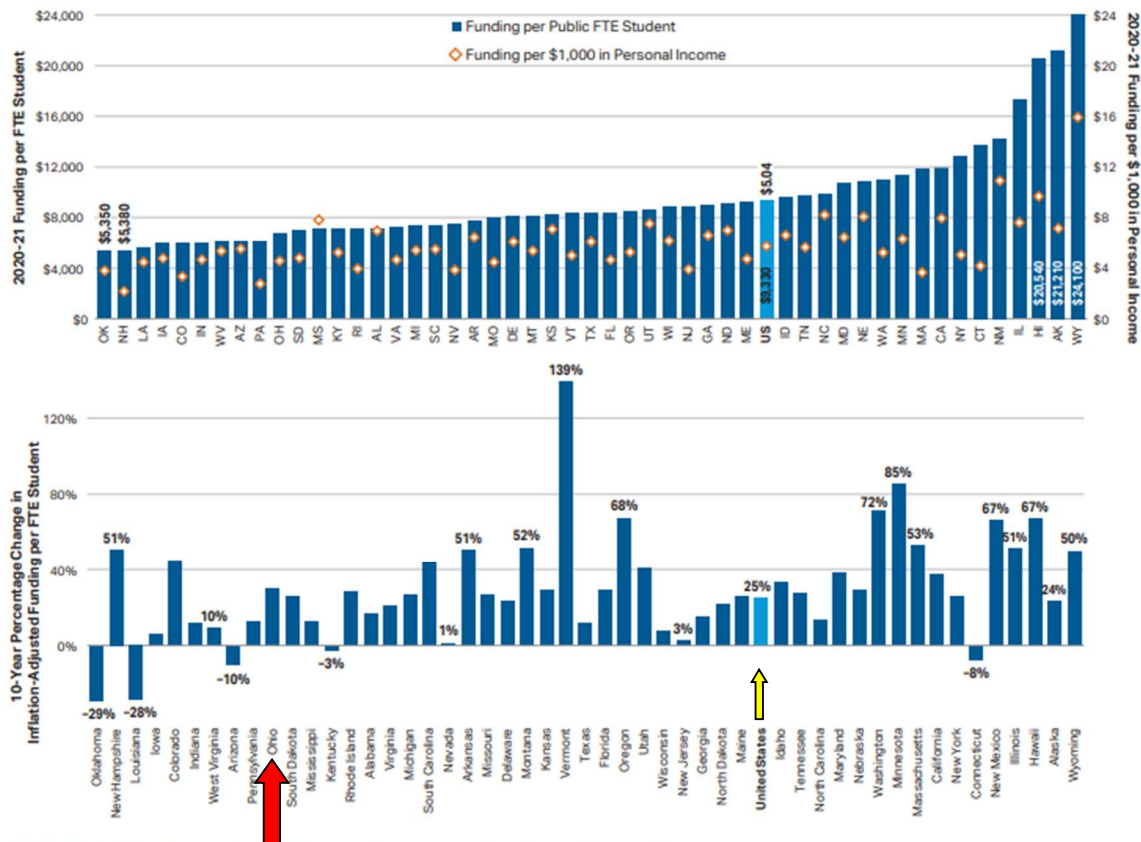
The distribution of this funding to each institution is outcome-based rather than enrollment based. Ohio was an early adopter of outcome-based funding and is one of the few schools that directly supports funding through this model. For public universities, the funding is distributed based on course completion, 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 HB33, as passed by the House, for this subsidy is \$2.106 billion in FY24 and \$2.136 billion in FY25. Those numbers represent an increase of 1.5% each year from last biennium. Of that total amount, our member universities, main and regional campuses, will receive \$1.619 billion and \$1.642 billion 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. The state's investment is so essential. ***That is why IUC is asking for this funding to be at the level proposed by Governor DeWine - FY24 \$2.138 billion and FY25 \$2.2 billion.*** This represents a 3% increase each year from last biennium.

You can see on the charts below Ohio's investment on a per full-time equivalent (FTE) student basis is below the national average. In 2020-2021, 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. Despite the acknowledgement that Ohio is close to the bottom in funding institutions, IUC is supportive of the funding levels proposed by Governor DeWine.

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.

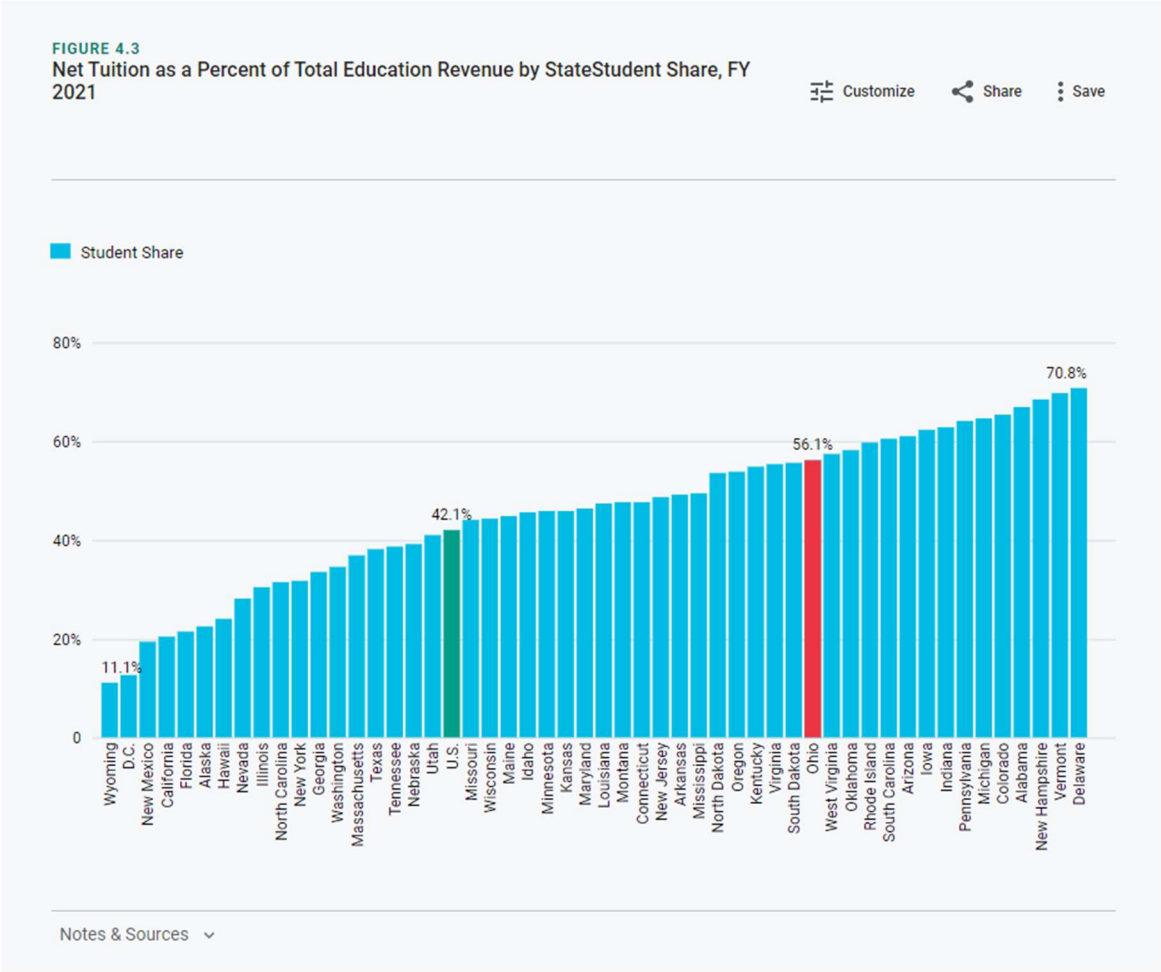
Source: The College Board, Trends in College Pricing 2020-2021

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.

Ohio trends towards the higher side of tuition because its state share of instruction trends towards the lower side. Taken together, these graphics 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, Ohio 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. Purdue University has been cited as an example of affordability as the institution has not raised tuition since 2013. According to Purdue’s website, 59% of their students are from Indiana. According to The Ohio State University, 73% of their students are from Ohio. Out-of-state students pay more in tuition than in-state students. That higher tuition helps supplement in-state tuition and keeps the cost down for in-state students. Particularly, international students often pay more than even out-of-state students in tuition and fees. According to Purdue, 12.8% of their students are international. At OSU, 8.1% of their students are international. Purdue maintains affordability by supplementing in-state tuition with a student body that is almost 40% out-of-state students. Ohio maintains affordability by its tuition guarantee.

Ohio College Opportunity Grant

The next major mechanism Ohio uses to fund higher education students is through the need-based program, the Ohio College Opportunity Grant (OCOG) 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 HB33, in FY24, for students on main campuses at public universities, the OCOG award amount is \$4,000. By FY25, for students on main campuses at public universities and at private universities the OCOG award amount will be \$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 household adjusted gross income of approximately \$87,000. Thus, the proposed budget for financial aid has the potential to reach into the middle class for the first time ever.

Unfortunately, the funding levels in the budget passed by the House will not allow this laudable goal to be realized as the entire program is underfunded. That is why the temporary law in HB33 requires the chancellor to determine if reductions in award amounts are necessary. If the chancellor makes that determination, the chancellor shall reduce the award amount proportionally among the sectors of institutions in a manner determined by the chancellor. Additionally, the chancellor must inform the controlling board of the method. The governor's budget had the OCOG program fully funded. ***IUC requests that OCOG funding be restored to the governor's proposal of \$216 million in FY24 and \$346 million in FY25.***

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 to the OCOG program 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. In fact, since 2009-2010, students at public community colleges receive enough grant aid, on average, to cover their full-tuition and fees.¹² Pell-First remains the most rational and expedient policy for the state because OCOG resources remain limited.

The IUC appreciates the House's roughly 24% increase in OCOG from last biennium. It is a significant investment in Ohio's students, and it will go a long way towards helping students with financial needs earn a degree. However, in FY08 and FY09 the combined funding of OCOG was \$440 million. When adjusted for inflation, Governor DeWine's proposal put OCOG back to the level it was at prior to the Great Recession. Unfortunately, the House cut this funding to \$315 million for the biennium. Unless the Senate acts, Ohio will have failed to restore OCOG funding for the last fifteen years.

¹² Trends in College Pricing and Student Aid 2022, Trends in Higher Education Series, "Since 2009-10, first-time fulltime students at public two-year colleges have been receiving enough grant aid on average to cover their tuition and fees." pg. 17.

New Funding

Mental Health Support

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

Ohio Work Ready Grant Program

The maximum Pell Grant award for 2023-2024 award year is \$7,395. The Pell Grant continues to exceed the average tuition and general charges at community colleges and university regional campuses. Therefore, consistent with past practice, no OCOG awards will be available to these students in most circumstances.

That is why the House included a new program called the Ohio Work Ready Grant Program. It is a \$3,000 grant for full-time or part-time students at a community college, state community college, technical college, or state university branch campus. The student must be pursuing an “in-demand” or “critical” job as determined by the Governor’s Office of Workforce Transformation (GOWT). The program is funded at \$14,298,000 in FY24 and \$26,571,000 in FY25.

Super RAPIDS

Under the Super RAPIDS (or the Regionally Aligned Priorities in Delivering Skills) program, the GOWT and the chancellor distribute the funds to support collaborative projects among qualifying institutions to strengthen education and training opportunities to maximize workforce development efforts in defined areas of the state. This program is funded at \$100,000,000 for FY24 only and \$4,280,000 is earmarked for Fairfield County to support building improvements, equipment purchases, and operating expenses for programs of the Fairfield County Workforce Center.

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 associate 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 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.” ***IUC asks you to show your strong support for***



winning with our people by investing in our 14 public universities through the restoration of the SSI and OCOG and all funding to the levels proposed by Governor DeWine.

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



Analysis of the Economic Impact and Return on Investment of Education

The Public Universities of Ohio

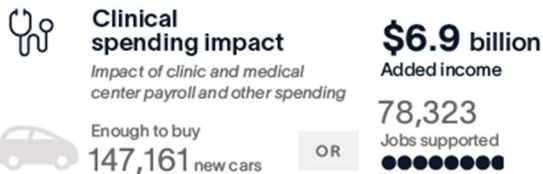


About the public universities of Ohio



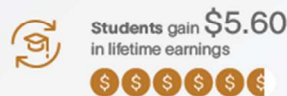
Economic impact analysis

1 out of every 8 jobs in Ohio is supported by the activities of the public universities of Ohio and their students.

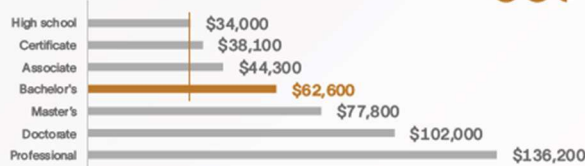


Investment analysis

For every \$1...



The average bachelor's degree graduate from Ohio's public universities will see an increase in earnings of **\$28,600** each year compared to someone with a high school diploma working in Ohio



Doing Our Part to Enhance Affordability and Ensure Efficient Use of Taxpayer Dollars

In recent years, each of Ohio's 14 public universities has found innovative strategies for improving efficiencies and reducing costs to remain affordable. The universities have reduced staffing, enhanced financial management, leveraged federal funds, and secured donations from alumni and partners to fund scholarships, new buildings, and professorships. Here are examples of how our public universities are doing their part to contain the cost of higher education:



The University of Akron reduced its full-time employee headcount by nearly 1,000 in less than a decade and has consolidated its colleges from 11 to five.



Bowling Green State University has saved more than \$81 million dollars since FY 2017 through a five-year master plan for institutional efficiency. These savings decreased administrative costs for students by an average of \$139 since 2018.



Central State University has leveraged federal land grant funds dollar-for-dollar since the Ohio legislature designated it as a land grant university in 2012 and it was designated as such in the 2014 federal farm bill. The university is constructing 10 new facilities on campus in the next three years with \$0 state capital funds. These projects are instead funded by public-private partnerships, federal opportunity zone tax credits, projects by private developers, and federal research grants.



The University of Cincinnati implemented shared services across non-academic operations with finance, human resources, and IT. Its annual budgeting process finds efficiencies across the university to reduce overall costs.



Cleveland State University's student-success initiatives save time and money. The average CSU graduate's debt is nearly \$2,000 below the state average, and CSU's average student debt per borrower is the second lowest among Ohio public universities.



Kent State University has reduced its total headcount by 973 employees from FY 2016 to FY 2022. Of that reduction, Kent State reduced nine administrative employees for every full-time faculty member. Kent State has also reduced annual debt service expenses by \$3.7 million (10%) with several strategic and timely debt refinancing/refunding initiatives that reduced the interest rate without increasing bond principal.



Miami University has reduced administrative and hourly positions by almost 23%. Some staff roles, such as fundraising, have been increased to grow giving for scholarships. However, other administrative areas within Miami have reduced staffing by over 40%. This is reflected in *U.S. News and World Report*, which recognized Miami as the most efficient university in America.

Continued on back



Northeast Ohio Medical University (NEOMED) is committed to conservative budgeting practices and the implementation of zero-based budgeting and Lean Six Sigma (LSS) principles of operational excellence. These have informed management decisions to eliminate waste in operations and better align resources consistent with the university’s strategic plan. NEOMED has eliminated previously funded vacant positions, modified faculty and staff education benefits, replaced self-insured faculty and staff health insurance plans with fully insured plans without modifying benefits, refinanced bonds, and modified partnerships.



The Ohio State University achieved \$497.9 million in strategic procurement cumulative savings since FY 2012, with \$46.3 million saved in FY 21 alone. Additional financial controls implemented in FY 2021 included a hiring pause, a reduction in travel, and business-essential-only spending. This generated \$194.8 million in university operational efficiency savings, \$103.7 million in medical center savings, and \$44.7 million in capital efficiencies, for a total of \$343 million.



Ohio University streamlined its administrative services in Communications and Marketing and Advancement in 2020, resulting in more than \$1.5 million in recurring savings. A university-wide shared services model was recently adopted to gain significant efficiency in the management of administrative transactions.



Shawnee State University consistently ranks as one of Ohio’s most efficient universities in terms of operating expenses and campus footprint. Shawnee State keeps costs low to make college affordable in underrepresented Appalachian Ohio through open access and free tuition for eligible students.



The University of Toledo has implemented salary reduction initiatives as part of the effort to address the university budget. In part, this included an immediate 20% pay cut through the end of the fiscal year for all senior leaders and academic deans.



Wright State University is the first university in the state to zero-base budget its entire operation to assure resources are aligned with student demand. This translated into over \$100 million in annual expense savings. These savings have allowed Wright State to remain one of the most affordable public universities in Ohio while also making strategic investments in student success and creating unique partnerships with regional employers like Wright-Patterson Air Force Base and Premier Health Partners. The university has also led the way in leasing excess space to key community partners and employers that create unique internship opportunities for students.



Youngstown State University launched a major administrative reorganization in 2016 that reduced expenditures by slightly more than \$1 million annually and has since reduced total employees by 15%. YSU also reduced academic departments from 36 to 18, which is estimated to reduce expenditures by \$1 million annually. In recent years, approximately 70% of the university’s resources have been allocated to Academic Excellence/Academic Support and Student Success/Student Experience (federal classifications of expenditures).