



TESTIMONY BEFORE THE SENATE WORKFORCE & HIGHER EDUCATION COMMITTEE
HB 33 (FY 2024-25 Operating Budget)

Chair Cirino, Ranking Member Smith, 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.

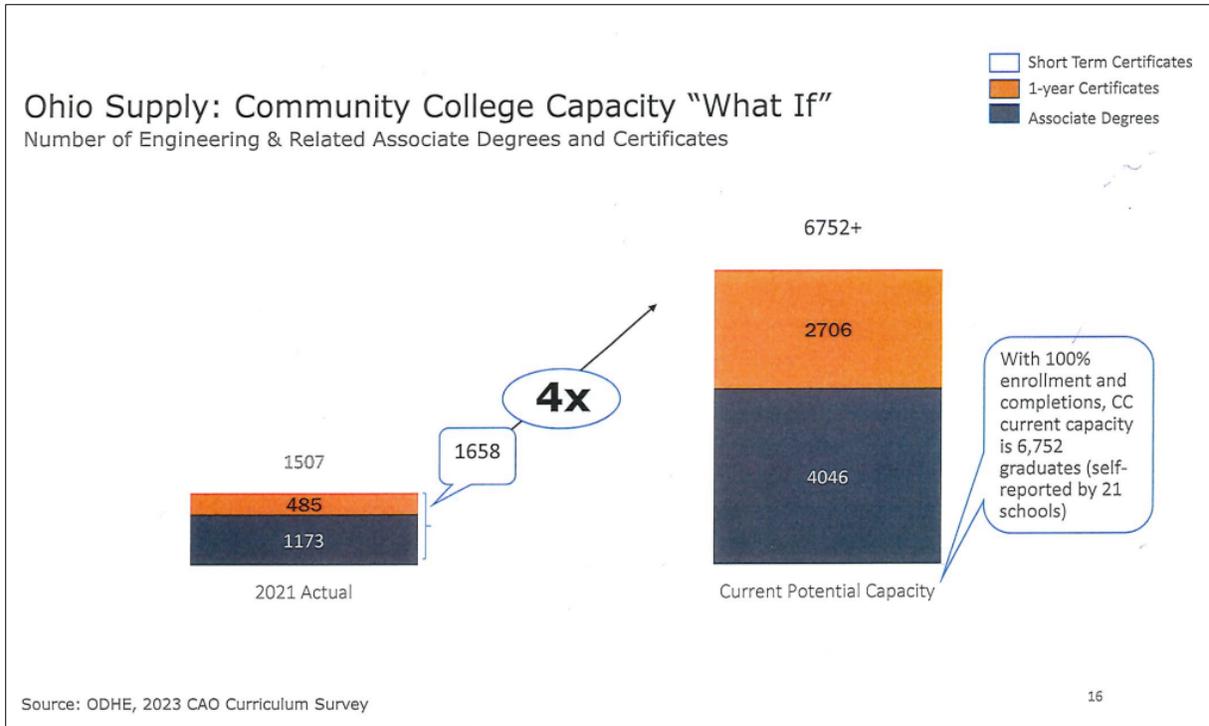
Let me start by saying that we greatly appreciate and support the overall increase in funding for higher education proposed by Governor DeWine and Chancellor Gardner in this budget. As community colleges are feeling an intense pressure to produce more graduates to meet the needs of virtually every industry throughout Ohio, the overall level of investment proposed by the Governor would help us meet the moment Ohio is experiencing. During the House budget process, OACC did express concerns that many of the proposals appeared to be weighted too heavily towards bachelor's degrees instead of a more balanced approach that more accurately reflects the urgent workforce challenges facing Ohio's employers today.

To meet these challenges, the state will need to train an enormous amount of people with new skills-based credentials, in a short period of time, to successfully fill the jobs from the significant economic development projects that Governor DeWine, JobsOhio and the General Assembly have successfully attracted to Ohio. While the House reduced the overall levels of new funding, OACC applauds many of the new programs targeted toward workforce that we believe will better align student choices with pathways to help produce the skilled workforce that businesses need.

The reality is, these new and current employers will bring tens of thousands of community college level jobs with them and, if we are going to meet this challenge, we need you to help us fill them. As I will share with you today, OACC is requesting the state to target additional investments to support the students and provide resources needed to fill these critical, responsive workforce education programs at our community colleges.

For well over a year now, OACC and our colleges have been working with the Ohio Manufacturer's Association, Intel and other major manufacturers who are expanding in the state, and I'd like to share what we have learned. The good news is that we have the capacity to quickly ramp up and serve more students. The chart below would show that we are currently graduating around 3,000 students per year in engineering technology programs and other related fields. To meet the workforce needs of our advanced manufacturers in this state, we will need to increase our certificate or credential production by at least four times from where we are today.

Meeting these demands is no small task, but it is what the state needs our community colleges to do. To meet this challenge, we are working creatively and collaboratively with industry and other providers to remove unnecessary barriers to our success. Many of these positions can be filled with individuals who can complete their initial training in less than one year, earn a job, and then continue with their education while also working in the field they are studying in. We consider that to be a win-win model for our students and Ohio's employers.



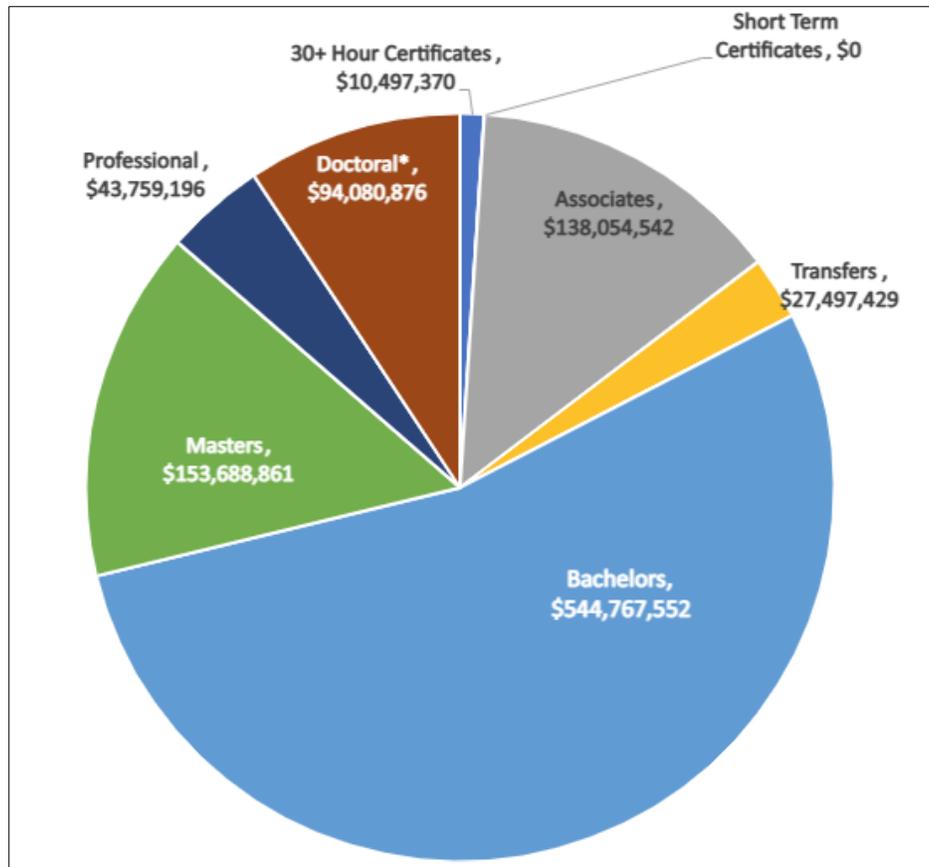
Through the work of the last year, we have learned that roughly 70% of the new jobs that JobsOhio has been successful in luring to our state will require either an associate degree or a short-term credential that can be completed in a year or less through a community college.

Over the next several years, community colleges will be asked to dramatically increase the number of students we train and educate. We know this is a heavy lift, and we will be looking to both the federal government and industry to help us meet these challenges, but the state of Ohio will also have a critical role to play. I would now like to talk about our top 5 budget requests, which will focus on the role we hope the state will embrace in these important efforts to prepare Ohio’s workforce.

1. PROVIDE STATE SUPPORT FOR WORKFORCE TRAINING AT COMMUNITY COLLEGES

The most urgent policy change that we see is the need for the State to finally fund short-term workforce education at community colleges. The state of Ohio provides no operating support to community colleges for many of these programs that take less than one year to complete or that may be considered job training or workforce education (commonly referred to as “noncredit”) programs. And yet you will find these programs being operated at every community college in the state, as we strive to find ways to meet the workforce needs of local employers, even if that means scraping together funds from a variety of different sources just to be able to offer limited programs. However, this is not a sustainable strategy that appropriately recognizes the workforce needs of Ohio.

As you can see from the chart below, the state provides operating support to colleges and universities for undergraduate, masters, professional and doctoral degrees - and it has done so for decades. We believe the state must modernize its overall funding approach by finally providing state support for shorter-term credentials. Ohio can no longer afford to ignore the importance of funding these nimble workforce programs that can very quickly upskill Ohioans and get them a job.



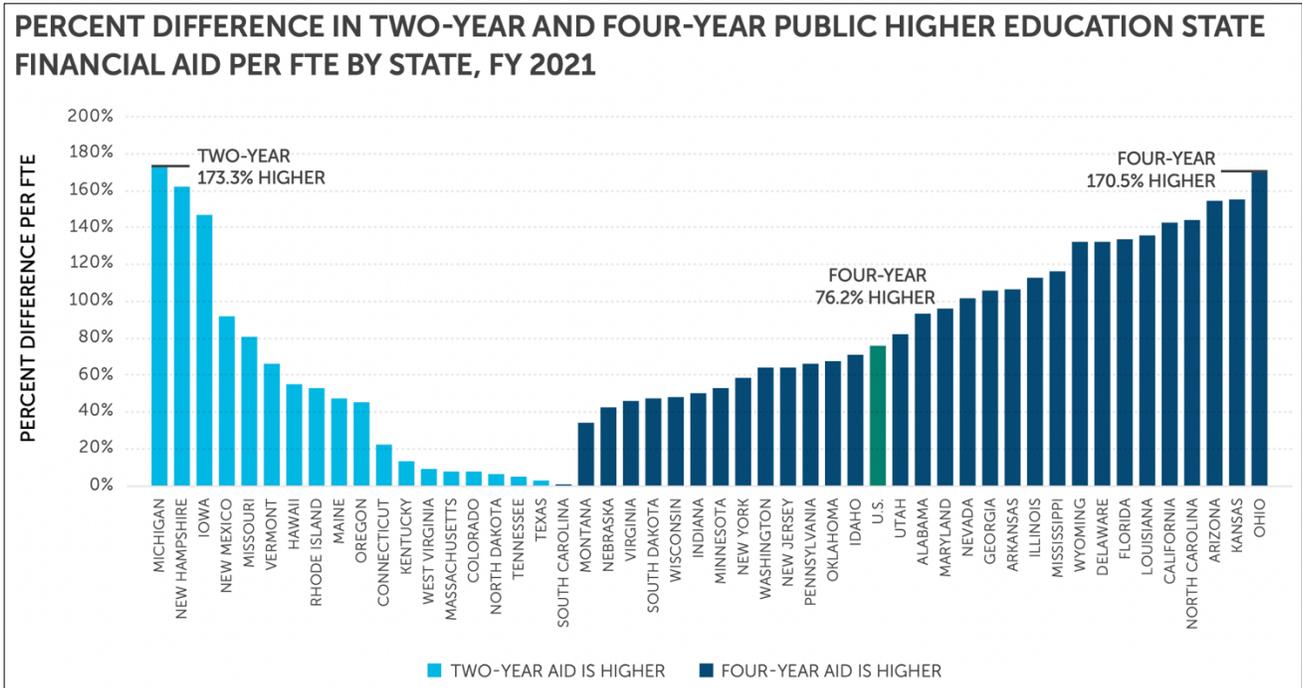
Even without state funding, we are currently producing thousands of credentials per year in this space, which is a number that we believe would grow quickly with more predictable support, because we are increasingly seeing students (especially adult students) gravitate towards these shorter length programs. We are requesting that we change the state's long-term narrative that this kind of education and training is not of value, and are requesting funding of up to \$150 million per year (which is approximately 7% of the overall total SSI funding and less than half of what the state spends on post-baccalaureate master's, doctoral and medical degree programs) specifically to community colleges to finally provide operating support for these workforce programs.

We greatly appreciate that the Ohio House created the new Talent Ready Grant fund in their budget, with funding of \$25 million per year to be used to support these short-term programs. We also appreciate that they had their eye on the long term need to provide state support for these workforce-focused programs by requiring the state of Ohio to start collecting data on short term certificates, so that we can establish the proper long term funding strategy for these credentials.

2. IMPROVE FINANCIAL AID AND SUPPORT OHIO WORK READY GRANTS

At the beginning of this testimony, I discussed the need for community colleges to produce four times the number of graduates in advanced manufacturing in short order. Providing sufficient levels of financial aid to those students is one of the most important ways that the state of Ohio can help us meet those goals.

Let me start by discussing the overall distribution of need based financial aid in Ohio. The chart below from the State Higher Education Executive Officers' (SHEEO) most recent "State Higher Education Finance Report" shows that Ohio has the largest disparity in the nation for how its financial aid dollars favor university students compared to community college students. I will note that this chart does not reflect the current proposals in HB 33 or programs that have been enacted or proposed in other states, which may further widen this disparity gap.



At one point, community college students were eligible for the Ohio College Opportunity Grant. However, during the Strickland Administration the OCOG program saw a significant cut in funding, while also removing community college students from the program, in essence penalizing students for choosing to attend institutions who keep their costs low.

Under the proposed changes to OCOG in the Executive budget, OACC estimates that the total new spending in OCOG would have been nearly \$1 billion over the next four years once the expansion was fully phased in by FY 2027. Even though the House version of the budget reduced spending in OCOG, it still proposes a 24% increase in FY 24 and another 25% increase in FY 25 in funding for this grant program for university students. OACC has advocated before this committee before that it is time to redesign the state's primary need-based aid program. As the above chart illustrates, we believe Ohio's financial aid program should provide a more balanced approach to providing support for all low-income students, regardless of their choice of a postsecondary school.

That said, we greatly appreciate that the House moved in this direction by repurposing funding in the Executive budget to create the new Ohio Work Ready Grant program. It proposes to provide scholarships of up to \$3,000 for eligible full-time students in community colleges, university regional campuses, and Ohio Technical Centers. The biggest difference between this program and OCOG is that these scholarships are only available for students who are pursuing credentials that are on the

state’s in-demand jobs list or critical jobs lists. It is a much more strategic and targeted approach to financial aid in that will incentivize students to pursue pathways that we know have job openings ready for them upon graduation.

In the long term, our belief is that it is in the state’s best interest to move towards a financial aid program that gives students greater choice in where to use their financial aid awards. Transitioning toward a scholarship program that provides a uniform award amount to any qualifying low-income Ohioan would empower students to use the state scholarships at any higher education institution in this state – whether it be a public or private university, for-profit institution, or community college – that best first their career goals and needs.

3. RESTORE FUNDING AND IMPROVE TRANSPARENCY OF SSI

Ohio has the single most aggressive outcomes-based funding formula in the nation, which has driven significantly higher completion rates at both community colleges and public universities since it was first adopted approximately a decade ago. We are proud that our SSI funding formula is widely viewed as the single best performance-based funding model in the county.

The Executive budget provided \$184 million in new support to the State Share of Instruction Line Item, but the exact distribution of those new funds is buried within the 4,000+ pages of the budget bill. The exact distribution is as follows:

	<u>FY 2024</u>	<u>FY 2025</u>
SSI - Universities	\$1,643,678,352	\$1,693,034,872
SSI - Community Colleges	\$492,355,899	\$507,240,399

For the past several years ,OACC has said that we believe the state should be more transparent with the overall funding within SSI. To allow the public and legislature to better understand and consider funding levels for community colleges, we would respectfully request the Senate split the SSI line item into two separate line items – SSI Universities and SSI Community Colleges and to restore the funding levels to those proposed by the Governor.

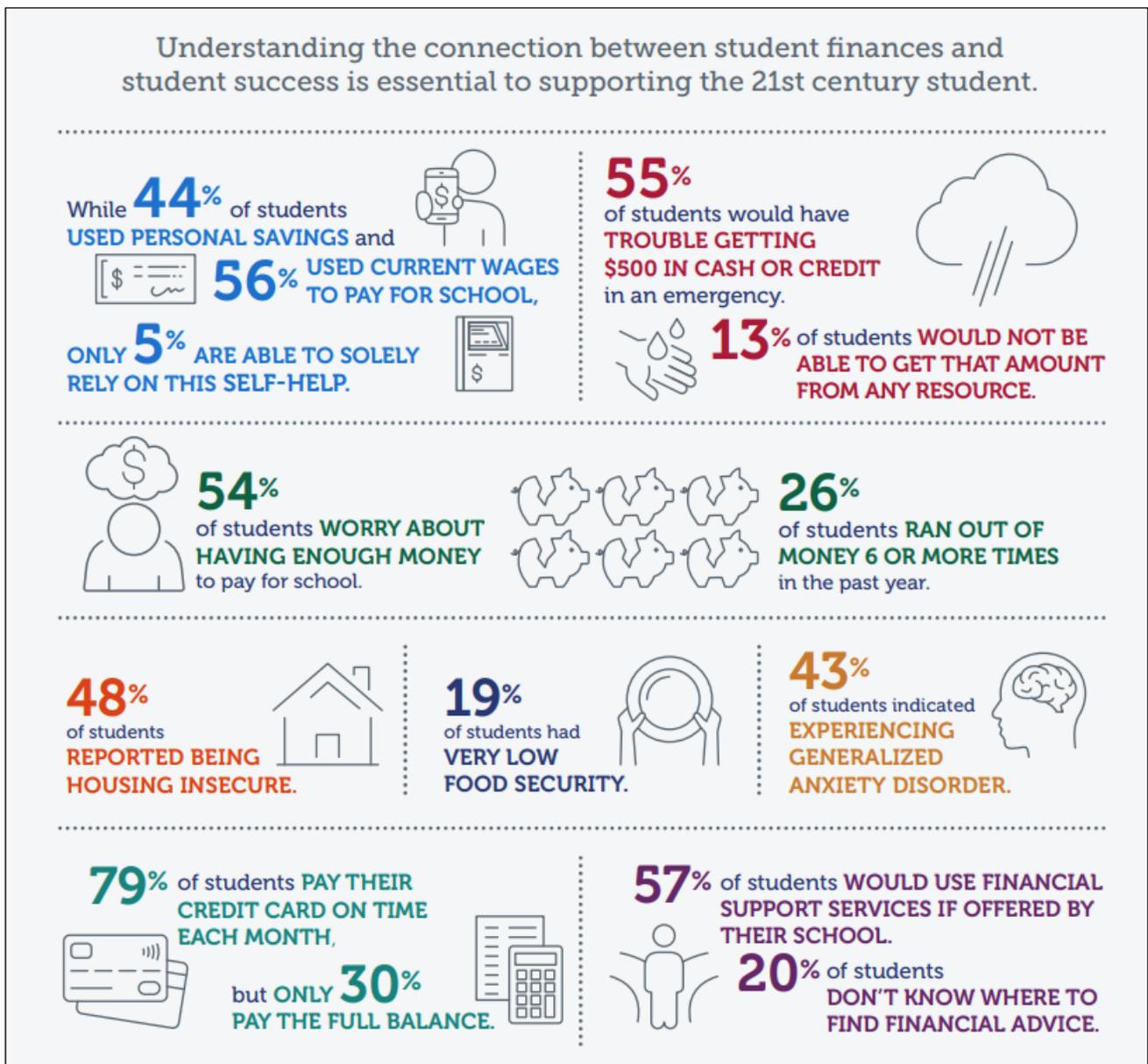
Community colleges operate with half of the tuition rates while receiving 23% of the total SSI funding. As the lowest-cost providers in the state, community colleges are already under-resourced, and we believe it is fair to consider whether more investments should be made in our colleges at a time when we are being asked to dramatically increase our production in high-demand fields. Better transparency will help better inform policymakers about priorities and implications of funding decisions. If Ohio is to have a strategic discussion about how to allocate resources within higher education, separating the SSI line item would be a critical policy change in that process.

4. SUPPORT WRAP-AROUND SERVICES FOR AT-RISK STUDENTS

Community colleges have been focused on increasing completion rates and improving student success over the last decade. One of the things that we have learned is that providing purposeful, strategic wrap-around support services are one of the most successful strategies to improve completion. We

don't often build these services ourselves, but rather in partnership with community-based organizations, as we value their expertise in their fields and find it a far more efficient way of helping our students. Even while realizing these efficiencies, there are still certainly costs associated with providing these new services to students, and we were extremely appreciative that the Executive Budget contained new funding specifically for this purpose in the new Access Challenge program, while continuing funding for mental health services for our students. We would ask you to restore this funding in the state budget.

Last year, the Trellis Company, a national research firm, released the results of a statewide survey of Ohio community college students on their financial wellness to help us better identify their needs. The results shocked even us. As you can see in the summary below, we have many students on our campuses who are struggling both financially and emotionally.



If we are to help these at-risk students succeed and pull them out of poverty or poverty-like situations and into a rewarding career, we must be able to treat the whole person, not just the student. The additional dollars in the Access Challenge, would allow colleges to provide wrap around services that are often the difference between a student dropping out and remaining enrolled so that they can earn the skills and credentials to move into careers with self-sustaining salaries.

5. RESTORE ONE-TIME FUNDING FOR WORKFORCE TRAINING CAPACITY

From mega projects like Intel in Central Ohio, Honda EV in Southwest Ohio, and the EV plants in Northeast Ohio, to expansions of current businesses throughout the state, there is an urgent need for skilled workers. On top of that is the expectation that a significant number of new companies will be coming to Ohio to be a part of the supply chain for those projects. Furthermore, our colleges hear an enormous amount of excitement from economic development officials around the state that would suggest that we should certainly plan for the likelihood in this budget that Ohio's winning streak is far from over. The Executive Budget included one-time, targeted funding that will help ensure the state's postsecondary training providers can collectively and collaboratively respond to both these current and future workforce needs.

In that spirit, we would ask you to restore funding for the proposed WorkFORCE Ohio program, which will provide competitive grants to help increase capacity for high demand training programs at Ohio's public and private postsecondary providers. We would ask you to not only maintain, but consider increasing the funding in the proposed Super RAPIDS program.

CONCLUSION

Thank you Chair Cirino and members of the committee for your time. As I hope you understand, our students will need help to get them across the finish line, and our community colleges will need help to get them through completion and into the workforce. The Executive Budget was a great start in helping Ohio respond to the generational shift in our economy, and the Ohio House strategically targeted additional investments to further those goals.

We appreciate your consideration of OACC's additional requests that we believe will better align the state's investments with the workforce needs of our students and employers. I would be happy to answer any questions that the committee may have.