



House Bill 48 (Mathews, Santucci)
Written Proponent Testimony of Laura Lanese
Inter-University Council of Ohio

Chairman Roemer, Vice Chairman Thomas, Ranking Member Troy, and members of the House Ways and Means Committee, thank you for the opportunity to provide proponent testimony in support of House Bill 48 (HB 48). My name is Laura Lanese, and I am the President and CEO of the Inter-University Council of Ohio (IUC).

The IUC was established in 1939 as a voluntary educational association of Ohio's public universities. Today the association represents Ohio's 14 public universities. Together, these institutions offer a broad range of associate, baccalaureate, graduate, and professional programs. Ohio's public universities collectively contribute approximately \$68.9 billion to Ohio's economy annually and support one out of every eight jobs in Ohio.¹ Higher education is a powerful economic engine, and ensuring access to it is critical for Ohio's long-term success.

I would like to thank Representatives Mathews and Santucci for re-introducing this bill. The IUC has consistently supported legislation that increases the maximum state income tax deduction allowed for contributions to an Ohio 529 college savings plan. HB 48 creates an even greater incentive for families to save money to pay for a college education by allowing married couples filing jointly to have an annual tax deduction limit for contributions of up to \$8,000. Additionally, the bill indexes the annual tax deduction limit for contributions so that it increases in proportion to the increase in inflation.

The allowance created in HB 48 for an increase in the annual tax deduction limit for contributions is crucial as the current limit of an individual tax deduction limit for contributions of up to \$4,000 has not been raised since 2018.² This has allowed Ohio to lag behind neighboring states like Michigan, Pennsylvania, and West Virginia who all have higher annual tax deduction limit for contributions. In fact, states like West Virginia, South Carolina, Colorado, and New Mexico allow for 100% of 529 savings to be deducted.³

HB 48 will incentivize Ohio families to save more for higher education – a sound investment for both our students and our state. According to an economic impact study conducted by Lightcast,

¹ https://iuc-ohio.org/wp-content/uploads/2024/01/IUC-Economic-Impact-Study-MainReport_2122_Final.pdf

² <https://www.collegeadvantage.com/blog/blog-detail/posts/2024/10/02/ohio-529-celebrating-35-years-of-helping-families-save>

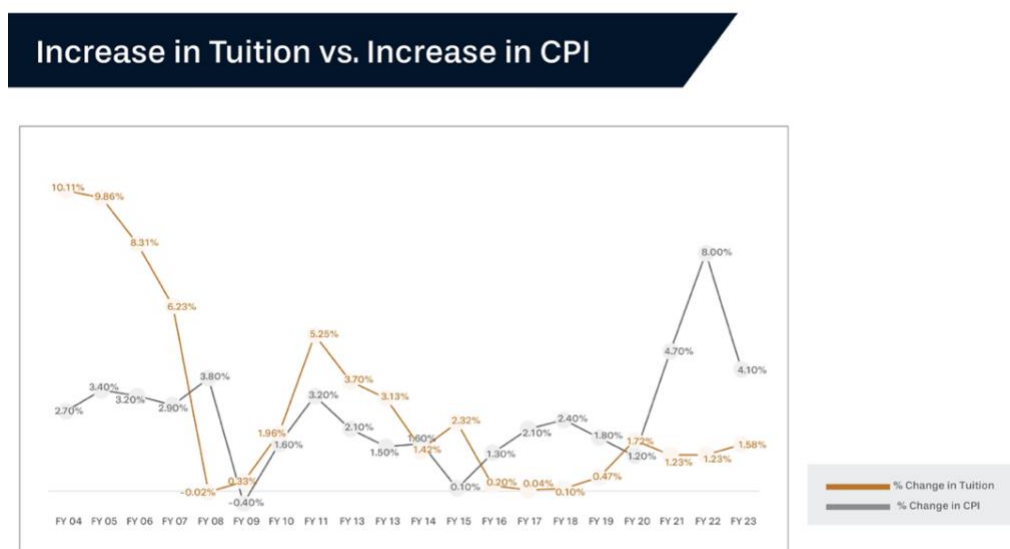
³ <https://educationdata.org/529-tax-deductions-by-state>

an independent and nationally recognized company that provides colleges and universities with labor market data, for every \$1 invested in Ohio's public universities, taxpayers receive a return on investment of \$4.60.⁴ Individuals with a bachelor's degree will, on average, make \$1.2 million more over their lifetime than individuals with a high school diploma.⁵ The average annual return for Ohio public university students is 16.2%, compared to a 10.5% stock market 30-year average annual return.

Legislation that incentivizes saving for college, like HB 48, has contributed to the progress made towards addressing student loan debt. According to Trends in College Pricing and Student Aid, federal student loans to undergraduates have decreased 49%, after adjusting for inflation, since the peaks seen between 2006-2011.⁶ In fact, a quarter of outstanding student loan debt is held by individuals who are 50 years of age or older, the vast majority of whom are presumably not recent graduates.

The average graduate of an Ohio public university carries approximately \$27,000 in student loan debt, well below the national average of \$37,800. The IUC believes that savings, spurred by the enhanced incentive in HB 48, will reduce the overall level of debt students may end up carrying. The more you save for your college education, the less you need to borrow.

Ohio's public universities are doing their part to make college as affordable as possible. 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 have generally increased less than the rate of inflation since 2007.



⁴ https://iuc-ohio.org/wp-content/uploads/2024/01/IUC-Economic-Impact-Study-MainReport_2122_Final.pdf

⁵ <https://www.aplu.org/our-work/4-policy-and-advocacy/publicvalues/employment-earnings/#11>

⁶ <https://research.collegeboard.org/media/pdf/trends-in-college-pricing-student-aid-2022.pdf>

The leaders of Ohio's public universities do not want their students to pay more than is necessary for a quality education. Ohio's public universities have worked to aggressively cut costs and maximize efficiency while maintaining a high standard of excellence. One example of this is the IUC's Purchasing Group which has greatly reduced duplication of effort while saving Ohio's 14 public universities more than \$70 million annually – an average savings of 31% per contract.

Furthermore, Ohio's public universities are taking necessary steps to mitigate student costs without sacrificing the quality and value of the degrees earned by students. The IUC has consistently recommended that policymakers consider strengthening the tax benefits for college savings to assist students and to help lower the overall debt burden. HB 48 will help make college more affordable by further reducing long-term student debt. The bill will also make higher education more accessible and enable more young people to attend college.

The IUC believes that HB 48 will encourage more Ohioans to begin participating in a 529 college savings plan and will incentivize those already saving to save even more for higher education. Families with Ohio 529 college savings plans currently save \$298.77 per month, roughly \$3,600 per year.⁷ Increasing the allowable tax deduction on money contributed to a college savings plan will result in additional dollars being saved for the cost of a higher education, helping open doors for more Ohioans who want to attend college.

Chairman Roemer and members of the committee, I appreciate the opportunity to testify as a proponent of HB 48 and encourage you to support this legislation. I am happy to answer any questions you may have.

⁷ <https://educationdata.org/college-savings-statistics>