



Governor Mike DeWine's Executive Budget  
Ohio Senate Finance Committee

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Chairman Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Ohio Senate Finance Committee, thank you for the opportunity to present Governor DeWine's executive budget for higher education in fiscal years 26-27.

In his 2019 inaugural address, Governor DeWine outlined his philosophy as follows: "Education is the key to equality and opportunity. And everyone – no matter where they were born or who their parents are – deserves the chance to succeed, to get a good-paying job, to raise a family comfortably, and to be secure in their future."

### **A Campaign for Talent**

With each Ohioan's life we improve through education, we strengthen not only that individual, family, or community, but also the strength of our state. With each new job creation effort, we are reminded that Ohio is engaged in a fierce campaign for talent.

Ohio has many economic advantages, from location to freshwater access, a low cost of living compared to coastal states, the list goes on. And we certainly want our human capital – our talent – to be part of our advantage when we compete with other states and nations.

Part of our challenge, then, is to ensure that Ohio high school graduates utilize the opportunities that exist at Ohio's colleges and universities, and have the chance to complete courses, certificates, and degrees to further their career aspirations here in Ohio.

Believing in the importance of education, Governor DeWine has championed student-focused investments. Ohio has invested in expanding need-based aid, merit scholarships, and STEM education – supporting talent retention and lifting Ohioans to new levels of opportunity.

In this budget, we are finishing what we started, maintaining these investments, honoring our commitments, and sustaining the momentum we have built with the Ohio General Assembly.

## **Measuring and Rewarding Performance**

Ohio's system of higher education is currently the national leader in performance-based funding, recognized for allocating 100% of our undergraduate instructional funding on performance-based outcomes including course, certificate, and degree completions, rather than enrollment. Results-based budgeting is our mantra, and I am grateful for this focus.

Prior to 2012, Ohio funded colleges based primarily on enrollment. But that year, with strong support from the legislature, Ohio shifted funding to performance-based outcomes. We know this approach has worked.

Attached is a time series chart showing Ohio's improvement in completion rates from 55.5% for students first enrolling in college in 2011 to 66.5% for students first enrolling in college in 2017 – the most recent data available for six-year completions. For our public community colleges, following performance-based funding implementation, the gap versus national competition rates dropped from 8.9% in 2010 to 1.1% in 2018. This is strong evidence that performance-based funding is working in Ohio.

Graduating more students is fantastic but it is not the only goal in higher education, as you well know. We must ensure Ohio students receive a clear return on their investment.

In his 2024 State of the State address, Governor DeWine challenged us to consider this goal and incorporate it into the next evolution in Ohio's performance-based funding. In this budget, he is following through on this commitment and including it in Ohio's workforce playbook.

With advancements in post-graduation wage outcome data, this budget adds employment outcomes to Ohio's performance-based funding system – more closely aligning the financial incentives for Ohio colleges and universities with the goals of Ohio students and families.

This is return on investment. This is workforce focus. And this is results-based budgeting. We are holding Ohio institutions accountable for real-world results.

## **Governor's Merit Scholarship**

Maximizing Ohio's talent pool requires growth not only in certain fields of study, but also in the retention of raw talent. To help retain Ohio's best and brightest students, our proposed budget funds a second and third cohort of the Governor's Merit Scholarship – a scholarship that can only be received by students who choose to remain in Ohio for their post-secondary education.

It is important to note the merit scholarship will gradually decrease in cost over time. This is because the program's eligibility is limited to the top 5% of each high school graduating class, and class sizes are shrinking due to declining birthrates nationally and in Ohio. For reference, I

have attached a chart providing a ten-year forecast of program expenses. You will see the program gradually decreases in cost after all class cohorts come online.

In fact, both the merit scholarship and the Ohio College Opportunity Grant (OCOG) require less investment over time, assuming awards and eligibility remain unchanged. And historically, amounts and eligibility limits for our programs do remain unchanged for many years.

Therefore, what you are seeing in this budget is Governor DeWine's commitment to making Ohio's merit-based scholarship program permanent so future generations of Ohioans can know, that if they achieve exceptional academic success, they too will be rewarded for staying right here in the heart of it all – the Great State of Ohio.

As a reminder, the merit scholarship rewards student achievement regardless of income, providing \$5,000 per year to the top 5% of students from every high school in our state. When a student accepts it, they may attend a college of their choice in Ohio. It is not limited to state institutions. And it is not based on test scores, so it is not concentrated in a few districts.

In its inaugural year, 76% of Ohio students who were offered the Governor's Merit Scholarship accepted and committed to staying in Ohio. In seven rural counties, including Hocking, Holmes, Putnam, Adams, Monroe, Noble, and Vinton, the acceptance rate reached 100%.

In the second year of the Governor's Merit Scholarship, 87% of Ohio students who were offered the scholarship accepted and committed to staying in Ohio. In eleven rural counties, including Adams, Auglaize, Carroll, Champaign, Henry, Hocking, Monroe, Morgan, Noble, Pike, and Vinton, the acceptance rate reached 100%.

To put that in perspective, Ohio typically retains ~ 60% of students with similar achievement – those ranking in the top 5% of each graduating class. As the governor mentioned in his press conference, the extremely high acceptance rate we are enjoying is a strong indicator Ohio students are choosing to stay in Ohio because of the merit scholarship.

### **Direct and Guaranteed Admissions**

When it comes to college admissions, one priority should be to make the admissions process objective and simple. Another should be ensuring Ohio students are prioritized for admission into Ohio's institutions. In this budget, we propose policies to achieve both of these goals.

First, direct admissions will allow Ohio high school students the opportunity to be automatically admitted to colleges in Ohio – both two year and four year, public and independent – based on their grades and test scores *without ever applying to that college*. We have the technology to do this today, so we are cutting through the unnecessary paperwork on behalf of Ohio's students.

Second, guaranteed admissions provide students in the top 10% of their class with automatic admission to *at least one campus* of any state institution of higher education in Ohio. Furthermore, students in the top 5% of their graduating class – those who qualify for the merit scholarship – are guaranteed admission to the *main* campus. If you make the grade, this budget says you won't have to worry about getting into the public university of your choice in Ohio.

Together, these provisions address the concerns that Ohio families and legislators have expressed about the difficulty of the admissions process, while also supporting Governor DeWine's vision to maximize opportunity and options for all Ohio students.

### **Maintaining Ohio's Commitment to Student Focused Aid**

Balancing merit aid with support for economically disadvantaged students is essential if we are committed to extending access to postsecondary education across all of Ohio's 88 counties.

Regarding Ohio's signature need-based aid program, the Ohio College Opportunity Grant (OCOG), the budget we are proposing today retains the same eligibility and award amounts enacted in HB33, the last operating budget. This results in an approximate \$23 million increase in the line-item appropriation in FY26, followed by a decrease the following year. OCOG tends to gradually decrease in cost as household incomes rise and eligibility shrinks.

Ohio's signature STEM-focused scholarship, Choose Ohio First, remains unchanged in program design but includes a funding increase of \$2 million in each fiscal year to allow additional cohorts of students to be funded. Without this funding, the program would be required to delay or reduce new awards to incoming students, as the program requires funding be prioritized for existing scholarship recipients through graduation.

For Ohio's community colleges, technical centers and university regional campuses, the budget retains both Ohio Work Ready and Talent Ready grants, which each provide \$10 million per year to provide need-based aid and short-term certificate funding. These funds were created in HB33 in recognition of the critical role these institutions play in meeting Ohio's successes in advanced manufacturing and related emerging industries.

Lastly, the budget provides approximately \$5 million in additional funding each year for the War Orphans and Severely Disabled Veterans' Children Scholarship. This is sufficient to maintain current eligibility and award levels for children of deceased or severely disabled veterans.

### **Strategically Addressing Higher Education's Fixed Costs**

Declining birthrates and economic cycles impact higher education enrollment and facility utilization relative to capacity. Empty buildings create excessive fixed costs. We can help address this issue by financing strategic reductions in square footage where they make sense.

Over the past 20 years, Ohio public university *main campus* enrollment has remained virtually unchanged – with a decline of just 0.22%.

This figure is highly misleading, however, because while some universities have increased enrollment upwards of 50%, others have decreased nearly 40%. The shift of demographics, economy, and student preferences is clearly uneven. This is also true in the two-year sector.

At the same time, Ohio's higher education infrastructure is aging. Much of the square footage was constructed between the late 1940s and early 1980s to accommodate the influx of students enrolling after passage of the G.I. Bill in 1944 and the Higher Education Act of 1965.

And in the 1960s, Ohio further expanded our higher education footprint to meet this increase in enrollment. In 1965, enrollment at all Ohio colleges and universities was 266,000 students. The 1966 Master Plan published by the Board of Regents indicated this to more than double to 650,000 students by 1980 at both public and private institutions in Ohio.

These increases required an increase in facilities. Beginning in 1966, more than 18 million square feet were constructed over an eight-year period.

Today, with declining birthrates, declining college-going rates and a shift to online modalities, we must reverse the growth in facilities. We must actually shrink our footprint.

In recognition of this challenge, Governor DeWine has proposed \$82 million in a revolving loan fund to competitively fund square footage reductions on campuses at public colleges and universities. Priority will be given to institutions that have experienced a decrease in enrollment.

Through this innovative program, the state of Ohio can help the institutions most in need of assistance and help ensure Ohio's public colleges and universities more quickly achieve the cost reductions we expect in this rapidly changing market.

## **Conclusion**

Governor DeWine's lifetime of service has been focused on maximizing the potential of every Ohioan. He has spoken repeatedly about education as a key component in achieving that goal. He was an educator first before he was a lawyer. And he has spoken about the importance of career exploration, work-based learning, and more.

As we finish what we've started, I am excited to work closely with my colleagues as we fulfill the governor's vision of a state that competes and wins nationally by helping young people prepare for citizenship and develop the best plan possible for what they do after high school.

Thank you, and I am happy to answer any questions you may have at this time.