



## SENATOR CAPRI S. CAFARO

32nd Ohio Senate District

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- Ranking Minority Member  
Joint Medicaid Oversight Committee  
- Ranking Minority Member  
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Health and Human Services  
Energy and Natural Resources  
Joint Legislative Ethics Committee

Senator Cafaro

Finance Committee

Substitute House Bill 64

May 26<sup>th</sup>, 2015

Chairman Oelslager, Ranking Member Skindell, and members of the Senate Finance Committee. Thank you for allowing me to testify on behalf of the Senate Higher Education Finance Subcommittee today on the higher education provisions on HB 64. The committee heard testimony from Ohio's universities, community colleges, OHIOANA, The Board of Regents, as well as many students and members of the public.

It is no secret that our higher education institutions play a vital role in Ohio's economy. Access to affordable education is the cornerstone for success and the doorway to opportunity for Ohioans. In 1970, only 26 percent of middle-class workers had any kind of education beyond high school. Today, nearly 60 percent of all jobs in the U.S. economy require higher education, and the wage gap between people who have bachelor's degrees and people with only a high school diploma has nearly doubled since the early 1980s. These statistics reflect the need to invest in our system of higher education if we want to stimulate earning power for citizens across the Buckeye State.

During subcommittee hearings for HB 64, we saw some major themes emerge facing the higher education system today. These themes surrounded the topics of affordability, shortening the amount of time to earn a degree, and creating pathways to education.

Policy areas that underscore the above themes include:

- Ohio College Opportunity Grant (OCOG)
- State Share of Instruction (SSI)
- College Credit Plus Program
- Student Debt Reduction
- Competency Based Education
- Taskforce on Efficiency
- Affordability and Access

### Ohio Senate

Ground Floor, 048  
Columbus, Ohio 43215  
(614) 466-7182 (Phone)  
(614) 466-4120 (Fax)  
cafaro@ohiosenate.gov

### District Address:

108 Main Ave., SW  
Suite 901  
Warren, OH 44481  
330.372.2222 (phone)  
330.394.4444 (fax)

## OCOG

To strengthen Ohio's higher educational institutions, we have a responsibility in the General Assembly to create programs that will strengthen our higher education programs and strengthen our work force. We must ensure that all students can attend college, regardless of their current financial situation. To assist with this, we have created the Ohio College Opportunity Grant (OCOG). OCOG provides grant money to Ohio residents who demonstrate the highest levels of financial need, as determined by the FAFSA, and who are enrolled at Ohio public university main campuses, Ohio private, non-profit colleges or universities, and Ohio private, for-profit institutions.

In the executive version, OCOG received \$83 million in FY16 and \$84 million in FY 17 to be shared between public and private non-profits with the remainder going to for-profit universities. The private to public award ratio was 2:1, and it included \$1 million increase each year that would help fund new students, and extend OCOG to those who exhaust the Pell. In the House version, an additional \$5 million dollars was added in each fiscal year, with \$42.5 million going towards public universities, \$44.5 million for private non-profit universities, and the remaining amount to for-profit universities. This, in turn, eliminated the agreed-upon 2:1 ratio placed in the executive version.

Community colleges are important now more than ever in the higher education spectrum. Community colleges play a key role in educating and training the workforce our state needs to revitalize the economy and attract new businesses. Moreover, community colleges provide an affordable and flexible pathway to certifications or degrees for students in an era of crippling student debt.

In Ohio, there are currently 23 community colleges serving more than 300,000 students. But while community colleges tend to charge relatively low tuition and fees, these expenses represent just part of what it costs to get through school. Other educational expenses for community college students, including books, supplies, transportation, and living costs, are comparable to those faced by students at all types of schools. According to the Institute for College Access and Success, the average full cost of attendance at community college is \$15,000.

The OCOG program has proven essential to access and affordable education, **But, some important modifications must be made to the current version of HB 64 to maximize the benefits of OCOG. We are suggesting OCOG's appropriation be set at \$250 million dollars a year and support restoring the 2:1 ratio and eliminating the Pell-First policy. While increasing the funding, we can also allocate an additional \$20 million to community colleges, a segment of institutions currently cut out of the OCOG program.**

## **State Share of Instruction (SSI)**

The State Share of Instruction (SSI) is the formula used to distribute the bulk of state money provided to Ohio's public colleges and universities. This formula allocates funds in the following manner by institution type:

### **4-Year Colleges**

- 50% of the SSI earmark for universities is based on degree attainment, leaving the remaining 50% is set-aside for doctoral and medical programs and an access challenge earmark to be distributed based on course competitions.

### **Community Colleges**

- 50% course completion
- 25% "Success points" – award to institutions moving students toward completion
- 25% Completion metrics – earning Associates degrees, transfers to four-year universities, certification over 30 hours, etc.

### **Ohio Technical Centers**

- 25% Program Completion
- 20% Students Completing 50% of a program
- 50% for Student Employment
- 5% for Industry-Recognized Credential

As we emphasize college affordability, we must keep in mind that reducing tuition also reduces needed funding to our schools.

**It is a priority of the Democratic Caucus to increase SSI by 2.5% in FY 16 and 5% in FY 17 in order to continue to enable our system of higher education to provide a quality learning environment that proves valuable to students and the state alike.**

## **College Credit Plus Program (CCP) and Dual Enrollment**

College Credit Plus (CCP) allows students to earn college and high school credits at the same time by taking college-level courses from community colleges, universities or by credentialed faculty on the high school campus. Dual enrollment enables students to be concurrently enrolled in high school and college, attending classes on a university campus. These programs were created to promote rigorous academic pursuits, providing a wide variety of options to college-ready students.

Earning college credit while still in high school is also promoted as a cost-savings tool for overall higher education affordability. Taking a college course from a public college or university College Credit Plus is completely free. If you choose to attend a private college or university, you may have limited costs.

However, we heard concerns from homeschooled students because they have only \$250,000 allotted in CCP. This limits them to only one class per semester per year, while public and private school students are able to take nearly full course loads and not pay for books. The Higher Education Finance Subcommittee received nearly 100 written testimonies urging the committee to allot more money to ensure homeschooled students have the same chances at education as traditional students.

In addition to the home school concerns, several witnesses raised questions surrounding the efficacy and design of the CCP program. It seems as if we need to enhance collaboration with K-12 education to find the students that would be a good fit for College Credit Plus/dual enrollment and assure we are preparing them from a young age to participate in an expedited track.

Because of the emphasis on these expedited college program as well as potential concerns surrounding their success, **we support further study of this policy by creating the Dual Enrollment and Applied Learning Task Force.** The Task Force would be charged with studying methods and making recommendations for increasing student participation in all of the following: (1) Dual enrollment opportunities, including career- technical courses; (2) The College Credit Plus (CCP) program; (3) Other advanced standing programs (Advanced Placement courses, International Baccalaureate diploma courses, and Early College High School programs); and (4) Applied learning opportunities, such as the Co-op/Internship program. The proposed language stipulates that the Task Force's recommendations must include methods by which secondary schools, post-secondary institutions, the Department of Education, the Department of Higher Education, and the General Assembly can strengthen these programs to increase student participation and student success.

### **Student Debt Reduction and "In demand jobs"**

The Student Debt Reduction Program creates a fund to help relieve college debt for need-based students in high-demand jobs (as determined by Ohio Means Jobs) that promise to stay in Ohio for five years. However, from the beginning, we've had some concerns about what happens when a job is no longer "in demand." If we promise a student loan forgiveness at the beginning of their college career in an "in demand" track, but the career is no longer considered "in demand" at the end of their career, are they still able to receive loan forgiveness? **To address this question, my caucus recommends clarifying the Student Debt Forgiveness Program. We should ensure that a student may still receive loan forgiveness if the career is no longer "in demand."**

### **Competency Based Education**

Competency based education allows students to progress as they demonstrate mastery of academic content, regardless of time, place, or pace of learning. This can lead to great cost savings by expediting the process of earning a degree. We must ensure that these students are adequately prepared and quality of education does not slip. Investing in these programs can help our students

become strong members of the workforce faster. **With \$250,000 each fiscal year for competency based certificates, it is a small investment that can lead to a strong workforce in less time and moves our state forward with affordability to higher education.**

### **Task Force on Efficiency**

Though I'm sure it was thought of with good intentions, colleagues and I are cautious of Task Forces such as this one, especially with language in the budget allowing for mandatory furloughs in budget deficits. **We haven't been able to find a reason for why this furlough language was added, and therefore recommend its removal. We do not want furloughs to be used down the line as a "tool for efficiency."**

### **Affordability and Access**

Affordability for students and schools is necessary for a quality education. Student debt is currently the second highest type of debt in the nation. According to the Institute for College Access and Success, in 2013, seven in 10 (69%) graduating seniors at public and private nonprofit colleges had student loans. These borrowers owed an average of \$28,400 in federal and private loans combined, up two percent compared to their peers in 2012. In Ohio, the average student debt for the class of 2013 was \$29,090. More than 650,000 federal student loan borrowers who entered repayment in 2011 defaulted on their loans by 2013, new federal data show. We have an opportunity to help this problem and our students. **By balancing the equation between OCOG and SSI, we will ensure affordability to students in need while continuing to provide colleges and universities with the funds necessary to continue to provide a quality education.**