



Ohio House Finance Committee

Governor Mike DeWine's Executive Budget

Ohio Department of Higher Education

Randy Gardner, Chancellor

February 11, 2021

Chairman Oelslager, Vice-Chair Plummer, Ranking Member Crawley, and members of the House Finance Committee. I am honored to be in this hearing room – after many years of serving here – to present Governor Mike DeWine's budget for the Ohio Department of Higher Education for the next biennium.

After serving in the House of Representatives for 20 years and the Senate for another 13 years, and now two years as Chancellor, this is the 18th state budget I've been involved with. Like the first DeWine-Husted budget two years ago, this one is student focused, with an additional intentional emphasis on workforce preparation. And while I believe this is a strong budget, I want you to know that I respect that the budget will change during the legislative process – you will have questions and ideas. To every extent when we can find common ground, I want to personally work with you in the weeks and months ahead.

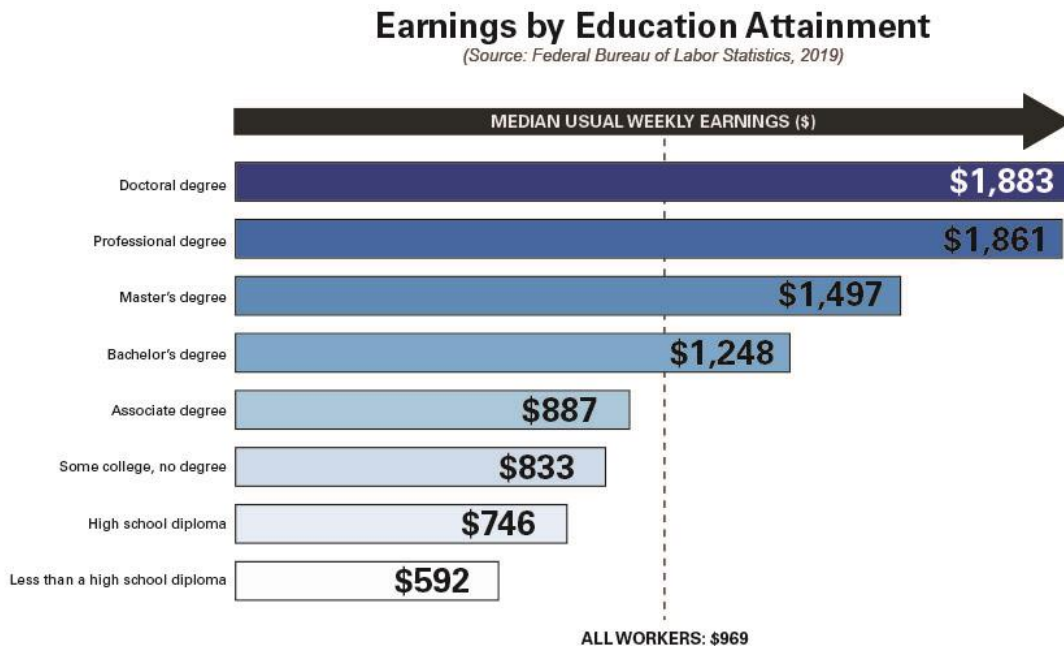
The Ohio Department of Higher Education (DHE) serves more than 635,000 students throughout the state at 14 four-year public universities, 24 public university regional campuses, 23 community colleges, 77 independent, not-for-profit colleges and universities, and more than 120 Ohio Technical Centers and Aspire (Ohio's basic literacy program for adult learners) program locations.

When it comes to postsecondary education attainment, Ohio must be an “all of the above” state. By that I mean we must provide education and training pathways that simultaneously meet the needs and goals of students, families and our state's economic future. Perhaps more than any state in the nation, Ohio offers a ***diversity of opportunity***, that includes our high school credit and credential programs, technical centers and adult career centers, our growing

TechCred program, championed by Lieutenant Governor Husted, our community and technical colleges, and our four-year public and independent colleges and universities, some of which provide world-class research. My own family’s life experiences has instilled in me a belief in this diversity of opportunity. I have a son who received both his bachelor’s and master’s degree from an independent university, a daughter who earned her bachelor’s and master’s from a public university, my wife who is a community college graduate and a son who attended a community college for two years before finishing his business finance degree at a public university, where the community college foundation was a perfect match for his bachelor’s degree two years later.

THE VALUE OF POSTSECONDARY EDUCATION

Achieving postsecondary degrees and credentials is dramatically important today – more important than ever before for our nation, our state, and individuals who strive for a better future. This is evident based on quantifiable quality-of-life statistics as well as fundamental unemployment and wage rates. The chart below from the federal Bureau of Labor Statistics (BLS) is conclusive:



Bottom line: Increased education attainment most often leads to stronger employment opportunities and greater wage and income prospects.

The updated “education attainment unemployment gap” as published by the BLS has grown even wider during this challenged economy. Unemployment rates, as of December 2020, are as follows:

Bachelor’s Degree and Higher: 3.8%
 Associate Degree and Some College: 6.3%
 High School: 7.8%
 Less Than a High School Diploma: 9.8%

The BLS, working in concert with the Census Bureau, tracks employment by educational attainment level. Actual data for the past decade illustrate the overwhelming advantage that those with a postsecondary credential have had in getting jobs. Employment of persons without a high school diploma declined over the last decade, while employment for high school graduates with no college experience increased only 1 percent. Employment of those with some college or an associate degree increased by 7 percent, while employment of those with a bachelor’s degree or above increased by over 32 percent.

U.S. Employment Levels by Educational Attainment, 2009-2019

EMPLOYMENT LEVEL	2009	2019	change	pct chg
Less than a High School Diploma, 25 yrs. & over	10,367,833	9,438,667	-929,167	-9.0%
High School Graduates, No College, 25 yrs. & over	34,493,667	34,836,500	342,833	1.0%
Some College or Associate Degree, 25 yrs. & over	33,892,500	36,281,833	2,389,333	7.0%
Bachelor’s degree and higher, 25 yrs. & over	43,536,500	57,655,417	14,118,917	32.4%
TOTAL	122,290,500	138,212,417	15,921,917	13.0%

Source: Bureau of Labor Statistics, Current Population Survey, Table A-4. Annual averages of monthly amounts.

As we look to the future, the percentage of jobs where postsecondary education is required or strongly preferred continues to rise. The Georgetown University Center on Education and the Workforce (CEW) predicted, back in 2013, that by 2020 there would be 63 percent of jobs that would require a postsecondary credential. In a soon-to-be-released report, the CEW will predict that by 2027, a full 70 percent of jobs will require postsecondary education.

As shown in the table below, employment projections by the BLS are that job growth over 2019-2029 for all educational attainment levels beyond “some college, no degree” will be at least 1.5 times faster than the overall 3.7 percent increase.

Higher Education and Labor Demand

Table 5.2 Employment, wages, and projected change in employment by typical entry-level education (Employment in thousands)

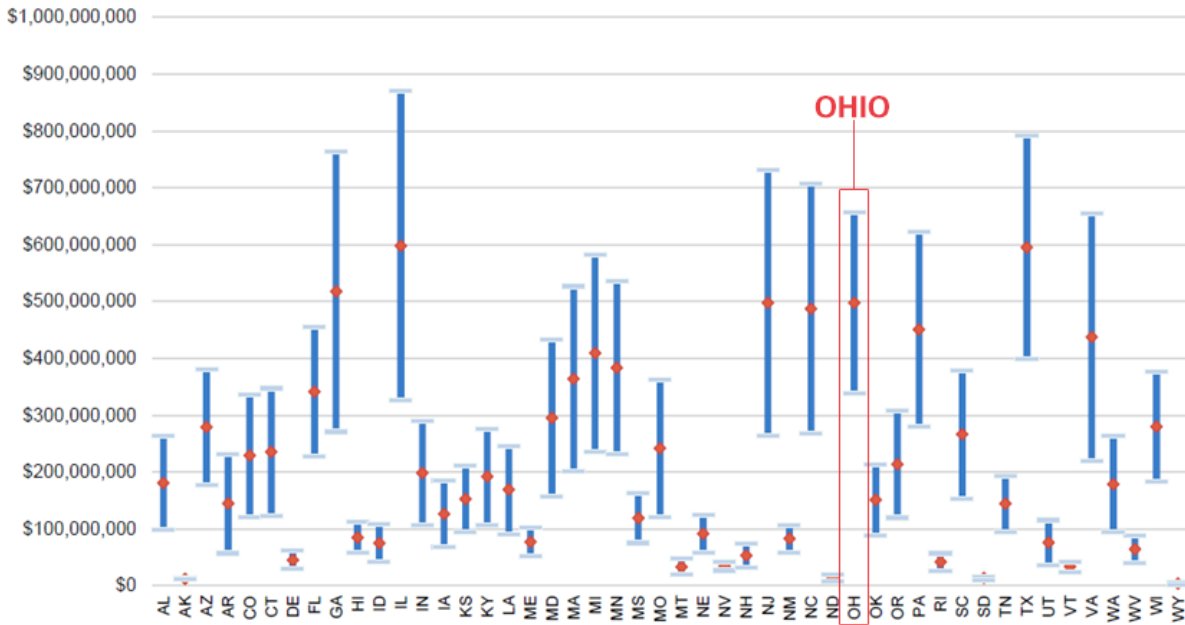
Typical entry-level education	2019 Employment		Employment change, 2019-29 (percent)	Median annual wage, 2019 ⁽¹⁾
	Number	Percent distribution		
Total, all occupations	162,795.6	100.0	3.7	\$39,810
Doctoral or professional degree	4,412.8	2.7	5.9	\$107,660
Master's degree	2,633.9	1.6	15.0	\$76,180
Bachelor's degree	36,864.2	22.6	6.4	\$75,440
Associate's degree	3,601.6	2.2	6.2	\$54,940
Postsecondary nondegree award	10,093.2	6.2	5.6	\$39,940
Some college, no degree	4,085.0	2.5	-0.1	\$36,790
High school diploma or equivalent	62,410.0	38.3	1.5	\$37,930
No formal educational credential	38,694.8	23.8	3.3	\$25,700

⁽¹⁾ Data are from the Occupational Employment Statistics program, U.S. Bureau of Labor Statistics. Wage data cover non-farm wage and salary workers and do not cover the self-employed, owners and partners in unincorporated firms, or household workers.
Source: Employment Projections program, U.S. Bureau of Labor Statistics

A recent report published on January 19, 2021 by Ithaka S+R, a national not-for-profit organization, estimates the fiscal benefits of higher education at the state level, from both increased tax revenues and reduced public assistance spending. The estimates are based on a hypothetical five-percentage-point increase in degree attainment. The lower bound reflects a conversion of those with only high school diplomas to associate degrees, equivalent to a five-percentage-point increase in the share of residents with an associate degree. The upper bound reflects a conversion of those with high school diplomas to bachelor's degrees, equivalent to a five-percentage-point increase in the share of residents with a bachelor's degree. The midpoint (red dot) reflects a conversion of those with high school diplomas to both associate and bachelor's degrees, equivalent to a five-percentage-point increase in the combined share and equally distributed across the two degree levels.

The midpoint estimate for Ohio is a net fiscal benefit of \$500 million per year, the 4th largest net benefit of all states included in the analysis.

Figure 10: State-by-state net benefit associated with a five-percentage point increase in attainment



GREATER INVESTMENT IN STUDENTS

Our budget, respecting the needs in so many other areas such as early childhood education, fighting the opioid crisis, investing in clean water, and other priorities, increases the **State Share of Instruction** by \$38 million (1.9% increase) over the biennium, and requires that those new funds be targeted to need-based financial aid, counseling and student support services, and workforce preparation. In addition, Ohio has the most assertive performance-based funding formula in the United States, with positive incentives toward degree and course completion. The result? The number of postsecondary degrees and certificates awarded at Ohio’s colleges and universities has increased by 29,829 (37%) from fiscal year 2009 to fiscal year 2018, and the first-to-second-year retention rate of students at Ohio’s colleges and universities has increased from 72 percent to 81 percent from fiscal year 2011 to fiscal year 2018.

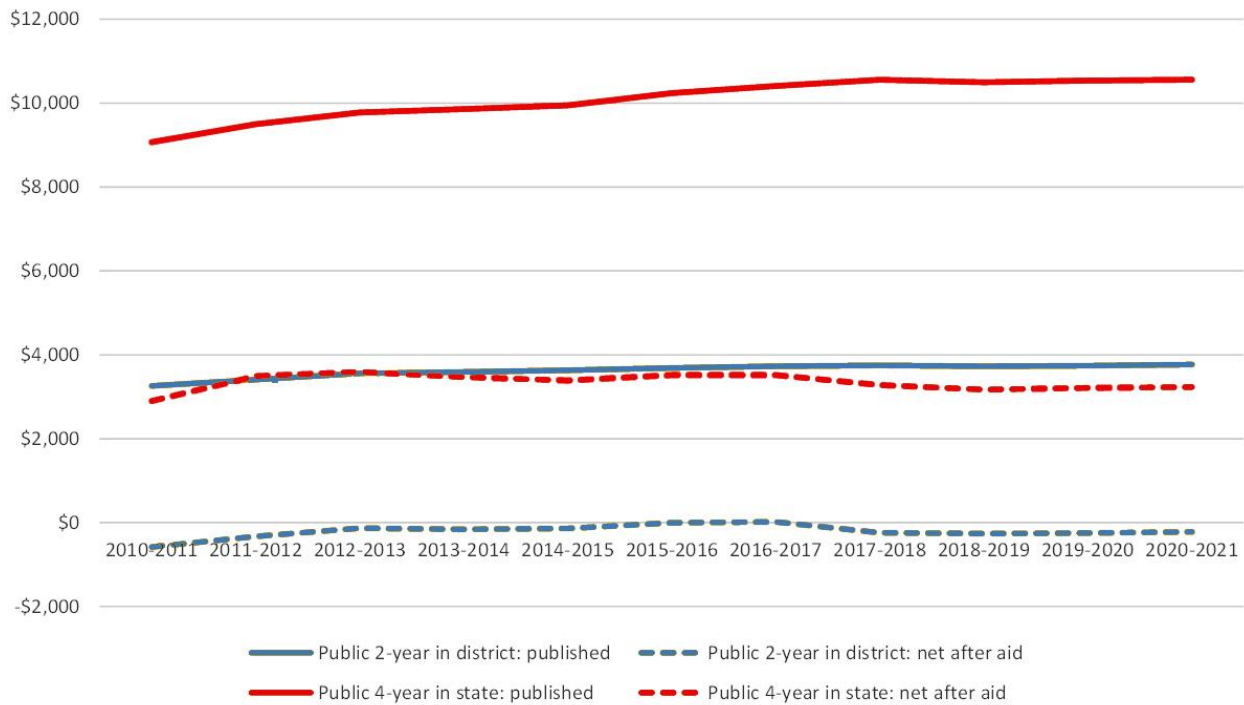
Need-Based Financial Aid: The new budget provides enough funding to increase the Ohio College Opportunity Grant by \$500 per student over the next two years. Combined with a similar increase in the first DeWine-Husted budget, eligible students will receive \$1,000 more per year by the 2022-23 school year – a 44% average increase in student aid under Governor DeWine’s governorship.

AFFORDABILITY REMAINS A PRIORITY

Even though Ohio has restrained tuition better than most other states in the nation since 2007, according to College Board data, tuition and fees and unpredictable college costs have remained an Ohio challenge. **No more.** Our budget two years ago required that by the fall of 2019, all incoming freshman students at four-year public undergraduate universities in Ohio would have their tuition and general fees frozen – **guaranteed** – so what they pay for their first year will be the same for the next three consecutive years following admission to the university. Ohio ensures that all 13 undergraduate universities are “guarantee institutions,” providing predictability and transparency for students, parents, and families into the future. In addition, more than 90% of all continuing public university students (in-state, undergraduate sophomores, juniors, and seniors) will have no tuition increase in the fall of 2021 and beyond. We have reviewed “guarantee” programs in other states, and we believe Ohio has the best guaranteed tuition strategy in the nation.

In addition to restraining growth in tuition better than most other states in recent years, financial aid provided directly to students by colleges and universities has increased, meaning that **the amount ultimately paid by students is significantly less than the published rates** – as displayed in the chart below derived from College Board data. This is one of the many reasons why we believe it is critical for students to complete the Free Application for Federal Student Aid (FAFSA). Completing the FAFSA is a critical step in exposing the full range of postsecondary opportunities available to students. FAFSA is not just to qualify for aid to traditional colleges but also for technical colleges, and for aid to pay for certificates and credentials. We are thankful to the Controlling Board for approving our request in December of 2020 to utilize a portion of the Governor’s Emergency Education Relief (GEER) Fund to strive to increase FAFSA completion across Ohio. This effort will be focused on those most significantly impacted by COVID-19 and have a particular emphasis on equity – reducing gaps for underrepresented populations.

Published and Net Tuition and Fees, Public Institutions, 2010-2020
 Amounts in constant (2020) dollars



Source: College Board, Trends in College Pricing 2020

The notable difference between published and net tuition and fees is similarly true of Ohio’s independent not-for-profit institutions, where the average net tuition and fee amount is \$15,990, significantly less than the average published rate of \$37,650, according to College Board data.

Late in 2019, Governor DeWine doubled down on Ohio’s efforts to attract and keep young talent in Ohio. Without a mandate, new funding or a change in the law, he requested that all undergraduate public institutions provide in-state graduate degree tuition rates for students who received their bachelor’s degree at an Ohio college or university, no matter if they were originally Ohio residents when they began college. While this negatively impacts the bottom line at institutions in reduced tuition revenue, every university said yes to the governor’s request. Why? Because university leaders agreed with the governor that keeping students in Ohio longer to earn their graduate degree gives us an even better chance to keep them in Ohio to be part of our economy.

In addition, we continue to strengthen and provide more flexibility in the **College Credit Plus** (CCP) program, which allows students to earn college credit while in high school, thereby reducing the time and cost to a college degree. College Credit Plus has resulted in an estimated

\$725 million in tuition savings for students and families over the past five years, with 969 certificates and 2,666 associate degrees earned for free by CCP students in academic year 2019-2020 alone.

TechCred, a program designed to qualify workers for new jobs in the technology-infused economy, has already supported more than 15,000 new credentials and certificates. Most of Ohio's higher education institutions – 10 public universities, 21 community colleges, and 30 Ohio Technical Centers – have served as education providers for the TechCred program to date. While this program is not a line item in the Department of Higher Education's budget, we're involved as we certify that the approved credentials meet quality standards and meet the needs of Ohio's employers.

Workforce preparation includes supporting STEM (Science, Technology, Engineering, Mathematics) education through the **Choose Ohio First Scholarship program**. The budget proposes a significant increase in support for Choose Ohio First to \$28 million in FY23, allowing us to serve more students than ever before, with emphasis on first-generation and lower-income students. It is important to note that the Choose Ohio First program provides scholarships to public university, community college, and independent college students. As some of you know, this program was established under the vision and leadership of then-Speaker of the House Jon Husted. This is one of a number of state programs where our department is specifically asking our higher education partners for feedback regarding the status of the program. Are there reforms that can make Choose Ohio First even more effective? The answer is yes. We added computer science certificates a year ago and this budget provides an additional work-based learning requirement that will strengthen student support and student opportunity in the program.

Ohio Technical Centers are an important asset in our efforts to grow the Ohio economy and prepare our workforce. Our budget two years ago achieved a meaningful increase in the technical center line item, and the new budget raises funding to \$20.8 million in FY23, a 26% increase over the past four years. OTCs provide postsecondary career and technical education at 54 sites across Ohio, in collaboration with secondary career centers, high schools, and joint vocational schools. OTCs are positioned to respond quickly to the needs of business and industry by providing customized training and business consultation services to companies to assist with meeting Ohio's workforce goals.

Not long ago, Ohio lost many of its high school graduates to other states and found fewer students coming to Ohio for college. Now, Ohio retains more students annually while attracting approximately 6,400 more recent high school graduates to Ohio than it loses to other states. This statistic speaks to both Ohio's affordability and quality. As this trend continues and expands, the Buckeye State will have the opportunity to retain more talent to bolster Ohio's economy.

The Ohio Department of Higher Education strives to operate efficiently. Since 2010, the number of employees at the department has declined by over 22%, from 81 employees to 63 today. The department will continue to administer its programs and provide needed services to our higher education constituencies in a cost-effective manner.

Mr. Chairman, members of the committee, it has been an honor to present the Ohio Department of Higher Education's budget, and I am glad to answer any questions you may have.