



Higher Education

Testimony on House Bill 33 before the House Finance Subcommittee on Higher Education

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Chair Manning, Ranking Member Jarrells and members of the House Finance Subcommittee on Higher Education:

I represent Policy Matters Ohio, a non-partisan, not-for-profit research organization building a more vibrant, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to present this testimony as an interested party on HB 33, the governor's budget proposal for fiscal years 2024 and 2025.

Overall, the resources the executive budget proposes for higher education in Ohio are worth supporting. At Policy Matters, we believe that everyone in our state deserves the opportunity to pursue their educational goals, and we strongly support efforts to increase state funding in ways that will allow more Ohioans, especially those who have traditionally been excluded from postsecondary opportunities, to continue their education and training after high school.

How Ohio compares

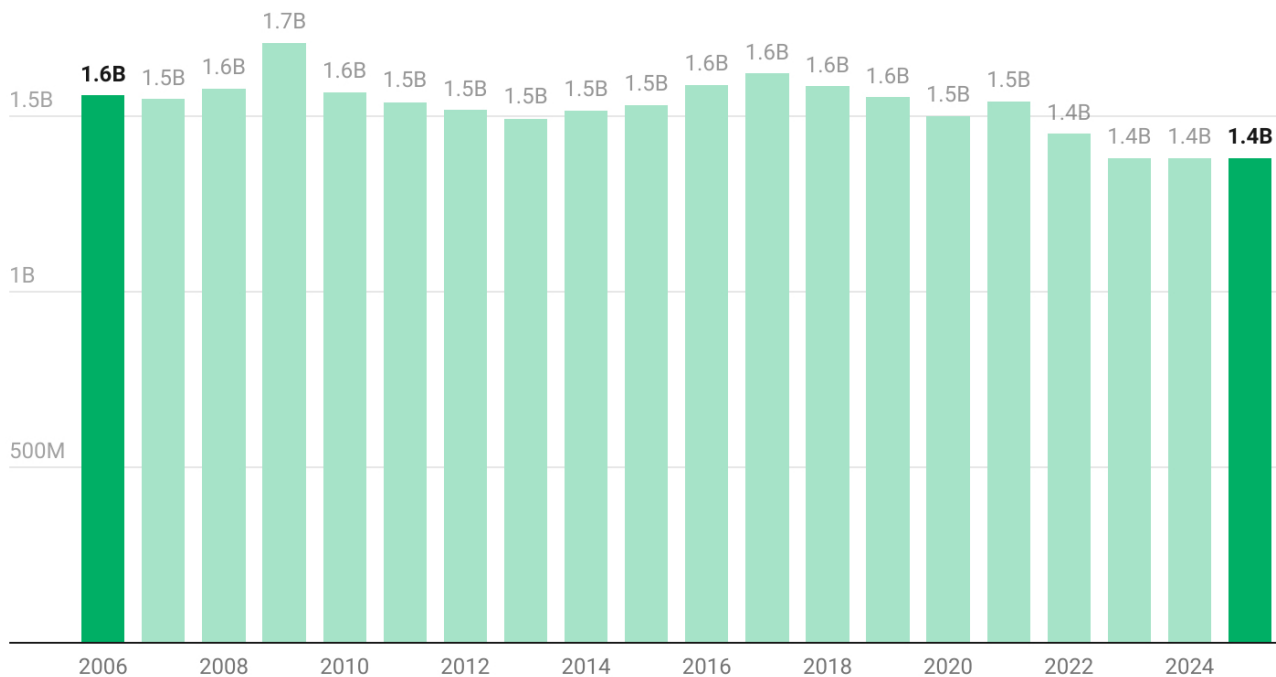
Ohio's education appropriations in 2021 were at approximately 72% of the U.S. average, for a total of \$6,719 per full-time enrollment (FTE) at public institutions. As of 2021, Ohio policymakers had cut general operating appropriations per full-time enrollment (FTE) by nearly 33% since 2001.¹ In short, Ohio underfunds public higher education.

State Share of Instruction (SSI)

The boost to SSI proposed in the executive budget is important and encouraging, since that line item is the main way Ohio provides funding for our public colleges and universities. One concern is that the 3% increase included in the governor's proposal may not keep up with inflation, which is currently at 6%. It is important to remember that when state funding for higher education doesn't match inflation, it puts upward pressure on tuition, putting out of reach for many people the education and training they need to find stable jobs that pay a living wage. Postsecondary education and training also can help Ohioans become more actively engaged in their communities.

Ohio's long-term trend of funding for SSI tells a story that we cannot ignore. Since 2006, under the administrations of three governors, policymakers have made modest increases to SSI in most years, in the range of 1% to 3% in nominal dollars, which don't take inflation into account. In some years, legislators have made larger boosts, cuts or held funding flat. But when inflation is taken into account, Ohio policymakers have cut nearly 12% from SSI since 2006 - a loss of approximately \$200 million. Even if inflation were to average 3% over the next two fiscal years, the governor's proposal would not reverse that trend, and we would still end fiscal year 2025 at nearly 12% below 2006 SSI funding in inflation-adjusted dollars.

Policymakers have cut SSI by nearly 12% in inflation-adjusted dollars since FY06
 The executive budget proposal would not change this trend.



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Source: Ohio Legislative Service Commission, inflation adjustment by Policy Matters Ohio in 2012 dollars.

Access Challenge

The proposed \$40 million per year for the new Access Challenge line item would provide needed support for Ohioans who previously have not been able to take advantage of postsecondary education and training. The stated purposed of this new line item is to provide schools with direct and flexible dollars they can use to provide students with extra support such as emergency funds, tutoring and wraparound services. This proposal, weighted for students attending community colleges and regional campuses, can help bring equity and new opportunity to many Ohioans.

Ohio College Opportunity Grant (OCOG)

The executive budget calls for an increase in spending for OCOG, estimated at \$112.5 million for FY23, to more than \$216 million in FY24 and \$346 million in FY25 (year-to-year boosts of 92% and 60% respectively). This long-overdue and much-needed investment in need-based aid for students going to both public and private four-year colleges and universities in Ohio would more than erase the cuts made in the grant program since 2006, even adjusted for inflation. The increases are accompanied by expansion of Expected Family Contribution, to \$10,000 or less from \$2,190, and the inclusion of yet undetermined education-related costs, possibly including mandatory fees and textbooks; currently, OCOG can only be used to pay for tuition and general fees. The proposal makes good use of OCOG dollars by equalizing, in the second year of the biennium, maximum grant awards for public and private nonprofit universities. Under current policy, students at public universities receive smaller OCOG awards than their private-school counterparts. The executive proposal would increase awards for students enrolling for the first time in FY24 to \$4,000 for students attending one of Ohio’s public

universities and \$5,000 for students attending private institutions in Ohio, and to \$6,000 for students entering either in FY25. The amounts would stay at current levels for continuing students at all institutions. Students enrolling in private career colleges would remain at the current level of \$1,600 through the biennium.

While we strongly support the move to boost OCOG overall, Policy Matters has long advocated that students attending community colleges and regional university campuses be allowed to access the grant. Our position has not changed on this issue – students attending these most affordable public options should be able to use OCOG to pay for their education. In order to do so, OCOG would need to be made a first-dollar award so students attending these schools would be able to cover tuition, general fees and other expenses with OCOG and use the more flexible federal Pell Grant to cover other education-related costs. In the interests of equity and expanding access, for the benefit of students, their communities, and the state as a whole, we encourage this committee to consider allowing more Ohio students to access this increased OCOG funding.

Ohio College Access Grant

The executive proposal would create a new line item totaling \$14.3 million in FY24 and \$26.6 million in FY25 to provide \$1,000 in flexible financial aid annually to students with Expected Family Contributions of \$10,000 or less who enroll in a community college or university regional campuses over the two years of the budget. Eligible uses of these funds by students under this proposal are planned to be broad, but are not set in the proposal, which stipulates that they would be determined by the chancellor.

Barring a change that would allow community college and regional students to access OCOG, this new grant is a positive step forward for Ohio.

Governor’s Merit Scholarship

The executive budget proposes \$18 million in FY24 and \$34.2 million in FY25 to provide individual scholarships of \$5,000 per academic to students in the top 5% of the graduating class of each public or chartered nonpublic high school in the state; eligibility of homeschooled students has yet to be determined. The program would provide an award to be used for eligible expenses included in a school’s “published cost of attendance” for up to four years at public or private nonprofit colleges and universities in Ohio, and would be “contingent on satisfactory academic progress.” Language in the proposal prohibits schools from shifting the cost of their existing scholarship programs to this state-funded program or reducing their overall merit-based financial aid.

The focus on class rankings, rather than scores on standardized tests such as the ACT or SAT, suggests that this proposal is an effort to deliver scholarships with an eye toward both universality and equity. That said, questions remain about how the funds will be awarded, especially since not all schools rank students.

Workforce training

Two new line items in the executive proposal, Super RAPIDS and WorkFORCE Ohio, seek to dedicate resources to responsive workforce training.

The Super RAPIDS (Regionally Aligned Priorities in Delivering Skills) proposal seeks to allocate \$200 million in FY24 in federal coronavirus relief funds deposited into the State Fiscal Recovery Fund. Six previous rounds of investment have totaled \$47.3 million in state capital funds for the existing RAPIDS program, which is designed to “develop and support workforce development initiatives at postsecondary institutions that focus on furthering the career aspirations of students and the economic growth of businesses in the region.”ⁱⁱ These funds have been used for projects at Ohio’s public colleges and

universities and technical centers. The new line item would expand this program beyond equipment and facilities funded in previous rounds to build program capacity, according to the governor's proposed budget.

Also under the executive proposal, WorkFORCE Ohio would receive \$30 million from the General Revenue Fund in each of the next two fiscal years, linked to Gov. DeWine's January 8, 2023, executive order to conduct a review of capacity of training programs at Ohio's higher education institutions and technical centers with the goal of ensuring they are aligned with workforce needs in Ohio.ⁱⁱⁱ

Provided these dollars are well-spent, reach people who have not had access to opportunity in the past and provide Ohioans with relevant training that can help open doors for continuing career advancement, these proposed line items are encouraging. Policymakers must ensure that data on outcomes are collected, including demographic participation and completion, so these programs can show their clear, equitable impact.

Collection of institutional debt

Over the past few years, there has been growing awareness that Ohio's punitive approach to collecting institutional education debt is getting in the way of Ohioans' ability to complete the degrees, certificates and credentials they need.

Hundreds of thousands of Ohio students and former students are trapped educationally and in low-wage or misaligned jobs because they owe money to public colleges and universities they have attended without completing their studies. The state requires public higher education institutions to turn debt over to the Ohio attorney general's office within 45 days of when the debt is incurred, with escalating collection efforts that add fees and interest, often causing debt to quickly balloon, leaving too many Ohioans unable to access their college transcript or return to school for education or training.^{iv}

During the last budget cycle, Ohio law was changed to require schools to release transcripts for students who need them to apply for specific jobs. The Ohio Department of Higher Education also released guidance that encourages institutional flexibility and innovation related to the collection of institutional debt and transcript withholding, including cancellation of education debt for students who re-enroll.^v

Ideally, policymakers will get the AG's office out of its role as debt collector for public colleges and universities entirely, creating a state policy context that prioritizes enrollment and education over debt collection. Short of that solution, this committee is well-situated to continue to create more flexibility in state law, allowing, for example, schools to hold debt longer before they are required to turn it over to the AG's office, putting a higher threshold on the amount of debt before it can be sent to the AG's office, and incentivizing schools to cancel debt for re-enrolling students.

Thank you for this opportunity, and please feel free to reach out to me at pvanlier@policymattersohio.org with any questions you may have.

ⁱ State Higher Education Finance, "Per-Student Education Appropriations Over Time," retrieved on March 27, 2023, at <https://shef.sheeo.org/state-profile/ohio/>. General operating appropriations do not include state-funded financial aid; education appropriations do.

ⁱⁱ RAPIDS project overview for three funding cycles was found online at <https://bit.ly/405wyLQ>. Updated information was provided by the Ohio Department of Higher Education by email on March 24, 2023.

ⁱⁱⁱ Gov. DeWine's executive order #2023-05D online at <https://bit.ly/3K0P4zh>.

^{iv} See "Collecting against the future," Policy Matters Ohio, February 2020, <https://bit.ly/3nj2Fta>.

^v ODHE guidance online at <https://highered.ohio.gov/initiatives/affordability/college-comeback>.