



Department of
Higher Education

Mike DeWine, Governor
Randy Gardner, Chancellor

Ohio Senate Finance Committee

Governor Mike DeWine's Executive Budget

Ohio Department of Higher Education

Randy Gardner, Chancellor

April 19, 2023

Chairman Dolan, Vice-Chair Cirino, Ranking Member Sykes, and members of the Senate Finance Committee. I am honored to be in this hearing room to present Governor Mike DeWine's budget for the Ohio Department of Higher Education.

After serving in the General Assembly for 33 years and now four years as Chancellor, this is the 19th state budget I've been involved with. More than any of those budgets, the DeWine-Husted as-introduced budget is more student and workforce-focused than any budget in that span of 37 years.

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, 74 independent, not-for-profit colleges and universities, 49 Ohio Technical Centers and 52 Aspire (Ohio's basic literacy program for adult learners) program locations. That's 236 campuses.

But this budget is not about those campuses and buildings. This budget's primary focus is providing support and opportunity to individuals and families to help them realize, as Governor DeWine often says, their God-given potential.

THE VALUE OF POSTSECONDARY EDUCATION

When it comes to postsecondary education attainment and Ohio’s future, more than ever before, we must be an “**All of the Above**” state. Every day we strive to enhance an attitude that supports all sectors of education entrusted to us at the Department of Higher Education – from GEDs to Ph.Ds. My own family’s experiences have instilled in me a belief in the great variety of education and training that Ohio has to offer.

Annually, the immense opportunity available throughout Ohio’s higher education system is on display in the range and volume of credentials awarded to students, as shown in the table below.

Credentials Awarded, by Sector and Type (AY20/21)		
Sector	Credential Type	Number
Public Community College	Certificate	15,208
Public University	Certificate	3,967
Subtotal		19,175
Public Community College	Associate	19,617
Public University	Associate	6,752
Subtotal		26,369
Public University	Bachelor's	51,041
Independent University	Bachelor's	19,840
Subtotal		70,881
Public University	Master's	15,526
Independent University	Master's	8,059
Subtotal		23,585
Public University	Doctorate/Professional	4,754
Independent University	Doctorate/Professional	1,526
Subtotal		6,280
TOTAL		146,290

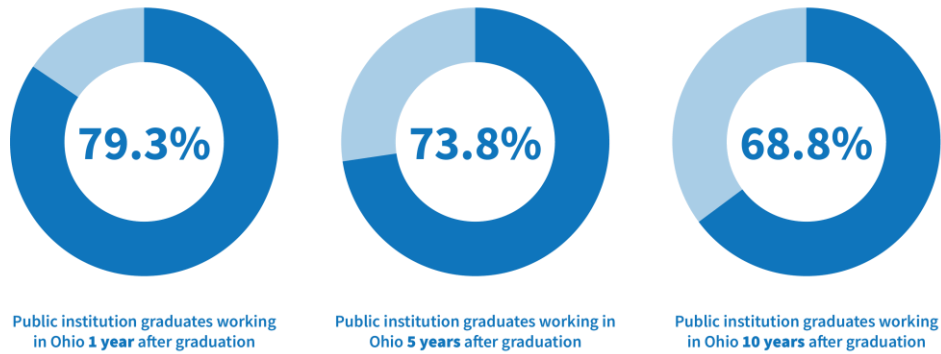
Higher education attainment matters. If we could increase the number of college degrees by 5% - half associate degrees and half bachelor’s - this current state budget would have \$1 billion more in overall capacity from higher wages and earnings and lower social spending. Unemployment would be lower, incomes would be higher, health outcomes would be much better.

Ohio’s median household income is 11.4% below the national average according to the most recent census data. We can do better. For our families, for your constituents, for Ohio’s economic future. Just yesterday Governor DeWine reminded his Cabinet that we introduced this budget to make a difference. As I discuss our budget with you today, I want to focus not simply on our budget language and numbers, but on **why** we support this budget and what it can mean for Ohio.

Late in his first year in office, 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 the last budget, we turned the Governor’s policy into state law. The vast majority of our public college and university graduates do in fact **stay in Ohio to work**, as shown in the graphic below, contributing to our expanding workforce opportunities.

Ohio’s College and University Graduates Stay in Ohio to Work

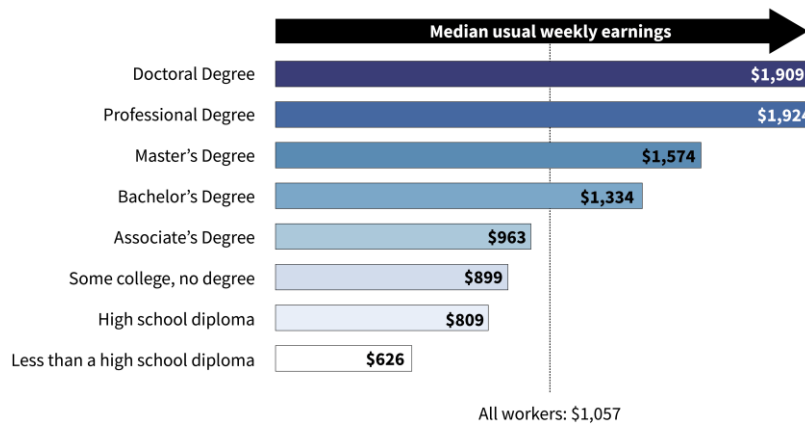


Source: U.S. Census Post-Secondary Employment Outcomes (PSEO)

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. All levels of education matter to our economy – all these things are higher education – and this budget reflects our commitment to that principle. Quantifiable quality-of-life statistics as well as fundamental unemployment and wage rates support the importance of increased access to opportunities for education attainment, as shown in the chart below from the federal Bureau of Labor Statistics (BLS):

Earnings by Education Attainment

(Source: U.S. Bureau of Labor Statistics, 2021)



Source: Ohio Bureau of Labor Market Information

SUPPORTING STUDENTS AND OUR WORKFORCE

Short-Term Certificates: A vital line item to enhance our ability to rapidly support credentials at community colleges, technical centers and regional campuses is our Short-Term Certificate line. Unfortunately, the federal government does not provide Pell funding for credentials of less than one year in duration. In the last budget, we began providing this important support. We are doubling this line item to serve even more students – some of them adult learners - who can join the workforce more quickly through financial aid tied to completing these certificates.

Super RAPIDS: The budget takes a giant step toward innovation and technology in helping Ohioans obtain the education, training, and skills necessary for high-demand jobs. Our RAPIDS (Regionally Aligned Priorities in Delivering Skills) program will be enhanced to provide \$200,000,000 in one-time surge funding utilizing federal ARPA funds primarily for community colleges, public universities and Ohio Technical Centers for lab equipment, facility upgrades and workforce training to improve our ability to support and upskill Ohio's current and future workforce. To be clear, nobody receives a RAPIDS grant unless businesses express a need for a specific skill or credential in a local community, and then requests up-to-date equipment or a specific program to help train students and workers. This partnership is mandatory and one of the real strengths of this program.

Student Need-Based Financial Aid: The new budget provides a transformative increase in supporting students and enhancing access and affordability. The budget's **Ohio College Opportunity Grant** proposal enhances grant awards to \$6,000 per student to newly-enrolled university students by Fall of 2024, and perhaps even more important this budget expands student aid into the middle class to an average family adjusted gross income of \$87,000 – 34% above Ohio's average adjusted gross income level. A new **Ohio College Access Grant** is provided to students attending community colleges and university regional campuses – a total of \$41 million in student support over the biennium. These two need-based programs are important if we are to out-compete neighboring states, including Michigan, who have recently announced dramatic investments in financial aid programs. By supporting Ohio's students, we give ourselves the best opportunity possible to keep them in Ohio to take advantage of our credential and degree offerings, and then thrive in Ohio's emerging economy.

Free Application for Federal Student Aid (FAFSA): Student affordability is also enhanced when students 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 propose that FAFSA completion be encouraged in our high schools, requiring that the FAFSA form be completed as a requirement for high school graduation, but with a flexible parent opt-out provision as found in Louisiana, Texas, Alabama and Illinois.

Governor's Merit Scholarship: Brand new to the budget this year is an effort to keep our highest-achieving high school graduates here in Ohio. If they stay in Ohio for college, we know there is a greater likelihood they will stay here to live, work and raise a family. The Governor's Merit

Scholarship provides \$5,000 scholarships to every student in the top 5% of their respective high school graduating classes.

Choose Ohio First: As some of you know, the Choose Ohio First program was established under the vision and leadership of then-Speaker of the House Jon Husted in 2008. The program, which provides scholarships to students in all sectors of higher education (public university, community college, and independent college students), is designed to significantly strengthen Ohio's competitiveness within the fields of science, technology, engineering, and math.

Since 2009, the program has awarded grants to **more than 22,500 students**, helping increase the number of Ohio STEM graduates. The budget provides a modest increase in each year of the upcoming budget to allow continued momentum in this important scholarship program, and we continue to require that students served participate in work-based learning opportunities.

Mental Health Support: Healthier, supported students have an enhanced opportunity to be more successful students. When they struggle with a mental health challenge, we want to be there for them. In this spirit, Ohio was the first state in the nation to provide discretionary federal CARES Act funds for student mental health services. The recommended budget allows for these critical student services to be maintained through an allocation of \$10 million per year.

WorkFORCE Ohio: For Ohio to succeed, our colleges and universities must be focused on producing graduates that are aligned to the most critical occupations needed to meet Ohio's future workforce needs. We want to produce more certificates, credentials and degrees in the areas that are statistically most likely to drive our economy forward. That is why our budget includes a new \$30 million line item to challenge our colleges and universities to increase opportunities for Ohioans, creating centers of excellence around our state that will lead to filling the most critically needed high-demand jobs. Executive Order 2023-03D, signed by Governor DeWine on January 8, 2023, orders ODHE to work across the Cabinet to determine Ohio's most critical in-demand and high-demand jobs, and then determine how they can be adequately filled by producing more certificates, credentials, and degrees across the state.

Ohio Technical Centers: OTCs are an important asset in our efforts to grow the Ohio economy and prepare our workforce. The new budget raises funding in the OTC line item to \$23.1 million by FY25, which would amount to a 39% increase since the beginning of the DeWine-Husted Administration. OTCs are positioned to respond quickly to the needs of business and industry to assist with meeting Ohio's workforce goals.

State Share of Instruction: Our budget increases the State Share of Instruction, Ohio's basic aid funding model, by 3% in each year of the biennium. Colleges and universities do not receive more funding simply because enrollment increases. The formula requires funding based on the number of graduations and courses completed. It is the strongest results-based funding formula in the nation. The result? The number of postsecondary degrees and certificates awarded at Ohio's colleges and universities increased by 32,480 (35.7%) from FY11 to FY22.

Maintenance of Effort: Before I transition to the next portion of my testimony, I want to highlight a critical, but not readily apparent aspect of this budget proposal. The additional funds appropriated to support OCOG, the Governor’s Merit Scholarship, and the Mental Health Support line item come with a maintenance of effort requirement that our colleges and universities **must minimally maintain their current spending in these areas**. This means that even more access and affordability will be provided to students, and our state dollars will be used to expand existing financial aid support to students.

AFFORDABILITY REMAINS A PRIORITY

Ohio has restrained tuition better than most other states in the nation since 2007, according to official College Board data. As you may know, all incoming freshman students at four-year public undergraduate universities in Ohio have their tuition and general fees and room and board rates frozen – **guaranteed** – so what they pay for their first year will be the same for the next three consecutive years. We have reviewed “guarantee” programs in other states, and we believe Ohio has the best guaranteed tuition strategy in the nation -- more **predictability** and **transparency** for students and families.

The guarantee has worked this way -- universities have been permitted to raise tuition by the three-year average rate of inflation plus an additional 2%. In fall of 2022, the result was a 4.6% increase in tuition frozen for four years, resulting in an average increase of 1.15% per year. Yet because inflation has been so high in the past two years, the DeWine-Husted Administration recommends that the 2% provision be eliminated – **saving students and families an estimated \$31 million in tuition and fees over the next two years**.

Additionally Ohio’s public university tuition and fees rose at rates below the rate of inflation over the past 15 years, and well below the rate of increase of many other popular goods and services. While we acknowledge the positive effect our recent tuition policy decisions have had on restraining growth in Ohio’s tuition and fees, we know we must remain focused on maintaining appropriate tuition restraint in years ahead.

How would I summarize the DeWine-Husted administration’s FY24-25 budget for higher education? In one word – **transformative**. This budget proposal provides enormous opportunity for students and Ohio’s future workforce in multiple ways. The programs and policies I have just described are intentionally and purposefully designed to increase access and opportunity, promote student success and wellbeing, and produce a pipeline of qualified workers that are ready to tackle the jobs of today and tomorrow.

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.