

Blocking the College Door Cuts to financial aid lock Ohio students out

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What is the Ohio College Opportunity Grant?

Ohio provides need-based aid solely through the Ohio College Opportunity Grant (OCOG). It is awarded based only on financial need, does not require repayment, and is vital to expanding college access and credential attainment. Even though this type of aid is critical to student success, Ohio has cut need-based aid awards by a third (33.3 percent) over the last 10 years.¹ Ohio is one of only seven states that reduced need-based grant aid over that time, and one of only four that cut total grant aid awarded.² Ohio invests less in need-based aid per full-time undergraduate student than any state in the Midwest and we are 36th in the nation.

Why does need-based aid matter?

Creating and sustaining accessible pathways to post-secondary education helps all Ohioans. Post-secondary schools, particularly two-year public institutions, are critical training partners in the state's workforce development system. Even in a slow economy, education is an insulator against unemployment³ and a pathway to work with a decent wage and benefits.⁴ Expanding opportunity for adult workers and learners would boost educational attainment, help Ohio reduce the number of people and families in poverty, and strengthen our workforce. Need-based aid helps make higher education affordable, and is critical to student retention.⁵ When it's not available, students are forced to work more hours, take out loans, or leave school.⁶

Cuts target community colleges

Ohio didn't just cut OCOG funding – it changed the OCOG award formula. The state's "Pell first" policy means that students at two-year public institutions are not eligible for OCOG.⁷ These students cannot receive OCOG even if they have unmet financial need and do not receive a full Pell award.

The share of community college students receiving state grants has fallen nearly 95 percent since

¹National Association of State and Student Grant and Aid Programs, "43rd Annual Survey on State-Sponsored Student Financial Aid, 2011-12" academic year, available at <http://www.nassgap.org>, last accessed December 13, 2013.

² *Id.* See, Tables 4 and 7.

³ Amy Hanauer, "Stuck: State of Working Ohio, 2013," Policy Matters Ohio, Sept. 2013, available at www.policymattersohio.org/sowo-2013.

⁴ *Id.*

⁵ See, Alex Usher, "Grants for Students, What they do, why they work," Education Policy Institute, p.12, August 2006 (providing a literature review on efficacy of grant based aid).

⁶ See, John Quintero, "The Great Cost Shift, How higher education cuts undermine the future middle class," Demos, March 2012, accessed Dec. 16, 2013 at www.demos.org/sites/default/files/publications/TheGreatCostShift_Demos_0.pdf.

⁷ Pell First is applied to determine the maximum amount available for the institution, whether or not the student receives maximum Pell; they are limited to the maximum award available at the institution. For community college and branch campus students the maximum available is \$0. See, Board of Regents, Guidance Letter, FA 14-001. Foster Youth are an exception and can receive OCOG based on the main campus formula. *Id.*

OCOg eligibility was eliminated.⁸ The share of first-year, full-time students using loans increased by more than 27 percent, suggesting that even with federal Pell aid, current funding does not meet the financial needs of these students.⁹

Need-based aid is particularly important to students at community colleges and branch institutions. These students are often older, independent, first-generation, and responsible for all of their own expenses.¹⁰ Tuition-only aid can leave these students with large unmet financial need. Household expenses and additional educational costs, such as books, transportation, and child care too often require students to rely on loans or increased time at work, or to drop-out without getting a degree.¹¹

We can afford to reform financial aid

Ohio is not broke. In its last budget, Ohio decided to forego \$2.7 billion in revenue to fund an additional round of tax cuts.¹² Policymakers could have used that revenue to reform our financial aid system. A comparatively small investment of \$85 million would have returned Ohio to pre-recession levels of financial aid funding.¹³ An investment of only \$20 million could provide need-based aid eligibility for students at two-year public institutions.¹⁴ We can afford to reform our financial aid system; given our standing among other Midwestern states, and the increased debt pressure on students, we cannot afford not to.

Ohio Invests Less		
Need-based aid, per full-time equivalent undergraduate enrollment, 2011-12		
State	Investment per FTE undergrad	National rank*
Pennsylvania	\$817.4	5
Indiana	\$776.4	6
Illinois	\$746.9	7
Minnesota	\$595.5	10
Wisconsin	\$428.7	15
Missouri	\$206.6	30
Iowa	\$201.4	31
Michigan	\$194.3	32
Ohio	\$144.3	36

Source: National Association of State Student Grant and Aid Programs, Survey on State-Sponsored Student Financial Aid, 2001-02 and 2011-12 academic years, Table 12 and Table 13, accessed Dec. 13, 2013 at www.nassgap.org.

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⁸ Author's calculation using data most current available data from Ohio Board of Regents, Financial aid data, Percent of first-time, full-time degree or certificate seeking students at Ohio community colleges at www.ohiohighered.org/data-reports/tuition-financial-aid, accessed December 18, 2013. Compares FY 2009 to FY 2011.

⁹ *Id.*

¹⁰ *Id.*

¹¹ See, Viany Orozco and Nancy K. Cauthen, Work Less, Study More, & Succeed, DEMOS, 2009, available at http://www.demos.org/sites/default/files/publications/WorkLessStudyMore_Demos.pdf, accessed February 5, 2014.

¹² Ohio Department of Taxation, Highlights of new state budget, accessed Feb. 27, 2014 at <http://1.usa.gov/1mTsbyE>.

¹³ Policy Matters Ohio, "Use Medicaid savings to improve Ohio," October 2013, available at www.policymattersohio.org/404million-oct2013.

¹⁴ Ohio Association of Community Colleges, Ohio Workforce Opportunity Grants.