

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

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In the twentieth century, Ohioans as individuals and Ohio as a state did much to improve the education level of our workforce. The state built a world-class network of community colleges and branch campuses, institutions created to make post-secondary education accessible and affordable.

These efforts, along with investments in K-12 education and the persistence of students, have produced results. More than four out of five Ohioans (87 percent) had a high school degree in 2009, triple the number from 1940 when the Census Bureau began tracking these data. During the same period, the number of Ohioans with a bachelor's degree increased more than four-fold, to nearly one in four (24 percent).¹

Despite this substantial progress, Ohio has now stalled in its education investments. Ohio is now investing less than other states, our education levels are not rising as fast as in many other places, and more students are relying on loans to finance their education.

Unfortunately, simply maintaining our education levels will result in declining well-being. Most working aged Ohioans (57.3 percent) have some post-secondary education or at least an associate's degree. Yet Ohio ranks low among states in terms of the share of Ohioans holding an associate's degree or higher (33rd).² Too many Ohioans (22.9 percent) are leaving post-secondary education without a degree.³ Wages have fallen for workers with anything less than a bachelor's degree and workers with just a high school diploma are struggling in our labor market.⁴ More than 11 percent of

Key findings

- Ohio has cut need-based financial aid more than any other state in the Midwest over the past decade and has one of the worst records of investment in the nation (48th).
- Since Ohio cut need-based aid to students at two-year public institutions, the share of first-year community college students receiving state grants has fallen nearly 95 percent; loans are up more than 27 percent.
- An investment of \$85 million would restore aid to pre-recession levels.

¹Nancy K Cauthen, Amy Hanauer, Viany Orozco, Building Ohio's Future Middle Class: Addressing the Challenges Facing Young Adults. Demos, Policy Matters Ohio, April 2010, available at <http://1.usa.gov/1gaHIGF>, accessed Feb. 25, 2014. See also, U.S. Census, Educational Attainment in the United States: 2009. February 2012, accessed Feb. 25, 2014 at www.policymattersohio.org/wp-content/uploads/2010/04/BuildingOhio2010.pdf.

² Working Poor Families Project, Population Reference Bureau, analysis of 2011 American Community Survey, revised May 2013, covers Ohioans age 25-54. Massachusetts has the highest share of degree holders among states, 51.4 percent. Louisiana has the lowest share, 28.4 percent. *Id.*

³ *Id.* Another 31.5 percent of Ohioans have a high school diploma, or equivalent and 9.2 percent have no high school education. *Id.*

⁴ Amy Hanauer, Stuck: State of Working Ohio, 2013, Policy Matters Ohio, September 2013, available at www.policymattersohio.org/sowo-2013.

Ohio's working families are poor, which is worse than 30 other states.⁵ Post-secondary education and credentials are essential building blocks for family self-sufficiency and shared economic progress.⁶ Even in a slow economy, education is an insulator against unemployment⁷ and a pathway to work with a decent wage and benefits.⁸

Ohio could make real progress in reducing the number of people and families in poverty, and strengthening our workforce by boosting educational attainment, especially by expanding opportunity for adult workers and learners. Instead, Ohio has implemented a policy of disinvestment. Over the last ten years, Ohio has made the biggest cut to need-based financial aid in the Midwest. Ohio's cuts have been so large over this time that the state now has one of the worst records of investment in the nation.⁹ Those cuts have disproportionately hurt students at community colleges and branch campuses, the very institutions that are engineered to provide an on-ramp to skills and work for nontraditional students. Reinvesting in these students should be a priority for the state.

Low financial aid is holding Ohio back

Post-secondary education is expensive in Ohio. In 2012, Ohio's average tuition and fees at four-year public colleges and universities were 6.2 percent higher than the national average, and community college tuition and fees were 21.9 percent higher.¹⁰

Ohio is among the worst states for student debt.¹¹ In 2012, 69 percent of Ohio's four-year graduates left with an average student loan debt of \$29,037.¹² Among states, Ohio has the 6th highest share of graduates leaving with debt and the 9th highest average debt load.¹³ More students at these institutions are carrying debt, and the average amount of first-year loans is increasing.¹⁴

⁵ Working Poor Families Project, *supra* at note 2. Based on the number of working families in Ohio living below the federal poverty line. In 2011, the poverty threshold for a family of four was \$22,699. Ohio was ranked 31 of all the states, where 1st represents the smallest share of working families in poverty.

⁶ See, Noah Berger and Peter Fisher, "A Well-Educated Workforce is key to State Prosperity," Economic Analysis and Research Network, August 2013, available at www.policymattersohio.org/education-aug2013. The report finds a clear and strong correlation between the educational attainment of a state's workforce and median wages and productivity.

⁷ Amy Hanauer, *supra* at note 4. The report finds that Ohio workers with less education have the least chance of finding and keeping employment in the current low-growth economy, while workers with some college, or a Bachelor's degree or higher have substantially less unemployment.

⁸ *Id.* Wages for workers with anything less than a college degree have fallen sharply. A worker with at least a Bachelor's degree earned a median wage of \$24.13 an hour in 2012, over two and a half times the hourly wage of someone with less than a high school degree, which was only \$9.15 an hour.

⁹ National Association of State and Student Grant and Aid Programs, 43rd Annual Survey on State-Sponsored Student Financial Aid, 2011-12 academic year, available at www.nassgap.org, last accessed December 13, 2013. Ohio is ranked 48 out of 51 ranked states and territories, where 1st represents the largest investment in need-based aid over the last ten years, and 51st is the worst.

¹⁰ Wendy Patton, Overview of Ohio Budget Proposal, Higher Education, Policy Matters Ohio, March 2013, available at www.policymattersohio.org/budget-higher-ed-mar2013, (*citing*, College Board, Trends in College Pricing: 2012 at <http://trends.collegeboard.org/sites/default/files/college-pricing-2012-full-report-121203.pdf>).

¹¹ Institute for College Access and Success, Project on Student Debt, Class of 2012 Report, p. 5, last accessed Dec. 13, 2013 at <http://projectonstudentdebt.org/files/pub/classof2012.pdf>.

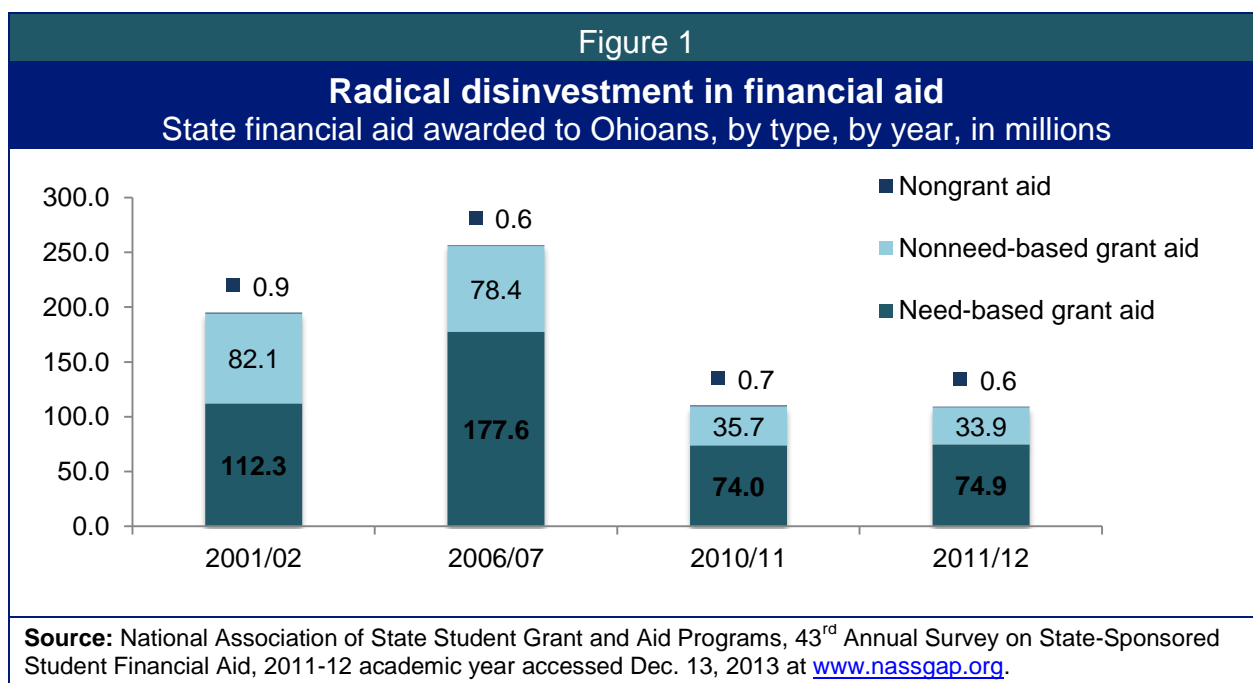
¹² *Id.* Study focused on graduates from four-year public and private institutions. Does not include community colleges or proprietary schools. Average debt is the average of those graduating with debt, not the average of debt for all graduates.

¹³ *Id.*

¹⁴ Ohio Board of Regents, Financial aid data, percent of first-time, full-time degree or certificate seeking students at Ohio community colleges, accessed Dec. 18, 2013 at www.ohiohighered.org/data-reports/tuition-financial-aid.

Low state support is contributing to Ohio's high tuition. Ohio has trailed the nation in support for higher education for the past 20 years.¹⁵ In 1991, Ohio dedicated \$7.03 per \$1,000 in personal income to funding higher education.¹⁶ Ohio ranked 39th worst for investment at that time.¹⁷ By 2011, the national average dropped, but Ohio slipped further behind, investing only \$4.57 out of every \$1,000 in personal income, falling to 41st.¹⁸

Lack of state institutional support and higher costs are not the only reasons for Ohio's student debt crisis.¹⁹ Ohio's policy of disinvestment has radically reduced the financial aid available to students. Figure 1 shows this reduction over time. It includes the amounts spent on need-based grant aid, non-need-based grant aid, and non-grant aid.



Ohio financial aid awards are down substantially (57.3 percent) since the pre-recession year 2006-07.²⁰ Perhaps more concerning is that Ohio awarded 43.9 percent less financial aid in 2011-12 than it

¹⁵ National Center for Higher Education Management Systems, Information Center: State and Local Support for Higher Education for Higher Education Operating Expenses, Per \$1,000 of personal income, accessed Feb. 25, 2014 at <http://www.higheredinfo.org/dbrowser/index.php?submeasure=82&year=2011&level=nation&mode=data&state=0#/-/>. Compares annual data from 1991-2011, 2011 most current year available. Ohio has trailed the national average in support also in terms of support per full-time student equivalent, and support per capita. *Id.*

¹⁶ *Id.*

¹⁷ *Id.* Ranking calculated by Policy Matters Ohio.

¹⁸ *Id.*

¹⁹ Since 2008, tuition caps have slowed the increase of fees and tuition in Ohio. From 1996 to 2006 tuition at public universities rose 9 percent per year. After 2008, that rate has slowed to 2 percent over five years. *See*, Encarnacion Pyle, Tuition caps at Ohio colleges rein in fee hikes, Columbus Dispatch, December 19, 2013, accessed Dec. 19, 2013 at <http://www.dispatch.com/content/stories/local/2012/01/31/tuition-caps-at-ohio-colleges-rein-in-fee-hikes.html>.

²⁰ Policy Matters Ohio calculation based on National Association of State Student Grant and Aid Programs, *supra* at note 9, comparing unadjusted dollars.

did ten years ago, even though enrollment has increased.²¹

Need-based aid is awarded, as the name suggests, based on need. It does not require repayment and is particularly vital to expanding college access and credential attainment. Ohio now provides need-based aid solely through the Ohio College Opportunity Grant (OCOG). Over the last 10 years, need-based aid awards were cut by a third (33.3 percent).²² Ohio is one of seven states that reduced need-based grant aid over that time, and one of only four states reducing total grant aid awarded.²³ Over the last ten years, Ohio had one of the highest percentage cuts to need based aid in the nation (ranked 48th) and the largest in the Midwest (ranked last among nine Midwestern states).²⁴

The cuts to need-based aid have caused a sharp decline in what Ohio is able to invest per student. In 2001-02, Ohio provided an estimated \$299.8 in need-based aid per full-time undergraduate.²⁵ Even at that time, Ohio's investment per student was lower than most Midwestern states. By 2011-12, our investment per student had shrunk to \$144.3, a drop of 51.9 percent.²⁶ In terms of student investment, Ohio ranks last among Midwestern states and 36th in the nation. Table 1 shows the state's current investment and our national rank.

²¹*Id.* From 2003-2012, total student enrollment in Ohio increased by more than 72,000, or 21.6 percent. *See*, Mary Turocy, Ohio Facts 2012, Colleges and Universities, Ohio Legislative Service Commission, available at <http://www.lsc.state.oh.us/fiscal/ohiofacts/sept2012/colleges&universities.pdf>, last accessed December 19, 2013.

²² National Association of State Student Grant and Aid Programs, Table 4, *supra* at note 9. Prior to 2006 Ohio maintained some part time aid programs and the Ohio Instructional Grant. These programs were phased out and replaced by OCOG. NASSGAP comparison is in unadjusted dollars. (NASSGAP table shows change in need-based aid by state, in unadjusted dollars).

²³ *Id.* *See*, Tables 4 and 7.

²⁴ *Id.* Ranking based on change in need-based aid awarded in 2001-02 and 011-12, where 1= largest increase, 51= largest decrease. Ranking for 10-year change includes District of Columbia, Puerto Rico, and 2 South Carolina systems, but does not include Alaska and South Dakota due to funding missing in one of the two comparison years. Change in aid and ranking in unadjusted dollars

²⁵ National Association of State and Student Grant and Aid Programs, 33rd Annual Survey on State-Sponsored Student Financial Aid, 2001-02 academic year, Table Thirteen, available at www.nassgap.org, last accessed December 13, 2013. NASSGAP uses Integrated Postsecondary Data System FTE data, Fall 2000 for 2001-02.

²⁶ National Association of State and Student Grant and Aid Programs, *supra* at note 9. Policy Matters Ohio calculation comparing NASSGAP survey data.

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.

Need-based grant aid is a critical factor in low-income student retention.²⁷ When it's unavailable, students are forced to work more hours, take out loans, or leave school.²⁸ Taking on additional work reduces credential and degree attainment.²⁹ Nearly a quarter (22.9 percent) of the working age population of Ohio had some post-secondary education but not a degree.³⁰

Helping more Ohioans reach their education goals would have positive consequences for the state. States that have raised education levels have greater productivity, which is associated with higher median wages.³¹ The cuts to need-based financial aid mean that Ohio is poorly positioned to help low-income workers and learners build skills, complete degrees, increase productivity, and raise wages.

Cuts target community colleges

Prior to the 2009 changes, need-based aid, OCOG, was available to students regardless of whether they attended a four-year program, a two-year community college, or a two-year branch institution. OCOG was also available for students enrolled in for profit, proprietary schools.³² At that time, OCOG reduced tuition and fees costs before using aid from other sources. So, even though Ohio was investing less in need-based financial aid than nearly all other Midwestern states at that time, the way

²⁷ The United States Government Accounting office found that a shift in the loan-grant aid mix improved retention among low-income students, in the first two-years of study. *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). Similarly, for low-income students grants have shown to be “considerably more effective than loans at improving persistence.” *Id.*

²⁸ *See*, John Quinterno, 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. The report highlights the connection between the loss of need-based financial aid, increases in loans, and work, and attainment rates. Low-income students are also more price-sensitive.

²⁹ *Id.*

³⁰ Working Poor Families Project, *supra* at note 5. Working-aged population is ages 25-64.

³¹ Noah Berger and Peter Fisher, *supra* at note 6.

³² Students attending a public institution in 2007-08 could potentially qualify for \$2,496 in OCOG aid. Students attending more expensive private institutions could receive a maximum of \$4,992. Students at proprietary schools were eligible for \$3,996. *See, See*, Ohio Board of Regents, State Grant & Scholarship Program, Award year 2007-08, accessed Feb. 4, 2014 at www.oasfaa.org/docs/outreach/OBR_SGS07-08.pdf.

the state applied the available aid helped needy students have funds for essential expenses such as books, transportation, housing and child care. These additional costs of attendance are often insurmountable barriers for degree attainment.

The 2009 state budget not only slashed OCOG funding, it also ushered in the state’s “Pell First” policy. This new policy eliminated OCOG eligibility for community colleges and branch campus students.³³ Pell First sets the maximum available award for each institution by adding the maximum Pell grant available to the expected family contribution, and subtracting the sum from the institution’s tuition and general fees. If Pell and the expected family contribution cover the total tuition and fees for the institution, then students at that institution would not receive OCOG aid.³⁴ Any additional “tuition-specific” aid a student received would also subtracted from the tuition to determine the final OCOG award. Table 2 depicts this formula. Appendix A shows the award available to students at various Ohio institutions.

Table 2				
Changes to OCOG				
Tuition and general fees	<i>minus</i>	Expected family contribution plus maximum available Pell award	<i>equals</i>	Maximum OCOG award available at the institution of enrollment
<i>Examples</i>				
		Community college		Four-year university
		Tuition and fees	\$3,928	\$9,360
		Pell Grant	\$5,645	\$5,645
		Maximum OCOG award for institution	\$0	\$920
Source: Board of Regents, OCOG Fact Sheet, January 2014.				

Pell First was intended to “level the playing field,” and provide all students with an “equal amount of purchasing power” to reduce tuition and fees.³⁵ In reality, the new formula eliminated OCOG eligibility for students at less expensive community colleges and branch campuses. Eliminating eligibility for those students allowed students at more expensive institutions to maintain need-based aid coverage in spite of drastic budget cuts to OCOG.

Need-based aid critical to retention

The decision to zero-out OCOG to community college and branch campus students was partly based on the premise that for low-income students, federal Pell grants would cover tuition and fees at community colleges and branch campuses; Pell would provide these students sufficient purchasing

³³ See, O.R.C. § 3333.123, Board of Regents Policy Guidance Letters, most recent letter is FA 14-001. The state legislature, rightly, preserved OCOG eligibility for foster youth enrolled in these institutions. Students enrolled in a consortium program are also eligible for OCOG. *Id.* In a January 2014 Fact Sheet, BOR suggests that community college students are eligible for OCOG, but the maximum award they are eligible for is \$0.00. BOR’s most recent guidance letter on OCOG, FA 14-001, does not engage in this word play, it is clear that the formula disqualifies these students for OCOG aid. Eligibility for proprietary schools was also eliminated. Proprietary schools were added back into OCOG in the FY2012-13 budget by a separate line item, and then added back into the main OCOG line item in the last budget.

³⁴ Board of Regents, Financial Aid Guidance Memo, FA 14-001, Ohio College Opportunity Grant, p.1, July 22, 2013.

³⁵ *Id.*

power.³⁶ But Pell is insufficient, and providing additional grant support to reduce costs of attendance beyond tuition and fees is critical to retention, particularly with low-income students.³⁷

While tuition is less expensive at community colleges and branches, these students are often older, independent, first-generation, and responsible for all of their own expenses.³⁸ In Fall 2012, 49 percent of students enrolling in Ohio community colleges were over the age of 24, while only 39 percent of enrollees at main campus institutions were over 24.³⁹ Similarly, a far higher percentage of community college students are first generation (57 percent) compared to main institutions (37 percent).⁴⁰

Tuition-only aid can leave these students with a large unmet financial need. Household expenses and additional educational costs, such as books, transportation, and child care too often require these students to rely on loans or increased time at work.⁴¹ Not surprisingly, community college and branch campus students are far more likely to attend part-time compared to their main campus counterparts.⁴² This combination of obstacles leads students to drop out.⁴³ Some may never start. More recent enrollment data for FY 2012, shows that enrollment rates at two-year campuses decreased by 3.6 percent (6,718 Full Time Equivalents).⁴⁴ The share of student enrolling part-time has increased since 2008.⁴⁵ Figure 2 shows these demographic changes at community colleges.

³⁶ See, Chad Foust, Ohio Board of Regents, “State Grants and Scholarships (SSG) Guidance Memo: Ohio College Opportunity Grant,” July 17, 2009, accessed Dec. 17, 2013 at <http://regents.ohio.gov/sgs/guidance-memos/SGS10-006.pdf>. Foster youth are exempt from the “Pell first” policy.

³⁷ See, Viany Orozco and Nancy K. Cauthen, Work Less, Study More, & Succeed, DEMOS, 2009, accessed Feb. 5, 2014 at www.demos.org/sites/default/files/publications/WorkLessStudyMore_Demos.pdf.

³⁸ *Id.*

³⁹ Board of Regents, Diversity Report, Fall 2012, accessed Feb. 5, 2014 at www.ohiohighered.org/sites/ohiohighered.org/files/uploads/data/statistical-profiles/enrollment/diversity_2012.pdf.

⁴⁰ *Id.*

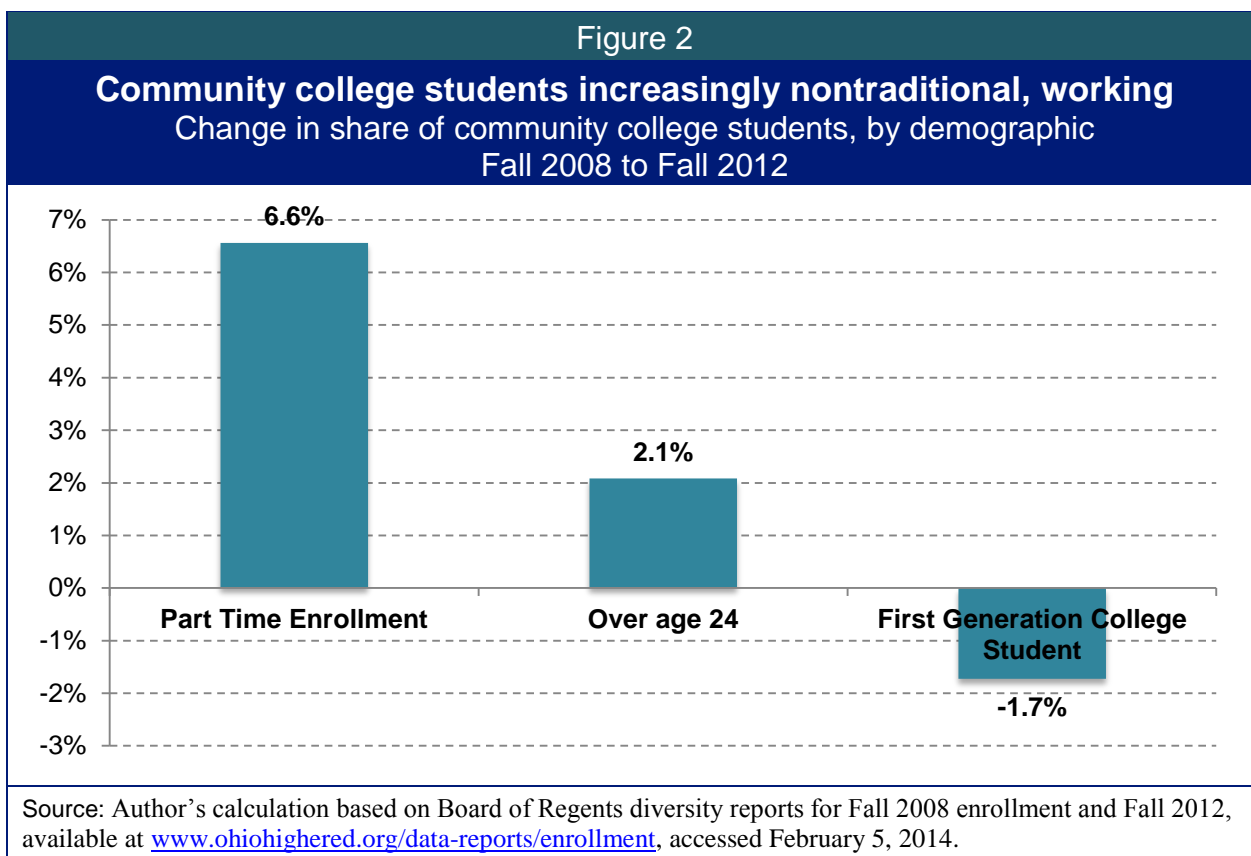
⁴¹ Viany Orozco and Nancy K. Cauthen, *supra* at note 37

⁴² Board of Regents, Diversity Report, *supra* at note 39. In 2012, a full 65 percent of students at community colleges were part-time. 54 percent of their branch campus counterparts were part-time. Only 19 percent of main campus students are enrolled part-time. *Id.*

⁴³ Viany Orozco and Nancy K. Cauthen, *supra* at note 37. Demos reports that according to surveys of students who have left college without completing a credential cite employment and finances as the primary cause. *Id.* at 1. One such survey found that nearly 40 percent of students that worked full time dropped out within 3 years, while 19 percent of those working part dropped out, and 13 percent of nonworking students. *Id.* at p.1.

⁴⁴ Mary Turdocy, *supra* at note 21. This is a reversal of strong enrollment growth from 2008-11 of 73.5 percent. *Id.*

⁴⁵ Board of Regents, Diversity report, *supra* note 39. Between 2008 and 2012, the share of part-time enrollment at community colleges grew 6.6 percent since, 17.4 percent at branch campuses, and by 26.7 percent at main campus institutions. *Id.* Main campus part-time enrollment increased from 15 percent to 19 percent. *Id.*



In the five years from fiscal year 2008 to fiscal year 2012, tuition and fees increased at community colleges faster than main campuses and branch campuses. Community college students paid an additional \$113 in tuition and fees by the end of this period.⁴⁶ The mix of aid available to community college students deteriorated over this time. The share of community college students receiving state grants has fallen nearly 95 percent since OCOG eligibility was eliminated.⁴⁷ The share of community college students receiving federal aid increased by more than 27 percent.⁴⁸ Loans also increased by more than 27 percent, suggesting that even with the increased federal aid, current funding does not meet the financial needs of these students.⁴⁹ Figure 3 shows how financial aid changed at community colleges since this policy was implemented.

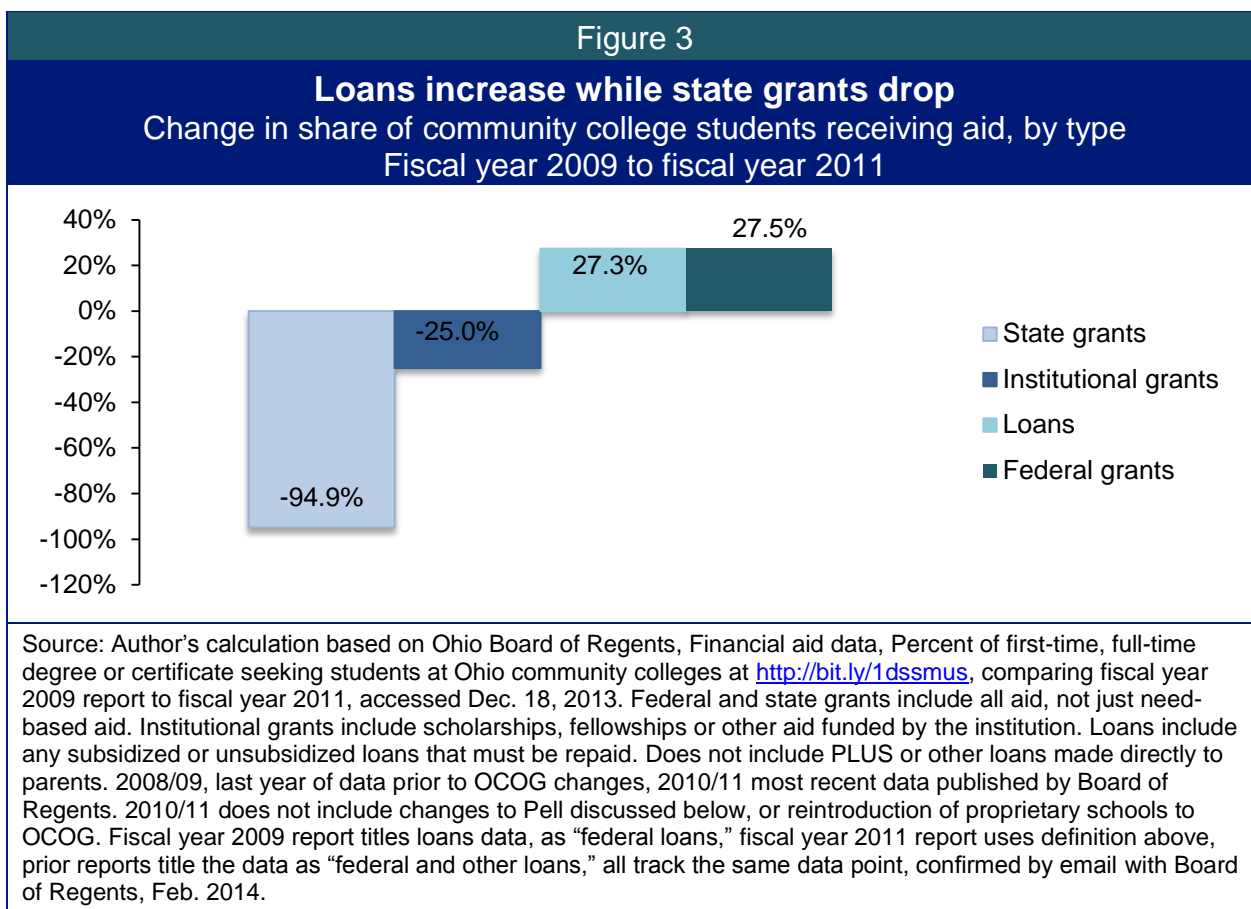
⁴⁶ From FY2008-FY2012, tuition and fees at community colleges increased 3.4 percent, main campuses increase 2.4 percent, and branch campuses increased 0.3 percent. See, Ohio Board of Regents, Undergraduate Tuition and Fees, FY 2003-FY 2012, January 2012, available at

https://www.ohiohighered.org/files/uploads/reports/Undergrad_Tuition_Fees_FY2003-12.pdf (using annualized Full-time, In-state, Undergraduate tuition and fees charged to entering students, in constant July 2011 dollars using CPI).

⁴⁷ 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 <https://www.ohiohighered.org/data-reports/tuition-financial-aid>, accessed December 18, 2013. Compares FY 2009 to FY 2011.

⁴⁸ *Id.* The share of first-generation students decreased across branch campuses (-5.4 percent), and main campus (-5.1 percent) institutions.

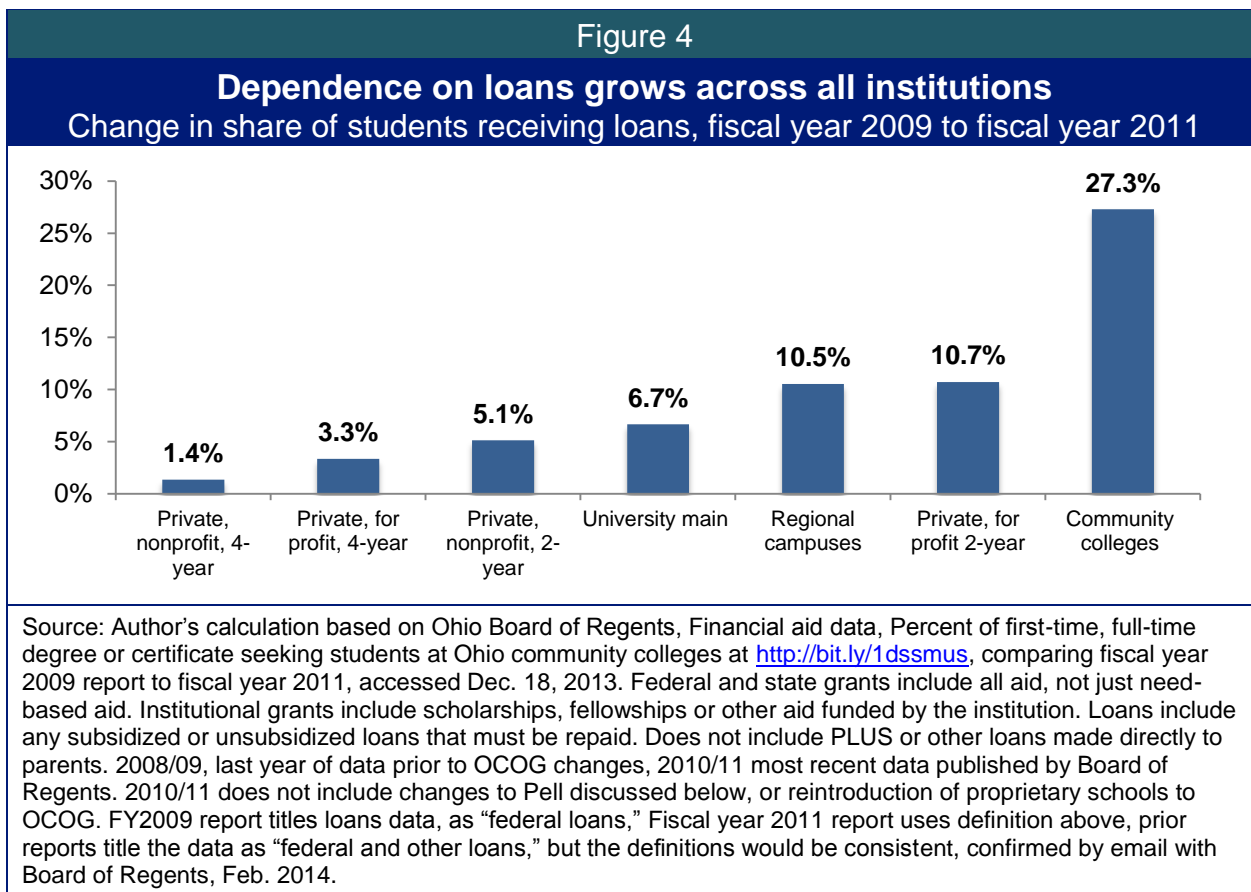
⁴⁹ *Id.*



Since the 2009 changes, more students are relying on loans to finance their education. While this is true across all institutional types in Ohio, community college students have experienced the largest increase in the share of students receiving loans, growing by more than 27 percent.⁵⁰ Students at private, nonprofit, four-year institutions experienced the smallest increase, growing by 1.4 percent.⁵¹ Figure 4 shows this change.

⁵⁰ *Id.*

⁵¹ *Id.* These students saw the average loan amount fall by 5 percent over this time. Students at private, for profit, two-year schools saw the largest decrease in the average loan amount, falling 8 percent. The average loan amount among community college students grew by 11.5 percent. Main campus students experienced a small increase (1.6 percent) in the average loan amount. The average loan amount increased the most for students at private, for-profit, four-year schools and private, nonprofit, two-year schools, 16.9 and 17.3 percent, respectively. *Id.* dollar amounts unadjusted.



Even at fiscal year 2011 coverage levels Pell was insufficient to meet the financial needs of students, and Pell is set to become even less available.⁵² Changes to the federal Pell program that were implemented in 2012 and not yet in published data will further squeeze low-income students at 2-year public institutions. The automatic qualifying income for Pell was reduced from \$30,000 to \$23,000.⁵³ Pell eligibility was reduced from nine to six years, and students must have a high school diploma or equivalent to be eligible.⁵⁴ OCOG is limited to the semester or quarter equivalent of five academic years, but has a much higher qualifying income cap of \$75,000. Pell is also pro-rated based on enrollment status. A part-time student receives a much lower Pell award, which may not actually cover their entire tuition and fee cost. The average Pell award in 2012-13 was \$3,650,⁵⁵ which is not enough to cover community college tuition and fees.⁵⁶ In 2011-12, only 28 percent of Pell recipients

⁵² See, Community Research Partners, Need-Based Financial Aid, January 2013, p. 5, accessed March 3, 2014 at www.communityresearchpartners.org/uploads/publications/NeedBasedFinancialAid_Report.pdf. Report contains a detailed and comprehensive tracking of budgetary OCOG changes and the erosion of Pell Grant coverage.

⁵³ Federal Student Aid, U.S. Department of Education, Basic Eligibility Criteria for Pell Grants, accessed Feb. 5, 2014 at <http://studentaid.ed.gov/eligibility/basic-criteria>.

⁵⁴ *Id.*

⁵⁵ College Board, Pell Grants: Total Expenditures and Average Grants, 2012-13, accessed Feb. 28, 2014 at <http://bit.ly/1kyTYm4>.

⁵⁶ Community college tuition and fees, are \$3,928. Board of Regents, OCOG Fact Sheet, *supra* at note 33.

received the maximum Pell award.⁵⁷ Students at community colleges and branch campuses cannot receive OCOG even if they have unmet financial need and do not receive full Pell.⁵⁸

In spite of the changes that reduce the availability of Pell grants to many students in the two-year public systems, there has been no change to state OCOG policy. The assumption that Pell would suffice to meet the needs of low-income students at two-year public schools was incorrect when asserted and has only gotten worse.

We can afford financial aid reform

The current budget has slightly increased funding going to OCOG, by \$20 million over the biennium, but eliminated a separate \$12 million budget line for proprietary schools and required the OCOG budget line to cover those schools, at the same level as the previous budget (\$8.3 million per year).⁵⁹ Overall, the increase will send \$8 million in new money to public, four-year schools. This helps students at public four-year institutions, and maintains funding to proprietary-school students, but will do nothing for students at two-year public institutions. Table 3 shows these budget earmarks and the impact on student awards.

Institution	2012-13	Maximum award to students 2012-13*	2013-14	Maximum award to students 2013-14
Private, nonprofit, four-year	\$41 million	\$2,280	\$41 million	\$2,080
Public, four-year	\$37 million	\$856	\$41 million	\$920
Proprietary	\$8.3 million**	\$480	\$8.3 million**	\$664
Public, two-year	\$0	\$0	\$0	\$0

Source: Legislative Service Commission, Board of Regents, Green Book accessed Dec. 17, 2013 at <http://bit.ly/P1jbZi>. *Award based on full-time enrollment status, from Board of Regents at www.ohiohighered.org/ocog/award-charts-ac1314. **\$2.3 million in OCOG was earmarked for proprietary schools. A new line item was added to send an additional \$6 million in casino licensing fees to proprietary schools.

The latest budget is a small step in the right direction, but it is wholly insufficient. Ohio struggled to provide adequate need-based aid before 2009. More than a decade ago, the state had one of the lowest aid-per-student ratios in the Midwest. The 2009 limits were placed on Ohio's financial aid program in order to balance the state budget without rolling back tax cuts. In essence, budgeting for financial aid in Ohio became about robbing Peter to pay Paul. We've dropped some students to provide for others, limited aid to tuition, and made the overall system less effective.

Boosting educational attainment for low-income adults should be a priority. Ohio could make real progress in reducing the number of people and families in poverty while making our workforce more

⁵⁷ College Board, Pell Grants, *supra* at note 55.

⁵⁸ 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, *supra* at note 33.

⁵⁹ Legislative Service Commission, Board of Regents, Green Book at www.lsc.state.oh.us/fiscal/greenbooks130/bor.pdf, accessed December 17, 2013. Proprietary schools were brought back into OCOG eligibility in the 2012-13 budget. These career schools were allocated \$2.3 million per year in OCOG funds and an additional \$6 million from a separate budget line item. The total allocation to proprietary schools does not change from 2012-13 to 2013-14, the source of the funds does. The separate line item funding these schools was eliminated in the lasted budget bill.

competitive. Cutting need-based aid to community colleges and branch campuses is woefully out of step with these goals and with nearly every other state in the nation. Outside of proprietary schools, which have a higher cost and loan default rate than other institutions, OCOG is simply not available to workers seeking a shorter training program.⁶⁰ Declining state financial aid, changes to federal support, and the elimination of need-based aid for community colleges conspire to drive up Ohio's student debt dependency. We are cutting off the surest path to economic stability for families and the surest way to spur economic growth.

The good news is that Ohio is not broke. In the last budget, Ohio decided to forego \$2.7 billion in revenue over the next three years to fund an additional round of tax cuts.⁶¹ These cuts will disproportionately benefit the top 1 percent of earners in the state.⁶² The 20 percent of earners in the middle will see an average savings of about \$9.⁶³ 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.⁶⁴ An investment of only \$20 million could provide need-based aid eligibility for students at two-year public institutions.⁶⁵

Ohio must reverse course. The state has been quick to cut taxes on the promise that those cuts will bring greater job growth to the state. This has been the foundation of our economic policy since 2005, but has not produced the promised results.⁶⁶ Instead, it has undermined our ability to make investments in key areas, like higher education, that will produce results. The state needs real financial aid reform. Our policies for distributing grant aid should support our state's overall workforce goals, and should provide pathways out of poverty for Ohioans.

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⁶⁰ Students who attended a for-profit college accounted for 47 percent of all Federal student loan defaults in 2008 and 2009. More than 1 in 5 students enrolling in a for-profit college-22 percent-default within 3 years of entering repayment on their student loans. Senator Tom Harkin, For Profit College Investigation, accessed March 3, 2014 at www.harkin.senate.gov/help/forprofitcolleges.cfm.

⁶¹ Ohio Department of Taxation, Highlights of new state budget, accessed Feb 27, 2014 at <http://1.usa.gov/1mTsbyE>.

⁶² Zach Schiller, Tax plan still awards affluent, leaves some of poorest Ohioans paying more, Policy Matters Ohio, June 2013, accessed Dec. 19, 2013 at www.policymattersohio.org/itep2-jun2013.

⁶³ *Id.*

⁶⁴ Policy Matters Ohio, "Use Medicaid savings to improve Ohio," October 2013, available at www.policymattersohio.org/404million-oct2013.

⁶⁵ Ohio Association of Community Colleges, Ohio Workforce Opportunity Grants, recommending a \$20 million per year increase in OCOG to help support an estimated 20,000 students at public two-year institutions through performance-based grants.

⁶⁶ Hannah Halbert, JobWatch: Ohio job growth trails nation since 2005 tax overhaul, Policy Matters Ohio, April 2013, available at www.policymattersohio.org/jobwatch05-apr2013.