



Revenue & Budget

2022-23 budget review: higher education

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Policy Matters Ohio priority: *Help more Ohioans get a degree; Increase funding for higher education by at least \$415 million.*

Budget outcomes: *There were increases, but insufficient to meet needs.*

All Ohioans, no matter what they look like or how much money they have, deserve to go as far as their dreams and abilities take them. Today, higher education is often critical in ensuring the workforce is well-trained and workers are paid a living wage. For these reasons, Ohio policymakers set the ambitious goal that by 2025, 65% of Ohioans aged 25 to 64 will have a degree, certificate, or other postsecondary workforce credential of value. The most recent data, however, show that 49.5% of Ohioans have achieved this level of education.¹

Nevertheless, policymakers continue to underfund Ohio's public colleges and universities, choosing instead to spend public resources on tax breaks for special interests and tax cuts for the wealthy and corporations. The unaffordability of higher education in our state is a clear example of this lack of prioritization. Ohio has the ninth largest affordability gap – more than \$8,300 – at public four-year universities among all states. This gap is calculated as the net price of a public university education minus income from working 10 hours a week.²

Legislators appropriated just over \$5.6 billion in total funding for higher education over the biennium, \$62 million less than during the previous biennium. The decline was primarily due to the expiration of almost \$305 million in federal Coronavirus relief funds in FY21.³ Ninety-eight percent of the support for higher education comes from state dollars in the General Revenue Fund (GRF). Lawmakers increased these state funds slightly in both years of the current biennium, by 2.7% in FY22 and .01% from FY22 to FY23. The increase goes primarily to State Share of Instruction (SSI), the Ohio College Opportunity Grant (OCOG) and scholarship programs. The decrease in available funds is primarily due to the drop in the Dedicated Purpose Fund, into which were infused almost \$305 million in one-time Coronavirus relief funds in FY21.⁴

¹ The Lumina Foundation, "A Stronger Nation: Learning Beyond High School Builds American Talent." December 17, 2020 at <https://bit.ly/3zzD53z>. This is based on 2019 numbers.

² For more information, see the Education Trust, "How Affordable are Public Colleges in Your State?" December 17, 2019. <https://bit.ly/3EtRLF3>.

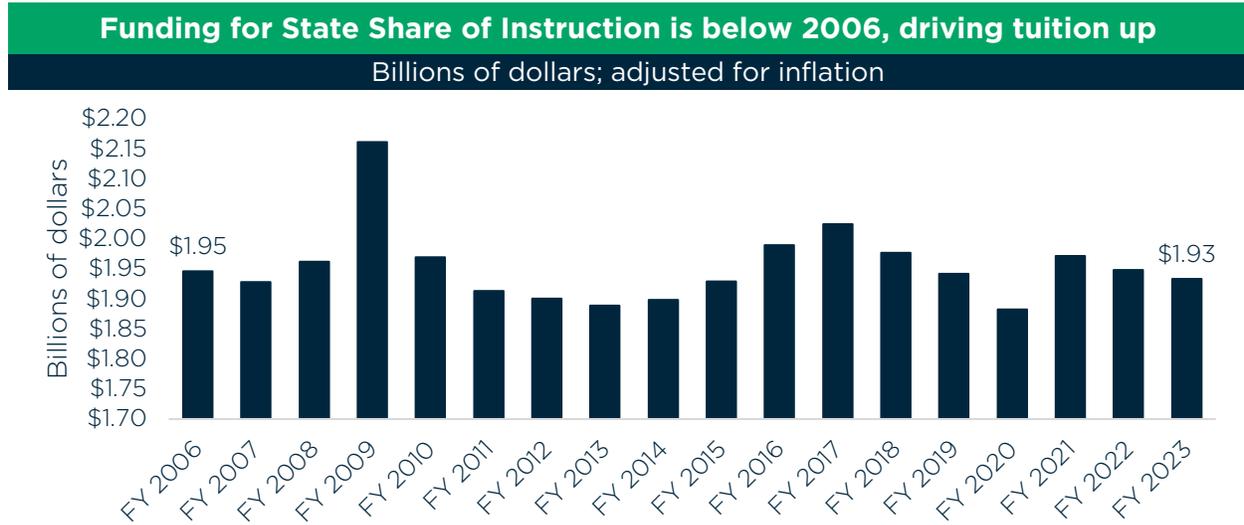
³ Legislative Budget Office Analysis of Enacted Budget, Department of Higher Education, August 2021.

⁴ Greenbook, LBO Analysis of Enacted Budget, August 2021.

State Share of Instruction

In the new budget, lawmakers increased appropriations for SSI, Ohio’s main financial support for public higher education, by \$154.9 million (3.9%) over the previous biennium. Figure 1 shows that when adjusted for inflation, SSI funding is held below 2006 levels. SSI is directly tied to the cost of tuition, which means that tuition rises when funding drops. In this budget, lawmakers continue a 2% cap to increases at universities for instructional and general fees and \$5 per credit hour at community colleges, with other increases requiring approval with listed exemptions such as student health insurance and fines.⁵

Figure 1



Source: Policy Matters Ohio, based on Ohio Legislative Budget Office (LBO) Budgets in Detail over the years. Shows actual expenditures, except for 2022-23; those figures are appropriations. Inflation adjusted using CPIU-RS; 2021, 2022 and 2023 inflation based on projections in the LBO June 2021 forecast to the budget bill conference committee.

Ohio College Opportunity Grant

Ohio provides need-based aid through OCOG, which is essential to helping students from low-income backgrounds attend college. The 2022-2023 budget increased OCOG funding by nearly \$9 million over the previous biennium to \$219 million, a 4.2% increase (not adjusted for inflation). Figure 2 shows OCOG funding over the past 18 years. Whether adjusted for inflation or not, despite the increase from the previous biennium, the budget keeps need-based aid far below what it was before the 2008 recession.

Also telling are national comparisons. In 2018, the most recent year for which data are available, Ohio ranked 35th in state-funded expenditures for need-based undergraduate grant dollars, at an estimated \$214 per undergraduate full-time equivalent enrollment; the top state, New Jersey, provided more than \$1600.⁶ Ohio ranked 40th in grant dollars for Ohioans aged

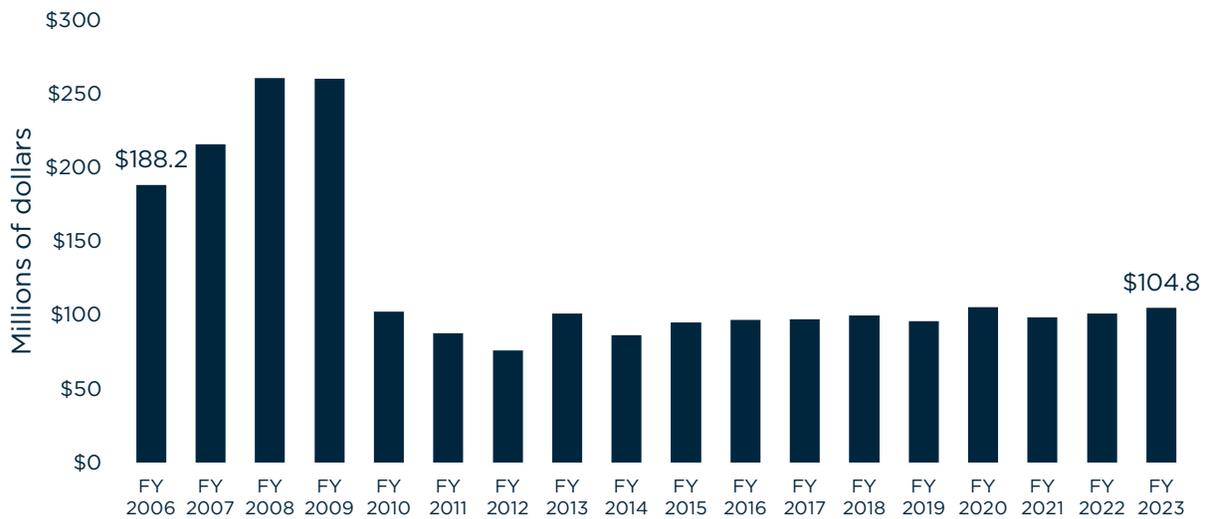
⁵ Ibid.

⁶ National Association of State Student Grant and Aid Programs, “50th Annual Survey Report on State-Sponsored-Student Financial Aid, 2018-19 Academic Year,” Table 12. <https://bit.ly/3tRGPMa>.

18 to 24, at just under \$128 per capita. The top state, South Carolina, provided nearly \$900 per college-aged resident.⁷

Figure 2

Funding for the Ohio College Opportunity Grant is far below where it used to be, while institutions keep increasing tuition
 Millions of dollars; adjusted for inflation



Source: Policy Matters Ohio, based on Ohio Legislative Budget Office (LBO) Budgets in Detail over the years. Shows actual expenditures, except for 2022-23; those figures are appropriations. Inflation adjusted using CPIU-RS; 2021, 2022 and 2023 inflation based on projections in the LBO June 2021 forecast to the budget bill conference committee.

OCOG’s structure, which provides larger grants for students attending higher-cost public and private schools and does not allow its use for educational expenses outside of tuition and general fees, excludes more than 100,000 community college and university regional campus students, Ohioans who are more likely to come from families with low incomes. OCOG also shortchanges students at Central State University, the state’s only public historically black university. This means students with low incomes and students of color are most likely to be excluded.

In the 2022-23 state budget, lawmakers made anemic improvements in higher education funding, when Ohioans need giant steps. In the short run, new federal dollars are helping students bridge the gap. In the long run, to move the needle on wages and opportunities for Ohioans lawmakers need to resume sufficient investment in the state share of instruction to reduce the cost of higher education, while boosting and improving need-based aid – as earlier General Assemblies intended – on a bipartisan basis.

⁷ Ibid, Table 11