February 2020

Education & Training

Collecting against the future

Student-debt practices undermine Ohio's higher education goals

Piet van Lier

Executive summary

Education and training beyond high school matter today more than ever, preparing students to contribute to their communities, allowing them to lead healthier and more productive lives, and strengthening the economy. In today's economy, higher education is increasingly important for those seeking jobs that pay a living wage.

Unfortunately, many Ohio policies work against the state's goal that by 2025, 65% of Ohioans aged 25 to 64 will have a degree, certificate, or other postsecondary workforce credential of value. Among the barriers are weak state funding for public colleges and universities and insufficient, poorly structured need-based aid.

Certifying debt to the Attorney General

Another barrier is state law requiring public higher-education institutions to certify student debt to the Ohio Attorney General's Office (AGO) for collection. Debts include not only unpaid tuition, but library and lab fees, fines for non-payment, parking fines, and other fees not directly related to tuition. These practices are separate from loans students have taken to pay for school, which are generally owed to the federal government or other third-party lenders, and do not result in transcript withholding.

Debt that keeps a student from staying in school can start relatively small, although interest, fines, and fees can make the amounts balloon over time. In addition to late fees and fines at the school level, the AGO's collections commission rate is generally 10%. The AGO pays debt collectors 21% on a contingency basis, and special counsel charges up to 33% depending on the type of debt. Unlike for most debt in Ohio, state law allows the AGO to add collection fees on top of debt owed, which can saddle students with even more to pay back. This practice, rare among states, means that every year lawyers and other third parties working for the AGO sue thousands of Ohio students for amounts that are often many times more than their original past-due accounts.

Meanwhile, the state's public schools bar registration and withhold transcripts when students owe them money, making it harder for students to settle their accounts and re-enroll.

Ending educational aspirations

Together, these state and school policies can permanently end students' educational aspirations and trap them in low-wage jobs. Students generally cannot re-enroll if they have unpaid debts to the school. Debts that have been sent to the AGO accrue additional fees and are harder to pull back to the school for quick resolution that allows for timely re-enrollment. At the same time, a student's plan to continue their education or get higher-paying jobs can be effectively halted by the inability to access a transcript. The students clearly suffer, but so do the economies of Ohio's communities and the state as a whole.

Data show disparate impact

Our analysis found that these policies are more likely to present barriers for students attending the state's two-year community colleges, which enroll more people who historically have had less access to postsecondary education, including Black and Latinx students, older students, and first-generation students. The number of debts per student is higher at two-year schools than it is at four-year schools.

Three universities are outliers among Ohio's four-year schools. The average value of active debt accounts certified to the AGO by Ohio's only public historically Black university, Central State, is substantially higher than at other Ohio schools, both two- and four-year. Central State, Shawnee State University and the University of Toledo also have higher numbers of certified accounts per enrolled student than other four-year schools. The reasons for these disparities are complex and require further study.

Promising practices

A number of Ohio colleges and universities have piloted or implemented programs to re-enroll students who owe money to the schools. The programs generally involve debt forgiveness, advising, tutoring, and other assistance and incentives. These programs report that tuition paid from returning students exceeds amounts of debt forgiven by the schools. Rather than carrying debt and holding hostage the transcripts and futures of students, these programs represent a solution that benefits everyone.

Recommendations

Ohio lawmakers should begin by doing a better job of funding higher education, primarily by boosting support for the State Share of Instruction and the Ohio College Opportunity Grant, and restructuring the latter as a first-dollar award to better meet the needs of low-income students, particularly those attending community colleges and lower-cost four-year schools.

Reducing the barriers Ohioans face as they seek postsecondary education is an area of interest for Ohio Governor Mike DeWine. A representative of his office noted that the administration is engaging with education stakeholder groups on issues including student debt.

As the governor's team and other state policymakers seek to address the problems created by current state law regarding student-debt collection and school-level practices on transcript withholding, they should:

- Require the AGO to collect demographic data to better understand the impact of debt-collection practices. This will allow policymakers and schools to target relief to those who most need it.

- Eliminate the law requiring schools to send debt to the AGO, allowing schools more time to collect debt on their own or institute debt-forgiveness and re-enrollment initiatives.

- Encourage and incentivize the kind of promising school-level practices that focus on debt-forgiveness, individual support, re-enrollment and degree completion described in this report.

- Eliminate fees and penalties related to student debt or at least take fines and fees out of amounts collected for past-due accounts, rather than charging individuals on top of the amounts they owe.

- Consider banning transcript withholding or require schools to issue transcripts for classes for which students have paid in full.

Introduction

Education and training beyond high school matter today more than ever, preparing students to contribute to their communities, allowing them to lead healthier and more productive lives, and strengthening the economy. In today's economy, higher education is increasingly important for those seeking jobs that pay a living wage.

That's why the Ohio Department of Higher Education set a goal that by 2025, 65% of Ohioans aged 25 to 64 will have a degree, certificate, or other postsecondary workforce credential of value.[1] In 2017, 44.6% of Ohioans had attained this level of education.[2] Another Ohio initiative established a goal to increase the proportion of adults over age 25 enrolled in public higher education from the current rate of 27% to at least 40% by 2025.[3]

Key Findings

Ohio law and school practices impose barriers and block education goals

- State law requiring public colleges and universities to certify student debt to the Ohio Attorney General results in collections against thousands of students each year.
- Fines, interest and collection fees make debt balloon over time, ending students' educational aspirations and trapping Ohioans in low-wage jobs.
- This disproportionately impacts students at two-year colleges, which are more affordable than four-years and serve higher proportions of Black, Latinx, first-generation, part-time and older students.
- State policy makes it hard for schools to forgive debt and re-enroll students who can't afford to pay past bills.
- Schools compound the negative impact by withholding transcripts and barring registration for students with debt.

Unfortunately, many policies in our state work against this ambitious goal. In previous research, Policy Matters Ohio has documented, for example, the falling level of public support in Ohio for public higher education institutions as well as inadequate and poorly structured need-based aid provided by the state for low-income students.[4] These inadequacies are exacerbated at two-year campuses, which serve a higher proportion of Black and Latinx students than their four-year counterparts, and at Central State University, Ohio's only public historically Black university.[5]

Another barrier for many Ohio students is a state law that requires public colleges and universities to certify student debt to the Ohio Attorney General's Office (AGO) for collection. Every year, lawyers

[1] See Ohio Department of Education, "Attainment Goal 2025" at ohiohighered.org/attainment
[2] In 2017, 5% of Ohioans had a credential, 9.9% an associate degree, 18.8% a bachelor's degree, and 10.9% a graduate or professional degree. See "A Stronger Nation," by the Lumina Foundation at https://bit.ly/37pPr1e.
[3] See "Finish Your Future: Ohio's Adult Learner Initiative" at ohiohighered.org/FFYF
[4] The decreasing value of Ohio's State Share of Instruction, adjusted for inflation, is documented in "Ohio underfunds public colleges and universities" at https://bit.ly/2KGo9Kh and the shortcomings of the Ohio College Opportunity Grant are described in "Ohio need-based aid falls short" at https://bit.ly/344ZYNl.
[5] See Jackson, Victoria, "Building better need-based aid in Ohio," Policy Matters Ohio at https://bit.ly/34VLSxq.

and other third parties working for the Attorney General sue thousands of students and former students who owe Ohio's public colleges money for tuition, fines and other fees. Also getting in the way of our state's attainment goals are policies at the state's two- and four-year schools that bar registration and withhold transcripts when students owe money to the schools.

These policies can permanently end students' educational aspirations and trap them in a cycle of low-wage jobs. Students who stop out[6] of school are generally unable to re-enroll if they have unpaid debts to the school. Debts that have been sent to the AGO accrue additional fees and are harder to pull back to the school for quick resolution that allows for timely re-enrollment. In addition to lawsuits and other collection efforts, by state law the AGO offsets state tax refunds administratively, further undermining the financial stability of lower-income Ohioans. The importance of access to transcripts cannot be overstated, as individuals' plans to continue their educations can be effectively halted, as can their access to higher-paying jobs that may require official transcripts. The individuals themselves clearly suffer, but so do the economies of Ohio's communities and the state as a whole.

Data show disparate impact

Although the AGO does not collect demographic information on the student-debt accounts certified by higher education institutions, data provided by the AGO allow for a comparison of the amount of debt per student at two- and four-year public institutions in Ohio. Our analysis shows that these policies are more likely to present barriers for groups that historically had less access to postsecondary education, including Black and Latinx students, older students, and first-generation students. These categories of students make up a larger portion of students at two-year colleges, and the number of debts per student is higher at two-year schools than it is at four-year schools.

While Ohio's punitive approach to student-debt collection is more likely to impact students at public two-year colleges, three schools are outliers among Ohio's four-year public colleges and universities. Most notably, the average value of active debt accounts certified to the AGO by Central State are substantially higher than at other Ohio schools, both two- and four-year. And Central State, Shawnee State University and the University of Toledo have higher numbers of certified accounts per enrolled student than other four-year schools. (See below for more information and Appendix A for a summary of the data.)

Certifying Debt to the Attorney General

Ohio law requires the state's public colleges and universities to certify student debt to the AGO within a short period of time after payment from the student is due.[7] A review of institutional policies shows that not all may comply with the timeline laid out in Ohio Revised Code, but all do certify debt to the AGO for collection. Debts certified to the state include not only unpaid tuition, but library and lab fees, fines for non-payment, parking fines, and other fees not directly related

[6] The term "stop-out" implies the ability and intention to return and finish school. The more common "dropout" suggests no plan or desire to re-enroll.

[7] According to Ohio Revised Code 131.02, "the amount shall be certified within the later of forty-five days after the amount is due or the tenth day after the beginning of the next academic semester, quarter, or other session following the session for which the payment is payable." http://codes.ohio.gov/orc/131.02

to tuition. Debt that keeps a student from staying in school can often be relatively small at first, although interest, fines, and fees can make the amounts grow substantially over time.

Table 1 shows that 390,000 active accounts were open with the AGO during Fiscal Year 2019, with a value of more than $735 million. Approximately 41,000 accounts were newly certified in 2019; most accounts date back years or decades because the law only allows unsatisfied debt claims to be canceled 40 years after the claim is certified.[8] Allowing debt to remain in collections for such a long period of time effectively creates a permanent barrier for lower-income Ohioans that has little upside for the state. In four of the five most recent fiscal years, the AGO reports collecting slightly more than $50 million each year.[9]

While in the aggregate this is a significant sum, the positive impact of collecting it is likely relatively small for schools. Ohio State University, for example, has certified $60.5 million worth of active student-debt accounts to the AGO over the past four decades. Even in the unlikely event that the entire amount were to be collected in one year, it would amount to only 0.8% of its $7.5 billion annual budget.[10]

Over the five-year period from FY2015 to FY2019, the state's 23 two-year and 13 four-year institutions have certified to the AGO more than 219,000 new student debt accounts with a value of $328 million.[11] The number of new certifications has dropped 21% since 2015, but that change is likely related at least in part to a 12% decrease in Ohio's public higher education enrollment. As Table 1 shows, the number of certifications per enrolled student has held relatively steady, ranging from .1 per student in 2015 to .09 in 2019. Even as the number of certifications has dropped over this time period, collections have fluctuated from a 2015 baseline of nearly $51 million to a low of $48 million in 2017 and a high of more than $54 million in 2019. The average value of certifications is relatively low: in the range of $1,500 per new certification in each of the past five fiscal years. An investigation by the Columbus Dispatch in 2016 found that many debts were much lower than this average value when they originated, in the hundreds of dollars, or had been paid down to similarly low amounts.[12]

[8] Ohio Revised Code section 131.02 (F)(2): "The attorney general shall cancel or cause to be canceled an unsatisfied claim on the date that is forty years after the date the claim is certified." http://codes.ohio.gov/orc/131.02

[9] Data provided by AGO; see Table 1 and Appendix A.

[10] See "Ohio State University Statistical Summary, Budget Fiscal Year 2020" at https://bit.ly/2T6sPho. Special thanks to Rebecca Maurer for making this point on pp 28-29 of her paper, "Withholding Transcripts: Policy, Possibilities, and Legal Recourse," https://bit.ly/37VlNjC.

[11] Although the AGO provided data for the Ohio State University College of Veterinary Medicine and the Northeast Ohio Medical University, Policy Matters did not include those institutions in analyses for this report.

[12] This issue is addressed in greater depth later in the paper. See "Student debt can balloon with little notice," Columbus Dispatch, Aug. 20, 2016, https://bit.ly/2qp2m2C.

Table 1							
Annual certifications of student debt to the Attorney General's office, cumulative amounts, and collections, FY2015 to FY2019. (Dollars in millions)							
	Certifications[a]		Active Inventory[b] (cumulative)		Collections[c]	Enrollment[d]	Certifications per student
	Number	Value	Number	Value	Value		
FY2015	52,261	$75.1	356,301	$650.3	$50.9	499,755	0.10
FY2016	44,552	$66.7	366,701	$639.8	$53.4	492,555	0.09
FY2017	39,846	$61.3	376,567	$685.2	$48.7	491,430	0.08
FY2018	41,565	$63.4	385,859	$716.8	$52.3	441,866	0.09
FY2019	41,061	$61.5	390,018	$735.6	$54.5	438,572	0.09
Total	219,285	$328.0	-	-	$259.7	-	-

[a]Total accounts certified each fiscal year to the Attorney General's Office and dollar value (Source: AGO)
[b]Accounts active at the end of each fiscal year; numbers cumulative over multiple years (Source: AGO)
[c]Total amount collected each fiscal year (Source: AGO)
[d]Headcount enrollment from the fall of each year (Source: Ohio Department of Higher Education)

Two-year students most affected

Student debt being certified to the AGO disproportionately affects students enrolled in Ohio's public two-year colleges, who are substantially more likely than students at Ohio's four-year colleges to be non-traditional students (25 or older), to attend school part-time, or to be first-generation students. They are also more likely to be Black or Latinx. Table 2 shows that there are almost twice as many active accounts per enrolled student, cumulatively, at Ohio's community colleges than at the state's four-year schools.

Table 2						
Institution demographics and number of active debt accounts per student						
	Black	Latinx	Part-time	25+	First-generation	Accounts per student
2-year colleges	15%	3%	35%	39%	34%	1.58
4-year colleges	9%	1%	9%	15%	19%	.84

Source: Demographic information from the Ohio Department of Higher Education; accounts per student from the Ohio Attorney General's office, accounts active as of November 1, 2019. For school-level data on student debt certified to the AGO, see Appendix A.

Since the AGO could not provide demographic data corresponding to the student debt accounts certified by the state's colleges and universities, we cannot analyze more closely the extent debt collection has a disparate impact on students based on race/ethnicity, student age, or status as a first-generation or part-time student. Nevertheless, the broader analysis of four-year vs. two-year data shows the clear inequitable impact of current policies.

Disparate impact at four-year schools

In addition to the disparate impact on students attending Ohio's two-year colleges, data from the AGO reveal outliers among the state's four-year schools, most notably Central State University, Shawnee State University, and the University of Toledo. The average dollar value of accounts certified to the AGO is substantially higher at Central State, and the number of accounts per enrolled student is higher at all three institutions.

Table 3 shows that the average value of accounts certified by Central State, at $4,469, is nearly $1,600 higher than the average for all four-year schools in Ohio. Central State is the state's only public historically Black university, serving a student population that is more than 90% Black.[13] The average number of accounts per enrolled student at the school is also higher than the average for all public colleges and universities in Ohio. The average value per enrolled student at Central State is nearly $4,000 higher than the four-year average. It is also worth noting that the three schools highlighted in Table 3 had the highest number of accounts per enrolled student. (See Appendix A for a more complete look at the data.)

Table 3

A comparison of three outliers to the average for all four-year public schools in Ohio

	Number of active accounts	Dollar value of active accounts (in millions)	Average value per account	Accounts per enrolled student	Average value per enrolled student
Central State University	2,830	$12.7	$4,469	1.4	$6,236
Shawnee State University	4,678	$14.3	$3,050	1.47	$4,495
University of Toledo	26,591	$47.9	$1,801	1.83	$3,292
All four-year institutions	176,037	$506.6	$2,878	0.84	$2,417

Source: Ohio Attorney General's Office, active accounts as of November 1, 2019. Enrollment numbers from the Ohio Department of Higher Education.

The reasons for the differences are almost certainly complex and require additional examination that is beyond the scope of this paper. Causes may include the cost of tuition: Central State and Shawnee State have the lowest cost of attendance among Ohio's four-year schools, so they accept students who may be less affluent than those attending higher-cost institutions; this dynamic likely leads to more students stopping out when they run short of money to pay for school.

[13] Demographic data from the Ohio Department of Higher Education.

University-level policies also may play a role. For example, a school with a more generous approach to re-enrollment may allow student accounts to grow larger before certifying the debt to the AGO, resulting in a higher average value per account. Conversely, a school that is stricter with debt might see a higher number of accounts per enrolled student, regardless of the average value per account.

Demographics also may play a role. For example, at a school that serves a higher percentage of first-generation students, more students may struggle both academically and financially. Research has found significant differences in enrollment, degree attainment and finances between students whose parents have at least a bachelor's degree and students whose parents have little or no college experience.[14] First-generation students from lower-income families, for example, are less likely to be able to rely on family financial support or other types of support based on the experience of family members who have successfully navigated college. Table 4 shows that these three four-year schools enroll a higher percentage of first-generation students than do Ohio's four-year schools as a whole.

Table 4

First-generation students at three outliers compared to the average of all four-year schools in Ohio

	Undergraduate head count	First-generation students
Central State University	2,169	46%
Shawnee State University	3,201	31%
University of Toledo	16,630	20%
All four-year institutions	228,437	17%

Source: Ohio Department of Higher Education.

Transcript withholding

State policy that requires schools to certify student debt to the AGO is inextricably linked to the school-level practice of withholding transcripts when a student owes a college or university money.

The examples cited above underscore the argument that schools' financial practices should not include barring student access to transcripts. The disparate impact of these policies falls most heavily on lower-income students and demographic groups that have traditionally had less access to postsecondary education.

While the precise number of transcripts withheld by public institutions because of student debt is not available, school-level policies mean it is likely that most of the 390,000 student-debt

[14] For a summary of research on first-generation students, see https://pnpi.org/first-generation-students/#.

accounts active at the end of FY2019 are connected to a withheld transcript. A survey of Ohio's four-year public colleges showed that most do not allow students with existing debt to register for new courses and they likewise will not release transcripts to students who owe money to the university.

There is no federal law that governs transcript withholding for students who default on federal loans, which are owned by private lenders or the federal government. Generally, defaults on these loans do not result in withholding because the transcript-providing schools are not directly impacted by student-loan debt. The U.S. Department of Education has clearly stated that the right to withhold transcripts depends on state law.[15]

In Ohio, where the law appears to be silent on the withholding of transcripts, decisions rest at the school level. The author of a 2018 paper on transcript withholding requested information from all 36 of Ohio's public colleges and universities and found that all institutions that responded allowed transcript withholding.[16] A similar review by College Now Greater Cleveland and Policy Matters Ohio found that all of the state's four-year colleges allow registration holds, transcript holds, or both.

Ohio's approach is not the norm. Some localities and states provide more opportunities for students to overcome debt and financial challenges. In Detroit, for example, four local colleges have teamed up with the regional chamber of commerce to forgive institutional debt for students who previously attended those schools but never earned a degree.[17]

California recently enacted a law that prohibits public or private postsecondary schools from withholding transcripts as a debt-collection tool.[18] The new law prohibits schools from: refusing to provide a transcript for a current or former student on the grounds that the student owes a debt; conditioning the provision of a transcript on the payment of a debt, other than a fee charged to provide the transcript; charging a higher fee for obtaining a transcript; or providing less favorable treatment of a transcript request because a student owes a debt to the school.

Finally, transcript withholding impacts longer-term job prospects. Although not all employers request transcripts, some jobs require applicants to provide them, creating a barrier to higher-wage jobs for individuals who owe money to schools.

Additional fees compound the problem

Relatively small amounts of student debt can balloon quickly with the addition of fees and fines as the debt-collection process unfolds.

At the school level, a review of policies of Ohio's four-year public institutions found that all charge fines for late payment, which can make it harder for students to pay off their debt and re-enroll.[19]

[15] For an excellent summary of the state-level basis for transcript withholding, see Maurer, Rebecca, "Withholding Transcripts: Policy, Possibilities, and Legal Recourse," pp 5-6 and pp 14-22, https://bit.ly/37VlNjC.
[16] Ibid, pp 7-8, https://bit.ly/37VlNjC.
[17] Perry, Andre, "Colleges must stop holding students hostage and release their debt," The Hechinger Report, May 7, 2019. https://bit.ly/2GERu5n. Since publication, Macomb Community College joined the effort.
[18] See Culhane, John Jr., Consumer Finance Monitor, "CA enacts law prohibiting postsecondary schools from withholding transcripts as debt collection tool." The law went into effect Jan. 1, 2020. https://bit.ly/2RqYE3H.
[19] From a review of school policies conducted by College Now Greater Cleveland and Policy Matters Ohio.

At the state level, the AGO's collections commission generally charges 10% on top of the debt amount sent to the state. Debt collectors working with the AGO charge 21% for collected debt (paid on a contingency basis), and rates for special counsel hired by the AGO can range up to 33%, depending on the type of debt.[20]

An investigation by the Columbus Dispatch in 2015 and 2016 discovered that the state was adding collection fees on top of student debt, while for most other debt such fees are subtracted from the amount collected. According to an AGO spokesperson quoted by the newspaper, the AGO had been using such a "make-whole" formula since 1996 to help ensure universities and other taxpayer-funded institutions like hospitals did not have to pass along the cost of debts indirectly to other students, patients or clients.[21]

The Dispatch found evidence of ballooning debt, reviewing 114 cases filed against former Ohio State students who owed the university money. More than one-third of the lawsuits examined by the newspaper involved debts more than 15 years old; a dozen dated back to the 1970s. In all but 20 of the cases, collection fees exceeded 40% of the amount originally owed, and some individuals' debts increased to five times or more the original amount. The newspaper highlighted cases of a $400 debt that ballooned to $3,000; one that grew from $76 to $1,767; and another that went from $350 to $1,405.[22]

In response to questions raised in 2016 about practices related to student debt collection, the legislature amended the Ohio Revised Code to explicitly allow the state to add collection costs on top of the debt.[23] The law had been silent on the practice before it was written into the state's legal code.

AGO advisory group

The newspaper's investigation pushed then-Attorney General Mike DeWine to form an advisory group in 2016 to examine issues regarding debt-collection practices for amounts owed by students or former students to Ohio's public colleges and universities.[24] The group, comprising elected officials, officials and students from the state's colleges and universities, and representatives of debt-collection agencies and law firms, made a series of recommendations. They called for adopting uniform practices for certifying debt at colleges and universities, improving student notification, imposing late fees, and educating students on financial literacy and student loans.

None of the advisory group's recommendations directly addressed the negative impact of the state's current approach to debt collection on the educational and job prospects of students, or on the state's education attainment goals, although the report did include a recommendation that the AGO research best collection practices nationally. When asked for this report how many of the advisory group's recommendations had been implemented, considered or otherwise acted upon, the AGO responded only that "all of the recommendations related to functions of the attorney general's office were considered, actions have been taken, and these topics continue to

[20] Email from James S. Harding, Senior Assistant Attorney General, Collections Enforcement Section, Office of Ohio Attorney General Dave Yost, Dec. 6, 2019.
[21] See "Ohio fees for debt collection questioned," Columbus Dispatch, Sept. 27, 2015, https://bit.ly/36yA064.
[22] See "Student debt can balloon with little notice," Columbus Dispatch, Aug. 20, 2016, https://bit.ly/2qp2m2C.
[23] See ORC 109.08 and 109.081, revisions effective April 6, 2017. http://codes.ohio.gov/orc/109.08.
[24] See "Attorney General's Advisory Group on Student Loan Debt Collection Issues Report," June 22, 2017. https://bit.ly/35hSarW.

be a focus for our collections staff."[25] The AGO did not respond to a request for more detailed information.

Promising practices

A number of Ohio colleges and universities have piloted or implemented programs geared toward helping re-enroll students who owe money to the schools. The programs generally involve debt forgiveness, advising, tutoring, and other assistance and incentives.

Ohio programs often point to Warrior Way Back, at Wayne State University in Detroit, as a model upon which they are seeking to build. The program began in 2018 and forgives up to $1,500 in debt over three semesters or upon graduation. To qualify, students must have a grade point average of 2.0 or higher and cannot have attended class at Wayne State for two or more years.[26]

Unlike Ohio, Michigan does not require certification of student debt to the state, allowing schools more flexibility to manage student accounts as they see fit. Wayne State writes off debt after two years, so its program focuses on accounts on which the school no longer expects payment. The school often sends debt to collection agencies the semester after a debt goes unpaid, but will make the agencies whole if they recall the debt for students in the Warrior Way Back program. Since the program began, they have worked to avoid sending debt to collections, focusing instead on payment plans and other solutions.[27]

From fall 2018 through spring/summer 2019, 142 students who participated in Warrior Way Back returned to the university. Over this period, the return on investment for the program, as measured by tuition paid by returning students, has been $466,000. The program also has begun outreach to students without overdue balances, and more than 50 have returned to school as a result of these efforts.[28] A broader collaborative effort in Detroit, involving four colleges and the regional chamber of commerce, has since grown out of the success of Warrior Way Back.

It is worth noting that as Ohio's public colleges and universities implement initiatives to forgive debt and re-enroll students, staff from Ohio schools interviewed for this paper reported that requirements to certify debt to the AGO for collection complicate efforts to help students further their education. Debt that is still controlled by the college or university – as it is in the case with Wayne State and Warrior Way Back – is easier to forgive if a student meets the institution's requirements; once the debt has been certified to the AGO, it can take weeks or months to recall the debt.[29] What may seem like a relatively short delay can close the window of opportunity for many students, especially those whose access to funds to attend school may be difficult to predict or plan.

Refresh My Account

Lorain County Community College's "Refresh My Account" is a one-time opportunity to help students who owe the college money return and complete their program of study. Students must

[25] Email from James Harding, Senior Assistant Attorney General, Collections Enforcement Section, Nov. 12, 2019.
[26] See https://wayne.edu/warriorwayback/
[27] Phone interview, Wayne State University, January 30, 2020.
[28] Email from Wayne State University, January 13, 2020.
[29] Phone interviews, University of Akron and Cleveland State University, Nov. 14, 2019, conducted by the author.

first meet with their academic advisors and create an individualized completion plan, complete the Free Application for Federal Student Aid (FAFSA), meet with a financial services representative, attend a financial aid and literacy workshop, and agree to meet with their advisor once a month throughout the term. Once the student completes the requirements and signs an agreement, the school clears the student's balance and registers them for the upcoming semester.[30] In 2018, the initiative forgave $79,975 in student debt for participating students and gained $112,249 in additional tuition and fees from the re-enrolling students. In other words, not only does the program provide better outcomes for students, it brings in additional funds for the school.

Second Chance Debt Forgiveness Program

Cleveland State University is piloting its Second Chance Debt Forgiveness Program in the 2019-20 school year. The program aims to help students who stop out for a specific life reason and may have the resources to re-enroll but cannot pay money they owe to the university. Generally, CSU bars students with past-due accounts from re-enrolling, but the pilot program will forgive up to $5,000 in debt for students who have stopped out and who make specific commitments to continue their education. The program also provides mentoring and other support. It did not accept those with debt already certified to the AGO, according to program staff, because it can be difficult or slow to recall the debt from the state. Rather, CSU found the students immediately after their debts were incurred, at the end of spring 2019, before the school certified their debts to the AGO.[31]

(Re)Connect

This program is a collaboration between schools and College Now Greater Cleveland. Colleges and universities provide to College Now the names of students who left without completing their degrees. The nonprofit then helps the students secure financial aid and resolve past-due balances owed to the schools. Once students return, the college provides individualized academic support.[32]

Table 5 summarizes the impact, including tuition gained and program cost, at three Northeast Ohio institutions with which College Now partners.

---

[30] Program data for spring and fall semesters 2018. Student agreement online at https://bit.ly/2FA9WeE.
[31] CSU information from phone interview with university staff, Nov. 14, 2019, conducted by the author.
[32] See https://www.collegenowgc.org/adult-programs-and-services/.

Table 5				
Impact of College Now's (Re)Connect program at three institutions				
	# of students	Students re-enrolled	Tuition gained[e]	Program cost
Cleveland State University	3,976	257 (6.5%)	$627,594	$100,000[f]
Cuyahoga Community College	1,011	61 (6%)	$48,000	$10,000
University of Akron	1,600	102 (6.3%)	$213,228	$10,000

Source: College Now Greater Cleveland. UA and Tri-C data are for the 2018-19 school year; CSU data are for the 2017-18 and 2018-19 school years.
[e] For one semester, assuming half-time enrollment.
[f] Grant-funded

The institutions often use additional grant money to pay off the students' education debt and provide intensive support for students who re-enroll. As at CSU, University of Akron staff report that it is substantially more difficult to help students once their debt has been sent to the AGO.[33] College Now also works with Cuyahoga Community College.

According to College Now, the program gave the organization a better understanding of the barriers that past-due balances create for students, how institutional policies hinder re-enrollment, and the importance of personal interactions between students and informed advocates.[34]

ASAP Ohio Demonstration

Three Ohio community colleges piloted Accelerated Study in Associate Programs (ASAP), developed by the City University of New York and launched in Ohio in 2014. While the program did not focus on students with past-due balances or withheld transcripts, research results merit mention since the program focuses on supporting students in a way similar to the debt-forgiveness programs described above.

Students in the program group had to be eligible for Federal Pell Grants,[35] willing to attend full time and in the summer, and majoring in degree programs that could be completed within three years. The program's student supports included advising, tutoring, and career development services, while financial support focused on tuition waivers, textbook assistance, and monthly incentives to participate in enhanced student support services. The schools also provided a consolidated schedule and blocked courses to make enrollment easier.

[33] Akron information from phone interview with university staff, Nov. 14, 2019, conducted by the author.
[34] "(Re)Connect to College Comebacker Campaigns," a data summary provided by College Now Greater Cleveland.
[35] The Federal Pell Grant Program provides need-based grants to low-income undergraduates and some postbaccalaureate students. It is designed to broaden access to postsecondary education. See www2.ed.gov/programs/fpg/index.html.

These students outperformed the control group with respect to persistence in school, credit accumulation, and graduation. Graduation rates more than doubled: 19% of the program group earned a degree or credential after two years compared with 8% of the control group.[36]

Recommendations

First and foremost, Ohio should do a better job of funding higher education.[37] State policymakers can do so by reversing tax cuts for the wealthiest and closing unproductive tax loopholes. At a minimum, policymakers should fund higher education at an additional 5% per fiscal year and index to inflation the State Share of Instruction, the state's main financial support for public higher education.

Policymakers also should restructure the Ohio College Opportunity Grant, the state's need-based aid program, by changing the state's definition of the cost of attendance to include all fees, books, housing, food, transportation, childcare, and other education-related expenses to mirror the federal definition of attendance. OCOG should be: made a first-dollar grant so it can be applied to a student's cost of attendance before aid such as Pell Grants or other scholarships are taken into account; increased to $250 million a year; and set to rise with inflation so the program keeps pace with students' rising costs. OCOG should be eliminated for for-profit institutions. The funds saved with this change should be invested to help students attending lower-cost public options.[38]

By making college more affordable and accessible, these policies will help many Ohio students avoid the problem of racking up unpayable debt in the first place. This is how Ohio can better meet students' needs, especially lower-income students who struggle to afford and complete their postsecondary education. These changes also will help Ohio meet its ambitious goals of boosting the number of our neighbors who can complete a postsecondary education.

Reducing the barriers Ohioans face as they seek postsecondary education is an area of interest for Ohio Governor Mike DeWine. A representative of his office noted that the administration is engaging with education stakeholder groups on issues including student debt.[39]

As the governor's team and other state policymakers seek to address the problems created by current state law regarding student-debt collection and school-level practices on transcript withholding, they should:

[36] "Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration," December 2018, MDRC. https://bit.ly/2tA3u5b. The three participating Ohio colleges were Cincinnati State, Cuyahoga Community College and Lorain County Community College.
[37] For more information about the shortcomings of Ohio funding for higher education, see the Policy Matters report "Ohio underfunds public colleges and universities" at https://bit.ly/2KGo9Kh.
[38] For context on this recommendation, see two reports by Policy Matters: "Ohio need-based aid falls short" at https://bit.ly/344ZYNI and "Risky business: For-profit education in Ohio," https://bit.ly/2ulqOn2.
[39] Email from Devin Babcock, assistant policy director in the governor's office, February 12, 2020.

- Require the AGO to collect demographic data to better understand the impact of debt-collection practices. This will allow policymakers and schools to target relief to those who most need it.
- Eliminate the law requiring schools to send debt to the AGO, allowing schools more time to collect debt on their own or institute debt-forgiveness and re-enrollment initiatives.
- Encourage and incentivize the kind of promising school-level practices that focus on debt-forgiveness, individual support, re-enrollment and degree completion described in this report.
- Eliminate fees and penalties related to student debt or at least take fines and fees out of amounts collected for past-due accounts, rather than charging individuals on top of the amounts they owe.
- Consider banning transcript withholding or require schools to issue transcripts for classes for which students have paid in full.

Acknowledgements

Generous support for this research has been provided by the Lumina Foundation and College Now Greater Cleveland.

Input and assistance from following individuals made this paper stronger. The author extends thanks to:

- Rebecca Maurer of the Student Loan Law Initiative, who shared her knowledge and her paper on debt-related transcript withholding and reviewed a draft of this report.
- Margie Glick, formerly of College Now Greater Cleveland, who provided a copy of her recommendations to increase postsecondary enrollment and provide financial relief to Ohio borrowers.
- Jacqueline Gutter of the Legal Aid Society of Columbus for providing information.
- Julie Szeltner and Kittie Warshawsky of College Now Greater Cleveland for providing information and reviewing a draft of this report.
- Staff at Wayne State University, Cleveland State University, and the University of Akron for providing information.
- Policy Matters staff who made the paper better in many ways, including Ben Stein, Caitlin Johnson, Hannah Halbert, Zach Schiller and intern Lillian Platten.

Appendix A

Institution-level data on active student-debt accounts certified to Attorney General's Office and enrollment figures

	Number of active accounts[x]	Dollar value of active accounts[x]	Average value per account	Headcount enrollment fall 2019[y]	Accounts per enrolled student	Average value per enrolled student
Four-year institutions						
Bowling Green State University	7,257	$21,267,425	$2,930.61	14,006	0.52	$ 1,518
Central State University	2,830	$12,647,252	$4,468.99	2,028	1.40	$ 6,236
Cleveland State University	11,821	$36,506,338	$3,088.26	11,607	1.02	$ 3,145
Kent State University	24,865	$62,245,536	$2,503.34	20,861	1.19	$ 2,984
Miami University	7,917	$21,282,031	$2,688.14	17,233	0.46	$ 1,235
Ohio State University	17,598	$54,921,994	$3,120.92	46,361	0.38	$ 1,185
Ohio University	16,461	$51,912,361	$ 3,153.66	20,518	0.80	$ 2,530
Shawnee State University	4,678	$14,267,217	$3,049.85	3,174	1.47	$ 4,495
University of Akron	17,707	$59,920,432	$3,384.00	13,264	1.33	$ 4,518
University of Cincinnati	20,394	$70,969,252	$3,479.91	27,488	0.74	$ 2,582
University of Toledo	26,591	$47,880,892	$1,800.64	14,545	1.83	$ 3,292
Wright State University	9,073	$29,202,682	$3,218.64	8,777	1.03	$ 3,327
Youngstown State University	8,845	$23,592,540	$2,667.33	9,785	0.90	$ 2,411
subtotals	**176,037**	**$506,615,952**	**$2,877.89**	**209,647**	**0.84**	**$ 2,417**
Two-year institutions						
Belmont Technical College	2,011	$ 2,547,479	$1,266.77	696	2.89	$ 3,660
Central Ohio Technical College	4,343	$ 5,910,897	$ 1,361.02	2,087	2.08	$ 2,832
Cincinnati State Technical/ Community College	25,430	$ 28,444,624	$1,118.55	6,408	3.97	$ 4,439
Clark State Community College	5,987	$ 7,319,278	$1,222.53	3,773	1.59	$ 1,940
Columbus State Community College	38,005	$ 52,099,536	$1,370.86	21,423	1.77	$ 2,432
Cuyahoga Community College	27,190	$ 18,824,196	$692.32	19,972	1.36	$ 943
Eastern Gateway Community College	3,371	$ 4,615,158	$1,369.08	21,812	0.15	$ 212

Institution-level data on active student-debt accounts certified to Attorney General's Office and enrollment figures.

Edison State Community College	2,675	$ 3,192,437	$ 1,193.43	1,647	1.62	$ 1,938
Hocking Technical College	5,015	$ 11,670,085	$2,327.04	2,127	2.36	$ 5,487

James A. Rhodes State College	2,673	$4,991,181	$1,867.26	1,768	1.51	$ 2,823
Lakeland Community College	8,852	$10,304,435	$1,164.08	5,024	1.76	$ 2,051
Lorain Community College	11,275	$12,730,300	$1,129.07	7,110	1.59	$ 1,790
Marion Technical Institute	850	$776,054	$913.00	1,502	0.57	$ 517
North Central State College	2,500	$ 2,412,947	$965.18	1,753	1.43	$ 1,376
Northwest State Community College	2,017	$ 2,276,315	$ 1,128.56	1,303	1.55	$ 1,747
Owens State Community College	25,342	$ 31,697,491	$1,250.79	7,356	3.45	$ 4,309
Rio Grande Community College	828	$ 1,471,726	$1,777.45	982	0.84	$ 1,499
Sinclair Community College	17,348	$19,902,452	$1,147.25	15,211	1.14	$ 1,308
Southern State Community College	4,072	$4,539,801	$1,114.88	1,115	3.65	$ 4,072
Stark State College	15,696	$20,313,419	$ 1,294.18	7,951	1.97	$ 2,555
Terra Community College	3,259	$4,147,750	$1,272.71	1,513	2.15	$ 2,741
Washington State Community College	1,928	$2,044,638	$1,060.50	986	1.96	$ 2,074
Zane State College	1,993	$ 1,588,033	$796.81	1,044	1.91	$ 1,521
subtotals	**212,660**	**$253,820,232**	**$1,193.55**	**134,563**	**1.58**	**$ 1,886**
totals	**388,697**	**$760,436,184**	**$1,956.37**	**344,210**	**1.13**	**$ 2,209**

[x] Source: Ohio Attorney General's Office, active accounts as of November 1, 2019.
[y] Source: Ohio Department of Higher Education.