Policy Matters Ohio

TESTIMONY
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Higher Education

Testimony on House Bill 33 before the Senate Finance Committee

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Chair Dolan, Vice Chair Cirino, Ranking Member Sykes and members of the Senate Finance Committee:

I represent Policy Matters Ohio, a nonpartisan, nonprofit research organization building a more vibrant, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to present this testimony in opposition to the current version of substitute House Bill 33, the budget proposal, as it relates to higher education for fiscal years 2024 and 2025.

Overall, Policy Matters Ohio was supportive of the executive budget proposal for higher education in Ohio. We believe that everyone in our state deserves the opportunity to pursue their educational goals, and we strongly support efforts to increase state funding in ways that will allow more Ohioans, especially those who have traditionally been excluded from postsecondary opportunities, to continue their education and training after high school.

The cuts to the executive budget proposed by the House, on the other hand, would undermine Ohio's future, and I urge this committee to restore funding proposals made by the DeWine administration.

How Ohio compares

Ohio's education appropriations in 2021 were at approximately 72% of the U.S. average, for a total of $6,719 per full-time enrollment (FTE) at public institutions. As of 2021, Ohio policymakers had cut general operating appropriations per full-time enrollment (FTE) by nearly 33% since 2001.[i] In short, Ohio underfunds public higher education.

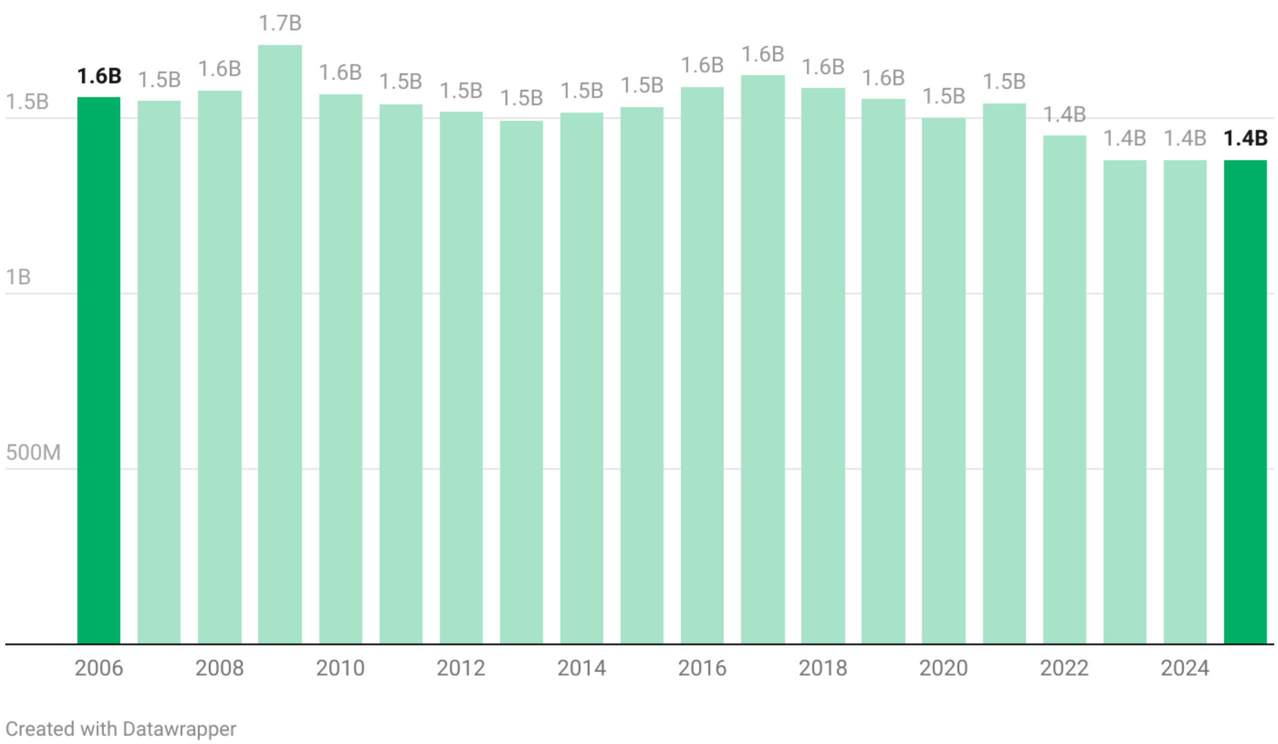
State Share of Instruction (SSI)

The House budget proposal would provide only 1.5% increases each year for SSI, the main way Ohio provides funding for our public colleges and universities. This increase will not keep up with inflation, and it is important to remember that when state funding for higher education doesn't match inflation, it puts upward pressure on tuition, putting out of reach for many people the education and training they need to find stable jobs that pay a living wage. Postsecondary education and training also provide Ohioans with financial stability that allows them to become more actively engaged in their communities.

Ohio's long-term trend of funding for SSI tells a story that we cannot ignore. When inflation is taken into account, Ohio policymakers have cut nearly 12% from SSI since 2006 — a loss of approximately $200 million[ii] The executive budget proposed a 3% increase each year for SSI, not enough to reverse that trend: We would still end fiscal year 2025 nearly 12% below 2006 SSI funding in inflation-adjusted dollars. The House proposal would further exacerbate that trend.

Policymakers have cut SSI by nearly 12% in inflation-adjusted dollars since FY06

The House proposal would worsen this trend



Source: Ohio Legislative Service Commission, inflation adjustment by Policy Matters Ohio in 2012 dollars.

Access Challenge

The Senate should restore the executive budget's proposed $40 million per year for a new Access Challenge line item. This funding would provide needed support for Ohioans who previously have not been able to take advantage of postsecondary education and training. The executive budget's stated purpose of this new line item was to provide schools with direct and flexible dollars they can use to provide students with extra support such as emergency funds, tutoring and wraparound services. This approach, weighted for students attending community colleges and regional campuses, would help bring equity and new opportunity to many Ohioans.

Ohio College Opportunity Grant (OCOG)

The Senate should restore the executive budget's proposed increase in spending for OCOG, estimated at $112.5 million for FY23, to more than $216 million in FY24 and $346 million in FY25 (year-to-year boosts of 92% and 60% respectively). The House severely cut this long-overdue and much-needed investment in need-based aid for students going to public and private four-year colleges and universities in Ohio. The House's proposed funding levels of $140 million in FY24 and $175 million in FY25 make it highly unlikely that OCOG recipients would see an increase in support over the next two years. At a time when the number of high school graduates is declining and postsecondary enrollment remains low compared to pre-pandemic levels, Ohio must provide more support for postsecondary institutions, not less.[iii]

In addition to restoring the governor's proposed support for OCOG, Policy Matters recommends that the Senate make OCOG a first-dollar award so low-income students attending Ohio's most affordable postsecondary options — community colleges and four-year regional campuses — would be able to cover tuition and general fees with OCOG and use the more flexible federal Pell Grant to cover other education-related costs. In the interests of equity and expanding access, and for the benefit of students, their communities, and the state as a whole, we encourage this committee to consider allowing more Ohio students to access increased OCOG funding.

Both the executive budget and the House version of HB 33 maintained current levels of funding for private career college programs at $1,600 per year. We recommend that the Senate do the same or even reduce this funding. These for-profit programs have a poor track record, often failing debt-to-earnings tests, which means their graduates earn less and must pay on higher loads of debt.[iv]

Ohio College Access Grant

Absent a proposal to make OCOG a first-dollar award and open it to students attending Ohio's community colleges and regional campuses, the Senate should restore the new Access Grant for Ohioans attending these schools. The DeWine administration proposed funding this new line item at $14.3 million in FY24 and $26.6 million in FY25 with the goal of providing $1,000 in flexible financial aid annually to students with Expected Family Contributions of $10,000 or less who enroll in a community college or university regional campuses. The executive proposal would have allowed the chancellor to determine eligible uses of these funds.

Workforce training

Two line items in the executive proposal, Super RAPIDS and WorkFORCE Ohio, sought to dedicate more resources to responsive workforce training.

The Super RAPIDS (Regionally Aligned Priorities in Delivering Skills) proposal sought to allocate $200 million in FY24 in federal coronavirus relief funds deposited into the State Fiscal Recovery Fund. Six previous rounds of investment have totaled $47.3 million in state capital funds for the existing RAPIDS program, designed to "develop and support workforce development initiatives at postsecondary institutions that focus on furthering the career aspirations of students and the economic growth of businesses in the region."[v] These funds have been used for projects at Ohio's public colleges and universities and technical centers. The governor proposed expanding this program beyond equipment and facilities funded in previous rounds to build program capacity. The House proposal cut this funding in half, to $100 million. The Senate should consider restoring the DeWine administration's original proposal.

The House cut to zero the executive proposal for WorkFORCE Ohio, a $30 million allocation from the General Revenue Fund in each of the next two fiscal years linked to Gov. DeWine's January 8, 2023, executive order to conduct a review of capacity of training programs at Ohio's higher education institutions and technical centers with the goal of ensuring they are aligned with workforce needs in Ohio.[vi]

The Senate should consider restoring the administration's proposal. Provided these dollars are well-spent, reach people who have not had access to opportunity in the past, and provide Ohioans with relevant training that can help open doors for continuing career advancement, these proposed line items are worth supporting. Policymakers must ensure that data on outcomes are collected, including demographic participation and completion, so these programs can show their clear, equitable impact.

Collection of institutional debt

Over the past few years, there has been growing awareness that Ohio's punitive approach to collecting institutional education debt is getting in the way of Ohioans' ability to complete the degrees, certificates and credentials they need.

Hundreds of thousands of Ohio students and former students are trapped educationally and in low-wage or misaligned jobs because they owe money to public colleges and universities they have attended without completing their studies. The state requires public higher education institutions to turn debt over to the Ohio attorney general's office within 45 days of when the debt is incurred, with escalating collection efforts that add fees and interest, often causing debt to quickly balloon, leaving too many Ohioans unable to access their college transcript or return to school for education or training.[vii]

During the last budget cycle, Ohio law was changed to require schools to release transcripts for students who need them to apply for specific jobs. The Ohio Department of Higher Education also released guidance that encourages institutional flexibility and innovation related to the collection of institutional debt and transcript withholding, including cancellation of education debt for students who re-enroll.[viii]

Neither the executive budget nor the House version of HB 33 addressed this issue. Ideally, policymakers will get the AG's office out of its role as debt collector for public colleges and universities entirely, creating a state policy context that prioritizes enrollment and education over debt collection. Short of that solution, this committee is well-situated to continue to create more flexibility in state law, allowing, for example, schools to hold debt longer before they are required to turn it over to the AG's office, putting a higher threshold on the amount of debt before it can be sent to the AG's office, and incentivizing schools to cancel debt for re-enrolling students. Existing debt cancellation programs report that tuition and fees paid by returning students exceed the amounts of debt forgiven by schools.[ix]

Thank you for this opportunity, and please feel free to reach out to me at pvanlier@policymattersohio.org with any questions you may have.

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[i] State Higher Education Finance, "Per-Student Education Appropriations Over Time," retrieved on March 27, 2023, at https://shef.sheeo.org/state-profile/ohio/. General operating appropriations do not include state-funded financial aid; education appropriations do.

[ii] Since 2006, under the administrations of three governors, policymakers have made modest increases to SSI in most years, in the range of 1% to 3% in nominal dollars, which don't take inflation into account. In some years, legislators have made larger boosts, cuts or held funding flat.

[iii] Knox, Liam and Sara Weissman, Inside Higher Ed. "As the Pandemic Wanes, All Eyes are on Enrollment," October 2022. https://bit.ly/3VIJA0s. See also National Student Clearinghouse Research Center, "Current Term Enrollment Estimates: Fall 2022 Expanded Edition," February 2023. https://nscresearchcenter.org/current-term-enrollment-estimates/.

[iv] Halbert, Hannah, Policy Matters Ohio. "Risky business: For-profit education in Ohio," May 2017. https://bit.ly/2L6UQOF.

[v] RAPIDS project overview for three funding cycles was found online at https://bit.ly/405wyLQ. Updated information was provided by the Ohio Department of Higher Education by email on March 24, 2023.

[vi] Gov. DeWine's executive order #2023-05D online at https://bit.ly/3K0P4zh.

[vii] See "Collecting against the future," Policy Matters Ohio, February 2020, https://bit.ly/3nj2Fta.

[viii] ODHE guidance online at https://highered.ohio.gov/initiatives/affordability/college-comeback.

[ix] van Lier, Piet, Policy Matters Ohio. "Collecting against the future," February 2020. https://bit.ly/3VIign3.