



### Tax & Budget

## Building better need-based aid in Ohio

**VICTORIA JACKSON**

We all benefit when everyone has the ability to pursue their dreams. For many, that means getting a college degree or high-quality certificate. In Ohio, the high cost of college puts that out of reach for too many students. Ohio provides need-based aid through a program called the Ohio College Opportunity Grant (OCOG), which is essential to helping students from low-income backgrounds attend college. Unfortunately, OCOG excludes over 110,000 community college and regional campus students, who are more likely to come from low-income families. Ohio also shortchanges students at Central State University, a public Historically Black College and University (HBCU). Central State students are only eligible for maximum grants of \$252 - \$1,248 less than all other public main campus university students. Because these institutions have lower tuition than other public institutions their students receive less OCOG.

Because of OCOG policy, too many students attend institutions ineligible for full state need-based aid. Regardless of intent, the outcome is a greater share of black and Latino students are excluded from full OCOG awards than white students.

This two-pager summarizes the full report of the same name, where we provide citations for all of our findings. Key findings on OCOG and public college students include:

- 48.8% of students attend institutions ineligible for full state need-based aid
- 60.7% of black and 51.6% of Latino public college students attend institutions ineligible for full state need-based aid compared to 47.8% of white students
- For the 2017-18 academic year, almost as many OCOG recipients attended school in Pennsylvania as attended community college in Ohio, 324 and 374 respectively.
- Students attending notoriously poor performing and predatory for-profit schools receive maximum awards of \$1,112, significantly more than community college, regional campus, and Central State students

OCOG is extremely underfunded. Ohio ranks 33<sup>rd</sup> among states and among the lowest in the Midwest in need-based aid per-capita. In 2010, when the legislature replaced the Ohio Instructional Grant (OIG) and the OIG part-time grant with OCOG, the goal was to invest \$250 million per year in aid. In 2008-09 we came close to the target by spending down the remaining OIG funds. With inflation that number would be significantly higher than \$250 million today, yet we spend just \$101 million now, slated to go up to \$145 million in 2021.

High tuition and other costs keep many college students from succeeding. Ohio is ranked 45<sup>th</sup> in college affordability by the Institute for Research on Higher Education, based on the percentage of income required to pay for the net price of college (tuition, fees, and room and board minus financial aid). Better OCOG policy that includes the cost of books and living expenses can make college more affordable and expand access to more Ohioans.

# Recommendations

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Deep investment in making college possible is part of what built the Ohio and American economy in the Twentieth Century. It is important that Ohio's college aid system build on this legacy. The proposed \$44.3 million increase over the biennium is a marked improvement but more is needed for OCOG to meet the needs of all Ohio students, whether attending a community college, historically black university or regional campus. Investment in OCOG and better policies can make the grant more effective. We recommend four changes to improve equity and make the program meet the needs of Ohio's growing college population.

## How to improve equity

1. **Change the state's definition of "total state cost of attendance" to include all fees, books, housing, food, transportation, child care, and other education expenses.** The OCOG formula should mirror the federal definition of attendance instead of only considering tuition and general fees.
2. **Make OCOG a first-dollar grant to ensure all eligible Ohio students receive it.** Making OCOG first dollar means it will be applied to a student's cost of attendance before all other aid such as Pell Grants or other scholarships. The cost to expand OCOG to community college students and increase the grant for Central State students is estimated at \$106 million a year.

## Investment needs

1. **Increase OCOG to the initially planned \$250 million per year and set an inflation adjustment so OCOG keeps pace with rising costs.** Invest an additional \$149.1 million a year in OCOG.
2. **Eliminate OCOG for for-profit institutions.** By providing OCOG to students at for-profit colleges, Ohio encourages people to attend, even though for-profit institutions have poor outcomes and engage in predatory practices. In fiscal year 2018, the state sent \$3.4 million to for-profit colleges. This money should be invested in the more effective public institutions, like community colleges and regional campuses.

Ohio built a world-class system of public colleges and universities, and created financial aid programs to help a previous generation attend. As college becomes increasingly essential to finding family-supporting employment and to our economy, it is essential that we help today's young people afford college to build a better future for all of us.