



In 2020, 64 percent of jobs in Ohio will require some form of post-secondary degree or credential, yet only 42 percent of Ohioans meet these criteria as of 2019. This huge talent gap has been the focus of many urgent calls for the state to step up investment in post-secondary learning and training options.

This post-secondary investment is critical because, as Eric Hanushek of the Hoover Institution at Stanford University said at a recent Ohio education attainment summit, if Ohio were able to improve its educational standing to that of Minnesota, the state would see an additional \$1.5 trillion in economic activity to the state over these students' lifetimes.¹

Ohio has set a goal of having 65 percent of our residents with a post-secondary degree or credential.² Yet the state has for several years essentially flat-funded its largest aid package to colleges and universities while slashing need-based aid to students, even eliminating need-based state aid all together for community college students. In fact, Ohio's colleges and universities have seen the nation's sharpest enrollment decline over the last decade.

This trend must be reversed if the state is to take a leadership role in the 21st Century knowledge economy. Innovation Ohio offers these 10 recommendations for the state two-year budget that, if adopted, would make attaining the most valuable post-secondary credentials and degrees significantly more attainable.

Recommendations

1. Increase State Share of Instruction (SSI) by 5 percent over the biennium to \$2.07 billion by FY21

The Governor's introduced budget called for a 1 percent increase each year of the biennium, however, that's well below inflation – leaving schools and students short. SSI is the primary source of state aid to Ohio's public colleges and universities. As can be seen in the chart below from Policy Matters Ohio, in recent years, the state has not increased SSI funding and it sits below 2008 levels.

¹ O'Donnell, Patrick. "Ohio Can Save the American Dream, Repel Robot Revolution with Better Job Skills, Mayors Are Told." cleveland.com. cleveland.com, September 12, 2018. https://www.cleveland.com/metro/2018/09/ohio_can_save_the_american_dream_repel_robot_revolution_with_better_job_skills_mayors_are_told.html.

² The Case for Ohio Attainment Goal 2025, The Case for Ohio Attainment Goal 2025 § (n.d.). https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/attainment/attainment-framing-paper_FI_NALb_050416.pdf.

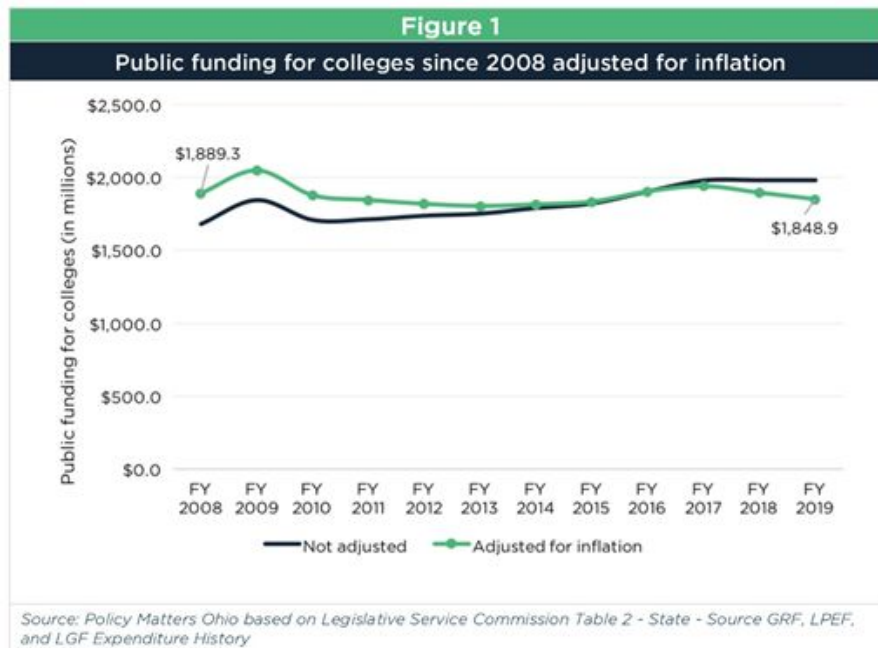


Image source: Policy Matters Ohio

Despite the flat funding – essentially cutting SSI funding to schools when accounting for inflation – the DeWine budget proposes freezing state tuition for two years at current levels. With an increase of 5 percent, the state could require tuition and fee *cuts*, thereby enhancing these post-secondary options for our most at-risk students and helping accelerate our state’s march toward its 65 percent post-secondary degree or credential attainment goal. In addition, it would be the state’s largest annual commitment to higher education – eclipsing the \$2 billion (adjusted for inflation) allocated in FY09.

Cost: \$99 million over the biennium

2. Increase the financial “at-risk” student definition in four-year institutions to the maximum Pell Grant eligibility – an Expected Family Contribution (EFC) of \$5,328

One of the clearest predictors of student retention and completion is the amount of grant funding students receive to go to college. In fact, it’s *the* major factor, according to many studies.³ However, Ohio’s SSI formula only considers students to be “financially at-risk” if their Expected

³ Denning, Jeffrey T., Benjamin M. Marx, and Lesley J. Turner. “ProPelled: The Effects of Grants on Graduation, Earnings, and Welfare.” Indianapolis: Lumina Foundation, September 2017.



Family Contribution is \$2,190 or less, well below the \$5,328 level that defines eligibility for federal Pell Grants.

Currently, Ohio universities receive additional funding if “financially at-risk” students graduate or get course completions. This funding, however, is greatly affected by the amount of money these students receive in Pell and other grants.

New research demonstrates that students who receive full Pell Grant awards are much more likely to complete than those who receive lesser amounts,⁴ Increasing the pool of financially “at-risk” students included in SSI calculations will award universities more funding for completions from students least likely to graduate because they don’t receive the maximum Pell Grant. *This increased pool, though, must also be eligible for more Ohio College Opportunity Grants (OCOG) so they are more likely to persist in universities, as will be discussed in the next recommendation.*

Projected additional weighted funding for at-risk students: \$14.3 million⁵

3. Expand student access to the Ohio College Opportunity Grant (OCOG) and allow students to utilize more of the funding once they do access the program.

Ohio ranks near the bottom of states in its need-based aid, which has seen a significant cut since the 2008 Recession, as researchers at Policy Matters Ohio pointed out in the chart below.

⁴ O'Keefe, Kevin M., Donald J. Slowinski, Sr., Victor E. Bernson, Jr., Joann A. Boughman, Anwer Hasan, Leronia A. Josey, Joshua L. Michael, et al. “Study of the Relationship Between Student Persistence, Financial Assistance, and Expected Family Contribution: Maryland Public Two- and Four-Year Colleges and Universities.” Annapolis: Maryland Higher Education Commission, November 2007.

⁵ “Federal Pell Grant Program 2016-2017: End of Year Report.” Rep. U.S. Department of Education, 2018. <https://www2.ed.gov/finaid/prof/resources/data/pell-data.html>.

This projection is based on the fact that, according to the U.S. Department of Education, about 16-percent of all Pell Grant recipients have EFCs higher than the current \$2,190 in Ohio’s SSI formula. If each Ohio institution’s weighted at-risk calculation increased by 16-percent, the at-risk weight would cost \$14.3 million more. The \$14.3 million is a high-end estimate because the SSI formula has many different permutations giving greater or lower weights depending on types of students. The \$14.3 million would be wrapped into the SSI funding, simply allocating more of a school’s funding to at-risk weights, incentivizing schools to more aggressively address the needs of our most at-risk students.

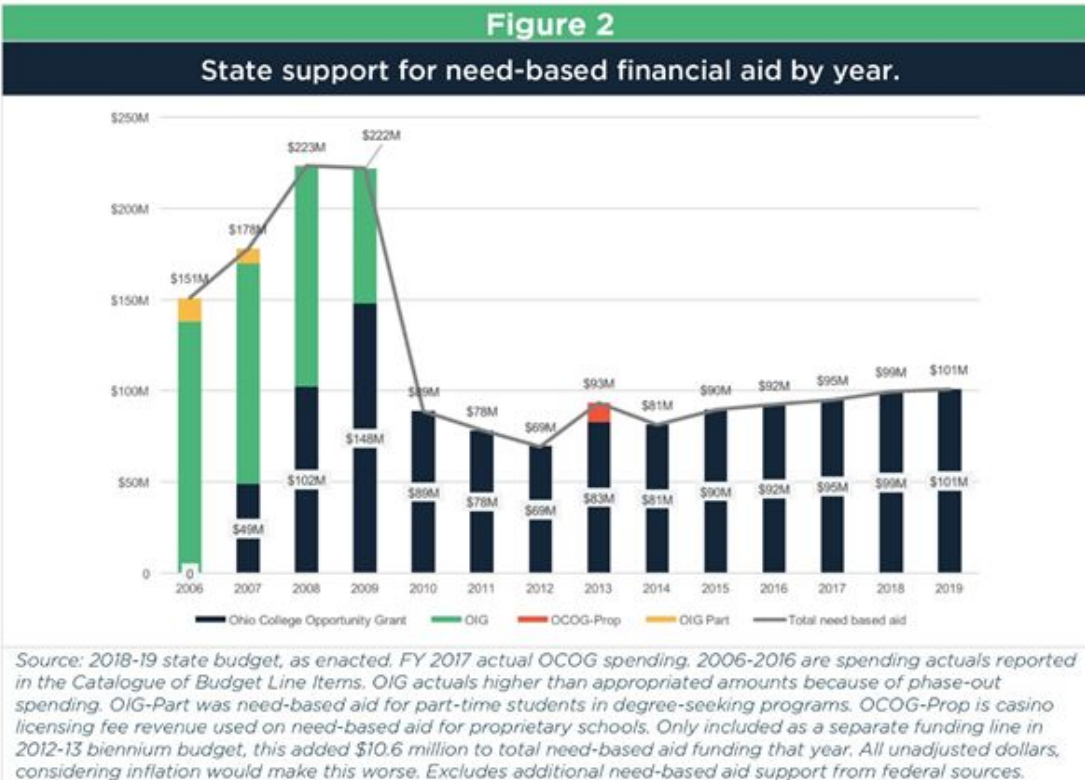


Image source: Policy Matters Ohio

We recommend eliminating the last-in practice currently applied to the OCOG program, Ohio's largest source of need-based financial aid. A 2017 attempt by the Ohio House to eliminate the last-in provision in OCOG for students seeking certificates or credentials in high-demand jobs, estimated to cost \$5 million, was removed by the Senate, demonstrating some willingness by the legislature to eliminate Ohio's last-in rule.

Even if the last-in provision is eliminated, though, we would recommend that the OCOG eligibility amount be lifted to the Pell Grant cap of \$5,328. This would help buttress the aid packages of students who get the least amount of Pell Grant funding. In addition, it would greatly enhance the aid packages of the state's most needy students. The increase would essentially restore the state's need-based funding amount to pre-Recession levels.

As an aside, the Governor's budget calls for a \$48 million increase to OCOG through increasing grant amounts primarily. While more money for need-based aid is welcome, we feel the money should be directed to *expanding* the recipient pool – for example to students at community



colleges, Central State, and at levels up to Pell Grant eligibility – so that more students can receive the aid rather than simply having the same number of students get slightly more money.

Projected cost: \$163 million over the biennium⁶

4. Apply Ohio's current GI Bill recipient exception to all OCOG recipients, allowing the awards to pay for room and board and other expenses.

The cost of attending college includes myriad factors, not just tuition⁷. This change would allow more students, especially those living in poverty, students of color, and older students to better afford post-secondary institutions. This change be achieved either by 1) adopting the GI language, or 2) requiring that the state cost of enrollment include room, board and other reasonable living expenses (using the College Board⁸ or another net cost calculator as a model).

This would allow students, especially the neediest, to apply their OCOG grants (just as they would their Pell Grants) to reasonable living expenses. The current tuition/fee-only limitation on OCOG is simply a way for the state to cut costs to OCOG. The legislature has already allowed exceptions to the tuition-only limitation. All we ask is it be lifted.

Cost: If recommendation #2 is accepted, the cost would be zero additional dollars.

5. Increase funding for Appalachian New Economy Workforce Partnership from \$1.2 million a year to \$2 million a year and allow it to go toward grants and scholarships for students to go to post-secondary

Currently, Appalachian students are among the least likely to attend a two- or four-year institution⁹, with some Appalachian, rural districts seeing none of their students enroll in a post-secondary institution. The ANEWP primarily focuses on skills-based options for

⁶ Calculated by taking half of the average Pell Grant given to each Ohio college and university and multiplying that number by the number of Pell Grant recipients, since we are expanding the OCOG eligibility cap, and applying the grant to all Ohio public 2- and 4-year institutions.

⁷ "Quick Guide: College Costs." Big Future. College Board, n.d.

<https://bigfuture.collegeboard.org/pay-for-college/college-costs/quick-guide-college-costs>.

⁸ "Find Out Your Net Price of College." U.S. News & World Report. U.S. News & World Report, November 27, 2017. <https://www.usnews.com/education/best-colleges/features/net-price-calculator>.

⁹ "Ohio Department of Education 2017-2018 School Year Report Card." Rep. Ohio Department of Education, 2018.

https://reportcardstorage.education.ohio.gov/data-download-2018/DISTRICT_PFS_1718.xlsx



Appalachian students. Allowing a larger funding amount to be applied to 2- and 4-year institutions as well will grant more opportunities for a particularly at-risk population of Ohioans.

Cost: \$800,000

6. Increase nursing loan program to \$1.15 million a year from \$891,000, with a focus on preparing more nurses with master's degrees.

The national and state nursing shortage has been long-standing and clear. One of the greatest shortcomings is the availability of master's prepared nursing instructors. Some programs simply can't take in more students because of this scarcity of faculty. We recommend increasing the nursing loan program line item, which pays for nursing loan programs for future nurses and future nursing instructors, to \$1.15 million and focusing that increase on nursing faculty education.

Cost: \$250,000

7. Create an additional financial "at-risk" weight for retention program participation of \$1,000 per student who participates. The participants have to be considered to be at financial risk of not completing, along with one more at-risk factor under the SSI formula.

This is essentially scaling up both the ASAP program from New York and the SAIL program from Lorain County Community College (LCC), both of which have demonstrated a clear ability to increase retention of at-risk students. In order to receive this formula funding, an Ohio institution's retention program would have to provide the following:

- Personalized academic advising
- Personalized career planning advice

It also has to provide at least two of the following services:

- Gap tuition scholarship
- Textbook vouchers
- Monthly food gift cards
- Monthly transportation vouchers



Upscaling this program, which costs LCC about \$2,300 per student¹⁰, would have outstanding potential to immediately improve Ohio's position as a national laggard on student retention rates.

Estimated Cost: \$40 million¹¹

8. Increase funding for the Ohio CARES program from \$875,000 to \$1 million in FY20 and \$1.2 million in FY21, increasing the per-student funding cap from two payments of \$250 to two payments of \$500 and allowing institutions to obtain up to \$25,000.

The Completion and Retention for Education Success (Ohio CARES) Program supports certain in-state undergraduate students at state and private nonprofit colleges and universities, determined to be in jeopardy of dropping out due to short-term financial emergencies. Under the Ohio CARES Program, institutions are eligible to receive up to \$15,000 in any single year for eligible students at those institutions to receive up to two \$250 awards in an academic year. Schools have to provide a one-to-one match and each institution determines what constitutes an emergency for the purposes of this program. Doubling the amount students can receive would significantly help students who run into a fiscal emergency during the course of a semester or quarter.

Cost: \$125,000 in FY20 and \$200,000 in FY21

9. Re-introduce the Finish for Your Future Scholarship, but change the student share from a one-to-one match to half the amount the state would have picked up.

The Finish for Your Future Scholarship was introduced in the 2017 budget but was eliminated in the Senate. It was designed to give incentives to adult learners to return to college if they had previously dropped out so they can attain their first post-secondary degree. Students would qualify if they are within a year of reaching their degree and have accrued student debt. However, a student would have left an institution at least 12 months prior to receiving the scholarship. The student would be eligible to receive a credit of up to \$3,500 per academic year from the institution to pay for instructional and general fees or tuition. The program would require an equal funding match between the state, institution, and student. Combined, the three sources equaled about the same amount as the weighted average in-state university tuition.

¹⁰ O'Brien, Dave. "SAIL Program Finds Success at LCCC." *The Chronicle-Telegram*, December 13, 2018. <http://www.chroniclet.com/Local-News/2018/12/13/LCCC-program-finds-success.html>.

¹¹ This estimate is based on LCCC's SAIL program, which wants to scale up to 1,000 students in five years. That represents about 8 percent of LCCC's student body. So applying \$1,000 per student to 8 percent of students enrolled in Ohio colleges and universities would work out to about \$40 million.



The change would keep the original limits, but have the state pick up half of what the student previously had to pay. So, for example, if the state paid \$1,000, the institution paid \$1,000 and a student paid \$1,000. Under this suggested change, the state would pay \$1,500, the institution would pay \$1,000 and the student would pay \$500.

Cost: \$2.5 million in FY20 and \$4 million in FY21¹²

10. Encourage more high school and adult students to fill out the FAFSA

The state should create incentives in the form of microgrants to communities to implement FAFSA (Free Application for Federal Student Aid) signing days, or other community events to ensure better FAFSA completion rates among college-bound students, which could go a long way toward opening more higher education doors for Ohio high school graduates and adults. The FAFSA is critical for students who may wish to move on in their studies but may be hesitant because of the cost. The FAFSA will determine a student's eligibility for aid programs like Pell and OCOG. However, if the student does not even fill out the form, they cannot access the aid.

Cost: \$150,000

The total cost of all 10 recommendations over the biennium would be at most \$307.4 million – an 11 percent increase in the annual Higher Education budget from last year. The as-introduced Governor's budget calls for a \$174 million increase.

Summary

Ohio is lagging far behind its stated goal of having 65 percent of our citizens attain post-secondary degrees or certificates. These post-secondary options must be more attainable for more of our students, especially those from at-risk populations. We will not reach the goal without significant improvement in attainment among our economically-disadvantaged, minority and first-generation students. These recommendations would all cut to the core of these issues, making colleges and universities more accessible and attainable for more students.

Our approach has the support of local, state and national advocates who see and recognize Ohio's need to invest in its workforce through these types of initiatives. In addition, Ohio organizations representing professors, administrators, and students, support these efforts to expand workforce opportunities.

¹² This was the amount allocated for FY18 and FY19 in the state Executive Budget from 2017.