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Fiscal Note & Local Impact Statement

Click here for S.B. 135's Bill Analysis

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Primary Sponsor: Sen. Cirino

Local Impact Statement Procedure Required: Yes

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Highlights

Second Chance Voucher Program

- The Department of Higher Education (DHE) and state universities from which a participating student disenrolled will experience an increase in expenditures to reimburse tuition reductions for certain students that re-enroll in qualifying higher education institutions. These costs could be in the tens of millions of dollars given available data on state university student outcomes, graduation rates, persistence rates, and re-enrollment rates of students who have dropped out of college.

Tuition and fees

- Permitting students to choose which nonacademic general fees to pay may result in state universities foregoing an uncertain but potentially substantial amount of fee revenue. The bill prohibits access to facilities or services unless the related fees are paid. If students opt out of paying fees for common areas, state universities may also incur potentially substantial equipment and staffing costs to limit access to various facilities to students who have paid the fee.

- State universities may forego tuition and fee revenue for courses by requiring these institutions to charge less in tuition and fees for an online course than a course taught in an in-person, classroom setting and to accept online coursework at another institution of higher education with a similar accreditation if that coursework is not currently accepted.

Regional university and community college partnerships

- State universities may forego revenue from tuition and general fees and State Share of Instruction (SSI) subsidy payments by requiring partnerships with community colleges and permitting an undergraduate student enrolled at the university to complete up to two years' worth of college credits at the partnering college at that college's tuition and fee rates.

- Conversely, community and technical colleges partnering with universities under this provision may experience gains in tuition and fee revenue and SSI subsidy received from DHE as a result of enrolling more students.

Supplemental OCOG awards

- The bill's proposed supplemental Ohio College Opportunity Grant (OCOG) award for certain students already eligible or receiving OCOG may decrease the overall number of students receiving awards. Ultimately, the total amount awarded is limited to the program's appropriation.

College Credit Plus apprenticeship subprogram

- The bill's College Credit Plus (CCP) apprenticeship subprogram may result in a loss in revenue to school districts, community schools, or STEM schools. Payments to businesses will be funded by deductions from the foundation aid of the educating district or school in a per-pupil amount to be determined by a formula established in rules by the State Board of Education.

Administrative costs

- The bill may increase DHE's administrative expenses to adopt rules and issue reports covering a wide range of topics. The bill may also increase the administrative expenses of state universities to collect data and post similar reports on their websites.

Detailed Analysis

Overview

The bill makes numerous changes to existing higher education-related programs and procedures, and proposes several new ones. It also: (1) addresses free speech policies at school districts, public schools, and state institutions of higher education, (2) modifies the law on K-12 career advising policies, (3) addresses management of donor gifts at state institutions of higher education, (4) establishes an apprenticeship subprogram under College Credit Plus, and (5) prohibits state institutions of higher education from entering into or renewing a contract with a company for a variety of services unless the contract declares the company is not boycotting Israel or other jurisdictions with whom Ohio can enjoy open trade. Provisions with notable fiscal effects are discussed below. For more information on all of the provisions in the bill, please see the bill analysis.

Second Chance Voucher Program

The bill requires the Chancellor of Higher Education to establish the Second Chance Voucher Program, under which a qualifying Ohio higher education institution (a state university, community or technical college, private for-profit institution, or an Ohio Technical Center (OTC)) must reduce the general and instructional fees of a student who disenrolled from a state university within ten years of enrollment at the qualifying institution and has not completed a bachelor's degree program ("eligible student") by an amount equal to:

The total number of credit hours the student paid for at the state university from which the student disenrolled

x

The statewide average of the general and instructional fees per credit hour charged by community and technical colleges in the academic year in which the student enrolled in the qualifying institution

x

50%

For example, if eligible Student A disenrolled from "State University" in 2015 after paying for 30 credit hours and enrolled at "Community College" in the fall 2020 term, Student A's general and instructional fees for that same academic term would be reduced by approximately $2,500 if the bill had been in place for this academic year, or:

30 paid credit hours at State University

x

$167

(per-hour average general and instructional fees charged by community and technical colleges in FY 2021 ($5,011 statewide average tuition/30 credit hours in a full-time academic year))[1]

x

50%

Furthermore, state universities from which an eligible student initially disenrolled will reimburse a qualified institution either 75% or 50% of the reduced tuition and general fees as calculated above depending on the state university's six-year average graduation rate. Specifically, state universities with an average graduation rate of 65% or higher in the six consecutive academic years prior to the academic year in which the student enrolls at a qualifying institution will reimburse at a rate of 50%, while those below 65% will reimburse at the higher 75% rate. The remainder of the voucher amount, after the state university's reimbursement, will be provided by DHE. Finally, a voucher student is responsible for any remaining tuition and general fees after the voucher amount is applied.

Fiscal impact

State universities and DHE

Under the proposal, expenditures will increase for DHE and state universities from which a participating student disenrolled to reimburse the qualifying institutions. These costs could be in the tens of millions of dollars given available data on state university student outcomes, graduation rates, persistence rates, and re-enrollment rates of students who have dropped out of college. The data underlying the potential cost is discussed below. DHE may also incur some additional administrative costs for establishing, and adopting rules for, the program.

[1] DHE's *Annual Survey of Student Charges-Fall 2020* – https://www.ohiohighered.org/data-reports/tuition-financial-aid.

Eligible students

A student who enrolls in a qualifying institution within ten years of disenrolling from a state university and has not completed a bachelor's degree is eligible to participate in the program. While DHE does not publish student success data looking back ten years, it does report on six-year success measures for first-time, full-time, degree-seeking students at the 13 state universities. This data may suggest a high-end estimate of students eligible for a voucher.[2] These reports show several data including, but not limited to, the number of students in the fall academic term cohort entering the university, the number of students earning a degree by the end of the sixth year, the number of students persisting at the same institution or another institution, and the total number of students "succeeding" by the end of the sixth year. This category includes students who earned a bachelor's degree or who remained enrolled in the same, or a different, institution of higher education at the end of the cohort's sixth year.

This analysis includes six-year data for cohorts that began in FY 2011 through FY 2014, which effectively covers ten years of data, since the FY 2014 cohort data is covered through FY 2020. Table 1 below shows the total number of students that entered each of the four cohorts from FY 2011 through FY 2014, but disenrolled from the university and completely left higher education or re-enrolled at another higher education institution by the end of the sixth year of the cohort. The table shows that, by the end of FY 2020, more than 66,500 students either completely left higher education or enrolled in another higher education institution than the ones they first enrolled in six years earlier. While not shown in the table, approximately 15,300, or 23%, of the approximately 66,500 individuals were persisting at another higher education institution six years after first enrolling at one of the public universities. If the program had been in place this fiscal year and any of these 15,300 students re-enrolled in one of the qualifying institutions, the student would be eligible for a voucher under the program, and the state university from which they disenrolled would be required its pay its portion of the student's voucher.

Table 1. Estimated Students Eligible for Voucher by State University, FY 2011-FY 2014 Cohorts

University Main Campus	FY 2011 Cohort (through FY 2017)	FY 2012 Cohort (through FY 2018)	FY 2013 Cohort (through FY 2019)	FY 2014 Cohort (through FY 2020)	Total
Akron	2,223	2,501	2,075	2,017	8,816
Kent State	1,597	1,894	1,737	1,665	6,893
Toledo	1,899	1,967	517	1,763	6,146
Wright State	1,527	1,505	1,397	1,472	5,901
Ohio State	1,004	1,931	1,602	1,343	5,880

[2] DHE's *Graduation and Success Rates for 4-Year Public Institutions* – https://www.ohiohighered.org/data-reports/graduation-retention.

Table 1. Estimated Students Eligible for Voucher by State University, FY 2011-FY 2014 Cohorts					
University Main Campus	**FY 2011 Cohort (through FY 2017)**	**FY 2012 Cohort (through FY 2018)**	**FY 2013 Cohort (through FY 2019)**	**FY 2014 Cohort (through FY 2020)**	**Total**
Cincinnati	976	1,610	1,522	1,414	5,522
Bowling Green	1,286	1,640	1,315	1,238	5,479
Ohio	881	1,389	1,430	1,441	5,141
Youngstown	1,325	1,288	1,155	868	4,636
Cleveland State	633	1,237	1,238	1,086	4,194
Shawnee State	853	969	845	722	3,389
Miami	645	822	768	761	2,996
Central State	497	404	364	314	1,579
Total	**15,346**	**19,157**	**15,965**	**16,104**	**66,572**

Source: Ohio Department of Higher Education – Graduation and Success Rates for 4-year Public Institutions – https://www.ohiohighered.org/data-reports/graduation-retention

State university graduation rates

A state university's graduation rate will determine the share of the tuition reimbursement the university will pay. Ultimately, it may be up to DHE to determine the proper data to use for this factor. For purposes of this analysis, however, Table 2 below shows the rates of students who earned a degree within six years of beginning at the institution for all 13 state university main campuses over a six-year period from FY 2015 through FY 2020. As seen in the table, four of the 13 university main campuses (Ohio State, Miami, Ohio, and Cincinnati) reported average graduation rates over 65% in that period of time. If this data were used, then these four universities will reimburse any qualifying institutions under the program at 50%, with the remaining nine universities reimbursing at the 75% rate.

Table 2. Six-year Average Degree Completion Rates at Public University Main Campuses, FY 2015-FY 2020							
University Main Campus	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**Average**
Ohio State	81%	81%	84%	76%	80%	83%	**81%**
Miami	81%	80%	81%	76%	78%	78%	**79%**
Ohio	71%	68%	69%	66%	65%	66%	**68%**

Table 2. Six-year Average Degree Completion Rates at Public University Main Campuses, FY 2015-FY 2020							
University Main Campus	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**Average**
Cincinnati	60%	67%	69%	63%	66%	68%	**66%**
Kent State	57%	54%	57%	57%	61%	63%	**58%**
Bowling Green	57%	54%	55%	55%	60%	60%	**57%**
Cleveland State	39%	38%	46%	50%	52%	53%	**46%**
Toledo	40%	44%	42%	47%	50%	52%	**46%**
Wright State	41%	39%	39%	44%	46%	46%	**43%**
Akron	39%	37%	38%	39%	44%	46%	**41%**
Youngstown	29%	30%	34%	37%	41%	47%	**36%**
Central State	19%	25%	20%	26%	29%	31%	**25%**
Shawnee State	23%	22%	24%	22%	25%	28%	**24%**

Source: Ohio Department of Higher Education – Graduation and Success Rates for 4-year Public Institutions – https://www.ohiohighered.org/data-reports/graduation-retention

Using the example from the Second Chance Voucher Program overview section, if the voucher student had disenrolled from one of the four universities with a degree completion rate at or above 65%, the university would provide $1,250 (50%) of the $2,500 voucher amount. After the university's reimbursement is applied, DHE would provide the remaining $1,250. However, if the eligible student had disenrolled from one of the other nine universities, the university would support $1,875 (75%) of the student's voucher, with DHE providing the remaining $625. In future years, voucher reimbursement on a per-student basis may increase if the average tuition at all community colleges continues to increase. For example, the statewide average tuition at community and technical colleges increased by $822 (19.6%) from $4,189 in FY 2016 to $5,011 in FY 2021.[3]

Potential statewide costs

The remaining main variables regarding program costs are the number of credit hours that students will have paid for at a state university and the number of eligible students that will participate. DHE's most recent reports on student retention rates from the first to second year of college indicate that the average "persistence" rate among university main campuses was

[3] DHE's *Annual Survey of Student Charges* – https://www.ohiohighered.org/data-reports/tuition-financial-aid.

76%,[4] suggesting that most students who have dropped out of college likely have earned at least 30 credit hours, assuming 15 credit hours per semester. Therefore, this analysis assumes participating students paid for an average of 30 credit hours prior to disenrolling from a state university. Costs could also be higher or lower depending on the actual amount of credit hours for which a student has already paid.

According to the National Student Clearinghouse, 11% of Ohio students who drop out of college re-enroll within five years.[5] The bill's tuition reduction may incentivize additional students to re-enroll in college. It is also possible that participation in the program begins at a lower level, but increases in future years as more individuals become aware of the program. Table 3 shows the estimated amount of tuition reimbursement had the program been in place this academic year if 10%, 20%, and 30% of the potential 66,500 eligible students had re-enrolled in a qualifying institution. At a participation rate of 10%, approximately 6,650 students would have their total tuitions reduced by approximately $16.7 million. This figure grows to $50 million if 30% of eligible students participate.

Table 3. Total Estimated Reduction in Tuition at Selected Participation Rates (Number of Eligible Students x 30 Paid Credits x $167 x 50% = Total Tuition Reduction)

Participation Rate (out of 66,500 eligible students)	Number of Students (% x 66,500 students)	Total Estimated Reduction in Tuition at Qualifying Institutions (in millions)
10%	6,650	$16.7
20%	13,300	$33.3
30%	19,950	$50.0

Table 4 below presents the estimated shares of the tuition reimbursements using the same participation rate scenarios as in Table 3 if all eligible participating students disenrolled from public universities with six-year graduation rates below 65%, which would mean the universities would bear 75% of the reimbursements and the state would bear 25%. Reimbursements for the state will be higher while those for universities will be lower to the extent that students disenrolled from a state university with a graduation rate above 65%. In the 10% participation scenario, the university share would be $12.5 million and the state share would be $4.2 million, increasing to $37.5 million and $12.5 million, respectively, at a 30% participation rate.

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[4] DHE's *First-to-Second Year Retention Rates – Fall 2010 through Fall 2018 Cohorts* – https://www.ohiohighered.org/data-reports/graduation-retention.

[5] National Student Clearinghouse Research Center – *Some College, No Degree: A 2019 Snapshot for the Nation and the 50 States – National/State Data* – https://nscresearchcenter.org/some-college-no-degree-2019/.

Table 4. Estimated Tuition Reimbursements (in millions) by Payee at Selected Participation Rates (assuming all participants disenroll from institutions with graduation rates below 65%)			
Participation Rate	Total Estimated Reduction in Tuition at Qualifying Institutions	University Share (75%)	State Share (25%)
10%	$16.7	$12.5	$4.2
20%	$33.3	$25.0	$8.3
30%	$50.0	$37.5	$12.5

Qualifying institutions

Qualifying institutions, on the other hand, will likely experience a gain in revenue if the program attracts eligible students to their campuses. In addition to revenue from tuition, state universities and community and technical colleges that enroll new voucher eligible students may also receive additional subsidy from the State Share of Instruction (SSI) depending on whether the institutions attain a greater share of the statewide amounts computed for each formula component. Likewise, the institutions whose share of the formula components decreases may receive less SSI funding. In FY 2020, the latest year for which SSI data is available, the average SSI distribution per student was $6,471 for the state's public four-year universities and regional campuses and $4,870 for community and technical colleges. Similarly, an OTC that enrolls new students may receive a larger share of the appropriation allocated through the OTC formula supported by GRF line item 235444, Ohio Technical Centers.[6] Any gain in revenue as a result of additional students will be offset, at least in part, by the cost to educate the new students.

Limitations on fees

Student opt-out of nonacademic general fees

The bill requires state university boards of trustees to permit students to choose, each semester, which nonacademic general fees to pay and prohibits access to facilities or services unless the related fees are paid. Nonacademic general fees are defined in the bill as (1) any student activity fee, the proceeds of which are used to support and facilitate the expression and activities of student groups or (2) any fees charged to students for the support of common buildings and rooms, student centers, theaters, pools, and other facilities of common use to all students or of the meetings and official responsibilities of the student government.

State universities may forego a substantial amount of revenue if students choose not to pay student activity fees used to support student groups. The amount of revenue that a state university will forego is uncertain, as it will depend, in part, on individual student decisions. As a point of reference, several state universities indicated to LBO that nonacademic general fees

[6] Since the General Assembly determines overall SSI and OTC funding through annual appropriations, the program would not necessarily increase the state's cost for SSI or OTC formula payments even if enrollment were to increase.

generated in the tens of millions of dollars in revenue annually. Further, it is unclear if this provision applies to athletic fees that fund intermural athletics. If the provision is interpreted as applying to such fees, the revenue loss may be considerably larger. Table 5 below shows that, in FY 2019, of the 11[7] state universities in Division I of the National Collegiate Athletic Association (NCAA), five (Cleveland State, Miami, Kent State, Bowling Green, and Toledo) reported collecting athletic fees that amounted to 47.1% ($67.9 million) of their athletic department revenue. Additionally, with the exception of Cleveland State and Ohio State, each university provided its athletics department with direct institutional support, which may come from state funds, tuition revenues or waivers, and endowments not allocated explicitly for athletics). In FY 2019, this direct institutional support accounted for 41.4% ($124.1 million) of the athletic department revenue for the nine universities. Universities may react by increasing direct institutional support. However, such a shift in university resources likely would affect how other programs are funded.

Table 5. Fees and Direct Institutional Support for Athletics at NCAA Division I State Universities, FY 2019

University	Athletic Department Revenue	Athletic Fees	% Revenue from Fees	Direct Institutional Support	% Revenue from Direct Institutional Support
Cleveland State	$13,400,944	$11,069,153	82.6%	--	--
Miami	$39,644,248	$19,324,753	48.7%	$7,829,533	19.7%
Kent State	$29,460,111	$14,016,822	47.6%	$4,857,465	16.5%
Bowling Green	$26,001,184	$12,935,182	49.7%	$2,690,000	10.3%
Toledo	$35,560,555	$10,528,721	29.6%	$11,357,436	31.9%
Subtotal	**$144,067,042**	**$67,874,631**	**47.1%**	**--**	**--**
Cincinnati	$68,845,672	--	--	$29,702,420	43.1%
Akron	$37,194,485	--	--	$26,011,378	69.9%
Ohio	$34,763,420	--	--	$19,992,428	57.5%
Youngstown State	$16,206,124	--	--	$11,595,395	71.5%
Wright State	$12,400,904	--	--	$10,047,356	81.0%
Subtotal	**$300,076,703**	**--**	**--**	**$124,083,411**	**41.4%**

Source: NCAA financial reports, compiled at http://cafidatabase.knightcommission.org/

[7] Athletic department revenue data is only available for universities in Division I of the NCAA. Central State is a member of NCAA Division II and Shawnee State is a member of the National Association of Intercollegiate Athletics (NAIA).

Common areas

In addition to foregoing revenue, if students opt out of paying fees for common areas, state universities may also incur potentially substantial costs to limit access to various common area facilities like student centers, theaters, pools, and meeting rooms for student government. Each building or room associated with a common area fee likely would need to have key card access or other access control hardware installed and a system in place to recognize those students who have paid the corresponding fee. It may also be that staffing costs increase to monitor entry points in some manner. Costs will vary, depending on the extent to which a university has already installed access control systems to limit nonstudents, and its capability of modifying access based on students' current ID or key cards.

Tuition and fees for online courses

The bill requires state universities to charge less in tuition and fees for an online course than for one that is taught in an in-person, classroom setting. The tuition and fees charged by a state university for an online course must be based on the actual cost incurred by the university to provide the course. A state university may forego tuition and fee revenue as a result of this provision, depending on the determination of the actual cost to provide an online course and the current fees charged to enroll in online courses.

Prohibition on additional regular coursework fees

The bill prohibits state institutions of higher education from charging students an additional fee for an employee of the university, or an entity contracting with the institution, to complete any academic activity associated with regular coursework, including grading student assignments. To the extent an institution is currently charging these fees, it may experience a loss in revenue to stop doing so.

Course credit transfers

State universities may forego revenue to accept, provide credit for, and apply to a student's degree and requirements for graduation any online coursework a student completes at an institution of higher education with a similar accreditation. The bill does not specify that the online coursework completed at another institution be aligned with the student's degree program. Currently, coursework taken by a current or transfer student at another institution, that does not fall under the Ohio Guaranteed Transfer Pathways, would be reviewed by the registrar to determine whether the course is properly accredited and eligible for transfer credit. Whether the course can fulfill a requirement of the student's degree program requires additional review by the relevant academic department. If the online coursework would not have previously been accepted, then state universities will forego the revenue for courses that the online coursework is replacing.

State universities in Ohio are accredited by the Higher Learning Commission, which accredits approximately 1,000 public and private four-year institutions in 19 states. Additionally, there are programmatic accrediting agencies that audit specific departments to determine whether their programs adequately prepare graduates for careers in the field.

Regional university and community college partnerships

The bill requires state universities to enter into one or more partnerships with a community college under which a student enrolled at the state university may earn up to two years of college credit while receiving academic counseling from the university about how to make progress. Under these partnerships, a state university that enrolls a majority of its undergraduate students from the enrollment region in which the university's main campus is located, as determined by the Department of Higher Education (DHE), is required to enter into a partnership with at least one of the community and technical colleges in that region. For a university that does not enroll a majority of its students from its designated enrollment region in which its main campus is located, it must enter into a partnership with at least one college in each enrollment region. If, for example, DHE establishes five regions in the state, any university that falls into this latter category would be required to partner with at least five community colleges throughout the state. A student enrolled in one of these programs would be required to pay the community and technical college tuition and general fees for the first two years of the program.

Currently, state universities and community colleges voluntarily partner with each other through a variety of agreements that can result in a bachelor's degree being completed at the university. In fact, most, if not all, state universities have these agreements in place with community colleges. The most popular of these agreements appears to be "2 + 2" programs, whereby a student can earn an associate's degree (two years of credit) at a community college and then transfer those credits to the partnering university to complete a bachelor's degree in an aligned discipline. On its website, the Ohio State University (OSU) lists dozens of these partnerships, including "1 + 3" and "2.5 + 2" programs, that it has with Central Ohio Technical College, Columbus State Community College, North Central College, and Rhodes State College.[8] Similarly, Central State University (CSU) lists on its website its agreements with Clark State Community College, Columbus State Community College, Cuyahoga Community College, Sinclair Community College, and Stark State College.[9]

If these current partnerships meet the bill's requirements, as well as any rules adopted by DHE, then there may little if any fiscal effect on state universities. However, to the extent that they do not, state universities may incur administrative costs to provide academic counseling at the partnering community college and to establish the partnerships, especially those that would be required to establish them in all DHE-designated regions of the state. State universities may also experience tuition revenue losses to the extent a student enrolls in a program and pays the community and technical college tuition and general fees for the first two years instead of university fees for courses taken on its campus. They could also experience a decrease in revenue received from SSI subsidy payments since, under the current SSI formula for universities and regional campuses, the credit hours earned for an associate's degree do not count toward a bachelor's degree in programs where an associate's degree is earned first followed by bachelor's degree completion. On the other hand, community and technical colleges partnering with universities under this provision may experience gains in revenue from both tuition and general fees and SSI subsidy received from DHE as a result of enrolling more students.

[8] OSU's Pathway Agreements – https://registrar.osu.edu/agreements/index.html.

[9] CSU's Articulations and Partnerships – https://www.centralstate.edu/academics/index.php?num=2.

Accommodations for students unable to enroll in a course

Under current law, state institutions of higher education, in certain circumstances, are required to waive an eligible student's tuition and general fees for a course that is necessary to complete a bachelor's degree if the student was unable to enroll in that course in the student's final year. The bill revises this requirement to require state institutions to offer an eligible student one of several prescribed accommodations, including tuition and fee waivers or reimbursements, if the student is unable to register for a nongeneral elective course necessary to complete the student's bachelor's degree program in any academic year. Similar to the waiver requirements in current law, this provision is likely to most affect state universities since, with the exception of "applied" bachelor's degree programs, two-year public colleges generally offer two-year degree or shorter programs. Therefore, state universities may forego revenue from waiving or reimbursing a student who meets the standards for the accommodations proposed in the bill. The amount of foregone revenue will depend on the number of students eligible for a tuition waiver or reimbursement and each institution's tuition rates.

Supplemental OCOG awards

Background

The Ohio College Opportunity Grant (OCOG) provides need-based financial aid to college students. In general, to be eligible for an OCOG award, a student must be an Ohio resident in an associate's degree, first bachelor's degree, or nurse diploma program at an eligible public, private nonprofit, or private for-profit institution of higher education. A student must also have an expected family contribution (EFC) of 2190 or less and a maximum household income of $96,000. To determine maximum per-student OCOG amounts for each fiscal year, the Chancellor of Higher Education, generally, subtracts the maximum federal Pell grant and EFC combination from the average instructional and general fees charged by the student's respective institutional sector. In FY 2021, OCOG generally provides eligible full-time students enrolled at public institutions an annual award up to $2,000; students enrolled at private, nonprofit institutions an annual award up to $3,500; and students enrolled at private, for-profit institutions an annual award up to $1,300. OCOG awards are supported by appropriations from GRF line item 235563, Ohio College Opportunity Grant, under DHE's budget.

The bill

The bill provides supplemental OCOG to a student who is currently receiving OCOG, has completed at least two years of a bachelor's degree, and is making progress towards completing that bachelor's degree program. The bill requires the Chancellor to adopt rules to implement the provision, including a method to calculate supplemental grant amounts. The supplemental awards must be supported by appropriations from line item 235563. Increasing awards for these students may decrease the overall number of students receiving awards. The total amount awarded is limited to the program's appropriation. Individual award amounts are projected by dividing the total available OCOG appropriation by the number of students eligible for an award. In FY 2020, over 56,000 students received OCOG awards totaling over $108 million.

Undergraduate tuition guarantee programs

Background

Currently, all state universities have undergraduate tuition guarantee programs, which provide a cohort of eligible students with a fixed rate for instructional and general fees for at least four years. Under these programs, universities are currently authorized a one-time increase of up to 6% above what was charged by the university in the previous year for the first cohort enrolled under the university's tuition guarantee program. After the initial cohort, state universities may then increase the guarantee amount one time per subsequent cohort up to the sum of (1) the average rate of inflation, as measured by the consumer price index (CPI) prepared by the Bureau of Labor Statistics, for the previous 36-month period and (2) the percentage amount the General Assembly restrains increases on in-state undergraduate instructional and general fees for the applicable fiscal year. Table 6 shows the tuition and general fees for each state university that will be guaranteed for at least four years for the fall 2020 entering student cohort at each university.[10] As seen in the table, tuition guarantee rates for state university instructional and general fees in FY 2021 range from to $5,528 at Central State University to $15,143 at Miami University.

Table 6. State University Main Campus Tuition Guarantee Rates, Fall 2020 Entering Cohort

University	Instructional Fee	General Fee	Total Fall 2020	Total 2020-2021 (Fall and Spring Semesters)
Miami	$6,568	$1,003	$7,572	$15,143
Ohio	$5,522	$712	$6,234	$12,468
Bowling Green	$5,191	$853	$6,044	$12,089
Cincinnati	$5,320	$398	$5,718	$11,436
Akron	$4,798	$920	$5,717	$11,435
Kent State	$4,823	$892	$5,716	$11,431
Ohio State	$5,308	$201	$5,508	$11,016
Cleveland State	$4,766	$665	$5,431	$10,861
Toledo	$4,598	$680	$5,278	$10,557
Wright State	$4,327	$654	$4,981	$9,962

[10] Please note, as they are authorized to do so under current law, some state universities also "guarantee" rates for other fees, such as those charged for room and board.

Table 6. State University Main Campus Tuition Guarantee Rates, Fall 2020 Entering Cohort				
University	Instructional Fee	General Fee	Total Fall 2020	Total 2020-2021 (Fall and Spring Semesters)
Youngstown State	$3,700	$1,128	$4,828	$9,656
Shawnee State	$3,570	$393	$3,963	$7,926
Central State	$2,288	$326	$2,614	$5,228

Source: DHE's Tuition and Fees: *Annual Survey of Student Charges – Fall 2020*

The bill

The bill proposes several changes to these programs and how they operate, most of which will result in a decrease in revenue from tuition and general fees for state universities. Most notably, the bill:

- Extends the tuition guarantee of each state university to six years, beginning in the next academic year after the bill's effective date, unless the majority of a university's graduates completed their degree programs in each of the three academic years prior to a cohort entering the university in the amount of time such programs are "typically designed to require." If a university meets this condition, then the cohort is required to pay a fixed rate for general and instructional fees for four years;
- Authorizes a one-time increase for any cohort up to the maximum percentage amount the General Assembly permits for increasing in-state undergraduate tuition and fees for that fiscal year. However, if the General Assembly does not permit an increase in that fiscal year, the public university cannot increase the tuition and fees rate charged to that cohort. In FY 2021, the General Assembly authorized state universities and their regional campuses to increase in-state undergraduate instructional and general fees by no more than 2% over what the institution charged in FY 2020; and
- Requires a state university to permit a guarantee program student who disenrolled from the university, but then returns to the same university within two years of disenrolling, the same terms and rate the student had under the initial cohort.

Bachelor's degree programs at community and technical colleges

Under current law, the Chancellor may approve applied bachelor's degree programs at community and technical colleges that demonstrate the following:

1. Evidence of an agreement between the college and a regional business or industry to train students in an in-demand field and to employ students upon successful completion of a program;
2. That the workforce need of regional business or industry is in an in-demand field with long-term sustainability based upon data provided by the Governor's Office of Workforce Transformation;

3. Supporting data that identifies the specific workforce need the program will address;
4. The absence of a bachelor's degree program that meets the workforce need addressed by the proposed program that is offered by a state university or private college or university; and
5. Willingness of an industry partner to offer workplace-based learning and employment opportunities to students enrolled in the proposed program.

According to DHE, approximately 12 of these programs have been, or are in the process of being, approved to operate at seven community colleges throughout the state.

The bill expands the Chancellor's program to permit any bachelor's degree at a community and technical college that demonstrates all of the above conditions, except for item 4 above. Community and technical colleges that want to establish these programs at their campuses may have more flexibility to operate them since they no longer need to seek Chancellor approval and can operate one even if a nearby public or private university is also offering a program. Community and technical colleges choosing to offer one of these programs will likely incur costs to establish one. However, any costs will be offset, at least in part, by increased revenue from additional SSI subsidy distributed by DHE for course and bachelor's degree completion and tuition paid by students enrolled in the new program.

College Credit Plus apprenticeship subprogram

The bill creates an apprenticeship subprogram under the existing College Credit Plus (CCP) Program. Under current law, the CCP Program allows qualified Ohio high school students to take college courses at state expense for both college and high school credit. Beginning in the 2022-2023 school year, the bill's subprogram will permit students, age 16 or older and enrolled in a public or chartered nonpublic school, to participate in apprenticeships certified or registered by the U.S. Department of Labor and not offered by the student's secondary school.

The bill requires the Chancellor of Higher Education and the Superintendent of Public Instruction, in consultation with the Director of Development Services and the Administrator of Workers' Compensation, to develop a proposal to implement the apprenticeship subprogram by December 31, 2021. The Department of Higher Education (DHE), the Department of Education (ODE), the Development Services Agency, and the Bureau of Workers' Compensation may incur minimal additional expenses for the creation of the proposal. The bill requires the State Board of Education to adopt rules to implement the apprenticeship subprogram by June 30, 2022. The rules must include, among other things, a funding formula to pay businesses for the costs associated with employing students under the apprenticeship subprogram.

The funding structure of the subprogram will function similarly to CCP. The CCP Program funds public school students through a deduction from the state aid allocated to the school district, community school, or STEM school that the student attends. Under current law, the deduction and transfer for CCP is calculated according to per credit hour amounts based on the per-pupil formula amount (currently, $6,020) as well as the location and method of instruction. In FY 2021, the per credit hour amounts range from $42 (default floor) to $166 (default ceiling). A high school and college may negotiate alternative payment amounts, but they cannot be less than the default floor amount, unless approved by the Chancellor, or exceed either the default ceiling amount or the college's standard rate, whichever is less. Students attending nonpublic schools are funded through a set-aside of $2.6 million in FY 2021 in GRF line item 200511, Auxiliary Services.

The apprenticeship subprogram will continue to fund public school students through a deduction. As a result of the deductions, school districts, community schools, and STEM schools that enroll apprenticeship participants will likely experience lower revenues. However, because the formula is determined in rules and not by the bill, it is unclear how much will be transferred from public schools to fund the program. Likewise, nonpublic school students will be funded from the GRF set-aside for the CCP Program, but the amount per student will depend on the rules established by the State Board.

New administrative responsibilities

The bill also may increase the administrative costs of the state institutions of higher education and DHE to fulfill various reporting requirements and provisions with respect to campus safety and remediation and to develop and adopt rules for various provisions. These requirements and provisions are described in the bill analysis.

Unused CARES Act funds for community colleges

The bill requires the Chancellor to distribute any unused funds, to the extent that federal law permits, received from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act for higher education priorities to community colleges to provide support to students enrolled in a short-term certificate program.

DHE has been appropriated a total of $336.1 million in federal CARES Act funds in FY 2021. With the exception of moneys in Fund 3HQ0 line item 235509, GEER – Higher Education Initiatives,[11] these CARES Act funds have been or will be spent by the end of this fiscal year. Exactly $305.0 million (90.7%) of the total $336.1 million was allocated through the Coronavirus Relief Fund (Fund 5CV1) with the remaining $31.1 million (9.3%) allocated through the Governor's Emergency Education Relief (GEER) Fund (Fund 3HQ0). These funds are in addition to the approximately $432.3 million in CARES Act funds that institutions received directly from the U.S. Department of Education in 2020 through the federal Higher Education Emergency Relief Fund (HEERF).

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[11] Line item 235509 is currently proposed to be appropriated $16.2 million in FY 2022 in H.B. 110 of the 134th General Assembly, As Passed by the House. The appropriation is expected to be used by DHE to continue initiatives focused on increasing broadband capacity at higher education institutions, FAFSA-related data system upgrades, improving retention rates at community colleges, and purchasing additional materials for remote and hybrid courses.