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Fiscal Note & Local Impact Statement

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Version: As Reported by Senate Workforce & Higher Education

Primary Sponsor: Sen. Cirino

Local Impact Statement Procedure Required: Yes

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Highlights

Second Chance Grant Pilot Program

- The Department of Higher Education (DHE) expenditures may increase by up to $6.0 million to provide grants to certain students that re-enroll in qualifying higher education institutions in academic years 2021-2022 and 2022-2023. The bill contains no appropriation, but creates the Second Chance Grant Pilot Program Fund to be used by DHE to pay the grants and to support its administration of the program.

Tuition and fees

- A state institution of higher education may forego "special" fee revenue if it is determined it is charging more for an online course than the actual demonstrated cost incurred by the institution.

Joint academic programming and dual enrollment agreements

- State universities may lose revenue from tuition and general fees and State Share of Instruction (SSI) subsidy payments to the extent that the bill's requirement for state universities to enter into agreements with multiple community colleges to establish both joint academic programming and dual enrollment opportunities is not met by current voluntary agreements and additional students begin their academic programs at community or technical colleges instead of state universities.

- Conversely, if community and technical colleges enter into additional agreements with state universities under this provision and enrollment increases, the colleges may experience gains in tuition and fee revenue and SSI subsidy received from DHE.

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, other public schools, and state institutions of higher education, (2) modifies the law on K-12 career advising policies, (3) addresses management of endowment funds and donor gifts at state institutions of higher education, (4) establishes an apprenticeship subprogram under College Credit Plus (CCP), 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 Grant Pilot Program

The Department of Higher Education (DHE) will incur expenditures of up to $6.0 million in the FY 2022-FY 2023 biennium to provide no more than 3,000 eligible students with a one-time grant of up to $2,000 under the Second Chance Grant Pilot Program. Under the program, a student who is a resident of the state and who (1) has not attained a bachelor's degree, (2) disenrolled from a state university, while in good standing, without transferring to another institution for at least three semesters, (3) enrolls in a qualifying institution within five years of disenrolling from that state university, (4) is not enrolled in the College Credit Plus Program, and (5) meets any other eligibility criteria determined by the Chancellor can receive a one-time grant of $2,000 to be used in academic years 2021-2022 and 2022-2023. The grant is considered a "last-dollar" source of funding for the student, meaning that any other aid, grants, or scholarships received by the student, such as a federal Pell grant or award from the state's main need-based aid program, the Ohio College Opportunity Grant (OCOG), be applied by a qualifying institution to a student's tuition bill prior to applying funds from a Second Chance grant. If there are any unused funds remaining from the grant after a student's cost of attendance for that year is paid for, the qualifying institution must apply the remaining amount to the student's cost of attendance for any other academic year in which the student is enrolled as long as the pilot program is operating. A qualifying institution is required to return to DHE any unspent moneys from a grant after a student graduates, disenrolls from the institution, or if the program ceases to operate.

DHE's costs to support the grants may reach $6.0 million (3,000 grants x $2,000 per grant) assuming all 3,000 grants are awarded at the $2,000 level, though the bill does not contain an appropriation to support the grants.[1] The bill creates the Second Chance Grant Pilot Program Fund to consist of moneys appropriated to it by the General Assembly to pay for the grants under the program. It also may be used to support any costs incurred by DHE to implement and administer the program, including, presumably, any costs associated with its duty to issue a report to the General Assembly in each of the academic years for which the program operates. The report must contain a variety of subjects, including, but not limited to, the number of participants in the program for that academic year, the state universities from which the participants initially disenrolled, and information on how the grants were used.

Qualifying institutions 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 Ohio Technical Center (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.[2] 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

Tuition and fees for online courses

The bill prohibits state institutions of higher education from charging more in tuition and general fees for an online course than for one that is taught in an in-person, classroom setting. According to a DHE spokesperson, this provision effectively codifies current practice specified under temporary law in H.B. 166 of the 133rd General Assembly and has no fiscal impact.

[1] The Senate-passed version of H.B. 110 of the 134th General Assembly contains a $3.0 million appropriation in FY 2022 from DPF Fund 5YD0 line item 235494, Second Chance Grant Pilot Program, to be distributed by DHE to qualifying institutions and Ohio Technical Centers to provide grants to eligible students.

[2] 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.

Essentially, universities, in FY 2020 and FY 2021, were limited to increases in undergraduate instructional and general fees, including, presumably, for online courses, of no more than 2% over what the university charged in the prior academic year. Community and technical colleges were limited to increases of no more than $5 per credit hour over what the college charged in the prior academic year.

The bill also requires that any "special" fees charged by a state institution for an online course be based on the actual cost incurred by the university to provide the course. Under the same current temporary law provision mentioned above, the Chancellor of Higher Education is required to approve all new or increased "special" fees. According to the DHE spokesperson, the provision effectively provides DHE with criteria in its determination of whether to permit the creation or increases of "special" fees related to online courses. If it is determined that a state institution is charging more in "special" fees than the actual demonstrated cost incurred to provide the online course, it may forego fee revenue.

Prohibition on additional regular coursework fees

The bill also 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.

Joint academic programming and dual enrollment agreements

The bill requires each state university to enter into agreements with multiple community colleges to establish both joint academic programming and dual enrollment opportunities to assist students in completing their degrees. 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 agreements, 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.[3] 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.[4]

If these current agreements meet the bill's requirements, as well as any rules adopted by DHE, then there may little if any fiscal effect. However, to the extent that they do not, state universities and community colleges may incur administrative costs to establish the agreements. If additional agreements are established, state universities may also experience tuition revenue losses to the extent a student enrolls in a community or technical college and pays the college's

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

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

tuition and general fees 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 entering into additional agreements with universities under this provision may experience gains in revenue from both tuition and general fees and SSI subsidy received from DHE if student enrollment increases.

Ohio Guaranteed Transfer Pathways

The bill codifies the existing Ohio Guaranteed Transfer Pathways (OGTP) Initiative. The OGTP provides a path for community college students to transfer to a state university to complete a bachelor's degree. Currently, every state university offers a pathway for at least one bachelor's degree program.

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 one of the student's final two academic years. 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 fees for 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.

Nursing bachelor's degree programs at community and technical colleges

The bill requires the Chancellor to approve all nursing bachelor's degree programs at community and technical colleges that meet certain standards and procedures and the following five continuing law qualifications:

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.

Community and technical colleges choosing to offer a nursing bachelor's degree program 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, DHE, and public schools to fulfill various reporting requirements and provisions with respect to free speech policies 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,[5] these CARES Act funds have been or will be spent by the end of this fiscal year. Exactly

[5] 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.

$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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