



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 166 of the 132nd G.A.
(L_132_0419-3)

Status: In House Higher Education and Workforce Development

Sponsor: Reps. Reineke and Cupp

Local Impact Statement Procedure Required: No

Subject: Ohio Technical Center eligibility for state grants and scholarships

Fiscal Highlights

- The bill makes Ohio Technical Centers (OTCs) eligible for certain state-funded grant and scholarship programs currently available to institutions of higher education or their students. Thus, the bill may lead to some state funds being redirected to OTCs or their students. Depending on each program's appropriations, it may also lead to an overall decrease in individual award amounts or foregone revenues for some institutions if the programs support more eligible students or institutions.

Detailed Fiscal Analysis

Ohio Technical Centers

Ohio Technical Centers (OTCs) provide education and training through full-time and part-time adult career-technical training programs to approximately 27,700 students at 54 adult workforce centers. OTCs are located at traditional and joint vocational school districts and other public educational institutions. Many OTCs operate as full-service centers that also provide career guidance and counseling, assessment services, job placement, financial aid, and transitional services.

OTCs receive state funds primarily through a performance-based funding model supported by the GRF. The model distributes funds to OTCs based on job placements (50%), program completion (25%), retention (20%), and industry-recognized credentials (5%). H.B. 49 of the 132nd General Assembly provides GRF funding of \$14.7 million and \$14.9 million in FY 2018 and FY 2019, respectively, for formula support to OTCs. Each center that provides business consultation with matching local dollars may receive up to an additional \$25,000 per year. OTCs also receive additional state funding through other programs.

The bill

Generally, the bill makes OTCs eligible for certain state-funded grant and scholarship programs currently available to institutions of higher education or their students. These include the Ohio College Opportunity Grant (OCOG), the Ohio National Guard scholarship, the Choose Ohio First Scholarship, and the Regionally Aligned Priorities in Developing Skills (RAPIDS) grant program.¹ It also requires the Chancellor of Higher Education to include OTCs in any other grant program for institutions of higher education when appropriate and specifies that OTCs be considered institutions of higher education. The specific programs included in the bill, and any fiscal effects on those programs are discussed below.

Ohio College Opportunity Grant

OCOG is Ohio's need-based financial aid program for students in public, private nonprofit, and private for-profit (career) colleges. In general, OCOG awards are provided after a student's expected family contribution (EFC), as determined by the Free Application for Federal Student Aid (FAFSA), and any federal Pell grants are applied to instructional and general charges. H.B. 49 provides GRF funding of \$99.4 million in FY 2018 and \$100.9 million in FY 2019 for OCOG.

The bill qualifies an eligible student enrolled in an approved OTC adult technical education program for OCOG. In general, OCOG awards are limited to the amount appropriated each fiscal year (a reserve fund is available to pay grant obligations in excess of GRF appropriations for the program). The Department of Higher Education (DHE) determines the individual award amounts by dividing the total available OCOG appropriation by the number of students projected to participate. Therefore, if the OCOG appropriation remains unchanged, adding another group of eligible students to the program will decrease the awards for those already eligible or currently participating. Any reduction in awards would depend on the number of OTC students that are eligible and qualify for OCOG and their full-time equivalency enrollment status. Currently, OCOG supports about 75,000 students each year. Thousands more students may become eligible for OCOG under the bill. As a point of reference, OTCs designated approximately 52.3% of their student headcount as "economically disadvantaged" in FY 2017.² DHE reports that about 13,700 full-time equivalent (FTE) students attended OTCs that year. Assuming 52.3% of those FTE students are economically disadvantaged, up to about 7,200 FTEs may be eligible for OCOG.

¹ For purposes of receiving grants under the Ohio Higher Education Innovation Grant program, the bill defines a "state institution of higher education" as both a state institution of higher education and an OTC. The program, currently unfunded, provided grants to state and private nonprofit institutions for innovative projects that incorporated academic achievement and economic efficiencies.

² According to DHE, "economically disadvantaged" is used as a rough approximation for how many students *may* be eligible for OCOG. "Economically disadvantaged" is determined in various ways by an OTC, including by financial aid, Pell awards, federal poverty index, or Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP) participation.

If, instead of lowering individual awards, the state were to increase appropriations to cover awards for the additional eligible OTC students, state expenditures could increase by millions of dollars annually. This increase would depend on the newly eligible students' full-time equivalency, family income, federal Pell grant awards, and tuition costs for the OTC program the student is enrolled in. OTC tuition costs vary widely by program. To name just a few, licensed practical nursing programs average roughly \$12,000, medical and clinical assistant programs average about \$7,500, and emergency medical technician or paramedic programs average about \$4,700, all according to the Integrated Postsecondary Education Data System (IPEDS), a federally-operated data system that collects information on postsecondary education programs. Hypothetically, if all 7,200 FTE students assumed to be economically disadvantaged are eligible for OCOG, new OCOG costs could reach \$11.1 million each year based on the \$1,536 maximum award amount for full-time students at public universities in FY 2018 (7,200 students x \$1,536 award amount). Costs may be lower if some OTC students designated as economically disadvantaged do not qualify for OCOG, or if federal Pell grants cover most, or all, of their tuition. According to the College Board, the maximum Pell grant for the 2016-2017 academic year was \$5,820 while the average award per student was \$3,740.³

Ohio National Guard Scholarship

This program provides higher education scholarships to all authorized personnel of the Ohio National Guard (ONG). The scholarship covers full tuition for students at state institutions or an amount equal to 100% of the average tuition of state universities for students at private institutions. According to DHE, tuition and fees at state university main campuses averaged \$9,755 for FY 2018. Tuition and fees for university branch campuses and community colleges average \$5,786 and \$4,178, respectively. The scholarship is available for up to 12 full-time quarters or eight full-time semesters, equivalent to four years of study. Students must apply for the scholarship before each quarter or semester. H.B. 49 provides GRF funding of \$18.9 million in both FY 2018 and FY 2019 for the scholarships.

The bill qualifies a student enrolled in an approved OTC adult technical education program for an ONG scholarship. Similar to OCOG, adding another group of students to this scholarship program without also increasing appropriations may reduce the scholarship amounts supported by the state, as continuing law requires such a reduction if there are insufficient funds appropriated from the GRF, the National Guard Scholarship Reserve Fund, and the National Guard Scholarship Donation Fund to fully support all scholarships. However, in that situation, continuing law also requires state institutions of higher education to provide a tuition waiver equal to the

³ College Board, "Maximum and Average Pell Grants Over Time," Data prepared in October 2017, accessible online at <https://trends.collegeboard.org/student-aid/figures-tables/maximum-and-average-pell-grants-over-time>.

amount the scholarship was reduced by the state. This requirement would also apply to OTCs under the bill. Therefore, if funds are insufficient to fully support the addition of OTC students to the program, state institutions and OTCs may forego some revenue.

Ohio Innovation Partnership program

The Ohio Innovation Partnership program is comprised of the Choose Ohio First Scholarship (Choose Ohio) and the Ohio Research Scholars programs, though the latter program is inactive.⁴ Choose Ohio provides scholarships to Ohio residents studying in the fields of science, technology, engineering, mathematics, and medicine (STEMM) and STEMM education at selected Ohio public and private institutions of higher education. Selected institutions receive the funds through a competitive grant process based on their STEMM student recruitment and retention plans and then award the scholarships to eligible students. In FY 2017, \$11.0 million was awarded and disbursed to over 2,600 Choose Ohio scholars at universities and colleges throughout the state, for an average scholarship of approximately \$4,160 (\$11.0 million/2,643 students).⁵ H.B. 49 provides GRF funding of \$16.2 million for the program in both FY 2018 and FY 2019.

The bill qualifies students of OTCs for scholarships under Choose Ohio. If more students are eligible for scholarships under the program, overall awards to institutions or per student scholarship amounts may decrease as the awards are generally limited to the program's appropriation level in a fiscal year.

RAPIDS program

The RAPIDS program supports competitive grants for collaborative projects among higher education institutions to strengthen education and training opportunities that maximize workforce development efforts in defined areas of the state. Under current law, OTCs can participate in RAPIDS regional partnerships, but only state institutions of higher education can be the lead applicant for these funds. S.B. 310, the capital appropriations act of the 131st General Assembly, provides appropriations of \$8.0 million for the FY 2017-FY 2018 capital biennium for RAPIDS. H.B. 529, the capital appropriations act of the 132nd General Assembly, continues the program with another \$8.0 million for the FY 2019-FY 2020 capital biennium.

⁴ The Ohio Research Scholars program provided endowment grants to selected public research universities and partnering private research universities for initiatives that recruit scientists to their faculties. The program was supported with a one-time appropriation of \$30.0 million in H.B. 119 of the 127th General Assembly. Approximately \$14.6 million in grants was distributed from GRF line item 235439, Ohio Research Scholars, in FY 2009, the last year the program was funded.

⁵ Ohio Department of Higher Education, *Choose Ohio First Annual Report – 2016-2017*, p. 8.

The bill amends S.B. 310 to permit OTCs to be lead applicants for RAPIDS grants. However, this provision has no fiscal effect, as the \$8.0 million appropriated in S.B. 310 has already been fully awarded for various workforce development projects across the state.

Other grant programs

The bill requires the Chancellor of Higher Education to include OTCs in any grant program for institutions of higher education as long as those programs are appropriate for the subject areas or instructional programs offered by OTCs. Generally, if the Chancellor determines OTCs, or their students, to be eligible for more state funds, OTCs may gain additional revenue. Conversely, institutions of higher education, or their students, that currently receive funds from a program may lose revenue if those funds are, instead, distributed to an OTC or an OTC student.

OTCs as "institutions of higher education"

The bill requires OTCs to be considered "institutions of higher education." The fiscal effect of this provision is unclear. Generally, "institution of higher education" is a term that is used broadly and includes all public and private institutions. The meaning will depend on the policy context in which it is used.

Synopsis of Fiscal Effect Changes

The substitute bill (L_132_0419-3) removes all provisions and associated fiscal effects of the previous bill (L_132_0419-2), including the designation of In-Demand Jobs Week (enacted by S.B. 3 of the 132nd General Assembly) and a provision allowing a nontraditional teacher candidate to complete a program operated by a for-profit organization to meet the pedagogical training requirement associated with obtaining an alternative resident educator license. The substitute bill adds the provisions regarding OTCs and their associated fiscal effects.