

# BELOW THE CURVE: HIGHER EDUCATION OPPORTUNITY IN OHIO EXECUTIVE SUMMARY

Higher education is more essential than ever before, but is expensive to access in Ohio. State investment in higher education, measured per pupil or as a percent of state income, has not kept pace with other states or with demand in Ohio. Having always lagged the nation in higher education completion, we can ill afford to fall further behind.

Other findings of *Below the Curve* include:

- It would take an additional 287,865 residents with an associate's degree or higher today to have a population with education levels comparable to the nation's.
- Funding for higher education has waxed and waned over time, but the level of support today is about the same as in 1975: It was .64 percent of the economy as measured by Ohio personal income in 1975 and .66 percent in 2005.
- State appropriations for higher education fell from 15.3 percent of the General Revenue Fund in 1985 to 11.6 percent in 2005, a decline of almost 25 percent.
- In 2005, state appropriations were \$4,365 per college student, 75 percent of the national average of \$5,833, ranking 45<sup>th</sup> among the fifty states.

Ohio's higher education system is large and diverse, with 13 public four-year universities, 52 public two-year colleges, and more than 200 other credentialing entities. Enrollment has grown dramatically, but completion has not kept pace. While state support ebbs and tuition soars, an increasing share of too-limited state financial aid grant dollars are moving from public to private higher education. Corrective plans have been developed, but not yet backed by actual dollars.

- Enrollment grew 15 percent between 1998 and 2004 at public campuses. It grew eight percent at public four-years, 24 percent at university branches, and 31 percent at other two-year public campuses.
- Inflation-adjusted state appropriations declined by four percent between 1998 and 2004.
- According to the College Board, Ohio's tuition on two-year public campuses was 166.6 percent of the national average in academic year 2005-06; four-year public university tuition was 128.2 percent of the national average
- Ohio's four-year public campuses are the second least affordable among the states; two-year campuses are the seventh least affordable.

Despite high and rising tuitions, families at all levels have gotten the message that young people should pursue higher education. However, completing a BA remains a stretch, nationally and here, for students from modest backgrounds:

- Nationally, among those in the top quartile of family income, three quarters have a BA by age 24; from the upper middle quartile just a little over one quarter have a BA by age 24; and a paltry 13.2 of lower middle income and 8.6 percent of lowest quartile 24 year olds have their BA.

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Today's students are less likely to be able to cover their tuition through grants, and more likely to need loans to pay for tuition.

- Inflation has eroded the value of need-based grants in aid to college students. By 2003-04, the average federal Pell Grant covered 23 percent of total charges at the average four-year public institution, down from 35 percent in 1980-81.
- By 2005, Ohio's Instructional Grant (OIG) had dropped to just 34 percent of tuition, down from 60 percent in the late 1980s.
- Ohio four-year public universities served half the first-time, full-time freshmen in 2004, but received only 25 percent of total state grant funds to this group.
- As tuition hikes have outpaced wage gains, aid to the middle class has become important: in 2003, over 78 percent of Ohio's first-time, full-time students at four-year public campuses received grants or took out federal loans.
- Ohio's private universities cost 63 percent more than public universities on the average. A \$50+ million annual grant program provides a subsidy (based on neither need or merit) to Ohio attendees.
- Under the new Ohio College Opportunity Grant, which replaces two existing grants, the maximum award to students will be \$4,992 at a private non-profit university, \$3,996 at a proprietary and just \$2,496 at a four-year public university.
- Fifty two percent more students at Ohio's four-year public universities take out loans than is typical for the nation and the loan they take out, at \$4066, is 15 percent larger than the national average.
- A student at a public, two-year campus in Ohio is twice as likely to have a loan as is typical in the nation.

*Below the Curve* looks at trends in state funding, tuition and financial aid in higher education and emerges with the following key recommendations:

- *The state should invest higher education funds at a per-student level equal to the national average; in 2005, this would have taken an additional \$559 million in state appropriations. Investment should be directed to fully funding enrollment and completing implementation of the new Ohio College Opportunity Grant.*
- *Tuition must be held to the growth in family income, although flexible controls must accommodate enrollment at those institutions with double digit growth. Increased state funding for higher education must be directed to affordability.*
- *Adequate funding for higher education opportunity should be provided by reversing the cut in tax rates on the top one percent of Ohio earners and reprogramming of subsidy to private colleges.*

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*Policy Matters Ohio is a non-profit, non-partisan research institute dedicated to researching an economy that works for all in Ohio. Policy Matters seeks to broaden debate about economic policy by providing research on issues that matter to Ohio's working people and their families. Areas of inquiry for Policy Matters include work, wages, and benefits; education; economic development; energy policy; and tax policy. Generous funding comes from the Joyce, Gund, Cleveland and St. Ann Foundations and the Economic Policy Institute. To those who want a more fair and prosperous economy... Policy Matters.*