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Legislative Budget Office

S.B. 135
134th General Assembly

Final Fiscal Note & Local Impact Statement

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

Primary Sponsor: Sen. Cirino

Local Impact Statement Procedure Required: Yes

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Highlights

Supplemental OCOG awards

- The bill may increase Department of Higher Education (DHE) expenditures from GRF line item 235563, Ohio College Opportunity Grant (OCOG), by providing supplemental OCOG awards to certain students already eligible or receiving OCOG if sufficient moneys remain in item 235563 after traditional OCOG awards are allocated. Ultimately, the total amount awarded is limited to the program's appropriation.

Second Chance Grant Pilot Program

- The bill may increase non-GRF DHE expenditures for the Second Chance Grant Program, initially created as a pilot program but made permanent and codified by the bill, by expanding student eligibility for a grant and reappropriating the unused balance of the program's FY 2022 appropriation of $3.0 million for FY 2023.

Tuition and fees

- A state institution of higher education may forego tuition and fee revenue due to various provisions of the bill.

Joint academic programming and dual enrollment agreements

- State universities also 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.

Administrative costs

- The bill may increase DHE's administrative expenses to adopt rules and issue various reports. The bill may also increase the administrative expenses of state universities to collect data and post 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 state institutions of higher education, (2) modifies the law on K-12 career advising policies, (3) authorizes the Director of Administrative Services, with Controlling Board approval, to sell state-owned land held for the benefit of a state institution of higher education under certain circumstances, (4) requires the Superintendent of Public Instruction, in collaboration with the Chancellor of Higher Education and the Director of the Ohio Department of Job and Family Services (ODJFS), to develop a proposal to implement a statewide apprenticeship program for high school students, (5) modifies one of several requirements for a continuing law property tax exemption for qualified renewable energy facilities by expanding the entities with which a facility owner or lessee may coordinate to train individuals for careers in wind or solar energy, and (6) 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.

Supplemental OCOG awards

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 2022, OCOG generally provides eligible full-time students enrolled at public institutions an annual award up to $2,200; students enrolled at private, nonprofit institutions an annual award up to $3,700; and students enrolled at private, for-profit institutions an annual award up to $1,400. OCOG awards are supported by appropriations from GRF line item 235563, Ohio College Opportunity Grant, under DHE's budget.

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, as long as the Chancellor determines that sufficient funds remain in line item 235563 after traditional OCOG awards are allocated. In other words, students that are eligible for supplemental OCOG awards will only receive additional support after all students eligible for traditional OCOG receive their awards in a fiscal year. Ultimately, the total amount awarded is limited to the program's appropriation. In FY 2021, approximately 52,000 students received OCOG awards totaling over $100 million.

Second Chance Grant Program

In October 2021, the Department of Higher Education (DHE) launched the Second Chance Grant Pilot Program[1] with the goal of reducing the financial barriers preventing Ohioans with some college credit but no bachelor's degree from returning to higher education to obtain a degree or credential. 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 institution of higher education, 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 institution, (4) is not enrolled in the College Credit Plus Program, (5) completes the Free Application for Federal Student Aid (FAFSA) and applies for federal and state need-based aid, (6) is pursuing a credential or degree beyond which the student already possesses, and (7) is not a recipient of any state-supported scholarship 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.

The bill codifies and makes permanent the existing program, with some changes, and renames it the Second Chance Grant Program. Among the changes, the bill expands student eligibility for the program by making eligible a student who disenrolls from a private, nonprofit or for-profit institution, or Ohio Technical Center (OTC), in addition to a state institution of higher education as under current policy, and reducing the minimum amount of time that an eligible student must be out of school after disenrolling from three semesters to two semesters.

H.B. 110 of the 134th General Assembly, the main operating budget act for FY 2022 and FY 2023, supports the pilot program with an FY 2022 appropriation of $3.0 million from Dedicated Purpose Fund 5YD0 line item 235494, Second Chance Grant Pilot Program. Fund 5YD0 was capitalized by an FY 2022 transfer of the same amount from the GRF. Under the program, DHE distributes grants to qualifying institutions and OTCs to provide grants to eligible students. The $3.0 million appropriation will support up to 1,500 grants ($3.0 million/$2,000 per grant) in

[1] See DHE's Second Chance Grant Pilot Program: Overview (PDF) which is available on DHE's website: ohiohighered.org/second-chance.

FY 2022. The bill reappropriates the unused balance of item 235494 at the end of FY 2022 to FY 2023. It also codifies and renames Fund 5YD0 as the Second Chance Grant Program Fund[2] and authorizes DHE to use the fund 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 institutions from which the participants initially disenrolled, information on how the grants were used, and if the participant completed a degree program with the grant.

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. 110 of the 134th General Assembly and has no fiscal impact. Essentially, universities, in FY 2022 and FY 2023, are 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 are 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

[2] Accordingly, the bill renames item 235494 as "Second Chance Grant Program."

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 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.

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.

[3] See OSU’s Pathway Agreements, which may be accessed by conducting a keyword “Pathway Agreements” search on OSU’s website: osu.edu.

[4] See CSU’s Articulations and Partnerships, which may be accessed by conducting a keyword “Articulations and Partnerships” search on CSU’s website: centralstate.edu.

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.

Statewide apprenticeship program proposal

The bill requires the Superintendent of Public Instruction, in consultation with the Chancellor of Higher Education and Director of Job and Family Services, to develop a proposal for a statewide apprenticeship program for high school students on a pathway to employment upon graduation or enrollment in a postsecondary educational institution. The Ohio Department of Education, DHE, and the Ohio Department of Job and Family Services may incur minimal additional expenses for the creation of the proposal. In developing the proposal, the bill requires the departments to consider at least nine factors, including a funding formula to pay businesses for the costs associated with employing students under the apprenticeship program. The proposal must be submitted to the Governor and General Assembly for consideration by June 1, 2023.

New administrative responsibilities

The bill also may increase the administrative costs of state institutions of higher education and DHE 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.

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