COMMUNITY RESEARCH PARTNERS

Need-Based Financial Aid

A tool for supporting Ohio’s education and workforce goals

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Community Research Partners

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Community Research Partners is a nonprofit research, evaluation, and data center based in Columbus that strengthens communities through data, information, and knowledge. Since 2000, CRP has undertaken more than 350 projects, on a wide array of topics, in central Ohio, statewide, and as part of national initiatives. CRP is a partnership of United Way of Central Ohio, the City of Columbus, The Ohio State University, and the Franklin County Commissioners; the Ohio partner for the national Working Poor Families Project; and a partner in the Urban Institute's National Neighborhood Indicators Partnership.

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Post-secondary education is increasingly important to obtain employment that pays a household-sustaining income and meet the skilled workforce needs of employers, but 41.4% of Ohio adults have no education past high school. In 2009, college became less accessible for Ohio's low-income and adult students when the state cut in half the funding for the Ohio College Opportunity Grant (OCOG) need-based financial aid program and ended the program for students in public 2-year institutions.

Community colleges, which provide credentials and degrees for in-demand "middle skill" technical jobs, enroll nearly 80 percent of students in Ohio public 2-year institutions. In 2011, 51 percent of community college students were over age 24, 58 percent were first-generation college students, and 60 percent were part-time students. These groups represent students most in need of financial aid.

This report, prepared by Community Research Partners (CRP), examines the changes in need-based financial aid in Ohio and their impact on students and recommends strategies to strengthen need-based aid programs and policy.

The Ohio financial aid environment

Over a five year period, major changes took place in the scope and scale of Ohio's need-based financial aid programs. After a large increase in the funding and availability of state need-based aid, Ohio decreased the supply of these grants at the same time that the demand for higher education grew.

From OIG to OCOG

In 2006, Ohio introduced the Ohio College Opportunity Grant (OCOG) and phased out the Ohio Instructional Grant (OIG) and part-time aid programs. OCOG awards are based on expected family contribution (EFC) from the federal financial aid form, with a maximum family income of $75,000, up from $39,000 for the OIG. Grants are available for part-time students. Students must be making adequate progress toward a certificate or degree, and OCOG funds can only be used for credit-bearing courses.

Major budget cuts

In 2009, Ohio faced a large drop in state revenues and adopted a budget that reduced state appropriations for OCOG from a peak of $352 million in the 2008-09 biennium, to $171 million for 2010-11. As a result of these cuts, the Ohio Board of Regents adopted a "Pell-first" policy for allocation of OCOG. Because the Pell Grant covered the cost of tuition and fees at public 2-year institutions, OCOG funds are no longer available for students attending Ohio community colleges and regional branch campuses. In 2009, OCOG was eliminated for students attending for-profit (proprietary) schools, but this policy was reversed in the 2012-13 budget.

Steep drop in Pell Grant coverage

A measure of the adequacy of state need-based financial aid is the Pell Grant "coverage" rate, which measures total state-funded grant aid awards as a percent of total Pell Grant awards in the state. The Ohio coverage rate dropped from 37.7% in 2006-2007 to 5.4% in 2010-2011, primarily as a result of cuts in state aid.

Losing ground compared to other states

Ohio's rank among other states in need-based aid dropped precipitously as a result of the OCOG budget cuts in 2009. For the 2005-2008 academic years, Ohio ranked among the top 18 states in need-based grant dollars per undergraduate FTE student. In 2009, this figure ($149/FTE student) was about one-third of what it had been a year earlier ($482), and Ohio's national rank dropped to 35th. Throughout this period, Indiana, Kentucky, Pennsylvania, and West Virginia remained in the top 10-20 states. In 2010, Michigan, which had consistently ranked well below Ohio, jumped ahead in the rankings.

Analysis of total state funding for need-based grant aid over 10 years shows Ohio lagging even farther behind other states. Comparing funding in the 2000-2001 and 2010-2011 academic years, Ohio cut need-based financial aid by 25 percent, ranking Ohio 45th among 47 states and the District of Columbia. Only five other states decreased investment in need-based aid over this period.

Impact of cuts in aid on students

The direct impact of the changes in state-funded financial aid on low-income students has been dramatic. Students who attended a 2-year Ohio public institution in the 2008-09 academic year could have received as much as $2,500 in state aid in addition to a Pell Grant or other grant. Just one year later, they were not eligible for any state aid. Students seeking shorter-term career-technical training can now only receive an OCOG grant if they attend a proprietary school. These for-profit schools, as a group, have much higher tuition and loan default rates than do public 2-year institutions.

Other factors affecting affordability for low-income students

- **Tuition increases:** From the 2008-09 to the 2011-12 academic years, the average annual full-time tuition and fees for Ohio community colleges increased by 12.0 percent ($372). The increase was 8.6 percent ($428) for 2-year regional campuses over this period. In 2011-2012, Ohio ranked 30th among all states in the average published tuition and fees at public 2-year institutions (rank #1 is lowest cost).

- **Federal Pell Grant trends and changes:** The purchasing power of the Pell Grant has been eroding. In 2002-2003, the maximum grant covered 98 percent of the national average in-state tuition and fees at a public 4-year institution, compared to 64 percent in 2012-2013. In addition, changes in the Pell Grant program that took effect in July 2012 reduce the amount of annual income that automatically qualifies for a full award from $30,000 to $23,000 and the length of time that a student can receive a grant from nine years to six years. In addition, students without a high school diploma or equivalent are no longer eligible for a Pell Grant.

Changes in the financial aid mix

A predictable outcome of the decrease in college grants is an increase in student loans and debt. In 2009-2010, 52 percent of Ohio first-time, full-time, degree/certificate-seeking community college students received a loan, an increase of 13 percentage points over 2007-08.

- **Analysis of 2007 and 2009 cohorts:** The Ohio Education Research Center used descriptive statistics to compare first-time student enrollees in an Ohio community college, branch campus, or university main campus in 2007 (before OCOG cuts) with those who enrolled in the same set of institutions in 2009 (after OCOG cuts). All 2009 groups had an increase in the percentage of students with federal loans and the amount of federal loan debt, compared to those who started school in 2007. The average federal loan amount for two semesters or three quarters increased by 23 percent or more for all groups, with the exception of adults at main campuses. The greatest increases were for traditional-age students attending main campuses ($1,849) and adults attending regional campuses ($1,517). Community college students had an average increase in federal loan amounts of $760 for traditional age students and $956 for adults.

Strategies to strengthen need-based aid

An expanded and effective need-based financial aid program is critical to implementing the recent recommendations of the Ohio Higher Education Funding Commission and the Complete College Ohio Task Force. Their recommendations include rewarding completion rather than enrollment, rewarding schools that are successful in educating non-traditional and at-risk populations, and exploring innovations in cost and aid structures (e.g. timing of payments and linking aid to desired performance outcomes) to reward timely completion. The following are three strategies—consistent with research on the characteristics of effective financial aid programs—to strengthen need-based aid in Ohio:

Strategy 1: Increase total state funding for need-based aid

The amount and distribution of OCOG funds is not adequate to meet the needs of Ohio's low-income students and is hindering the ability of the state to achieve its skilled workforce goals. Ohio now provides only 31 percent of the U.S. average need-based aid/FTE—less than all of its neighboring states—and tuition for Ohio public institutions is high compared to other states. Need-based aid is a wise investment for states. Among the alternatives for funding post-secondary education, it has the greatest correlation with college access and success.

Strategy 2: Restore aid for students at 2-year public institutions

All community college financial aid officers interviewed for this research strongly recommended restoring OCOG for their student populations. They indicated that loss of state grant aid has resulted in increased borrowing and higher default rates for their students. Encouraging students to enter and complete a certificate or degree program at a 2-year public institution will have the greatest return-on-investment toward achieving the state's goal of quickly filling job openings of Ohio employers. The following are additional reasons for restoring aid to students at community colleges and regional campuses:

- **Lower-income students are very price sensitive.** Even a small tuition increase--$500 or less—without an increase in aid, may be enough to deter a low-income person from starting or continuing college. College-going rates increase by about 3-5 percentage points per $1,000 in college price reduction.

- **There are barriers to accessing other sources of funding.** Students at community colleges are less likely to receive institutional grants from their colleges, do not have many work-study opportunities, and are much less likely to take out federal Stafford loans. Low-income persons and some racial and ethnic groups prefer to work rather than borrow money for college; however, working reduces the amount of their grant aid eligibility and can undermine academic success.

- **Low-income students need aid in addition to the Pell Grant.** The decision by state policymakers to discontinue OCOG eligibility for Ohio low-income students attending 2-year public institutions was predicated on the assumption that, if the Pell Grant covered the cost of tuition and fees, low-income students at these less expensive colleges could afford to attend without state aid. This assumption was not accurate in 2009, but is even less so in 2013.

  The Pell Grant does not cover the full cost of attendance, particularly for adult students, who are responsible for living expenses for themselves and their households. They face both direct out-of-pocket costs and foregone earnings while in school. Figures on the unmet need of a Pell Grant recipient at a community college range from $3,000 to $5,400. In addition, changes to the Pell Grant program in 2012 include provisions that restrict access to the Pell Grant for groups previously eligible.

Strategy 3: Implement innovations in financial aid access and delivery

Ohio should pursue a more targeted approach to financial aid that provides grant aid in an amount and form that encourages price-sensitive, low- and moderate-income students to enroll in college and complete a certificate or degree. Ohio policymakers should consider the following strategies to assure that OCOG or other need-based financial aid funds are allocated in a way that supports state and institution-specific goals for higher education access and completion:

a) ***Meet enough of a student's financial need to support persistence.*** Providing a larger number of Ohio students with a small amount of financial aid is not an efficient use of state resources. Ohio should provide financial aid with a threshold amount that enables a low-income student to attend school full-time or reduce the number of hours they work while in school. Students who attend college part-time are much less likely to graduate than full-time students. Research has found a relationship between meeting a higher percentage of financial need through grant aid and college retention rates.

A first step is adopting the commonly-recognized definition of "cost of attendance" for the OCOG program. The current definition, which includes only tuition and fees, does not take into account the full cost of attending school for low-income and adult students. The typical definition also includes books, transportation, and living expenses.

b) ***Implement innovations in financial aid access and delivery.*** Ohio should incorporate some or all of the following into an expanded need-based aid program and bring to scale those that have been successfully piloted by individual institutions:

- **Performance-based scholarships.** Performance-based scholarship funds are provided directly to low-income students who have achieved specified grades and course credits. Lorain Community College and Owens Community College are testing this approach as part of the national Opening Doors project.
- **Emergency financial aid.** Emergency financial aid programs help low-income students who are in danger of dropping out because of unexpected financial crises. Colleges with these programs report that students most often ask for help with housing expenses, transportation, and books.
- **Innovative delivery methods.** These include: (1) providing an aid guarantee over the duration of a degree or certificate program, (2) increasing grant amounts in successive years, (3) increasing aid based on performance, and (4) delivering some aid to students as a paycheck, paid every two weeks.

c) Target financial aid to prepare a skilled workforce. Ohio should establish financial aid programs that are directed at helping workers move along career and education pathways in the state's targeted growth industries and occupations. Examples in other states include the Pennsylvania Targeted Industry Program and the Washington Opportunity Grant. Ohio should also provide some aid for short-term, intensive non-degree or non-credit courses that provide students with a credential with value in the marketplace. The Vermont Non-Degree Grant Program is an example of such a program.

d) Couple financial aid with non-financial strategies. Strategies that address: (1) improved college preparation, (2) accelerated remediation, (3) program and curricular changes, (4) integrated student supportive services, (5) improved financial aid administration, and (6) work-based learning, when coupled with adequate financial-aid, can reduce college costs and increase success rates. The Ohio Board of Regents, the Ohio Association of Community Colleges, and individual community colleges are participating in several national initiatives that are working on strategies such as these.

Conclusion

In 2009, state leaders faced a financial crisis, including large budget deficits and decreasing revenues. As a result, the state need-based financial aid program fell victim to budget cuts. However, Ohio is now well on its way to recovery and faces a different set of challenges—not enough educated and skilled workers to meet the needs of employers who are looking to grow jobs in Ohio. Upgrading workforce skill and increasing college completion are front and center on the state's policy agenda. The findings, models, and recommendations in this report can serve as tools to expand and enhance need-based financial aid in ways the best support the state's education and economic development policy goals, while improving the lives of Ohio's low-income and low-skill residents.

1.0 Introduction and background

> Projections show that if we do not increase our college-going and college completion rates at all over the next decade, Ohio will have 61,000 *fewer* adults in the workforce with postsecondary credentials…One study, for example, estimates that Ohio's colleges and universities will need to increase the number of degrees they confer by 10 percent annually to meet workforce needs for 2018.
> —Complete College Ohio Task Force Report and Recommendations[1]

There is little question that post-secondary education is increasingly important to obtaining employment that pays a household-sustaining income, and that an educated and skilled workforce is key to retaining and attracting jobs. State projections indicate that occupations in Ohio requiring some level of postsecondary training are expected to grow by 9.8 percent from 2008-2018, compared with 2.1 percent for those occupations without this education requirement.[2] However, in 2010, 41.4 percent of Ohio adults age 25-54 had no postsecondary education, a figure worse than 34 other states.[3]

At the same time that a growing number of jobs require more than a high school education, many states, including Ohio, have cut funding for higher education and student financial aid.[4, 5] Funding cuts typically translate into higher college costs for students. For low-income persons, the high and increasing net cost of college is one of the top barriers to post-secondary education enrollment and completion.[6] This includes both the direct costs of tuition and fees, as well as living expenses while a student is in school. Cost can be an even greater barrier for non-traditional, adult students who must balance work and family responsibilities with school.

Community colleges help to make college accessible for low-income and non-traditional students and provide credentials and degrees for in-demand "middle skill" technical jobs. In fall 2011, Ohio's 23 community colleges had a total undergraduate enrollment of 204,460, 41 percent of all undergraduate public institution enrollment in the state. The characteristics of community college students, however, are quite different from those attending 4-year institutions. In 2011, 51 percent of community college students were over age 24, 58 percent were first-generation college students, and 60 percent were part-time students.[7] In academic year 2010-2011, Pell Grant recipients made up 50 percent of the student population in Ohio's public 2-year institutions (community colleges and regional campuses), compared to 41 percent at public 4-year institutions.[8]

In 2009, college became less accessible for low-income Ohio students when the state cut in half funding for the Ohio College Opportunity Grant (OCOG) need-based financial aid program and ended the program for students in all 2-year public institutions. These cuts dropped Ohio from 15th in the U.S. in need-based financial aid per undergraduate FTE student in academic year 2006-2007, to 36th in 2010-2011, below all of its neighboring states.

In November 2012, the Ohio Education Funding Commission and the Complete College Ohio Task Force each released reports with recommendations on how to increase student success in Ohio's post-secondary system. Both reports recognize the important of certificate and degree completion to a strong Ohio economy and the need to ensure that at-risk students have access to college. This report focuses specifically on the role that need-based financial aid and other forms of grant aid can play in achieving Ohio's education and economic goals.

About the research

Need-Based Financial Aid addresses: (1) the need-based financial aid environment in Ohio, (2) the impact on students of Ohio's need-based financial aid policies, and (3) strategies, based on national research and models, to strengthen need-based aid in Ohio.

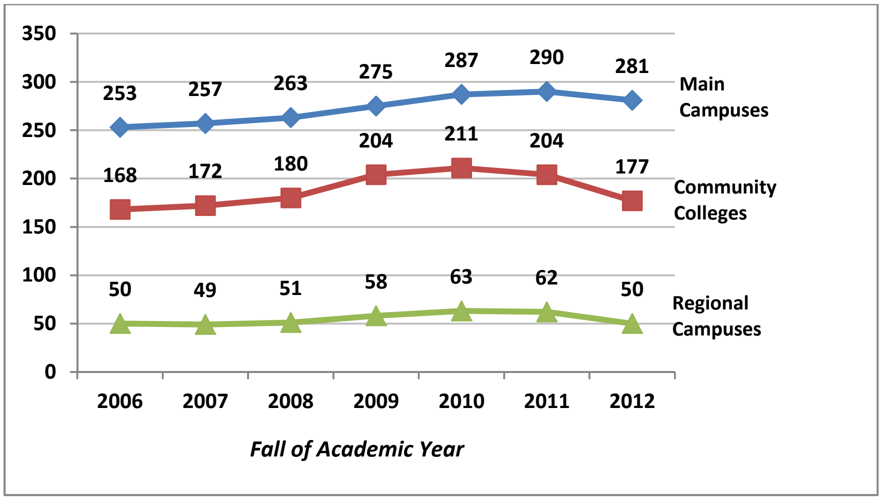
For this report, Community Research Partners (CRP) undertook literature and document research and conducted interviews with financial aid offers at community colleges. The Ohio Education Research Center (OERC) at The Ohio State University analyzed student data from the Ohio Board of Regents (OBR) Higher Education Information System (HEI).

The research was undertaken to support the work of the Ohio Association of Community Colleges. As a result, the focus is on need-based financial aid and community colleges. The Working Poor Families Project and United Way of Greater Cincinnati provided funding support for the project.

2.0 The Ohio financial aid environment

Coinciding with the recession and recovery, there were increases in higher education enrollment in Ohio from 2007 through 2010, followed by decreases in 2011 and 2012. In 2010, total enrollment for all public institutions peaked at 561,133, a 20 percent increase over 2006, but has since dropped to 507,425 (Figure 1).[9, 10] Another factor in enrollment drop was the conversion of all public institutions in Ohio from quarters to semesters in the 2012-2013 academic year.[11] In 2012, 55 percent of enrollees were at university main campuses, 35 percent were at community colleges, and 10 percent were attending university regional campuses.

Figure 1. Fall headcount enrollment, Ohio public institutions, 2006-2012 (thousands)



Source: Ohio Board of Regents, Fall Headcount Enrollment (2007-2011); 15th Day Headcount Enrollment (2012)

The Ohio FY 2012-2013 budget includes funding for two primary financial aid programs. These are the need-based Ohio College Opportunity Grant ($80.3 million/year) and Choose Ohio First Scholarships for full-time students pursuing STEM or STEM education degrees ($15.8 million/year). A portion of OCOG expenditures are used to renew previously awarded Ohio Academic Scholarships, which provided merit-based scholarships to high school students and was discontinued in FY 2010. Ohio also funds War Orphans Scholarships ($4.8 million/year) and provides supplemental funding to Central State University and Shawnee State University ($13.9 million/year) to maintain lower tuitions and fund scholarships that increase access to populations historically under-represented in higher education.[12]

The current mix of state financial aid reflects major changes that took place over a five-year period in the scope and scale of Ohio's primary need-based financial aid programs. After a large increase in the funding and availability of state need-based aid, the state decreased the supply of need-based grants at the same time that the demand for higher education peaked.

From OIG to OCOG

Prior to academic year 2006-2007, full-time students received need-based financial aid through the Ohio Instructional Grant (OIG), with the award amount based on household size and income. Maximum income for the OIG was $39,000 for dependent students and $35,300 for independent students. A separate program, Part-time Student Instructional Grants, allocated funds to institutions to provide aid to part-time, low-income students.[13]

Based on recommendations of the 2004 Governor's Commission on Higher Education and the Economy to increase higher education participation and success, in 2006 Ohio introduced OCOG and phased out the OIG and part-time aid programs.[14] OCOG awards are based on "expected family contribution" (EFC) from the federal financial aid forms, with a maximum family income of $75,000.

Compared to OIG, families with higher incomes are eligible for the OCOG, and grant amounts increased for families with the lowest incomes and fewest assets.[15] The grants are available on pro-rata basis for part-time students down to one-quarter-time enrollment. To receive an OCOG grant, a student must be making "appropriate progress toward a nursing diploma or an associate or bachelor's degree," as certified by the institution of higher education. A student is eligible to receive a grant for up to ten semesters, fifteen quarters, or the equivalent of five academic years. Funds can be used only for credit-bearing courses.[16]

Major budget cuts

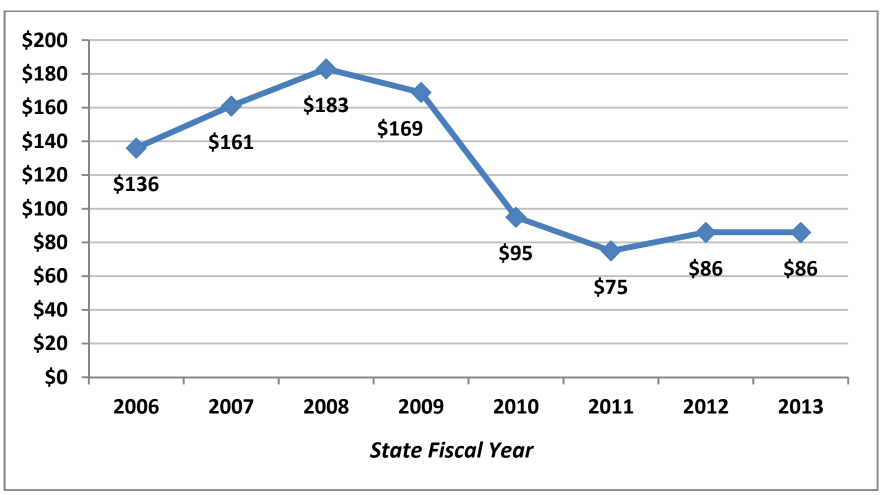
In 2009, Ohio faced large decreases in state revenues as a result of the recession and cuts in tax rates. One of the responses was the adoption of a budget that reduced the General Revenue Fund appropriation for OCOG from a peak of $352 million for the 2008-2009 biennium, to $171 million for 2010-2011, a decrease of 51 percent (Figure 2). The 2010-2011 budget bill also earmarked $41 million in OCOG funds per year for private non-profit institutions.

The budget cut, coupled with projections of additional students eligible for need-based aid, led the state to make major changes in how OCOG funds were allocated. Previously, an income-eligible student could receive both the federal Pell Grant and state aid, providing funding for the direct cost of college attendance (tuition and fees) and for other expenses while attending school (e.g. books, transportation, child care, housing). Beginning in the 2009-2010 academic year, the state moved to a "Pell-first" model. If the combined Pell Grant, EFC, or other tuition-specific aid covers the cost of tuition and general fees, a student is no longer eligible to receive an OCOG grant.

However, OBR took the Pell-first concept one step further. A 2009 OBOR guidance memo notes: "Based on the tuition and general fees as described above…an OCOG eligible student's Pell/EFC combination should cover tuition and general fees at all community colleges and regional branch campuses. Therefore, no OCOG awards will be available to students attending these institutions."[17] Another change that occurred in 2009 was elimination of OCOG funding for students attending private, for-profit (proprietary) institutions.

The 2012-2013 state budget cut General Revenue Fund appropriations for OCOG by 6.2 percent compared to 2010-2011, down to $161 million for the biennium. For the first time, all OCOG funds were earmarked—$41 million per year for private non-profit 4-year institutions, $37 million for public 4-year institutions, and $2.2 million for private for-profit institutions. In addition, a new line item was added (OCOG – Proprietary) providing an additional $6 million per year from casino licensing fees for proprietary schools.[18]

Figure 2. Annual GRF appropriation for Ohio need-based financial aid programs (millions) (1)



Source: Ohio Legislative Services Commission, LSC Greenbook, Ohio Board of Regents

(1) Includes Ohio Instructional Grants, Part-time Student Instructional Grants, Ohio College Opportunity Grant, and/or Ohio College Opportunity Grant – Proprietary

From a high of $183 million in FY 2008, annual funding for state need-based financial aid dropped to $75 million in FY 2011. In FY 2012, there was a small increase—to $86 million per year—but most of the increase was earmarked for proprietary schools. The 2012 and 2013 annual appropriations represent only 47 percent of the 2008 figure. OCOG legislation includes options for use by the OBR Chancellor if there are inadequate funds to provide grants to all eligible students, but OBR staff reports that, to date, this situation had not occurred.

Steep drop in Pell Grant coverage

Currently, neither state need-based aid nor the federal Pell Grant is sufficient, by itself, to fund the entire cost of attending college for the lowest income students. A measure of the adequacy of state need-based financial aid is the Pell Grant "coverage" rate, which measures total state-funded aid awarded as a percent of total Pell Grant awards in the state. The steep drop in Ohio's coverage rate (Table 1) is a result of both cuts to state funding for need-based aid and increases in federal funds for the Pell Grant. However, even when Ohio's coverage rate is calculated based on the lower 2008-09 Pell Grant amount, the 2009-10 and 2010-11 rates represent a 67% drop compared to 2008-09.

Table 1. Ohio need-based grant award coverage of Pell Grant awards

Academic Year	State Grant Award Dollars (thousands) (1)	Pell Grant Award Dollars (thousands) (2)	Coverage (3)	State coverage of 2008-2009 Pell Grant Dollars (3)
2010-2011	73,999	1,358,789	5.4%	11.0%
2009-2010	76,301	1,117,898	6.8%	11.3%
2008-2009	224,886	672,631	33.4%	--
2007-2008	191,939	541,064	35.5%	--
2006-2007	177,559	473,471	37.5%	--

(1) Source: 2006-07-2009-10 data: Postsecondary Education Opportunity, Ohio Education Opportunity Data Book, Table 17; 2010-11 data: National Association of State Student Grant and Aid Programs, 42nd Annual Survey Report

(2) Source: U.S. Dept. of Education, Pell Grant Program End of Year Reports, Table 21, Pell Grant Recipients by State

(3) CRP calculation: state award dollars as a percentage of Pell award dollars

Losing ground compared to other states

Ohio's rank among other states in need-based aid dropped precipitously as a result of the 2009 OCOG budget cuts. For the 2005-2008 academic years, Ohio ranked among the top 18 states in need-based grant dollars per undergraduate FTE student. However, in 2009 this figure ($149/FTE student) was about one-third of what it had been a year earlier ($482), and Ohio's rank dropped to 35th. Throughout this period, Indiana, Kentucky, Pennsylvania, and West Virginia remained in the top 10-20 states in need-based aid, with per-student amounts above the figure for the U.S. In 2010, Michigan, which had consistently ranked well below Ohio, jumped ahead in the rankings (Table 2).

Table 2. Need-based financial aid grant dollars per undergraduate FTE; Ohio, neighboring states, and U.S.

Academic year	2005-06		2006-07		2007-08		2008-09		2009-10		2010-11	
	$/FTE	Rank	$/FTE	Rank	$/FTE	Rank	$/FTE	Rank	$/FTE	Rank	$/FTE	Rank
Indiana	690	5	735	6	803	5	829	5	693	8	726	6
Kentucky	496	10	542	9	528	12	535	12	505	12	463	13
Michigan	214	29	216	30	223	32	220	33	103	41	182	32
Ohio	***365***	***15***	***401***	***15***	***425***	***16***	***482***	***18***	***149***	***35***	***137***	***36***
Pennsylvania	801	3	893	3	876	4	719	7	742	5	639	9
West Virginia	352	18	415	14	402	18	483	17	471	15	423	16
U.S.	415	--	440	--	468	--	476	--	455	--	447	--

Source: National Association of State Student Grant and Aid Programs, Annual State Survey Reports; $/FTE figures rounded to nearest dollar; rankings are for the 50 U.S. states, Puerto Rico, and the District of Columbia

Analysis of the change in total state funding for need-based grant aid over 10 years shows Ohio lagging even farther behind other states (Table 3). Comparing funding in the 2000-2001 and 2010-2011 academic years, Ohio cut need-based financial aid by 25 percent, ranking Ohio 45th among 47 states and the District of Columbia. Only five other states had decreased investment in need-based aid over this period.

Table 3. Change in total state need-based grant aid, 2000-2001 to 2010-2011 academic years; Ohio, neighboring states, and U.S.

	2000-01 ($ millions)	2010-2011 ($ millions)	10-year change	
			Percent	Rank (1)
Indiana	110	239	+117%	18
Kentucky	45	92	+92%	20
Michigan	106	85	-20%	44
Ohio	***99***	***74***	***-25%***	***45***
Pennsylvania	325	368	+13%	39
West Virginia	18	4	+128%	16
U.S.	--	--	+85%	--

Source: National Association of State Student Grant and Aid Programs, Annual State Survey Reports, 2010-2011 Academic Year; figures rounded to nearest million

(1) Rankings are 1, greatest increase, to 48, greatest decrease. Includes Washington, D.C. and Puerto Rico, but not Alaska, South Dakota, and Wyoming, which had no funding in 2000-01

3.0 Impact of cuts in aid on students

The direct impact of the changes in state-funded financial aid on low-income students has been dramatic. Students who attended a 2-year Ohio public institution in the 2008-09 academic year could have received as much as $2,500 in state aid in addition to a Pell Grant or other grant. Just one year later, they were not eligible for any state aid. Maximum aid amounts also dropped significantly for students in 4-year institutions.

Students seeking shorter-term career-technical training can now only receive an OCOG grant if they attend a for-profit proprietary school (Table 4). However, in 2009, the average cost of tuition, books, and supplies for Ohio proprietary schools was about $12,652, [19] four times that of the average tuition and fees (about $3,100) for Ohio community colleges. [20] National studies have found that, as a group, students who attend proprietary schools leave with more debt, and have 2-4 times the default rates, than those who attend public and non-profit institutions.[21]

Table 4. Maximum OIC or OCOG annual award for a full-time student by institution type

	Ohio Instructional Grant	Ohio College Opportunity Grant (1)		
Institution type	**2006-07 academic year ($)**	**2008-09 academic year ($)**	**2009-10 academic year ($)**	**2011-12 academic year ($)**
Community Colleges (2-year)	2,190	2,496	0	0
Regional Campuses (2-year)	2,190	2,496	0	0
Main Campuses (4-year)	2,190	2,496	1,008	856
Private non-profit (4-year)	5,466	4,992	2,256	2,280
Private for-profit	4,632	3,996	0	480

Source: Ohio Board of Regents, OIG grant rate tables and OCOG program award tables

(1) There have been exceptions to the maximum award amounts for several private non-profit institutions.

Other factors affecting affordability for low-income students

Tuition increases

At the same time that need-based financial aid has been cut in Ohio, college tuition continues to increase. From the 2008-09 to the 2011-12 academic years, the weighted average annual full-time unadjusted tuition and fees for Ohio community colleges increased by 12.0 percent ($372). The increase was 8.6 percent ($428) for 2-year regional campuses over this period.[22] In 2011-2012, Ohio ranked 30th among all states in the average published tuition and fees at public 2-year institutions (rank #1 is the lowest cost).[23]

Federal Pell Grant trends and changes

The Pell Grant program is the largest source of need-based financial aid in the U.S. Grant funds that exceed tuition and fees are paid to students and can be used for other costs of attending school or for living expenses. Federal expenditures for the Pell Grant grew from $18.3 billion in 2008 to $34.5 billion in 2011, increasing the number of recipients by 50% over this period.[24] Increasingly, Pell Grant recipients are non-traditional students. In 2010-11, 60 percent of Pell Grant recipients in the U.S. were independent students and half were ages 24 and older.[25]

The maximum authorized Pell Grant was $5,500 in 2012; however, the purchasing power of the Pell Grant has been eroding, because it has not kept pace with the rising cost of tuition and cost of living. National data show that in 2002-2003 the maximum Pell Grant covered 98 percent of the average in-state tuition and fees at a public 4-year institution, compared to just 64 percent in 2012-2013.[26] In addition, most students do not qualify for the maximum grant amount. Only undergraduate students who have an EFC of zero and enroll full-time/full-year receive the maximum Pell Grant. In 2011-2012, the average Pell Grant per U.S. recipient was $3,685.[27]

A number of changes in the Pell Grant program that took effect on July 1, 2012, make it more difficult for low-income students to afford post-secondary education and reduce the number of low-income students eligible for these resources.[28] These include:

- Reducing the amount of annual income that automatically qualifies for a full award from $30,000 to $23,000.
- Reducing the length of time that a student can receive a grant from nine years to six years; applies retroactively for students already attending college.
- Eliminating federal student aid eligibility for students without a high school diploma or equivalent; previously these students who passed an "ability-to-benefit" test or completed six credit hours or 225 clock hours of postsecondary education could receive a Pell Grant.

Changes in the financial aid mix

A predictable outcome of the decrease in college grants available to Ohio students is an increase in student loans and debt. This was cited by all of the community college financial aid officers interviewed by CRP as the major impact of loss of OCOG for students at 2-year institutions. Data on financial aid compiled by OBR provides evidence of this impact (Table 5). In 2009-2010, 52 percent of first-time, full-time, degree/certificate-seeking Ohio community college students received a loan, an increase of 13 percentage points over 2007-08. The percent of students at Ohio regional campuses and university main campuses receiving a loan was nearly the same for the two years.[29]

Table 5. Percent of first-time, full-time degree/certificate-seeking students at Ohio public institutions receiving financial aid grants or loans, 2007-08 and 2009-10 academic years

Aid Type	Community Colleges		University Regional Campuses		University Main Campuses	
	2007-2008	2009-2010	2007-2008	2009-2010	2007-2008	2009-2010
Federal grants (1)	44%	59%	39%	50%	26%	34%
State grants (4)	34%	2%	34%	1%	24%	24%
Institution grants (2)	13%	11%	25%	29%	59%	61%
Federal and other loans (3)	39%	52%	64%	63%	62%	63%

Source: Ohio Board of Regents, *Financial Aid Awarded to First-Time, Full-Time, Degree-Seeking Undergraduates*

(1) Grants provided by federal agencies

(2) Scholarships or fellowships granted and funded by the institution or department within the institution

(3) Any subsidized and unsubsidized loans that must be repaid to the lending institution for which the student is the designated borrower. Does not include loans made directly to parents.

(4) State need-based grants awarded to students in 2009-2010 were awarded before the policy change eliminating OCOG for students in 2-year institutions

Analysis of 2007 and 2009 student cohorts

Additional analysis of the impact of the OCOG cuts was undertaken by the Ohio Education Research Center. OERC analyzed data from the state HEI system, a longitudinal database that includes data on all students enrolled in Ohio colleges and universities. The dataset included both full-time and part-time students with any stated reason for enrollment. Descriptive statistics were used to compare first-time student enrollees in an Ohio public institution in summer or fall of 2007 (before the cuts in the OCOG program) with those who enrolled in the same set of institutions in summer or fall of 2009 (after the OCOG cuts). The data were analyzed separately for students in community colleges, 2-year regional campuses, and main campuses of 4-year institutions, and for students age 18-23 (traditional students) and age 24 and over (non-traditional/adult students) (Tables 7 and 8).

The data show the following patterns when comparing the 2007 and 2009 student groups:

- **Enrollment:** All institutions had enrollment increases between 2007 and 2009. The largest percentage increases were for adult students in community colleges (34.0 percent) and regional campuses (34.6 percent).
- **State need-based grants.** The data showed the expected impacts of the state OCOG policy change between 2007 and 2009. State need-based grants were essentially eliminated for students at community colleges and branch campuses. There was a large increase in percentage of adult students at university main campuses with OCOG funding (69.8 percent), however, the average grant amount for these students dropped by nearly 50 percent between 2007 and 2009.
- **Federal loans:** All 2009 groups had an increase in the percentage of students with federal loans and in the amount of federal loan debt compared to those who started school in 2007. The average federal loan amount for two semesters or three quarters increased by 23 percent or more for all groups, with the exception of adults at main campuses. The greatest increases in average loan amounts were for traditional-age students attending main campuses ($1,849) and adults attending regional campuses ($1,517). Community college students had an average increase in federal loan amounts of $760 for traditional age students and $956 for adult students.
- **Federal grants:** There were large increases in the use of federal grants between 2007 and 2009. The greatest increase in the percentage of students with federal grants was for adults at main campuses (53.1 percent) and adults and traditional age students at regional campuses (43.6% and 31.2% respectively). The average federal grant amount increased by 27% or more for all groups.

Financial aid and persistence

The OERC analysis also examined persistence rates for the 2007 and 2009 enrollment groups to determine if there were differences before and after the change in OCOG policy (Table 6). For traditional-age community college students, fall-to-fall persistence dropped by about two percentage points for 2009 students compared to 2007 enrollees. For all other groups, fall-to-fall persistence increased by about 2-3 percentage points for 2009 enrollees. However, it was not possible from this research to determine the role that financial aid had in the changes in persistence. (Findings from national research on financial aid and persistence are included in Section 4.0.)

Table 6. Academic persistence among first-time enrollees in Ohio public institutions, fall 2007 and fall 2009 (1)

	Community College				Regional Campus				University Main Campus			
	Age 18-23		Age 24 years and over		Age 18-23		Age 24 years and over		Age 18-23		Age 24 years and over	
Year of first enrollment	2007	2009	2007	2009	2007	2009	2007	2009	2007	2009	2007	2009
Fall-to-fall persistence	45.5%	43.1%	37.0%	39.8%	45.8%	47.6%	49.1%	52.4%	74.4%	75.2%	63.9%	66.9%

Source: Ohio Education Research Center analysis of OBR HEI data

(1) Includes all first-time enrollees (full-time and part-time) with any stated reason for attending college (e.g. degree/certificate seeking; skill upgrade, personal interest)

Table 7. Students age 18-23 years enrolled in Ohio public institutions, 2007 and 2009 first-time enrollees, federal and state financial aid for first 3 quarters/2 semesters (1) (2)

	Community College			Regional Campus			University Main Campus		
Financial Aid Source	**2007 Enrollees**	**2009 Enrollees**	**% Change 07-09**	**2007 Enrollees**	**2009 Enrollees**	**% Change 07-09**	**2007 Enrollees**	**2009 Enrollees**	**% Change 07-09**
Number of enrollees Fall or Summer of 2007 and 2009	*36,272*	*40,935*	***12.9%***	*11,780*	*13,406*	***13.8%***	*56,073*	*57,141*	***1.9%***
FEDERAL LOANS (3)									
Number of students with federal loans	7,843	10,447	**33.2%**	6,030	7,438	**23.3%**	28,610	31,422	**9.8%**
Percentage of students with federal loans	21.6%	25.5%	**18.1%**	51.2%	55.5%	**8.4%**	51.0%	55.0%	**7.8%**
Average dollar amount of total federal loans (1)	$3,041	$3,801	**25.0%**	$4,197	$5,181	**23.4%**	$6,322	$8,171	**29.2%**
FEDERAL NEED-BASED GRANTS (3)									
Number of students with federal need-based grants	9,078	11,705	**28.9%**	3,320	4,963	**49.5%**	11,736	15,005	**27.9%**
Percentage of students with federal need-based grants	25.0%	28.6%	**14.4%**	28.2%	37.0%	**31.2%**	20.9%	26.3%	**25.8%**
Average dollar amount of total federal need-based grants (1)	$1,967	$2,645	**34.5%**	$2,808	$3,593	**28.0%**	$3,391	$4,295	**26.7%**
STATE NEED-BASED GRANTS									
Number of students with state need-based grants (5)	6,527	21	**-99.7%**	2,380	84	**-96.5%**	7,812	10,215	**30.8%**
Percentage of students with state need-based grants	18.0%	0.1%	**-99.4%**	20.2%	0.6%	**-97.0%**	13.9%	17.9%	**28.8%**
Average dollar amount of total state need-based grants (1)	$1,464	$1,707	**16.6%**	$1,605	$1,086	**-32.3%**	$1,697	$864	**-49.1%**

Table 8. Students age 24+ enrolled in Ohio public institutions, 2007 and 2009 first-time enrollees, federal and state financial aid for first 3 quarters/2 semesters (1) (2)

	Community College			Regional Campus			University Main Campus		
Financial Aid Source	**2007 Enrollees**	**2009 Enrollees**	**% Change 07-09**	**2007 Enrollees**	**2009 Enrollees**	**% Change 07-09**	**2007 Enrollees**	**2009 Enrollees**	**% Change 07-09**
Number of enrollees Fall or Summer of 2007 and 2009	*19,181*	*25,710*	***34.0%***	*3,406*	*4,584*	***34.6%***	*18,833*	*20,178*	***7.1%***
FEDERAL LOANS (3)									
Number of students with federal loans	5,385	8,721	**61.9%**	1,724	3,070	**78.1%**	3,106	4,131	**33.0%**
Percentage of students with federal loans	28.1%	33.9%	**20.6%**	50.6%	67.0%	**32.4%**	16.5%	20.5%	**24.2%**
Average dollar amount of total federal loans (1)	$4,241	$5,197	**22.5%**	$5,588	$7,105	**27.1%**	$7,553	$8,045	**6.5%**
FEDERAL NEED-BASED GRANTS (3)									
Number of students with federal need-based grants	6,097	9,520	**56.1%**	1,352	2,612	**93.2%**	1,850	3,021	**63.3%**
Percentage of students with federal need-based grants	31.8%	37.0%	**16.4%**	39.7%	57.0%	**43.6%**	9.8%	15.0%	**53.1%**
Average dollar amount of total federal need-based grants (1)	$2,120	$2,868	**35.3%**	$2,636	$3,451	**30.9%**	$2,717	$3,459	**27.3%**
STATE NEED-BASED GRANTS									
Number of students with state need-based grants (5)	4,131	31	**-99.2%**	945	42	**-95.6%**	1,186	2,149	**81.2%**
Percentage of students with state need-based grants	21.5%	0.1%	**-99.5%**	27.7%	0.9%	**-96.8%**	6.3%	10.7%	**69.8%**
Average dollar amount of total state need-based grants (1)	$1,291	$3,017	**133.7%**	$1,340	$587	**-56.2%**	$1,181	$714	**-39.5%**

Source: Ohio Education Research Center analysis of OBR HEI data

(2) Total for first 3 quarters or 2 semesters after enrollment; amounts expressed in 2007 dollars

(3) Includes all first-time enrollees (full-time and part-time) with any stated reason for attending college (e.g. degree/certificate seeking; skill upgrade, personal interest)

(4) Includes loans and grants from federal government/public agencies only

(5) State need-based grants awarded to students in the 2009 cohort were awarded before the policy change eliminating OCOG for students in 2-year institutions

4.0 Strategies to strengthen need-based aid

> States should design [financial aid] programs that will have the biggest effect on collegiate attainment. This means targeting grants at students least likely to be able to afford college without assistance and tying grants to on-time progress toward a degree.
> —Brown Center on Education at Brookings, Beyond Need and Merit[30]

An expanded and effective need-based financial aid program is critical to implementing the recent recommendations of the Ohio Higher Education Funding Commission and the Complete College Ohio Task Force. Their recommendations include rewarding completion rather than enrollment, rewarding schools that are successful in educating non-traditional and at-risk populations, and exploring innovations in cost and aid structures (e.g. timing of payments and linking aid to desired performance outcomes) to reward timely completion. [31, 32]

The recommendations of these two groups are consistent with research that has identified the following characteristics of effective financial aid programs:

- **A clear philosophy and goals.** Align financial aid program design with state policy goals, such as expanding college access, opportunity, and choice, and rewarding education achievement.[33]
- **Predictable and easy to understand.** Provide adequate and predictable financial aid that low-income students can count on over the course of a multi-year postsecondary program and make information about the financial aid program simple and accessible for students and families.[34]
- **Forward looking.** Focus not only on high school or past college performance, but also on what a student may be able to achieve in the future, including on-time progress to a degree or credential.[35]
- **Focused on students on the margin.** Make college financially feasible for students with financial need and the potential to succeed who would not otherwise be able to attend.[36, 37]
- **Meets the needs of adult and independent students.** Design programs that take into account the employment goals and life situations of nontraditional students.

This section describes three strategies—consistent with the above characteristics—to strengthen need-based aid in Ohio: (1) increase total state funding for need-based aid, (2) restore aid for students in 2-year public institutions, and (3) use aid to support goals for higher education access and completion.

Strategy 1: Increase total state funding for need-based aid

The current amount of OCOG funds is not adequate to meet the needs of Ohio's low-income students and is hindering the ability of the state to achieve its skilled workforce goals. Evidence of this is Ohio's rank compared to other states in need-based aid dollars per undergraduate FTE, which fell from 18th in 2008-09 to 36th in 2010-11. Ohio now provides only 31 percent of the U.S. average need-based aid/FTE figure and less than all of its neighboring states.[38] At the same time, tuition costs for Ohio 2-year and 4-year public institutions are high compared to those in other states.[39]

Need-based aid is a wise investment for states. Among the alternatives for funding post-secondary education, need-based aid has the greatest correlation with college access and persistence for low-income students.[40] Large, single-source grant programs have the most consistently positive impact on student persistence.[41]

A study of financial aid policies at 4-year colleges found that pairing Pell grants and need-based state grants resulted in student retention rates that were 14 percent higher than for students who only received the Pell Grant.[42] A 2010 study of the impact of the change in Ohio from the OIG to the OCOG programs found that financial aid impacts students' decisions to withdraw from college. Receipt of a greater amount of aid under the more generous, original OCOG program corresponded to a 2 percent increase in college persistence after one year.[43]

Strategy 2: Restore aid for students at 2-year public institutions

The community college financial aid officers interviewed for this research agreed that OCOG should be restored for students at 2-year institutions. Interviewees noted:

> *OCOG should definitely be restored. The population of students who are affected by this change are those who are most vulnerable and needy financially and the most likely to jump ship when things get rough for them.*
>
> *OCOG should absolutely be restored. I am very concerned about how it affects the cohort default rate, because it impacts our institution. I liked the flexibility of OCOG for part-time students.*
>
> *Restoring OCOG is a no-brainer. Of course we would like to see our students get it. There could be a specific formula for 2-year students.*
>
> *It is not fair that students who are trying to be financially aware and going to a less expensive school for the first couple of years cannot receive OCOG funds.*

Improving college access and completion at all levels of post-secondary education is important for Ohio. However, encouraging students to enter and complete a career-technical certificate or degree program at a 2-year public institution will have the greatest return-on-investment toward achieving the state's goal of quickly filling job openings of Ohio employers. The following are additional reasons for restoring aid to students at community colleges and regional campuses:

- **Lower-income students are very price sensitive.** What may seem to policymakers like a small tuition increase—$500 or less—may be enough to deter a low-income person from starting or continuing post-secondary education if compensating grant aid is not available. The students who enroll in lower-priced public-two year institutions are the most price-sensitive. This is particularly the case for low-income and minority students. Research has found that college-going rates increase by about 3-5 percentage points per $1,000 in college price reduction.[44]

- **Students face barriers to accessing other funding sources.** There are fewer funding options available for students at community colleges compared to those at four year colleges. They are less likely to receive institutional grants from their colleges, do not have many work-study opportunities, and are much less likely take out federal Stafford loans.[45]

  Low-income persons and some racial and ethnic groups are, in general, reluctant to take out a loan to pay for college. There is a preference to work rather than to borrow, however, this can become a slippery slope for students. Working reduces the amount of grant aid eligibility and can undermine academic success. Students who work more than 15-20 hours a week and part-time students are less likely to persist and complete college.[46]

- **Low-income students need aid in addition to the Pell Grant.** The decision by state policymakers to discontinue OCOG eligibility for Ohio low-income students attending 2-year public institutions was predicated on the assumption that, if the Pell Grant covered the cost of tuition and fees, low-income students at these less expensive colleges could afford to attend without state aid. This assumption was not accurate in 2009, but is even less so in 2013.

  The Pell Grant does not cover the true cost of college attendance, particularly for adult and other independent students, who are responsible for living expenses for themselves and their households. These students not only face direct out-of-pocket costs, but also foregone earnings during the time that they are in school. Pell Grant recipients at Louisiana community colleges had an average of $3,000 in unmet need after receiving the grant.[47] Recent Texas research found that, after drawing down all available aid, half of all students in 2-year institutions had some level of unmet need. This amounted to $5,405 for students with incomes below the poverty level, and $3,195 for those with incomes between 101 percent and 200 percent of the poverty level.[48]

  Changes to the Pell Grant program in 2012—lower income threshold for a maximum grant, fewer years of eligibility, and elimination of "ability to benefit" provision—restrict access to the Pell Grant for groups previously eligible. At the same time, tuition and the cost of living continues to increase for Ohio students.

Strategy 3: Use aid to support goals for higher education access and completion

Ohio should pursue a more targeted approach to financial aid that provides grant aid in an amount and form that encourages price-sensitive, low- and moderate-income students to enroll in college and attain a credential or degree. In addition to providing more total funding for need-based aid and restoring aid to students in 2-year institutions, Ohio policymakers should consider the following to assure that OCOG or other need-based financial aid funds are allocated in a way that supports state and institution-specific goals for higher education access and completion:

a) Meet enough of a student's financial need to support persistence

Providing a larger number of Ohio students with a small amount of financial aid is not the most efficient use of state resources. Ohio should provide financial aid with a threshold amount that encourages a low-income student to attend school full time or reduce the number of hours they work while in school. Students who attend college part-time, no matter what their demographic background or academic preparation, are much less likely to graduate than are full-time students. [49] In Louisiana, Pell Grant recipients in public 4-year institutions who had 80 percent or more of their financial need met with grant aid had a 82.3 percent fall-to-fall retention rate, compared to only 55.0 percent of those who had less than 40 percent of their need met with grants. [50] The Pennsylvania Grant Program calculates its need-based grant as a percentage of the student's need, meeting a higher percentage of need for students with a lower EFC.[51]

A first step is adopting the commonly-recognized definition of "cost of attendance." The OCOG program currently defines cost of attendance as including only tuition and fees. However, when asked to define cost of attendance for their institution's financial aid program, the community college financial aid officers interviewed included expenses beyond the current OCOG definition, such as transportation, living expenses, books, and personal expenses. Definitions used by researchers and other states are also broader than the current OCOG definition. This definition from the State Council of Higher Education for Virginia is typical:

> Cost of Attendance (COA): The calculated cost of attending the institution, which includes transportation, room/board, tuition/fees, supplies, books and other expenses. COA is then used to determine eligibility for financial aid.[52]

The Pennsylvania State Grant Program includes the following in the calculation of college costs and grant aid: tuition and fees, up to $1,000 annual allowance for books and supplies, and educational expense allowance (previously room and board or commuter allowance) of $4,000 per year.[53]

b) Implement innovations in financial aid access and delivery

Policymakers and institutions across the country are considering or testing a variety of research-based innovations in how financial aid is accessed and delivered, with the goal of more effectively using scarce resources to achieve student success outcomes and address skilled workforce needs. Ohio should incorporate some or all of the following into an expanded need-based aid program and bring to scale those that have been successfully piloted by individual institutions:

- **Performance-based scholarships.** MDRC's Opening Doors project is testing "performance-based" scholarships at six community colleges across the country, including Lorain Community College and Owens Community College in Ohio. Scholarship funds are provided directly to low-income students who have achieved specified grades and course credits. The funds are in addition to Pell Grants and other aid, and recipients can choose how to spend them. Preliminary findings from the Ohio program sites included increased numbers of students who achieved benchmarks for grades and credits earned and increased rate of full-time enrollment in the second term, compared with control groups. The initiative also includes frequent communication and follow-up with an on-site program coordinator, which may also contribute to student success.[54]
- **Emergency financial aid.** Emergency financial aid programs help low-income students who are in danger of dropping out because of unexpected financial crises. Community colleges that participated in the Lumina Foundation for Education's Dreamkeepers and Angel Fund Emergency Financial Aid Programs found that students most often asked for help with housing

expenses, transportation, and books. Financial aid recipients and administrators indicated that emergency aid helped students remain in college.[55] An emergency aid program operated by Mercy College in New York has been highly successful, with more than 95 percent of students who have received aid graduating.[56]

- **Innovative delivery methods.** Consistent with the focus on student success are promising approaches to delivering financial aid that serve as incentives for persistence and completion. These include: (1) providing a multi-year baseline aid guarantee to reduce uncertainty about aid over the duration of a degree or certificate program, (2) increasing grant amounts in successive years, (3) increasing aid based on performance, and (4) delivering aid remaining after payment of tuition and fees to the student as a paycheck, paid every two weeks.[57, 58]

c) *Target financial aid to prepare a skilled workforce*

Ohio policymakers understand the imperative of using the higher education system to supply a trained workforce for employers. Ohio should follow the lead of states that have established financial aid programs that are directed at helping workers move along career and education pathways in the state's targeted growth industries and occupations. Examples include:

- **Pennsylvania Targeted Industry Program (PA-TIP).** PA-TIP provides need-based awards to students enrolled in for-credit programs in targeted career areas (currently energy, advanced materials and diversified manufacturing, and agriculture and food production) up to the equivalent of the maximum State Grant award ($4,348 in 2012), or 75 percent of the student's total direct educational costs after other grant aid, whichever is less. Students must be enrolled full-time in an eligible program that is at least 10 weeks, but less than 2 academic years, in length. Awards can be used for tuition, books, fees, supplies, and specific living expenses.[59]

- **Washington Opportunity Grant.** The State of Washington Opportunity Grant program helps low-income adults train for high-demand careers in local approved career pathways with a beginning wage of $13-15 per hour. Grants can be used by part-time and full-time students for tuition, fees, and books at local community and technical colleges, for up to 45 credits over three years. The program also provides tutoring, career advising, college success classes, emergency child care, and emergency transportation.[60]

Ohio should also provide some aid for short-term, intensive non-degree or non-credit courses that provide students with a credential with value in the marketplace in targeted industry sectors. Many adult college students are primarily interested in quickly upgrading their employment skills, however, the Pell Grant and OCOG require recipients to be making satisfactory academic progress toward an associate or bachelor's degree or credit-based certificate program. The Vermont Non-Degree Grant is an example of such a program. It provides state aid for a Vermont resident enrolled in a non-degree course that will improve employability or encourage further study.[61]

d) *Couple financial aid with non-financial strategies*

The cost of college is not the only reason that students do not complete a certificate or degree program, and the need for remediation remains the greatest barrier for community college students.[62] The following types of strategies, when coupled with financial-aid, can help to reduce college costs for students and increase success rates: (1) improved K-12 college preparation; (2) accelerated delivery of remediation and basic and developmental education, including bridge programs and basic education contextualized within technical training programs; (3) program and curricular changes to expedite certificate and degree attainment; (4) integrated student support services, including academic planning and advising; (5) improved financial aid information, application processes, and packaging; and (6) work-based learning opportunities, such as co-ops and internships. The Ohio Board of Regents, the Ohio Association of Community Colleges, and individual community colleges are participating in several national initiatives that are working on strategies such as these, including Complete College Ohio, Completion by Design, and Achieving the Dream.[63]

5.0 Conclusion

In 2009, state leaders faced a financial crisis, including large budget deficits and decreasing revenues. As a result, the state need-based financial aid program fell victim to budget cuts. However, Ohio is now well on its way to recovery and faces a different set of challenges—not enough educated and skilled workers to meet the needs of employers who are looking to grow jobs in Ohio. Upgrading workforce skill and increasing college completion are front and center on the state's policy agenda. The findings, models, and recommendations in this report can serve as tools to expand and enhance need-based financial aid in ways the best support the state's education and economic development policy goals, while improving the lives of Ohio's low-income and low-skill residents.

Notes

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