

Ohio Investments in Adult Workforce Education & Training

An analysis of the FY 2010-11 Executive Budget

March 27, 2009

Governor Ted Strickland has made education the centerpiece of his executive budget. His K-12 school reforms have garnered much of the attention, but his budget also includes plans to make postsecondary education more widely available and affordable, higher quality, and better positioned to meet the skilled workforce demands of business. The budget references the Board of Regents' 10-year strategic plan, which has set as its primary goal to raise the educational attainment of the state's population. This includes doubling the number of adults enrolled in college—a vital metric if Ohio intends to retool its current workforce to compete in the 21st century economy. Ohio currently ranks 33rd among states in the percentage of prime working-age adults (25-54) who have an associate's degree or higher, at 34%. With a total of 45% of adults holding only a high school degree or less, Ohio is near the bottom of the pack on workers lacking postsecondary experience, at 37th place.

Raising education attainment levels, however, might be more difficult with the funding priorities in the Governor's executive budget. Understandably, the worsening state fiscal situation calls for shared sacrifice, but it also requires investing in what matters. More often than not, education and training programs capable of building the skills of Ohio workers does not receive the priority funding needed. New and increased investments in the executive budget are mainly directed at the traditional education pipeline: a 4-year degree for the traditional-age student.

The following analysis highlights several key adult education and training programs, comparing their funding levels proposed in the Governor's FY 2010-11 executive budget to the FY 2008-09 appropriated levels, as enacted through the current biennium budget bill, HB 119. The analysis incorporates spending reductions that the Strickland Administration ordered in FY 08 and 09 to rebalance the state budget to match decreased revenues. In several cases, the FY 2010-11 executive budget proposes funding similar to the reduced FY 08 or 09 levels. The net result of the FY 08 and 09 cuts and the proposed FY 2010-11 levels are:

- **Fewer resources to prepare low-skilled adults for college and careers**
 - Adult Basic and Literacy Education (ABLE) is cut by 10%.
 - AccelerateOhio funding is eliminated.
- **Reduced funding to deliver occupational training for workers and businesses**
 - Adult Career-Technical Education is cut by 19%.
 - Community colleges' Job Challenge fund is cut by 24%.
 - EnterpriseOhio Network funding is eliminated
 - Total funding to deliver business training is cut by 32%—nearly \$20 million.
 - Job Challenge, Adult Career-Technical, and ABLE resources are used to fill funding gaps for Ohio Skills Bank and Stackable Certificates.
- **Funding for adult workforce training and development programs are integrated in FY 2011.**
- **Training grants to businesses are increased**
 - Business training subsidies, including Ohio Investment in Training Program, Targeted Industry Training Grants, and Workforce Guarantee, are increased by a combined 27%.
- **New opportunities to connect adult students to Ohio business**
 - Ohio Co-op and Internship Program is launched with \$100 million over two years.
 - Third Frontier Internship funding is doubled, to \$6 million per year.
- **College tuition freeze is extended; OCOG reforms cut financial aid to neediest students**
 - Tuition rates are frozen at community colleges and university branch campuses for next two years.
 - Ohio College Opportunity Grant (OCOG) is reformed in ways that reduce aid to neediest students, particularly those attending community colleges, and expand aid to students with higher family incomes attending higher cost institutions.

COLLEGE READINESS AND ACCESS FOR LOW-SKILLED ADULTS

THE NEED: In Ohio, 1 in 3 adults ages 18-64 (2.1 million) lack the basic skills to enter college and compete for jobs that pay family sustaining wages.

GOVERNOR'S GOALS TO MEET NEED: The FY 2010-11 executive budget sets four objectives to raise the college readiness and access of low-skilled Ohioans:

1. Improve the college-readiness of more individuals so as to lead to enrollment in higher education coursework and a more successful higher education experience;
2. Improve the capacity of educational programs to ensure, upon completion, that students are college ready;
3. Successfully provide developmental educational services that prepare adult students for success in the workplace and in higher educational pursuits; and
4. Increase the number of students who complete Adult Basic and Literacy Education (ABLE) programs that go on to matriculate in higher education coursework.

ASSESSMENT OF EXECUTIVE BUDGET: The executive budget makes significant cuts to college readiness and access:

- **ABLE is cut by 10%**, at a time when service providers are being asked to broaden their missions to serve underprepared college students. Ohio currently invests just \$15 per adult FY2010-11 without a high school diploma or GED, ranking the state 33 out of 50 states.
- **AccelerateOhio funding is eliminated.** The Strickland Administration tapped the line item in the current biennium to develop "stackable" certificates designed to build the basic academic and job-specific skills of low-skilled adults. The budget request eliminates the line item and proposes to extend 12 pilot projects with state resources going to ABLE providers, adult career centers, and community colleges.

PROGRAM	LINE ITEM	FY 08-09 APPROP	FY 10-11 REQUEST	\$ CHANGE	% CHANGE
ABLE (subsidy + OLRC)	235443	\$16,729,476 ¹	\$15,056,528	-\$1,672,948	-10%
AccelerateOhio	235436	\$3,750,000	\$ amount not set ²		

¹ Spending was reduced in FY 09 from \$8,364,738 to \$8,015,579 for adjusted biennium total of \$16,380,317.

² Proposed funding through Jobs Challenge, Adult Career-Technical, and ABLE line items.

OCCUPATIONAL TRAINING FUNDS FOR WORKERS AND BUSINESSES

THE NEED: The majority of jobs produced in Ohio's economy require at least moderate-term on-the-job training, related work experience, a postsecondary vocational award, or an associate's degree. These "middle-skill" jobs typically pay above the state median wage, but businesses are having difficulty finding qualified workers, even in the current economic downturn.

GOVERNOR'S GOALS TO MEET NEED: The FY 2010-11 executive budget contains cross-agency objectives to meet business demands for a skilled workforce:

1. Support efforts to better link workforce training and education to economic development priorities;
2. Align all of Ohio's workforce education and training programs – both those operated by adult career-technical education institutions and those operated by community colleges -- to business needs based on data-driven analysis; and,
3. Build the Ohio Skills Bank to better link workforce supply to industry demand in the state's 12 economic development regions.

ASSESSMENT OF EXECUTIVE BUDGET: The executive budget reduces the capacity of publicly funded education and training institutions to meet the demands of business:

- **Total funding to deliver business training is cut by 32%—a nearly \$20 million reduction.**
 - Adult Career-Technical Education is cut by 19%, when combining FY 08 and 09 reductions with additional cuts in the -11 request.
 - **Community colleges' Job Challenge fund is cut by 24%.** The fund supports the activities of the colleges' noncredit business and industry departments.
 - The EnterpriseOhio Network funding is eliminated. On top of cuts to training institutions, the budget zeros out funding for the EnterpriseOhio Network, a statewide professional development and marketing resource for colleges and career centers.
 - Ohio Skills Bank funding is redirected for other purposes. Through the Skills Bank process, the Strickland Administration has convened education and training providers across each of the state's 12 economic development regions to work with business to develop demand-driven workforce solutions. Unfortunately, just as these efforts are beginning to bear fruit, federal Workforce Investment Act (WIA) funds used to support the Ohio Skills Bank have been redirected.
 - Job Challenge, Adult Career-Technical, and ABLE resources are used to fill funding gaps. The executive budget is seeking to leverage the three program line items to continue funding the Ohio Skills Bank and Stackable Certificates, which have both lost dedicated resources.
- **Integration of adult workforce training and development programs is planned for .** The executive budget requires the Chancellor of the Board of Regents to submit a plan no later than June 1, 2010 for integrating "funding support for the state's adult workforce training and development programs" including Jobs Challenge, Adult Basic and Literacy Education, and Adult Career-Technical Education. The plan must clearly define the formulas, or competitive process, to be used for funding the activities of ABLE providers, state literacy resource centers, adult career centers, and community colleges. The plan may propose the creation of new appropriation items as necessary to support its implementation. Funding integration will start at the beginning in fiscal year 2011, July 1, 2010.

One concept being discussed at OBR is consolidating Jobs Challenge and Adult Career-Technical Education funds into a new line item, to be distributed to adult career centers and community colleges based on student performance in completing noncredit training and moving along the education pipeline to credit-level coursework. The amount of performance funding available to institutions would be based on their overall headcount in noncredit training classes. OBR officials say such a concept would better align noncredit training with agency goals of increasing enrollment and completion in degree programs.
- **Training grants to businesses are increased by a combined 27%.** The executive budget expands the pot of resources available to subsidize businesses expenses to train their incumbent workers.
 - The Ohio Workforce Guarantee consolidates the increased funding pot. Coordinated by the Department of Development, the Workforce Guarantee includes under a single umbrella the Ohio Investment in Training Program (OITP), Targeted Industry Training Grants (TITG), and WIA discretionary funds previously housed in separate agencies throughout state government. Through the new funding pool, business training subsidies are increased by 27%.

PROGRAM	LINE ITEM	FY 08-09 APPROP	FY 10-11 REQUEST	\$ CHANGE	% CHANGE
Adult Career-Tech Education	235444	\$38,963,750 ³	\$31,582,574	-\$7,381,176	-19%
Jobs Challenge, exclude TITG	235415	\$13,096,600 ⁴	\$9,934,984	-\$3,161,616	-24%
EnterpriseOhio	235455	\$2,747,882 ⁵	\$0	-\$2,747,882	-100%
AccelerateOhio	235436	\$3,750,000 ⁶	\$ not set ⁷		
Ohio Skills Bank		\$2,533,492 in WIA	\$ not set ⁷		
Subtotal		\$61,091,724	\$41,517,558	-\$19,574,166	-32%
Ohio Investment in Training Program (OITP)	196434	\$26,821,825 ⁸	\$22,669,786	-\$4,152,039	-15%
Targeted Industry Training Grants (TITG)	195522	\$5,600,000	\$7,600,000	\$2,000,000	36%
Workforce Guarantee	195643	\$0	\$10,800,000	\$10,800,000	100%
OITP + TITG +WG		\$32,421,825	\$41,069,786	\$8,647,961	27%

³ Spending was reduced in FY 08 from \$19,481,875 to \$17,854,650 and in FY 09 from \$19,481,875 to \$15,740,360 for an adjusted biennium total of \$33,595,010.

⁴ Spending for Jobs Challenge (including Targeted Industry Training Grants) was reduced in FY 09 from \$9,348,300 to \$7,606,638.

⁵ Spending was reduced in FY 08 from \$1,373,941 to \$1,259,492 and in FY 09 from \$1,373,941 to \$1,207,020 for an adjusted biennium total of \$2,466,512.

⁶ Spending was reduced in FY 08 from \$1,250,000 to \$516,796 and in FY 09 from \$2,500,000 to \$2,244,329 for an adjusted biennium total of \$2,761,125

⁷ Proposed funding through Jobs Challenge, Adult Career-Technical, and ABE line items.

⁸ Spending was reduced in FY 08 from \$12,227,500 to \$10,741,912 and in FY 09 from \$12,594,325 to \$11,646,095 for an adjusted biennium total of \$22,388,007.

WORK-STUDY OPTIONS TO CONNECT ADULT STUDENTS TO OHIO BUSINESS

THE NEED: One way to draw more laid-off and low-wage workers back to school is by offering them paid work-study opportunities while they retool their skills. Students can earn while they learn; and businesses gain access to a skilled, competitive workforce.

GOVERNOR'S GOALS TO MEET NEED: The executive budget seeks funding to implement the Ohio Co-op and Internship Program (OCIP), a five-year, \$250 million initiative first unveiled as part of the Ohio's bipartisan \$1.57 billion Jobs Stimulus bill in 2008. Governor Strickland sets four objectives for OCIP in his budget request:

1. Increase the number of degree programs in Ohio with specific co-operative educational elements;
2. Increase the availability of internship educational experiences offered as specific components of courses of study;
3. Increase the number of Ohio graduates that remain in Ohio to work for an employer or industry that supported an internship or co-operative learning experience for that student;
4. Support opportunities for Ohioans pursuing degrees in other states to engage in summer internship experiences in Ohio.

ASSESSMENT OF EXECUTIVE BUDGET: The executive budget increases funding for internships and co-operative education.

- Ohio Co-op and Internship Program is launched with \$100 million over two years.
- Third Frontier Internship funding is doubled, to \$6 million per year.

PROGRAM	LINE ITEM	FY 08-09 APPROP	FY 10-11 REQUEST	\$ CHANGE	% CHANGE
Third Frontier Internship		\$6,000,000 ⁹	\$12,000,000	\$6,000,000	100%
Co-op-Internship Program	235441	\$0	\$100,000,000	\$100,000,000	100%

⁹ In FY 2008-09 budget, had been funded in part through Ohio's allocation of federal Workforce Investment Act funds.

COLLEGE AFFORDABILITY FOR LOW-INCOME ADULTS

THE NEED: A major barrier adults face when trying to improve their skills is covering the high cost of education and training. The College Board estimates that a student needs nearly \$15,000 a year to attend a community college, when taking into account family expenses for housing, food, transportation, and other basic needs. These additional costs on top of tuition and fees can make college unaffordable particularly for adults and low- and moderate-income students.

GOVERNOR'S GOALS TO MEET NEED: Governor Strickland and the General Assembly have made lowering the cost of college a key strategy for achieving Ohio's education goals. The FY 2008-09 budget offered additional state resources to colleges that agreed to freeze tuition levels over the two-year period; that funding was preserved in the midst of the worsening state fiscal situation. The FY 2010-11 executive budget sets out two major objectives for continuing to improve college affordability:

1. Provide funding support to extend the current in-state undergraduate tuition freeze at all two-year institutions and university regional campuses for two additional academic years;
2. Help improve affordability for Ohio's college students who exhibit the greatest financial need and maximize the effects of state need-based aid by restructuring the Ohio College Opportunity Grant program into a more efficient program and better leveraging federal financial aid.

ASSESSMENT OF EXECUTIVE BUDGET: The executive budget seeks to leverage federal economic recovery funds to extend the tuition freeze and expand resources for the state's need-based financial aid program.

- **Extending the tuition freeze depends on federal funds.** The executive budget plans to use \$624 million in federal resources to extend the tuition freeze for another two years at community colleges and university branch campuses, and for one more year at the main campuses of 4-year public universities. Without the federal support, Ohio would otherwise face a \$12.3 million gap just to keep tuition rates from rising at steeper than normal levels.
- **Need-based financial aid resources are redistributed by institution type.** The executive budget plans to use \$100 million in federal resources to fully fund need-based financial aid. With the additional federal resources, the executive budget proposes the following reforms:
 - Financial aid resources are subdivided into two funding pots. The executive budget seeks to divide the Ohio College Opportunity Grant (OCOG) resources into two separate funding pots: one for public colleges and universities and the other for private and proprietary schools. The former would follow new rules for how much OCOG aid that income-eligible students would receive, while the latter would be given greater flexibility to use a new block grant to award aid to income-eligible students as they deem fit.
 - Federal resources make funding pots more proportionate to institutional take-up rates. The executive budget applies federal economic recovery funds only to OCOG, making Ohio's distribution of financial aid investments by institution type (public, private, and proprietary) more proportionate to the actual enrollment rates of financial aid recipients.
 - Ohio faces financial aid shortfall without federal funds. Without the additional federal funds to support need-based financial aid, the executive budget would produce a 16% shortfall (\$56.9 million) and create a more disproportionate distribution of aid.

PROGRAM	LINE ITEM	FY 08-09 APPROP	FY 10-11 REQUEST	\$ CHANGE	% CHANGE
Public college/university subsidy	235501	\$3,521,843,699	\$3,534,154,620	\$12,310,921	0.35%
Public college/university subsidy ⁹	235501+644	\$3,521,843,699	\$4,158,198,073	\$636,354,374	18%
Need-Based Financial Aid	235563+ 576	\$351,938,269	\$295,000,000	-\$56,938,269	-16%
Need-Based Financial Aid ⁹	235563 +576	\$351,938,269	\$395,000,000	\$43,061,731	12%

⁹ With funding from the American Recovery and Reinvestment Act

Financial aid funding breakdown by institution type

	PUBLIC COLLEGE	PRIVATE & PROPRIETARY
% OCOG recipients by institution type	72%	28%
% OCOG & OIG funding FY 08-09	55%	45%
% OCOG & Private Block Grant funding FY 10-11 (with federal recovery funds)	65%	35%
% OCOG & Private Block Grant funding FY 10-11 (without federal recovery funds)	53%	47%

- OCOG aid is tied to state-defined cost of attendance.** The executive budget seeks to replace the sliding scale formula for awarding OCOG aid (in which students with the lowest family incomes qualify for the most aid, as is the case with the federal Pell grant) with a new approach that ties OCOG aid levels directly to the cost of attending a particular public college or university (in which all income-eligible students attending higher cost institutions would qualify for the most OCOG aid). The cost of attendance would be set by the state for each institution and include tuition, fees, and allowances for textbook and transportation costs.
 - OCOG is reduced to community college students. Students who attend lower cost institutions will receive little to none OCOG. Aid is cut the sharpest for community college students with the lowest family incomes (family incomes below \$30,000 a year, with an “expected family contribution” of \$0).
 - OCOG is expanded to university students with higher family incomes. Students with higher family incomes (\$30,000–\$75,000 a year) who attend higher cost institutions will receive considerably more OCOG than they had before.
 - Cuts to OCOG could lead some low-income students to drop out. It is reasonable to assume that, as a result of the revised funding formula, some portion of low-income students, who are due to lose the most amount of financial aid, will not have the family resources to continue attending college. Today, Pell and OCOG cover half of the family cost for the lowest income students; under the proposed reforms, financial aid coverage will drop to one-third (based on the College Board’s \$15,000 cost of attendance estimate).
- OCOG reforms do not resolve the unmet needs of adults.** The proposed reforms do not address the unequal treatment of adults in how financial aid eligibility is determined. Adults tend to qualify for less aid than traditional-age students with similar family incomes. In addition, the reforms do not extend aid to college-level certificate programs, which would be a cost-effective investment in improving job skills.

Change in OCOG and Pell award for public college students, by income group (full-time enrollment)

TYPE OF PUBLIC INSTITUTION	LOW-INCOME STUDENT POPULATION	CURRENT OCOG PLUS PELL MAXIMUM AWARD	PROPOSED OCOG PLUS PELL MAXIMUM AWARD	CHANGE AVG (\$)	CHANGE AVG (%)
COMMUNITY COLLEGE	Neediest students (\$0 EFC)	\$7,846	\$5,401	-\$2,445	-31%
	Middle-range students (\$1,050 EFC)	\$5,698	\$4,351	-\$1,347	-24%
	Upper-range students (\$2,150 EFC)	\$3,500	\$3,251	-\$249	-7%
BRANCH CAMPUS	Neediest students (\$0 EFC)	\$7,846	\$6,520	-\$1,326	-17%
	Middle-range students (\$1,050 EFC)	\$5,698	\$5,470	-\$228	-4%
	Upper-range students (\$2,150 EFC)	\$3,500	\$4,370	\$870	25%
4-YEAR MAIN CAMPUS	Neediest students (\$0 EFC)	\$7,846	\$7,747	-\$99	-1%
	Middle-range students (\$1,050 EFC)	\$5,698	\$6,697	\$999	18%
	Upper-range students (\$2,150 EFC)	\$3,500	\$5,597	\$2,097	60%