

Education and Training

Strengthen public higher ed with targeted relief

Piet van Lier and April Hopcroft

Introduction

Colleges and universities across the country are facing an existential threat. The coronavirus pandemic has emptied campuses and left many students facing an uncertain educational future. Particularly vulnerable are Black and Latinx students, who are significantly more likely than whites to report that they have canceled or changed their education plans during the pandemic.¹

The \$2.2 trillion Coronavirus Aid, Relief & Economic Security (CARES) Act included \$14 billion in the Higher Education Emergency Relief Fund (HEERF) to support public and private postsecondary schools. Advocates have expressed concern that new federal relief being negotiated in Congress could incentivize reopening schools rather than providing financial relief and assistance needed to keep them from going under.²

HEERF's formula allocates 75% of its funding based on the number of full-time equivalent (FTE) undergraduate students receiving Pell Grants, the federal student aid program for low-income students, and 25% based on the number of non-Pell Grant FTE, including graduate students. The weight for Pell recipients favors low-income students, providing a badly needed focus on equity. The law also requires that at least half of all HEERF allocations to institutions are regranting to qualifying students.

The HEERF formula provides relief to public and private schools out of the same fund and treats them equally, even though federal and state governments have more responsibility for public schools, and public postsecondary schools educate many more students, more affordably, than do private schools.

In addition, the formula's reliance on FTE instead of headcount, another official enrollment measure, has driven HEERF funding disproportionately to private for-profit schools.³ These schools charge more in tuition than similarly focused public institutions and typically lead to poorer outcomes for graduates.⁴

¹ Fain, Paul, Inside Higher Ed: "Higher Education and Work Amid Crisis," June 17, 2020. <https://bit.ly/2CQSDlt>.

² Murakami, Kelly, Inside Higher Ed: "Will push to reopen threaten aid?" July 16, 2020. <https://bit.ly/3f7dTqU>.

³ Headcount counts each student individually, more accurately measuring the participation of part-time students in higher education than FTE, which does not individually count part-time students.

⁴ Halbert, Hannah, "Risky Business: For-profit education in Ohio," May 25, 2017. <https://bit.ly/2WRAnpc>.

Ohio cuts to public higher education

More than three quarters (77%) of students enrolled in higher education in Ohio attend public colleges and universities, while the remaining 23% attend private institutions, both for-profit and nonprofit.⁵

Ohio's response to the pandemic-related drop in revenue hit public schools hard. At the end of fiscal year 2020 the DeWine administration cut State Share of Instruction (SSI), the state's main funding mechanism for public higher education, by 3.8%, a decrease of \$77 million.⁶ In July, the state announced an SSI cut of 4.38% to the previously budgeted amount,⁷ a decrease of \$89 million.⁸ Ohio also cut \$8.9 million, or 7.3%, in FY20 for the Ohio College Opportunity Grant, its main support for low-income students.⁹

Public colleges and universities across the state reported substantial impact from cuts in FY20, which ended June 30. SSI cuts took nearly \$15 million from Ohio State University in FY20.¹⁰ The school announced plans to cut 586 jobs, and estimated a \$300 million overall loss of revenue for the year across its system, which includes Wexner Medical Center.¹¹ Ohio University, which was facing budget problems before the pandemic, lost \$6.7 million in SSI and furloughed or laid off some 340 employees, including faculty, administrators, and other staff.¹² Lakeland Community College lost \$781,000, laid off 37 workers and furloughed 51.¹³

Disproportionate distribution of CARES Act formula funds

HEERF formula allocations for Ohio postsecondary schools and programs totaled \$277 million for public institutions and \$119 million for private ones.¹⁴ Because the HEERF formula favors institutions that enroll more full-time students, private for-profit schools have received larger allocations than their enrollments warrant. For-profit schools enrolled less than 4% of all Ohio postsecondary students but were allocated more than 8% of formula relief in Ohio. Two-year public schools, including the state's community and technical colleges, enrolled 30% of Ohio's postsecondary students, but their allocation totaled just under 20% of the state's HEERF formula aid.¹⁵

According to a simulation created by the Center for American Progress that uses headcount to more equitably measure enrollment of part-time students, Ohio's public two-year

⁵ Ohio Department of Higher Education: "Total Headcount Enrollment by Institution and by Campus: Fall Term 2008 to 2018," January 2020. <https://www.ohiohighered.org/data-reports/enrollment>.

⁶ Exner, Rich: "See how much Ohio Gov. Mike DeWine is cutting funding to each college and university," May 6, 2020. <https://bit.ly/3hsYtvr>. Overall cuts to higher education totaled \$110 million: <https://bit.ly/32JfH6K>.

⁷ News and Blog, Ohio Conference of the American Association of University Professors: "ODHE Unveils FY 2021 Cuts to SSI," July 10, 2020. <http://ocaaup.org/news/odhe-unveils-fy-2021-cuts-to-ssi/>.

⁸ Based on state's biennial budget passed July 2020, which appropriated \$2.039 billion for SSI in FY21.

⁹ Ohio Department of Higher Education, "FY2020 SSI Reductions," May 5, 2020, <https://bit.ly/2CA36s2>.

¹⁰ Ohio State University: "Ohio State cuts nearly 600 jobs," June 4, 2020. <https://bit.ly/3iGratO>.

¹¹ Drake, Michael, Ohio State University: "Interim budget, furlough policy, compensation-increase pause, student support," June 2, 2020. <https://bit.ly/3hpc9dW>.

¹² Smola, Jennifer, Columbus Dispatch: "Ohio University cuts 200 more employees, announces furloughs and salary cuts," May 15, 2020. <https://bit.ly/3jUeAU>.

¹³ Felton, Chad: "Lakeland Community College announces staff, budget cuts," May 11, 2020. <https://bit.ly/3eZnmQR>.

¹⁴ Miller, Ben, Center for American Progress: "How Much Money Each College Can Receive From the CARES Act," July 1, 2020. Spreadsheet with national and Ohio data available at <https://ampr.gs/39q5duq>.

¹⁵ Ibid.

institutions would have received \$40 million more using headcount than the HEERF formula allocated to them using FTE.¹⁶ These schools provide an entry point for many Ohioans seeking to jumpstart their educations and careers.

Table 1 shows that, on a per-student basis, HEERF allocated more than double the formula relief to for-profit schools in Ohio than it did to all other types of schools in Ohio.

HEERF’s formula has driven funds disproportionately to for-profit schools. Dogged by accusations of fraud,¹⁷ these schools tend to leave graduates earning less and saddled with higher student debt than graduates of public institutions.¹⁸ This is an equity issue because public schools, particularly two-year institutions, tend to enroll more students who have traditionally had less access to higher education, including Black, Latinx, and older students. One in three community college students is the first in their family to attend college, and over 40% are enrolled part-time. Ohio’s for-profit schools enroll higher percentages of non-white students, at least in part because they engage in predatory recruiting of Black people who are eligible for federal and state student aid, but they serve substantially fewer students overall than do all other types of postsecondary schools in Ohio.

Table 1			
CARES Act formula allocations have flowed disproportionately to Ohio’s for-profit colleges			
School type	Total allocation	FTE	Average per student
Private for-profit	\$33,313,386	20,392	\$1,634
Private nonprofit	\$85,221,368	125,752	\$678
Public four-year	\$199,282,449	296,283	\$673
Public two-year	\$77,798,837	111,502	\$698
Statewide	\$395,616,040	553,929	\$714

Source: Policy Matters calculations using CARES Act formula allocation, FTE and headcount data compiled by the Center for American Progress, found online at <https://ampr.gs/2ZJhkzm>.

CARES Act aid for Minority Serving Institutions

The CARES Act allocated \$1.4 billion to support Minority Serving Institutions (MSIs).¹⁹ Allocated separately from HEERF’s formula distribution, this money only slightly mitigated HEERF disparities.

Ohio’s \$10.8 million in MSI money was allocated to 51 MSIs, including our state’s two Historically Black Colleges and Universities (HBCUs). Central State University, Ohio’s public HBCU, received \$4.1 million in MSI funds; Wilberforce University, the state’s private HBCU, received nearly \$900,000.²⁰

¹⁶ Ibid.

¹⁷ Dayton Daily News: “For-profit schools blasted for fraudulent practices,” September 14, 2016. <https://bit.ly/3f0VFam>.

¹⁸ Halbert, Hannah, “Risky Business: For-profit education in Ohio,” May 25, 2017. <https://bit.ly/2WRAnpc>.

¹⁹ Press Office, U.S Department of Education: “Secretary DeVos Delivers Nearly \$1.4 Billion in Additional CARES Act Relief Funds to HBCUs, Minority Serving Institutions, and Colleges and Universities Serving Low-Income Students.” April 30, 2020. <https://bit.ly/39mmvse>.

²⁰ See Allocations for Section 18004(a)(2) of the CARES Act <https://bit.ly/2D3aQui>.

MSI funds also went to one Hispanic Serving Institution, the private Union Institute and University, and to 48 schools in the federal Title III Strengthening Institutions Program, which provides funds to expand institutional capacity to serve low-income students. Many of these schools are community colleges or technical schools, both private nonprofit and public. These funds are for remote-learning technology, grants to cover cost of attendance for eligible students, and training and operational costs.²¹

Ohio's use of discretionary CARES Act dollars

On its own, Ohio has taken a step in the right direction by approving \$200 million of its discretionary CARES Act funds to support higher education, using a pot of money separate from HEERF. The state has divided the money into three buckets: 27% each to public and private schools and the remaining 46% to public institutions with high percentages of residential students.²² Information is not yet available on which institutions will receive these funds. Although nearly half is earmarked for four-year residential schools, the approval includes language to weight headcount rather than FTE for community colleges. These funds are crucial to the short-term survival of higher education in our state and help make up for budget cuts and additional costs schools face as they move online and work to make their campuses safer even as they face a likely decline in enrollment. They do not provide a longer-term solution.

Impact on Federal Work Study students

When campuses closed in the spring, students lost more than housing, in-person classes, and social events: Many also lost on-campus jobs and wages from the Federal Work Study (FWS) program. This loss disproportionately impacts lower-income students because campus jobs are often part of FWS, which is a need-based program that allows students to earn money to pay for tuition and other expenses.

In March, the US Department of Education released guidance allowing institutions to continue making FWS payments to “disaster-affected students” under certain conditions. However, colleges aren’t required to continue employing students and it is unclear if this policy will continue.

Recommendations

As with other parts of our economy and our society, the pandemic has laid bare inequities in our higher education system. That is why relief for higher education must focus first on the survival of our public higher education system, which provides the most accessible and affordable postsecondary options.

Our response to the crisis, however, also should allow for new ways to expand access and success for students who have traditionally had fewer opportunities to reach their educational goals, particularly Black, Latinx and other students of color, as well as low-income and part-time students and those who are first in their families to access postsecondary education. These recommendations are focused on creating a system that enables broader access, improved student outcomes, and deeper investment for everyone.

At the federal level, Congress must act quickly to approve a new relief package that includes support for higher education. Any aid should be structured to prioritize schools that provide an affordable entry point to higher education for students who will need education and

²¹ Press Office, U.S Department of Education on funding for HBCUs and MSIs, April 30, 2020. <https://bit.ly/2CHoYI9>.

²² Gongwer Ohio: “Relief Funds for Schools, Health Care Providers Clear Controlling Board.” July 13, 2020. <https://bit.ly/30MduVB>. Note: These funds are separate from HEERF formula funds allocated to Ohio schools.



training more than ever in the ongoing recession. One priority should be to weight enrollment of part-time students equitably.

Support also should prioritize public schools over private institutions, because public schools provide the most effective, affordable and accessible opportunities. If private schools are part of the next round of relief, it should be from a separate, smaller fund. Because of questionable practices and poor outcomes, for-profit schools should be excluded. The \$37 billion included for higher education in the House-passed Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act is a good starting point.

At the state level, policymakers should immediately tap into the state's \$2.7 billion rainy day fund and find new ways to raise revenue, including the elimination of tax loopholes, starting with 20 identified by Policy Matters Ohio that would raise \$1 billion.²³

Ohio's leaders must ensure equitable and affordable access to public postsecondary education for all Ohioans, no matter what they look like or where they live. In this moment of crisis, we ignore our state's public higher education system at great risk to our future.

²³ Patton, Wendy: "Cut tax loopholes, not schools and hospitals." July 7, 2020. <https://bit.ly/2ZVrD3n>.