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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

H.B. 728
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 728's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. A. Miller and Stein

Local Impact Statement Procedure Required: No

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Highlights

- The bill expands the Ohio National Guard Scholarship Program (ONGSP) to include reserve members of all military branches. Additional costs to the state for the expansion of ONGSP could range from tens of millions to hundreds of millions of dollars, mostly depending on how many newly eligible reserve members apply for a scholarship and state appropriation levels.
- If the program's state appropriation is not sufficient to fully fund the scholarships, the Department of Higher Education reduces the award level to fit within the appropriation. Public institutions of higher education must cover the reduced amount, either through institutional grants or tuition waivers.

Detailed Analysis

Background

The bill adds reserve members of all military branches to the pool of eligible applicants for the Ohio National Guard Scholarship Program (ONGSP) and renames the program the Ohio National Guard and United States Armed Forces Reserve Scholarship Program (ONGAFR). Under current law, ONGSP provides higher education scholarships to all eligible personnel of the Ohio National Guard. The scholarship covers 100% of tuition for students enrolled at public institutions of higher education and an amount equivalent to the average tuition charged by state universities for students enrolled at private institutions after other certain federal and Department of

Defense educational assistance is applied toward tuition charges.¹ The scholarship is available for up to 12 full-time quarters or eight full-time semesters, equivalent to four years of study.

According to the Department of Higher Education (DHE), ONGSP paid out approximately \$16.4 million in scholarships in FY 2022, which supported 2,366 scholarships at more than 80 public and private institutions of higher education. Approximately 2,100 of the 2,366 total recipients (87%) were enrolled at public higher education institutions.² In FY 2023, the program is supported by an appropriation of \$19.0 million from GRF line item 235599, National Guard Scholarship Program, in the DHE budget. Although funding for ONGSP is under DHE, it shares the program's administrative responsibilities with the Adjutant General's Department.

Fiscal effects

The inclusion of reservists in ONGAFR will likely increase, perhaps significantly so, the number of individuals receiving scholarships. Estimated state costs could range from tens of millions to hundreds of millions of dollars, depending on the number of reservists who receive a scholarship. In order to estimate how many eligible reservists might apply for, and receive, an ONGAFR scholarship and the potential scholarship costs, we first considered the participation rate of current Ohio National Guard members in ONGSP. Of the more than 15,500 total members of the Ohio National Guard in FY 2022, approximately 2,400 members were awarded an ONGSP scholarship, a participation rate of more than 15%. In the same year, the total number of active duty reserve members in all branches of the military stationed in various locations around the world was more than 341,300. About 10,800 of those total reserve members were stationed in Ohio, meaning the rest of the reservists likely would attend classes online. Fully online offerings may also be limited to certain programs, which may reduce participation by nonresident reservists. Therefore, the participation rate could be somewhat lower than the 15% participation rate of the Ohio National Guard members.

The table below estimates the costs for the additional reserve applicants based on participation rates of 1%, 5%, and 10% of the total 341,300 reserve members in FY 2022. In each scenario, the estimated number of applicants are multiplied by the average ONGSP scholarship amount in FY 2022 of about \$7,000. For current ONGSP participants, who presumably reside in Ohio, scholarship awards generally are associated with in-state tuition rates. It is unclear whether ONGAFR scholarship amounts would take into account any out-of-state surcharges for nonresident reservists. If they do, scholarship amounts could be higher than the specified \$7,000 average award, as most public universities have an out-of-state surcharge for nonresident students. Out-of-state surcharges for online programs, however, vary by institution. For example, a number of public universities charge relatively small out-of-state surcharges for these programs, equating to \$100 to \$300 for a typical academic year. Others, like the Ohio State

¹ See the Adjutant General's Department's (ADJ) [ONGSP Terms & Conditions \(PDF\)](#) which is available on ADJ's website: ong.ohio.gov/members/ong/education/index.

² See the Department of Higher Education's [Summary of Program Expenditures by Institution FY 2022 \(PDF\)](#) which is available on DHE's website: higher.ohio.gov/educators/financial-aid/sgs-expenditures.

University (OSU), may apply the same out-of-state surcharge used for students attending on campus. In OSU's case, the annual out-of-state charge amounts to over \$24,000.³

Nevertheless, as the table shows, the number of potential new applicants could add significant costs to ONGAFR. As points of reference, state costs could range from \$23.9 million if 1% of the total 341,300 reservists in FY 2022 participated in ONGAFR to \$238.9 million if 10% of the same population participated. The annual cost for the reservists stationed in Ohio alone, if participating at the same 15% rate as Ohio National Guard members, or 1,620 reservists, would be an estimated \$11.3 million.

Estimated Additional Costs for Proposed ONGAFR Scholarship Program (\$ in millions)		
Participation Rate	Estimated Reservists Receiving ONGAFR Scholarships (% x 341,300 Total Reservists)	Estimated Costs (# new recipients x \$7,000 award)
10%	34,130	\$238.9
5%	17,065	\$119.5
1%	3,413	\$23.9

Ultimately, the bill's fiscal effects will depend mainly on the number of reservists who receive a scholarship, but also on the level of scholarship awards for nonresident reservists, the institutions that reservists choose to attend, and state appropriation levels. Generally, if state appropriations are insufficient to meet demand, continuing law requires the Department of Higher Education (DHE) to reduce the amount of a scholarship to less than the full public tuition level in order to fit the appropriation. Each institution must make up the reduced scholarship amounts via an institutional grant or a tuition waiver.

³ OSU enrolls the largest number of nonresident students among public universities, accounting for roughly one-quarter of that sector's enrollment of such students in recent years.