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H.B. 242
135th General Assembly

Bill Analysis

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Version: As Reported by House Higher Education

Primary Sponsors: Reps. A. Miller and Stein

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SUMMARY

- Establishes the Armed Forces Reserve Component Scholarship Program with an effective date of July 1, 2025.
- Creates the Armed Forces Reserve Component Scholarship Reserve Fund and the Armed Forces Reserve Component Scholarship Donation Fund.

DETAILED ANALYSIS

Armed Forces Reserve Component Scholarship Program

The bill establishes the Armed Forces Reserve Component Scholarship Program, effective July 1, 2025.¹ The program is modeled after the existing Ohio National Guard Scholarship Program.² Eligibility is limited to individuals who meet all of the following criteria:

- Do not possess a baccalaureate degree;
- Serve as a member of a reserve component of the U.S. Army, Navy, Marine Corps, Air Force, Coast Guard, or Space Force in Ohio, or have been called to serve on active duty while serving as a member of a reserve component of the armed forces in Ohio on or after September 11, 2001 (see "**Active duty**," below);
- Are enrolled in a qualifying program (see "**Scholarship amount**," below);
- Have not earned more than 48 "eligibility units" (see "**Eligibility units**," below);

¹ R.C. 3333.46(B); Section 2 of the bill.

² R.C. 5919.34, not in the bill. The Ohio National Guard Scholarship Program was established by H.B. 228 of the 112th General Assembly.

- Have not received aid from the Ohio National Guard Scholarship Program;³
- Have not been discharged from any branch of the armed forces under other than honorable conditions.⁴

The Chancellor of Higher Education must approve all eligible applicants and process applications in the order received. The Chancellor must not consider financial need when awarding a scholarship under the program, nor may the Chancellor give priority to any applicant on the basis of sex, race, or religion.

The Chancellor must develop a written explanation of how scholarship recipients may become ineligible and liable for repayment of scholarships received through the program. To qualify for scholarships, applicants must review this written explanation before accepting a scholarship or accepting an enlistment, warrant, commission, or appointment for a term not less than the scholarship recipient's remaining term in a reserve component of the armed forces.⁵

On or before the first day of each academic term, the bill requires the Chancellor to request that the U.S. Department of Defense provide an eligibility roster to the Chancellor and to each institution of higher education at which one or more scholarship recipients have applied for enrollment. An institution then is required to certify the actual full-time enrollment of each scholarship recipient and return the roster to the Chancellor. The Chancellor must use this roster to provide for payment through the program. If an institution fails to certify the actual enrollment of a scholarship recipient listed as enrolled at the institution within 30 days of the end of an academic term, the institution will not be eligible to receive payment from the program or from the individual enrollee.

Twice yearly, the Chancellor must report to the Director of the Office of Budget and Management (OBM), the Speaker of the House, and the Senate President. The report must include the number of scholarship recipients under the program, the size of the scholarship-eligible population, and a projection of the cost of the program for the remainder of the state budget cycle (i.e., biennium).⁶

Scholarship amount

The following table details the amount of tuition a scholarship recipient may receive through the Armed Forces Reserve Component Scholarship Program:⁷

³ R.C. 3333.46(A).

⁴ R.C. 3333.46(F)(4).

⁵ R.C. 3333.46(C).

⁶ R.C. 3333.46(H).

⁷ R.C. 3333.46(D)(1).

Type of institution	Amount
State college or university	100%
Nonprofit private institution <i>or</i> certain private career colleges and schools ⁸	100% of the average tuition charges of all state universities
Institutions certified by the State Board of Career Colleges and Schools ⁹	The lesser of either (1) 100% or (2) 100% of the average tuition charges of all state universities ¹⁰

Federal educational financial assistance programs

Under the bill, the Chancellor must require that applicants who receive assistance through the program must first defray the cost of their education by applying all money received, if any, from federal educational financial assistance programs to their tuition balance.¹¹ However, a scholarship recipient's scholarship under the program must not be reduced by the amount of the applicant's benefits under the Montgomery G.I. Bill Act of 1984.¹²

Eligibility units

An eligible applicant is entitled to receive scholarships through the Armed Forces Reserve Component Scholarship Program until the applicant has accumulated 48 "eligibility units."¹³ The term "eligibility units" is a general term meaning credit hours or analogous measurements of academic progress. The bill specifies that 12 eligibility units is equal to 12 credit hours if the academic term is a semester or eight credit hours if the academic term is a quarter.

The 48 eligibility units must be accrued on a full-time basis while a scholarship recipient is receiving assistance from the program, but the semesters or quarters for which the recipient receives assistance need not be consecutive. Once the recipient has earned 48 eligibility units

⁸ R.C. 3333.046, not in the bill.

⁹ R.C. 3332.03, not in the bill.

¹⁰ For the purpose of the program, the term "state university" is defined in R.C. 3345.011, not in the bill.

¹¹ R.C. 3333.46(D)(2).

¹² R.C. 3333.46(D)(3).

¹³ R.C. 3333.46(E)(2).

through the program, the recipient is not eligible to receive more assistance from the program.¹⁴

The bill also specifies that if a scholarship recipient withdraws from courses before the end of an academic term so that the recipient's enrollment for that academic term is less than 12 credit hours per semester or eight credit hours per quarter, no scholarship will be paid on behalf of that person for that academic term through the program. Except for in the case of a scholarship recipient who is called into active duty, if a scholarship has already been paid on behalf of a person who withdraws from courses before the end of an academic term so that the recipient's enrollment for that academic term is less than 12 credit hours per semester or eight credit hours per quarter, then the Chancellor must add to that scholarship recipient's accumulated eligibility units the number of eligibility units for which the scholarship was paid.¹⁵

Active duty

For up to five years from when an individual's enlistment obligation in a reserve component of the armed forces ends, scholarship recipients who are called into active duty while serving in a reserve component of the armed forces in Ohio on or after September 11, 2001 may be eligible for scholarships to defray the cost of academic terms that were missed or could have been missed as a result of serving on active duty. If a scholarship recipient withdraws from a course for which money from the program had been awarded, or otherwise fails to complete a course, the institution of higher education must grant the scholarship recipient a leave of absence and must not impose any academic penalty for the withdrawal or failure to complete the course.

If a scholarship recipient withdraws from, or otherwise fails to complete a course, as a result of being called into active duty, and if the course has already been paid for by the program, then either (1) the Chancellor must not add the eligibility units in question to the scholarship recipient's accumulated academic credits under the program, and the educational institution must repay the scholarship amount to the state or (2) the Chancellor must add the eligibility units in question to the scholarship recipient's accumulated academic credits under the program if the educational institution agrees to permit the individual to complete the remainder of the academic courses in which the individual was enrolled at the time the individual was called into active duty.¹⁶

If a scholarship recipient fails to complete the term of enlistment, re-enlistment, or extension of current enlistment the recipient was serving at the time a scholarship was paid on behalf of the recipient under the program, the scholarship recipient must repay to the state a portion of scholarship money equal to the percentage of the current term of enlistment, re-enlistment, or extension of enlistment a recipient has not completed as of the date the

¹⁴ R.C. 3333.46(E).

¹⁵ R.C. 3333.46(E)(3).

¹⁶ R.C. 3333.46(F).

recipient is discharged from a reserve component of the armed forces, plus interest at the rate of 10% per year calculated from the dates the scholarships were paid.

The Attorney General may commence a civil action on behalf of the Chancellor to recover the amount of the scholarships and the 10% interest provided for in the bill, as well as other expenses incurred in prosecuting the action, including court costs and reasonable attorneys' fees. However, a scholarship recipient is not liable for repayment if the recipient's failure to complete the term of enlistment being served (at the time a scholarship was paid on behalf of the recipient under the bill) is due to the scholarship recipient's death or discharge from a reserve component of the armed forces due to disability.¹⁷

Other state financial aid

The Chancellor may adopt rules pursuant to the Administrative Procedure Act to regulate the administration and fiscal management of the Armed Forces Reserve Component Scholarship Program and the procedure by which the Chancellor may modify the amount of scholarships a scholarship recipient receives based on the amount of other state financial aid a scholarship recipient receives.¹⁸

The bill also specifies that the Chancellor, with regard to the program, is exempt from the requirements of S.B. 9 of the 134th General Assembly. Under S.B. 9, certain entities such as the Chancellor must eliminate two rules for each rule they adopt that contains a "regulatory restriction." With this exemption, the Chancellor is not required to eliminate rules in order to adopt more rules regarding the administration of the program.¹⁹

Estimating costs

The Chancellor and the OBM Director, or their designees, jointly must estimate the cost of the Armed Forces Reserve Component Scholarship Program for each upcoming budget cycle and report it to the chair of the finance committee in each General Assembly chamber before each state budget cycle. During each fiscal year, the Chancellor and OBM Director must meet regularly to monitor the actual costs associated with the program and update cost projections for the remainder of the budget cycle as necessary. If appropriations and dedicated funds for a given period are insufficient, the Chancellor must notify each state and private educational institution where a scholarship recipient is enrolled that each institution must agree to make up the balance of any scholarship that the Chancellor decides to reduce.²⁰

The Controlling Board must not transfer all or part of any appropriation for the program.²¹

¹⁷ R.C. 3333.46(G).

¹⁸ R.C. 3333.46(I).

¹⁹ R.C. 3333.46(M).

²⁰ R.C. 3333.46(J).

²¹ R.C. 3333.46(K).

Related funds

The bill creates the Armed Forces Reserve Component Scholarship Reserve Fund. As soon as possible after each fiscal year, and when funds are made available, the Chancellor must certify to the OBM Director the amount of funds remaining in the GRF that were appropriated for the Armed Forces Reserve Component Scholarship Program. The Director may then transfer up to that amount to the Armed Forces Reserve Component Scholarship Reserve Fund. The Director also may transfer any unencumbered balance from the Armed Forces Reserve Component Scholarship Reserve Fund to the GRF.

If it is determined that GRF appropriations are insufficient to meet the obligations of the program in a fiscal year, the Director may transfer funds from the Armed Forces Reserve Component Scholarship Reserve Fund to the GRF to meet those obligations. If the transferred funds are not needed, the Director may transfer the unexpended balance from the GRF back to the Armed Forces Reserve Component Scholarship Reserve Fund.²²

The bill also creates the Armed Forces Reserve Component Scholarship Donation Fund. The Chancellor may apply for, receive, and accept grants, and may receive and accept gifts, bequests, and contributions from public and private sources, including U.S. and Ohio agencies and instrumentalities, and must deposit them into the fund. The fund must be used to operate the program.²³

HISTORY

Action	Date
Introduced	07-17-23
Reported, H. Higher Education	11-02-23

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²² R.C. 3333.461.

²³ R.C. 3333.46(L) and 3333.462.