



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 464 of the 131st G.A.

Date: April 15, 2016

Status: As Introduced

Sponsor: Reps. Terhar and Brinkman

Local Impact Statement Procedure Required: No

Contents: Ohio National Guard Scholarship repayment liability for recipients that enlist in the U.S. Armed Forces

State Fiscal Highlights

- The bill eliminates repayment liability for an Ohio National Guard Scholarship recipient who fails to complete the recipient's term of enlistment in the Ohio National Guard due to enlistment in the U.S. Armed Forces. Accordingly, the bill reduces, by an uncertain amount, potential collections associated with individuals who receive the ONG Scholarship but do not complete the term of enlistment.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Background

The Ohio National Guard (ONG) Scholarship Program provides tuition assistance to individuals who enlist, extend, or re-enlist in the ONG for a six-year period. The scholarship program pays 100% of a student's tuition at state-supported post-secondary institutions, and an amount equivalent to the average state-assisted award for students enrolled in private post-secondary institutions. The scholarship program is jointly overseen by the Department of Higher Education (DHE) and the Adjutant General. The scholarships are funded by the GRF through line item 235599, National Guard Scholarship Program, in DHE's budget.¹

¹ In addition, Fund 5BM0 line item 235623, National Guard Scholarship Reserve, is funded from the unexpended balances of prior-year GRF appropriations from line item 235599 and is used to provide scholarships when line item 235599 has insufficient funds available to make all ONG Scholarship award payments.

Currently, a scholarship recipient who does not complete the full six-year term of enlistment in the ONG is liable to the state for repayment of a pro rata portion of the scholarships paid on behalf of the recipient, plus interest. Prior to FY 2012, a scholarship recipient who enlisted in the active component, or an active reserve component, of the U.S. Armed Forces was exempt from incurring such liability for repayment. H.B. 153 of the 129th General Assembly removed this exemption so that, currently, Ohio law allows for repayment liability exemptions only if the recipient is unable to complete the recipient's term due to death or discharge from the ONG due to disability. The Attorney General, on behalf of DHE, may commence a civil action to recover repayment amounts for which a scholarship recipient is liable.

The bill

The bill eliminates repayment liability for an ONG Scholarship recipient who fails to complete the recipient's term of enlistment in the ONG due to enlistment in the active component, or an active reserve component, of the U.S. Armed Forces. Accordingly, the bill reduces potential collections associated with individuals who receive the ONG Scholarship but do not complete the term of enlistment. The magnitude of the bill's fiscal effect is uncertain, as the ONG Scholarship Program office does not maintain information on the number of scholarship recipients who do not complete their ONG enlistment. As such, it also does not track how many active duty and reserve members of the U.S. Armed Forces currently have to repay the scholarship. Once the scholarship program office processes a debt, it is referred to the collections department of the Ohio Attorney General's Office.

The Ohio Attorney General's Office was able to provide information about the total number of debts and total amount of debts that were referred to it by the ONG Scholarship Program office for collections between FY 2010 and FY 2015. This information is provided in the table below. The provision of H.B. 153 took effect in FY 2012.

ONG Scholarship Collections Certified by Attorney General, FY 2010-FY 2015			
Fiscal Year	Number of Certifications	Total Amount of Certified Debt	Total Scholarship Expenditures
2010	43	\$78,336	\$15,138,429
2011	207	\$464,094	\$14,957,200
2012	111	\$310,346	\$14,839,609
2013	68	\$212,450	\$14,556,355
2014	145	\$420,049	\$18,277,706
2015	63	\$171,900	\$17,399,542