



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 415  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 415's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. A. Miller and Jarrells

**Local Impact Statement Procedure Required:** No

Edward M. Millane, Fiscal Supervisor

### Highlights

- State institutions of higher education that enroll eligible veterans, or a veteran's spouse or dependents, under the bill's eligibility expansion, may receive less tuition revenue under the bill since they will no longer be able to apply an out-of-state surcharge on tuition for these individuals.
- Conversely, the reduced tuition offered under the bill may incentivize some of these students to enroll in state institutions, which would increase tuition revenues as well as instructional costs at those institutions.
- State institutions may gain or lose revenue from state share of instruction (SSI) formula payments depending on how the enrollment of newly eligible veterans, or a veteran's spouse or dependents, change the institution's share of student course and degree completions and other institutional outcome factors used in the formula.
- The bill does not necessarily increase the state's cost for SSI formula payments, even if enrollment were to increase, due to the manner in which the General Assembly allocates SSI funding to state institutions.

## Detailed Analysis

### Overview

Current law grants in-state tuition to a veteran, or a veteran's spouse or dependents, as long as the veteran served one or more years on active military duty.<sup>1</sup> The bill expands eligibility for in-state tuition at state institutions of higher education by reducing the minimum duration of active duty service to qualify for in-state tuition to 15 or more days, including active duty for training in any year of service. The bill appears to primarily benefit members of the National Guard or reserve components of the military who have not completed at least one year of active duty and their spouses or dependents, as individuals joining the military for active duty generally have an active duty service obligation of four years.<sup>2</sup>

State institutions that currently enroll students newly eligible for in-state tuition will receive less tuition revenue than under current law. Most nonresident students attend four-year university main campus locations. The annual tuition revenue loss per full-time student would average \$9,580 for those institutions, which is the difference between the average out-of-state and the average in-state tuition charged at four-year campuses. On the other hand, the reduced tuition offered under the bill may incentivize additional qualifying veterans or their family members to enroll in Ohio institutions, which would increase tuition revenues as well as instructional costs. For each new full-time student enrolled, the average annual tuition revenue gain per student would be \$10,217 for four-year main campus locations, which is the average in-state tuition amount. In addition, state institutions may gain or lose revenue from state share of instruction (SSI) formula payments. The following provides additional details.

### Tuition revenues

State institutions generally can charge a higher tuition rate to out-of-state students than they can for in-state students. Under the bill, state institutions will receive less tuition revenue for newly eligible veterans and family members that would have otherwise attended the institution at out-of-state tuition rates. The cost of this provision is uncertain, as enrollment data reported by state institutions to the Ohio Department of Higher Education (DHE) does not identify the number of veterans and family members attending the institutions by residency status. However, as a point of reference, institutions classified 19.5% of students as nonresidents in the fall 2020 headcount reported to DHE. About 60% of these students attended four-year main campus locations. The table below shows that, in FY 2022, the average in-state tuition and general fees for undergraduate students enrolled at the main campus of one of the state's 13 public four-year universities is \$10,217, while the average out-of-state undergraduate tuition and general fees charged to a student is \$19,797. The difference, \$9,580, represents the average amount of the annual revenue loss per student at those locations due to the bill if it was in place

---

<sup>1</sup> Under continuing law, "veteran," for in-state tuition purposes, means any person who has completed service in the uniformed services, which includes the active and reserve components of the Army, Navy, Air Force, Marine Corps, or the Coast Guard; the Merchant Marine, the commissioned corps of the Public Health Service, the commissioned corps of the National Oceanic and Atmospheric Administration; and the National Guard and the organized militia.

<sup>2</sup> USA.gov, "Join the Military," last updated October 28, 2021, <https://www.usa.gov/join-military>.

in FY 2022. The difference would be less for students that attend community and technical colleges. The annualized in-state rate at those institutions averages \$5,085 while the out-of-state rate averages \$9,306, for an average difference of \$4,222.

Average Annualized Undergraduate Tuition and General Fees by Residency and Status, FY 2022			
Sector	Average Out-of-State Undergraduate Tuition and General Fees	Average In-State Undergraduate Tuition and General Fees	Difference
University main campuses	\$19,797	\$10,217	\$9,580
University regional branches	\$17,023	\$6,172	\$10,851
Community colleges	\$9,306	\$5,085	\$4,222

On the other hand, offering in-state tuition to newly eligible veterans and family members may provide an incentive for these individuals to attend Ohio institutions. That is, the bill may attract some students to Ohio institutions that otherwise would not have enrolled. Ultimately, the bill's fiscal impact on tuition revenues will depend on the number of students that currently pay out-of-state tuition rates that would be newly eligible for in-state tuition as well as the number of new students and which type of institution the students attend. Any increase in revenue as a result of additional students will be offset, at least in part, by the cost to educate the new students.

## State share of instruction

State share of instruction (SSI) is the state's primary funding source to support the instructional costs of the state's 61 public universities and community and technical colleges. Generally, only in-state students are counted in the SSI distribution formula. This is the main reason that tuition rates charged to out-of-state students are significantly higher than those charged to students that reside in this state. The General Assembly determines the overall amount appropriated for SSI payments each year. The SSI formula then allocates funding to institutions based on prescribed percentages for certain institutional outcome factors, such as student course and degree completions. In general, each institution's allocation is based on the campus's share of the total for each formula component.

Since the General Assembly determines SSI funding this way, the bill will not necessarily increase the state's cost for SSI formula payments even if enrollment were to increase. However, the institutions in which the students newly eligible for in-state tuition enroll may gain some additional SSI funding depending on whether the institutions attain a greater share of the statewide amounts computed for each formula component. Likewise, the institutions whose share of the formula components decreases may receive less SSI funding. In FY 2021, the average SSI distribution per student was \$7,172 for the state's public four-year universities and regional campuses and \$5,332 for community and technical colleges.