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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 577  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 577's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Fraizer and Holmes

**Local Impact Statement Procedure Required:** Yes

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### Highlights

- The bill establishes the Ohio STEM Gateway Program under the College Credit Plus (CCP) Program. This program, along with the Ohio STEM Retention and Ohio IT Promise programs also created by the bill, may incentivize more students to enroll in CCP, which could increase CCP deductions from school districts.
- The bill makes the following appropriations:
  - \$75 million in FY 2022 in Dedicated Purpose Fund (DPF) Fund 5CV3 appropriation item 2356A1, Ohio STEM Retention Program, to reimburse public colleges for providing annual \$2,000 tuition waivers to eligible students under the Ohio STEM Retention Program; and
  - \$100 million in FY 2022 in DPF Fund 5CV3 appropriation item 2356A2, Ohio IT Promise, for the Chancellor of Higher Education to provide up to \$4,000 in student loan forgiveness for each eligible individual under the Ohio IT Promise Program.
- The earliest a student could qualify for the Ohio STEM Retention Program is FY 2024 so future appropriations will be required to begin making payments under the program. Due to limitations on federal American Rescue Plan Act (ARPA) funds in DPF Fund 5CV3, these funds may only be used for costs incurred under the Ohio STEM Retention Program through the midpoint of FY 2025. ARPA funds will expire before any student can qualify for the Ohio IT Promise Program.

# Detailed Analysis

## Overview

The bill establishes a series of three programs designed to work sequentially from high school through post-graduation from a public college.<sup>1</sup> The first program, the Ohio STEM Gateway Program, would provide a one-year technical certificate for a high school student who completes a 30-credit hour pathway in a science, technology, engineering, and mathematics (STEM) or health care field under the College Credit Plus (CCP) Program. After receiving a technical certificate, the Ohio STEM Retention Program would provide an annual tuition waiver of \$2,000 for up to three years to a student who has completed the Ohio STEM Gateway Program and subsequently enrolled in a STEM or health care degree or certification program at a public college. Finally, the Ohio IT Promise Program would provide up to \$4,000 in student loan forgiveness for a student that participates in the Ohio STEM Retention Program and meets other criteria. Each of these programs is discussed below in more detail.

Under the bill, a participating student could receive benefits in the form of CCP, tuition waivers, and loan forgiveness for at least five years as long as the student meets the criteria for each of the three programs. For example, if a high school student completes a 30-credit hour STEM pathway in FY 2023, the student would receive a one-year technical certificate. Upon graduating, that student could enroll in a STEM program at a public college and receive a tuition waiver for each of FY 2024, FY 2025, and FY 2026. Once this student graduates with a STEM certificate or degree, and remains in Ohio for another five years, the student would then qualify for up to \$4,000 in student loan forgiveness. The earliest a student who earned a one-year technical certificate in FY 2023, and received a tuition waiver to attend college the next year, might be able to obtain a STEM certificate is FY 2024. This means that the first students who could take advantage of the \$4,000 student loan forgiveness would begin after FY 2029.

## Ohio STEM Gateway Program

The bill establishes the Ohio STEM Gateway Program under CCP. Under the Ohio STEM Gateway Program, each public high school must partner with at least one public college to develop 30-credit hour pathways in STEM and health care fields. Partnering public colleges are required to award a one-year technical certificate in the appropriate field of study to each student that completes one of the pathways created under the program. This program, along with the Ohio STEM Retention and Ohio IT programs, may incentivize more students to enroll in CCP, which could increase CCP deductions from school districts.

The CCP Program funds public school students through a deduction from the state aid allocated to the school district, community school, or STEM school that the student attends. The deduction and transfer for CCP generally is calculated according to per-credit hour amounts based on the per-pupil formula amount (\$6,020) as well as the location and method of instruction. In FY 2022, the per-credit hour amounts range from \$42 (default floor) to \$167 (default ceiling). A high school and college may negotiate alternative payment amounts, but they cannot be less than the default floor amount, unless approved by the Chancellor of Higher

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<sup>1</sup> Under CCP, “public college” is defined as a state institution of higher education excluding the Northeast Ohio Medical University.

Education, or exceed either the default ceiling amount or the college's standard rate, whichever is less. Students attending nonpublic schools are funded through a set-aside of \$2.6 million in FY 2022 in GRF line item 200511, Auxiliary Services.

## **State Fiscal Recovery Fund (Fund 5CV3) supported programs**

The bill appropriates a total of \$175 million in FY 2022 from the State Fiscal Recovery Fund (Fund 5CV3), under the Department of Higher Education (DHE), for the Ohio STEM Retention and Ohio IT Promise programs. Fund 5CV3 consists of moneys received under the federal American Rescue Plan Act (ARPA) for the state to respond to COVID-19 pandemic impacts. According to the U.S. Department of the Treasury, ARPA funds in Fund 5CV3 can be used to cover costs incurred by December 31, 2024, and expended by December 31, 2026.<sup>2</sup> As of May 9, 2022, Fund 5CV3 has an unencumbered cash balance of \$914.4 million.

### **Ohio STEM Retention Program**

The bill appropriates \$75 million in FY 2022 in Dedicated Purpose Fund (DPF) Fund 5CV3 appropriation item 2356A1, Ohio STEM Retention Program, to reimburse public colleges for providing annual tuition waivers of \$2,000 to each eligible student for up to three academic years. In order to be eligible a student must complete the Ohio STEM Gateway Program and subsequently enroll in a public college in a STEM or health care program. The bill reappropriates the unexpended, unencumbered balance from the appropriation item at the end of FY 2022 for the same purpose in FY 2023. However, the earliest a student could qualify for this program is FY 2024, so future appropriations will be required to begin making reimbursement payments. Further, due to limitations on ARPA funds in Fund 5CV3, this fund may only be used to make payments for costs incurred no later than the midpoint of FY 2025.

### **Ohio IT Promise**

The bill appropriates \$100 million in FY 2022 in DPF Fund 5CV3 appropriation item 2356A2, Ohio IT Promise, to support up to \$4,000 in student loan forgiveness for each student that participates in the Ohio STEM Retention Program, graduates with a certificate or degree in a STEM or health care field, and remains in Ohio for five years after graduating. The bill reappropriates the unexpended, unencumbered balance from the appropriation item at the end of FY 2022 for the same purpose in FY 2023. As described above, the earliest a student could qualify for this program is after FY 2029. ARPA funds in Fund 5CV3 will have expired by then.

## **DHE's responsibilities**

The bill requires the Chancellor to adopt rules for the administration of the Ohio STEM Retention and Ohio IT Promise programs. This responsibility, as well as administering each of the programs, may increase DHE's administrative expenses.

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<sup>2</sup> See page 8 of the [Coronavirus State & Local Fiscal Recovery Funds; Overview of the Final Rule \(PDF\)](#), which may be accessed by conducting a keyword "Coronavirus State and Local Fiscal Recovery Funds" search on the U.S. Department of the Treasury's website: [home.treasury.gov](https://www.home.treasury.gov).