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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 242  
135<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 242's Bill Analysis](#)

**Version:** As Reported by House Higher Education

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

**Local Impact Statement Procedure Required:** No

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### Highlights

- Beginning in FY 2026, the bill could increase state GRF expenditures by an estimated \$11.3 million per year to support scholarships for eligible Ohio reserve members under the Armed Forces Reserve Component Scholarship Program. This estimate is based on a participation rate of 18%, the same average annual participation rate for the similar Ohio National Guard Scholarship Program in recent years. Actual costs could be more or less, depending on how many reserve members receive a scholarship, the institutions they choose to attend, and state appropriation levels.
- If the program's future state appropriations are not sufficient to fully fund the scholarships, the Ohio Department of Higher Education must reduce 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

#### Overview

Beginning on July 1, 2025 (FY 2026), the bill creates the Armed Forces Reserve Component Scholarship Program (AFRCSP) under the Ohio Department of Higher Education (ODHE) to provide higher education scholarships to eligible Ohio reserve members of all military branches. The AFRCSP is similar to the existing Ohio National Guard Scholarship Program (ONGSP), which provides higher education scholarships to all eligible personnel of the Ohio National Guard. Like ONGSP, AFRCSP 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. The scholarship is available for up to six

full-time quarters or four full-time semesters, equivalent to two years of study. AFRCSP recipients must also be enrolled full time at a higher education institution to receive a scholarship. Individuals that have received financial assistance from ONGSP are not eligible for AFRCSP.

The bill provides no appropriations for AFRCSP. However, it requires ODHE and the Office of Budget and Management (OBM) to estimate the program's costs, and report them to the chair of each finance committee of the General Assembly, prior to each new state budget cycle. Since AFRCSP is similar to ONGSP, its appropriations, presumably, will also be made from the GRF. The bill creates the Armed Forces Reserve Component Scholarship Reserve Fund to receive cash in an amount equal to any unused appropriations from the program's GRF line item at the end of the prior fiscal year. The reserve fund will be used to supplement AFRCSP scholarships if GRF appropriations are insufficient in a fiscal year. The bill also creates the Armed Forces Reserve Component Scholarship Donation Fund to consist of any grants, gifts, bequests, and contributions from public and private sources to help support the program. If the program's future state appropriations and these funds are insufficient to fully fund the scholarships, ODHE must reduce 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.

## **Fiscal effects**

In order to estimate how many eligible Ohio reservists might receive an AFRCSP scholarship and the potential scholarship costs beginning in FY 2026, we first considered the historic participation rates and costs of Ohio National Guard members in ONGSP. Of the nearly 16,000 total members of the Ohio National Guard, an average of approximately 3,000 members were awarded an ONGSP scholarship each year from FY 2019 to FY 2023, an average annual participation rate of more than 18%. Over that same time period, the ONGSP scholarship amount averaged about \$6,000. As of September 30, 2022 (the latest year for which we have complete data), the total number of reserve members in all branches of the military stationed in Ohio was about 10,500.

Beginning in FY 2026, AFRCSP costs are estimated to be \$11.3 million per year, assuming the same five-year average annual participation rate of 18% for ONGSP (translating to 1,890 recipients) and an average scholarship of \$6,000. Actual costs could be more or less than this estimated amount, depending on the number of reservists who receive a scholarship, the institutions that reservists choose to attend, and state appropriation levels. The table below shows estimated scholarship costs based on participation rates of 10%, 18%, and 25% of the estimated total 10,500 Ohio reserve members. As the table shows, state costs would be \$6.3 million if 10% participate and \$15.8 million if 25% participate. Also, it may be that participation and scholarship costs start out relatively low and grow over time as awareness of the program builds.

Estimated Annual Costs for Proposed Armed Forces Reserve Component Scholarship Program (\$ in millions)		
Participation Rate	Estimated Ohio Reservists Receiving AFRCSP Scholarships (% x 10,500 Total Reservists)	Estimated Costs (# new recipients x \$6,000 award)
25%	2,625	\$15.8
18%	1,890	\$11.3
10%	1,050	\$6.3

Generally, if state appropriations are insufficient to meet demand, then ODHE will reduce the amount of a scholarship to less than the full public tuition level in order to fit the appropriation. In this case, each institution must cover the reduced scholarship amounts via an institutional grant or a tuition waiver.

Finally, ODHE's administrative costs may increase to implement and operate AFRCSP, including for its reporting requirements under the bill. However, ODHE typically receives appropriation to administer student financial aid programs. As a point of reference, H.B. 33 of the 135<sup>th</sup> General Assembly, the current main operating budget act, appropriates \$1.0 million in each of FY 2024 and FY 2025 from GRF line item 235414, Grants and Scholarship Administration, for this purpose.