



State Representative Rick Carfagna
Joint-Sponsor Testimony - House Bill 396
February 6, 2018

Chairman Smith, Vice Chair Ryan, Ranking Member Cera and members of the House Finance Committee. Thank you for affording Rep. Patterson and me the opportunity to provide sponsor testimony on House Bill 396.

Rep. Patterson encapsulated both the spirit of this bill and what we are seeking to achieve. What HB 396 represents is a convergence of two key workforce-related issues in Ohio: the staggering amount of student loan-indebtedness facing our graduates, and our state's rapidly evolving status as a destination for technology talent.

According to an August 5th 2017 Columbus Dispatch article, Ohio ranks 1st – that is, the worst – in the country on an index that calculates the burden of student debt based on 10 measures of indebtedness and earning opportunities. Some other unfortunate facts about student debt in Ohio are as follows:

- In Ohio, the average student debt is \$30,239 – ranking **10th** among states
- The proportion of students with debt is 66% - ranking **8th**
- Student debt as a share of income is 54.7% - ranking **17th**
- Share of student loans past due or in default is 13% - ranking **13th**
- Share of student loan borrowers 50 or older is 8% - ranking **11th**
- Jobless rate of those 25-34 is 5.6% - ranking **14th**

As for STEM workforce, Ohio's business and military leaders released a readiness report in August 2017 stating that Ohio faces a shortfall of over 190,000 positions during the current decade for which there will not be qualified applicants. Additionally, a different survey found that 38% of Ohio's small and middle-market business owners say that it is getting more difficult to find qualified employees. This skills gap also poses a problem for our military: Retired U.S. Army Maj. General Deborah Ashenurst, former Ohio National Guard Adjutant General, was quoted last year as stating, "Inadequate education is one of the major reasons why 72% of Ohio's 17-24 year olds are not qualified to serve in the military."

The news, however, is not all dire. In fact, there is much potential to be realized for our state. Job search site ZipRecruiter recently analyzed its database of more than 8 million active jobs,

and ranked the 20 fastest-growing tech markets based on year-over-year data. Many of the cities on their list are in the Midwest, with Cincinnati coming in at #11, Cleveland #12, and Columbus ranking 14th. The top tech jobs in these cities include Project Manager, Quality Engineer, Application Developer, and Software Engineer. ZipRecruiter largely attributes the skyrocketing cost of living in the coastal tech cities to the tech industry's expansion out of the major metropolitan areas and into smaller regional cities. However, they also credit "government policies, like tax breaks that attract entrepreneurs and business startups" for much of this Midwest growth.

HB 396 provides what I would categorize as "back-end scholarships", where individuals both holding a degree in a STEM-related field and employed in a STEM-related field would qualify for annual state awards towards partially offsetting student loan payments. I would like to emphasize that we are not talking about a complete forgiveness of debt nor a broad range of eligibility. Ohio's Chancellor of Higher Education would have the discretion to calibrate eligibility based on the limited amount of funds, and prioritize awards to target those specific STEM areas in the best interest of our state's economy. Qualifying individuals would have to apply annually, with payments restricted to only one earned degree and overall program participation capped at five years.

My friends, HB 396 presents an opportunity to address a debt crisis that is financially crippling the largest segments of Ohio's workforce, while also cultivating the technology job skills that our state is poised to capitalize upon. By carefully calibrating these awards and establishing tight eligibility criteria, we can positively reinforce and grow STEM fields as areas of study, job training, career opportunities, and entrepreneurial investment.

Rep. Patterson and I have begun holding conversations with assorted stakeholder organizations, and have already received positive feedback from both the Columbus and Cincinnati Area Chambers of Commerce. We look forward to working with these and other interested parties throughout this process to make any necessary modifications and improvements to this legislation.

Chairman Smith and members of this committee, thank you again for allowing us to provide testimony and at this time, I would be happy to answer any questions.