



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 396 of the 132nd G.A.

**Status:** As Introduced

**Sponsor:** Reps. Patterson and Carfagna    **Local Impact Statement Procedure Required:** No

**Subject:** Establishes the STEM Degree Loan Repayment Program and makes an appropriation

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### State & Local Fiscal Highlights

- The bill creates the STEM Degree Loan Repayment Program, to begin operating in FY 2019. Under the program, the state will make student loan payments in certain annual amounts for up to five years on behalf of individuals graduating from Ohio institutions of higher education with science, technology, engineering, and mathematics (STEM) degrees after July 1, 2017 and who are employed in Ohio in a STEM-related field.
- The bill provides \$15 million for the program through an FY 2019 cash transfer from the GRF to the STEM Degree Loan Repayment Fund (Fund 5SF0) and appropriates the transferred cash. Costs for the program in future years will depend on appropriation levels and funding decisions made by the General Assembly.
- The bill may increase the Department of Higher Education's administrative costs to establish and operate the program.
- No direct fiscal effect on political subdivisions.

### Detailed Fiscal Analysis

The bill creates the STEM Degree Loan Repayment Program, to begin operating on July 1, 2018 (FY 2019). Under the program, the state will make loan payments on behalf of individuals who (1) hold an associate, bachelor's, master's, or doctorate degree in a STEM-related field awarded by an Ohio public or private institution of higher education after July 1, 2017, (2) have outstanding loans for the STEM degree, and (3) are employed in a STEM-related field in the state. Qualifying individuals are eligible for annual awards, based on the highest level of education attained, as follows: \$2,000 for an associate degree, \$4,000 for a bachelor's degree, and \$8,000 for a graduate degree. The bill limits participation in the program to a total of five years and restricts payments to only one degree earned by an individual. The amount of each payment will be proportionately reduced if appropriations for the program are insufficient to provide full payment to all eligible participants. The program will be administered by the Chancellor of Higher Education.

The bill provides \$15 million for the program through an FY 2019 cash transfer of that same amount from the GRF to the STEM Degree Loan Repayment Program Fund (Fund 5SF0), which the bill creates. The bill appropriates the transferred cash to Fund 5SF0 line item 235564, STEM Degree Loan Repayment Program, to be used by the Chancellor to provide payments on behalf of eligible participants. Costs for the program in future years will depend on appropriation levels and funding decisions made by the General Assembly.

The bill may increase the administrative costs of the Department of Higher Education to establish and operate the program. Specifically, the bill requires the Chancellor to develop and adopt rules for the program, establish a form and procedures for applications, and determine and pay awards on behalf of eligible participants. It also requires the Chancellor to issue an annual report, starting in 2019, that includes a series of data items related to the program, such as the total number of applicants and eligible participants, the STEM-related fields in which the eligible participants are employed, the eligible participants' salary information, and the total amount of student loan debt of eligible participants and applicants, as well as an evaluation of the program's effect on retaining people with STEM degrees in the state.