



Bill Rowland

Bill Analysis
Legislative Service Commission

H.B. 290

125th General Assembly
(As Introduced)

Reps. Wolpert, Seitz, Martin, DePiero, Carano, D. Evans, Boccieri, Ujvagi, Beatty, Allen

BILL SUMMARY

- Creates the Pilot Forgivable Loan Program under the Third Frontier Commission for students pursuing master's and doctorate degrees at Ohio institutions of higher education in engineering, chemistry, physics, computer sciences, biomedical technologies, or other fields that directly relate to the goals of the Third Frontier.
- States that the purpose of the Pilot Forgivable Loan Program is to encourage students to accept employment in Ohio in a career related to the goals of the Third Frontier after receipt of a master's or doctorate degree.
- Subject to sufficient appropriations, requires the Commission to annually award up to 500 loans of \$8,000 each, on a competitive basis.
- Requires the Commission to forgive loan amounts according to a periodic schedule if the recipient has been awarded an approved master's or doctorate degree, is engaged in an employment position or has started a business in Ohio that directly relates to the goals of the Third Frontier, continues such employment while an outstanding loan balance exists, and is a resident of Ohio.

CONTENT AND OPERATION

Introduction

H.B. 675 of the 124th General Assembly established certain financing programs intended to attract and retain high tech industries and jobs in Ohio. Those programs are generally referred to collectively as the "Third Frontier Program." One component of the Third Frontier Program is the Innovation Ohio

Loan Program, which authorizes the Director of Development to make loans and loan guarantees to persons for the purpose of funding certain high technology related projects. The program is funded by the Innovation Ohio Loan Fund and the Innovation Ohio Loan Guarantee Fund, in the custody of the Treasurer of State. These two funds receive money from the proceeds of bond sales that are repaid with state liquor profits or repayments of program loans. H.B. 675 provides that the "Third Frontier Program" is established for the purpose of maintaining and enhancing the competitiveness of the Ohio economy and improving the economic welfare of all of the people of the state, by ensuring that high-value jobs based on research, technology, and innovation are available to the people of Ohio.¹

In addition to the loan program, H.B. 675 also created the Third Frontier Commission consisting of the Director of Development, the Chancellor of the Ohio Board of Regents, and the Governor's science and technology advisor. The purpose of the Commission is to coordinate and administer science and technology programs to promote the welfare of Ohio citizens and to maximize the economic growth of the state through expansion of the state's high technology research and development capabilities and the state's product and process innovation and commercialization. The Commission is assisted in its duties by the Third Frontier Advisory Board. The Board provides general advice to the Commission on items such as (1) strategic planning for programs administered by the Commission, (2) budget and funding priorities, funding processes, request-for-proposal criteria, and other aspects of the management and coordination of programs administered by the Commission, (3) metrics and methods of measuring the progress and impact of programs administered by the Commission, and (4) studies to be conducted to collect and analyze data relevant to advancing the goals of Commission-administered programs. The Board consists of 16 members selected for their knowledge of and experience in science and technology matters that may affect Ohio in the near future.²

Third Frontier Pilot Forgivable Loan Program

(R.C. 184.05)

The bill expands the role of the Third Frontier Commission by requiring it to administer a new Pilot Forgivable Loan Program for students pursuing master's and doctorate degrees at Ohio institutions of higher education³ in approved fields

¹ R.C. 166.12, not in the bill.

² R.C. 184.02 and 184.03, not in the bill.

³ Under the bill, "Ohio institution of higher education" means both of the following:

of study. "Student" is defined by the bill to mean an individual, of any citizenship status, enrolled at an Ohio institution of higher education in a master's or doctorate degree program in an approved field of study. An "approved field of study" is defined to include a field of study in engineering, chemistry, physics, computer sciences, biomedical technologies, or other field that directly relates to the goals of the Third Frontier, as determined by the Third Frontier Commission.

The stated purpose of the Pilot Forgivable Loan Program is to encourage students to accept employment in Ohio in a career related to the goals of the Third Frontier after receipt of a master's or doctorate degree in an approved field of study. Under the Program, a maximum of 500 loans may be awarded in an academic year, with each loan to be in an amount of \$8,000 a year (provided the General Assembly appropriates sufficient funds for the Program). Loan amounts may be forgiven as described below.

The Commission must consult with the Third Frontier Advisory Board concerning the administration of the Pilot Program. Within 60 days after the end of five years of operation of the program, the Commission must submit a written report to the Governor and the General Assembly that provides information as to the effectiveness of the program in encouraging students to accept employment in Ohio that directly relates to the goals of the Third Frontier.

Loan qualification and application requirements

(R.C. 184.06)

The bill states that in each academic year in which the General Assembly appropriates sufficient funds, the Third Frontier Commission must award a loan of \$8,000 to not more than 500 students, on a competitive basis. To qualify for a loan, a student must submit an application to the Commission that demonstrates current enrollment, or acceptance for enrollment, in an Ohio institution of higher education on a full-time basis for the purpose of pursuing a master's or doctorate degree in an approved field of study and, if currently enrolled, a status of good standing with the institution and maintenance of a minimum grade point average comparable to a 3.0 on a 4.0 scale. Further, a student must submit evidence satisfactory to the Commission describing how the student's completion of a master's or doctorate degree in an approved field of study can benefit Ohio's

(1) *A state university;*

(2) *A private institution authorized by the Ohio Board of Regents to grant master's or doctorate degrees in an approved field of study and that is accredited by the appropriate regional, and when appropriate, professional accrediting associations within whose jurisdiction it falls (R.C. 184.04(B)).*

economy and the goals of the Third Frontier. Evidence submitted may include a written essay, letters of recommendation from faculty and business leaders, and academic publications to which the student contributed. Finally, a student must comply with any other application requirements prescribed by the Commission by rule.

Loan proceeds must be disbursed to the students in equal amounts over an academic year, in a manner determined by the Commission. A student who receives a loan in one academic year has priority to receive additional loan amounts in subsequent academic years, provided the student continues to satisfy the requirements outlined above. However, no student is eligible to receive a loan for more than five academic years. All applications for loans must be submitted to the Commission by the 15th of March preceding the academic year for which a loan is sought. Applications must be submitted in the form and manner prescribed in rules adopted by the Commission and must be accompanied by any additional materials required by those rules.

Loan forgiveness and repayment deferment

(R.C. 184.07)

The bill specifies that a student is not subject to any loan repayment requirements if he or she continues to be enrolled in good standing in a master's or doctoral program with a 3.0 grade point average, and for six months after graduation. In addition, loan repayments can be deferred during a period of demonstrated financial hardship, as such period is determined by the Third Frontier Commission.

A loan is forgiven under the bill and a recipient is not required to make repayments on it if the recipient provides to the Commission's satisfaction evidence of all of the following:

(1) The recipient has been awarded a master's or doctorate degree from an Ohio institution of higher education in an approved field of study.

(2) Within six months of the award of the degree, the recipient has either accepted employment in Ohio with an Ohio entity in a position that directly relates to the goals of the Third Frontier or has started a business in Ohio that directly relates to those goals. Acceptable employment may include employment on the faculty of an Ohio institution of higher education, with a private Ohio company receiving funds from the Commission, or with the state, provided the position directly relates to the goals of the Third Frontier. An acceptable employment position need not directly relate to the recipient's approved field of study, so long as the position relates to the goals of the Third Frontier.

(3) The recipient continues to remain employed in a position in Ohio that directly relates to the goals of the Third Frontier while an outstanding loan balance exists.

(4) The recipient is a resident of Ohio for purposes of Ohio tax laws.

If a recipient reports to the Commission's satisfaction that the recipient fulfills all of the above requirements, the Commission must forgive \$1,000 of loan amounts 91 days after the date of first employment and \$1,000 every 91 days thereafter for as long as the recipient fulfills all of those requirements, until the student no longer has any outstanding loan amounts.

A recipient who does not qualify or ceases to qualify for a deferment of loan repayment or loan forgiveness under the bill must repay any outstanding loan amounts in monthly payments, at an annual interest rate of 6% compounded daily from the date loan amounts are disbursed. The bill requires the maximum repayment schedule to be five years.

If a recipient who qualifies for loan forgiveness becomes unemployed, the recipient has 90 days from the date of unemployment to accept new employment or start a new business that accords with the purposes of the Third Frontier Program. If the recipient fails to accept such employment or start such a business within the 90 days, he or she must begin repaying any outstanding loan amounts.

Rules of the Commission

(R.C. 184.09)

The Third Frontier Commission is required to adopt rules to implement the Pilot Forgivable Loan Program. The rules must include provisions regarding the application procedure, disbursement schedules of loan proceeds, loan repayment provisions if a loan recipient is not eligible for loan forgiveness under the bill, deferment of loan repayment provisions for a recipient with demonstrated financial hardship, reporting requirements in order to qualify for loan deferment or forgiveness, and any other rules the Commission considers necessary for implementation and administration of the program.

Third Frontier Forgivable Loan Fund

(R.C. 184.08)

The bill creates the Third Frontier Forgivable Loan Fund in the state treasury, to be used by the Third Frontier Commission for the implementation and administration of the Pilot Forgivable Loan Program. Loan repayments are to be credited to the fund. In addition, any gifts of money the Commission received

from any source for the implementation and administration of the program must be credited to the fund.

Selective Service requirements

(R.C. 3345.32)

The bill provides that no male born after December 31, 1959, is eligible to receive a loan under the pilot program unless he has filed a statement of selective service status with his institution of higher education in compliance with federal military requirements.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	09-30-03	p. 1089

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