



Ohio Legislative Service Commission

Bill Analysis

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S.B. 82

129th General Assembly
(As Introduced)

Sens. Cates, Hughes

BILL SUMMARY

- Prohibits state universities from enrolling certain students whose parents are not covered by a life insurance policy sufficient to cover the full cost of the remainder of the student's undergraduate education.
- Requires the Department of Administrative Services to contract with an insurance company for the purchase of a policy of term life insurance covering parents for the post-secondary tuition and room and board costs of the parent's child.

CONTENT AND OPERATION

Life insurance required for post-secondary enrollment

Beginning with the 2012-2013 academic year, the bill prohibits a state university from enrolling certain students whose parents are not covered by a life insurance policy sufficient to cover the full cost of the remainder of the student's undergraduate education. A person who would be denied enrollment under the bill includes, generally, any person who would be enrolled as a full-time undergraduate student at the university's main campus and who has at least one parent who satisfies all of the following conditions:

(1) Is 64 years of age or younger on the starting date of the child's initial term of enrollment in the university;

(2) Is a United States citizen or has been a lawful permanent resident of the United States for at least three years immediately prior to the starting date of the child's initial term of enrollment in the university;

(3) Was employed for at least 1,000 hours during the one-year period immediately prior to the starting date of the current academic term, unless the parent is the child's only living parent;

(4) The parent claimed the child as a dependent on the parent's federal income tax return for the preceding tax year.¹

The prohibition against enrollment does not apply to a high school student enrolled at a state university under a post-secondary enrollment option or dual enrollment program. Additionally, the prohibition does not apply to any student whose tuition is covered in full by scholarships, grants, or other financial aid, including a scholarship funded by a death benefit paid under a term life insurance policy purchased through the Department of Administrative Services (see "**Life insurance policies through the Department of Administrative Services**," below). These students, in addition to any students who are not enrolled full-time at the university's main campus or who do not have a parent who satisfies the above-listed conditions (i.e., "qualifying parent"), do not have to obtain or show proof of an existing life insurance policy for one or both parents in order to enroll at the university. A student who is exempt from this requirement as the result of not having a qualifying parent, however, must provide proof of that fact.²

A student who must have a life insurance policy for his or her qualifying parent before being enrolled full-time at a state university's main campus can satisfy that requirement in one of two ways. First, the student can elect to have the qualifying parent and any other qualifying parent or contributing parent covered by the term life insurance policy purchased by the Department of Administrative Services (see "**Life insurance policies through the Department of Administrative Services**," below) by paying the appropriate premium for the current academic term. Second, the student can show proof that the qualifying parent has an existing life insurance policy designated specifically for the student's post-secondary education that is sufficient to cover the full cost of undergraduate tuition for the remainder of the student's time at the university under the university's designated matriculation period and, if the person is not currently living with the parent, a reasonable cost for room and board for that time.³

¹ R.C. 125.61(A)(5) and 3345.47(B) and (C).

² R.C. 3345.47(B) and (C).

³ R.C. 3345.47(C).

Life insurance policies through the Department of Administrative Services

The bill requires the Department of Administrative Services to contract with an insurance company for the purchase of a policy of term life insurance covering parents for the post-secondary tuition and room and board costs of the parent's child. Not later than one year after the bill's effective date, the Department must issue a request for proposals from insurance companies authorized to operate or do business in Ohio. The same must be done every four years after this initial request. Following each request for proposals, the Department must award the contract to the lowest responsible bidder submitting a proposal that satisfies the required conditions of coverage listed below. The Department must award the contract to a single insurance company for a term of four years.⁴

The insurance company providing a term life insurance policy for parents under contract with the Department must agree to the following conditions:

(1) The company must issue a policy to each state university and must provide insurance coverage in accordance with the terms of the policy for each qualifying or contributing parent whose child is enrolled in the university and has elected such coverage.

(2) In the event of the death of a qualifying or contributing parent of the child during the child's enrollment in the university, the company must pay a death benefit covering the child's tuition for each full academic term, excluding summer terms, remaining for the child in the university's designated matriculation period, and the cost of the least expensive room and board plan that the university offers, if the child was not residing with the qualifying parent during the academic term covered by the policy.

(3) The policy must not provide for the payment of more than one death benefit for any child enrolled in the state university.

(4) The sole beneficiary of the policy must be the state university's general trust fund. Any death benefit paid under the policy must be deposited into the fund and awarded to the child in the form of a scholarship to pay for the continuing tuition costs and, if applicable, the continuing room and board costs that the child incurs as an undergraduate student at the university, beginning with the first full academic term after the parent's death.

(5) Any unused portion of that scholarship must revert to the state university's general trust fund to be used for any lawful purpose for which moneys in the fund can

⁴ R.C. 125.61(B).

be expended when the child completes an undergraduate degree program or, if the child does not complete an undergraduate degree program, when one year (or longer, if so designated by the university) has passed since the child was last enrolled in the university. During that period, the unused portion of the scholarship must remain in the fund in the name of the child and must be re-awarded to the child if the child resumes enrollment in the university prior to the expiration of that time period.

(6) No agent or employee of the company or a state university can inquire about the current health condition or medical history of any qualifying or contributing parent.

(7) The company must terminate coverage of a qualifying parent, and any contributing parent of the qualifying parent's child, on the date the qualifying parent ceases to be a qualifying parent.

(8) The total premium to be charged for policy coverage for an academic term must be calculated as follows:

(a) If the child is residing with the qualifying parent during the academic term, by multiplying the tuition for that term by a percentage designated by the company;

(b) If the child is not residing with the qualifying parent during the academic term, by multiplying the sum of the tuition for that term and the university's least expensive room and board plan offered for that term by a percentage designated by the company.

(9) All premiums must be assessed as an additional fee on the child's tuition invoice and must be paid directly to the state university in which the child is enrolled. The university must pay the company all premiums collected by the university, except the university can deduct a portion from that amount for administrative purposes if permitted to do so by rules that the Chancellor of the Ohio Board of Regents and the Director of Administrative Services adopts under the bill (see "**Rules for implementation**," below).

(10) Neither the Department nor any other state agency must be responsible for the payment of any portion of the premiums.

(11) The company must provide each state university with informational materials about the policy for distribution to persons seeking enrollment in the university and to their parents.⁵

⁵ R.C. 125.61(C).

Rules for implementation

The bill requires the Chancellor of the Ohio Board of Regents and the Director of Administrative Services jointly to adopt rules under the Administrative Procedure Act to implement the bill's provision. Those rules must include the following:

- (1) A definition of "academic year" for purposes of the bill;
- (2) Procedures for state universities to inform applicants for admission and their parents of the requirements of the bill;
- (3) A method for state universities to use to determine whether the parent of a child enrolled in the institution is a qualifying or contributing parent.⁶

Definitions

As used in the bill:

"Academic term" means a semester, quarter, or similar term that is part of a university's whole academic year.

"Contributing parent" means a parent who would be a qualifying parent if not for the fact that the parent did not claim the child as a dependent on the parent's federal income tax return for the preceding tax year, and who contributes money toward the tuition or room and board costs of the post-secondary education of the child, as attested to by the child's qualifying parent in a written statement signed by the qualifying parent.

"Designated matriculation period" means the period of time, which must be at least four academic years but not more than five academic years, that the university designates as the standard period of time in which a student is expected to complete an undergraduate degree program. In the case of a student who enrolls in the university with prior post-secondary course credits, the designated matriculation period must be reduced by the product, rounded to the nearest whole number, of the following calculation:

(the number of the student's prior course credits accepted by the university/the number of credits required for completion of an undergraduate degree program at the university) X the university's designated matriculation period

⁶ R.C. 3345.47(D).

"**Parent**" means either of the natural or adoptive parents of a child.

"**State university**" means a public institution of higher education that is a body politic and corporate. Each of the following institutions of higher education are recognized as state universities: University of Akron, Bowling Green State University, Central State University, University of Cincinnati, Cleveland State University, Kent State University, Miami University, Ohio University, Ohio State University, Shawnee State University, University of Toledo, Wright State University, and Youngstown State University.⁷

HISTORY

ACTION	DATE
Introduced	02-16-11

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⁷ R.C. 125.61(A) and 3345.47(A).

