

Ohio Board of Regents

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- State Share of Instruction held nearly flat at \$1.559 billion for FY 2006, then increases by \$30 million to \$1.589 billion for FY 2007
- Tuition-increase caps set at the lesser of 6% above previous year or \$500 per full-time student
- New program, Ohio College Opportunity Grant, receives \$58.1 million in FY 2007

OVERVIEW

Duties and Responsibilities

The Ohio Board of Regents coordinates a higher education system that consists of 62 state-assisted colleges and universities, including 13 universities, 24 university regional campuses, two separate medical colleges, 15 community colleges, and eight technical colleges. The system served a total enrollment of 474,136 students in the autumn of 2004.

The Regents' primary missions are to distribute funds to state-assisted higher education institutions and to promote Ohioans' access to higher education for career preparation and advancement, economic and social mobility, and personal intellectual development. Higher education is considered to help provide the educated labor force necessary for a vigorous economy. In higher education, citizens and industry are provided access to an array of research and technological knowledge. The Regents is responsible for ensuring that the state's higher education enterprise has the resources, direction, and incentives to efficiently and effectively create, disseminate, and apply knowledge.

The Regents is governed by a nine-member board appointed to nine-year terms by the Governor, with the advice and consent of the Senate. Two additional (nonvoting) members of the board are the chairpersons of the education committees of the Senate and House of Representatives. Day-to-day administration of the board's staff agency is the responsibility of a chancellor, who is appointed by the board and is the Regents' chief administrative officer.

Agency in Brief

Agency In Brief: Board of Regents					
Number of Employees *	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
79	\$2.49 billion	\$2.57 billion	\$2.47 billion	\$2.55 billion	Am. Sub. H.B. 66

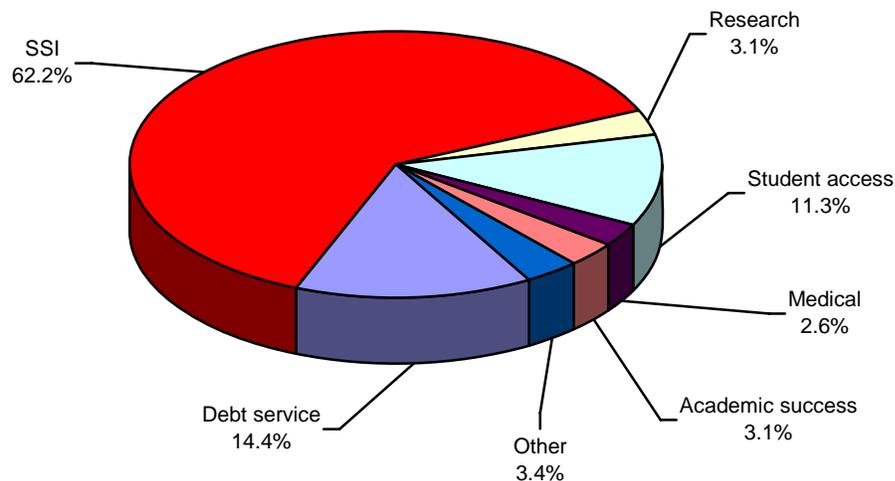
* Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

For the Regents, the total budget for FY 2006 provides an increase of \$32.0 million (1.3%) over the FY 2005 expenditure level of \$2.461 billion, while the increase for FY 2007 over FY 2006 is \$79.1 million (3.2%). The biennial total budget of \$5.065 billion is a 3.6% increase over the previous biennium's \$4.887 billion.

For the GRF portion of the budget, which comprises 99.1% of the total, the amount for FY 2006 is a \$27.6 million (1.1%) increase from the FY 2005 expenditure level of \$2.442 billion; the FY 2007 increase over FY 2006 is \$78.9 million (3.2%). The biennial GRF budget of \$5.017 billion is a 3.4% increase over the previous biennium's \$4.852 billion.

The Regents' budget is appropriated across some 81 appropriation items, of which 63 are funded by the GRF. The items are organized into 12 program series, which are groups of similarly oriented appropriations. The chart below shows the Regents' FY 2006-2007 biennial budget by the major program series. As can be seen, program series 1, the state share of instruction (SSI) dominates the budget at 62.2%. The SSI is the largest single source of state support to Ohio's public higher education. Following in size is program series 2, debt services, at 14.4%, and program series 4, student access, at 11.3%. While the debt services program series provides funds for the servicing of debt obligations incurred by the state for higher education capital improvements, the student access series contains various financial aid and scholarships to increase college access and participation in higher education. These three program series account for 87.9% of the total biennial budget. The remaining 12.1% of the budget is spread across the other 12 program series.

Board of Regents' budget components, FY 2006-2007 biennium



ANALYSIS OF THE ENACTED BUDGET

Due to the size and complexity of the Board of Regents' budget, only major programs or programs with major changes are discussed in each program series. For a description of each line item, please see the Catalogue of Budget Line Items (COBLI), which is available on the LSC web site.

Program Series 1

College and University Instructional Foundations

Purpose: To provide basic state support for instructional and general operations and activities at Ohio's 62 public colleges and universities.

The following table shows the line items that are used to fund the College and University Instructional Foundations program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-501	State Share of Instruction	\$1,559,096,031	\$1,589,096,031
General Revenue Fund Subtotal			\$1,559,096,031	\$1,589,096,031
Total Funding: College and University Instructional Foundations			\$1,559,096,031	\$1,589,096,031

The College and University Instructional Foundations program series contains just one program, the State Share of Instruction (SSI), which, in turn, consists of just one appropriation item, 235-501, State Share of Instruction. The enacted budget's FY 2006 appropriation for the SSI is a slight \$366,413 (0.02%) increase over the \$1,558.7 million for FY 2005; the FY 2007 amount provides a \$30.0 million (1.8%) increase over FY 2006. The total biennial appropriation of \$3.148 billion constitutes a \$55.6 million (1.8%) increase over the FY 2004-2005 biennium. The SSI comprises 62.2% of the Regents' total budget for the FY 2006-2007 biennium.

State Share of Instruction: The SSI serves as the state's primary financial support to higher education in Ohio. It provides unrestricted operating subsidies to Ohio's 62 public colleges and universities. These funds defray a portion of the costs of providing instructional support, student services, and plant operations and maintenance for the approximately 355,000 full-time equivalent students (FTEs) enrolled in Ohio's colleges and universities. (An FTE is assumed to be taking 15 credit hours per quarter or the equivalent.) In FY 2005, it is estimated that the SSI covered approximately 38% of the institutions' instructional and related costs for nondoctoral students.

The SSI is distributed to campuses in approximately equal monthly payments during a given fiscal year through an expenditure-based empirical formula that is primarily driven by enrollment and the level and type of instruction that is being provided (e.g., undergraduate versus graduate education, or social sciences versus natural sciences). The enacted budget updates relevant parameters used in the distribution formula and sets the annual stop-loss or funding guarantee in each fiscal year at 97% of a campus's SSI allocation for the previous year. It set asides up to 10.34% of the SSI appropriation to subsidize doctoral students by a separate allocation method. An overview of the SSI formula, how the

formula works, and an example are provided in "The State Share of Instruction Funding Formula" section in the Legislative Service Commission's 2005 Redbook on the Board of Regents.²⁴

The enacted budget sets the limitations on increases in in-state undergraduate instructional and general fees (known as the tuition caps) at state institutions of higher education. For each academic year of the biennium the limitation is the lesser of 6% of the amount charged in the prior academic year or \$500 per full-time student.

The enacted budget creates the Higher Education Funding Study Council, which is to review all aspects of higher education funding, including appropriation items, and recommend changes; in addition, it will review the instructional and general fees and room-and-board charges at the 13 state universities with the intent of setting limits on future increases in these fees and charges. The Council is to report its findings to the Governor, the Speaker of the House of Representatives, and the President of the Senate by May 31, 2006.

The enacted budget also requires the Regents to conduct three studies and report the results to the Higher Education Funding Study Council by April 15, 2006. The first study will determine the feasibility of distributing a portion of GRF appropriation item 235-501, State Share of Instruction, based on campus administrative and operational efficiency. The second study will examine the feasibility of distributing a portion of the SSI based on the number of Ohioans who are awarded degrees and certificates. The third study will consider the feasibility of devising a performance-based grant to provide incentives to all access campuses to increase the number and proportion of Ohio students who receive a certificate or an associate degree or who transfer to a four-year institution of higher education.

Tables 1 through 4 below show the actual SSI amounts for FY 2005 and the estimated SSI amounts calculated by the Regents for FY 2006 and FY 2007 for universities, university branches, community colleges and state community colleges, and technical colleges. Note that the projections for FY 2007 assume that the additional \$30 million is allocated in the same manner as the current formula.

Institution	FY 2005 Actual	FY 2006 Projected	FY 2007 Projected*
University of Akron	\$81,711,143	\$81,609,023	\$83,452,452
Bowling Green	\$74,216,936	\$71,990,428	\$71,062,493
Central State	\$5,797,491	\$5,623,566	\$5,758,684
University of Cincinnati	\$140,384,295	\$140,138,027	\$147,320,901
Cleveland State	\$63,255,662	\$62,385,960	\$62,745,764
Kent State	\$83,185,386	\$83,974,637	\$85,177,409
MCOT	\$23,943,312	\$23,513,223	\$24,373,215
Miami University	\$58,354,436	\$56,603,803	\$54,905,689
NEOUCOM	\$11,084,946	\$10,631,386	\$10,279,568
Ohio State	\$301,898,378	\$306,629,323	\$311,851,066
Ohio University	\$102,353,948	\$99,283,330	\$98,174,572
Shawnee State	\$10,282,796	\$10,662,047	\$11,195,322

²⁴ The Redbook can be accessed on the LSC web site at www.lsc.state.oh.us under Budget Documents.

Institution	FY 2005 Actual	FY 2006 Projected	FY 2007 Projected*
University of Toledo	\$77,812,626	\$75,478,247	\$75,735,656
Wright State	\$71,618,359	\$71,106,676	\$72,396,414
Youngstown State	\$40,434,478	\$39,221,444	\$39,976,886
Subtotal	\$1,146,334,193	\$1,138,851,120	\$1,154,406,089

*Assumes that the additional \$30 million in FY 2007 will be allocated based on the current SSI formula.

Institution	FY 2005 Actual	FY 2006 Projected	FY 2007 Projected*
Akron-Wayne	\$2,919,045	\$2,906,651	\$2,928,756
BGSU-Firelands	\$3,365,913	\$3,899,153	\$4,444,407
Kent-Ashtabula	\$2,839,873	\$2,860,265	\$2,970,980
Kent-East Liverpool	\$1,836,608	\$1,781,510	\$1,737,349
Kent-Geauga	\$1,307,818	\$1,371,563	\$1,380,562
Kent-Salem	\$2,577,660	\$2,663,913	\$2,682,533
Kent-Stark	\$6,704,156	\$6,893,764	\$7,113,367
Kent-Trumbull	\$4,698,979	\$4,538,266	\$4,382,375
Kent-Tuscarawas	\$4,099,895	\$4,001,914	\$3,991,345
Miami-Hamilton	\$5,765,693	\$5,784,165	\$5,799,079
Miami-Middletown	\$5,980,847	\$5,801,422	\$5,627,379
OSU-Lima	\$3,872,849	\$3,756,664	\$3,643,964
OSU-Mansfield	\$3,918,559	\$3,878,735	\$3,782,812
OSU-Marion	\$3,580,264	\$3,700,605	\$3,675,720
OSU-Newark	\$5,019,717	\$4,869,126	\$4,778,942
OU-Chillicothe	\$4,356,226	\$4,646,763	\$5,136,891
OU-Eastern	\$3,011,823	\$2,921,468	\$2,833,824
OU-Lancaster	\$3,700,647	\$3,589,627	\$3,481,938
OU-Southern	\$4,110,536	\$4,369,651	\$4,668,997
OU-Zanesville	\$4,793,534	\$4,889,755	\$5,255,273
UC-Clermont	\$4,672,282	\$5,233,644	\$5,601,749
UC-Walters	\$8,793,144	\$9,325,985	\$9,880,396
Wright-Lake	\$2,272,950	\$2,216,357	\$2,225,275
Subtotal	\$94,199,019	\$95,900,968	\$98,023,914

*Assumes that the additional \$30 million in FY 2007 will be allocated based on the current SSI formula.

Table 3: Projected SSI Amounts for Community Colleges and State Community Colleges			
Institution	FY 2005 Actual	FY 2006 Projected	FY 2007 Projected*
Cincinnati State	\$20,743,696	\$20,975,099	\$21,717,765
Clark State	\$6,032,033	\$6,336,057	\$6,777,464
Columbus State	\$45,790,460	\$44,416,746	\$43,084,244
Cuyahoga	\$44,892,003	\$48,892,781	\$52,330,974
Edison State	\$5,255,147	\$5,234,756	\$5,272,135
Jefferson	\$3,050,099	\$3,133,911	\$3,248,589
Lakeland	\$13,909,184	\$13,857,277	\$14,158,156
Lorain County	\$17,438,298	\$17,974,754	\$19,087,233
Northwest State	\$6,815,085	\$6,643,176	\$6,713,690
Owens State	\$32,211,958	\$33,671,303	\$35,599,973
Rio Grande	\$3,858,493	\$4,081,070	\$4,370,334
Sinclair	\$40,755,223	\$39,869,759	\$41,681,748
Southern State	\$4,498,658	\$4,626,411	\$4,896,175
Terra State	\$5,191,844	\$5,041,489	\$5,291,199
Washington State	\$4,635,943	\$4,763,344	\$4,958,807
Subtotal	\$255,078,126	\$259,517,933	\$269,188,485

*Assumes that the additional \$30 million in FY 2007 will be allocated based on the current SSI formula.

Table 4: Projected SSI Amounts for Technical Colleges			
Institution	FY 2005 Actual	FY 2006 Projected	FY 2007 Projected*
Agricultural	\$4,442,937	\$4,309,649	\$4,180,360
Belmont Tech	\$4,436,898	\$4,486,264	\$4,461,453
Central Ohio	\$5,415,836	\$6,023,251	\$6,630,079
Hocking	\$14,394,245	\$13,956,933	\$14,132,843
James Rhodes State	\$6,893,920	\$7,071,398	\$7,504,603
Marion Tech	\$4,054,942	\$4,343,583	\$4,563,476
Zane State	\$4,376,186	\$4,244,900	\$4,117,553
North Central	\$6,831,630	\$6,729,210	\$6,914,063
Stark Tech	\$12,271,687	\$13,411,680	\$14,723,971
Subtotal	\$63,118,280	\$64,576,868	\$67,228,401

*Assumes that the additional \$30 million in FY 2007 will be allocated based on the current SSI formula.

Program Series 2

Facilities and Debt Service

Purpose: To service debt obligations incurred by the state and administer capital-related activities.

The following table shows the line items that are used to fund the Facilities and Debt Service program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-401	Lease Rental Payments	\$200,619,200	\$200,795,300
GRF	235-552	Capital Component	\$19,058,863	\$19,058,863
GRF	235-909	Higher Education General Obligation Debt Service	\$137,600,300	\$152,114,100
General Revenue Fund Subtotal			\$357,278,363	\$371,968,263
State Special Revenue Fund				
4E8	235-602	Higher Educational Facility Commission Administration	\$55,000	\$55,000
State Special Revenue Fund Subtotal			\$55,000	\$55,000
Total Funding: Facilities and Debt Service			\$357,333,363	\$372,023,263

For the Facilities and Debt Service program series, the enacted budget's appropriation of \$357.3 million for FY 2006 provides a 4.2% increase over FY 2005 while the \$372.0 million for FY 2007 is a 4.1% increase over FY 2006. The total biennial appropriation constitutes a 6.1% increase. This program series contains three programs: Rental and Debt Service Payments, which receives 94.8% of the series' biennial funding, Capital Component, which receives 5.2%, and Higher Educational Facility Commission, which receives 0.02%.

Rental and Debt Service Payments: This program provides the funds necessary to make all required debt service payments that would be due from the Regents during the FY 2006-2007 biennium. The Lease Rental Payments item (235-401) provides funds to service and retire the debt on special obligation (revenue) bonds that, until FY 2001, were sold to finance capital improvements for higher education. Since FY 2001 the state has issued general obligation bonds to finance these capital projects, so the Higher Education General Obligation Debt Service item (235-909) will continue to take a larger and larger portion of the total debt service amount.

For GRF appropriation item 235-401, Lease Rental Payments, the enacted budget's appropriation of \$200.6 million for FY 2006 is a decline of \$15.3 million (7.1%) from FY 2005. The FY 2007 appropriation of \$200.8 million is a slight increase of \$0.2 million (0.1%) over FY 2006. For GRF appropriation item 235-909, Higher Education General Obligation Debt Service, the appropriation of \$137.6 million for FY 2006 is an increase of \$29.7 million (27.5%) over FY 2005. The FY 2007 appropriation of \$152.1 million is a further increase of \$14.5 million (10.5%) over FY 2006.

Am. Sub. H.B. 16 of the 126th General Assembly, the most recent capital appropriations bill, required the State Architect to establish a local-administration competency certification program to certify public institutions of higher education to administer their own state-funded capital facilities projects without the oversight of the Department of Administrative Services. The enacted budget sets a deadline of December 30, 2005 for the establishment of the program. Further, it provides that certification will

remain in effect for as long as the State Architect determines that a given institution maintains a sufficient number of employees who have successfully completed the certification program and that the institution is performing the required biennial audits of its self-administered capital projects.

Capital Component: Funds under GRF appropriation item 235-552, Capital Component, are distributed to a campus whose estimated campus debt service attributable to new qualifying capital projects in a given capital bill is less than its formula-determined capital allocation. The campus's total benefit is determined by subtracting the estimated debt service amount from the formula-determined capital amount. Then 10% of this amount is distributed to the campus from this appropriation item each fiscal year for 15 years. The capital component distributions are calculated for each capital bill beginning with Am. H.B. 748 of the 121st General Assembly, which began the program in FY 1997. The campuses may use these proceeds only for capital projects.

On the other side of the program, the Regents is required to subtract from a campus's SSI allocation in each fiscal year the amount by which the estimated campus debt service attributable to new qualifying capital projects in a given capital bill exceeds the campus's formula-determined capital allocation. The funds so subtracted are to be transferred to the Capital Component appropriation item from GRF appropriation item 235-501, State Share of Instruction.

The enacted budget's appropriation of \$19.1 million for each of FY 2006 and FY 2007 is a slight 0.1% decline from the FY 2005 expenditure. In addition to its appropriation, this item will receive approximately \$249,142 in each fiscal year from the SSI appropriation because five institutions exceeded their formula-determined capital allocation.

Program Series 3

Pre-K through 16 Preparation and Access

Purpose: To support initiatives that facilitate access to college through improved readiness and through initiatives that focus on improving the capability of the "P-16" educational system to prepare students for success in college and in professional careers.

The following table shows the line items that are used to fund the Pre-K through 16 Preparation and Access program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-434	College Readiness and Access*	\$6,375,975	\$7,655,425
GRF	235-435	Teacher Improvement Initiatives**	\$2,697,506	\$2,697,506
General Revenue Fund Subtotal			\$9,073,481	\$10,352,931
Federal Special Revenue Fund				
312	235-609	Tech Prep	\$183,850	\$183,850
312	235-611	Gear-up Grant	\$1,370,691	\$1,370,691
312	235-615	Professional Development	\$523,129	\$523,129
312	235-617	Improving Teacher Quality	\$2,900,000	\$2,900,000
312	235-621	Science Education Network	\$1,686,970	\$1,686,970
312	235-631	Federal Grants	\$250,590	\$250,590
Federal Special Revenue Fund Subtotal			\$6,915,230	\$6,915,230
Total Funding: Pre-K through 16 Preparation and Access			\$15,988,711	\$17,268,161

*This new appropriation item consolidates previous appropriation items 235-404, College Readiness Initiatives, and 235-477, Access Improvement Projects. These two items are funded as earmarks under the new appropriation item.

**This new appropriation item consolidates previous appropriation items 235-403, Mathematics and Science Teaching Improvement, and 235-588, Ohio Resource Center for Mathematics, Science, and Reading. These two items are funded as earmarks under the new appropriation item.

For the Pre-K through 16 Preparation and Access program series, the enacted budget's appropriation of \$16.0 million for FY 2006 provides a 39.4% increase over FY 2005 while the \$17.3 million for FY 2007 is an 8.0% increase over FY 2006. The total biennial appropriation constitutes a 51.3% increase. This program series contains two programs: College Readiness and Access, which receives 51.5% of the series' biennial funding, and Teacher Improvement, which receives 48.5%.

College Readiness and Access: This program consists of three appropriation items: College Readiness and Access (235-434), Tech Prep (235-609), and Gear-up Grant (235-611). It supports early assessment testing and promotes collaboration among primary and secondary schools and higher education. It is intended to improve the ability of high school students to enroll and succeed in higher education and to reduce the need for college remediation. The program also supports the development of pilot projects aimed at increasing access to and retention in higher education for students in under-represented populations.

GRF appropriation item, 235-434, College Readiness and Access, is intended to support programs that improve the academic preparation and increase the number of students who enroll and succeed in higher education. It supports such programs as the Ohio College Access Network (OCAN) and provides the state match for the federal Gaining Early Awareness and Readiness for Undergraduate

Program (Gear-up) under federally funded appropriation item 235-611 (Fund 312), Gear-up Grant. The Gear-up program supports efforts to increase college participation among rural Appalachian and inner-city Ohioans by promoting college awareness among low-income students, helping them prepare for college, and enhancing their transition to higher education. Federally funded appropriation item 235-609 (Fund 312), Tech Prep, supports efforts to facilitate the seamless transition from high school to college by reducing remediation rates and preparing students for high-technology jobs. The program enables either the direct entry into the workplace after high school, the continuation of study at a two-year college leading to an associate degree with advanced skills, or the completion of a baccalaureate degree.

For the program's three appropriation items, the enacted budget's FY 2006 total appropriation of \$7.9 million is an increase of \$1.6 million (24.7%) over FY 2005. The FY 2007 appropriation of \$9.2 million is a further increase of \$1.3 million (16.1%) over FY 2006. The total biennial appropriation of \$17.1 million constitutes a \$5.5 million (47.0%) increase. For the College Readiness and Access appropriation item alone, the biennial appropriation is \$14.0 million, for an increase of \$6.3 million (81.5%) over the previous biennium. The total biennial appropriation for the program's two federally funded items, Tech Prep and Gear-up Grant, declines by \$0.8 million (20.9%) to \$3.1 million.

Funds are earmarked in the College Readiness and Access appropriation item to support the Ohio Appalachian Center for Higher Education at Shawnee State University, the Student Achievement in Research and Scholarship Program at Miami University, and the Early College High School Pilot Program with the Ohio Department of Education.

Teacher Improvement: This program consists of five appropriation items: Teacher Improvement Initiatives (235-435), Professional Development (235-615), Improving Teacher Quality (235-617), Science Education Network (235-621), and Federal Grants (235-631). Only the first of these items is funded by the GRF; the others receive federal funds. The program supports efforts to improve the quality of mathematics and science teaching in primary, secondary, and higher education, as well as identifying best teaching practices.

GRF appropriation item, 235-435, Teacher Improvement Initiatives, consolidates two former appropriation items, Mathematics and Science Teaching Improvement; and Ohio Resource Center for Mathematics, Science, and Reading. It supports programs such as OSI-Discovery and the Centers of Excellence in Mathematics and Science, which are designed to raise the quality of mathematics and science teaching in primary and secondary education. The four federal line items in this program support a variety of teacher improvement initiatives and connect colleges and universities to the Third Frontier Network in order to improve K-12 and undergraduate science education.

The enacted budget's FY 2006 total appropriation of \$8.1 million for this program is a sizable increase of \$2.9 million (57.6%) over FY 2005, chiefly because of major funding increases in two of the federal line items, Improving Teacher Quality Grant and Science Education Network. The program's FY 2007 appropriation of \$8.1 million is the same as for FY 2006. The total biennial appropriation of \$16.1 million constitutes a \$5.8 million (56.2%) increase.

Funds are earmarked in the Teacher Improvement Initiatives appropriation item to support the Mathematics and Science Center in Lake County, the Ohio Mathematics and Science Coalition, the Teacher Quality Partnerships study, and the Ohio Resource Center for Mathematics, Science, and Reading. The enacted budget prohibits the Resource Center from making available resources that are inconsistent with the K-12 science standards and policies that are adopted by the State Board of Education.

Program Series 4

Student Access

Purpose: To increase college access and participation in higher education by providing a variety of student aid, from direct financial assistance to college students to institutional subsidies that help institutions maintain a lower and more affordable tuition.

The following table shows the line items that are used to fund the Student Access program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-414	State Grants and Scholarship Administration	\$1,352,811	\$1,382,881
GRF	235-418	Access Challenge	\$73,513,302	\$73,004,671
GRF	235-502	Student Support Services	\$795,790	\$795,790
GRF	235-503	Ohio Instructional Grants	\$121,151,870	\$92,496,969
GRF	235-504	War Orphans Scholarships	\$4,672,321	\$4,672,321
GRF	235-520	Shawnee State Supplement	\$1,918,830	\$1,822,889
GRF	235-531	Student Choice Grants	\$50,853,276	\$52,985,376
GRF	235-534	Student Workforce Development Grants	\$2,137,500	\$2,137,500
GRF	235-549	Part-time Student Instructional Grants	\$14,457,721	\$10,534,617
GRF	235-563	Ohio College Opportunity Grant	\$0	\$58,144,139
General Revenue Fund Subtotal			\$270,853,421	\$297,977,153
Federal Special Revenue Fund				
3N6	235-605	State Student Incentive Grants	\$2,196,680	\$2,196,680
Federal Special Revenue Fund Subtotal			\$2,196,680	\$2,196,680
Total Funding: Student Access			\$273,050,101	\$300,173,833

For the Student Access program series, the enacted budget's appropriation of \$273.1 million for FY 2006 provides a 1.6% increase over FY 2005 while the \$300.2 million for FY 2007 is a 9.9% increase over FY 2006. The total biennial appropriation constitutes a 7.4% increase. This program series contains nine programs. The three largest of these are Need-based Student Financial Aid, which receives 51.8% of the series' biennial funding, Access Challenge, which receives 25.6%, and Student Choice Grants, which receives 18.1%.

Need-based Student Financial Aid: This program includes three appropriation items that provide the state's primary need-based financial aid programs. GRF appropriation item 235-503, Ohio Instructional Grants (OIG), provides tuition assistance to full-time undergraduate students from low- and moderate-income families. Awards are granted only to eligible Ohio resident undergraduates based on family income, dependency status, the number of dependent children in the family, and the type of institution the student is attending (public, private, or career college). GRF appropriation item 235-549, Part-time Student Instructional Grants (PSIG), provides need-based financial assistance to Ohio residents who are enrolled in part-time undergraduate studies at a public, private, or career college in Ohio.

GRF appropriation item 235-563, Ohio College Opportunity Grant, is a new item that will begin the phase-in of a new need-based financial aid program that will eventually replace the other two appropriation items in this program. The Ohio College Opportunity Grant (OCOG) Program, created in the enacted budget, will use the federally determined "Expected Family Contribution," or EFC, as the basis for determining the grant awards. The EFC is calculated using the information that students provide when they fill out their Free Application for Federal Student Aid (FAFSA) form, and is the same method that the federal government uses to determine eligibility for Pell Grants. The EFC system is considered to be a more sophisticated measure of a family's ability to pay for higher education than using family income only, by taking into account a number of other factors, including family assets, student income, number of family members in college, and the ages of the parents. The phase-in of OCOG will begin in FY 2007; only students who have not received college credit (excluding post-secondary enrollment option and early college high school students) prior to the start of the 2006-2007 academic year will be eligible to receive an Ohio College Opportunity Grant. The enacted budget provides the tables under which the awards are to be made beginning in FY 2007.

The enacted budget's FY 2006 appropriation for the OIG is a 5.5% increase over FY 2005; the sharply reduced OIG amount for FY 2007 reflects that year's phase-in of the OCOG program. The PSIG appropriation for FY 2006 is a 4.3% increase over FY 2005; as for the OIG, the PSIG appropriation declines sharply for FY 2007 as the OCOG program begins to phase in. The \$135.6 million total appropriation in FY 2006 for these three appropriation items is a \$6.9 million (6.7%) increase over FY 2005. The \$161.2 million total appropriation for FY 2007 is a \$25.6 million (18.9%) increase over FY 2006; it will fund both the expected numbers of grant recipients remaining in the OIG and PSIG programs, as well as the grants to be provided under the new OCOG system. For the biennium the total appropriation for the three items is \$296.8 million, for an increase of \$42.1 million (16.5%).

The enacted budget changes the name of the Instructional Grant Reconciliation Fund (Fund 5Y5) to the State Need-based Financial Aid Reconciliation Fund and expands its use to include refunds of payments made under the OCOG program in addition to the refunds of payments made under the OIG program.

The enacted budget also calls for the Regents, on or soon after August 1 of each year, to certify to the Director of Budget and Management the amount necessary to pay any outstanding prior-year obligations to higher education institutions for the state's need-based financial aid programs. Further, the amounts certified are appropriated to appropriation item 235-618, State Need-based Financial Aid Reconciliation, from revenues received in the State Need-based Financial Aid Reconciliation Fund (Fund 5Y5).

Access Challenge: This program consists of a single GRF appropriation item 235-418, Access Challenge, which supports efforts, by designated "access" campuses, to buy down or restrain tuitions for in-state undergraduate students enrolled in introductory undergraduate courses. The program is intended to enable more Ohioans to afford and attend college, thereby serving to improve Ohio's educational attainment levels. Access campuses include all 47 two-year public colleges, as well as Central State University, Cleveland State University, Shawnee State University, and the two-year technical-community college components of the University of Akron, the University of Cincinnati, and Youngstown State University.

In FY 2000 the access campuses were required to hold their tuitions flat and in FY 2001 they were required to reduce their tuitions by 5%. However, since then there has been no specific requirement in the program regarding tuition restraints or reductions. In essence, then, the Access Challenge

appropriation is currently providing funds to the access campuses to offset the foregone tuition revenue they would have received had they increased their tuition in FY 2000 and FY 2001.

The funds for the Access Challenge are allocated to the campuses solely in proportion to their shares of the statewide average total of General Studies full-time equivalent (FTE) students. For FY 2006 the calculations of the campuses' shares are to be based on the General Studies FTEs in fiscal years 2003 and 2004; for FY 2007 the calculations will use the data for fiscal years 2004 and 2005.

The enacted budget provides a new earmark under the Access Challenge. In previous budgets the Central State Supplement had been funded by a separate appropriation item; in this budget the subsidy has been converted to an earmark. The purpose of the supplement is to help Central State University to keep undergraduate fees below the statewide average, consistent with its mission of service to many first-generation college students from groups historically underrepresented in higher education and from families with limited incomes.

For the program's GRF appropriation item, 235-418, Access Challenge, the enacted budget's FY 2006 appropriation of \$73.5 million is an increase of \$10.2 million (16.1%) over FY 2005, chiefly because of the addition of the Central State University supplement, which was \$10.7 million in FY 2005. The FY 2007 appropriation declines by \$0.5 million (0.7%) from the FY 2006 amount. The total biennial appropriation of \$146.5 million constitutes an \$18.5 million (14.4%) increase.

Net of the effect of the Central State University earmark, the enacted budget's appropriations for the Access Challenge are approximately the same as for FY 2005. Given this flat funding and the expected increase in enrollments during the FY 2006-2007 biennium, it is possible that the amount of Access Challenge dollars per FTE may decline in each fiscal year if enrollments indeed increase as expected.

Student Choice Grants: This program attempts to narrow the tuition gap between the state's public and private non-profit colleges and universities by providing a uniform amount of grants to all full-time baccalaureate students who are residents of Ohio and attending a private non-profit college or university in Ohio. The goal of the program is to increase college access for more Ohioans by helping to reduce the cost of attending the state's private non-profit colleges and universities.

The program's maximum grant is revised every two years, and is set to equal 25% of the average State Share of Instruction paid for full-time in-state undergraduate enrollments at public university main campuses in the previous biennium. Approximately 56,000 Ohio students in each fiscal year receive the grant awards, which averaged \$900 per student per academic year in the FY 2004-2005 biennium. A student is eligible to receive the award for a maximum of five academic years.

For this program's single GRF appropriation item, 235-531, Student Choice Grants, the enacted budget's FY 2006 appropriation of \$50.9 million is a reduction of \$1.5 million (2.8%) from FY 2005. The FY 2007 appropriation provides a \$2.1 million (4.2%) increase to \$53.0 million. The total biennial appropriation of \$103.8 million constitutes a slight \$0.35 million (0.34%) increase. Even though the appropriation decreases from FY 2005 to FY 2006, the biennial appropriations are expected to completely fund the students in the program. The enacted budget allows the unencumbered balance at the end of FY 2006 to be transferred to FY 2007 to maintain grant award amounts in FY 2007 equal to the awards provided in FY 2006.

Program Series 5

Academic Success

Purpose: To improve the successful completion of baccalaureate degree programs among Ohio's college students and to raise the state's educational attainment levels.

The following table shows the line items that are used to fund the Academic Success program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-420	Success Challenge	\$52,601,934	\$52,601,934
GRF	235-518	Capitol Scholarship Program	\$125,000	\$125,000
GRF	235-530	Academic Scholarships	\$7,800,000	\$7,800,000
General Revenue Fund Subtotal			\$60,526,934	\$60,526,934
Total Funding: Academic Success			\$60,526,934	\$60,526,934

For the Academic Success program series, the enacted budget's appropriation of \$60.5 million for each of the fiscal years 2006 and 2007 represents a slight 0.2% decline from FY 2005 to FY 2006 and a flat appropriation for FY 2007. The total biennial appropriation constitutes a 3.0% increase. This program series contains three programs: Success Challenge, which receives 86.9% of the series' biennial funding, Academic Scholarships, which receives 12.9%, and Capitol Scholarship Program, which receives 0.2%.

Success Challenge: This program supports and rewards Ohio's 13 state universities in their efforts to promote successful degree completion by "at-risk" baccalaureate students and timely degree completion by all baccalaureate students. The program's objective is to provide incentives to Ohio's state universities to help students successfully complete baccalaureate programs within a reasonable time, and to improve baccalaureate graduation rates among at-risk populations, both with a view to raising Ohio's educational attainment level, which is currently below the national average. Universities must submit plans to the Regents describing their efforts to improve degree completion for "at-risk" students and timely degree completion for all students, which are reviewed and made available to all institutions.

Two-thirds of the Success Challenge appropriation are to be allocated to universities according to their shares of the total statewide baccalaureate degrees awarded to "at-risk" students. The enacted budget modifies the definition of an "at-risk" student from one who was eligible to receive an Ohio Instructional Grant (OIG) award within the past ten years to one who was eligible to receive an Ohio need-based financial aid award within the past ten years. This change is a result of the phasing-out of the OIG program and the phasing-in of the Ohio College Opportunity Grant program beginning in FY 2007.

The remaining one-third of the Success Challenge appropriation is to be used for timely degree completion; these funds are allocated to universities according to their shares of the total statewide number of timely degree credits. A timely degree credit measures not only the completion of a bachelor's degree in a "timely manner," but also takes into account the courses taken at the university in which the student received the degree. Because of this, the total number of degree credits will differ from the total number of degrees granted by a campus. For the purpose of this appropriation, "timely manner" is generally meant to be four years.

For the program's single GRF appropriation item, 235-420, Success Challenge, the enacted budget's FY 2006 appropriation of \$52.6 million is an increase of just \$3,263 (0.01%) over FY 2005. The FY 2007 appropriation is the same as FY 2006. The total biennial appropriation of \$105.2 million constitutes a \$3.6 million (3.6%) increase.

Program Series 6

Basic and Applied Research

Purpose: To improve the quality of research programs at Ohio's public universities and in Ohio's industries.

The following table shows the line items that are used to fund the Basic and Applied Research program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-433	Economic Growth Challenge*	\$20,343,097	\$23,186,194
GRF	235-451	Eminent Scholars	\$0	\$1,370,988
GRF	235-508	Air Force Institute of Technology	\$1,925,345	\$1,925,345
GRF	235-510	Ohio Supercomputer Center	\$4,271,195	\$4,271,195
GRF	235-527	Ohio Aerospace Institute	\$1,764,957	\$1,764,957
GRF	235-535	Ohio Agricultural Research and Development Center	\$35,955,188	\$35,955,188
GRF	235-553	Dayton Area Graduate Studies Institute	\$2,806,599	\$2,806,599
GRF	235-554	Priorities in Collaborative Graduate Education	\$2,355,548	\$2,355,548
General Revenue Fund Subtotal			\$69,421,929	\$73,636,014
State Special Revenue Fund				
649	235-607	The Ohio State University Highway/Transportation Research	\$760,000	\$760,000
State Special Revenue Fund Subtotal			\$760,000	\$760,000
Federal Special Revenue Fund				
312	235-619	Ohio Supercomputer Center	\$6,000,000	\$6,000,000
Federal Special Revenue Fund Subtotal			\$6,000,000	\$6,000,000
Total Funding: Basic and Applied Research			\$76,181,929	\$80,396,014

*This new appropriation item includes previous appropriation item 235-454, Research Challenge, as an earmark.

For the Basic and Applied Research program series, the enacted budget's appropriation of \$76.2 million for FY 2006 provides a 12.3% increase over FY 2005 while the \$80.4 million for FY 2007 is a 5.5% increase over FY 2006. The total biennial appropriation constitutes an 11.9% increase. This program series contains nine programs. The three largest of these are Ohio Agricultural Research and Development Center, which receives 45.9% of the series' biennial funding, Economic Growth Challenge, which receives 27.8%, and Ohio Supercomputer Center, which receives 13.1%.

Ohio Agricultural Research and Development Center: This program supports a variety of activities at the Ohio Agricultural Research and Development Center (OARDC). The OARDC is the research arm of The Ohio State University's College of Food, Agricultural, and Environmental Sciences.

Located at 12 Ohio facilities in addition to OSU's main campus, the OARDC is active in various basic and applied research areas, including agricultural, environmental, and development economics; food, agricultural, and biological engineering; animal sciences; entomology; food-animal health; food science and technology; horticulture and crop science; human and community resource development; human ecology; natural resources; and plant pathology. The center serves such diverse groups as consumers, farmers, and other producers, food processors, environmentalists, landfill managers, and researchers. The program is intended to help Ohio's agricultural industries improve their competitiveness and profitability.

For this program's GRF appropriation item 235-511, Ohio Agricultural Research and Development Center, the enacted budget appropriates \$36.0 million for each of the fiscal years 2006 and 2007. This provides a slight 0.35% increase over FY 2005 in FY 2006 and a flat appropriation for FY 2007. The total biennial appropriation constitutes a 2.4% increase.

Six earmarks are funded in this appropriation item. One of them is new, providing funds for a Wilmington College project to commercialize agricultural products. The other five earmarks are the same as in the previous budget and are funded at their FY 2005 levels.

Economic Growth Challenge: This program consists of a single GRF appropriation item 235-433, Economic Growth Challenge, which is a new line item that is intended to enhance the basic research capabilities of Ohio's colleges and universities, support improved graduate programs throughout the state, and promote the transfer of technology developed by colleges and universities to private industry to further the economic goals of the state. Previous appropriation item 235-454, Research Challenge, is renamed the Research Incentive Program and is consolidated into this line item as an earmark, along with earmarks for two new programs: the Innovation Incentive Program and the Technology Commercialization Incentive.

The Research Incentive Program, the largest of the three, seeks to improve the quality of basic research programs at Ohio's 13 public universities and two medical colleges, as well as two private universities (Case Western Reserve University and the University of Dayton), by rewarding the institutions that are successful in competing for research dollars. Prior to receiving the funds, each university must submit to the Regents a plan that includes how the funds will be targeted towards for academic and state purposes, how the research program will be strengthened, and an evaluation process to provide results of the increased support. The enacted budget requires that the higher-education institutions' plans for their uses of Research Incentive funding demonstrate a significant investment in Third Frontier activities funded at the institutions.

The Innovation Incentive Program will provide funds to match the funds set aside from the State Share of Instruction's doctoral subsidy by participating universities. In FY 2006, 1.5% of a campus' allocation of the doctoral subsidy will be withheld by the Regents if the university chooses to participate in the Innovation Incentive Program. In FY 2007, the withholding percentage increases to 3%, with the goal to increase the withholding to 15% in FY 2016. Private universities are also eligible to participate, with the Regents determining the necessary contribution amount that is comparable to the state-assisted universities. The Regents will then award, on a competitive basis, the combined pool of withheld doctoral subsidy dollars and state matching funds earmarked under this appropriation item to universities participating in the Innovation Incentive Program. Grant recipients must use these funds to restructure their arrays of doctoral programs.

The Technology Commercialization Incentive will reward public and private colleges and universities for successful technology transfer to Ohio-based business and industry. The Third Frontier Commission, with input from the Third Frontier Advisory Board, will establish the eligibility criteria for public and private colleges and universities to participate in the program. The only requirement to qualify

for the funds is for the college or university to maintain a significant investment in its own technology-transfer and commercialization efforts and to possess a significant history of successful research partnerships with Ohio-based business and industry.

The program's GRF appropriation item 235-433, Economic Growth Challenge, receives \$20.3 million for FY 2006 and \$23.2 million for FY 2007. The FY 2006 amount is 19.7% above the FY 2005 expenditures for the discontinued GRF appropriation item 235-454, Research Challenge. The FY 2007 amount is an increase of 14.0% over FY 2006. For the three earmarks, the Research Incentive Program is funded at \$18.0 million in each fiscal year; the Innovation Incentive Program receives \$2.3 million in FY 2006 and \$4.7 million in FY 2007; and the Technology Commercialization Incentive receives \$0.5 million in FY 2007 only.

Program Series 7

Workforce and Regional Economic Development

Purpose: To improve Ohio's economic development and competitiveness by supporting services, activities, and partnerships to improve the skills of Ohioans already in the workforce, especially in underdeveloped areas.

The following table shows the line items that are used to fund the Workforce and Regional Economic Development program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-402	Sea Grants	\$231,925	\$231,925
GRF	235-415	Jobs Challenge	\$9,348,300	\$9,348,300
GRF	235-428	Appalachian New Economy Partnership	\$1,176,068	\$1,176,068
GRF	235-455	EnterpriseOhio Network	\$1,373,941	\$1,373,941
GRF	235-511	Cooperative Extension Service	\$25,644,863	\$25,644,863
GRF	235-547	School of International Business	\$450,000	\$450,000
GRF	235-561	Bowling Green State University Canadian Studies Center	\$100,015	\$100,015
General Revenue Fund Subtotal			\$38,325,112	\$38,325,112
Federal Special Revenue Fund				
312	235-612	Carl D. Perkins Grant/Plan Administration	\$112,960	\$112,960
Federal Special Revenue Fund Subtotal			\$112,960	\$112,960
Total Funding: Workforce and Regional Economic Development			\$38,438,072	\$38,438,072

For the Workforce and Regional Economic Development program series, the enacted budget's appropriation of \$38.4 million for each of the fiscal years 2006 and 2007 represents a 1.5% reduction from FY 2005 to FY 2006 and a flat appropriation for FY 2007. The total biennial appropriation constitutes a 0.6% decline. This program series contains seven programs. The two largest of these are Cooperative Extension Service, which receives 66.7% of the series' biennial funding, and Jobs Challenge, which receives 24.3%.

Cooperative Extension Service: The Cooperative Extension Service program is operated by The Ohio State University Extension under The Ohio State University's land-grant mandate. Located in every

one of Ohio's 88 counties, the OSU Extension conducts educational programs for eligible participants, including farmers, homemakers, food and fiber industries, community leaders, and young people. The programs are designed to help people improve their lives, businesses, and communities through research-based education using scientific knowledge focused on identified issues and needs. Current and near-term program areas include agriculture and natural resources, the environment, family and consumer sciences (including home economics and family living), 4-H youth development (serving nearly 300,000 young people annually), business and community assistance, and workforce development for youth and adults.

The enacted budget's appropriation of \$25,644,863 for GRF appropriation item 235-511, Cooperative Extension Service, for each of the fiscal years 2006 and 2007 is the same as the actual expenditure level for FY 2005. At this level the Extension should be able to maintain existing services and fund some of its planned new initiatives for the biennium. The budget continues to fund the same five earmarks as in the previous budget, at their FY 2005 levels.

Jobs Challenge: This program consists of a single GRF appropriation item 235-415, Jobs Challenge, which seeks to address the workforce training needs of Ohio's businesses and employees by supporting a program to expand and improve noncredit job-related training provided by the 53 public two-year campuses that are members of the EnterpriseOhio Network. The program provides funds to these campuses in order to make the training services more affordable to students and employers. Campus activities supported by Jobs Challenge include: (1) pre-employment training and development activities to provide skills necessary for entry positions, career changes, or skill upgrades, (2) career advancement and professional certification, and (3) employer-assistance services to improve their competitive abilities.

The program consists of three funding components: the Targeted Industry Training Grants, the Performance Grant Plan, and the Higher Skills Incentives Program. The Targeted Industry Training Grant component assists EnterpriseOhio Network campuses in creating partnerships with Ohio businesses to accomplish their goals. These grants require campuses and businesses to collaborate since the application for the grants must be jointly submitted. The Performance Grant Plan provides grants of equal amounts that provide basic support for the operations of each EnterpriseOhio campus. The Higher Skills Incentives Program rewards the 53 campuses by the proportion of each campus' share of total revenue that all of the campuses receive from third party entities for noncredit job-related training.

The enacted budget appropriates \$9,348,300 in each fiscal year for GRF appropriation item 235-415, Jobs Challenge, the same as the FY 2005 expenditures. These funds are earmarked to the three funding components, with \$2,770,773 in each fiscal year earmarked for the Performance Grant Plan, \$2,819,345 in each fiscal year earmarked for the Targeted Industries Training Grant Program, and the remaining \$3,758,182 in each fiscal year earmarked for the Higher Skills Incentives Program.

Program Series 8**Higher Education Collaborations**

Purpose: To serve the educational needs of Ohio Citizens through enhanced collaborations among institutions of higher education by funding efforts to increase the state's resources to deliver services to higher education consumers and to the broader community through distance education and statewide articulation and transfer policies.

The following table shows the line items that are used to fund the Higher Education Collaborations program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-406	Articulation and Transfer	\$2,900,000	\$2,900,000
GRF	235-408	Midwest Higher Education Compact	\$90,000	\$90,000
GRF	235-417	Ohio Learning Network	\$3,119,496	\$3,119,496
GRF	235-507	OhioLINK	\$6,887,824	\$6,887,824
GRF	235-555	Library Depositories	\$1,696,458	\$1,696,458
GRF	235-556	Ohio Academic Resources Network (OARNet)	\$3,727,223	\$3,727,223
General Revenue Fund Subtotal			\$18,421,001	\$18,421,001
Total Funding: Higher Education Collaborations			\$18,421,001	\$18,421,001

For the Higher Education Collaborations program series, the enacted budget's appropriation of \$18.4 million for each of the fiscal years 2006 and 2007 provides a 13.3% increase from FY 2005 to FY 2006 and a flat appropriation for FY 2007. The total biennial appropriation constitutes a 13.4% increase. This program series contains six programs. The four largest of these are OhioLINK, which receives 37.4% of the series' biennial funding, Ohio Academic Resources Network (OARNet), which receives 20.2%, Ohio Learning Network, which receives 16.9%, and Articulation and Transfer, which receives 15.7%.

Articulation and Transfer: This program supports the Regents' efforts to establish an effective statewide student articulation and transfer system. Such a system is to facilitate the transfers of students and credits among state-assisted institutions of higher education by the establishment and implementation of uniform course equivalencies and transfer policies. The system is also to improve access to higher education and promote college success among students by creating a seamless transfer module so that course credits earned by students at one institution may be applicable or transferable to other institutions in Ohio. The Council on Articulation and Transfer conducts a survey each year to assess the degree of institutional compliance with statewide articulation and transfer policy.

Am. Sub. H.B. 95 of the 125th General Assembly, the main operating appropriations act of the 125th General Assembly, required the Regents to develop and establish an effective statewide student articulation and transfer system. In its response to this requirement, the Regents has collaborated with the college and university campuses in a complex effort to develop specific articulation and transfer regimes for 40 academic disciplines. The Regents intends to augment its Higher Education Information (HEI) System to establish the necessary database and processing software to conduct articulation and transfer operations. The new system will include a central hub where transcripts can be reviewed and compared, as well as other necessary components. The central hub will obviate each campus' having to review the

transcripts for course acceptability. In order to interact with HEI, each campus must also develop its own access programs.

A portion of the program involves the expansion of the Course Applicability System (CAS). Using the World Wide Web, CAS assists students, advisors, faculty, and administrators at colleges and universities to obtain consistent and accurate information about transfer courses and their applicabilities toward degree completions. CAS is currently being piloted to high schools to form an electronic transfer and advising system.

For the FY 2006-2007 biennium the enacted budget significantly increases funding for the program's single GRF appropriation item, 235-406, Articulation and Transfer, by \$4.4 million to \$5.8 million. On a year-to-year basis, the appropriation is \$2.9 million in each of the fiscal years 2006 and 2007, up from the FY 2005 level of \$751,133. The increased funding for FY 2006 and FY 2007 will primarily be used to develop and then maintain the new central hub.

The enacted budget expands the scope of the current articulation and transfer system to include career-technical institutions by requiring the Regents to develop policies and procedures by April 15, 2007 to ensure that students may transfer technical courses from both technical colleges and public secondary career-technical institutions to state institutions of higher education.

Program Series 9

General Public Service

Purpose: To support public service research and outreach activities that address a variety of statewide rural, urban, community, and governmental issues.

The following table shows the line items that are used to fund the General Public Service program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-513	Ohio University Voinovich Center	\$336,082	\$336,082
GRF	235-521	The Ohio State University Glenn Institute	\$286,082	\$286,082
GRF	235-583	Urban University Program	\$4,992,937	\$4,992,937
GRF	235-587	Rural University Projects	\$1,147,889	\$1,147,889
General Revenue Fund Subtotal			\$6,762,990	\$6,762,990
Total Funding: General Public Service			\$6,762,990	\$6,762,990

For the General Public Service program series, the enacted budget's appropriation of \$6.8 million for each of the fiscal years 2006 and 2007 represents a 2.4% reduction from FY 2005 to FY 2006 and a flat appropriation for FY 2007. The total biennial appropriation constitutes a 4.5% decline. This program series contains four programs. The two largest of these are Urban University Program, which receives 73.8% of the series' biennial funding, and Rural University Projects, which receives 17.0%.

Urban University Program: The appropriation item for the Urban University Program is allocated entirely among 13 earmarked programs that support various research and outreach activities on urban issues by providing one-to-one matching funds to Ohio's eight urban universities. The funded activities include applied research, training, technical assistance, and data base development, as well as programs that develop public policy and public administration initiatives related to the specific needs and issues of Ohio's urban communities. The program serves state, county, and municipal governments, regional and nonprofit agencies, neighborhood groups, and business organizations. The Urban Center at Cleveland State University's Levin College of Urban Affairs was established to implement the Urban University Program.

For the FY 2006-2007 biennium the enacted budget reduces the funding of the program's single GRF appropriation item, 235-583, Urban University Program, by \$0.68 million (6.4%) to \$9.99 million. On a year-to-year basis, the appropriation is \$4.99 million in each of the fiscal years 2006 and 2007, down by \$213,072 (4.1%) from the FY 2005 level of \$5.2 million.

Rural University Projects: The appropriation item for the Rural University Projects is allocated entirely among five earmarked programs at several universities in support of various research and outreach activities that help local and state elected and appointed officials improve rural program performance, undertake research projects, increase human resource capacity, and form cooperative partnerships to create an environment that supports private and public sector development. Funds also support projects that develop public policy and public administration initiatives related to the specific needs and issues of Ohio's rural communities. The program targets smaller communities, which often lack staff and financial resources for research, training, and development. The goal of this program is to help improve the operational efficiencies of government and public services in rural areas of the state.

For the FY 2006-2007 biennium the enacted budget maintains the funding of this program's single GRF appropriation item, 235-587, Rural University Projects, at the FY 2005 expenditure level of \$1,147,889 for each of the fiscal years 2006 and 2007. Each of the five earmarks is also retained at its FY 2005 funding level.

Program Series 10

Public Safety

Purpose: To support and improve the safety of the general public.

The following table shows the line items that are used to fund the Public Safety program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-524	Police and Fire Protection	\$171,959	\$171,959
GRF	235-596	Hazardous Materials Program	\$360,435	\$360,435
GRF	235-599	National Guard Scholarship Program	\$15,128,472	\$16,611,063
General Revenue Fund Subtotal			\$15,660,866	\$17,143,457
Total Funding: Public Safety			\$15,660,866	\$17,143,457

For the Public Safety program series, the enacted budget's appropriation of \$15.7 million for FY 2006 provides an 11.9% increase over FY 2005 while the \$17.1 million for FY 2007 is a 9.5% increase over FY 2006. The total biennial appropriation constitutes a 17.0% increase. This program series contains three programs, the largest of which is the National Guard Scholarship Program, which receives 96.8% of the series' biennial funding.

National Guard Scholarship Program: This program grants higher education scholarships to eligible Ohio National Guard members. The program serves as both a recruitment and a retention tool for the Guard. The program's purpose is to recognize the service of the Ohio National Guard by providing access to higher education for its members. GRF appropriation item, 235-599, National Guard Scholarship Program, provides funds for both the scholarship grants and the program marketing efforts. The Regents is to disburse this line item's funds at the direction of the Adjutant General.

For the FY 2006-2007 biennium the enacted budget increases the funding of this program's single GRF appropriation item, 235-599, National Guard Scholarship Program, by \$4.73 million (17.5%) to \$31.7 million. On a year-to-year basis, the appropriations are \$15.1 million and \$16.6 million in fiscal years 2006 and 2007, respectively, for increases of 12.1% and 9.8%. These increases are intended to address increases in forecast enrollments of eligible students as well as increases in college and university tuition costs.

The enacted budget creates in the state treasury the National Guard Scholarship Reserve Fund (Fund 5BM). It requires the Regents to certify every July 1 to the Director of Budget and Management the unencumbered balance of GRF appropriation item 235-599, National Guard Scholarship Program. The Director may transfer from the GRF to the reserve fund an amount not to exceed the certified amount. Moneys in the reserve fund are to be used to pay scholarship obligations in excess of the GRF funds appropriated for that purpose. Appropriations to spend these funds will require Controlling Board approval. It is expected that the transfers into the National Guard Scholarship Reserve Fund will be approximately \$2.1 million in FY 2006; this amount includes the \$1.5 million unencumbered balance from FY 2005 and an amount, up to \$592,000, that the enacted budget requires the Director to transfer from the GRF.

The enacted budget also requires the Regents to certify to the Director of Budget and Management the amount of canceled prior-year encumbrances in GRF appropriation item 235-599, National Guard Scholarship Program. The Director may then transfer from the GRF to the National Guard Scholarship Reserve Fund an amount not to exceed the certified amount. Upon the request of the Adjutant General, the Regents is required to seek Controlling Board approval to establish Fund 5BM appropriations in item 235-623, National Guard Scholarship Reserve Fund. The Regents will then disburse funds from that appropriation item at the direction of the Adjutant General.

Program Series 11

Medical Support

Purpose: To support medical, dental, and veterinary clinical programs and other medical-related programs at Ohio's universities.

The following table shows the line items that are used to fund the Medical Support program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-474	Area Health Education Centers Program Support	\$1,571,756	\$1,571,756
GRF	235-515	Case Western Reserve University School of Medicine	\$3,011,271	\$3,011,271
GRF	235-519	Family Practice	\$4,548,470	\$4,548,470
GRF	235-525	Geriatric Medicine	\$750,110	\$750,110
GRF	235-526	Primary Care Residencies	\$2,245,688	\$2,245,688
GRF	235-536	The Ohio State University Clinical Teaching	\$13,565,885	\$13,565,885
GRF	235-537	University of Cincinnati Clinical Teaching	\$11,157,756	\$11,157,756
GRF	235-538	Medical University of Ohio at Toledo Clinical Teaching	\$8,696,866	\$8,696,866
GRF	235-539	Wright State University Clinical Teaching	\$4,225,107	\$4,225,107
GRF	235-540	Ohio University Clinical Teaching	\$4,084,540	\$4,084,540
GRF	235-541	Northeastern Ohio Universities College of Medicine Clinical Teaching	\$4,200,945	\$4,200,945
GRF	235-543	Ohio College of Podiatric Medicine Clinical Subsidy	\$250,000	\$250,000
GRF	235-558	Long-term Care Research	\$211,047	\$211,047
GRF	235-572	The Ohio State University Clinic Support	\$1,277,019	\$1,277,019
General Revenue Fund Subtotal			\$59,796,460	\$59,796,460
State Special Revenue Fund				
4P4	235-604	Physician Loan Repayment	\$476,870	\$476,870
682	235-606	Nursing Loan Program	\$893,000	\$893,000
State Special Revenue Fund Subtotal			\$1,369,870	\$1,369,870
Federal Special Revenue Fund				
3H2	235-608	Human Services Project	\$1,500,000	\$1,500,000
3T0	235-610	National Health Service Corps—Ohio Loan Repayment	\$150,001	\$150,001
3H2	235-622	Medical Collaboration Network	\$3,346,143	\$3,346,143
Federal Special Revenue Fund Subtotal			\$4,996,144	\$4,996,144
Total Funding: Medical Support			\$66,162,474	\$66,162,474

For the Medical Support program series, the enacted budget's appropriation of \$66.2 million for each of the fiscal years 2006 and 2007 provides a 6.0% increase from FY 2005 to FY 2006 and a flat appropriation for FY 2007. The total biennial appropriation constitutes a 5.6% increase. This program series contains 13 programs. The two largest of these are Clinical Teaching, which receives 69.4% of the

series' biennial funding, and Family Practice and Primary Care Residencies Support, which receives 10.3%.

Clinical Teaching: The six GRF appropriation items (235-536 through 235-541) in this program provide subsidies in support of laboratory and clinical components of the medical and other health-related curricula at Ohio's six public medical colleges located at the University of Cincinnati, Ohio University, The Ohio State University, the Medical University of Ohio at Toledo, the Northeastern Ohio Universities College of Medicine, and Wright State University. This program is intended to offset the cost of clinical training for Ohio's student health professionals; clinical training is regarded as a fundamental component of medical education.

The biennial appropriation for each of these six items is the same as it was for the previous biennium; the combined total is \$91.9 million. Further, the appropriation for FY 2006 and for FY 2007 is the same as it was for FY 2005. Thus, each of the six appropriation items has had the same funding level for all three fiscal years; the combined annual total is \$45.9 million.

The enacted budget requires the Regents to study and propose to the Office of Budget and Management (OBM) by November 15, 2006 a new formula to allocate appropriations for clinical teaching support. A new method, approved by OBM and the General Assembly, is to be implemented in fiscal years 2008 and 2009 for distributing funds for clinical teaching support.

Family Practice and Primary Care Residencies Support: This program supports family practice instructional costs and residencies in the departments of family medicine within each medical college in Ohio, both public and private. State-assisted medical schools are required to establish and maintain these departments, the purpose of which is to raise the quality and number of family physicians in medical practice in Ohio. Each institution must submit and gain approval of a plan for its primary care residency program in order to obtain a full allocation of funds. The program also supports clinical training for medical students in primary care specialties of internal medicine and pediatrics as a means of increasing the number of primary care physicians in medical practice.

This program is supported by two GRF appropriation items, 235-519, Family Practice, and 235-526, Primary Care Residencies. For the FY 2006-2007 biennium the combined funding for these two items decreases by \$1.9 million (12.2%) to \$13.6 million. The FY 2006 combined funding of \$6.8 million is a \$0.75 million (10.0%) reduction from FY 2005 while FY 2007 is flat-funded at the FY 2006 level. For each of the two appropriation items the FY 2006 appropriation constitutes a 10.0% reduction from FY 2005.

Funding for this program is to be distributed in accordance with plans developed by the Regents. If an institution has not yet submitted and gained approval for a primary care residency plan, then it is to receive 5% less funding per student than it would have received from its annual allocation.

Program Series 12**Planning and Coordination**

Purpose: To support the administrative operations of the Regents, including the maintenance and operation of the Higher Education Information (HEI) System.

The following table shows the line items that are used to fund the Planning and Coordination program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-321	Operating Expenses	\$2,897,659	\$2,966,351
GRF	235-409	Information System	\$1,146,510	\$1,175,172
General Revenue Fund Subtotal			\$4,044,169	\$4,141,523
General Services Fund				
456	235-603	Sales and Services	\$700,000	\$900,000
220	235-614	Program Approval and Reauthorization	\$400,000	\$400,000
General Services Fund Subtotal			\$1,100,000	\$1,300,000
Total Funding: Planning and Coordination			\$5,144,169	\$5,441,523

For the Planning and Coordination program series, the enacted budget's appropriation of \$5.1 million for FY 2006 provides a 17.0% increase over FY 2005 while the \$5.4 million for FY 2007 is a 5.8% increase over FY 2006. The total biennial appropriation constitutes a 16.2% increase. This program series contains three programs: Program Management, which receives 70.5% of the series' biennial funding, Information System, which receives 21.9%, and Program Authorization, which receives 7.6%.

Program Authorization: The sole appropriation item in this program enables the Regents to directly contract with and reimburse consultants to review and evaluate degree program proposals and to conduct institutional reauthorization reviews for private, proprietary, and out-of-state institutions, pursuant to Chapter 1713. of the Ohio Revised Code. The purpose of the program is to ensure that Ohio's degree programs are of the highest educational quality and that programs and proposed programs are reviewed by objective outside experts.

The enacted budget provides \$400,000 in each year of the FY 2006-2007 biennium for the General Service Fund group appropriation item 235-614 (Fund 220), Program Approval and Reauthorization, the same as in FY 2005. The appropriation item is supported by remittances received from those institutions seeking reviews, evaluations, and reauthorizations. The costs associated with this program are driven by the number of authorization requests that the Regents receives from private, proprietary, and out-of-state institutions, which can vary each year.

The enacted budget requires the Regents to adopt a rule establishing fees to pay the cost of reviewing applications for certificates of authorization to award degrees at nonpublic institutions. In addition, the Regents is required to adopt a rule establishing fees for any further reviews that the Regents determines are necessary upon examining an institution's annual report. The fees will be paid by the institutions.