

LSC Greenbook

Analysis of the Enacted Budget

Ohio Board of Regents

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ATTACHMENT:

Budget Spreadsheet By Line Item

Ohio Board of Regents

- Total State Share of Instruction funding increases by 2.3% in FY 2014 and 1.6% in FY 2015
- Total budget of \$2,388.1 million in FY 2014 and \$2,434.5 million in FY 2015
- State universities authorized to establish Tuition Guarantee Programs

OVERVIEW

Agency Overview

Created in 1963 by the General Assembly, the Ohio Board of Regents (BOR) is responsible for coordinating higher education in Ohio and has a direct, nongoverning relationship with all of Ohio's colleges and universities. Ohio's higher education system is comprised of 61 public and 84 independent nonprofit colleges and universities. In FY 2012, this system enrolled over 750,000 students and produced more than 125,000 degrees and certificates.

The Chancellor of BOR is responsible for all of the agency's day-to-day operations. BOR has an 11-member board which provides guidance and oversight to the Chancellor. At the end of FY 2013, BOR had 76 staff members to administer its main responsibilities, including (a) advising the Governor and the General Assembly on higher education policy, (b) overseeing student financial aid programs and state operating and capital funds for public colleges and universities, (c) authorizing and approving new charters and degrees, (d) providing fiscal oversight of all public institutions, (e) maximizing higher education's contribution to the state of Ohio and its citizens, and (f) overseeing the development of workforce education to fulfill the needs of Ohio's industries. Starting in FY 2014, BOR is responsible for some of the education technology responsibilities of the former eTech Ohio Commission.

Appropriation Overview

Table 1. Agency Appropriations by Fund Group, FY 2013-FY 2015

Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	\$2,289,040,318	\$2,331,062,630	1.84%	\$2,379,360,162	2.07%
General Services	\$27,395,770	\$15,102,845	-44.87%	\$13,102,845	-13.24%
Federal Special Revenue	\$23,136,450	\$21,535,671	-6.92%	\$21,535,671	0.00%
State Special Revenue	\$9,077,742	\$12,441,303	37.05%	\$12,491,164	0.40%
Third Frontier Research & Development	\$200,068	\$8,000,000	3,898.65%	\$8,000,000	0.0%
TOTAL	\$2,348,850,348	\$2,388,142,449	1.67%	\$2,434,489,842	1.94%

*FY 2013 figures represent actual expenditures.

Table 1 shows BOR's appropriations by fund group. Of BOR's total biennial appropriation of \$4,822.6 million, approximately 97.7% is appropriated from the General Revenue Fund (GRF). Approximately 76.6% of total GRF appropriations is appropriated for the State Share of Instruction (SSI), which provides the core state support to Ohio's public colleges and universities.

Appropriations by Fund Group

The large decrease in the General Services Fund group (-44.9%) is due primarily to the elimination of \$12.3 million in Casino License Revenue funds that were used to fund the Ohio Co-op/Internship Program and partially support the Ohio College Opportunity Grant Program. In FY 2014 and FY 2015 the budget decreases funding for the Co-op/Internship Program and funds the Ohio College Opportunity Grant Program solely through GRF appropriations. The increase of 37.1% in the State Special Revenue Fund group for FY 2014 is partly due to the transfer of some line items from the former eTech Ohio Commission, with appropriations totaling approximately \$1.9 million, to that fund group. The FY 2014 Federal Special Revenue Fund group decrease of 6.9% is due to the typical fluctuations of as-needed and temporary federal grant funding, including the loss of College Access Challenge Grant funding. The Third Frontier Research and Development Fund's only appropriation item, 235634, Research Incentive Third Frontier Fund, had FY 2013 expenditures far lower than the \$8.0 million appropriated for that item. The large increase in FY 2014 reflects the expected return to more typical expenditures.

Summary of Major Initiatives

State Share of Instruction Changes

The State Share of Instruction (SSI) formula is used to distribute the core state operating funding for public higher education. The budget largely continues the shift from a formula based largely on inputs such as enrollments to one based on outcomes such as course completions and degree attainments. LSC's BOR Redbook for H.B. 59 of the 130th General Assembly contains a more detailed analysis and description of the SSI formula. Some of the changes that were included in the budget, such as the increase in model costs, are necessary in every biennium due to economic factors. Others, such as the increase in the percentages of funding allocated to success factors and degree attainment, are planned and ongoing gradual shifts in the formula. The budget makes the following changes:

- Increases instructional model costs;
- Adds course completions to the factors used to determine community and technical college formula allocations and increases the percentage of the model costs allocated to success factors;

- Increases the percentage of the university instructional model costs allocated to degree attainment;
- Increases the portion of the doctoral set-aside allocated to doctoral degree completion and research activity;
- Adds nonresident law school students to those that can be counted toward law school course completions in the university formula;
- Changes the university stability guarantee, which limits the funding cuts an institution may receive, to an earmark intended to keep all university allocations in FY 2014 at 96% of their FY 2013 level;
- Eliminates the stability guarantee for all campuses in FY 2015;
- Combines university main and regional campuses under the same appropriation earmark and makes the campus formulas uniform in FY 2015;
- Changes the weights for "at-risk" students and requires community college presidents to study and make recommendations for appropriate at-risk weights for FY 2015; and
- Requires community college presidents to study appropriate formula weights for success points and completion performance measures for FY 2015.

Tuition Restrictions

In both FY 2014 and FY 2015, the budget restricts the amount that state-assisted institutions can increase tuition. University main campus tuition increases are capped at either 2.0% or \$188, whichever is higher, and regional campus tuition increases are capped at 2.0% or \$114, whichever is higher. In FY 2012, the weighted average tuition for university main campuses was \$9,608 and the weighted average tuition for regional campuses was \$5,410. Community college, state community college, and technical college tuition increases are capped at \$100. In FY 2012, the weighted average tuition for community and technical colleges was \$3,484. These restrictions do not apply to institutions participating in an Undergraduate Tuition Guarantee Program, described below.

Guaranteed Tuition Program

The budget permits the Boards of Trustees of state universities to establish an Undergraduate Tuition Guarantee Program, guaranteeing a cohort of students a fixed rate for general and instructional fees for four years. Boards of Trustees establishing an Undergraduate Tuition Guarantee Program must adopt rules and submit them to the Chancellor for approval before beginning program implementation. The Chancellor must also publish a report on Undergraduate Tuition Guarantee Programs within five

years that includes the institutions that have adopted an Undergraduate Tuition Guarantee Program, the details of those programs, and comparative data from all state universities.

The Chancellor's rules must include a guarantee that tuition and fees for the cohort will remain constant for four years. For the first guaranteed tuition cohort, the tuition amount can be up to 6% greater than what was charged in the previous academic year. The Board can request an increase above 6% from the Chancellor if economic conditions or other circumstances require it. Subsequent cohorts can have tuition increases equal to the sum of the 5-year rate of inflation (as measured by the Consumer Price Index) plus the tuition cap, if there is one. Beyond the initial tuition increase for a new cohort, the Board cannot make any other changes to tuition and fees unless they are approved by the General Assembly.

The budget includes specific requirements in the event that a student cannot complete a program in four years due to a lack of available courses and the Chancellor's rules must include consequences to universities for such a problem. If adequate courses to complete a program in four years are not available, the university must provide the necessary additional courses to the student for free. If a student cannot complete a program in four years due to military service or other uncontrollable circumstances, the university must provide the courses at the student's initial cohort rate. If a student cannot complete a program in four years for any other reason, the university must provide the courses at a predetermined rate.

Certificates of Value

The bill authorizes the Chancellor to designate certain certificate programs at adult career-technical education institutions and state institutions of higher education as "certificates of value." The Chancellor must develop quality standards for designating certificates of value and can revoke the designations if a certificate program no longer complies with the standards. The bill requires that the Chancellor's standards include several elements, including the quality of the certificate program, the degree to which it encourages students to continue on with other programs, and the degree to which it works with local businesses to meet the needs of the local economy. Any career-technical education institution or state institution that wants to receive a certificate of value designation must comply with all records and data requests required by the Chancellor.

Plans for Increasing Degree and Certificate Completion Rates

The bill requires the Board of Trustees of each state institution to adopt an institution-specific plan to increase the degrees and certificates awarded at all of its campuses by June 30, 2014, and biennially thereafter. Each campus plan must be consistent with the institution's mission and strategic priorities.

Reconstitution of eTech Ohio Commission and Transfer of Duties

The budget reconstitutes eTech Ohio commission as the Broadcast Educational Media Commission (BEMC) and transfers some of its telecommunications and professional development responsibilities to BOR. Responsibilities related to educational technology subsidies, as well as certain administration responsibilities, are transferred to the Ohio Department of Education. Of the appropriations transferred from eTech in the FY 2014-FY 2015 biennium under the budget, BOR receives 32.8%, ODE receives 13.6%, and the reconstituted BEMC receives 53.6%.

Electronic Textbook Pilot Project

The Electronic Textbook Pilot Project is established to award competitive grants to public and chartered nonpublic schools to purchase electronic textbooks, electronic educational content, and professional development and training resources through the state's electronic distance learning clearinghouse. The Chancellor must administer the program, set grant criteria, and select grant recipients. The budget earmarks \$3.0 million in FY 2014 and \$2.3 million in FY 2015 from BOR appropriation item 235483, Technology Integration and Professional Development, and \$0.7 million from the Department of Education item 200550, Foundation Funding, for the pilot project grants.

Private Institution Submission of Student Records

The budget exempts private nonprofit colleges and universities that submit student information to BOR or any other state agency from liability for breach of confidentiality, under certain circumstances. If the breach of confidentiality occurred as a result of an action by the receiving agency, or an action by a third party after information had left the possession of the private institution but before it was received by BOR or other agency, the private nonprofit institution is not liable. This exemption applies to student or data records that are subject to state or federal laws (to the extent permitted), including the Family Educational Rights and Privacy Act (FERPA).

Ohio University Advisory Committee

The budget permits the president of Ohio University to create an advisory committee that would review land use plans and progress on the implementation of the plans. Members of the committee must include the President of Ohio University or designee, the Mayor of Athens or designee, one Athens county commissioner, and 1 to 3 Athens county residents with knowledge of land planning, preservation, or economic development.

Elimination of Reporting Requirements

The bill eliminates three reporting requirements for the Chancellor. The Chancellor is no longer required to submit annual reports to the Governor and the General Assembly on the status of (1) implementing faculty improvement programs,

(2) the number and types of biobased products purchased by state institutions of higher education and the amount of money spent on these products, and (3) the academic and economic impact of the Ohio Innovation Partnership.

Alternative Retirement Investment Entities

The budget adds criteria to the eligibility requirements considered when designating entities as vendors that can provide investment options under alternative retirement plans (ARPs) maintained by public institutions of higher education. Entities that have provided investment options for ten years or more under ARPs maintained by public institutions of higher education continue to be eligible as vendors.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the funding for each appropriation item in BOR's budget. In this analysis, BOR's line items are grouped into 12 major categories. For each category, a table is provided listing the recommended appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation. If the appropriation is earmarked, the earmarks are listed and described. The 12 categories used in this analysis are as follows:

1. College and University Instructional Operations;
2. Facilities and Debt Service;
3. Pre-Kindergarten Through Sixteen Preparation and Access;
4. Student Access;
5. Basic and Applied Research;
6. Workforce and Regional Economic Development;
7. Higher Education Collaboration;
8. Public Services and Safety;
9. Medical Support;
10. Planning and Coordination;
11. Ohio Tuition Trust Authority; and
12. Education Technology.

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the budget bill.

Categorization of BOR's Appropriation Line Items for Analysis of Budget		
Fund	ALI and Name	Category
General Revenue Fund Group		
GRF 235321	Operating Expenses	10: Planning and Coordination
GRF 235401	Lease Rental Payments	2: Facilities and Debt Service
GRF 235402	Sea Grants	6: Workforce and Regional Economic Development
GRF 235406	Articulation and Transfer	7: Higher Education Collaboration
GRF 235408	Midwest Higher Education Compact	7: Higher Education Collaboration
GRF 235409	HEI Information System	10: Planning and Coordination
GRF 235414	State Grants and Scholarship Administration	4: Student Access
GRF 235417	eStudent Services	7: Higher Education Collaboration
GRF 235428	Appalachian New Economy Partnership	6: Workforce and Regional Economic Development
GRF 235433	Economic Growth Challenge	5: Basic and Applied Research
GRF 235434	College Readiness and Access	4: Student Access
GRF 235438	Choose Ohio First Scholarship	4: Student Access
GRF 235443	Adult Basic and Literacy Education – State	3: PK-Sixteen Preparation and Access
GRF 235444	Post-Secondary Adult Career Technical Education	6: Workforce and Regional Economic Development
GRF 235474	Area Health Education Centers Program Support	9: Medical Support
GRF 235480	General Technology Operations	12: Education Technology
GRF 235483	Technology Integration/Professional Development	12: Education Technology
GRF 235501	State Share of Instruction	1: College and University Instructional Operations
GRF 235502	Student Support Services	4: Student Access
GRF 235504	War Orphans Scholarships	4: Student Access
GRF 235507	OhioLINK	7: Higher Education Collaboration
GRF 235508	Air Force Institute of Technology	5: Basic and Applied Research
GRF 235510	Ohio Supercomputer Center	5: Basic and Applied Research
GRF 235511	Cooperative Extension Service	6: Workforce and Regional Economic Development
GRF 235514	Central State Supplement	4: Student Access
GRF 235515	Case Western Reserve University School of Medicine	9: Medical Support
GRF 235516	Wright State Lake Campus Agricultural Program	6: Workforce and Regional Economic Development
GRF 235519	Family Practice	9: Medical Support
GRF 235520	Shawnee State Supplement	4: Student Access
GRF 235523	Youth STEM Commercialization and Entrepreneurship Program	6: Workforce and Regional Economic Development
GRF 235524	Police and Fire Protection	8: Public Service and Safety
GRF 235525	Geriatric Medicine	9: Medical Support
GRF 235526	Primary Care Residencies	9: Medical Support

Categorization of BOR's Appropriation Line Items for Analysis of Budget			
Fund	ALI and Name		Category
GRF	235535	Ohio Agricultural Research and Development Center	5: Basic and Applied Research
GRF	235536	The Ohio State University Clinical Teaching	9: Medical Support
GRF	235537	University of Cincinnati Clinical Teaching	9: Medical Support
GRF	235538	University of Toledo Clinical Teaching	9: Medical Support
GRF	235539	Wright State University Clinical Teaching	9: Medical Support
GRF	235540	Ohio University Clinical Teaching	9: Medical Support
GRF	235541	Northeastern Ohio Universities College of Medicine Clinical Teaching	9: Medical Support
GRF	235552	Capital Component	2: Facilities and Debt Service
GRF	235555	Library Depositories	7: Higher Education Collaboration
GRF	235556	Ohio Academic Resources Network	7: Higher Education Collaboration
GRF	235558	Long-term Care Research	9: Medical Support
GRF	235563	Ohio College Opportunity Grant	4: Student Access
GRF	235572	The Ohio State University Clinic Support	9: Medical Support
GRF	235599	National Guard Scholarship Program	8: Public Service and Safety
GRF	235909	Higher Education General Obligation Debt Service	2: Facilities and Debt Service
General Services Fund Group			
2200	235614	Program Approval and Reauthorization	10: Planning and Coordination
4560	235603	Sales and Services	10: Planning and Coordination
5JC0	235649	Co-op Internship Program	6: Workforce and Regional Economic Development
5JC0	235668	Defense/Aerospace Workforce Development Initiative	6: Workforce and Regional Economic Development
5JC0	235685	Manufacturing and Workforce Development Initiative	6: Workforce and Regional Economic Development
Federal Special Revenue Fund Group			
3120	235612	Carl D. Perkins Grant/Plan Administration	6: Workforce and Regional Economic Development
3120	235617	Improving Teacher Quality Grant	3: PK-Sixteen Preparation and Access
3120	235641	Adult Basic and Literacy Education – Federal	3: PK-Sixteen Preparation and Access
3120	235672	H-1B Tech Skills Training	6: Workforce and Regional Economic Development
3BE0	235630	Indirect Cost Recovery – Fed	10: Planning and Coordination
3H20	235608	Human Services Project	9: Medical Support
State Special Revenue Fund Group			
4E80	235602	Higher Educational Facility Commission Administration	2: Facilities and Debt Service
4X10	235674	Telecommunity and Distance Learning	12: Education Technology
5D40	235675	Conference/Special Purposes	12: Education Technology

Categorization of BOR's Appropriation Line Items for Analysis of Budget			
Fund	ALI and Name		Category
5FR0	235643	Making Opportunity Affordable	10: Planning and Coordination
5P30	235663	Variable Savings Plan	11: Ohio Tuition Trust Authority
6450	235664	Guaranteed Savings Plan	11: Ohio Tuition Trust Authority
6820	235606	Nursing Loan Program	9: Medical Support
Third Frontier Research and Development Fund Group			
7011	235634	Research Incentive Third Frontier Fund	5: Basic and Applied Research

Category 1: College and University Instructional Operations

This category of appropriations provides basic state support for instructional and general operations and activities at Ohio's public colleges and universities. The following table shows the College and University Instructional Operations appropriation item and funding levels.

Appropriations for College and University Instructional Operations				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235501	State Share of Instruction	\$ 1,789,699,580	\$ 1,818,225,497
General Revenue Fund Subtotal			\$ 1,789,699,580	\$ 1,818,225,497
Total Funding: College and University Instructional Operations			\$ 1,789,699,580	\$ 1,818,225,497

State Share of Instruction (235501)

Ohio's State Share of Instruction (SSI) serves as the state's primary financial support to public higher education in Ohio. SSI provides unrestricted operating subsidies to Ohio's 61 public colleges and universities, funding a portion of the operating costs of serving more than 440,000 full-time equivalent (FTE) students enrolled in those colleges and universities. SSI is distributed to campuses in approximately equal monthly payments during a given fiscal year.

As illustrated below, the budget earmarks \$5.5 million (0.3%) in FY 2014 to be distributed to ensure that all campuses receive at least 96% of their FY 2013 allocation. Any remaining funds in the earmark are to be added to the University Main and Regional Campuses earmark and distributed to all campuses. The University Main and Regional Campuses represents 76.7% of the SSI appropriation in FY 2014 and the Community and Technical College earmark represents 23.0% of the appropriation. Within the University Main and Regional Campuses earmarks shown, the budget earmarks \$116.2 million (8.4%) in FY 2014 for regional campuses and \$3.9 million (0.3%) in each fiscal year for universities that received funds under the former Access Challenge Program.

GRF, 235501, State Share of Instruction		
Earmarks	FY 2014	FY 2015
Community, State Community, and Technical Colleges	\$411,257,477	\$419,101,428
University Main and Regional Campuses	\$1,372,968,020	\$1,399,124,069
Bridge Funding – Stability Guarantee	\$5,474,083	\$0

Category 2: Facilities and Debt Service

This category of appropriations provides funds for the servicing of debt obligations incurred by the state and for the administration of capital-related activities. The following table shows the Facilities and Debt Service appropriation items and the funding levels.

Appropriations for Facilities and Debt Service				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235401	Lease Rental Payments	\$ 5,805,300	\$ -
GRF	235552	Capital Component	\$ 13,628,639	\$ 10,280,387
GRF	235909	Higher Education General Obligation Debt Service	\$ 221,168,700	\$ 248,822,000
General Revenue Fund Subtotal			\$ 240,602,639	\$ 259,102,387
State Special Revenue Fund (SSR)				
4E80	235602	Higher Educational Facility Commission Administration	\$ 29,100	\$ 29,100
State Special Revenue Fund Subtotal			\$ 29,100	\$ 29,100
Total Funding: Facilities and Debt Service			\$ 240,631,739	\$ 259,131,487

Debt Service (235401 and 235909)

These appropriation items provide the funds necessary to make debt service payments during the FY 2014-FY 2015 biennium on bonds issued to build and renovate facilities at state-supported colleges and universities throughout the state.

Until FY 2000, the capital needs of higher education were entirely met by the issuance of special revenue bonds. Special revenue bonds are supported and repaid by a dedicated state revenue source and are not backed by the full faith and credit of the state. In November 1999, Ohio voters approved a constitutional amendment authorizing the state to issue another type of bond – general obligation (GO) bonds – for funding higher education's capital projects. GO bonds are backed by the full faith and credit of the state. This additional backing reduces the risk to the bondholder; as a result, GO bonds are usually sold at lower interest rates than special revenue bonds. Because of the lower interest charges from the issuance of GO bonds, the state has not issued any special revenue bonds for higher education's capital projects since FY 2000. Accordingly, debt service for special revenue bonds has been decreasing. All special revenue debt service is expected to be retired by FY 2015. As of February 1, 2013, there was \$1,930.8 million in general obligation higher education debt, and \$5.6 million in special revenue higher education debt outstanding for the state.

The principal and interest on special revenue bonds that have been issued for capital improvements at state-supported colleges and universities is paid from GRF appropriation item 235401, Lease Rental Payments.

The principal and interest on GO bonds that have been issued for capital improvements at state-supported colleges and universities is paid from GRF appropriation item 235909, Higher Education General Obligation Debt Service.

Capital Component (235552)

This appropriation item provides funding for campuses that requested and received capital appropriations lower than their formula-allocated capital appropriation amount in the capital formula used prior to FY 2012. This appropriation item was established in FY 1998 to implement an incentive-based capital funding policy. Under this policy, BOR used a formula to recommend capital funding based on the amount and age of space, the number of student enrollments, and the total capital appropriations available. Funding for the Capital Component Program is equal to the difference between BOR's recommended capital funding amount under the prior formula and actual capital appropriations received. In FY 2012, BOR established a new method of making campus capital allocations based on statewide priorities and cooperative strategy among the institutions. Funding for the program continues, however, for outstanding debt issued for capital appropriations prior to FY 2012.

The SSI formula reduces a campus's SSI subsidy if the campus requested and received capital appropriations greater than its formula-determined amount. The reduction amount equals the difference between a campus's formula-determined debt service amount in the prior capital formula and the debt service amount actually received by the campus. For all campuses except the Ohio Agricultural Research and Development Center (OARDC), these reduced subsidies are deducted from GRF appropriation item 235501, State Share of Instruction, and transferred to the Capital Component appropriation item. For OARDC, a reduced subsidy is deducted from GRF appropriation item 235535, Ohio Agricultural Research and Development Center, and transferred to the Capital Component appropriation item.

Higher Educational Facility Commission Administration (235602)

This line item supports BOR's administration of the Higher Educational Facility Commission (HEFC), an agency of the state that provides for the issuance of tax-exempt revenue bonds for Ohio's independent nonprofit private colleges and universities and nonprofit hospitals and health care systems.

HEFC does not have a separate staff or permanent offices, it relies on bond counsel (who is paid by the universities and hospitals for which bonds are issued) and the support of BOR for its operations. The budget authorizes the transfer of up to \$29,100 in FY 2014 and FY 2015 from HEFC's Agency Fund (Fund 4610) to the HEFC Administration Fund (Fund 4E80) used by BOR, in order to enable BOR to perform HEFC's administrative duties. The LSC Greenbook for the Higher Educational Facility Commission provides a more detailed description of HEFC's budget and operations.

Category 3: Pre-Kindergarten through Sixteen Preparation and Access

This category of appropriations provides opportunities for Ohio's pre-K through sixteen student development and helps to train Ohio's future teachers. The following table shows the Pre-Kindergarten through Sixteen Preparation and Access appropriation items and funding levels.

Appropriations for Pre-Kindergarten through Sixteen Preparation and Access				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235443	Adult Basic and Literacy Education – State	\$ 7,427,416	\$ 7,427,416
General Revenue Fund Subtotal			\$ 7,427,416	\$ 7,427,416
Federal Special Revenue Fund (FED)				
3120	235617	Improving Teacher Quality Grant	\$ 3,200,000	\$ 3,200,000
3120	235641	Adult Basic and Literacy Education – Federal	\$ 14,835,671	\$ 14,835,671
Federal Special Revenue Fund Subtotal			\$ 18,035,671	\$ 18,035,671
Total Funding: PK-16 Preparation and Access			\$ 25,463,087	\$ 25,463,087

Adult Basic and Literacy Education (ABLE) (235443 and 235641)

GRF appropriation item 235443, Adult Basic and Literacy Education – State provides the state match for the federal Adult Basic and Literacy Education (ABLE) grants appropriated in line item 235641, Adult Basic and Literacy Education – Federal. A funding cap of 5% is in place for administrative costs. The ABLE Program provides grants for the development and administration of courses with instruction in basic literacy, workplace literacy, family literacy, English for speakers of other languages (ESOL), and preparation for the General Education Development (GED) test.

As the table below illustrates, the budget earmarks \$125,000 (1.7%) in each fiscal year from the GRF ABLE appropriation to provide a grant for an Ohio public library that provides remedial coursework instruction for postsecondary students.

GRF, 235443, Adult Basic and Literacy Education		
Earmarks	FY 2014	FY 2015
Library Grant	\$125,000	\$125,000
Remainder – ABLE Program	\$7,302,416	\$7,302,416

Improving Teacher Quality Grant (235617)

This federal funding provides competitive grants to universities for research based, content rich, professional development projects for pre-kindergarten to twelfth grade teachers. Funds are allocated to states based on population and granted to high-need school districts in partnership with colleges or universities. The grants are intended to increase student academic achievement by improving teacher quality.

Partnerships may use the grants to recruit and retain teachers, increase the number of high quality teachers, or reform state certification programs.

Category 4: Student Access

This category of appropriations supports efforts to increase college access and participation in higher education by providing a variety of student aid, from direct financial assistance for college students to institutional subsidies that help institutions maintain lower and more affordable tuitions. The following table shows the Student Access appropriation items and funding levels.

Appropriations for Student Access				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235414	State Grants and Scholarship Administration	\$ 830,180	\$ 830,180
GRF	235434	College Readiness and Access	\$ 1,200,000	\$ 1,200,000
GRF	235438	Choose Ohio First Scholarships	\$ 16,665,114	\$ 16,665,114
GRF	235502	Student Support Services	\$ 632,974	\$ 632,974
GRF	235504	War Orphans Scholarships	\$ 5,500,000	\$ 5,500,000
GRF	235514	Central State Supplement	\$ 11,063,468	\$ 11,063,468
GRF	235520	Shawnee State Supplement	\$ 2,326,097	\$ 2,326,097
GRF	235563	Ohio College Opportunity Grant	\$ 90,284,264	\$ 90,284,264
General Revenue Fund Subtotal			\$ 128,502,097	\$ 128,502,097
Total Funding: Student Access			\$ 128,502,097	\$ 128,502,097

State Grants and Scholarship Administration (235414)

This appropriation item provides funds to support the operating expenses of all of the student financial aid programs administered by BOR. In addition to administration of the state need-based financial aid programs, this line item provides funding for BOR to support all state financial aid audits and serve as fiscal manager for the Ohio National Guard Scholarship Program, the War Orphans Scholarship Program, the Ohio College Opportunity Grant Program (OCOG), the Choose Ohio First Scholarship Program, and the Nurse Education Assistance Loan Program (NEALP). This appropriation item also supports state financial aid audits, the State Grants and Scholarships Hotline, and the College Access Hotline.

College Readiness and Access (235434)

This appropriation item is used to support early college high school initiatives. The budget requires the Chancellor to distribute grants of \$2,000 per student to each institution of higher education supporting an early college high school. If appropriations are inadequate to provide full grant awards, the Chancellor can decrease the student grant amount.

Choose Ohio First Scholarship (235438)

This appropriation item provides scholarships to students pursuing STEM or STEM education degrees at one of Ohio's institutions of higher education. Public and

private institutions with plans to recruit students in an effort to increase the number of STEM graduates in Ohio and attract the students of the highest quality receive grants through a competitive process. Recipient institutions then distribute scholarships to students. The program is expected to award a total of 5,500 scholarships by FY 2014. Scholarship programs have leveraged more than \$3.2 million in matching funds from participating institutions. Choose Ohio First funding also provides a state match for the Woodrow Wilson Foundation Choose Ohio First STEM Teaching Fellowship Program, a competitive award program intended to attract excellent students to graduate programs that will prepare them to become STEM teachers.

The budget also creates the Choose Ohio First Scholarship Reserve Fund, to receive cash equal to any unused appropriations in a fiscal year and to use this cash to pay scholarship obligations in excess of the appropriations made for the program in a future fiscal year.

Student Support Services (235502)

This appropriation item provides funds for supplemental state support to Ohio's public colleges and universities that have high concentrations of disabled students and incur disproportionate costs in providing instructional and related services to these students. The purpose of the program is to help Ohio's public colleges and universities conform to the Americans with Disabilities Act and to make their campuses more physically accessible for disabled students. Examples of the services funded with this appropriation include tutoring, note taking, counseling, and transportation services. Recently, the Student Support Services Program has also begun to include the purchase of assistive technologies that can be made available to all institutions in the University System of Ohio. BOR annually determines the qualified campuses and the statewide average costs for the provision of these services.

War Orphans Scholarship (235504)

This appropriation item provides funds for scholarships for the children of deceased or severely disabled Ohio veterans of wartime military service in the U.S. armed forces. The scholarship can be used at both state-assisted institutions and private institutions. In FY 2014 and FY 2015, awards for students of state-assisted, two-year and four-year institutions are expected to be equal to 93% of the instructional and general fees and scholarships.

H.B. 280 of the 129th General Assembly expanded eligibility for the Scholarship to include children of any wounded service member that participated in an operation for which the Armed Forces Expeditionary Medal is awarded. The same bill also gave the War Orphans Scholarship Program the power to solicit and accept private contributions and grants to operate. Such funds may be used to increase War Orphan Scholarship award amounts. The budget creates the War Orphans Scholarship Reserve Fund, to receive cash equal to any unused appropriations in a fiscal year and to use this

cash to pay scholarship obligations in excess of the appropriations made for the program in a future fiscal year.

Campus Supplements (235514 and 235520)

Central State Supplement (235514)

This appropriation item provides additional subsidy to Central State University. This funding is intended to allow the University to maintain lower tuition, fund scholarships, and increase access for minority students, mainly African Americans. In FY 2013, Central State University's tuition is the lowest among the 13 university main campuses.

Shawnee State Supplement (235520)

This appropriation item provides an additional subsidy to Shawnee State University. Shawnee State primarily serves students from the Appalachian region of the state. This supplemental funding is provided to enable Shawnee State to maintain lower undergraduate fees and to fund scholarships that will increase access for populations that have been historically under-represented in higher education. In FY 2013, Shawnee State's tuition is the second lowest among the 13 university main campuses.

Supplement Improvement Plans

The budget requires the Chancellor to work separately with Central State University and Shawnee State University in the implementation of plans developed for the universities following requirements in H.B. 153 of the 129th General Assembly. The Chancellor is to distribute the supplement funds from appropriation items 235514, Central State Supplement, and 235520, Shawnee State Supplement, according to the plans. The Chancellor must also monitor the use of supplement funds and the implementation of plans established for Central State University and Shawnee State University. If the Chancellor determines that either university is not using its supplement funds in accordance with its plan, or if the plan is not achieving its goals, the Chancellor may suspend the plan and the university must avoid all unnecessary expenditures of supplement funds. In that case, the Chancellor must then notify the Controlling Board of the plan's suspension and prepare a new plan within 60 days.

Ohio College Opportunity Grant (235563)

The Ohio College Opportunity Grant (OCOG) began in FY 2007 and completed its phase-in as Ohio's sole need-based financial aid program for public school students in FY 2010. H.B. 1 of the 128th General Assembly based OCOG eligibility for all students on their expected family contribution (EFC), as determined by the Free Application for Federal Student Aid (FAFSA). Currently, OCOG awards are based on the remaining "state cost of attendance," as determined by the Chancellor, after the student's EFC and federal Pell Grant are applied to the instructional and general charges for the student's educational program. This policy reduced the total (state and

federal) amount of need-based financial aid received by students, and essentially eliminated OCOG awards for those attending low-cost institutions, including community colleges and university regional campuses. The budget continues the current OCOG eligibility policy and specifies that the Chancellor may use the FY 2013 distribution formula in FY 2014 and FY 2015. Should OCOG obligations exceed appropriations, the Chancellor may change eligibility requirements or decrease award amounts.

As illustrated below, the budget earmarks \$41.0 million (45.4%) in each fiscal year for OCOG awards for four-year public universities and \$41.0 million (45.4%) for eligible private nonprofit institutions. The remaining \$8.3 million (9.2%) is earmarked for private, for-profit institutions. In FY 2012 and FY 2013, OCOG also received appropriations under GSF appropriation item 235667, Ohio College Opportunity Grant – Proprietary. The budget discontinues this appropriation item.

GRF, 235563, Ohio College Opportunity Grant		
Earmarks	FY 2014	FY 2015
Four-year Public Institution OCOG Grants	\$41,000,000	\$41,000,000
Private Nonprofit Institution OCOG Grants	\$41,000,000	\$41,000,000
Remainder – Private For-Profit Institution OCOG Grants	\$8,284,264	\$8,284,264

Before determining OCOG award amounts, the Chancellor must also provide renewals or partial renewals of Ohio Academic Scholarships. The OCOG appropriation item is also used to provide tuition waivers for children and spouses of U.S. armed forces members or public service officers that are killed in the line of duty.

The budget also creates the Ohio College Opportunity Grant Reserve Fund, to receive cash equal to any unused appropriations in a fiscal year and to use this cash to pay grants in excess of the appropriations made for the program in a future fiscal year.

Category 5: Basic and Applied Research

This category of appropriations provides research programs and institutions with the means to create new technologies and help the economic vitality of the state. The following table shows the Basic and Applied Research appropriation items and funding levels.

Appropriations for Basic and Applied Research				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235433	Economic Growth Challenge	\$ 521,153	\$ 521,153
GRF	235508	Air Force Institute of Technology	\$ 1,740,803	\$ 1,740,803
GRF	235510	Ohio Supercomputer Center	\$ 3,747,418	\$ 3,747,418
GRF	235535	Ohio Agricultural Research and Development Center	\$ 34,126,100	\$ 34,629,970
General Revenue Fund Subtotal			\$ 40,135,474	\$ 40,639,344
Third Frontier Research and Development Fund				
7011	235634	Research Incentive Third Frontier Fund	\$ 8,000,000	\$ 8,000,000
Third Frontier Research and Development Fund Subtotal			\$ 8,000,000	\$ 8,000,000
Total Funding: Basic and Applied Research			\$ 48,135,474	\$ 48,639,344

Economic Growth Challenge (235433 and 235634)

These appropriation items provide funds for the Research Incentive Program, which enhances research, commercialization, and scholarship at Ohio's universities; improves graduate programs throughout the state; and encourages research and commercialization that furthers the state's economic development. The program pursues these three goals by rewarding increases in universities' levels of federal and private research funding and promoting the transfer of university-developed technology to private industry in support of Ohio's Third Frontier Project. Historically, the Economic Growth Challenge programs have maintained a return on investment of \$10 in federal and private funding for every state dollar spent.

Research Incentive Program

The Research Incentive Program aims to enhance the basic research capabilities and promote new research strengths at Ohio's 13 public universities, one stand-alone public medical college, and two private universities (Case Western Reserve University and the University of Dayton) in order to strengthen academic research that contributes to economic growth. The program rewards institutions' successes in attracting external research funds by fractionally matching those external funds obtained during the previous year. Each institution must submit to BOR a plan that explains its allocation of the matching funds for (a) academic and state purposes, (b) strengthening research programs, and (c) increasing external funding. The plan must also include an evaluation process to determine and report the results of the increased state support. Further, an

institution's plan must also demonstrate significant investments in Third Frontier activities funded at that institution.

Air Force Institute of Technology (235508)

This appropriation item supports the Air Force Institute of Technology (AFIT) at Wright-Patterson Air Force Base. AFIT, the first joint research program between the state of Ohio and the U.S. Air Force, provides graduate-level education in logistics and engineering for Air Force personnel. The program's ongoing purpose is to strengthen the research and educational linkages between the Wright-Patterson Air Force Base and institutions of higher education in Ohio, and to ensure that Air Force personnel have access to critical training and graduate-level education in logistics and engineering. In FY 2012 and FY 2013, AFIT also received funding under GSF appropriation item 235668, Air Force Institute of Technology/Defense/Aerospace Graduate Studies Institute which was funded from one-time casino licensing revenues. The budget eliminates AFIT funding from that appropriation item for FY 2014 and FY 2015.

Ohio Supercomputer Center (235510)

This appropriation item supports the operations of the Ohio Supercomputer Center (OSC), located at The Ohio State University. OSC, established in 1987, provides faculty, students, and researchers at Ohio's public and private colleges and universities access to a statewide high-performance computing resource. OSC is also available to researchers in private industry on a cost-recovery basis. Ohio OSC users can access high-performance computing (HPC), including OSC's modeling and simulation services and support. HPC provides the most effective technological tools currently available for solving a range of engineering and scientific problems and enabling advanced research by Ohio's academic and business communities. In FY 2011, Ohio researchers using OSC were awarded grants totaling over \$140 million; a return of approximately \$24 from federal or private sources for every \$1 of state funds spent. During the past several years, the center has expanded to provide training, scientific computing, and network research services to national HPC and networking groups, enhancing the services offered to Ohio users while building a national reputation. OSC is a member of OH-Tech, Ohio's statewide higher education technology consortium, along with eStudent Services, OhioLINK, and the Ohio Academic Resources Network (OARnet).

Ohio Agricultural Research and Development Center (OARDC) (235535)

This appropriation item is used to support a variety of activities at the Ohio Agricultural Research and Development Center (OARDC), which is the research arm of The Ohio State University's College of Food, Agricultural, and Environmental Sciences. OARDC helps Ohio's agricultural industries improve their competitiveness and profitability. The budget specifies that OARDC must internally allocate these funds on a

competitive basis, based on demonstrated performance of academic units, faculty, and programs.

Located at 11 Ohio facilities in addition to OSU's main campus, OARDC is active in various basic and applied research areas, including agricultural, environmental, and developmental 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 funds provide technology and scientific infrastructure to attract the nation's top researchers and help leverage external research funding. OARDC serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers.

Category 6: Workforce and Regional Economic Development

This category of appropriations provides support to Ohio's economy through the development of services and activities to improve the adult workforce, especially in underserved areas. The following table shows the Workforce and Regional Economic Development appropriation items and funding levels.

Appropriations for Workforce and Regional Economic Development				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235402	Sea Grants	\$ 285,000	\$ 285,000
GRF	235428	Appalachian New Economy Partnership	\$ 737,366	\$ 737,366
GRF	235444	Post-Secondary Adult Career Technical Education	\$ 15,817,547	\$ 15,817,547
GRF	235511	Cooperative Extension Service	\$ 23,086,658	\$ 23,056,658
GRF	235516	Wright State Lake Campus Agricultural Programs	\$ 200,000	\$ -
GRF	235523	Youth STEM Commercialization and Entrepreneurship Program	\$ 2,000,000	\$ 3,000,000
General Revenue Fund Subtotal			\$ 42,126,571	\$ 42,896,571
General Services Fund (GSF)				
5JC0	235649	Co-Op Internship Program	\$ 8,000,000	\$ 8,000,000
5JC0	235668	Defense/Aerospace Workforce Development Initiative	\$ 4,000,000	\$ 4,000,000
5JC0	235685	Manufacturing and Workforce Development Initiative	\$ 2,000,000	\$ -
General Services Fund Subtotal			\$ 14,000,000	\$ 12,000,000
Federal Special Revenue Fund (FED)				
3120	235612	Carl D. Perkins Grants and Planning Administration	\$ 1,350,000	\$ 1,350,000
3120	235672	H-1B Tech Skills Training	\$ 1,100,000	\$ 1,100,000
Federal Special Revenue Fund Subtotal			\$ 2,450,000	\$ 2,450,000
Total Funding: Workforce and Regional Economic Development			\$ 58,576,571	\$ 57,346,571

Sea Grants (235402)

The Ohio Sea Grant Program is operated by the OSU Extension and located at OSU's Lake Erie Research Center. The program supports education, research, communication, extension, and outreach activities in multiple disciplines to enhance the use, development, and management of Lake Erie and the other Great Lakes and their coastal resources. The Ohio Sea Grant Program is one of 32 Sea Grant programs in the National Oceanic and Atmospheric Administration's (NOAA) Sea Grant College Program, which includes every coastal and Great Lakes state.

Appalachian New Economy Partnership (ANEP) (235428)

This appropriation item promotes economic development in Appalachian Ohio through integrated investments designed to improve and target the region's information technology and knowledge infrastructure. Led by Ohio University, ANEP supports public-private technology partnerships among Ohio's public and private campuses, private industry, local government, and school districts within the 29-county

Appalachian region. ANEP's goal is to develop talent, technology, and capital in the areas of entrepreneurship and business assistance, regional public management, and K-16 education to transform Ohio's Appalachian region so that its residents can take part in and benefit from the global economy. ANEP also provides workshops; marketing strategies for distressed communities; and consultation services in planning, marketing, finance, and information systems.

Post-Secondary Adult Career-Technical Education (235444)

The Adult Career-Technical Education (AWE) Program provides education and training through full-time and part-time adult career-technical training programs. School districts, joint vocational school districts, and other public educational institutions are eligible for funding. Distribution of AWE funds is determined by a formula based on the number of students and course hours taught.

In FY 2014, the budget requires the Chancellor, the Superintendent of Public Instruction, and the Governor's Office of Workforce Transformation to hold a series of consultations with the Ohio Technical Centers to develop an appropriate funding formula for FY 2015 to distribute these funds based on student outcomes. The Chancellor must also establish a One-Year Option credit articulation system by June 30, 2014. The system will provide 30 college credits toward a technical degree for graduates of Ohio Technical Centers who have completed a 900-hour program of study and obtained industry-recognized credentials. The Chancellor must report to the General Assembly by June 30, 2014, with recommendations on a process to award proportional credit hours to students completing a program of study between 600 and 899 hours.

Cooperative Extension Service (235511)

The Cooperative Extension Service 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 under the Cooperative Extension Service 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 program areas include agriculture and natural resources, the environment, family and consumer sciences (including home economics and family living), 4-H youth development, and community and workforce development.

As illustrated in the table below, the budget earmarks \$30,000 from this item for an in-school agriculturally based curriculum to be included in the regular classroom curriculum of an elementary school in Cleveland and Cincinnati school districts. An

additional \$73,450 each in each fiscal year is earmarked to provide for a Program Manager in Cleveland and Cincinnati who will prepare classroom teachers in one elementary school in their respective cities to recruit and train volunteers for an after-school 4-H Club. In total, 0.1% of the appropriation is used for these agricultural education programs.

GRF, 235511, The Cooperative Extension Service			
Earmarks	FY 2014	FY 2015	
In-school Agriculturally Based Curriculum	\$ 30,000	\$ 30,000	
Cincinnati School District Program Manager	\$ 73,450	\$ 73,450	
Cleveland School District Program Manager	\$ 73,450	\$ 73,450	
Remainder	\$ 22,909,758	\$ 22,909,758	

Wright State Lake Campus Agricultural Programs (235516)

This appropriation will be used to support agricultural programs at Wright State University's Lake Campus. Wright State University Lake Campus's Agriculture Studies Program provides hands on experiential education related to farming, livestock, and other areas of agricultural leadership and innovation.

Youth STEM Commercialization and Entrepreneurship Program (235523)

This appropriation supports the Youth STEM Commercialization and Entrepreneurship Program, including regional STEM forums, online high school and collegiate content and courses, and a statewide mentoring network available to Ohio high school students. The Program collaborates with institutions of higher education, existing STEM and entrepreneurship programs, and STEM professional and trade associations to implement a statewide competition open to all Ohio high school students. The program offers initiatives to engage minority, rural, and economically disadvantaged students and provides awards for all students. For teachers, the program provides professional development opportunities and incentives.

Co-op Internship Program (235649)

This appropriation item provides support for the Ohio Cooperative Education and Internship Program, which combines work and learning experiences through the collaboration of institutions of higher education and Ohio businesses. The program provides awards to state institutions of higher education that create programs or initiatives using cooperative education or internships and funds scholarships to recruit Ohio students in such programs. Institutions compete for awards and the Chancellor determines award recipients based on the proposed programs' ability to attract and retain Ohio students and workers and alignment with local business needs. All award recipients must have a 100% match for undergraduate programs or a 50% match for graduate programs, unless granted an exception by the Chancellor. Institutions can also cooperate with other institutions, including private colleges and universities.

The budget also adds criteria for the Chancellor to consider in determining Ohio Co-op Internship Program awards. The Chancellor must consider the extent to which a proposal supports the policies of the Governor's Office of Workforce Transformation (OWT) to meet the state's workforce needs, responds to the needs of employers, and aligns with the skills necessary to fill high demand jobs, particularly in targeted industry sectors identified by OWT.

The budget also provides funding for public policy schools and internship programs at several public universities through earmarks. The table below shows the earmarks under 235649, Co-op Internship Program. Combined, these earmarks comprise 14.8% of the appropriations.

GSF, 235649, Co-op Internship Program		
Earmarks	FY 2012	FY 2013
Museum of Contemporary Art Cleveland	\$200,000	\$200,000
Ohio University Voinovich School	\$75,000	\$75,000
The Ohio State University John Glenn School of Public Affairs	\$75,000	\$75,000
University of Akron Bliss Institute of Applied Politics	\$75,000	\$75,000
Miami University Center for Public Management and Regional Affairs	\$75,000	\$75,000
Washington Center Internship Program	\$150,000	\$150,000
Cleveland State University Maxine Goodman Levin College of Urban Affairs	\$75,000	\$75,000
University of Cincinnati Internship Program	\$75,000	\$75,000
Bowling Green State University Center for Regional Development	\$75,000	\$75,000
Wright State University Institute for Defense Studies	\$75,000	\$75,000
Kent State University Columbus Program	\$75,000	\$75,000
University of Toledo Urban Affairs Center	\$75,000	\$75,000
Ohio College Access Network - Ohio Student Educational Policy Institute	\$10,000	\$10,000
Youngstown State University Center for Regional Studies	\$75,000	\$75,000
Remainder	\$6,815,000	\$6,815,000

Defense/Aerospace Graduate Studies Institute (235668)

This appropriation item supports the Defense/Aerospace Workforce Development Initiative collaboration to strengthen job training programs, provide workforce development, and strengthen research and educational linkages among Ohio's defense and aerospace aviation industry, federal agencies, and Ohio universities. Program funds are used to develop a strategic plan to align the University System of Ohio's research and workforce development assets with public and private sector workforce needs. Funds also support the Aerospace Professional Development Center in establishing processes to link underemployed or unemployed workers to job openings in the aviation, aerospace, and defense industries. The budget requires a match of \$4.0 million for this item from federal agencies, private industry partners, or educational partners over the FY 2014-FY 2015 biennium.

Manufacturing and Workforce Development Initiative (235685)

This appropriation is used to provide portable welding stations made from large shipping containers and high level advanced training equipment. This appropriation is composed of two earmarks of \$1.0 million each, for portable welding stations at Lorain County Community College and at the Point Industrial Park in South Point, Ohio.

GRF, 235685, Manufacturing and Workforce Development			
Earmarks		FY 2014	FY 2015
Lorain Community College Portable Welding Stations	\$	1,000,000	\$ -
Point Industrial Park Portable Welding Stations	\$	1,000,000	\$ -

Carl D. Perkins Grant and Plan Administration (235612)

The federal Carl D. Perkins Career and Technical Education Improvement Act aims to increase the quality of academic, career, and technical education within the United States. This appropriation item provides funding for the administration and development of the academic, career, and technical skills of secondary and post-secondary students who enroll in career and technical education programs to prepare themselves both for post-secondary education and for careers in high-skill, high-wage, or high-demand occupations in the knowledge and skills-based economy. The appropriations support technical assistance, program monitoring, data collection and reporting, campus grant funding calculations, and general direction of the program. The continuing focus of the Perkins Act is to integrate academic knowledge and technical skill development and to raise the academic performances of all career-technical students. Ohio's Perkins Grant Program serves approximately 140,000 students at more than 22 college campuses and 39 career centers.

Perkins funds are provided to states that, in turn, allocate funds by formula to secondary and post-secondary schools. BOR receives a transfer of 6% to 11% of the federal funds obtained under the Perkins Act by the Ohio Department of Education. BOR uses the funds provided in this line item to administer the transferred grant funds for community and technical colleges and some universities, as well as to provide technical assistance to Perkins campus coordinators.

H-1B Tech Skills Training (235672)

The federal H-1B Grant Program provides funding for job training and related activities that prepare underemployed, unemployed, or dislocated workers to fill demand for specialty occupations, reducing employers' hiring of foreign workers under the H-1B Nonimmigrant Visa Program. Ohio's grant will focus on information technology and advanced manufacturing industries, and will provide funding to training programs at Columbus State Community College, Stark State Community College, the University of Akron Wayne campus, and the Washington County Career Center.

Category 7: Higher Education Collaboration

This category of appropriations serves the educational needs of Ohio's citizens through enhanced collaborations among institutions of higher education. The following table shows the Higher Education Collaboration appropriation items and funding levels.

Appropriations for Higher Education Collaboration				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235406	Articulation and Transfer	\$ 2,000,000	\$ 2,000,000
GRF	235408	Midwest Higher Education Compact	\$ 95,000	\$ 95,000
GRF	235417	eStudent Services	\$ 2,532,688	\$ 2,532,688
GRF	235507	OhioLINK	\$ 6,211,012	\$ 6,211,012
GRF	235555	Library Depositories	\$ 1,440,342	\$ 1,440,342
GRF	235556	Ohio Academic Resources Network	\$ 3,172,519	\$ 3,172,519
General Revenue Fund Subtotal			\$ 15,451,561	\$ 15,451,561
Total Funding: Higher Education Collaboration			\$ 15,451,561	\$ 15,451,561

Articulation and Transfer (235406)

This appropriation item supports BOR's long-time efforts to achieve an effective statewide articulation and transfer system that addresses issues arising from the increasing student mobility throughout Ohio's higher education system, in particular those issues arising from the transfers of students and their course credits among state-assisted colleges and universities. The system facilitates such transfers by establishing and implementing uniform course equivalencies and transfer policies; 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; and by ensuring the equitable treatment of all students. BOR has been developing and implementing the articulation and transfer policy in three main modules: the Ohio Transfer Module, Transfer Assurance Guides, and the Articulation and Transfer Clearinghouse. The system's goals are to improve access to higher education and to promote students' college success. All state articulation issues are overseen by an Articulation and Transfer Advisory Council, with members from Ohio's public colleges and universities and five officials from state and private organizations in both K-12 and post-secondary education.

Midwest Higher Education Compact (MHEC) (235408)

This line item supports Ohio's membership dues to the Midwest Higher Education Compact's (MHEC) commission for the next two fiscal years. The Midwest Compact is a nonprofit regional organization established in 1991 by an agreement among member states to advance higher education services and opportunities in the

Midwest region. The Compact is charged with promoting interstate cooperation and resource sharing in higher education through cost-savings programs, student access (including reduced tuition), and policy research.

The 12 member states of MHEC as of 2013 are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The Compact's members meet twice each year to establish goals and priorities, review programs, and approve the operating budget.

eStudent Services (235417)

This program, formerly called the Ohio Learning Network (OLN), is a state-of-the-art statewide collaborative electronic education system. The eStudent Services network is implemented through three major programs:

1. iLearnOhio: provides access to high-quality, state-aligned, distance learning courses for K-12 students in public, private, charter, and home schools at all points of their educational career. Pilot programs for distance learning courses are in process for FY 2013;
2. eTutoring: collaborates with 43 institutions of higher education to provide interactive online tutoring with tutors trained in nine academic areas, including math, sciences, and writing; and
3. OhioLearns: provides an online resource for public and private institutions to display and promote distance learning content, including full academic programs. OhioLearns lists over 8,000 online college course sections and 512 certificates and degrees.

eStudent Services is a member of OH-Tech, Ohio's statewide higher education technology consortium, along with the Ohio Academic Resources Network (OARnet), OhioLINK, and the Ohio Supercomputer Center (OSC).

OhioLINK (235507)

This appropriation item supports the operations of OhioLINK, a statewide cooperative electronic library and information retrieval system. Created by the higher education community in 1989 to address a lack of adequate information resources available for research and teaching, OhioLINK enables access to the shared library collections of Ohio's public and private colleges and universities and the State Library of Ohio, with a total of 48.3 million library materials statewide. OhioLINK's goal is to provide easy access to information and rapid delivery of library materials throughout the state. OhioLINK offers six main electronic services: a library catalog, research databases, a multi-publisher electronic journal center, a digital resource commons, a growing collection of e-books, and an electronic theses and dissertations center.

Over 60% of operating funding is used to support core statewide electronic content licenses, including electronic journals and research databases. Through the

cooperative purchase and use of these electronic information resources, OhioLINK achieves significant economies of scale. With every \$1 million in annual license costs through group licensing of databases, the annual savings over comparable individual licensing by all 90 member libraries is estimated to be \$3 to \$4 million. OhioLINK is a member of OH-Tech, Ohio's statewide higher education technology consortium, along with the eStudent Services, OSC, and OARnet.

Library Depositories (235555)

This appropriation item supports a collaborative effort among Ohio's public universities to provide high-density storage for rarely used and duplicative library materials, thereby providing an economical alternative to additional traditional library space that would be needed to store such materials. The item provides funding for the storage operations at five regional depositories. The goal is to provide a cost-effective alternative to building new libraries on campuses and to provide regional locations where library books may be stored and shared among all participating campuses.

The five regional depositories are located at the campuses of Miami University, the Northeast Ohio Medical University, Ohio University, and The Ohio State University, and at the Northwestern Ohio Book Depository, which serves Bowling Green State University and the University of Toledo and its medical campus. The depositories are built and expanded in modular form, with each module typically holding approximately one million items. By the end of FY 2012 the five depositories held more than 7.4 million items, representing over 16% of the total number of items in the OhioLINK electronic library system; on average, the depositories were filled to 90% of capacity.

Ohio Academic Resources Network (235556)

This program supports the operations of the Ohio Academic Resources Network (OARnet), the network for the Ohio Supercomputer Center (OSC). OARnet provides Internet access to millions of Ohioans, including students, researchers, and the general public. The program, established in 1987, provides high-quality fiber-optic backbone Internet services to help link Ohio's academics to global information resources, distance learning, and state library networks such as OhioLINK.

Program funds are provided to Ohio's state-assisted campuses for improving research, distance learning, education and economic development programs, and maintaining and enhancing network connections, including base operations and expansions for enhanced connectivity, functionality, and services. In FY 2005, OARnet implemented the Ohio Supercomputer Network (OSCnet), giving Ohio one of the most advanced fiber optic networks in the country with over 1,850 miles of fiber cable. OSCnet directly connects 89 higher education institutions, providing high-speed network services to users. In FY 2012, OARnet was able to reduce commodity Internet prices by an average of 23% for its higher education members. In addition,

29 information technology centers serving all of the state's K-12 districts, 12 state and local government sites, 11 hospitals, and 9 public broadcasting stations are also directly connected to the OSCnet in partnership with the Department of Education. Those state and local government partners also see lower costs for the services that OARnet provides. OARnet's network operations center staff is available 24 hours a day, seven days a week, to assist clients and monitor the network.

OARnet will lead the implementation of the state's upgrade to a 100G network system, intended to increase Ohio's computing capabilities and draw cutting edge research and business to the state. The budget also indicates that, to the extent that network capacity is available, OARnet must supply bandwidth to eligible economic development programs. OARnet is a member of OH-Tech, Ohio's statewide higher education technology consortium, along with the eStudent Services, OhioLINK, and OSC.

Category 8: Public Service and Safety

This category of appropriations provides funds for two programs that support public safety on or around Ohio's higher education campuses and in the state as a whole. The following table shows the Public Service and Safety appropriation items and funding levels.

Appropriations for Public Service and Safety				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235524	Police and Fire Protection	\$ 107,814	\$ 107,814
GRF	235599	National Guard Scholarship Program	\$ 16,711,514	\$ 17,384,511
General Revenue Fund Subtotal			\$ 16,819,328	\$ 17,492,325
Total Funding: Public Service and Safety			\$ 16,819,328	\$ 17,492,325

Police and Fire Protection (235524)

This appropriation item supports the police and fire departments in small Ohio communities that are heavily affected by the influx of college students attending nearby state-assisted colleges and universities during the academic year. The funds assist local governments in providing police and fire services in the municipalities of Athens, Bowling Green, Fairborn, Kent, Nelsonville, Oxford, Portsmouth, Rootstown, and Xenia Township. The purpose of the program is to offset and absorb a portion of the additional costs that local municipalities incur when providing safety and emergency services for temporary student residents attending certain public campuses in Ohio.

National Guard Scholarship Program (235599)

This program provides higher education scholarships to all authorized personnel of the Ohio National Guard. The program serves as both a recruitment and a retention tool for the Guard and has proved to be an effective incentive for enlisting. The appropriation item provides funds for both scholarship grants and marketing efforts. The program's purpose is to recognize the service of the Ohio National Guard by providing access to higher education for its members. The scholarship covers full tuition for students of state-assisted institutions and an amount equivalent to the average state-assisted award for students of private institutions. Approximately 6,500 National Guard Scholarships are awarded in each academic year. The scholarship is available for up to 12 full-time quarters or eight full-time semesters, equivalent to four years of study. Students must apply for the scholarship before each quarter or semester.

The program also maintains a National Guard Scholarship Reserve Fund (Fund 5BM0) to pay scholarship obligations in excess of the GRF appropriations made for that purpose. The Revised Code authorizes the transfer of any unused balance of GRF appropriation item 235599, National Guard Scholarship Program, to the Reserve

Fund at the end of each fiscal year. As of August 1, 2013, the cash balance in the National Guard Reserve Fund is approximately \$1.4 million.

H.B. 280 of the 129th General Assembly permitted the administrators of the National Guard Scholarship Program to apply for and receive funds, including grants, gifts, bequests, and contributions, from public and private sources. The budget creates the National Guard Scholarship Donation Fund for those contributions. Amounts deposited in the Donation Fund will be included when calculating whether appropriations and reserve funds for the Ohio National Guard Scholarship Program are adequate to meet scholarship obligations.

Category 9: Medical Support

This appropriation category provides support to Ohio's medical, dental, and veterinary education programs and bolsters Ohio's health industry. The following table shows the Medical Support appropriation items and funding levels.

Appropriations for Medical Support				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235474	Area Health Education Centers Program Support	\$ 900,000	\$ 900,000
GRF	235515	Case Western Reserve University School of Medicine	\$ 2,146,253	\$ 2,146,253
GRF	235519	Family Practice	\$ 3,166,185	\$ 3,166,185
GRF	235525	Geriatric Medicine	\$ 522,151	\$ 522,151
GRF	235526	Primary Care Residencies	\$ 1,500,000	\$ 1,500,000
GRF	235536	The Ohio State University Clinical Teaching	\$ 9,668,941	\$ 9,668,941
GRF	235537	University of Cincinnati Clinical Teaching	\$ 7,952,573	\$ 7,952,573
GRF	235538	University of Toledo Clinical Teaching	\$ 6,198,600	\$ 6,198,600
GRF	235539	Wright State University Clinical Teaching	\$ 3,011,400	\$ 3,011,400
GRF	235540	Ohio University Clinical Teaching	\$ 2,911,212	\$ 2,911,212
GRF	235541	Northeastern Ohio Universities College of Medicine Clinical Teaching	\$ 2,994,178	\$ 2,994,178
GRF	235558	Long-Term Care Research	\$ 325,300	\$ 325,300
GRF	235572	The Ohio State University Clinic Support	\$ 766,533	\$ 766,533
General Revenue Fund Subtotal			\$ 42,063,326	\$ 42,063,326
State Special Revenue (SSR) Fund				
6820	235606	Nursing Loan Program	\$ 891,320	\$ 891,320
State Special Revenue Fund Subtotal			\$ 891,320	\$ 891,320
Federal Special Revenue Fund (FED)				
3H20	235608	Human Services Project	\$ 1,000,000	\$ 1,000,000
Federal Special Revenue Fund Subtotal			\$ 1,000,000	\$ 1,000,000
Total Funding: Medical Support			\$ 43,954,646	\$ 43,954,646

Area Health Education Centers (235474)

The Area Health Education Centers (AHEC) Program coordinates the placement of students of medicine and the other health professions into community-based clinical training sites, especially those in regions of physician shortages such as rural and inner-city areas.

The program also supports other health care workforce development efforts, including pipeline programs facilitating STEM education and the support of practitioners already located in areas with shortages of health care professionals. The program's goal is to improve the geographic distribution and quality of health care personnel and health care delivery in the state. Measurement criteria include the number of training sites served, the number of students receiving education through

the program, and student experiences in areas with current shortages of health care professionals. On average, approximately 2,600 students receive clinical training at community training sites annually.

Case Western Reserve University School of Medicine (235515)

This appropriation item provides supplemental state funding for the Case Western Reserve University (CWRU) School of Medicine. In return, the medical school agrees to use the funds to improve the clinical experiences of its medical students and to increase medical outreach to the residents of Cleveland and Cuyahoga County. In FY 2012, 75 organizations and their clients were served through several community programs.

These funds are used by CWRU to recruit students across the country and create a curriculum that focuses on health issues in Ohio. Students learn to address critical public health issues that exist in Ohio's communities and provide medical services to underserved populations throughout Cuyahoga County, in part through early clinical experiences. CWRU submits an annual report to BOR providing descriptions and costs of the services provided during the preceding year.

Family Practice (235519)

This appropriation item funds family practice initiatives, and supports family practice residencies and instruction 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 departments of family medicine. The Family Practice appropriation supports an incentive-based subsidy that rewards medical schools for the number of medical school graduates who: (a) go on to family practice residencies, (b) establish family medicine practices in Ohio, and (c) serve underserved populations and/or geographic areas of Ohio. The subsidy's purpose is to raise the quality and number of family practice physicians practicing in the state.

Geriatric Medicine (235525)

This appropriation item supports the offices of geriatric medicine within the public medical colleges in Ohio. The maintenance of these offices is mandated by the state in section 3333.111 of the Ohio Revised Code. The Geriatric Medicine Program helps ensure that all Ohio medical students receive specific education and training within their medical school curricula concerning the care of older adults. To that end, the offices are responsible for including geriatric medicine-related subject matter in existing courses, arranging the courses in sequence, and establishing courses in geriatric medicine wherever appropriate. The program's goal is to improve health care and create a better quality of life for Ohio's senior population.

Primary Care Residencies (235526)

The Primary Care Residencies appropriation item is an incentive-based subsidy that rewards medical schools based on the number of medical school graduates who: (a) go on to primary care residencies in pediatrics, internal medicine, pediatric internal medicine, and osteopathic medicine, and (b) establish primary care practices in Ohio. The appropriation item supports instruction in primary care specialties, such as internal medicine and pediatrics, in order to raise the quality and number of primary care physicians in medical practice. 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.

Clinical Teaching (235536, 235537, 235538, 235539, 235540, and 235541)

These six appropriation items provide subsidies in support of laboratory and clinical teaching components of the medical and other health-related curricula at each of Ohio's six public medical colleges located at the University of Cincinnati, the Northeastern Ohio Universities College of Medicine, Ohio University, The Ohio State University, the University of Toledo, and Wright State University. These items help defray the costs of clinical training for Ohio's student health professionals. Clinical training is regarded as a fundamental component in the education of physicians and other health care professionals. Areas of subsidized training include medicine, nursing, pharmacy, physical and occupational therapy, and medical technologies. A significant majority of the students receive some clinical experience each year. In FY 2013, there were approximately 3,500 medical students in state-assisted medical schools.

Long-Term Care Research (235558)

This appropriation item supports basic and applied research and graduate studies at Miami University's Scripps Gerontology Center. The center provides expertise, education, and research concerning issues of state and federal policy about long-term care. The program's goal is to identify cost-effective alternatives for long-term health care at reasonable levels of quality.

The Ohio State University Clinic Support (235572)

This program supports the clinical components of the instructional programs at the dental and veterinary medicine schools at The Ohio State University. The clinics provide practical education to dentistry and veterinary medicine students, as well as to dental hygiene students.

Nursing Loan Program (235606)

This appropriation item supports the Nurse Education Assistance Loan Program (NEALP), which provides financial assistance to Ohio students enrolled in at least half-time study in approved Ohio nurse education programs, including post-licensure nursing instructor programs. The purpose of NEALP is to encourage individuals to become students and instructors in the nursing profession – where Ohio suffers a

shortage – and to provide affordable college access to nurses and nursing students. Half of the loan funds are used to provide loans of approximately \$1,500 per year to students intending to serve as registered nurses and half are used to provide loans of approximately \$5,000 per year to nurses intending to become nurse instructors. Awards for students studying nursing are made on the basis of need for up to four years of study. After they have obtained the appropriate licensure and are employed in the field of nursing, students will be eligible to have 100% of their outstanding loans cancelled. For students studying to be nursing instructors, awards are made on a first come, first served basis for up to two years of study. Approximately 200 students receive NEALP awards each year. The table below illustrates that 5.6% of the total appropriation in each fiscal year is earmarked for NEALP's operating expenses that are covered by BOR.

GRF, 235606, Nursing Loan Program			
Earmarks		FY 2014	FY 2015
Operating Expenses	\$	50,000	\$ 50,000
Remainder	\$	841,320	\$ 841,320

The funding for this item is provided by surcharges on the license renewal fees paid by registered nurses and licensed practical nurses.

Human Services Project (235608)

This federally funded program supports the Medicaid Technical Assistance Policy Program (MEDTAPP) and Workforce Development Initiatives. MEDTAPP is operated by an interagency consortium of the Board of Regents, the Ohio Department of Job and Family Services (ODJFS), and the Health Services Research Task Force of the Ohio Medical School Council of Deans to promote Medicaid-related, applied-health services research at Ohio's medical colleges and other universities. The program's goal is to obtain research findings to assist the administration's development of policies for improving the quality and cost effectiveness of health care delivered to the state's Medicaid population. Each year ODJFS estimates the number of research projects to be funded; the federal funds are then used to support those projects conducted by campus academics. MEDTAPP funding is made possible through federal pass-through dollars from ODJFS to BOR through an interagency agreement. The funds are distributed to the Ohio medical colleges and other universities through a competitive proposal process.

Category 10: Planning and Coordination

This appropriation category provides the Board of Regents and state-assisted institutions of higher education with operational and administrative support to perform efficiently and effectively. The following table shows the Planning and Coordination appropriation items and funding levels.

Appropriations for Planning and Coordination				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235321	Operating Expenses	\$ 2,850,357	\$ 2,850,357
GRF	235409	HEI Information System	\$ 1,505,683	\$ 1,505,683
General Revenue Fund Subtotal			\$ 4,356,040	\$ 4,356,040
General Services Fund (GSF)				
2200	235614	Program Approval and Reauthorization	\$ 903,595	\$ 903,595
4560	235603	Sales and Service	\$ 199,250	\$ 199,250
General Services Fund Subtotal			\$ 1,102,845	\$ 1,102,845
Federal Special Revenue Fund (FED)				
3BW0	235630	Indirect Cost Recovery – Fed	\$ 50,000	\$ 50,000
Federal Special Revenue Fund Subtotal			\$ 50,000	\$ 50,000
State Special Revenue Fund (SSR)				
5FR0	235643	Making Opportunity Affordable	\$ 230,000	\$ 230,000
State Special Revenue Fund Subtotal			\$ 230,000	\$ 230,000
Total Funding: Planning and Coordination			\$ 5,738,885	\$ 5,738,885

Operating Expenses (235321)

This appropriation item equips BOR with essential resources, mainly personnel, to enable the agency to pursue its mandated mission to serve Ohio's colleges and universities and to provide higher education policy and budget advice to the Governor and to the General Assembly. This item supports the agency's personal services, maintenance, and equipment.

HEI Information System (235409)

This appropriation item supports the continual development, expansion, and operations of the Higher Education Information (HEI) system, a comprehensive relational database containing a wide array of information about Ohio's colleges and universities. As inputs to HEI, public campuses report data on student enrollments and demographics, faculties, course offerings, facilities, physical plant inventories, and finances. All state-supported institutions are contributors to HEI's database and users of its data. Private institutions report financial aid data through the system.

The system's data and software enable various complex calculations and applications, including the allocation and disbursement of the state's main subsidy appropriation, the State Share of Instruction, to the campuses and the calculation and distribution of funds to students under Ohio's several financial aid programs. HEI's information is used by BOR, institutions, and other state offices to inform policy and budget decisions, and is used for Basic Data Series reports, performance reporting, and other BOR higher education reporting. Some of the appropriation funds are provided to state-supported and independent institutions of higher education to assist them in complying with HEI's reporting procedures and deadlines.

Program Approval and Reauthorization (235614)

This appropriation item enables BOR to directly contract with and reimburse consultants who review and evaluate higher education institutions' degree program proposals, conduct institutional authorization and reauthorization reviews, and perform institutional oversight reviews for private, proprietary, and out-of-state institutions, pursuant to Chapter 1713. of the Ohio Revised Code. BOR's purpose in having programs and proposed programs reviewed by objective outside experts is to provide appropriate institutional oversight in order to ensure that Ohio's degree programs are of the highest educational quality.

Appropriation funding is provided by remittances from those institutions requesting reviews, evaluations, authorizations, and reauthorizations; the institutions are responsible for all costs associated with the authorization process. The remittances are paid into Fund 2200 of the General Services Fund group, which funds the program's appropriations.

The costs incurred through approval and reauthorization are driven by the number of authorization requests that BOR receives from public, private, proprietary, and out-of-state institutions, the number of reauthorization requests received from currently authorized institutions, and the number of institutional oversight reviews performed by BOR. Each institutional request for authorization or reauthorization must be accommodated by BOR, which must also provide appropriate oversight reviews each year. The total number of reviews per year can vary depending on the institutions' circumstances. BOR is responsible for authorizing approximately 140 independent nonprofit institutions, for-profit career colleges and schools, and all degree-granting programs.

Sales and Services (235603)

This item is funded from fees deposited into Fund 4560 of the General Services Fund group and covers the costs of the production of official publications and the delivery of services associated with BOR's Higher Education Information (HEI) system, as well as miscellaneous meeting expenses. All revenue collected from the activities funded by this item is used to offset personnel costs.

Indirect Cost Recovery – Fed (235630)

This item receives federal grant funds provided to Ohio based on a federal indirect cost rate. BOR administers the grant and uses funds to pay for eligible central services, including payroll for fiscal services, human resources, grant management, information technology services, supplies, and some equipment purchases.

Making Opportunity Affordable (235643)

This item is funded through a grant from the Lumina Foundation, which selected the state of Ohio to participate in the Lumina Productivity Grant Program, formerly known as the Making Opportunity Affordable Program. The Lumina Foundation provided a grant totaling \$0.95 million to assist BOR in its implementation of a higher education productivity agenda. The program provides incentives for the development of affordable and efficient higher education strategies, and funds are used to identify policies around the state that may create unnecessary expenses or wastefulness in Ohio's public higher education system. Out of the total award to Ohio, one-third goes to Ohio University for the implementation of an e-procurement system. Another one-third goes to a University of Akron/Lorain County Community College shared services "proof of concept." The balance of the award goes to a University System of Ohio (USO) project to improve communications around the state. Both campus projects are designed to increase efficiency and save the system money by rationalizing procurement and lowering the cost of back-office operations.

Category 11: Ohio Tuition Trust Authority

This appropriation category provides support for the operations and activities of the Ohio Tuition Trust Authority and Ohio's 529 college savings program oversight. The following table shows the Ohio Tuition Trust Authority (OTTA) appropriation items and funding levels.

Appropriations for Ohio Tuition Trust Authority				
Fund	ALI	Title	FY 2014	FY 2015
State Special Revenue Fund (SSR)				
5P30	235663	Variable Savings Plan	\$ 8,066,920	\$ 8,104,370
6450	235664	Guaranteed Savings Plan	\$ 1,290,718	\$ 1,303,129
State Special Revenue Fund Subtotal			\$ 9,357,638	\$ 9,407,499
Total Funding: Ohio Tuition Trust Authority			\$ 9,357,638	\$ 9,407,499

OTTA was created in 1989 to provide a tax advantaged investment option for Ohio families to save for their children's college education. The Chancellor has governing power over OTTA's operations, and the Ohio Tuition Trust Advisory Board acts as an advisory board to the Chancellor. The Advisory Board is made up of 11 members, including one appointed by the Governor that must have experience in the field of banking, investment banking, insurance, or law. All of OTTA's operations are funded through fee revenue generated through its programs – no expenditures are made from the General Revenue Fund (GRF).

OTTA is responsible for Ohio's 529 college savings program, the College Advantage Savings Plan. A 529 college savings program is a state-operated investment plan named after the section of the federal Internal Revenue Code that specifies the various tax advantages of participating in the program. These tax advantages include tax-free growth while the value of the account accumulates, and withdrawals that are exempt from both federal and state income taxes if the distributions are used to pay for qualified higher education expenses. The qualified expenses include tuition, room and board, and any other fees or costs that are required for enrollment or attendance at the college or university. Funds invested in the plan may be used at any college in the country.

Variable Savings Plan (235663)

This appropriation item supports the investment options that are currently open to new enrollments and contributions. The Variable Savings Plan includes six investment managers (BlackRock, Vanguard, Fifth Third Bank, PIMCO, Oppenheimer, and GE).

BlackRock Advisor-Sold Options

BlackRock Investment Management is OTTA's newest investment manager, but it is also the largest in terms of assets. In October 2010, BlackRock replaced Putnam

Investments, OTTA's oldest investment manager, as the sole advisor-sold plan and took on all existing Putnam accounts. BlackRock now offers more than 20 investment options, with 353,000 accounts and assets of \$3,859.2 million as of December 31, 2012. OTTA receives ten basis points (0.10%) on all advisor-sold assets under management and indicates that BlackRock's options are performing on par with expectations. OTTA anticipates that in the FY 2014-FY 2015 biennium, sales under the direct options will increase by approximately 7%.

In FY 2011, BlackRock pledged to provide \$250,000 annually for a pilot scholarship program and OTTA agreed to match BlackRock's scholarship contribution, for a total scholarship fund of \$500,000 per year. As of FY 2013, the program has \$1.5 million; however, due to administrative delays, the scholarship program has not yet begun to grant awards. OTTA indicates that the scholarships will be competitively awarded and will incentivize Ohio's low-cost degree pathways. Approximately 250 to 500 scholarships will be awarded to students that have the highest levels of financial need and are beneficiaries of one of OTTA's 529 options. The scholarship program is expected to begin in FY 2014.

Direct Options

In addition to its advisor-sold options, OTTA has options which investors can buy directly. Managed by five different investment managers, the direct options cover a range of investment options to meet a variety of investment needs. As of December 31, 2012, these programs had 225,000 accounts combined with assets totaling \$2,872.6 million. OTTA anticipates that in the FY 2014-FY 2015 biennium, sales under the direct options will increase by approximately 5%.

Vanguard

The Vanguard Group is OTTA's oldest remaining investment manager, with options initially offered in May 2004. This program currently offers 16 investment options, including cash, bond, stock, and age-based basket options. OTTA receives 0.10% of a participant's assets, on an annualized basis in the Vanguard 500 Index Fund and 0.15% of a participant's assets in all other Vanguard options.

Fifth Third Bank Options

Fifth Third Bank was added as a provider of tax advantaged investment options under the Variable Savings Plan in September 2005. This program currently offers two no-fee investment options – savings accounts and certificates of deposit (CDs), both insured by the FDIC. The Fifth Third Bank Options saw significant growth in the past two biennia, due partially to the appeal of stable banking investments in times of high market volatility. While participants of the Banking Products Program pay no fees, OTTA receives revenue paid by Fifth Third Bank based on the basis points (0.10%) earned on the cumulative assets of the program.

GE, Oppenheimer, and PIMCO Options

Together, the final four OTTA investment options are offered by three managers: GE (1), Oppenheimer (1), and PIMCO (2). These options were introduced in 2008 to diversify investment products and offer greater value to customers. OTTA receives 0.15% of a participant's assets in options under all three investment managers.

Guaranteed Savings Plan (235664)

The oldest savings plan operated by OTTA, the Guaranteed Savings Plan, offers units which can be reimbursed for a portion of tuition, but no longer accepts new enrollments or contributions. Funding for this program comes from the reserve fund within the program, which contains fees that were assessed on each sale (approximately \$5 per contract) when the program was open for new enrollments and contributions.

Funding for this appropriation item pays for the administrative costs of operating the Guaranteed Savings Plan, which was established in October 1989. The Guaranteed Savings Plan has been suspended for new enrollees beginning on October 8, 2003, and suspended for new contributions to existing accounts beginning on January 1, 2004. This suspension will continue through December 31, 2013, and is likely to continue through the FY 2014-FY 2015 biennium. The Guaranteed Savings Plan suspension is due to an actuarial deficit, initially caused largely by the combination of the downturn in the economy and the stock market, and the large increases in tuitions at Ohio's public colleges and universities after the removal of the tuition caps in FY 2002 and FY 2003.

Since new enrollments and contributions to the program have been suspended, the main activities of the program have been processing withdrawals, answering questions from program participants, and making program participants aware of investment options available under the Variable Savings Plan. The other priority of the program is to effectively manage the existing assets in the program to maximize the investment return while minimizing risk. OTTA is currently engaged in an effort to encourage current account holders with beneficiaries age 28 and older to transfer their account holdings to other investment options or liquidate funds, in order to decrease possible redemptions. As of December 31, 2012, the Guaranteed Savings Plan had about 52,000 accounts and \$493.3 million in assets. OTTA anticipates that redemptions from the Guaranteed Savings Plan will be \$84.0 million in FY 2013, \$62.6 million in FY 2014, and \$65.6 million in FY 2015.

Category 12: Education Technology

This appropriation category provides support for some of the operations and activities of the former eTech Ohio Commission, which is reconstituted as the Broadcast Educational Media Commission (BEMC) in the budget. The following table shows the appropriation items transferred from the former eTech Commission and their funding levels.

Appropriations for Education Technology				
Fund	ALI	Title	FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	235480	General Technology Operations	\$ 500,000	\$ 500,000
GRF	235483	Technology Integration and Professional Development	\$ 3,378,598	\$ 2,703,598
General Revenue Fund Subtotal			\$ 3,878,598	\$ 3,203,598
State Special Revenue Fund (SSR)				
4X10	235674	Telecommunity and Distance Learning	\$ 49,150	\$ 49,150
5D40	235675	Conference/Special Purposes	\$ 1,884,095	\$ 1,884,095
State Special Revenue Fund Subtotal			\$ 1,933,245	\$ 1,933,245
Total Funding: Education Technology			\$ 5,811,843	\$ 5,136,843

When eTech was created under H.B. 66 of the 126th General Assembly, it was responsible for promoting access to and use of all forms of educational technology. eTech offered students, educators, and the general public a variety of programs and services promoting the adoption and integration of educational technology in K-12 education and supporting the development and distribution of information resources for K-12. The following narrative generally provides descriptions of line items as they were used by eTech and are expected to be used by BOR.

General Technology Operations (235480)

This item funds payroll for former eTech employees transferring to BOR and their associated operating costs. Funding for this line item was transferred from eTech line item 935408, General Operations. Part of the duties and appropriations for this item were retained by the BEMC line item 935408, General Operations, and part were transferred to Department of Education (ODE) line item 200464, General Technology Operations, to fund the daily operations of ODE related to former eTech services.

Technology Integration and Professional Development (235483)

Funding for this line item will provide information resources and various professional development opportunities for teachers, administrators, and school technology coordinators. The budget provides that funding supporting these activities be split between BOR and ODE item 200465, Technology Integration and Professional Development.

As illustrated below, the budget earmarks \$3.0 million (88.8%) in FY 2014 and \$2.3 million (86.0%) in FY 2015 for competitive grants to public and chartered nonpublic schools under the Electronic Textbook Pilot Project. EDU appropriation item 200550, Foundation Funding, also contains an earmark of \$0.7 million in FY 2015 for the Electronic Textbook Pilot Project. The "Summary of Major Initiatives" section of this Redbook has more information about the Electronic Textbook Pilot Project.

GRF, 235483, Technology Integration and Professional Development		
Earmarks	FY 2014	FY 2015
Electronic Textbook Pilot Project	\$ 3,000,000	\$ 2,325,000
Remainder	\$ 378,598	\$ 378,598

Telecommunity and Distance Learning (235674)

This line item combines funding from former eTech appropriation items 935630, Telecommunity, and 935634, Distance Learning. The telecommunity and distance learning grants were largely funded by money received through an agreement between the state and certain large local exchange telephone companies signed on August 15, 1996, and an agreement with Ameritech signed on April 24, 1995. Under this program, grants were provided to eligible public and chartered nonpublic schools to support the hardware infrastructure and program development necessary to provide high quality educational content through interactive video conferencing. This grant program has ended and BOR will spend remaining funds on programming.

Conferences/Special Purposes (235675)

This funding is used to support an annual education technology conference. The conference is a three-day event serving Ohio's primary and secondary school teachers, administrators, instructional integrationists, and curriculum and technology coordinators. The conference averages 6,500 attendees each year.

FY 2014 - FY 2015 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill								
					Version: Enacted			
BOR Ohio Board of Regents								
GRF	235321	Operating Expenses	\$ 2,221,129	\$ 2,150,754	\$ 2,850,357	32.53%	\$ 2,850,357	0.00%
GRF	235401	Lease Rental Payments	\$ 83,132,701	\$ 57,613,566	\$ 5,805,300	-89.92%	\$ 0	-100.00%
GRF	235402	Sea Grants	\$ 285,000	\$ 285,000	\$ 285,000	0.00%	\$ 285,000	0.00%
GRF	235406	Articulation and Transfer	\$ 2,005,357	\$ 1,931,980	\$ 2,000,000	3.52%	\$ 2,000,000	0.00%
GRF	235408	Midwest Higher Education Compact	\$ 95,000	\$ 95,000	\$ 95,000	0.00%	\$ 95,000	0.00%
GRF	235409	HEI Information System	\$ 749,349	\$ 732,119	\$ 1,505,683	105.66%	\$ 1,505,683	0.00%
GRF	235414	State Grants and Scholarship Administration	\$ 1,016,096	\$ 1,336,628	\$ 830,180	-37.89%	\$ 830,180	0.00%
GRF	235417	eStudent Services	\$ 2,054,842	\$ 2,856,330	\$ 2,532,688	-11.33%	\$ 2,532,688	0.00%
GRF	235428	Appalachian New Economy Partnership	\$ 737,366	\$ 737,366	\$ 737,366	0.00%	\$ 737,366	0.00%
GRF	235433	Economic Growth Challenge	\$ 423,522	\$ 395,485	\$ 521,153	31.78%	\$ 521,153	0.00%
GRF	235434	College Readiness and Access	\$ 0	\$ 0	\$ 1,200,000	N/A	\$ 1,200,000	0.00%
GRF	235435	Teacher Improvement Initiatives	\$ 91,000	\$ 25,000	\$ 0	N/A	\$ 0	N/A
GRF	235438	Choose Ohio First Scholarship	\$ 15,100,702	\$ 16,657,745	\$ 16,665,114	0.04%	\$ 16,665,114	0.00%
GRF	235443	Adult Basic and Literacy Education - State	\$ 7,093,962	\$ 7,451,621	\$ 7,427,416	-0.32%	\$ 7,427,416	0.00%
GRF	235444	Post-Secondary Adult Career-Technical Education	\$ 15,632,347	\$ 15,308,117	\$ 15,817,547	3.33%	\$ 15,817,547	0.00%
GRF	235474	Area Health Education Centers Program Support	\$ 900,000	\$ 900,000	\$ 900,000	0.00%	\$ 900,000	0.00%
GRF	235480	General Technology Operations	\$ 0	\$ 0	\$ 500,000	N/A	\$ 500,000	0.00%
GRF	235483	Technology Integration and Professional Development	\$ 0	\$ 0	\$ 3,378,598	N/A	\$ 2,703,598	-19.98%
GRF	235501	State Share of Instruction	\$ 1,735,274,323	\$ 1,749,823,865	\$ 1,789,699,580	2.28%	\$ 1,818,225,497	1.59%
GRF	235502	Student Support Services	\$ 632,974	\$ 632,974	\$ 632,974	0.00%	\$ 632,974	0.00%
GRF	235504	War Orphans Scholarships	\$ 4,221,077	\$ 4,906,223	\$ 5,500,000	12.10%	\$ 5,500,000	0.00%
GRF	235507	OhioLINK	\$ 6,100,000	\$ 6,100,000	\$ 6,211,012	1.82%	\$ 6,211,012	0.00%
GRF	235508	Air Force Institute of Technology	\$ 1,740,803	\$ 1,740,803	\$ 1,740,803	0.00%	\$ 1,740,803	0.00%
GRF	235510	Ohio Supercomputer Center	\$ 3,347,418	\$ 3,347,418	\$ 3,747,418	11.95%	\$ 3,747,418	0.00%
GRF	235511	Cooperative Extension Service	\$ 22,220,910	\$ 22,220,910	\$ 23,086,658	3.90%	\$ 23,056,658	-0.13%

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BOR Ohio Board of Regents								
GRF	235514	Central State Supplement	\$ 11,503,651	\$ 10,928,468	\$ 11,063,468	1.24%	\$ 11,063,468	0.00%
GRF	235515	Case Western Reserve University School of Medicine	\$ 2,146,253	\$ 2,146,253	\$ 2,146,253	0.00%	\$ 2,146,253	0.00%
GRF	235516	Wright State Lake Campus Agricultural Program	\$ 0	\$ 0	\$ 200,000	N/A	\$ 0	N/A
GRF	235519	Family Practice	\$ 3,166,185	\$ 3,166,185	\$ 3,166,185	0.00%	\$ 3,166,185	0.00%
GRF	235520	Shawnee State Supplement	\$ 2,448,523	\$ 2,326,097	\$ 2,326,097	0.00%	\$ 2,326,097	0.00%
GRF	235523	Youth STEM Commercialization and Entrepreneurship Program	\$ 0	\$ 0	\$ 2,000,000	N/A	\$ 3,000,000	50.00%
GRF	235524	Police and Fire Protection	\$ 107,814	\$ 107,814	\$ 107,814	0.00%	\$ 107,814	0.00%
GRF	235525	Geriatric Medicine	\$ 522,151	\$ 522,151	\$ 522,151	0.00%	\$ 522,151	0.00%
GRF	235526	Primary Care Residencies	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
GRF	235535	Ohio Agricultural Research and Development Center	\$ 33,098,918	\$ 33,098,918	\$ 34,126,100	3.10%	\$ 34,629,970	1.48%
GRF	235536	The Ohio State University Clinical Teaching	\$ 9,668,941	\$ 9,668,941	\$ 9,668,941	0.00%	\$ 9,668,941	0.00%
GRF	235537	University of Cincinnati Clinical Teaching	\$ 7,952,573	\$ 7,952,573	\$ 7,952,573	0.00%	\$ 7,952,573	0.00%
GRF	235538	University of Toledo Clinical Teaching	\$ 6,198,600	\$ 6,198,600	\$ 6,198,600	0.00%	\$ 6,198,600	0.00%
GRF	235539	Wright State University Clinical Teaching	\$ 3,011,400	\$ 3,011,400	\$ 3,011,400	0.00%	\$ 3,011,400	0.00%
GRF	235540	Ohio University Clinical Teaching	\$ 2,911,212	\$ 2,911,212	\$ 2,911,212	0.00%	\$ 2,911,212	0.00%
GRF	235541	Northeast Ohio Medical University Clinical Teaching	\$ 2,994,178	\$ 2,994,178	\$ 2,994,178	0.00%	\$ 2,994,178	0.00%
GRF	235552	Capital Component	\$ 20,639,358	\$ 15,031,353	\$ 13,628,639	-9.33%	\$ 10,280,387	-24.57%
GRF	235555	Library Depositories	\$ 1,440,342	\$ 1,440,342	\$ 1,440,342	0.00%	\$ 1,440,342	0.00%
GRF	235556	Ohio Academic Resources Network	\$ 3,172,519	\$ 3,172,519	\$ 3,172,519	0.00%	\$ 3,172,519	0.00%
GRF	235558	Long-term Care Research	\$ 195,300	\$ 195,300	\$ 325,300	66.56%	\$ 325,300	0.00%
GRF	235563	Ohio College Opportunity Grant	\$ 69,314,922	\$ 82,951,858	\$ 90,284,264	8.84%	\$ 90,284,264	0.00%
GRF	235572	The Ohio State University Clinic Support	\$ 766,533	\$ 766,533	\$ 766,533	0.00%	\$ 766,533	0.00%
GRF	235599	National Guard Scholarship Program	\$ 14,839,609	\$ 14,556,355	\$ 16,711,514	14.81%	\$ 17,384,511	4.03%
GRF	235909	Higher Education General Obligation Debt Service	\$ 80,013,524	\$ 187,144,364	\$ 221,168,700	18.18%	\$ 248,822,000	12.50%
General Revenue Fund Total			\$ 2,182,688,385	\$ 2,289,040,318	\$ 2,331,062,630	1.84%	\$ 2,379,360,162	2.07%
2200	235614	Program Approval and Reauthorization	\$ 701,507	\$ 455,653	\$ 903,595	98.31%	\$ 903,595	0.00%

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BOR Ohio Board of Regents								
4560	235603	Sales and Services	\$ 37,076	\$ 176,349	\$ 199,250	12.99%	\$ 199,250	0.00%
5BM0	235623	National Guard Scholarship Reserve	\$ 1,746,469	\$ 0	\$ 0	N/A	\$ 0	N/A
5HZ0	235648	Distance Learning Clearinghouse	\$ 1,525,960	\$ 0	\$ 0	N/A	\$ 0	N/A
5JC0	235649	Co-Op Internship Program	\$ 910,000	\$ 11,899,476	\$ 8,000,000	-32.77%	\$ 8,000,000	0.00%
5JC0	235667	Ohio College Opportunity Grant - Proprietary	\$ 176,520	\$ 10,446,946	\$ 0	-100.00%	\$ 0	N/A
5JC0	235668	Defense/Aerospace Workforce Development Initiative	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	0.00%	\$ 4,000,000	0.00%
5JC0	235685	Manufacturing Workforce Development Initiative	\$ 0	\$ 0	\$ 2,000,000	N/A	\$ 0	-100.00%
5Y50	235618	State Need-based Financial Aid Reconciliation	\$ 0	\$ 417,346	\$ 0	-100.00%	\$ 0	N/A
General Services Fund Group Total			\$ 9,097,532	\$ 27,395,770	\$ 15,102,845	-44.87%	\$ 13,102,845	-13.24%
3120	235611	Gear-up Grant	\$ 1,902,541	\$ 9,934	\$ 0	-100.00%	\$ 0	N/A
3120	235612	Carl D. Perkins Grant/Plan Administration	\$ 1,137,637	\$ 1,156,703	\$ 1,350,000	16.71%	\$ 1,350,000	0.00%
3120	235617	Improving Teacher Quality Grant	\$ 2,758,933	\$ 2,497,209	\$ 3,200,000	28.14%	\$ 3,200,000	0.00%
3120	235641	Adult Basic and Literacy Education - Federal	\$ 14,614,368	\$ 16,712,549	\$ 14,835,671	-11.23%	\$ 14,835,671	0.00%
3120	235672	H-1B Tech Skills Training	\$ 0	\$ 310,564	\$ 1,100,000	254.19%	\$ 1,100,000	0.00%
3BE0	235636	Adult Education and Family Literacy Act Incentive Grant	\$ 115,698	\$ 0	\$ 0	N/A	\$ 0	N/A
3BW0	235630	Indirect Cost Recovery-Fed	\$ 38,817	\$ 0	\$ 50,000	N/A	\$ 50,000	0.00%
3H20	235608	Human Services Project	\$ 2,529,579	\$ 1,627,431	\$ 1,000,000	-38.55%	\$ 1,000,000	0.00%
3N60	235638	College Access Challenge Grant	\$ 3,590,420	\$ 733,586	\$ 0	-100.00%	\$ 0	N/A
3N60	235658	John R. Justice Student Loan Repayment Program	\$ 158,308	\$ 88,475	\$ 0	-100.00%	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 26,846,302	\$ 23,136,450	\$ 21,535,671	-6.92%	\$ 21,535,671	0.00%
4E80	235602	Higher Educational Facility Commission Administration	\$ 28,098	\$ 24,393	\$ 29,100	19.30%	\$ 29,100	0.00%
4X10	235674	Telecommunity and Distance Learning	\$ 0	\$ 0	\$ 49,150	N/A	\$ 49,150	0.00%
5D40	235675	Conference/Special Purposes	\$ 0	\$ 0	\$ 1,884,095	N/A	\$ 1,884,095	0.00%
5DT0	235666	Ohio Skills Bank	\$ 2,553,203	\$ 0	\$ 0	N/A	\$ 0	N/A
5FR0	235640	Shifting Gears Grant	\$ 678,083	\$ 104,909	\$ 0	N/A	\$ 0	N/A
5FR0	235643	Making Opportunity Affordable	\$ 49,788	\$ 65,350	\$ 230,000	251.95%	\$ 230,000	0.00%

Prepared by the Legislative Service Commission

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BOR Ohio Board of Regents								
5FR0	235647	Developmental Education Initiatives	\$ 70,269	\$ 95,035	\$ 0	-100.00%	\$ 0	N/A
5FR0	235657	Win-Win Grant	\$ 37,493	\$ 15,500	\$ 0	-100.00%	\$ 0	N/A
5FR0	235682	Credit When It's Due	\$0	\$ 78,438	\$ 0	-100.00%	\$ 0	N/A
5P30	235663	Variable Savings Plan	\$ 10,565,484	\$ 7,473,035	\$ 8,066,920	7.95%	\$ 8,104,370	0.46%
6450	235664	Guaranteed Savings Plan	\$ 763,159	\$ 783,772	\$ 1,290,718	64.68%	\$ 1,303,129	0.96%
6820	235606	Nursing Loan Program	\$ 381,908	\$ 437,310	\$ 891,320	103.82%	\$ 891,320	0.00%
State Special Revenue Fund Group Total			\$ 15,127,484	\$ 9,077,742	\$ 12,441,303	37.05%	\$ 12,491,164	0.40%
7011	235634	Research Incentive Third Frontier Fund	\$ 7,776,541	\$ 200,068	\$ 8,000,000	3,898.65%	\$ 8,000,000	0.00%
Third Frontier Research and Development Total			\$ 7,776,541	\$ 200,068	\$ 8,000,000	3,898.65%	\$ 8,000,000	0.00%
Ohio Board of Regents Total			\$ 2,241,536,245	\$ 2,348,850,348	\$ 2,388,142,449	1.67%	\$ 2,434,489,842	1.94%