

Agency Fund Group

461 372-601 Operating Expenses

1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Appropriation	2003 Appropriation
\$ 2,017	\$ 2,744	\$ 2,982	\$ 8,310	\$ 13,080	\$ 13,900
	36.0%	8.7%	178.7%	57.4%	6.3%

Source: Agency Fund Group: Revenues are obtained through charges assessed to institutions assisted by the commission. The current fee structure consists of a \$500 flat fee due upon each application; and a fee of .02 percent of the principal amount of the bonds issued, provided that the total is no less than \$1,000 and no greater than \$3,000. The initial \$500 fee is credited against the final total fee.

Legal Basis: ORC 3377 (originally established in 1968 by Am. S.B. 453 of the 107th G.A.)

Purpose: This appropriation line item provides funds to reimburse the Ohio Board of Regents, which provides staff support for the Higher Educational Facility Commission (HEFC).

Through the HEFC, Ohio assists private colleges and universities in their efforts to reduce the costs of financing the construction of campus facilities. HEFC was established to serve this sector by combining the institutions' many small bonded capital requirements for campus projects into just a few large pools. This pooling helps the institutions to gain visibility in the bond markets, thereby enabling the bonds to be issued at lower issue costs and lower interest rates than would otherwise be available. The tax-exempt status of the interest paid on the bonds serves to further reduce their interest rates.

The bonds issued for private institutions are revenue bonds of the HEFC. Therefore, they do not add to the state's indebtedness and they do not enjoy the full faith and credit of the state. Further, the state is not responsible for the debt service on these bonds; rather, the debt service is payable by the commission solely from the rent and other income it receives from the lease-back to the institutions.

The HEFC is a governing board (state agency) that approves and administers the issuance of the pooled revenue bonds. The HEFC, which meets only several times per year to approve bond issues, does not have its own staff. The small amount of staff work for the commission is handled by a person at the Ohio Board of Regents, the state agency responsible for public higher education in Ohio. The HEFC's own small budget, consisting of this single line item, provides funds that the commission uses to reimburse Regents for the administrative work.