

- The Authority currently serves over 95,000 contracts
- The Variable Savings Plan is expected to add \$1 billion in assets by the end of the new biennium

Ohio Tuition Trust Authority

Sara Doddy, Budget Analyst

ROLE

The Ohio Tuition Trust Authority (OTTA), created in 1989, encourages Ohio families to save in advance for college expenses. The OTTA administers two college savings programs. The first program is the Guaranteed Savings Plan (formerly known as the Prepaid Tuition Program). The Guaranteed Savings Plan allows for the purchase of future tuition at a price based on the current weighted average tuition of Ohio's thirteen public universities. The current price for a tuition unit is \$51. Approximately 100 units will pay for one year of tuition at an average-priced Ohio public university. Units may be used at any of Ohio's public and private colleges, universities, technical colleges, and proprietary schools as well as any out-of-state institutions.

The second program is the Variable Savings Plan, established by S.B. 161 of the 123rd General Assembly. People who participate in the Variable Savings Plan are allowed to deduct contributions made toward tuition credits from their Federal Adjusted Gross Income when computing their Ohio Adjusted Gross Income.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
34	\$4.5 million	\$5.0 million	\$0	\$0	Am. Sub. H.B. 94

OVERVIEW

Funding for the OTTA comes through the State Special Revenue Fund Group (Fund 645). Revenue is generated from the sale of tuition units, collection of enrollment fees, administrative processing fees, and investment income earnings. The appropriation in FY 2002 is \$4,539,200, a 21.9 percent increase over FY 2001 spending. The appropriation in FY 2003 is \$4,950,700, a 9.1 percent increase over the FY 2002 funding level. The budget for the OTTA, from the Executive proposal to the final appropriation, increased 2.3 percent in FY 2002 and 7.4 percent in FY 2003. This increase is due mainly to the fact that the OTTA's funding comes through fees and interest earned on their investments.

The large increase in funding from FY 2001 to FY 2002 is a result of the addition of the Variable Savings Plan. The additional money will be used to administer this plan, as well as continue the administration of the Guaranteed Savings Fund. The increase in funding will also fund two additional positions needed to

help maintain current customer service levels. One of these positions will be a Customer Care Representative and the other will be the Southeast Ohio Regional Representative, who will serve as a community liaison for Appalachian Ohio. In addition, there is a new appropriation item (095-602, Variable Savings) that will be used for promotion, marketing, and operation of the new Variable Saving Plan.

Recent federal tax legislation has cleared up the federal tax treatment of college savings plans like the ones operation by the OTTA. The OTTA anticipates that this favorable resolution will increase sales significantly for FY 2002 and beyond. 

FY 2002 - 2003 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 1999:</i>	<i>FY 2000:</i>	<i>FY 2001:</i>	<i>FY 2002 Appropriations:</i>	<i>% Change 2001 to 2002:</i>	<i>FY 2003 Appropriations:</i>	<i>% Change 2002 to 2003:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
TTA Ohio Tuition Trust Authority									
645	095-601	Operating Expenses	\$ 3,241,637	\$ 3,533,252	\$3,717,565	\$ 4,539,200	22.10%	\$ 4,950,700	9.07%
5P3	095-602	Variable Savings Plan	----	----	\$6,836	----	N/A	----	N/A
State Special Revenue Fund Group Total			\$ 3,241,637	\$ 3,533,252	\$ 3,724,401	\$ 4,539,200	21.88%	\$ 4,950,700	9.07%
Ohio Tuition Trust Authority Total			\$ 3,241,637	\$ 3,533,252	\$ 3,724,401	\$ 4,539,200	21.88%	\$ 4,950,700	9.07%