
Detailed Fiscal Analysis

The bill has no fiscal effect on state government or its political subdivisions, including higher education institutions.

The bill removes remaining references to the Student Aid Commission (SLC) from the Revised Code. These references authorized the SLC to guarantee student loans, collect from student loan defaulters, and educate borrowers about student loan responsibilities according to the provisions of the federal Higher Education Act of 1965. These sections of the Revised Code also permitted the Commission to invest federal funds to support these purposes. These functions were transferred to the private sector guarantors on a gradual basis beginning in October 1996, with the functions completely transferred by June 27, 1997, when the SLC was closed. Approximately 150 staff involved in these functions, which were paid for entirely with **federal funds**, were laid off.

The Office of Budget and Management has assumed the responsibility for finalizing the agency's affairs, including paying the unemployment compensation costs charged by the Bureau of Employment Services for SLC's laid-off employees. \$2.6 million in spending authority for federal funds was approved in Sub. H.B. 215 for this purpose. Not all of the 150 laid off employees needed unemployment compensation benefits.

On-going functions such as administering the Academic Scholarships, Ohio Instructional Grants, Part-time Student Instructional Grants, Student Choice Grants, War Orphans Scholarships, as well as specialized, federally funded, loan programs such as the Teacher Education Loan Program, the Physician Loan Repayment, and the Nursing Loan Program were transferred to the Board of Regents, along with the approximately 12 staff responsible for these programs, in December 1996 via Am. Sub. H.B. 627 of the 121st G.A.

The Commission spent approximately \$14.5 million **federal** dollars in fiscal year 1995 on operating costs, of which approximately \$9.4 million was spent on 200 staff and \$5.5 million spent on personal services contracts. Fiscal year 1995 was the year that the decision to close the agency was made, and had an unusually high amount of personal services contracts. SLC employed a total of approximately 212 people at that time. GRF spending on State Grants and Scholarships administration in fiscal year 1995 was approximately \$1.0 million, of which approximately half was spent on staff costs. Costs and staffing level trends remain similar for this program under BOR as they were under SLC.

Program	Funding Source	Currently Operating?	Funding levels	Comments
Guarantor of Federal Family Education Loan Program	Federal Funds	No. The function is now performed by the private sector. Great Lakes Higher Education Corp. is Ohio's federally designated guarantor.	No state funding was provided in the past.	This bill removes SLC's statutory authority to be the state's federally designated guarantor, and to invest federal funds for this purpose, and other associated functions.
State Grants & Scholarships	GRF	Yes. Operates from the Board of Regents' budget.	Appropriations of \$1.3 million F.Y. 1998 and 1999 <i>(BOR item 235-414, State Grants and Scholarships)</i>	This bill does not affect State Grants & Scholarships which was transferred to Regents in December 1996 by Am. Sub. H.B. 627 of the 121 st G.A.

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