Ohio
Board of Regents

House Higher Education Subcommittee

David Price, Senior Budget Analyst

Zak Talarek, Budget Analyst

Legislative Service Commission

March 17, 2003

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Attachment: LSC Budget Spreadsheet By Line Item

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Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC redbook reflects the 2.5% reduction made as a result of the Governor's January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.

Board of Regents

- Budget increases by $178 million (3.6%) for new biennium
- Tuition-increase caps return: 6% maximum vs. previous year, with exceptions
- State Share of Instruction increases by $164 million (5.2%)
- SSI annual guarantees are set at 99% or less vs. previous year
- Challenge appropriations are held flat vs. FY 2003
- Central State University removed from fiscal watch
- Ohio Instructional Grants awards are increased for independent students with dependents

OVERVIEW

Summary of the executive budget

The total appropriations

For the new FY 2004-2005 biennium the executive budget recommends a 3.61% increase in the Board of Regents' budget over the executive budget's estimated expenditures for the FY 2002-2003 biennium (after the budget reductions of 2002 and 2003). In dollar terms, the recommended FY 2004-2005 budget of $5.117 billion provides an increase of $178.4 million over the agency's $4.94 billion in the current biennium (again, after the budget reductions).

It might be noted that Regents' original budget for the current FY 2002-2003 biennium (before the budget reductions) totaled $5.175 billion, as indicated in Am. Sub. H.B. 94 of the 124th General Assembly. Compared to that budgeted amount, the recommended FY 2004-2005 biennial budget of $5.117 billion represents a *decrease* of $54.9 million, or 1.06%.

The total FY 2004-2005 biennial appropriation that was requested by Regents was $5.733 billion, which would provide an increase from the FY 2002-2003 biennium of $794.5 million, or 16.1%.

The recommended biennial budget amount of $5.117 billion breaks down into $2.523 billion for FY 2004 and $2.594 billion for FY 2005. Starting from the FY 2003 estimated total expenditure of $2.473 billion (after the budget reductions), the annual increases are $49.7 million (2.0%) and $71.6 million (2.8%) for FY 2004 and FY 2005, respectively.

Again, it might be noted that Regents' original budget for FY 2003 (before the budget reductions) totaled $2.6 billion in Am. Sub. H.B. 94. Compared to that budgeted amount, the recommended budget for FY 2004 represents a decrease of $74.3 million, or 2.9%.

Almost the entire Regents' budget is supported by the General Revenue Fund (GRF) (see Table 2, at the end of this section). As in FY 2003, 99.5% of the Regents' total budget is supported by GRF appropriations. The next-largest support is provided by the Federal Special Revenue Fund group, at 0.4% of the total budget. In addition to its predominance in the funding of Regents' budget, the GRF also accounts for 97.6% of the biennial increase in the budget, or $174.2 million of the total increase of $178.4 million.

The budget's major components

Regents' executive budget is comprised of 76 funded appropriation items grouped into 11 program series (groups of appropriation items with similar purposes). The largest three of these program series account for $4.685 billion, or 92% of Regents' $5.117 billion total biennial budget. The largest program series is Program Series 1, Core Institutional Support (with a biennial appropriation of $3.559 billion, or 70% of Regents' total budget); following that series are Program Series 11, Debt Service Payments ($692.0 million, or 13.5%), and Program Series 4, Student Financial Aid ($434.1 million, or 8.5%). All the program series are listed with their annual appropriations in Table 1, below.

Of the executive budget's $178.4 million total biennial increase over the FY 2002-2003 budget, fully 98% ($174.9 million) is accounted for by increases in just two of Regents' 11 program series. They are Program Series 1, Core Institutional Support (with a $158.8 million increase, or 89% of the total increase); and Program Series 4, Student Financial Aid ($16.0 million, or 9%). Note that Program Series 1 includes Regents' largest appropriation item, the State Share of Instruction, which is outlined in the next section.

The program series' and appropriation items' appropriations are discussed in greater detail in the Analysis of Executive Proposal section in this redbook.

Budget features

Following are several significant features of Regents' FY 2004-2005 budget.

State Share of Instruction (SSI): Regents' largest individual appropriation item is, as usual, the State Share of Instruction, or SSI (formerly called the Instructional Subsidy). In the executive budget this appropriation item amounts to some $3.296 billion, or 64% of the agency's total budget, and is also the largest item in Program Series 1, Core Institutional Support. With an appropriation increase of $164.2 million (5.2%) over the FY 2002-2003 biennium, SSI accounts for 92% of Regents' total budget increase. The SSI appropriations per fiscal year are $1.616 billion for FY 2004 and $1.680 billion for FY 2005, for increases of $47.1 million (3.0%) and $64.6 million (4.0%) in FY 2004 and FY 2005, respectively. The appropriation levels for the State Share of Instruction for each fiscal year are of major interest to the campuses, as this appropriation item is their primary source of unrestricted state subsidy funds.

Tuition-increase caps: In the executive budget an annual limit, or cap, of 6% is imposed on in-state undergraduate tuition increases for all campuses. Further, the campuses may not authorize increases of more than 6% in a single vote of their boards of trustees. As an exception to the 6% cap, The Ohio State University main campus may increase its tuitions by an additional 3% in each of the two years. Finally, any campus whose tuition level is below the average for its respective sector (university main campuses, branch campuses, community colleges, state community colleges, and technical colleges) may charge an additional fee of $300 to incoming students. Note that the tuition-increase caps were eliminated for the

FY 2002-2003 budget because of the campuses' expressed need for tuition relief given the limited increases in state subsidies in that biennium's budget.

SSI annual guarantee: The executive budget reduces the annual guarantee for each campus' share of the State Share of Instruction appropriation. In Am. Sub. H.B. 94 of the 124th General Assembly, the budget's Annual Hold Harmless Provision for the FY 2002-2003 biennium guarantees each campus an SSI amount not less than 100% of the previous year's amount, although this guarantee was later modified. For the FY 2004-2005 biennium, however, the provision (now renamed the Annual State Share of Instruction Funding Guarantee), sets the top guarantee level at 99% of the previous year and also makes it dependent upon the percentage change in the State Share of Instruction, so that the guarantee could fall well below 100%. The following table provides the three ranges included in the scale:

State Share of Instruction (SSI) Guarantee Levels		
	Total SSI appropriation versus prior fiscal year's appropriation (%)	**Campus' guaranteed SSI allocation versus prior fiscal year's allocation (%)**
(a)	102% (or higher)	99%
(b)	Greater than 95% to 102%	3 percentage points less than the SSI's percentage versus prior fiscal year
(c)	95% (or lower)	2.5 percentage points less than the SSI's percentage versus prior fiscal year

For examples: In row (a) of the table, if the SSI appropriation is 104% of the prior fiscal year's appropriation (i.e., an increase of 4%), then each campus' guaranteed allocation will be at the 99% level, or 99% of its prior fiscal year's allocation. In row (b), if the SSI appropriation is 98% of the prior fiscal year's appropriation, then each campus' guarantee will be at the 95% level (i.e., three percentage points less than the 98%). Finally, in row (c), if the SSI appropriation is just 94% of the prior fiscal year's appropriation, then each campus' guarantee will be at the 91.5% level (i.e., 2.5 percentage points less than the 94%).

The Challenges: The executive budget holds the four main Challenge subsidies (Jobs, Access, Success and Research) at flat funding for FY 2004-2005 relative to FY 2003.

Breakthrough Investments and the Ohio Plan: For FY 2004-2005, the executive budget recommends retaining the existing Appalachian New Economy Partnership program but does not recommend any additional Breakthrough Investment programs. This parallels Regents' budget request. For the FY 2002-2003 budget the agency had proposed several Breakthrough initiatives, chief among them the biggest one, the Ohio Plan. It turned out that only the Appalachian program was funded in that budget; however, the Ohio Plan was subsequently subsumed into the Governor's Third Frontier initiative, announced in 2002; the Third Frontier is to be included in the FY 2004-2005 operations budget of the Department of Development. The Breakthrough programs are intended to support research, development, and commercialization efforts by collaborative partnerships of higher education institutions, state government agencies, and the business and industrial community, and are intended to lead to new industrial/commercial applications of science and technology and, ultimately, to new business start-ups and an improved New Economy in Ohio.

Medical Support: The executive budget for FY 2004-2005 reorganizes the medical schools' clinical subsidies by consolidating the six current individual clinical teaching appropriation items into one item, called Clinical Teaching. New budget language (uncodified law) earmarks each medical school's share of the total. Since each share is based on the institution's historical share, no reallocation is being made under this appropriation-item consolidation. The specific changes are shown in Table 3, at the end of this section.

New and eliminated appropriation items: Compared to the FY 2002-2003 budget of Am. Sub. H.B. 94 of the 124th General Assembly, the recommended FY 2004-2005 budget eliminates nine appropriation items and adds six new items (see Table 3, below). The major eliminated items include the six clinical teaching items (indicated above under Medical Support).

The net dollar effect of the deleted and added appropriation items on the total appropriation for the Board of Regents is not significant, as can be seen by the net change in appropriations indicated by Table 3. The only major changes are those arising from the consolidation of the medical schools' subsidy appropriation items.

Ohio Instructional Grants (OIG): The executive budget significantly increases the awards, in all three categories of higher education institutions (private, proprietary, and public-assisted), for independent students with dependents. Dependent students' awards are held flat. The OIG program provides college tuition grants to lower-income Ohioans; it is the largest of the 13 student financial aid appropriation items.

Extension Service and Ohio Agricultural Research and Development Center (OARDC) support: The appropriations for these two agricultural items are reduced each fiscal year from their FY 2003 levels.

Central State's fiscal controls: The budget terminates the fiscal watch of Central State University's operations. Under the fiscal watch, the University's affairs have been monitored by the Board of Regents and the Office of Budget and Management according to fiscal standards and criteria currently stipulated in uncodified language in Am. Sub. H.B. 94 of the 124th General Assembly (the FY 2002-2003 biennial budget). The University has been under fiscal watch or review for several bienniums.

Changes in law: The executive budget amends several permanent (Ohio Revised Code) sections and provides temporary (uncodified) language that differs in several places from that in the current budget (Am. Sub. H.B. 94 of the 124th General Assembly). These changes are described in the redbook section titled Permanent and Temporary Law.

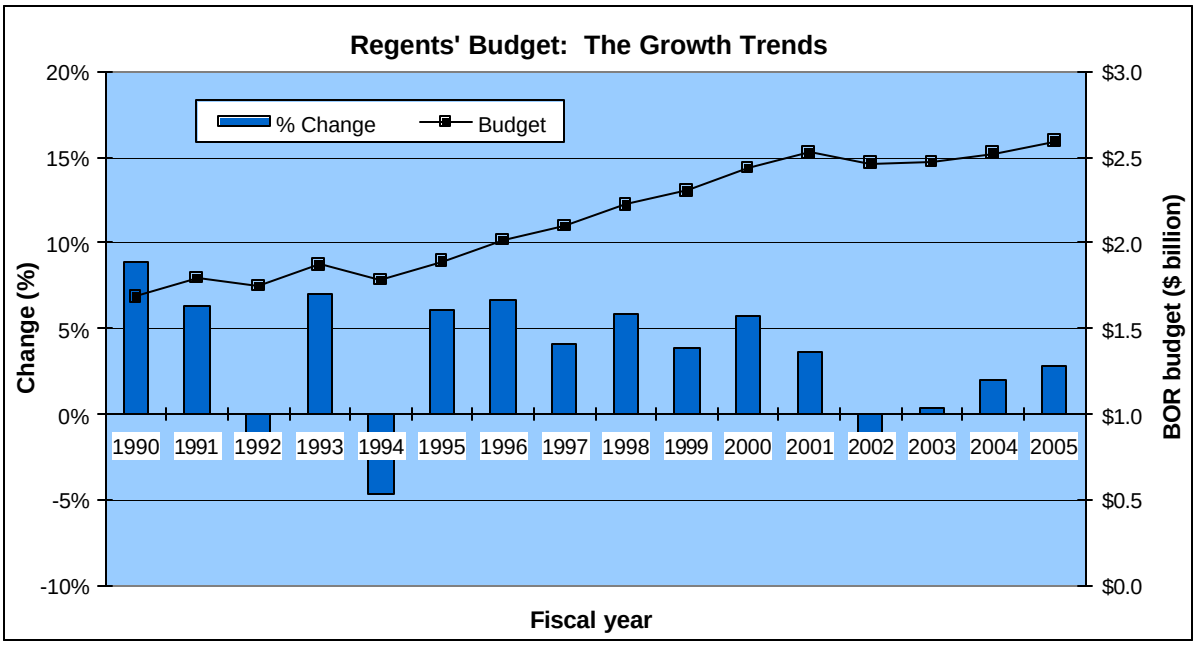
Budget analyses

The growth trends of Regents' budget

The executive budget's appropriation for Regents continues a trend of slowly declining rates of budget growth that began in the early 1990s. The following chart illustrates that trend.

Early in the 1990s, with the exception of two recession-influenced reductions in the first fiscal years of two bienniums, the appropriation increases ranged from 6% to 9% (shown by the columns in the chart). However, in the second half of the decade the increases ranged from 3.5% to 7%. Finally, the early years of the current decade show the effects of another economic slowdown, with negative and near-zero growth rates for the current biennium and rates of 2.0 and 2.8% recommended for the two fiscal years of the Executive's budget.

This trend is also illustrated by the budget appropriation curve (the line in the chart). Twice since 1990, the effect of economic downturns has been to bend the curve downward; both of the subsequent recoveries have left the curve below the positions it would have occupied had the earlier curve been extrapolated.

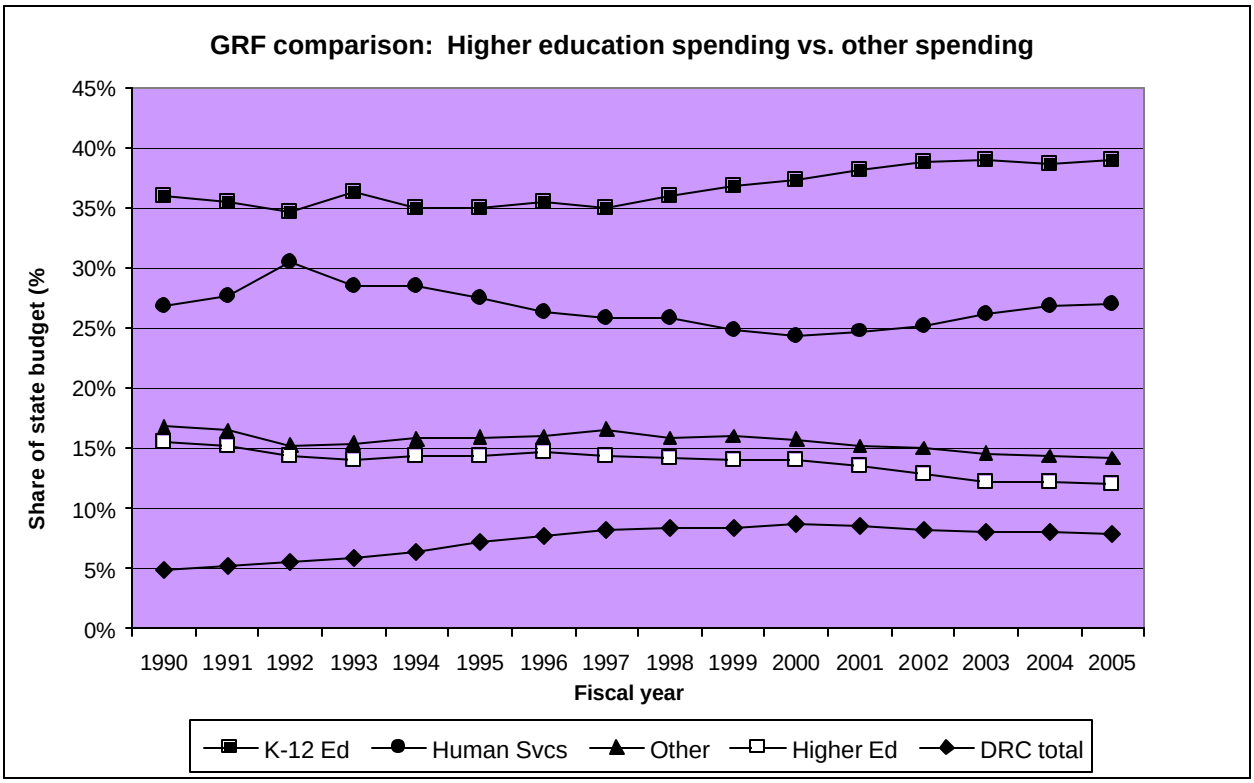


<u>The trends of appropriations: higher education versus other areas</u>

Also worth noting is the trend in higher education's share of the state's total GRF appropriations over time, in comparison with the trends in other agencies' shares. This comparison is provided by the following chart, which shows that the higher-education portion of the total GRF-plus-lottery budget has gradually declined from approximately 15.5% in 1990 to 12% for FY 2004 and FY 2005, a reduction in share of 3.5 percentage points over the last 15 years.

While the percentage decline appears small, the dollar effect on Regents' appropriation can be considerable. (As noted earlier, 99.5% of Regents' budget is supported by GRF moneys.) Specifically, the 3.5 percentage points, if applied to the Executive's recommended total budget of $21.425 billion for FY 2005, would produce approximately $738 million in additional appropriations for that fiscal year. Of course, for this additional appropriation to be effected for Regents, some other budget areas must incur an equivalent reduction.

The chart also illustrates the trade-offs made by the state between one agency's budget and another's. Over the years the state budgets have emphasized different agencies in different years. However, several trends, such as those for K-12 education, the Department of Rehabilitation and Corrections, and higher education, are apparent.



Inside the budget

The program series and appropriation items

The Regents' executive budget for the FY 2004-2005 biennium provides funding for 76 appropriation items, including 71 current items and five new ones. Nine other current appropriation items are proposed for deletion, i.e., they are not recommended for funding in the new biennium. Of these nine deletions, six are the result of the consolidation of the six clinical teaching appropriation items into one item.

As noted earlier, the budget's appropriation items are organized into 11 groups called program series, each of which is oriented toward a particular type of agency activity. For the most part, these program series have retained their identities over time, although they have gained and lost individual appropriation items.

A summary listing of the executive budget's 11 program series and their recommended appropriations can be found in Table 1 at the end of this section. An illustration of the individual program series' shares of the budget is given by the breakout pie chart provided below. In addition, a breakout of the budget by fund groups is shown in Table 2; and a listing of the recommended new and deleted appropriation items is provided in Table 3. A list of all the appropriation items included in Regents' budget is provided in the LSC Budget Spreadsheet by Line Item, provided at the end of this redbook. Finally, a description of

each appropriation item, including its purpose, legal basis, funding source and recent appropriations, is available in the Catalog of Budget Line Items (COBLI), also at the end of this redbook.

It should be noted that, while the program-series arrangement is used for descriptive purposes in the budget process, both the budget bill and the subsequent accounting reports from the Central Accounting System (CAS) group the items only in line-item number order; i.e., these documents do not use the program series groups.

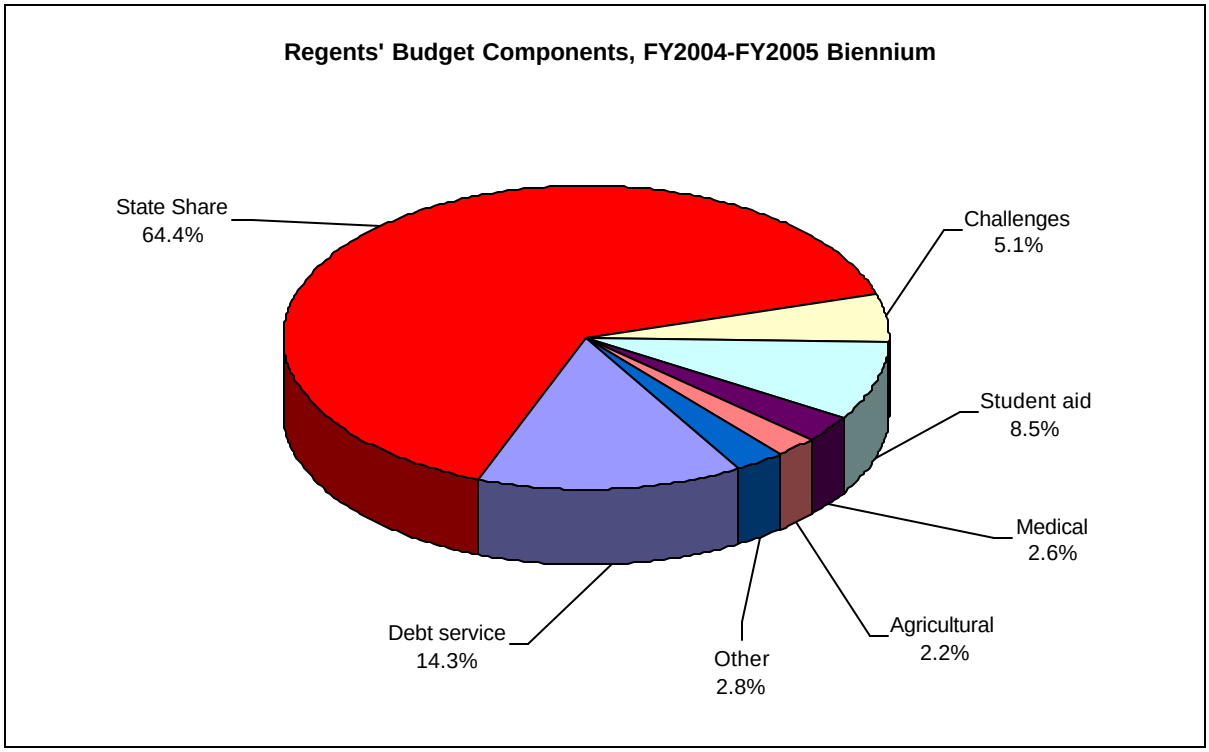
The budget breakout

A graphic breakout of Regents' FY 2004-2005 biennial executive budget is provided by the pie chart below, which shows the shares of the budget taken by the major program series.

As is readily seen, the State Share of Instruction (SSI) remains the dominant appropriation item in the executive budget; and Program Series 1, which is the group containing both the SSI and the Challenge items (the main subsidy items for higher education), constitutes almost 70% of the pie. Add the next-largest program series (Program Series 11, debt service), and the share rises to 84%. Note that these two program series contain just nine appropriation items, so that the remaining nine program series, which contain the remaining 67 funded appropriation items, receive just 16% of the total appropriation.

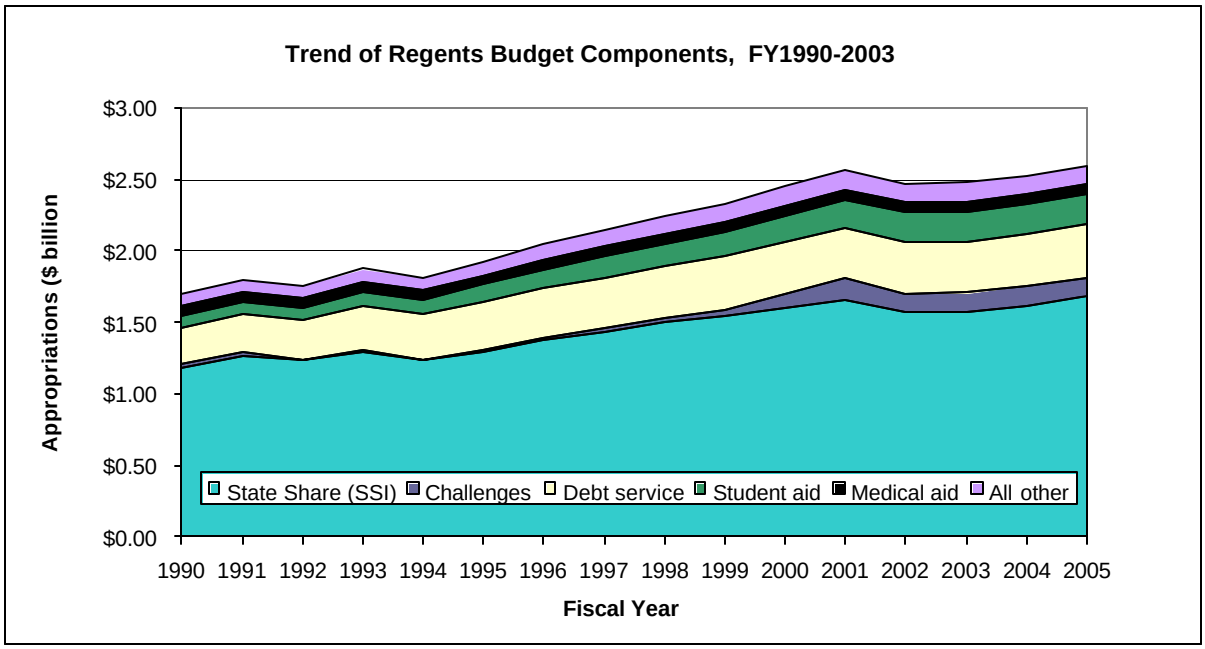
Further, the combination of these two series with the next two largest program series (Program Series 3, Medical Support and Program Series 4, Student Financial Aid, with a total of 21 items) commands a 95% share of the budget with just 30 of the budget's 76 appropriation items. Thus, the remaining 5% of the budget is spread among 46 appropriation items in seven program series.

This division of the Regents' budget has remained fairly stable for the past few bienniums. However, Program Series 1 has gradually been taking a larger share of the Regents' budget; this trend is illustrated later by a chart in the section on Program Series 1 in this redbook's Analysis of Executive Proposal.



The budget components' growth trends

This executive budget continues the past several years' general growth of several components of the Regents' budget. However, the budget reductions occurring in the FY 2002-2003 biennium caused a short-term reversal of that trend, followed by a slower growth for the FY 2004-2005 budget. These effects can be seen in the chart below, which displays the budget appropriations for the past 16 years. Most noticeable among the chart's trends are the reduced growth of the State Share of Instruction (SSI) and the simultaneous emergence of the Challenge appropriation items since FY 1997; these are a result of Regents' efforts to assign a portion of the state's subsidies on a performance basis. Also note that the debt service appropriation has remained relatively flat since around FY 1994, as has medical aid.



Budget planning guidelines

The executive budget assumes CPI inflation rates of 2.3% for FY 2004 and 2.5% for FY 2005.

However, these assumptions are not shared by Regents, whose inflation estimates for campus expenditures are 4.90% for FY 2004 and another 4.90% for FY 2005. This rate was obtained by applying the Employment Cost Index for private sector professional workers (rather than the CPI) to the salaries and benefits portions of the base-year FY 2001 average campus expenditures. (Regents' data indicate that salaries and benefits comprise 85% of an average campus' total budget. The agency has maintained that the CPI is inappropriate for the forecasting of higher education cost increases, since most of these costs constitute payroll for highly paid professional personnel not typical of the general population.)

In addition to its inflation estimates, Regents has forecast that subsidy-eligible full-time equivalent (FTE) student enrollments will increase by an estimated 5.0% for FY 2003 and 2.2% for FY 2004 (see the following table). This, on top of a 5.4% actual increase for FY 2002 following a 0.7% rise for FY

2001, constitutes a significant rise. (It might be noted that, two years ago at budget time, Regents' projections for enrollment increases for FY 2002 and FY 2003 were merely 1.0% for each year.)

Subsidy-eligible FTE Student Enrollments: Numbers and Percentage Changes		
Fiscal Year	**Enrollment**	**Change (%)**
2000	304,230	
2001	306,332	0.69%
2002	323,011	5.44%
2003	339,161	5.00%
2004	346,622	2.20%

One reason for these increases is the recent economic slowdown, with its consequent tightening of the job market, a situation that tends to cause greater numbers of people to opt for more education. This growth is not uniform across all campuses: while the four-year universities' enrollment growth is relatively flat, enrollments at the two-year campuses are mushrooming.

The combination of enrollment increases and inflation over the biennium's two fiscal years are the key assumptions that have driven Regents' budget request.

The biennial increase: the shortfall from Regents' budget request

The executive budget's appropriations fall considerably short of those in the Regents' budget request for the FY 2004-2005 biennium. Regents had requested a biennial appropriation of some $5.733 billion, representing a funding increase of $794.5 million, or 16.1%, over the FY 2002-2003 biennium. Instead, the executive budget recommends a $178.4 million (3.61%) increase to the $5.117 billion level, as indicated in the earlier summary. A breakout of the appropriation items comprising this $616.1 million reduction from Regents' requested budget is provided in the Requests Not Funded section of this redbook.

In particular, for the State Share of Instruction appropriation item the executive budget's recommended 5.25% ($164.2 million) biennial increase falls well short of Regents' budget request of 20.3% ($637.1 million), an increase that the agency considers necessary for the campuses. The annual SSI increases that the agency requested for FY 2004 and FY 2005 were 12.9% ($202.3 million) and 12.8% ($227.1 million), respectively. Instead, the executive budget recommends annual increases of 3.0% ($47.1 million) and 4.0% ($64.6 million).

Budget issues in brief

As compared to the current FY 2002-2003 biennium, the executive budget essentially holds many appropriation items at or below their FY 2003 levels for both years of the biennium, thereby continuing the overall issue of the funding of higher education. The only relative winner in this restrained budget is the State Share of Instruction appropriation item, which enjoys the 3.0% and 4.0% increases indicated above. This item's increases come chiefly at the expense of the Challenges, whose fundings are held flat in both years compared to FY 2003, and the Medical Support and several smaller program series, whose fundings are either held flat or decreased for the biennium.

Notwithstanding the executive budget's recommended increases in the State Share of Instruction appropriation, the issue might arise as to the sufficiency of the State Share of Instruction funding over the biennium, given Regents' requested amounts for that subsidy.

Another issue that could arise from the less-than-requested increase in the State Share of Instruction might be that of tuition-increase limits, or caps. The caps were eliminated for the current biennium, which then saw significant tuition increases by several campuses. These increases contributed to a recent trend, in which the state subsidies comprise a smaller share of campus revenues as compared to tuitions. The executive budget recommends the reimposition of the caps, at 6% per academic year.

Another possible issue is the major change to the Ohio Instructional Grants awards schedules, in which the awards for independent students are significantly increased over the current biennium, while the awards for dependent students are kept at their FY 2003 levels. Regents indicates that it wants to improve the awards to independent students, who currently receive fewer financial aid dollars than dependent students with similar income levels.

The effects of the reduced appropriations for the two agricultural appropriation items, Cooperative Extension Service and OARDC, might raise questions concerning the overall funding of these items. The executive budget reduces these items' annual appropriations by 5.0% and 2.5% for FY 2004 and FY 2005, respectively, from their FY 2003 amounts. The FY 2004-2005 combined biennial total of $114.2 million for these items constitutes a reduction of 7.4% ($9.1 million) from the $123.3 million level for the FY 2002-2003 biennium.

It might be noted that Regents did not request funding for any additional Breakthrough Investments initiatives; the only request was to continue funding for the Appalachian New Economy Partnership, which was the one Breakthrough program created in the FY 2002-2003 budget. For the previous biennium, the agency had requested significant funding for several such programs, which are oriented to commercial collaborations among higher education, state government, and the business/industrial sector as necessary investments in Ohio's economic and educational future. Note, however, that the main provisions of the Ohio Plan, one of the programs that were requested but not funded in the FY 2002-2003 budget, were found to be included in the Governor's Third Frontier initiative, subsequently announced in 2002. Additional information concerning the Third Frontier Commission can be found in the redbook for the Department of Development.

Two other program series whose fundings are improved in the executive budget are Student Financial Aid, which receives a 3.8% ($16.0 million) biennial increase led by the Ohio Instructional Grants program; and Statewide Coordination (21.2%, or $4.7 million), which benefits from major increases in the College Readiness Initiatives program as well as a new federally funded program.

Description of the Board of Regents

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

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

The Board of Regents is responsible for a total of 62 state-assisted college and university campuses throughout Ohio. The following table shows the types of institutions and the number of each type:

Ohio's Public-Assisted Institutions of Higher Education	
Type of Institution	**Number**
Universities	13
University branch campuses	24
Separate medical colleges	2
Community colleges*	15
Technical colleges	8
Total	62

* Includes community colleges and state community colleges. Note that the main campus and two outlying campuses of Cuyahoga Community College are together counted as one community college; the same is the case for the main campus and one outlying campus of Owens State Community College.

These institutions served a total enrollment (headcount) of 552,791 students during FY 2001 and 573,568 during FY 2002. The fact that the full-time equivalent (FTE) student enrollment is much less than the headcount stems from the fact that many students attend college part-time or enroll and then decide to leave college. (An FTE student is assumed to be taking 15 credit hours per quarter or the equivalent.)

For these institutions, the regents have statutory authority to coordinate, recommend, advise, and direct state higher education policy. Their powers and responsibilities include the following:

- Making recommendations to the Governor and the Ohio General Assembly concerning higher education capital plans and biennial appropriations for the colleges and universities;
- Approving or disapproving the establishment of technical colleges, community colleges, and new branches and academic centers of state universities;
- Approving or disapproving all new degrees and new degree programs at all higher education institutions, both public and private;
- Making recommendations to the Governor and the Ohio General Assembly concerning the design and funding of student financial aid programs;
- Promoting research and public service at Ohio's institutions of higher education;
- Fiscal oversight of all public campuses, including the authority to declare a fiscal watch for campuses deemed to be in financial difficulty; and
- For campuses in very serious financial straits, the responsibility to recommend to the Governor that the campuses be placed in conservatorship.

The Board of Regents is responsible for an annual budget of approximately $2.523 billion (FY 2004) spread across some 76 appropriation items, 60 of which are funded by the state's General Revenue Fund (GRF). Of that amount, approximately $3.3 million directly supports Regents' own agency operations.

The Regents' budget is organized into 11 program series, each with several of the appropriation items. The largest series by far is Program Series 1, Core Institutional Support, containing Regents' largest single appropriation item, the State Share of Instruction, which provides unrestricted funds for the support of general operations at all state-assisted colleges and universities. With an appropriation of approximately $1.6 billion in FY 2004, it is the largest single source of state support for public higher education. During FY 2002 this appropriation item provided subsidies for approximately 323,011 subsidy-eligible full-time equivalent students. The state has subsidized roughly half of the campuses' operating costs, although its share has been declining in recent years.

In advocating increases in the state's spending for the public-assisted institutions, Regents continues to stress the increasing dependency of the state's economic competitiveness and prosperity upon higher education. The agency cites several specific factors, including the education level of Ohio's people, the availability of continuing education and training to its workforce, and innovations provided by university research. It maintains that Ohio has fallen behind many other states in the New Economy, partly as a result of inadequate investment in these and other areas of higher education. Regents presents itself as a key player in the state's effort to reverse what it perceives as Ohio's adverse economic and education trends.

Staffing and organization

Regents is currently staffed by 83 persons; however, the three staff members concerned with the Biomedical Research and Technology Transfer Commission are scheduled to transfer to the Department of Development at the beginning of FY 2004. The staffing level will then be 80, the same as in FY 2001. Although changes of a few personnel can occur in any fiscal year, the agency has no plans to change overall staffing levels during the FY 2004-2005 biennium. A staffing history is provided in the redbook section Facts and Figures.

The Board of Regents has also changed the way these personnel are organized. It implemented a matrix-type organization, in which the standard table of organization (the process organization) is augmented by a project-type organization. The latter utilizes persons from the standard table, as well as personnel from other agencies and campuses, to create short-term, project-oriented task groups. In addition, the standard table was revised to create the new operations component, headed by a director in a newly created staff position. Several project-type tasks have been completed under the matrix system and Regents considers that this approach has worked well, realizing such benefits as improved customer service, improved efficiency, and additional cross-training.

The project to design and implement the main components of the agency's new data base system, the Higher Education Information system (HEI), was completed.

Table 1. BOR: Recommended Program Series and Appropriations,* FY 2003 – FY 2005				
Program Series	**Title/Description**	**FY 2003 est.**	**FY 2004**	**FY 2005**
1	Core Institutional Support	$1,702,471,475	$1,746,441,743	$1,812,450,431$
2	Other Institutional Support	14,037,991	13,992,167	13,970,400
3	Medical Support	69,337,570	67,992,229	67,570,862
4	Student Financial Aid	210,293,735	214,531,975	219,546,752
5	Public Service–Statewide	68,332,971	64,916,323	64,916,323
6	Public Service–Institutional	4,503,474	4,316,299	4,227,393
7	Statewide Initiatives	16,970,315	16,988,273	16,377,585
8	Statewide Coordination	12,217,685	13,540,108	13,244,077
9	Infrastructure Investments	30,309,603	34,585,850	34,602,417
10	Breakthrough Investments	1,374,750	1,306,013	1,273,362
11	Debt Service Payments	343,254,600	344,168,700	347,804,000
	Total: Board of Regents	**$2,473,104,169**	**$2,522,779,680**	**$2,594,360,693**
	Change from prior year	**0.3%**	**2.0%**	**2.8%**

* The appropriation amounts include funds from all fund groups: General Revenue Fund (GRF), General Services Fund (GSF), Federal Special Revenue Fund (FSRF), and State Special Revenue Fund (SSRF).

Table 2. BOR: Breakout of the Budget by Fund Groups, FY 2003 – FY 2005			
Fund Group	**FY 2003 est.**	**FY 2004**	**FY 2005**
Total, GRF	$2,460,718,739	$2,509,489,994	$2,581,472,919
Total, GSF	639,342	700,002	700,003
Total, FSRF	9,602,318	10,439,814	10,037,901
Total, SSRF	2,143,770	2,149,870	2,149,870
Total: Board of Regents	**$2,473,104,169**	**$2,522,779,680**	**$2,594,360,693**

TABLE 3. BOR: New and Deleted Budget Line Items, FY 2003 - FY 2005						
Program Series	Fund Group	ALI	Description	FY 2003 est.	FY 2004	FY 2005
New Line Items Recommended for Funding						
1	GRF	235-451	Eminent Scholars[1]	$2,925,000	$0	$1,462,500
3	GRF	235-516	Clinical Teaching	0	49,637,536	49,637,536
8	GSF	235-614	Program Approval and Reauthorization[1]	400,000	400,000	400,000
8	FED	235-615	Professional Development[1]	509,518	523,129	523,129
8	FED	235-616	Workforce Investment Act Administration[1]	100,000	850,000	850,000
Total: recommended new appropriation items				**$3,934,518**	**$51,410,665**	**$52,873,165**
Existing Line Items Recommended for Deletion (non-funding)						
3	GRF	235-536	OSU Clinical Teaching[2]	$14,660,591	$0	$0
3	GRF	235-537	UCN Clinical Teaching[2]	12,058,138	0	0
3	GRF	235-538	MCO Clinical Teaching[2]	9,398,665	0	0
3	GRF	235-539	WSU Clinical Teaching[2]	4,566,056	0	0
3	GRF	235-540	OHU Clinical Teaching[2]	4,414,144	0	0
3	GRF	235-541	NEO Clinical Teaching[2]	4,539,942	0	0
3	GRF	235-543	OCPM Clinical Subsidy	458,250	0	0
4	GRF	235-590	Twelfth-grade Proficiency Stipend[1]	0	0	0
8	GSF	235-613	Job Preparation Initiative	44,383	0	0
Total: items recommended for deletion				**$50,140,169**	**$0**	**$0**

(1) This appropriation item was established by the Controlling Board after the enactment of the FY 2002-2003 budget (Am. Sub. H.B. 94 of the 124th General Assembly).

(2) This appropriation item is to be deleted because its appropriation is to be aggregated, along with the other clinical teaching items, into a single new appropriation item, 235-516, Clinical Teaching.

ANALYSIS OF EXECUTIVE PROPOSAL

Core Institutional Support **Program Series 1**

Purpose: This program series provides basic state support for instruction and general activities on campuses. It also supports several other activities not funded through its main appropriation item, the State Share of Instruction.

Appropriations: The following table shows the appropriation items that are used to fund the Core Institutional Support program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-415	Jobs Challenge	$9,348,300	$9,348,300
GRF	235-418	Access Challenge	$57,068,622	$57,068,622
GRF	235-420	Success Challenge	$43,113,077	$43,113,077
GRF	235-451	Eminent Scholars	$0	$1,462,500
GRF	235-454	Research Challenge	$18,330,000	$18,330,000
GRF	235-501	State Share of Instruction	$1,615,549,733	$1,680,171,722
GRF	235-554	Computer Science Graduate Education	$3,032,011	$2,956,210
Total funding: Core Institutional Support			**$1,746,441,743**	**$1,812,450,431**

Program series description and budget

This program series serves as the state's primary financial support to higher education in Ohio. The seven appropriation items currently provide support to an estimated 339,000 full-time equivalent students (FTEs) in Ohio's 62 public universities, university branches, community colleges, and technical colleges. The $3.559 billion recommended by the Executive for this program series comprises nearly 70% of the Board of Regents' total budget in the FY 2004-2005 biennium.

The Executive has proposed $1.746 billion for this program series in FY 2004, a 2.6% increase from FY 2003, and $1.812 billion in FY 2005, a 3.8% increase from FY 2004. For the biennium, the total recommendation of $3.559 billion represents a 4.7% increase over the FY 2002-2003 biennium. This increase is the result of increases of 3.0% in FY 2004 and 4.0% in FY 2005 in appropriation item 235-501 State Share of Instruction. The proposed biennial amounts for all of the other appropriation items in this program series will decrease when compared to the FY 2002-2003 biennium, since the amounts for these appropriation items in FY 2002 are greater than the appropriations for the other three years.

State Share of Instruction 235-501

Budget and description: With an appropriation increase of $164.2 million (5.2%) over the FY 2002-2003 biennium, SSI accounts for 92% of Regents' total budget increase. The SSI appropriations per fiscal year are $1.616 billion for FY 2004 and $1.680 billion for FY 2005, for annual increases of $47.1 million (3.0%) and $64.6 million (4.0%), respectively. The amount recommended for the State Share of Instruction for the FY 2004-2005 biennium comprises 92.6% of this program series, and 64.4% of the entire budget for the Board of Regents.

The appropriation item 235-501, State Share of Instruction, or SSI, supports all of Ohio's state-assisted institutions of higher education. The SSI (formerly called the Instructional Subsidy) is the largest, by

far, of several subsidy items intended to partially offset the cost of a college education for Ohio residents attending Ohio's public institutions. Ohio's biennial operations budget appropriates a lump sum to the Board of Regents for the SSI. Then, during the fiscal year, Regents distributes the appropriated amount among the campuses according to a distribution formula. These institutions give careful consideration to the state subsidy amounts allocated to them when determining the tuition levels they will charge.

The SSI distribution formula: The State Share of Instruction's campus distribution formula is a complex empirical formula maintained by the Board of Regents with the advice of the Higher Education Funding Commission, a consultative body of campus and government officials and representatives. The formula is also outlined in the uncodified, or temporary law section of the biennial budget bill, and therefore must also be approved by each General Assembly.

The main parameters of the formula are determined by a "resource analysis" conducted by Regents. That is, the Board of Regents obtains and analyzes the campuses' recent direct and indirect actual expenditures of their unrestricted funds for three main campus expense categories: instruction and support, student services, and the operations of the campuses' physical plants. These three expense categories are calculated for each of 14 non-doctoral curricular models.

The most recent year in which the Board of Regents has final financial data for the resource analysis is FY 2001. It has therefore been necessary to estimate the increases in each year from FY 2002 to FY 2005. The estimates are based on decomposing the expense categories into their major components—wages and salaries, benefits, institutional financed financial aid, and other instructional and general expenses. Then for each component, an appropriate rate of increase is provided to each, and a weighted average is obtained in order to obtain an annual rate of change. The first two components make up roughly 85% of the cost components, and are assumed to increase at a rate roughly equal to the Employment Cost Index, which was 2% in FY 2002 and FY 2003, and 4% in FY 2004 and FY 2005. Institutional financial aid makes up roughly 5% of a campus' operating budget, and is assumed to remain at its FY 2001 level for each of the next four fiscal years. The final component, other instructional and general expenses was assumed to decline by 2% in FY 2002, have a zero percent change in FY 2003, and increase by 3% in each year of the FY 2004-2005 biennium. As a result of these changes, the weighted averages used to inflate the resource analysis were 3.1% in FY 2002, 3.3% in FY 2003, 4.9% in FY 2004, and 4.9% in FY 2005.

In addition to the amounts allocated by the 14 curricular models, a set percentage of the SSI appropriation is set aside for doctoral programs. In the FY 2004-2005 biennium, the Executive has proposed 10.0%, a slight decrease from the 10.34% in FYs 2002 and 2003. Table 1 gives a very general description of what subjects are usually contained in each curricular model. Following Table 1, the methodology used to calculate an institution's state share of instruction subsidy amount is presented.

Table 1: Brief Description of Curricular Models

Model	General Description
GENERAL STUDIES I	Introductory Social Science
GENERAL STUDIES II	Introductory Humanities
GENERAL STUDIES III	Introductory Sciences
TECHNICAL I	Business and Public Service
TECHNICAL III	Engineering, Health, and Natural Science
BACCALAUREATE I	Advanced Social Sciences
BACCALAUREATE II	Advanced Humanities
BACCALAUREATE III	Advanced Sciences
MASTERS & PROF I	Law, Business, and Education
MASTERS & PROF II	Humanities and Social Sciences
MASTERS & PROF III	Sciences
MEDICAL I	Dentistry, Veterinary Medicine, Optometry
MEDICAL II	Medical Schools
MPD1	Business and Education (Master's students formerly classified as Doctoral I because each of the students was above the doctoral credit hour threshold)
DOCTORAL I	Humanities and Social Sciences
DOCTORAL II	Sciences

Base Subsidy

The calculation for each campus begins with determining its base subsidy. Following the description of each step, an example will be provided. The example used is the calculation of the subsidy for the University of Akron for FY 2003. Note that the following calculations were made *before* the 6% budget cut in the total SSI appropriation. The calculations in steps one through three below use both the two-year and five-year average of all-terms FTEs. The two-year average is the average FTEs in FY 2001 and FY 2002, while the five-year average is the average of FY 1998 through FY 2002. Table 2 presents the FTE information for the previous five years for the University of Akron. The two-year and five-year averages calculated in Table 2 are the values used in Tables 3 through 5.

Table 2: FTE Enrollment Data for the University of Akron

Model	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	2-YR AVG.	5-YR AVG.
GENERAL STUDIES I	2,289	2304	2,368	2359	2,242	2,301	2,312
GENERAL STUDIES II	3,127	3215	3,160	3066	3,111	3,089	3,136
GENERAL STUDIES III	732	777	758	758	743	751	754
TECHNICAL I	976	923	939	953	870	912	932
TECHNICAL III	341	296	310	267	274	271	298
BACCALAUREATE I	3,163	3125	3,085	3175	3,413	3,294	3,192
BACCALAUREATE II	1,473	1561	1,565	1602	1,643	1,623	1,569
BACCALAUREATE III	1,782	1755	1,673	1630	1,666	1,648	1,701
MASTERS & PROF I	516	489	509	451	502	477	493
MASTERS & PROF II	731	733	737	708	786	747	739
MASTERS & PROF III	364	359	336	323	289	306	334
MEDICAL I	0	0	0	0	0	0	0
MEDICAL II	0	0	0	0	0	0	0
MPD1	706	674	693	788	767	778	726
TOTAL	**16,735**	**16,748**	**16,561**	**16,537**	**16,726**	**16,636**	**16,661**

The first step involves determining the instruction and support portion. For each of the 14 non-doctoral curricular models, the instruction and support subsidy is equal to the instructional and support allowance minus the local contribution. To this difference, multiply by the number of FTEs in that model, and add together the products from the 14 models. According to temporary law, "the local contributions for purposes of determining subsidy support shall not limit the authority of the individual boards of trustees to establish fee levels." Table 3 presents the calculation of the instruction and support subsidy for the University of Akron for each instructional model.

Table 3: Calculation of the Instructional and Support Subsidy for the University of Akron

Model	Instruction & Support per FTE	Local Contribution	Difference	2-yr. Avg. x Difference	5-yr. Avg. x Difference
GENERAL STUDIES I	$4,904	$4,572	$332	$763,932	$767,584
GENERAL STUDIES II	$5,299	$4,572	$727	$2,245,703	$2,279,872
GENERAL STUDIES III	$6,652	$4,572	$2,080	$1,562,080	$1,568,320
TECHNICAL I	$5,696	$4,572	$1,124	$1,025,088	$1,047,568
TECHNICAL III	$9,044	$4,572	$4,472	$1,211,912	$1,332,656
BACCALAUREATE I	$7,517	$5,146	$2,371	$7,810,074	$7,568,232
BACCALAUREATE II	$8,310	$5,146	$3,164	$5,135,172	$4,964,316
BACCALAUREATE III	$12,193	$5,146	$7,047	$11,613,456	$11,986,947
MASTERS & PROF I	$13,895	$10,421	$3,474	$1,657,098	$1,712,682
MASTERS & PROF II	$19,652	$10,421	$9,231	$6,895,557	$6,821,709
MASTERS & PROF III	$26,577	$10,421	$16,156	$4,943,736	$5,396,104
MEDICAL I	$29,934	$13,151	$16,783	$0	$0
MEDICAL II	$40,981	$17,784	$23,197	$0	$0
MPD1	$14,879	$10,421	$4,458	$3,468,324	$3,236,508
TOTAL				**$48,332,132**	**$48,682,498**

The second step involves calculating the student services portion of the base subsidy. To determine this amount, multiply the number of FTEs in each model by the student services subsidy per FTE. In addition, this product is multiplied by a student services weight that takes into account the number of full-time and part-time students enrolled at the campus. Finally, sum together the amounts from the 14 models to determine the student services subsidy. Table 4 illustrates the calculations made in each curricular model for determining the student services portion of the base subsidy.

In FY 2002, the student services subsidy amount varied by curricular model, but in FY 2003 this amount was uniform at $747 per FTE for all 14 curricular models. The proposal in temporary law for the upcoming biennium also contains uniform subsidy amounts across all of the curricular models, with $822 in FY 2004 and $903 in FY 2005.

The student services weights for each campus are greater than or equal to one. Both the Medical College of Toledo (MCOT) and the Northeast Ohio Universities College of Medicine (NEOUCOM) have student services weights of 1.0000, signifying that all of their students are attending on a full-time basis. The University of Akron's student services weight is 1.0910, the second highest of the universities behind Cleveland State's weight of 1.1120. However, the University of Akron's weight is only 44th out of 65 if all of the campuses are taken into account.

Table 4: Calculation of the Student Services Subsidy for the University of Akron

Model	Student Services Subsidy per FTE	Student Services Weight	2-yr. Avg. x Subsidy x Weight	5-yr. Avg. x Subsidy x Weight
GENERAL STUDIES I	$747	1.0910	$1,875,262	$1,884,227
GENERAL STUDIES II	$747	1.0910	$2,517,464	$2,555,768
GENERAL STUDIES III	$747	1.0910	$612,048	$614,493
TECHNICAL I	$747	1.0910	$743,259	$759,559
TECHNICAL III	$747	1.0910	$220,859	$242,863
BACCALAUREATE I	$747	1.0910	$2,684,534	$2,601,407
BACCALAUREATE II	$747	1.0910	$1,322,708	$1,278,699
BACCALAUREATE III	$747	1.0910	$1,343,082	$1,386,276
MASTERS & PROF I	$747	1.0910	$388,744	$401,784
MASTERS & PROF II	$747	1.0910	$608,788	$602,268
MASTERS & PROF III	$747	1.0910	$249,383	$272,202
MEDICAL I	$747	1.0910	$0	$0
MEDICAL II	$747	1.0910	$0	$0
MPD1	$747	1.0910	$634,052	$591,673
TOTAL			**$13,200,183**	**$13,191,219**

The third step involves calculating the activity-based plant operation and maintenance (POM) subsidy. To determine this amount, multiply the number of FTEs in each model, by the POM allowance per FTE, and by the activity POM weight. The activity-based POM portion of the base subsidy is determined by summing together the 14 products. The activity POM weight was determined by each institution's sponsored research and job-related expenditures as a percentage of total instructional and general expenditures. Originally, the job related component of this ration was weighted at 1.0 and the research component by 0.5. Beginning in FY 2002, the research component was also to be weighted at 1.0, however this change is to be phased in over five years. The University of Akron's weight of 1.0706 is the fifth highest of the universities, with Ohio State having the largest at 1.2040, and Youngstown State the smallest, at 1.0084. Table 5 presents the POM subsidy calculation for the University of Akron for each instructional model.

Table 5: Calculation of the POM Subsidy for the University of Akron

Model	POM Subsidy per FTE	Activity POM Weight	2-yr. Avg. x Subsidy x Weight	5-yr. Avg. x Subsidy x Weight
GENERAL STUDIES I	$543	1.0706	$1,337,654	$1,344,048
GENERAL STUDIES II	$686	1.0706	$2,268,659	$2,303,177
GENERAL STUDIES III	$1,565	1.0706	$1,258,292	$1,263,319
TECHNICAL I	$750	1.0706	$732,290	$748,349
TECHNICAL III	$1,436	1.0706	$416,630	$458,140
BACCALAUREATE I	$692	1.0706	$2,440,377	$2,364,810
BACCALAUREATE II	$1,263	1.0706	$2,194,568	$2,121,551
BACCALAUREATE III	$1,574	1.0706	$2,777,085	$2,866,397
MASTERS & PROF I	$1,217	1.0706	$621,493	$642,340
MASTERS & PROF II	$2,928	1.0706	$2,341,633	$2,316,556
MASTERS & PROF III	$3,932	1.0706	$1,288,137	$1,406,006
MEDICAL I	$2,653	1.0706	$0	$0
MEDICAL II	$3,581	1.0706	$0	$0
MPD1	$1,192	1.0706	$992,849	$926,489
TOTAL			**$18,669,667**	**$18,761,182**

The fourth step involves determining the doctoral allocation for each campus. Begin by calculating the number of doctoral I equivalent FTEs for each year from FY 1994 through FY 1998. The number of doctoral I equivalent FTEs is equal to the number of doctoral I FTEs plus 1.5 times the number of doctoral II FTEs. Next, subtract in each year the number of FTEs in defunded programs, and add the number of FTEs in maturing programs. Then, calculate the two-year and five-year averages of doctoral I equivalent FTEs. Sum the greater of the doctoral I equivalent FTE averages for all of the universities. Each campus share of the doctoral allocation is equal to its proportion of all of the universities' doctoral I equivalent FTEs multiplied by the amount of the state share of instruction set aside for doctoral programs. The doctoral share of the state share of instruction is 10.34% of the subsidy in FY 2003. This share is reduced in the proposed section of temporary law for the FY 2004-2005 biennium to 10.0%. However, a university's share of the doctoral allocation is reduced if its current enrollment (based on the greater of the 2-year and 5-year average) of doctoral I equivalent FTEs is less than 85% of the base number of doctoral I equivalent FTEs calculated in FY 1998 (the greater of the 2-year and 5-year average enrollments through FY 1998). The reduction is equal to the number of percentage points that current enrollment is below 85% of the base enrollment. In FY 2003, this "85% rule" affected the doctoral allocations of Miami University and the Medical College of Toledo (MCOT). Table 6 presents the calculation of the doctoral allocation for all of the universities.

Table 6: Calculation of the Doctoral Allocation for all Universities

University	Number of Doctoral I Equivalents	Share of Doctoral I Equivalents	Share of the 10.34% of SSI Doctoral Allocation	Share after the Application of the "85% rule"
Akron	760.71	6.225%	$10,740,269	$10,740,269
Bowling Green	685.48	5.610%	$9,679,182	$9,679,182
Central State	0.00	0.000%	$0	$0
Cincinnati	2,260.65	18.500%	$31,918,871	$31,918,871
Cleveland	172.07	1.408%	$2,429,285	$2,429,285
Kent	1,002.52	8.204%	$14,154,725	$14,154,725
Miami	436.80	3.574%	$6,166,381	$5,676,726
Ohio State	5,076.12	41.540%	$71,670,805	$71,670,805
Ohio Univ.	850.18	6.957%	$12,003,221	$12,003,221
Shawnee	0.00	0.000%	$0	$0
Toledo	487.64	3.991%	$6,885,849	$6,885,849
Wright	339.84	2.781%	$4,798,183	$4,798,183
Youngstown	31.42	0.257%	$443,414	$443,414
MCOT	116.50	0.953%	$1,644,253	$1,508,178
NEOUCOM	0.00	0.000%	$0	$0
TOTAL	**12,219.93**	**100.000%**	**$172,534,438**	**$171,908,707**

In the fifth and final step of the calculation of the base subsidy, add to the doctoral allocation of each campus the two-year average amounts calculated in steps one through three. Next, take the five-year average amounts calculated in steps one through three and add these to the doctoral allocation. The base subsidy for each campus is the greater of these two sums.

Table 7: Calculation of the Base Subsidy for the University of Akron					
	Instruction and Support	Student Services	POM Subsidy	Doctoral Allocation	Total
2-yr. Avg.	$48,332,132	$13,200,183	$18,669,667	$10,740,269	$90,942,241
5-yr. Avg.	$48,682,498	$13,191,219	$18,761,182	$10,740,269	**$91,375,168**

In the example provided, it can be seen in Table 7 that the five-year average should be used for the University of Akron, since the total amount of subsidy for the five-year average of $91.4 million is greater than the total of the two-year average, $90.9 million. Notice that the total is not the greater value of each component, since the amount of subsidy for student services by the two-year average is greater than the amount by the five-year average.

Adjustments

The base subsidy is subject to four adjustments. The first is the POM adjustment, which is necessary since a campus is guaranteed certain square-foot based POM earnings. The value per square foot of space varies according to how the space is used. In order to determine the POM adjustment, begin by multiplying the net assignable square feet (NASF) for each type of space by its rate per square foot, and by the NASF-based POM weight that is assigned to each campus. Sum the amounts for each type of space, plus a pre-determined amount that is allocated for roads and grounds, in order to determine the gross POM allowance. This calculation is shown in Table 8. Note that the NASF-based POM weight is different from the activity POM weight above, since the former is based on campus activity, primarily enrollments. Because the NASF-based POM weight is based on enrollment patterns that are more than six years old, beginning in FY 2002, the weights are being phased out over a five-year period. The University of Akron's weight of 1.1420 in FY 2003 is the largest of the 15 universities, and the fourth largest among the 65 campuses. The university with the smallest weight is MCOT, with a weight of 1.0000, and the campuses with the smallest weight of 0.9700 are the Ashtabula, Geauga, and Tuscarawas branches of Kent State University.

Table 8: Calculation of the Gross POM Allowance for the University of Akron				
Type of Space	Rate per Sq. Ft.	NASF	NASF POM Weight	Rate x NASF x Weight
AV-DP	$6.93	39,976	1.1420	$316,269
Circulation	$7.01	557,582	1.1420	$4,464,445
Classroom	$5.56	212,918	1.1420	$1,352,163
Labs	$6.93	506,274	1.1420	$4,005,375
Offices	$5.56	572,042	1.1420	$3,632,826
Storage-Mechanical	$2.46	248,194	1.1420	$697,899
Other	$5.56	446,494	1.1420	$2,835,517
Roads & Grounds				$632,799
TOTAL				**$17,937,294**

Next, allocate the gross POM allowance to each of the 14 non-doctoral curricular models by the model's share of activity-based POM subsidy. (This is either the two-year or five-year average, depending on which figure is used in the calculation of the base subsidy.) Then, for each model, multiply its share of the gross POM allowance by the ratio of subsidy-eligible FTEs to total FTEs in that model. Sum the amounts from all 14 models to determine the square-foot based POM subsidy. If the square-foot based POM subsidy is larger than the activity based POM subsidy, than the adjustment is positive, and the amount is the difference between the square-foot based POM subsidy and the activity based POM subsidy. If the activity-based POM subsidy is greater, than the POM adjustment is zero. Because the activity-based POM subsidy calculated in Table 5 above ($18,761,182) is greater than the square-foot based POM subsidy calculated in Table 9 ($17,023,162), the POM adjustment for the University of Akron is zero.

Table 9: Calculation of the Square-Foot Based POM Subsidy for the University of Akron

Model	Share of Activity-based POM Subsidy	Share of Activity-based POM Subsidy * Gross POM Allowance	Subsidy-eligible FTEs / Total FTEs	Column 3 / Column 4 (Square-Foot Based POM Subsidy)
GENERAL STUDIES I	7.164%	$1,285,025	91.4%	$1,174,491
GENERAL STUDIES II	12.276%	$2,202,034	90.5%	$1,992,012
GENERAL STUDIES III	6.734%	$1,207,841	92.2%	$1,113,432
TECHNICAL I	3.989%	$715,486	92.9%	$665,035
TECHNICAL III	2.442%	$438,021	94.5%	$413,854
BACCALAUREATE I	12.605%	$2,260,961	94.8%	$2,144,112
BACCALAUREATE II	11.308%	$2,028,384	94.6%	$1,918,615
BACCALAUREATE III	15.278%	$2,740,521	94.2%	$2,582,414
MASTERS & PROF I	3.424%	$614,132	99.4%	$610,484
MASTERS & PROF II	12.348%	$2,214,826	99.2%	$2,198,047
MASTERS & PROF III	7.494%	$1,344,262	99.7%	$1,339,627
MEDICAL I	0.000%	$0	0.0%	$0
MEDICAL II	0.000%	$0	0.0%	$0
MPD1	4.938%	$885,803	98.3%	$871,040
TOTAL	**100.000%**	**$17,937,296**		**$17,023,162**

The second adjustment is the annual guarantee or hold harmless provision. In FY 2003, this guarantee was originally 100% of its SSI funding from FY 2002. However, because of the 6% budget cut in SSI, this guarantee had to be modified. For FY 2004 and FY 2005, a sliding scale for the guarantee has been introduced. If the total SSI appropriation is 102% or greater than the previous year's SSI, then a campus is guaranteed 99% of its SSI amount from the previous year. If the total SSI appropriation is between 95% and 102% of the previous years', then the guarantee is three percentage points below the percentage change in the total SSI. For example, if the SSI appropriation in FY 2004 were 98% of the amount in FY 2003, then the guarantee would be set at 95% of the FY 2003 amount the campus received. Finally, if the total SSI appropriation is 95% or less compared to the previous year's, then the guarantee is two-and-a-half percentage points below the percentage change in the total SSI. For the University of Akron, its subsidy amount for FY 2003 is greater than its FY 2002 subsidy amount, so no adjustment is made.

Table 10: Calculation of the Annual Guarantee for the University of Akron

Final FY 2002 SSI Subsidy (after 6% cut)	FY 2003 SSI Subsidy	Effect of Annual Guarantee
$86,735,219	$91,375,168	$0 - FY 2003 subsidy amount is greater than FY 2002

The third adjustment is the negative capital component adjustment. The SSI is reduced for each campus by the amount, if any, that its debt service charged in the capital appropriation bills beginning in the 121st General Assembly is greater than the amount of its capital component allocation. This deduction is made after the calculation of the annual guarantee. In FY 2003, only five campuses were affected by this provision. Since the University of Akron was not one of these campuses, no adjustment is made to its FY 2003 subsidy amount.

The final adjustment requires the amount of the SSI allocated to a campus to be reduced if the total amount of subsidies paid to the campuses is greater than the amount of the SSI appropriation. According to temporary law, "the Board of Regents shall proportionately reduce the state share of instruction earnings for all campuses by a uniform percentage so that the systemwide sum equals available appropriations." Again, note that the amount of the total SSI appropriation in Table 11 is before the 6% budget cut was made in the appropriation item for FY 2003.

Table 11: Calculation of Proportionate Reduction and the Final Subsidy Amount for the University of Akron

Total SSI Appropriation	Total SSI Formula	Appropriation / Formula	Akron's Subsidy from Formula	Akron's Adjusted Subsidy
$1,668,611,581	$1,677,190,879	99.5%	$91,375,168	$90,907,759

Distribution

The State Share of Instruction funds are distributed to the campuses in equal monthly installments during a fiscal year. For the first six months, the Board of Regents uses estimated enrollment data from the previous fiscal year in determining the FTE averages. The payments for the latter half of the fiscal year are adjusted using updated enrollment data and include any other necessary updates. The Board of Regents must present these adjustments to the Controlling Board before payments can be made during the last six months of the year. In addition, temporary law for the FY 2004-2005 biennium requires the Board of Regents to uniformly apply to each campus in proportion to its share of the final allocation, any mid-year appropriation reductions to the SSI.

As previously mentioned, the Executive proposed $1.615 billion for FY 2004, a 3.0% increase from FY 2003, and $1.680 billion in FY 2005, a 4.0% increase from FY 2004. For the FY 2004-2005 biennium, the proposed total of $3.296 billion for the State Share of Instruction represents a 5.2% increase over the FY 2002-2003 biennium. The amount recommended for the State Share of Instruction for the FY 2004-2005 biennium comprises 92.6% of this program series, and 64.4% of the entire budget for the Board of Regents.

The Challenges

In addition to the State Share of Instruction, Ohio's colleges and universities are provided additional subsidies through the various challenges. The challenge concept began with the budgets of the late 1980's. More appropriation items were added over time, a result of the Board of Regents' conclusion that such challenges as Jobs, Access, Success, and Research are key efforts serving the four important goals of employee training, affordable access, academic success, and research. Consequently, the colleges' and universities' attention should be focused on them, and financial rewards given for accomplishment in these key areas.

Jobs Challenge 235-415

The Executive has proposed an annual appropriation of $9,348,300 for the Jobs Challenge in FY 2004 and FY 2005, the same amount as in FY 2003. Because of the flat funding and the decline in funds from FY 2002 to FY 2003, the proposed total of $18,698,000 for the FY 2004-2005 biennium represents a decline of 0.8% from the FY 2002-2003 biennium.

The Jobs Challenge seeks to address the workforce training needs of Ohio's businesses and employees by providing funds to campuses in order to make these services affordable. The funds provided by the Jobs Challenge are divided into three components. Each of the 53 campuses of the EnterpriseOhio Network are provided performance grants in order to provide basic support for their operations. The Targeted Industries Training Grant Program provides funds for the training of employees in manufacturing and information technology. These grants require campuses and businesses to collaborate together since the application for the grants must be jointly submitted. Finally, the Higher Skills Incentives Program (formerly known as the Non-credit Incentives Grant Program) rewards the 53 campuses by the proportion of each campus' share of total revenue that all of the campuses receive from third party entities for non-credit job-related training. A fourth component funded during the FY 2002-2003 biennium were the Adult Workforce Education Centers, which sought to promote additional K-16 collaboration in the provision of coordinated and comprehensive training to local employers. Temporary law proposed by the Executive plans to merge this component with the Non-credit Incentives Grant Program to form the Higher Skills Incentive Program. Funds in the Higher Skills Incentive Program will be allocated in the same manner as the Non-credit Incentives Grant Program.

While the appropriation amount for the Jobs Challenge is the same in FY 2003 and FY 2004, the allocation among the components differs. In FY 2003, $1,981,841 was earmarked as performance grants, while in FY 2004 and FY 2005 this amount is $2,770,773. For the Targeted Industries Training Grant Program, $2,875,953 was earmarked in FY 2003, while in FY 2004 and FY 2005 this amount is $2,819,345. For the Higher Skills Incentives Program, the amount for FY 2003 was $4,490,506 ($3,629,797 for the Non-credit Incentives Grant Program plus $860,709 for the Adult Workforce Education Centers), while for FY 2004 and FY 2005 this amount is $3,758,182.

In FY 2002, campuses received $54.2 million in noncredit job-related training revenue. While this marks a decline of 12.6% from the $61.1 million received in FY 2001, the amount in FY 2002 is still 20.0% greater than the $43.4 million received in FY 2000. In addition, the number of workers trained in FY 2002 was 168,984, which was 11.8% greater than the number of workers trained in FY 2001. In addition, the number of additional workers trained in the Targeted Industries Grants Program remained relatively unchanged, with 20,732 in FY 2001 and 20,956 in FY 2002. The combination of an increase in the number of workers trained and a decline in both noncredit job-related training revenue and Jobs Challenge dollars has led to a decline in the number of dollars per worker trained from FY 2001 to FY 2002, as can be seen in the table below.

	Noncredit Job-Related Training Revenue per Worker Trained	Jobs Challenge Dollars per Worker Trained (Including Targeted Industries)	Jobs Challenge Dollars per Worker Trained (Excluding Targeted Industries)	Targeted Industries Training Grant Dollars per Worker Trained
FY 2001	$403.77	$62.79	$42.09	$185.11
FY 2002	$315.50	$55.32	$38.30	$137.65
% change from FY 2001 to FY 2002	-21.9%	-11.9%	-9.0%	-25.6%

Access Challenge 235-418

The Executive has proposed an annual appropriation of $57,068,622 for the Access Challenge in FY 2004 and FY 2005, the same amount as in FY 2003. Because of the flat funding and the decline in funds from FY 2002 to FY 2003, the proposed total of $114,137,244 for the FY 2004-2005 biennium represents a decline of 1.3% from the FY 2002-2003 biennium.

The Access Challenge seeks to make higher education affordable to all Ohioans by buying down or restraining tuition for in-state undergraduate students at designated Access campuses. Access campuses include all of the university branches, community colleges, and technical colleges, as well as Central State University, Shawnee State University, Cleveland State University, and the community-technical colleges located at the University of Akron, the University of Cincinnati, and Youngstown State University. While the SSI formula assumes a local contribution of $4,572 for full-time General Studies students, the average tuition at the university branch campuses was $3,727; at all of the community colleges, it was $2,270, and at the technical schools was $2,830.

The funds for the Access Challenge are allocated in proportion to the average of a campus' share of General Studies FTEs. In FY 2001, FY 2002, and FY 2003, the basis for this calculation was the number of General Studies FTEs in FY 1999. For FY 2004, it is proposed that the campus' share is based on the average of General Studies FTEs in FY 2001 and FY 2002; while for FY 2005, the proposal is for the campus' share to be based on the average of General Studies FTEs in FY 2002 and FY 2003. Because the basis for the allocation remained the same for FY 2001 through FY 2003, the decline in the number of Access Challenge dollars per General Studies FTEs from $994 to $872 mirrored the 12.2%

decline in the appropriation to the appropriation item from $65.0 million to $57.1 million. For FY 2004, the proposed Access Challenge appropriation is the same as FY 2003, while the projected number of General Studies FTEs is expected to increase by 8.9%, leading to a further $71, or 8.1% decrease in the number of Access Challenge dollars per FTE, from $872 to $801.

	Access Challenge Appropriation	General Studies FTEs used in Access Challenge Allocation	Access Challenge per General Studies FTE	% Change from Previous Fiscal Year
FY 2001	$65,018,000	65,443	$994	
FY 2002	$58,531,920	65,443	$894	-10.0%
FY 2003	$57,068,622	65,443	$872	-2.5%
FY 2004 (est.)	$57,068,622	71,242	$801	-8.1%

Previous temporary law required campuses receiving Access Challenge funds to restrain tuition increases to zero percent in FY 2000 and a reduction of 5% in FY 2001. Temporary law in the FY 2002-2003 biennium did not contain any provisions regarding tuition restraints or reductions. The temporary law of the Executive proposal includes a provision that it is the purpose of the Access Challenge to reduce student costs and sustain, as much as possible, the tuition restraint and reduction achieved in prior years. However, receipt of Access Challenge funds is determined solely by the campus' share of General Studies FTEs, and not on any requirement based on restraining or reducing tuition.

Success Challenge 235-420

The Executive has proposed an annual appropriation of $43,113,077 for the Success Challenge in FY 2004 and FY 2005, the same amount as in FY 2003. Because of the flat funding and the decline in funds from FY 2002 to FY 2003, the proposed total of $86,226,154 for the FY 2004-2005 biennium represents a decline of 1.3% from the FY 2002-2003 biennium

The Success Challenge is designed to reward the main campuses of Ohio's public universities for their efforts in awarding baccalaureate degrees to in-state "at-risk" students and for the timely completion of all in-state undergraduate students. In FY 1998, 8,686 baccalaureate degrees were awarded to "at-risk" students, or 27.9% of the total number of baccalaureate degrees awarded. In FY 2001, the number of baccalaureate degrees awarded to "at-risk" students was relatively the same at 8,690, while the percentage marginally declined to 27.6%. For the timely completion component, in FY 1999, the median number of calendar years for all first-time, full-time degree-seeking undergraduates to earn their baccalaureate degree was 4.5 years. In FY 2001, the median number of calendar years had declined to 4.3 years. As a proportion of all baccalaureate degrees awarded, those that were completed in a timely manner increased from 42.2% in FY 1999 to 44.7% in FY 2001.

Two-thirds of the funds for the Success Challenge are allocated to a campus' proportion of the total statewide baccalaureate degrees awarded to "at-risk" students, which are defined as students who had received an Ohio Instructional Grant during the past ten years. The temporary law proposed by the Executive for the FY 2004-2005 biennium plans to change the criteria from "has received" to "was eligible to receive." The amount of Success Challenge dollars per "at-risk" degree jumped substantially from $1,526 to $3,724 between FY 2000 to FY 2001 concurrent with the 144% increase in appropriations from $13.3 million to $32.3 million. Since FY 2001, the amount of Success Challenge dollars per "at-risk" degree has declined by $132, or 3.5%, to $3,592 per "at-risk" degree in FY 2003.

	At-Risk			Timely Completion		
	Appropriation	"At-Risk" Degrees	Appropriation per Degree	Appropriation	Timely Degree Credits	Appropriation per Credit
FY 2000	$13,258,735	8,686	$1,526	$6,629,368	9,849	$673
FY 2001	$32,347,330	8,686	$3,724	$16,173,667	9,849	$1,642
FY 2002	$31,214,000	8,652	$3,608	$15,607,000	10,625	$1,469
FY 2003	$31,214,000	8,690	$3,592	$15,607,000	11,115	$1,404

The remaining one-third of the funds are allocated to the campuses in proportion to the institution's share of the total statewide baccalaureate degree credits earned by all students in a timely manner. Note that the total number of degree credits will differ from the total number of degrees granted by a campus since a degree credit takes into account transfer students by weighting their degrees by the amount of coursework taken at the university that awards the degree. Timely manner is defined as completion of an undergraduate degree program within the normal timeframe for a particular program, which is typically four years, though some programs require a longer expected time of degree completion. As with the "at-risk" component, the amount of Success Challenge dollars per timely degree credit jumped by 144% from $673 to $1,642 between FY 2000 to FY 2001. However, due to a 12.9% increase in the number of timely degree credits and a 3.5% decline in the Success Challenge appropriation since FY 2001, the amount of Success Challenge dollars per timely degree credit declined by $238, or 14.5%, to $1,404 per timely degree credit in FY 2003.

Research Challenge 235-454

The Executive has proposed an annual appropriation of $18,330,000 for the Research Challenge in FY 2004 and FY 2005, the same amount as in FY 2003. Because of the flat funding and the decline in funds from FY 2002 to FY 2003, the proposed total of $36,660,000 for the FY 2004-2005 biennium represents a decline of 1.8% from the FY 2002-2003 biennium.

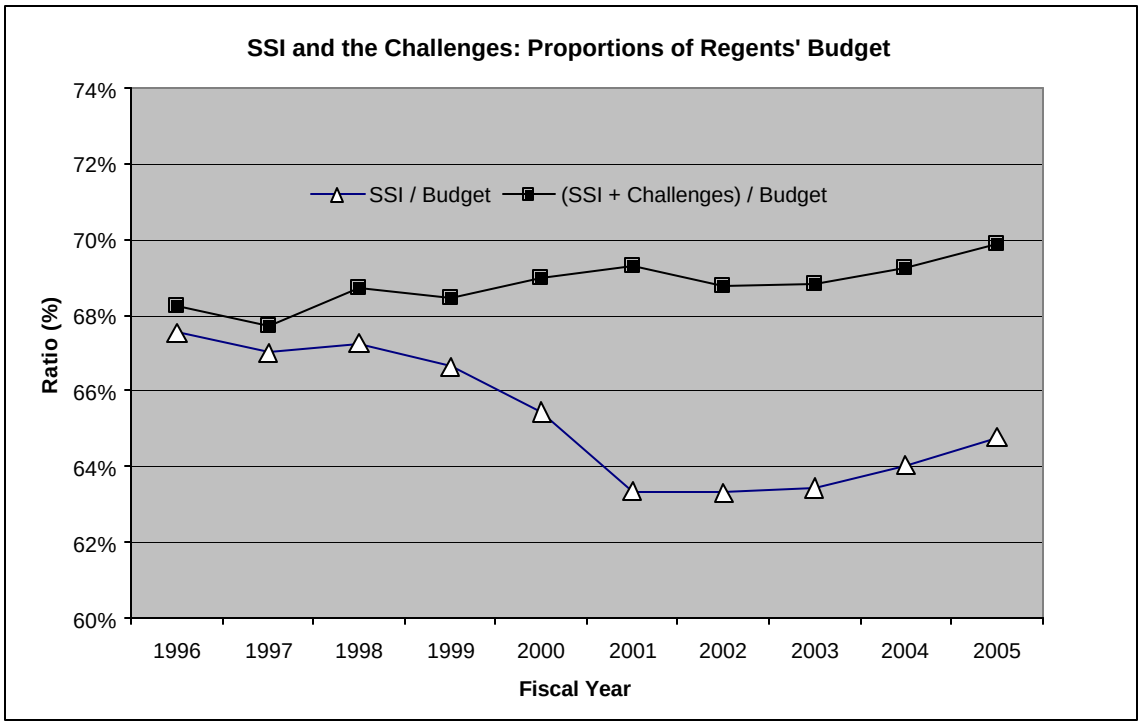
The Research Challenge seeks to improve the quality of basic research programs at Ohio's public universities and two medical colleges, as well as two private universities (Case Western Reserve University and the University of Dayton), by rewarding the institutions that are successful in competing for research dollars. It is estimated by the Board of Regents that universities are able leverage an additional ten dollars in research grants from external sources for every Research Challenge dollar received from the state. When the Research Challenge was established in FY 1986, the total amount of academic research dollars coming into the state on a per capita basis was 56% of the national average. In FY 2000, this increased to 76% of the national average. The table below presents for FY 2000 through FY 2003 the amount of approved research dollars eligible to be matched, the amount of Research Challenge appropriations less any administrative fees, and the ratio of approved research dollars per Research Challenge dollar.

	Approved Research Dollars	Research Challenge Appropriation (less administrative costs)	Approved Research Dollars / Research Challenge Appropriation	% Change of ratio from Previous Fiscal Year
FY 2000	$466,137,396	$19,156,382	24.33	
FY 2001	$508,485,706	$21,018,440	24.19	-0.6%
FY 2002	$560,969,134	$18,283,000	30.68	+26.8%
FY 2003	$615,675,116	$18,250,000	33.74	+10.0%

The funds for the Research Challenge are primarily allocated to the institutions on the basis of each university's share of qualifying externally funded research from the previous year. In FY 2000 and FY 2001, each institution received one dollar in Research Challenge funding for each $24 in approved outside research earnings. But due to a 13.0% decline in the Research Challenge appropriation along with a 21.1% increase in the total number of approved research dollars since FY 2001, each institution in FY 2003 receives one dollar in Research Challenge funding for each $34 in approved outside research earnings. In addition, current and proposed temporary law provides that "the program may include incentives for increasing the amount of external research funds coming to eligible institutions and for focusing research efforts upon critical state needs." One of the requirements of the program is for the university receiving funds to submit to the Board of Regents a plan for the institutional allocation of the dollars received by the Research Challenge. This plan should include how the funds will be targeted towards for academic and state purposes, how the research program will be strengthened, and an evaluation process to provide results of the increased support.

SSI versus Challenges

A trend worthy of note is presented by the chart below, which illustrates the effect of the challenges on the State Share of Instruction as components of the Regents' budget. Between FY 1996 and FY 2001, the State Share of Instruction declined from nearly 68% of Regents' budget to 63%. At the same time, the share of the challenges increased from 0.7% to 6.0%. However, since FY 2001, the share of the challenges has slightly decreased, to 5.5% in FY 2002 and 5.4% in FY 2003. The Executive proposal continues this decline, with the challenges accounting for 5.2% of Regents' budget in FY 2004, and 5.1% in FY 2005. During the same time, the State Share of Instruction remained relatively level at 63% of Regents' budget in FY 2002 and FY 2003, and will increase under the Executive proposal to 64% in FY 2004 and 65% in FY 2005.



Other Institutional Support — Program Series 2

Purpose: These appropriation items supplement the core institutional support provided to various institutions, in order to increase student access to higher education.

Appropriations: The following table shows the appropriation items that are used to fund the Other Institutional Support program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-502	Student Support Services	$870,675	$848,908
GRF	235-514	Central State Supplement	11,039,203	11,039,203
GRF	235-520	Shawnee State Supplement	2,082,289	2,082,289
Total funding: Other Institutional Support			**$13,992,167**	**$13,970,400**

Program series description and budget

This program series contains three appropriation items that are important additional sources of general support for various public-assisted campuses, in addition to the core institutional support provided by Program Series 1. Two of the subsidies provide supplemental funds to Ohio's two smallest universities, Central State and Shawnee State. The third subsidy, Student Support Services, helps institutions provide services to disabled students.

The Executive has proposed $13,992,167 for FY 2004, a slight decrease of 0.3% from FY 2003, and $13,970,400 in FY 2005, a decrease of 0.2% from FY 2004. The declines are a result of reductions in 235-502, Student Support Services, which will decrease 5.0% in FY 2004 compared to FY 2003, and a further decrease of 2.5% in FY 2005 compared to FY 2004, while funding for the other two appropriation items remains constant at their respective FY 2003 levels. For the biennium, the total appropriation of $27,962,567 represents a decline of 1.7% from the FY 2002-2003 biennium.

Central State Supplement 235-514

The largest appropriation item in the series remains 235-514, Central State Supplement, for which funding for both fiscal years is maintained at the FY 2003 level. For the biennium, the total appropriation of $22,078,406 is 1.3% less than the FY 2002-2003 biennium. This long-standing supplement seeks to maintain low tuition and fees, along with increased scholarships and related outreach efforts to minority students. In FY 2002, Central State had an increase in full-time equivalent (FTE) student enrollment of 15.0%, and is projected to have enrollments increase by 5% in FY 2003 and FY 2004, resulting in 1,071 FTEs in FY 2003 and 1,125 FTEs in FY 2004.

Shawnee State Supplement 235-520

Funding for appropriation item 235-520, Shawnee State Supplement, also remains at its FY 2003 levels for FY 2004 and FY 2005. The total appropriation of $4,164,576 for the biennium is 1.3% less than the FY 2002-2003 biennium. This supplement seeks to support efforts to keep tuition levels relatively low in order to increase college participation in the under-educated Appalachian region of the state. In FY 2002 Shawnee State saw an enrollment increase of 4.2%, and expects enrollments to increase by 6.8% per year, resulting in 2,762 FTEs in FY 2003 and 2,950 FTEs in FY 2004.

Medical Support — Program Series 3

Purpose: The medical support program series consists of state subsidies that support the medical education functions that take place outside the medical schools' classrooms and laboratories.

Appropriations: The following table shows the appropriation items that are used to fund the Medical Support program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-474	AHEC Program Support	$1,859,414	$1,812,929
GRF	235-515	CWRU School of Medicine	3,728,175	3,634,970
GRF	235-516	Clinical Teaching*	49,637,536	49,637,536
GRF	235-519	Family Practice	5,695,161	5,552,782
GRF	235-525	Geriatric Medicine	965,525	941,387
GRF	235-526	Primary Care Residencies	2,811,837	2,741,541
GRF	235-536	OSU Clinical Teaching**	0	0
GRF	235-537	UCN Clinical Teaching**	0	0
GRF	235-538	MCO Clinical Teaching**	0	0
GRF	235-539	WSU Clinical Teaching**	0	0
GRF	235-540	OHU Clinical Teaching**	0	0
GRF	235-541	NEO Clinical Teaching**	0	0
GRF	235-543	OCPM Clinical Subsidy***	0	0
GRF	235-572	OSU Clinic Support	1,794,581	1,749,717
FSRF: 3H2	235-608	Human Services Project	1,500,000	1,500,000
Total funding: Medical Support			**$67,992,229**	**$67,570,862**

* This appropriation item is new for FY 2004.

** These appropriation items are subsumed into 235-516, Clinical Teaching, beginning FY 2004.

*** Last appropriation was $458,250 for FY 2003.

Program series description and budget

This program series supports the medical education functions that take place outside of the medical schools' classrooms and laboratories. Subsidies are provided for clinical teaching in health care settings in order to (a) support internships and residencies in specific fields of practice that are of importance to Ohioans and (b) improve access both for medical students and for Ohio residents in need of health care.

At $135.6 million, this program series' biennial appropriation comprises 2.6% of Regents' total $5.117 billion biennial budget. The appropriation constitutes a decline of 2.7% ($3.8 million) from the current FY 2002-2003 biennium's $139.4 million. Thus, this program series does not participate in Regents' $178.4 million budget increase for the FY 2004-2005 biennium.

The series' annual appropriations incur decreases of 1.9% ($1.3 million) for FY 2004 and 0.6% ($0.4 million) for FY 2005, from the FY 2003 level of $69.3 million (after budget reductions). With the exception of the new Clinical Teaching item (see below), the series' existing individual appropriation

items decline by 5.0% in FY 2004 and 2.5% in FY 2005. The series as a whole does not suffer the same declines because the appropriation for the new Clinical Teaching item is held at the same level as the total FY 2003 appropriation of the six items that it replaces, $49.6 million. Given that FY 2002 saw expenditures of $70.0 million, this series has seen consecutive reductions in appropriations each year since FY 2002.

This program series is funded entirely by GRF funds except for the Human Services Project appropriation.

This program series' appropriation items are those listed in the above table. A description of each appropriation item, including its purpose, legal basis, funding source and recent fundings, is available in the Catalog of Budget Line Items (COBLI), the relevant pages of which are included in this redbook.

Clinical Teaching 235-516

The major change in this series for the new biennium is the executive budget's consolidation of the six current clinical teaching subsidy appropriation items into one new item, 235-516, Clinical Teaching, beginning FY 2004. New language (uncodified law) included in the executive budget earmarks each medical school's share of the total. Since each share is based on the institution's historical share, no reallocation changes are being made under this appropriation-item consolidation.

Human Services Project 235-608

This appropriation item, which is funded by a Federal Special Revenue Fund (FSRF) fund, comprises just over 2% of the series' total biennial appropriation. Appropriations for the Human Services Project have declined significantly (from the mid-1990s annual appropriations of up to $10 million) because of the phase-out of Regents' involvement in the Job Opportunities and Basic Skills (JOBS) program. Funding for the appropriation item accordingly has declined significantly to the current annual level of $1.5 million (see the description for appropriation item 235-608 in the Catalog of Budget Line Items).

Ohio College of Podiatric Medicine Clinical Subsidy 235-543

As in previous years, Regents' budget request for FY 2004-2005 recommended the elimination of funding for the appropriation item 235-543, Ohio College of Podiatric Medicine Clinical Subsidy, because of unclear state goals for the subsidy. Although in those years the executive budget retained the funding for this appropriation item, it now concurs with Regents in recommending its elimination.

Student Financial Aid — Program Series 4

Purpose: The student financial aid program series consists of 13 funded programs providing financial assistance to college students.

Appropriations: The following table shows the appropriation items that are used to fund the Student Financial Aid program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-414	State Grants and Scholarships Administration	$1,219,719	$1,211,373
GRF	235-503	Ohio Instructional Grants	111,966,343	115,325,333
GRF	235-504	War Orphans' Scholarships	4,672,321	4,672,321
GRF	235-518	Capitol Scholarship Programs *	0	0
GRF	235-530	Academic Scholarships	7,800,000	7,800,000
GRF	235-531	Student Choice Grants	52,139,646	52,139,646
GRF	235-534	Student Workforce Development Grants	2,437,500	2,437,500
GRF	235-549	Part-time Student Instructional Grants	14,036,622	14,457,721
GRF	235-553	Dayton Area Graduate Studies Institute	3,290,357	3,208,099
GRF	235-590	Twelfth-grade Proficiency Stipend**	0	0
GRF	235-599	Ohio National Guard Scholarship Program	13,252,916	14,578,208
FSRF: 3N6	235-605	State Student Incentive Grants	2,196,680	2,196,680
FSRF: 3T0	235-610	NHSC–Ohio Loan Repayment	150,001	150,001
SSRF: 4P4	235-604	Physician Loan Repayment	476,870	476,870
SSRF: 682	235-606	Nursing Loan Program	893,000	893,000
Total funding: STUDENT FINANCIAL AID			**$214,531,975**	**$219,546,752**

* Last appropriation was $26,000 for FY 2002 ** Last appropriation was $17,173,000 for FY 2002

Program series description and budget

The Student Financial Aid program series provides financial assistance to college students based on a variety of criteria ranging from economic need to academic achievement. The financial aid programs are administered by Regents' State Grants and Scholarships Division.

At $434.1 million, this program series' biennial appropriation comprises 8.5% of Regents' total $5.117 billion biennial budget. The appropriation constitutes an increase of 3.8% ($16.0 million) from the current FY 2002-2003 biennium's $418.0 million. This program series, then, takes up 9.0% of Regents' $178.4 million total budget increase for the FY 2004-2005 biennium. This 9.0% share and the 89.0% share taken by Program Series 1 (including the big State Share of Instruction appropriation item) together account for 98% of the total biennial increase in Regents' budget.

The series' total annual appropriation obtains increases of 2.0% ($4.2 million) for FY 2004 and 2.3% ($5.0 million) for FY 2005, from the FY 2003 level of $210.3 million (after budget reductions). Despite the recent economic slowdown and the resultant reductions in many of Regents' budget items, this program series has seen consecutive increases in its total appropriation each year since FY 2000.

The series' individual appropriation items change variously. The largest item, Ohio Instructional Grants, grows by 3.0% in each of fiscal years 2004 and 2005, while the next largest, Student Choice Grants, is held flat in both fiscal years at its FY 2003 level. In each fiscal year, the Part-time Student Instructional Grants item gains 3.0%, while the Ohio National Guard Scholarship Program grows by 10.0%. Academic Scholarships is held flat in both fiscal years at its FY 2003 level.

Within this program series the two largest student aid appropriation items are Ohio Instructional Grants (OIG) and Student Choice Grants (SCG). Together, these two items comprise 76% of the series' total biennial appropriation.

The OIG program provides need-based college tuition grants to full-time undergraduate students from low- and moderate-income families. The program is intended to expand access to higher education by bringing the cost of college within reach of more needy Ohio families. It is the largest of Student Financial Aid's 13 appropriation items and takes up 52% of the total appropriation for the program series. The SCG program provides financial assistance to full-time students enrolled for baccalaureate study in Ohio private non-profit colleges and universities. Recipients must be Ohio residents.

The next largest items are the Part-time Student Instructional Grants program, which provides need-based grants to Ohio residents attending college part-time; and the Ohio National Guard Scholarship Program, which provides 100% tuition benefits to Army and Air National Guard members who attend two- or four-year public-assisted institutions, and equivalent amounts to students enrolled in private institutions. Five of the series' programs support students based on need, academic ability and type of institution. Most financial aid funds are available to students attending any type of higher education institution in the state. Subsidies are also provided for medical education and specific initiatives at various campuses.

The Student Financial Aid program series has the third-largest appropriation in Regents' budget, behind Program Series 1, Core Institutional Support, and Program Series 2, Debt Service Payments. Of the series' total biennial appropriation, 98.3% is supported by GRF funds. In sum, in FY 2002 the Student Financial Aid programs provided $195,099,706 in state financial aid awards to 289,201 students.

The administration of these appropriation items is complex and time-consuming, and Regents is working to improve the processes involved. The Student Workforce Development Grants program is now included in Regents' new Higher Education Information system (HEI), a computer database system. The Ohio Academic Scholarship program was converted to HEI during FY 2002. The Ohio Instructional Grants program's historical data were also converted to HEI in that fiscal year; the completion of the total OIG conversion is anticipated for the beginning of the 2003-2004 academic year. Next in line for conversion to HEI are the War Orphans Scholarships program and, then, the Student Choice Grants program. The agency's goal is to convert all the Student Financial Aid programs to HEI, a transition that is expected to provide several efficiencies. One administrative component receiving attention is the forecasting of the numbers of students that will participate in each program. The HEI system is expected to help improve that effort, although this will require improvement in the campuses' data submission processes; however, HEI is expected to facilitate such improvements.

A description of each appropriation item, including its purpose, legal basis, funding source and recent fundings, is available in the Catalog of Budget Line Items (COBLI), the relevant pages of which are included in this redbook.

Ohio Instructional Grants 235-503

In a major change from the current biennium, the executive budget significantly increases the OIG grant awards for financially independent students who, themselves, have one or more dependents. Specifically, the executive budget retains the maximum grant amounts for these students at their FY 2003 levels but increases the grant amounts in both fiscal years for those students who do not qualify (because of income or number of dependents) for the maximum grant. The further a student falls from the maximum grant, the larger the percentage increase in grant amounts from year to year.

These increases occur for independent students enrolled in all three categories of higher education institutions: private, proprietary, and public-assisted. In contrast, for both FY 2004 and FY 2005 the dependent students in all three institutional categories, as well as independent students without dependents, are to receive only the same levels of awards as they received for FY 2003.

Finally, the maximum base amounts of gross income, below which students may qualify for OIG grants, remain the same as for FY 2003 for all six combinations of the two student statuses (dependent and independent) and the three institutional categories. Thus, individuals and/or families with incomes above these thresholds remain ineligible for the grants.

As usual, the new tables of OIG grant awards are located in two places in the budget. A revision to section 3333.12 of the Revised Code provides the permanent tables, which, however, are applicable only to the second year of the biennium. The tables giving the first year's grants are provided in uncodified (temporary) law in the budget as exceptions to the permanent law for that year alone.

Public Service–Statewide Program Series 5

Purpose: This program series supports public service activities that are performed at Ohio's higher education institutions.

Appropriations: The following table shows the appropriation items that are used to fund the Public Service–Statewide program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-511	Cooperative Extension Service	$24,125,120	$23,521,992
GRF	235-524	Police and Fire Protection	209,046	203,819
GRF	235-535	Ohio Agricultural Research and Development Center	33,722,012	32,878,962
GRF	235-583	Urban University Programs	5,662,486	5,520,924
GRF	235-587	Rural University Projects	1,197,659	1,167,717
Total funding: PUBLIC SERVICE–STATEWIDE			**$64,916,323**	**$63,293,414**

Program series description and budget

The Public Service–Statewide program series consists of several appropriation items supporting public service activities provided by the state's higher education institutions. These services address a variety of agricultural, rural, and urban issues and are offered either statewide or regionally. The program series is dominated by its two largest appropriation items, which support the statewide agricultural programs administered by The Ohio State University, the state's land-grant university.

At $128.2 million, this program series' appropriation comprises 2.5% of Regents' total $5.117 billion biennial budget. The appropriation constitutes a decline of 7.2% ($10.0 million) from the current FY 2002-2003 biennium's appropriation of $138.2 million. Thus, this program series does not participate in Regents' $178.4 million budget increase for the FY 2004-2005 biennium.

The series' annual appropriations incur decreases of 5.0% ($3.4 million) for FY 2004 and 2.5% ($1.6 million) for FY 2005, from the FY 2003 level of $68.3 million (after budget reductions). These annual percentage declines hold for the individual appropriation items as well, including the two agricultural items. Given that FY 2002 saw expenditures of $69.9 million, the series has seen consecutive reductions in appropriations each year since FY 2002, and this is also true of each appropriation item.

This program series is funded entirely by GRF funds. A description of each appropriation item, including its purpose, legal basis, funding source, and recent years' appropriations, is available in the Catalog of Budget Line Items (COBLI), of which the Regents pages are included in this redbook.

Cooperative Extension Service 235-511

Budget: With a biennial executive budget appropriation of $47.6 million, the Cooperative Extension Service incurs a reduction of 7.4% ($3.8 million) from the FY 2002-2003 biennial amount of $51.4 million. The annual reductions of 5.0% and 2.5% are taken on the FY 2003 level of $25.4 million.

The Board of Regents' requested biennial appropriation for the Extension Service was $55.3 million, for a $3.8 million (7.4%) increase over the FY 2002-2003 biennium. The difference between the requested and executive budget amounts is presented in the Requests Not Funded section in this redbook.

Description: The Cooperative Extension Service, operated by The Ohio State University Extension under The Ohio State University's land-grant mandate, provides educational services to every county in the state; its programs are intended to help people improve their lives through an educational process using scientific knowledge focused on identified issues and needs. The Extension Service conducts programs for eligible participants, including the food and fiber industries, homemakers, farmers, community leaders and young people. The program areas include agriculture and natural resources, family and consumer sciences (including home economics and family living), 4-H youth development (serving more than 400,000 people annually), and community development. The service covers every one of Ohio's 88 counties and supports more than 35,500 volunteers, who donate a total of 6.2 million hours per year of their time to help implement its programs.

The Extension Service is supported mainly by the Regents' budget appropriation item but other sources are significant. In FY 2002, state funds provided approximately 45% of the Extension Service's $57.8 million budget; federal funds provided 23%, county funds, 32%, and other sources, just 0.1%. The service spent 80% of its operating budget on salaries and fringes, 4.5% on travel, 1.5% on equipment, and 14% on other operating activities. The service indicates that it tries to adhere to its principle of spending no more than 80% of its budget on salaries and benefits in order to ensure adequate operating support for employees.

Recent programs emphasized by the Extension Service include 4-H educational and after-school programs, pest control, new farm enterprises, food safety, adult continuing education, and improving race relations. The service's priorities for the FY 2004-2005 biennium include round-the-clock access to Extension's programs and information, economic security for the agricultural industry, environmental quality controls, consumer financial issues, reducing teenage pregnancy and delinquency, food safety, business retention and expansion programs, community leadership training, and improved technology-driven communications for isolated areas of the state.

Earmarks: Under the Cooperative Extension Service appropriation, the executive budget continues to fund the same five earmarks as in the FY 2002-2003 budget: additional staffing for expanded 4-H activities; a small-business economic development program; farm labor mediation and education; The Ohio State University Marion Enterprise Center; and the Ohio Watersheds Initiative. However, as the following table shows, the funding levels for these earmarked items have been reduced versus their FY 2003 levels.

Cooperative Extension Service: Earmarks			
Earmark	Earmarked funds		
	FY 2003	FY 2004	FY 2005
4-H activities	$210,000	$182,842	$178,271
Economic development	$210,000	$182,842	$178,271
Labor mediation	$65,000	$56,594	$55,179
Marion Center	$215,000	$187,195	$182,515
Ohio Watersheds	$910,500	$792,750	$772,931

Ohio Agricultural Research and Development Center (OARDC) 235-535

Budget: With a biennial executive budget appropriation of $66.6 million, OARDC incurs a reduction of 7.4% ($5.3 million) from the FY 2002-2003 biennial amount of $71.9 million. The annual reductions of 5.0% and 2.5% are taken on the FY 2003 level of $35.5 million.

The Board of Regents' requested biennial appropriation for OARDC was $77.2 million, for a $5.3 million (7.4%) increase over the FY 2002-2003 biennium. The difference between the requested and executive budget amounts is presented in the Requests Not Funded section in this redbook.

Concerning the OARDC, the executive budget also includes a new provision in uncodified (temporary) language, calling for the OARDC, in conjunction with the Third Frontier Commission, to conduct "an independently evaluated self-study of research and development excellence and commercial relevance." The study will be specified by the Third Frontier Commission.

Description: The OARDC conducts basic and applied research through The Ohio State University's colleges of Food, Agricultural and Environmental Sciences, Human Ecology, Biological Sciences, and Veterinary Medicine. Research areas include: plant and animal agriculture, engineering, social sciences, food science, natural resources, environmental sciences, community and human development, and human nutrition. The center serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers.

The OARDC is supported mainly by the Regents' budget appropriation item but other sources are significant. In FY 2002 state funds provided approximately 57% of OARDC's $63.6 million revenue budget; federal formula funds provided 10%; grants, gifts and contracts, 27%; and the remaining 6% came from other sources, including endowment interest, sales of research products, overheads, fees, and other interest. The center spent 79% of its operating budget on salaries, wages and benefits, 13% on supplies and other operating expenses, 4% on equipment, and 4% on "investment in people and programs." The center indicates that studies have shown a 40%-60% return on its research investments each year.

At any time, OARDC is conducting more than 400 research projects. Approximately 256 scientists are involved full- or part-time in OARDC research, while the staff includes an additional 316 administrative and professional employees and 205 civil service employees. The center manages some 7,400 acres of land in Wayne County and Columbus and at the outlying branches. The campus at Wooster and Wayne County's other unit comprise 2,300 acres; the Wooster campus is the largest agricultural research facility in the United States.

Recent research programs leading to discoveries were conducted in the fields of non-thermal food processing technologies, soybean biotechnology, and animal health diagnostics. The center also funded a $2.6 million competitive grants program, whose funds have been more than matched by external partners and which has produced three invention disclosures and two U.S. patents. In 2002, the center's scientists leveraged state funds to obtain $17.2 million in grants and contracts. The OARDC's priorities for the FY 2004-2005 biennium include the pursuit of new products and new markets for Ohio's agricultural products, the expansion of agro-security research, genetically based plant and animal research and the competitive grants program, the development of new technologies for food safety, and the establishment of several environmental quality research programs.

Earmarks: Under the OARDC appropriation, the executive budget continues to fund the same five earmarks as in the FY 2002-2003 budget: the purchase of equipment, the Piketon Agricultural Research and Extension Center, the ellagic acid research program at The Ohio State University, the Ohio berry administrator, and the development of agricultural crops and products not currently in widespread production in Ohio. However, as the following table shows, the funding levels for these earmarked items have been reduced versus their FY 2003 levels.

OARDC: Earmarks			
Earmark	Earmarked funds		
	FY 2003	FY 2004	FY 2005
Purchase of equipment	$540,000	$470,164	$458,410
Piketon ARE Center	$950,000	$827,141	$806,463
Ellagic acid research	$250,000	$217,669	$212,227
Berry Administrator	$50,000	$43,534	$42,445
Crop development	$100,000	$87,067	$84,890

Budget Issues: Agricultural Items

The Ohio State University indicates that the Extension Service and OARDC, in response to the more than 8% of budget reductions during the past three fiscal years, have incurred "the loss of 80 positions and the curtailing of major research and extension programs essential to the growth of our industry and Ohio's economy." Further, were the reductions to be continued into the new biennium, the university projects other actions that would have to be taken, as described below.

The Extension Service estimates that, at the executive budget's recommended funding levels, it would have to lose another 110 of its current 1,232 employees. The service maintains that this would cause the 4-H program to lose extension agents, with the resulting loss of 4H in some counties; this would adversely affect "Ohio's Junior Fairs and the education and leadership development of our young people." Other areas affected by the loss of agents would be the coordination of community economic development activities, and the education and assistance being provided in the areas of family and consumer issues, agricultural and natural resources, agro-security systems, and new products and new niche marketing.

For OARDC, the University indicates that the budget reductions would cause "layoffs and irreversible cuts to nationally recognized programs." It estimates that, at the executive budget's recommended funding levels, it would have to lose another 60 of its current 777 employees. Specific programs affected would be in the areas of new food-safety technologies, agro-security research, the development of new products and markets, biotechnology, and environmental quality and natural resources (including the development of bio-based fuels). Ohio State further indicates that 40% of all of the University's patents are awarded to OARDC scientists.

The Programs and Projects items

Two Program Series 5 appropriation items that provide assistance to certain university programs and projects are the Urban University Programs and the Rural University Projects items, each of which contains several earmarks that, taken together, use all of the item's appropriations. These two appropriation items are described below.

Urban University Programs 235-583

The Urban University Programs appropriation is allocated by uncodified (temporary) language entirely among ten earmarks assigned to various universities to support specified programs that they administer in urban areas. The budget continues the temporary law requirement that the universities receiving funds under this appropriation item must "certify periodically . . . that program funds are being matched on a one-to-one basis with equivalent resources."

The executive budget recommends a reduction in the biennial appropriation for Urban University Programs from $12.1 million in FY 2002-2003 to $11.2 million in FY 2004-2005, for a decrease of 7.4% ($0.9 million). Regents requested $13.0 million for this appropriation item, for a biennial increase of 7.4% ($0.9 million).

The individual earmarks are outlined in the following table. Because of the reduction in the appropriation, the earmarked amounts are reduced for the biennium. The FY 2003 earmarked amounts are included for comparison.

Urban University Programs: Earmarks				
Earmark No.	Earmark	Earmarked Funds		
		FY 2003	FY 2004	FY 2005
1	Cleveland State: public communication outreach program (WCPN)	$372,400	$324,239	$316,134
2	Cleveland State: Study of Education & Urban Child	$176,400	$153,578	$149,748
3	Kent State: Learning and Technology	$254,800	$221,848	$216,302
4	Kent State: Ameritech Classroom	$98,000	$85,326	$83,193
5	U. of Akron: Polymer Distance Learning	$980,000	$853,262	$831,930
6	Kent State: Cleveland Design Center	$49,000	$42,663	$41,596
7	U. of Akron: Bliss Institute	$245,000	$213,315	$207,982
8	U. of Akron: Advancing-Up Program	$14,700	$12,800	$12,478
9	Cleveland State: Maxine Goodman Levin College of Urban Affairs	$2,156,629	$1,877,723	$1,830,780
10	Split (determined by Urban University Program chairman): Northeast Ohio Research Consortium Urban Linkages Program Urban Research Tech Assistance Grant	$2,156,630	$1,877,723	$1,830,781

Rural University Projects 235-587

The Rural University Projects appropriation is allocated by uncodified (temporary) language entirely among five earmarks assigned to various universities to support specified projects that they administer in rural areas.

The executive budget recommends a reduction in the biennial appropriation for Rural University Projects from $2.6 million in FYs 2002-2003 to $2.4 million in FYs 2004-2005, for a decrease of 7.4% ($0.2 million). Regents requested $2.7 million for this appropriation item, for a biennial increase of 7.4% ($0.2 million).

The individual earmarks are outlined in the following table. Because of the reduction in the appropriation, the earmarked amounts are reduced for the biennium. The FY 2003 earmarked amounts are included for comparison.

Rural University Projects: Earmarks				
Earmark No.	Earmark	Earmarked Funds		
		FY 2003	FY 2004	FY 2005
1	Ohio University: ILGARD (a small portion is to be used for the State and Rural Policy Partnership)	$740,977	$645,150	$629,021
2	Miami University: Center for Public Management and Regional Affairs	$324,503	$282,537	$275,473
3	Bowling Green State University: Center for Policy Analysis and Public Service	$212,072	$184,646	$180,029
4	Washington State C.C.: day care center	$24,500	$21,331	$20,798
5	COAD/ILGARD/GOA Appalachian Leadership Initiative	$73,500	$63,995	$62,396

Public Service - Institutional — Program Series 6

Purpose: This program series supports, in whole or in part, a wide variety of specific public-service projects at certain higher education institutions.

Appropriations: The following table shows the appropriation items that are used to fund the Public Service - Institutional program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-402	Sea Grants	$261,150	$254,622
GRF	235-509	Displaced Homemakers	$209,046	$203,819
GRF	235-513	OU Voinovich Center	$319,973	$311,974
GRF	235-521	OSU Glenn Institute	$319,973	$311,974
GRF	235-547	School of International Business	$1,487,778	$1,450,584
GRF	235-558	Long-term Care Research	$271,654	$264,863
GRF	235-561	BGSU Canadian Studies Center	$143,042	$139,466
GRF	235-585	Ohio University Innovation Center	$42,445	$41,384
GRF	235-595	International Center for Water Resources Dev't	$161,591	$157,551
GRF	235-596	Hazardous Materials Program	$339,647	$331,156
SSRF: 649	235-607	OSU Highway/Transportation Research	$760,000	$760,000
Total funding: Public Service - Institutional			**$4,316,299**	**$4,227,393**

Program series description and budget

This program series provides support for a variety of research and service missions operated at or by Ohio's state-assisted colleges and universities. These programs have focuses and impacts somewhat narrower than Program Series 5 (Public Service-Statewide). The goals vary widely, but Regents indicates that all of these programs serve important purposes that contribute to public policy development, public service, and the state and regional economies. Program activities are monitored primarily from periodic reports submitted by program managers. A description of each appropriation item, including its purpose, legal basis, funding source and recent funding, is available in the Catalog of Budget Line Items (COBLI), the relevant pages of which are included in this redbook.

For this program series, the Executive has proposed $4,316,299 for FY 2004, a decrease of 4.2% from FY 2003, and $4,227,393 for FY 2005, a decrease of 2.1% from FY 2004. For the biennium, the proposed amount of $8,543,692 represents a 6.8% decrease from the FY 2002-2003 biennium.

The declines are a result of reductions in all ten of the GRF appropriation items of 5.0% decrease in FY 2004 compared to FY 2003, and a 2.5% cut in FY 2005 compared to FY 2004. For the biennium, the proposed GRF amount of $7,023,692 is 7.4% less than the amount in the FY 2002-2003 biennium. The GRF appropriation items make up 82.2% of the program series amount for the FY 2004-2005 biennium.

The last remaining appropriation item, 235-607, OSU Highway/Transportation Research, is being funded in each fiscal year at the FY 2003 level. This appropriation item is funded by interest proceeds earned on an endowment fund at The Ohio State University, and placed in State Special Revenue Fund 649. Because the funding for this appropriation item in FY 2002 was greater than FY 2003, the proposed amount of $1,520,000 for the biennium is 3.8% less than the amount in the FY 2002-2003 biennium.

Statewide Initiatives Program Series 7

Purpose: This program series supports, in whole or in part, specific projects throughout Ohio's higher education community.

Appropriations: The following table shows the appropriation items that are used to fund the Statewide Initiatives program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-455	Productivity Improvement Challenge	$1,505,262	$1,465,650
GRF	235-477	Access Improvement Projects	$1,048,664	$1,080,124
GRF	235-508	Air Force Institute of Technology	$2,241,350	$2,197,816
GRF	235-510	Ohio Supercomputer Center	$4,208,472	$4,103,260
GRF	235-527	Ohio Aerospace Institute	$2,075,109	$2,023,232
GRF	235-588	Ohio Resource Center for Mathematics, Science, and Reading	$853,262	$853,262
FSRF: 312	235-611	Gear-up Grant	$1,478,245	$1,370,691
FSRF: 312	235-612	Carl D. Perkins Grant/Plan Administration	$112,960	$112,960
FSRF: 312	235-631	Federal Grants	$3,444,949	$3,150,590
SSRF: 4E8	235-602	HEFC Administration	$20,000	$20,000
Total funding: Statewide Initiatives			**$16,988,273**	**$16,377,585**

Program series description and budget

This program series is made up of several appropriation items that support statewide projects, programs, or entities that have a statewide impact primarily in instructional, research and operational areas. For the biennium, the six GRF appropriation items make up 70.9% of the program series; the three federal appropriation items make up 29.0%; and the one state special revenue appropriation item makes up 0.1%. A description of each appropriation item, including its purpose, legal basis, funding source and recent funding, is available in the Catalog of Budget Line Items (COBLI), the relevant pages of which are included in this redbook.

For this program series, the Executive has proposed $16,988,273 for FY 2004, a 0.1% increase from FY 2003, and $16,377,585 for FY 2005, a 3.6% decrease from FY 2004. For the biennium, the proposed amount of $33.4 million is 0.2% greater than the $33.3 million for the FY 2002-2003 biennium.

The Executive has proposed $11,932,119 in the six GRF appropriation items for FY 2004, a 0.1% decrease from FY 2003, and $11,723,344 for FY 2005, a 1.7% decrease from FY 2004. For the biennium, the $23,655,463 proposed is 2.3% less than the amount for the FY 2002-2003 biennium. Four of the six appropriation items will be decreased compared to the previous biennium, while two will be increased: 235-477, Access Improvement Projects, which will be increased by 2.5%; and 235-508, Air Force Institute of Technology, which will be increased by 19.6%.

The Executive has proposed $5,036,154 in the three federal appropriation items for FY 2004, a 0.6% increase from FY 2003, and $4,634,241 in FY 2005, an 8.0% decrease from FY 2004. For the biennium, the proposed amount of $9,670,395 is 6.7% greater than the amount in the FY 2002-2003 biennium. This results from the federal amount in FY 2002 being 23.6% less than FY 2003, along with the proposed amount in the biennium for appropriation item 235-631, Federal Grants, being 14.0% greater

than the amount in the FY 2002-2003 biennium, which offsets declines of 6.0% in appropriation item 235-611, Gear-up Grant, and 7.3% in appropriation item 235-612, Carl D. Perkins Grant/Plan Administration.

The Executive has proposed $20,000 in the one state special revenue appropriation item in FY 2004, a 43.9% increase from FY 2003, and $20,000 in FY 2005, the same as in FY 2004. For the biennium, the $40,000 proposed is 81.5% greater than the amount in the FY 2002-2003 biennium. The appropriation item supports costs incurred by the Board of Regents' staff in providing support to the Higher Educational Facility Commission (HEFC). The Commission reimburses the Board of Regents with the funds appropriated to HEFC in its appropriation item: 372-601, Operating Expenses.

Statewide Coordination — Program Series 8

Purpose: This program series contains several programs administered centrally by the Regents. The programs also support the coordinating activities of the Regents and organize the activities of the state's higher education enterprise.

Appropriations: The following table shows the appropriation items that are used to fund the Statewide Coordination program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-321	Operating Expenses	$3,286,284	$2,767,219
GRF	235-403	Math/Science Teaching Improvement	$1,757,614	$1,757,614
GRF	235-404	College Readiness Initiatives	$4,237,350	$4,491,591
GRF	235-406	Articulation & Transfer	$733,500	$733,500
GRF	235-408	Midwest Higher Education Compact	$82,500	$82,500
GRF	235-409	Information System	$1,185,879	$1,154,671
GSF: 220	235-614	Program Approval and Reauthorization*	$400,000	$400,000
GSF: 456	235-603	Sales and Services (formerly Publications)	$300,002	$300,003
GSF: 456	235-613	Job Preparation Initiative	$0	$0
FSRF: 312	235-609	Tech Prep	$183,850	$183,850
FSRF: 312	235-615	Professional Development*	$523,129	$523,159
FSRF: 312	235-616	Workforce Investment Act Administration**	$850,000	$850,000
Total funding: Statewide Coordination			**$13,540,108**	**$13,244,077**

* New Line Item—FY 2002
** New Line Item—FY 2003

Program series description and budget

This program series provides support for Regents' agency operations and various statewide projects, programs, or entities that have statewide impacts, primarily in areas of institutional operations. For the biennium, the six GRF appropriation items make up 83.1% of the program series, the three GSF appropriation items make up 5.2%; and the three federal appropriation items make up 11.6%. A description of each appropriation item, including its purpose, legal basis, funding source, and recent funding, is available in the Catalog of Budget Line Items (COBLI), the relevant pages of which are included in this redbook.

For this program series, the Executive has proposed $13,540,108 for FY 2004, a 10.8% increase from FY 2003, and $13,244,423 for FY 2005, a 2.2% decrease from FY 2004. For the biennium, the proposed amount of $26.8 million is 21.2% greater than the $22.1 million for the FY 2002-2003 biennium.

The Executive has proposed $11,238,127 in the six GRF appropriation items for FY 2004, a 4.6% increase from FY 2003, and $10,987,095 for FY 2005, a 2.6% decrease from FY 2004. For the biennium, the $22,270,222 proposed is 11.4% greater than the amount for the FY 2002-2003 biennium. One of the reasons for the biennial increase is the relatively low amount of funding for FY 2002 for appropriation item 235-404, College Readiness Initiatives, compared to the other fiscal years ($2,277,642 in FY 2002 and $3,997,500 in FY 2003).

The Executive has proposed $700,002 in the three GSF appropriation items for FY 2004, a 9.5% increase from FY 2003, and $700,003 for FY 2005, a 0.0% change from FY 2004. For the biennium, the $1,400,005 proposed is 65.4% greater than the amount for the FY 2002-2003 biennium. While funding for appropriation item 235-613, Job Preparation Initiative, is no longer funded beginning in FY 2003, the other two appropriation items saw large increases from FY 2002 to FY 2003. For appropriation item 235-614, Program Approval and Reauthorization, this was $139,903 in FY 2002 to $400,000 in FY 2003. For appropriation item 235-603, Sales and Services, this was $2,717 in FY 2002 to $194,959 in FY 2003.

The Executive has proposed $1,556,979 in the three federal appropriation items for FY 2004, a 96.2% increase from FY 2003, and $1,556,979 for FY 2005, the same as in FY 2004. For the biennium, the $3,113,958 proposed is 146.1% greater than the amount for the FY 2002-2003 biennium. The main reason for this increase is due to appropriation item 235-616, Workforce Investment Act Administration. Funding for this appropriation item began in FY 2003, with an amount of only $100,000, compared to $850,000 in FYs 2004 and 2005.

Infrastructure Investments — Program Series 9

Purpose: These appropriation items provide technology infrastructure for the higher education system.

Appropriations: The following table shows the appropriation items that are used to fund the Infrastructure Investments program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-417	Ohio Learning Network	$3,413,046	$3,327,720
GRF	235-507	OhioLINK	7,028,392	7,028,392
GRF	235-552	Capital Component	18,711,936	18,711,936
GRF	235-555	Library Depositories	1,775,467	1,731,080
GRF	235-556	Ohio Academic Resources Network (OARNet)	3,657,009	3,803,289
Total funding: Infrastructure Investments			**$34,585,850**	**$34,602,417**

Program series description and budget

This program series provides infrastructure resources to higher education, with an emphasis on information and information technology. Some of the programs are campus-specific, while others support statewide assets. A description of each appropriation item, including its purpose, legal basis, funding source, and recent funding, is available in the Catalog of Budget Line Items (COBLI), the relevant pages of which are included in this redbook.

For this program series, the Executive has proposed $34,585,850 for FY 2004, a 14.1% increase from FY 2003, and $34,602,417 for FY 2005, a 0.0% change from FY 2004. For the biennium, the proposed amount of $69.2 million is 13.4% greater than the $61.0 million for the FY 2002-2003 biennium.

The appropriation item 235-552, Capital Component, is the main source of the series' gains, getting a $4.2 million (28.7%) increase for FY 2004 and remaining flat for FY 2005. The jump from the FY 2003 appropriation comes from the addition of the most recent capital bill, H.B. 675, to the capital component formula, which uses the appropriations in the last four capital budgets in the calculation of a given biennium's estimated total amount to be disbursed to the campuses. Half of the biennial amount is then assigned to each fiscal year.

The only other appropriation item in the program series that has an increase in funding proposed for the FY 2004-2005 biennium is 235-566, Ohio Academic Resources Network (OARNet). The proposed amount of $3,657,009 is 11.4% greater than FY 2003, while the $3,803,289 for FY 2005 represents a 4.0% increase from FY 2004. OARNet provides high-quality Internet services to help link Ohio academics to global information sources, distance learning, and state library links such as OhioLINK.

Breakthrough Investments — Program Series 10

Purpose: These appropriation items support various initiatives among state government, higher education, and business and industry.

Appropriations: The following table shows the appropriation items that are included in the Breakthrough Investments program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-428	Appalachian New Economy Partnership	$1,306,013	$1,273,362
Total funding: Breakthrough Investments			**$1,306,013**	**$1,273,362**

Program series description and budget

This program series, originating with the Regents' FY 2002-2003 budget, is intended to support a strategy of targeted spending, called breakthrough investments, to help the state move forward in several areas considered crucial to its near- and long-term economic prosperity. The only appropriation item currently in this program series, 235-428, Appalachian New Economy Partnership, funds the Appalachian New Economy program at Ohio University.

The goal of the program is to promote entrepreneurship and technology to expand both the educational and employment opportunities in order to improve the quality of life for those Ohioans living in the Appalachian region. The breakthrough investments will usually involve collaborations among the higher education institutions, business and industrial firms and groups, and state agencies such as the Board of Regents and the Department of Development.

The Executive has proposed $1,306,013 for FY 2004, a 5% decrease from FY 2003, and $1,273,362 for FY 2005, a 2.5% decrease from FY 2004. However, for this biennium, the total appropriation of $2,579,375 represents an 11.4% increase over the FY 2002-2003 biennium. This increase is due to the relatively smaller amount of funds ($940,000) distributed in FY 2002.

Debt Service Payments — Program Series 11

Purpose: These appropriation items provide funds for the repayment of principal and interest on debt obligations incurred by the state.

Appropriations: The following table shows the appropriation items that are used to fund the Debt Service Payments program series, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	235-401	Lease-Rental Payments*	$246,500,700	$216,836,400
GRF	235-909	Higher Education General Obligation Debt Service	$97,668,000	$130,967,600
Total funding: Debt Service Payments			$344,168,700	$347,804,000

* Formerly: Rental Payments to the Ohio Public Facilities Commission (OPFC).

Program series description and budget

These appropriation items provide the funds necessary to make all required debt service and rental payments due from the Board of Regents during the biennium. The Executive has proposed $344.2 million for FY 2004, a 0.3% increase from FY 2003, and $347.8 million in FY 2005, a 1.1% increase from FY 2004. For this biennium, the total appropriation of $692.0 million represents a 0.8% increase over the FY 2002-2003 biennium.

As a result of State Issue 1 (November 1999), general obligation bonds became available for funding higher educational institutions' capital projects. Thus, another appropriation item, 235-909, Higher Education General Obligation Debt Service, was added to Regents' budget in Am. Sub. H.B. 94 of the 124th General Assembly to fund the debt service payments for these bonds. Since general obligation debt can be issued at a lower interest rate than special obligation debt, it is expected that the appropriation for this item will increase as general obligation debt assumes a larger and larger portion of the state's higher education debt structures. Accordingly, the appropriation for the pre-existing debt service appropriation item, 235-401, Lease-Rental Payments, which services special-obligation debt, will decline since the state plans to issue no more special-obligation debt.

The appropriation items' annual appropriation changes illustrate this ongoing shift from special obligation debt to general obligation debt. The Lease-Rental Payments appropriation declines by $22.4 million (8.3%) and $29.7 million (12.0%) in FY 2004 and FY 2005, respectively. The General Obligation Debt Service appropriation increases by $23.3 million (31.4%) and $33.3 million (34.1%) in FY 2004 and 2005, respectively. The executive budget anticipates that $600 million in new debt will be issued during the biennium.

As of June 30, 2002, there was $728 million in general obligation higher education debt, and $1,518 million in special obligation higher education debt outstanding for the state. All special obligation debt will be retired by 2014 under present debt retirement schedules.

ADDITIONAL FACTS AND FIGURES

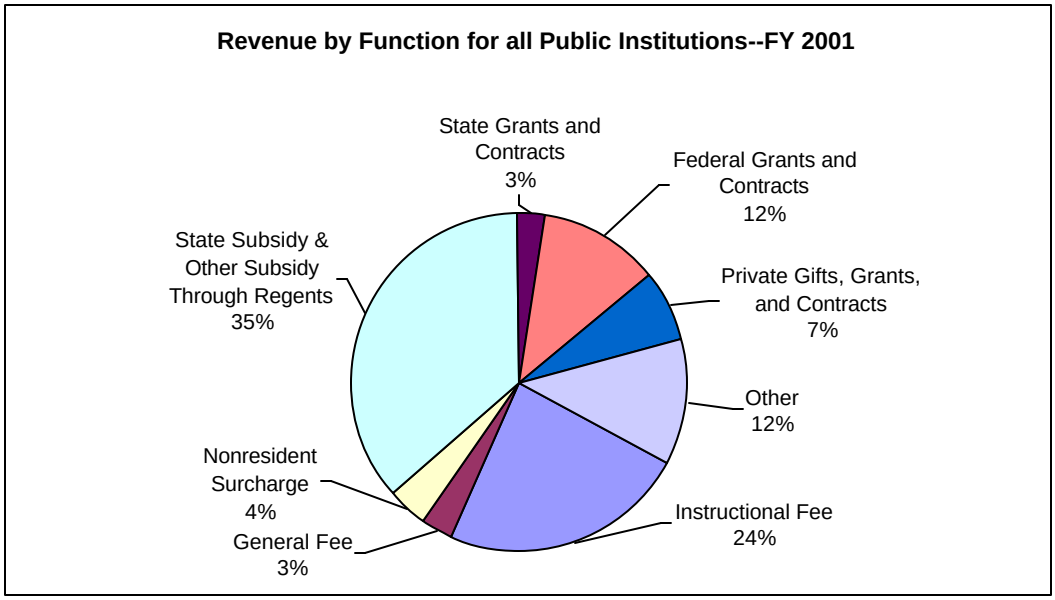
Staffing levels

Ohio Board of Regents: Staffing Levels						
Fiscal year	**2000**	**2001**	**2002**	**2003**	**2004 est.**	**2005 est.**
Agency personnel	80	80	83	83	83	83

Note that these numbers are estimates for the full-time staff numbers. The number of staff generally fluctuates between 80 and 90 employees. There are currently four vacancies within regents, but the Board of Regents has no plans to change the overall staffing levels in FY 2004 and FY 2005. The numbers above do not include three employees of the Biological Research and Technology Transfer Commission. These are funded from a different source of funds than the regular Regents' staff, and will be moving to the Department of Development beginning on July 1, 2003.

Public Higher Education Institutions: Revenue by Function

The pie chart below shows the distribution of Educational and General (E&G) revenue for all of Ohio's public institutions of higher education. Educational and General funds include funds used for Instruction and Departmental Research, Public Service, Academic Support, Student Services, Institutional Support, Plant Operation and Maintenance, Separately Budgeted Research, and Scholarships and Fellowships. They do not include revenue from self-supporting operations such as residences, dining halls, and hospitals. In FY 2001, the total E&G revenue received by all of the institutions was $5,363 million. Fiscal year 2001 is the most recent fiscal year in which this data is available from the Board of Regents Higher Education Information (HEI) system.



Graduation rates

The U.S. Department of Education Data has begun to survey university main campuses for graduation rate data. The first cohort surveyed was the class that began college in 1993. The results indicate the graduation rates of the students who started as freshmen in the autumn of that year. The criterion for comparison is the percentage of those students who received baccalaureate degrees from the same institutions within six years. The tables below are for the cohorts that began college in 1993, 1994, and 1995.

Baccalaureate Degrees – University Main Campuses*

Individual Graduation Rates of First-Time, Full-Time Freshmen

Admissions Policy	Campus	6 Year Individual Graduation rate**		
		1993	1994	1995
Selective Admissions	Bowling Green State University	59%	58%	58%
	Kent State University	43%	42%	42%
	Miami University	79%	80%	79%
	The Ohio State University	56%	55%	56%
	Ohio University	70%	69%	70%
	University of Cincinnati	49%	45%	53%

Admissions Policy	Campus	6 Year Individual Graduation rate**		
		1993	1994	1995
Open Admissions	Central State University	27%	22%	10%
	Cleveland State University	25%	27%	27%
	Shawnee State University	30%	37%	37%
	University of Akron	35%	37%	39%
	University of Toledo	36%	40%	40%
	Wright State University	31%	31%	34%
	Youngstown State University	34%	34%	39%

* Data obtained from Cohort Tracking (CT) file in HEI. Rates for Miami University and The University of Toledo obtained from institution reported IPEDS Graduation Rate Survey data.

** Institution Graduation Rate is a federal statistic measuring the percentage of an entering class who graduate by a certain time later, irrespective if students transfer or enroll at a subsequent institution.

Regents stresses that this survey is greatly affected by the fact that students who transfer to other institutions are included in the analysis as students who fail to graduate within six years. However, the Regents' Higher Education Information (HEI) system can track students who transfer elsewhere and record their subsequent degree attainments. The Regents' statewide graduation rates in the tables below adjust for transfers, and should therefore be more reliable than the results of the federal survey.

Baccalaureate Degrees – University Main Campuses*

Statewide Graduation Rates of First-Time, Full-Time Freshmen

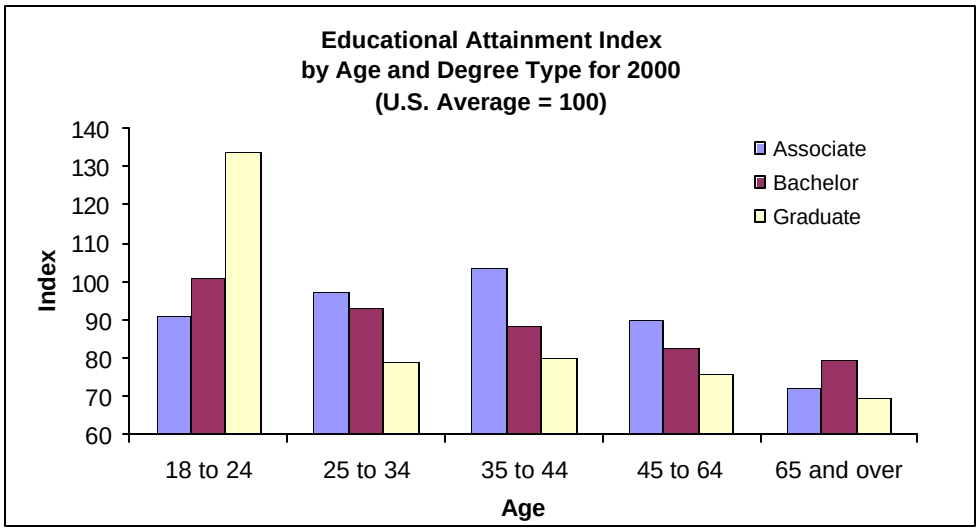
Admissions Policy	Campus	6 Year Statewide Graduation rate**		
		1993	1994	1995
Selective Admissions	Bowling Green State University	82%	76%	80%
	Kent State University	64%	48%	56%
	Miami University	n/a	80%	n/a
	The Ohio State University	76%	71%	73%
	Ohio University	86%	87%	90%
	University of Cincinnati	59%	58%	65%

Admissions Policy	Campus	6 Year Statewide Graduation rate**		
		1993	1994	1995
Open Admissions	Central State University	n/a	24%	13%
	Cleveland State University	n/a	38%	41%
	Shawnee State University	45%	42%	43%
	University of Akron	n/a	48%	48%
	University of Toledo	n/a	57%	n/a
	Wright State University	38%	50%	54%
	Youngstown State University	n/a	43%	43%

* Data obtained from Cohort Tracking (CT) file in HEI. Rates for Miami University and The University of Toledo obtained from institution reported IPEDS Graduation Rate Survey data.

** Statewide Graduation Rate is a state statistic that indicates the percent of an entering class that either graduates from the home school or is known to have enrolled at another school within the state. The numerator represents those students from an entering class who graduated from this institution by a certain time. The denominator (representing the entering class) is reduced by those students from that entering class who are found to be enrolled at another school.

Postsecondary Educational Attainment In Ohio Lags Behind National Average



- To create the index used above, the percent of Ohioans of an age group with a given degree was divided by the corresponding national average. This result was then multiplied by 100. For example, 4.0% of Ohio's 18 to 24 year olds have an associate degree, while the national average is 4.4%. Dividing the first percentage by the latter, and multiplying by 100, results in an index of 91. Thus, the percentage of associate degree holders age 18 to 24 in Ohio is 9% less than the national average.

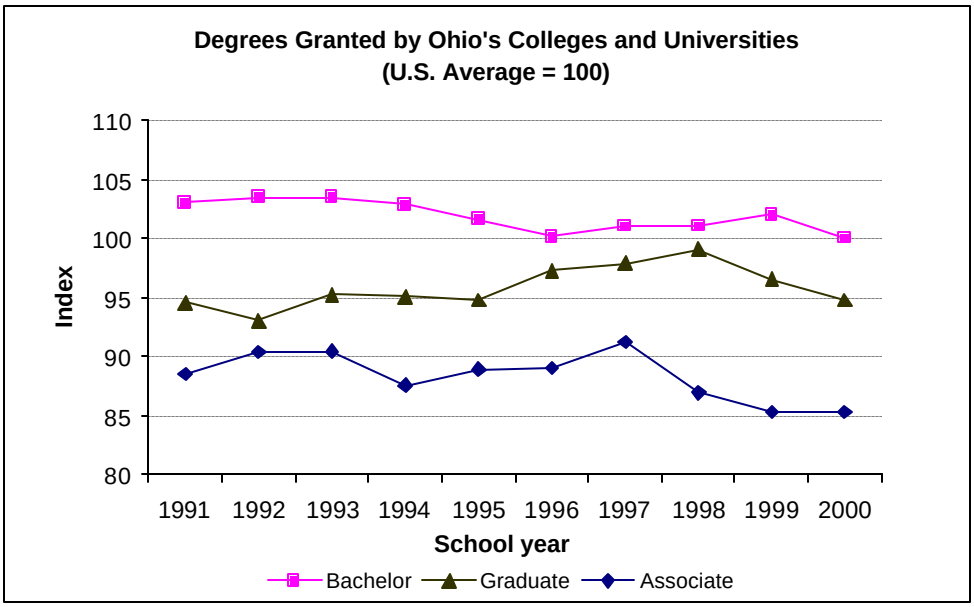
- The indexes look at the educational attainment of age groups in Ohio by various degree types, with regard to their respective national averages.

- Ohio is above the national average (i.e., the index exceeds 100) in only three out of 15 cases. These are bachelor degree holders age 18 to 24 (with an index of 101, or 1% above the national average), graduate degree holders age 18 to 24 (134), and associate degree holders age 35 to 44 (103).

- Aggregating all postsecondary degree holders, Ohio's index score ranks 27th in the nation for those 18 to 24 (with an index of 99), 36th for those age 25 to 34 (91), 36th for those age 35 to 44 (90), 43rd for those age 45 to 64 (82), and 45th for those ages 65 and over (75).

- Ohio's highest ranked category is for graduate degree holders age 18 to 24, in which the state's index score of 134 ranks ninth in the nation. Ohio's lowest ranked category is for graduate degree holders age 65 and over, in which the state's index score of 70 ranks 45th in the nation.

Ohio's Colleges and Universities Exceed the National Average in the Granting of Bachelor Degrees



- To create the index used above, the ratio of the number of the specified degrees granted by Ohio's colleges and universities to Ohio's population was divided by the corresponding ratio for the nation. This result was then multiplied by 100. The graph shows annual data for degrees granted in Ohio from 1991 to 2000.

- Ohio was above the national average with respect to bachelor degrees for every year from 1991 to 2000. Over the same time period, Ohio was consistently below the national average with respect to the awarding of associate and graduate degrees.

- In 2000, Ohio's index score for associate degrees ranked 33rd (with an index score of 85), 30th for bachelor degrees (100), and 23rd for graduate degrees (95). Aggregating all postsecondary degrees awarded, Ohio's index score of 95 ranks 33rd in the nation.

- Within the graduate degree category, there was substantial variation by the type of degree granted. Ohio's index score in 2000 ranks 11th for doctoral degrees (with an index of 117), 17th for first professional degrees (99), and 23rd for master degrees (92).

- In 2000, Ohio granted 19,393 associate degrees, 49,849 bachelor degrees, and 22,202 graduate degrees. Ohio's public institutions accounted for 80%, 64%, and 64%, respectively, of the degrees granted in Ohio.

Enrollment Levels							
Subsidy-Eligible FTE Enrollments, FY 1998 through FY 2004							
Fiscal year	**1998**	**1999**	**2000**	**2001**	**2002**	**2003 (est.)**	**2004 (est.)**
University main campuses	194,021	195,562	196,266	195,196	201,582	203,911	206,192
		0.8%	0.4%	-0.5%	3.3%	1.2%	1.1%
Branch campuses	25,296	25,722	26,321	27,414	29,047	30,184	30,775
		1.7%	2.3%	4.2%	6.0%	3.9%	2.0%
Community colleges	61,837	62,999	65,766	67,959	75,450	80,240	84,148
		1.9%	4.4%	3.3%	11.0%	6.3%	4.9%
Technical colleges	15,557	15,588	15,904	15,786	16,932	17,771	18,267
		0.2%	2.0%	-0.7%	7.3%	5.0%	2.8%
Total	296,711	299,871	304,257	306,355	323,011	332,106	339,382
		1.1%	1.5%	0.7%	5.4%	2.8%	2.2%

- Following a slight downturn in FY 1998, total subsidy-eligible FTE enrollments in Ohio's public colleges and universities grew moderately until FY 2002, which saw a sizable estimated increase of 5.4%. Forty-five percent of the FTE growth in FY 2002 was due to enrollment increases at community colleges, while another 38.3% was due to enrollment increases at university main campuses.

- Over the FY 1998 to FY 2002 period, total FTE enrollments increased by 26,300 or 8.9%. University main campuses' enrollments increased 7,561 FTE or 3.9%, branch campuses 3,751 FTE or 14.8%, community colleges 13,613 FTE or 22.0%, and technical colleges 1,375 FTE or 8.8%.

- The growth in the branches' and community colleges' enrollments is partly attributable to the Regents' Access Challenge program, under which additional state funds have subsidized mandated restraints of tuitions and fees at the state's public two-year campuses, and partly attributable to the business cycle.

Annual Average Full-Time In-State Undergraduate Tuition and Fees, FY 2000 to FY 2003				
Campus Types	Amount in Fiscal Year			
	2000	2001	2002	2003
University	$4,524	$4,803	$5,265	$5,866
		6.2%	9.6%	11.8%
Branch	$3,280	$3,114	$3,340	$3,727
		-5.1%	7.3%	11.6%
Community	$2,059	$1,927	$2,123	$2,270
		-6.4%	10.2%	6.9%
Technical	$2,501	$2,371	$2,636	$2,830
		-5.2%	11.2%	7.4%

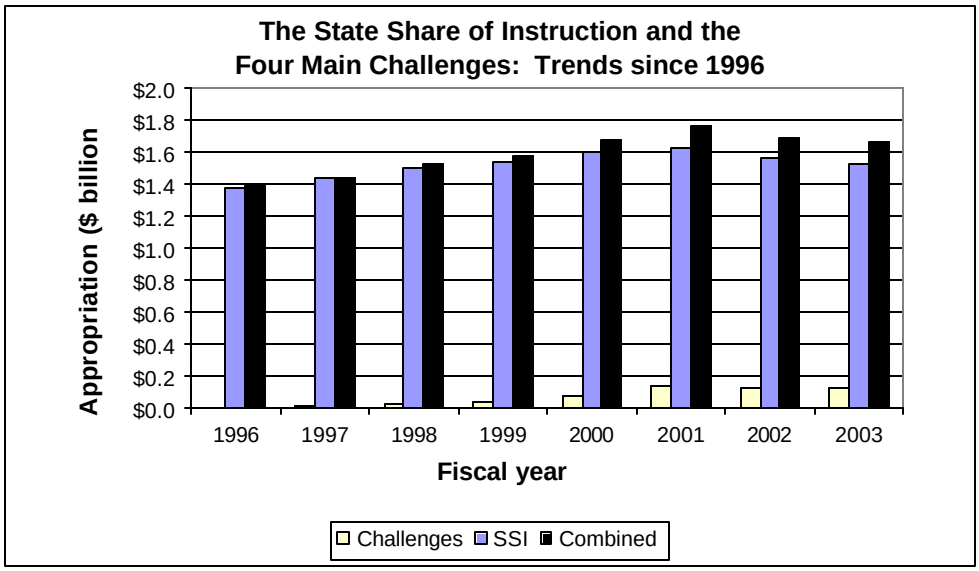
- For the FY 2002-2003 biennium, the General Assembly eliminated the caps on tuition and fee increases. In the previous biennium, the caps had been 6% for university main campuses and 3% for branch campuses, community colleges, and technical colleges. The Executive has proposed to reinstate the tuition caps for the FY 2004-2005 biennium. The cap would be 6% for all campuses, with an additional 3% for The Ohio State University, and an additional fee of $300 for incoming students only at campuses whose instructional and general fees are below their respective sector average.

- The Access Challenge program subsidies enabled university branches, community colleges and technical colleges, as well as Central, Cleveland, and Shawnee state universities, to reduce their tuitions and fees by an average 5% or more in FY 2001, as mandated by the FY 2000-2001 biennial budget. However, such tuition and fee restraints were eliminated in the FY 2002-2003 biennial budget.

- Ohio's FY 2001 weighted-average tuition and fee levels for public institutions were $4,803 for four-year campuses (universities) and $2,283 for two-year campuses (university branches and community and technical colleges). On a comparable basis, these fee levels for four-year campuses exceeded the national average of $3,506 by 37.0%, or $1,297. For two-year public campuses, these fee levels exceeded the national averages of $1,359 by 59.5%, or $924.

- Six of the 15 community colleges are supported by property tax levies. They are Cuyahoga, Jefferson, Lakeland, Lorain, Rio Grande, and Sinclair Community Colleges. (Those campuses that can levy a property tax are referred to as "Community Colleges" in the Revised Code, while the other nine community colleges are referred to as "State Community Colleges" in the Revised Code.) For those campuses that were supported by a property tax levy, the average annual tuition in FY 2003 was $1,847, or over $800 less than the average annual tuition of $2,682 at the nine state community colleges.

The Challenges Continue to Augment the SSI, but State Support of Higher Education Declines



- Besides the State Share of Instruction (SSI), which is distributed to campuses according to enrollments, space utilizations, and activities, additional support is provided by the four main Challenge appropriation items (Access, Success, Jobs, and Research). The Challenge subsidies are distributed to the campuses according to their performances in such areas as financial accessibility to students, degree completions, non-credit job training revenues, and outside research funding.

- The budgeted FY 2002 and FY 2003 appropriations for the State Share of Instruction and the four main Challenge appropriation items were subsequently reduced by 6% budget cuts for both fiscal years, although several appropriation items in the Board of Regents' budget, such as student financial aid and debt service, were exempt from the cuts. In addition, the State Share of Instruction and the Challenge appropriation items were reduced by a further 2.5% in FY 2003.

- The Challenges increased from $5.9 million or 0.4% of SSI spending in FY 1996 to $131.1 million or 8.4% of SSI funding in FY 2003. State Share of Instruction funding in FY 1996 was $1,385 million, and in FY 2003 was $1,568 million.

The State Share of Instruction (SSI): A Decline in the Subsidy per Student FTE

State Share of Instruction per FTE* to Campuses, FY 1998 – FY 2003						
Fiscal Year	**1998**	**1999**	**2000**	**2001**	**2002**	**2003****
University main campuses	$6,056	$6,123	$6,301	$6,407	$5,917	$5,702
Branch campuses	$3,078	$3,250	$3,332	$3,337	$3,143	$3,034
Community colleges	$3,122	$3,196	$3,296	$3,305	$2,875	$2,722
Technical colleges	$3,640	$3,695	$3,783	$3,942	$3,451	$3,187
Average	$5,064	$5,136	$5,263	$5,317	$4,828	$4,605
Percent change	5.1%	1.4%	2.5%	1.0%	-9.2%	-4.6%
CPI% change	1.8%	1.7%	2.9%	3.4%	1.8%	2.5%
* This is the amount of the Board of Regents' budgeted appropriation item 235-501, State Share of Instruction, per subsidy-eligible FTE as distributed among the campuses. An FTE (full-time equivalent) is based on one student's taking 15 credit hours per quarter or the equivalent.						
**Includes both the 6.0% and the 2.5% cuts made by the Executive.						

- The recent relatively low percentage increases in the State Share of Instruction per FTE versus the CPI arise from a combination of budget constraints, enrollment increases, and the current trend toward providing more subsidy funds through additional appropriation items, mainly the Challenges.

- In FY 2002, Challenge funding of $131.3 million added an equivalent of $407 per subsidy-eligible FTE to the overall state funding mix. This is projected to decline to $385 per subsidy-eligible FTE in FY 2003, due to a decrease of $3.5 million in appropriations combined with a 2.8% increase in enrollment. In FY 1998, Challenge funding was $87 per FTE.

- State Instructional Subsidy allocations to the university main campuses are significantly higher than those to the two-year campuses because they include the higher-cost baccalaureate, medical, and doctoral curriculum models. The state also subsidizes resident and non-resident masters and professional students at the university main campuses.

PERMANENT AND TEMPORARY LAW

Purpose: This section describes (a) changes to the Ohio Revised Code (permanent law) and (b) the budgeted uncodified (temporary) law provisions contained in the executive budget that constitute significant changes from the temporary law contained in the current budget (Am. Sub. H.B. 94 of the 124th General Assembly). Both types of changes will affect the Board of Regents' activities and spending decisions during the next biennium.

Permanent Law Provisions

Ohio Instructional Grants: grant tables (R.C. section 3333.12 (C))

The OIG program provides a financial grant for higher education to any full-time student who is an Ohio resident and whose family's annual gross income does not exceed certain maximums (currently $39,000 for a financially dependent student and $35,300 for an independent student). For each of three types of institutions (private, proprietary, and public), this section of the Revised Code maintains two tables of grant amounts, one for the financially dependent students, the other for the independent students. Each of these six tables lists five or six columns of grant amounts next to a column of ranges of gross family incomes, which go up to the current $39,000/$35,300 maximums. Each of the columns of grant amounts corresponds to the number of dependents in the student's family, from zero (for an independent student) to five or more.

In a major change from the current biennium, the executive budget significantly increases the OIG grant awards for financially independent students who, themselves, have one or more dependents. This increase in the awards for independent students was proposed by the Board of Regents' Financial Aid Consultation and accepted by the Higher Education Funding Commission; it will increase the level of grants awarded to these independent students, who currently receive fewer financial aid dollars than dependent students with similar income levels.

Specifically, the bill retains the maximum grant amounts for these students at their FY 2003 levels but increases the grant amounts in both fiscal years for those students who do not qualify (because of higher income or fewer number of dependents) for the maximum grant. The further a student falls from the maximum grant, the larger the percentage increase in grant amounts from year to year.

In addition, these increases occur for independent students enrolled in all three categories of higher education institutions: private, proprietary and public-assisted. In contrast, for both FY 2004 and FY 2005, the dependent students in all three institutional categories, as well as independent students without dependents, are to receive only the same levels of awards as they received for FY 2003.

Finally, the maximum base amounts of gross income, below which students may qualify for OIG grants, remain the same as for FY 2003 for all six combinations of the two student statuses (dependent and independent) and the three institutional categories. Thus, individuals and/or families with incomes above these thresholds remain ineligible for the grants.

As usual, the new tables of OIG grant awards are located in two places in the budget. The revision to section 3333.12 of the Revised Code provides the six permanent tables. However, these tables are applicable only to the second year of the biennium because six additional tables giving different grant amounts for the first year alone are provided in uncodified (temporary) law in the budget as exceptions to the permanent law. (See the Temporary Law section below.) This approach enables the state to

change both the maximum gross income amounts and the tabulated grant award amounts to their permanent law levels in two steps rather than one.

Temporary Law Provisions

The budget bill reorganizes Regents' temporary law sections in order to present the provisions applicable to various appropriation items in the order of the appropriation item numbers.

New appropriation items (Section 88. of H.B. 95)

Compared to the current budget (Am. Sub. H.B. 94 of the 124th General Assembly), the bill adds five new appropriation items to the Board of Regents' budget for FY 2004-2005:

- ALI 235-451, Eminent Scholars
- ALI 235-516, Clinical Teaching
- ALI 235-614, Program Approval and Reauthorization
- ALI 235-615, Professional Development
- ALI 235-616, Workforce Investment Act Administration

Deleted appropriation items (Section 88. of H.B. 95)

Compared to the current budget (Am. Sub. H.B. 94 of the 124th General Assembly), the bill deletes funding for nine appropriation items for FY 2004-2005:

- ALI 235-536, OSU Clinical Teaching
- ALI 235-537, UCN Clinical Teaching
- ALI 235-538, MCO Clinical Teaching
- ALI 235-539, WSU Clinical Teaching
- ALI 235-540, OHU Clinical Teaching
- ALI 235-541, NEO Clinical Teaching
- ALI 235-543, OCPM Clinical Subsidy
- ALI 235-590, Twelfth-grade Proficiency Stipend
- ALI 235-613, Job Preparation Initiative

Note that the six clinical teaching appropriation items are deleted because the bill consolidates the clinical teaching appropriations into one new appropriation item, 235-516, Clinical Teaching.

Various appropriation items and programs (Section 88.01 of H.B. 95)

The bill…

- Provides an earmark of up to $500,000 under 235-321, Operating Expenses, to "support the activities of the Commission on Higher Education and the Economy. The commission shall recommend a strategy to improve the quality and efficiency of Ohio's higher education system to increase effectiveness, eliminate unnecessary duplication, broaden the use of technology, and determine how higher education can most effectively support the state's economy, best prepare Ohio students for Third Frontier jobs, and add to the quality of life for Ohio's citizens."
- Adds, under 235-403, Mathematics and Science Teaching Improvement, the term "OSI–Discovery" as a specific example of the supported programs designed "to raise the quality of mathematics and science teaching in primary and secondary education." Also reduces earmarked amounts: (a) for the Mathematics and Science Center in Lake County, to $217,669 in each fiscal year; and (b) for the Ohio Mathematics and Science Coalition, to $87,068 in FY 2004 and $87,067 in FY 2005.
- Refines the language for 235-404, College Readiness Initiatives, to have this item support programs designed "to improve the academic preparation and increase the number of students that enroll and succeed in higher education." In the current language, the phrase is "to improve the ability of high school students to enroll and succeed in higher education."

Various appropriation items and programs (Section 88.02 of H.B. 95)

The bill…

- Increases, under 235-415, Jobs Challenge, the amounts earmarked for the EnterpriseOhio Network campuses to $2,770,773 in each fiscal year. Decreases the amounts earmarked for the Targeted Industries Training Grant Program to $2,819,345 in each fiscal year. Renames the recipient of another earmark from the Non-credit Incentives Grant Program to the Higher Skills Incentives Program; increases the earmarked amounts to $3,758,182 in each fiscal year; and adds, as a purpose for the funds, "to promote and deliver coordinated, comprehensive training to local employers," in addition to the current purpose of rewarding EnterpriseOhio Network campuses (currently, "two-year campuses") for "increasing the amount of noncredit skill upgrading services provided to Ohio employers and employees." Finally, eliminates an earmark that has supported local EnterpriseOhio Network Campus/Adult Workforce Education Center Partnerships; this program has been integrated into the Higher Skills Incentives Program.
- Adds language, under 235-418, Access Challenge, stating that the purpose of the appropriation item is "to reduce the student share of costs for resident undergraduates enrolled in lower division undergraduate courses at Ohio's access campuses. The long-term goal is to make the student share of costs for these students equivalent to the student share of costs for resident undergraduate students enrolled throughout Ohio's public colleges and universities. Access Challenge appropriations shall be used in both years of the biennium to sustain, as much as possible, the tuition restraint or tuition reduction that was achieved with Access Challenge allocations in prior years." Changes the basis for allocating the funds to the campuses from the 1999 all-terms subsidy-eligible General Studies FTEs to (a) for FY 2004, the average of each campus' share of FY 2001 and FY 2002 all-terms subsidy-

eligible General Studies FTEs; and (b) for FY 2005, the average of each campus' share of FY 2002 and FY 2003 all-terms subsidy-eligible General Studies FTEs. Removes a provision specifying Youngstown State University's eligible enrollments for Comm-Tech.

- Changes, under 235-420, Success Challenge, the definition of an "at-risk" student to any undergraduate student who "was eligible to receive" an Ohio Instructional Grant during the past ten years; the current definition includes any undergraduate student who "has received" an OIG grant during the past ten years.
- Retains 235-428, Appalachian New Economy Partnership, the program to link Appalachia to the New Economy. Changes the current "begin a multi-campus and multi-agency coordinated effort" to the new "continue a multi-campus and multi-agency coordinated effort."
- Adds a new appropriation item, 235-451, Eminent Scholars. (This item was not included in the current budget, Am. Sub. H.B. 94, but was established later by separate appropriation.) The new temporary language states that the purpose of the program is to "invest educational resources to address problems that are of vital statewide significance while fostering the growth in eminence of Ohio's academic programs." The funds will enable universities to recruit recognized scholars in areas of science and technology. The Board of Regents may make grants of $750,000 to match university endowment gifts from nonstate sources.
- Adds language, under 235-454, Research Challenge, to further specify the institutional plans that the campuses must submit to the Board of Regents to explain their uses of Research Challenge funds. The additional language calls for the plans to "report on existing, planned, and/or possible relationships with other state of Ohio science and technology programs and funding recipients in order to further ongoing statewide science and technology collaboration objectives."
- Changes the title of the appropriation item 235-455 to EnterpriseOhio Network; the current title is Productivity Improvement Challenge. Retains the current temporary language for this appropriation item. Reduces the earmarked amounts for the Dayton Business/Sinclair College Jobs Profiling Program to $181,101 in FY 2004 and $176,334 in FY 2005.

Various appropriation items and programs (Section 88.03 of H.B. 95)

The bill…

- Reduces the amounts for two earmarks under 235-474, Area Health Education Centers Program Support. The Ohio University College of Osteopathic Medicine will receive $174,135 in FY 2004 and $169,782 in FY 2005. The Ohio Valley Community Health Information Network (OVCHIN) project will receive $130,601 in FY 2004 and $127,337 in FY 2005.
- Increases, under 235-477, Access Improvement Projects, the amounts earmarked for the Ohio Appalachian Center for Higher Education at Shawnee State University to $798,684 for FY 2004 and $822,645 in FY 2005. Further to this earmark, the composition of the center's board of directors has been modified to delete "other members as may be determined by the Board of Regents." The Chancellor may already designate one representative. Deletes two expiring earmarks and adds a new one: The Student Achievement in Research and Scholarship (STARS) program will receive $169,553 in FY 2004 and $174,640 in FY 2005.

Section 88.04 of H.B. 95 [State Share of Instruction]

Compared to the current budget bill (Am. Sub. H.B. 94), this bill revises upward, for each fiscal year, the dollar amounts for several variables used in the State Share of Instruction's campus allocation formula, and makes other changes. In summary, the bill…

- Maintains the number of program expenditure (i.e., curriculum) models at sixteen (including the two doctoral models). Changes the name of the Blended MPD I model to MPD I.
- Increases the subsidy amount per FTE student for each of the fourteen non-doctoral program expenditure models used to calculate each of the two enrollment-based components of the first category of the formula: Aggregate Expenditure per FTE Student. These two components are Instruction and Support Services and Student Services. Further, for the Student Services component the bill continues the FY 2003 practice of providing the same cost for all of the 14 models; before FY 2003 the formula used various costs for these models in this component's calculation.
- Increases the subsidy amount per square foot of space for each of the seven room types, used to calculate the Square-foot-Based POM Subsidy component of the second category of the formula: Plant Operation and Maintenance (POM).
- Increases the subsidy amount per FTE student for each of the 14 non-doctoral program expenditure models used to calculate the Activity-based POM Subsidy component of the second category (POM) of the formula.
- In the calculation of the Medical II enrollment FTEs, the provision for calculating a medical school's FTE number is changed to require the use of the base FTE enrollment number in the event that the current FTE enrollment number exceeds the base number. In the current budget, the opposite is the case: the language requires the use of the current number. The new approach will tend to provide a capped subsidy to a school if its enrollment rises above the base enrollment.
- Changes the maximum percentage of the State Share of Instruction that may be reserved for the funding of the two doctoral models' subsidies. For FY 2004 and FY 2005 the maximum will be 10.0%; currently, for FY 2003, the maximum is 10.34%. The subsidy is allocated to universities in proportion to their shares of doctoral enrollments in the recent past.
- Changes the percentages that create the reallocation portion of the doctoral reserve that is distributed among the state-assisted universities on the basis of a quality review as specified in the recommendations of the Graduate Funding Commission (which has conducted performance reviews of universities' doctoral programs). For FY 2004-2005, the Board of Regents "may reallocate up to 2% in each fiscal year." In the current biennium the budget language requires the reallocation of zero percent of the doctoral reserve in FY 2002 and 2% in FY 2003. These reallocation amounts are to fund special investments in doctoral programs through a competitive process.
- Changes the name of the State Share of Instruction annual guarantee from "Annual Hold Harmless Provision" to "Annual State Share of Instruction Funding Guarantee." Reduces the annual guarantee for each campus' share of the State Share of Instruction appropriation. Under current budget law for the FY 2002-2003 biennium, the Annual Hold Harmless Provision guarantees each campus an SSI amount not less than 100% of the previous year's amount. For the FY 2004-2005 biennium, however, the provision sets the top guarantee level at 99% of the previous year and also makes it dependent upon the percentage change in

the State Share of Instruction, so that the guarantee could fall well below 100%. The following table provides the three ranges included in the scale:

State Share of Instruction (SSI) Guarantee Levels		
	Total SSI appropriation versus prior fiscal year's appropriation (%)	**Campus's guaranteed SSI allocation versus prior fiscal year's allocation (%)**
(a)	102% (or higher)	99%
(b)	Greater than 95% to 102%	3 percentage points less than the SSI's percentage versus prior fiscal year
(c)	95% (or lower)	2.5 percentage points less than the SSI's percentage versus prior fiscal year

- Retains the language regarding "exceptional circumstances", to the effect that the Board of Regents must obtain Controlling Board approval to adjust the SSI payments made to the campuses.
- Adds language under a new heading, "Mid-year Appropriation Reductions to the State Share of Instruction", to differentiate a reduction of the State Share of Instruction appropriation from other "exceptional circumstances." This new provision states that the standard method of calculating the SSI allocation will apply if any reductions are made to the appropriation before the Board of Regents has formally approved the allocation of the SSI funds for a fiscal year. On the other hand, if the Board of Regents has already approved the allocation, the reductions will be uniformly applied among the campuses according to their shares of the final allocation.

Higher Education–Board of Trustees (Section 88.05 of H.B. 95)

The bill…

- Imposes tuition-increase limits (caps) for all state-assisted campuses. For each academic year, increases in main campus in-state undergraduate instructional and general fees may be no more than 6%. Further, the increases are limited to 6% in a single vote by a board of trustees. In an exception, The Ohio State University may increase fees by an additional 3% in each of the two academic years. Further, those universities with current fees below the averages for their sectors (university main, university branch, community, and technical) may charge an additional fee of $300 to each incoming student. The limitations apply to FY 2004 even if a campus has already increased its fees for the academic year 2003-2004.

Student Support Services, Ohio Instructional Grants, War Orphans Scholarships (Section 88.06 of H.B. 95)

The bill…

- As usual, for FY 2004 only, replaces the six new permanent law tables of Ohio Instructional Grants grant amounts by six additional tables of awards. (See the description in the permanent law section 3333.12, above.) The three replacement tables listing the awards for dependent students are identical to those in permanent law; thus, the awards for these students are the same in FY 2004 as in FY 2005. However, the three replacement tables for dependent students for FY 2004 show significantly lower awards; thus, for these students the

awards increase from FY 2004 to FY 2005, providing a step-increase to the permanent law levels.

Various appropriation items and programs (Section 88.07 of H.B. 95)

The bill…

- Provides new language under 235-508, Air Force Institute of Technology, calling for the appropriation to be used to "strengthen the research and educational linkages between the Wright Patterson Air Force Base and institutions of higher education in Ohio." Establishes an earmark for "research projects that connect the Air Force Research Laboratories with university partners", with a reporting requirement to the Third Frontier Commission; the amounts are $1,741,350 and $1,697,816 for FY 2004 and FY 2005, respectively. Establishes another earmark of $500,000 in each fiscal year to be used to match federal dollars to support the Wright Brothers Institute; the institute is to use the funds to "create or expand Ohio-based technology and commercial development collaborations between industry, academia, and government in areas which include carbon nano-tube materials technology, genome-based biotechnology, knowledge-creation information technology, cognitive systems modeling and engineering, or other related projects…."
- Decreases an earmark amount to $26,120 in FY 2004 and $25,467 in FY 2005 for the Baldwin-Wallace Single Parents Reaching Out for Unassisted Tomorrows program under 235-509, Displaced Homemakers.
- Adds language under 235-510, Ohio Supercomputer Center, requiring the center to report on expanding solutions-oriented, computational science services to industrial and other customers, including alignment programs and recipients. The language also calls for the center to develop a plan for a computational science initiative in collaboration with the Wright Centers of Innovation program and the Computer Science Graduate Studies Program.
- Under 235-511, Cooperative Extension Service, continues to fund the same five earmarks as in the FY 2002-2003 budget: additional staffing for expanded 4-H activities; a small-business economic development program; farm labor mediation and education; The Ohio State University Marion Enterprise Center; and the Ohio Watersheds Initiative. However, the amounts are reduced. The earmarks and their amounts are given in the following table:

Cooperative Extension Service: Earmarks			
Earmark	Earmarked funds		
	FY 2003	FY 2004	FY 2005
4-H activities	$210,000	$182,842	$178,271
Economic development	$210,000	$182,842	$178,271
Farm labor mediation	$65,000	$56,594	$55,179
Marion Center	$215,000	$187,195	$182,515
Ohio Watersheds	$910,500	$792,750	$772,931

Various appropriation items and programs (Section 88.08 of H.B. 95)

The bill…

- Establishes a new appropriation item, 235-516, Clinical Teaching, to consolidate the six current clinical teaching appropriation items for The Ohio State University, the University of Cincinnati, the Medical College of Ohio at Toledo, Wright State University, Ohio University, and the Northeastern Ohio Universities College of Medicine. Provides new language to earmark each medical school's share of the total appropriation. Since each share is based on the institution's historical share, no reallocation changes are made under this appropriation-item consolidation. Within the Wright State University amount, reduces the amounts for the existing earmark for Wright State's Ellis Institute for Clinical Teaching Studies to $146,640 in each fiscal year.
- Changes the language under 235-524, Police and Fire Protection, to require each participating municipality and township to receive an amount "not less than two per cent of appropriations made for this purpose, but not more than $5,000 each year." Current budget language has each participant's receiving "at least five thousand dollars per year."
- Adds language under 235-527, Ohio Aerospace Institute, calling for the Board of Regents, in conjunction with the Third Frontier Commission, to "review the progress of the Ohio Aerospace Institute's efforts in the context of the original mission to support academic research and education in aerospace engineering. These findings will be used to determine whether or not the institute shall continue to receive state funding." If state support were to be discontinued, the Board of Regents is to utilize the appropriation item to fund other initiatives.
- Eliminates language under 235-530, Academic Scholarships, that currently specifies the amount of each scholarship awarded to any student. The amounts are $2,100 and $2,205 for FY 2002 and FY 2003, respectively.
- Adds language under 235-531, Student Choice Grants, that requires the unencumbered appropriation balance at the end of FY 2004 to be transferred to FY 2005 for use under the same appropriation item in order to "maintain grant award amounts in fiscal year 2005 equal to the awards provided in fiscal year 2004. The amounts transferred are hereby appropriated."
- Adds language under 235-535, Ohio Agricultural Research and Development Center, to require OARDC, in conjunction with the Third Frontier commission, to "provide for an independently evaluated self-study of research excellence and commercial relevance in a manner to be prescribed by the Third Frontier Commission." Continues to fund the same five earmarks as in the FY 2002-2003 budget: the purchase of equipment; the Piketon Agricultural Research and Extension Center; the ellagic acid research program at The Ohio State University; the Ohio berry administrator; and the development of agricultural crops and products not currently in widespread production in Ohio. However, as the following table shows, the funding levels for these earmarked items have been reduced versus their FY 2003 levels.

OARDC: Earmarks			
Earmark	Earmarked funds		
	FY 2003	FY 2004	FY 2005
Purchase of equipment	$540,000	$470,164	$458,410
Piketon ARE Center	$950,000	$827,141	$806,463
Ellagic acid research	$250,000	$217,669	$212,227
Berry Administrator	$50,000	$43,534	$42,445
Crop development	$100,000	$87,067	$84,890

- Retains the three earmarks under 235-547, School of International Business: the School of International Business itself, the University of Toledo College of Business, and The Ohio State University BioMEMS program. However, their amounts are reduced compared to their FY 2003 levels, as shown in the following table:

School of International Business: Earmarks			
Earmark	Earmarked funds		
	FY 2003	FY 2004	FY 2005
School of International Business	$1,218,764	$1,061,148	$1,034,620
University of Toledo College of Business	$245,000	$213,315	$207,982
Ohio State University BioMEMS program	$245,000	$213,315	$207,982

Various appropriation items and programs (Section 88.09 of H.B. 95)

The bill…

- Adds explanatory language under 235-552, Capital Component, to indicate that, if a campus' estimated debt service for capital projects exceeds its formula-determined capital component allocation, the difference is to be subtracted from its State Share of Instruction allocation in each fiscal year. The sum of all such amounts is to be transferred to this appropriation item from appropriation item 235-501, State Share of Instruction.
- Reduces the earmark amounts in support of "collaborative efforts in graduate education" in computer science under 235-554, Computer Science Graduate Education, to $174,135 in FY 2004 and $169,782 in FY 2005. Adds language requiring the collaborative program to be coordinated by the Ohio Supercomputer Center.
- Adds language under 235-556, Ohio Academic Resources Network (OARNet), requiring the network to "give priority to supporting the Third Frontier Network and allocating bandwidth to programs directly supporting Ohio's economic development."

Various appropriation items and programs (Section 88.10 of H.B. 95)

The bill…

- Retains the same ten earmarks under 235-583, Urban University Programs, but reduces the dollar amounts. The individual earmarks are outlined in the following table:

Urban University Programs: Earmarks				
Earmark no.	Earmark	Earmarked funds		
		FY 2003	FY 2004	FY 2005
1	Cleveland State: public communication outreach program (WCPN)	$372,400	$324,239	$316,134
2	Cleveland State: Study of Education & Urban Child	$176,400	$153,578	$149,748
3	Kent State: Learning and Technology	$254,800	$221,848	$216,302
4	Kent State: Ameritech Classroom	$98,000	$85,326	$83,193
5	U. of Akron: Polymer Distance Learning	$980,000	$853,262	$831,930
6	Kent State: Cleveland Design Center	$49,000	$42,663	$41,596
7	U. of Akron: Bliss Institute	$245,000	$213,315	$207,982
8	U. of Akron: Advancing-Up Program	$14,700	$12,800	$12,478
9	Cleveland State: Maxine Goodman Levin College of Urban Affairs	$2,156,629	$1,877,723	$1,830,780
10	Split (determined by Urban University Program chairman): Northeast Ohio Research Consortium Urban Linkages Program Urban Research Tech Assistance Grant	$2,156,630	$1,877,723	$1,830,781

- Retains the same five earmarks under 235-587, Rural University Projects, but reduces the dollar amounts. The individual earmarks are outlined in the following table:

Rural University Projects: Earmarks				
Earmark no.	Earmark	Earmarked funds		
		FY 2003	FY 2004	FY 2005
1	Ohio University: ILGARD (a small portion is to be used for the State and Rural Policy Partnership)	$740,977	$645,150	$629,021
2	Miami University: Center for Public Management and Regional Affairs	$324,503	$282,537	$275,473
3	Bowling Green State University: Center for Policy Analysis and Public Service	$212,072	$184,646	$180,029
4	Washington State C.C.: day care center	$24,500	$21,331	$20,798
5	COAD/ILGARD/GOA Appalachian Leadership Initiative	$73,500	$63,995	$62,396

Various appropriation items and programs (Section 88.11 of H.B. 95)

The bill…

- Reduces the earmarked amounts under 235-596, Hazardous Materials Program, for the support of the Center for the Interdisciplinary Study of Education and Leadership in Public Service at Cleveland State University. The amounts will be $130,601 in FY 2004 and $127,337 in FY 2005.
- Eliminates expiring language under 235-909, Higher Education General Obligation Debt Service, that requires surplus funds net of encumbrances from the appropriation for FY 2002 to be reappropriated to appropriation item 235-501, State Share of Instruction, for FY 2003.

Various appropriation items and programs (Section 88.12 of H.B. 95)

The bill…

- Increases to $20,000 the maximum amount, under 235-602, Higher Educational Facility Commission Support, that the Chancellor may request the Director of Budget and Management to transfer from Fund 461 to Fund 4E8 in each fiscal year for the purpose of defraying Regents' expenses incurred in support of the HEFC's activities. Fund 4E8 supports the 235-602 appropriation item.
- Retains the same earmarked amounts as in the current biennium under 235-606, Nursing Loan Program, for defraying operating expenses. The amounts are $159,600 in FY 2004 and $167,580 in FY 2005.

Various appropriation items and programs (Section 88.13 of H.B. 95)

The bill…

- Revises language under the heading Science and Technology Collaboration. The Board of Regents will now collaborate with the Department of Development and the Third Frontier Commission instead of with the combination of the Department of Development, the Biomedical Research and Technology Transfer Commission, and the Technology Action Board. (The latter two groups' responsibilities are to be assumed by the Third Frontier Commission on July 1, 2003; this Commission was established by the capital bill, H.B. 675 of the 124th General Assembly, to coordinate the many activities of the Third Frontier Project.) The Department of Development appropriation item 195-422 has been renamed the Third Frontier Action Fund, replacing Technology Action. The office that is to conduct annual reviews of the results of the several listed appropriations and programs is changed to the Third Frontier Commission, replacing the Technology Action Board. The FY 2002-2003 list of the 12 programs to be reviewed is revised to delete 235-428, Appalachian New Economy Partnership, and to add 235-508, Air Force Institute of Technology, and 235-553, Dayton Area Graduate Studies Institute. To the three criteria by which the programs are to be reviewed is added a fourth: the "ability of the program and recipients of grant funding from the program to engage in activities that are collaborative, complementary, and efficient with respect to the expenditure of state funds." Finally, new language requires all the listed programs to provide annual reports to the Third Frontier Commission; the reports are to discuss the programs' "existing, planned, or possible collaborations…."

- Eliminates the fiscal standards and Director of Budget and Management oversight that have been in effect for Central State University during the period of fiscal watch, which has been terminated.

REQUESTS NOT FUNDED

Introduction

As indicated in the Overview section, the executive budget's recommended budget amounts for the Board of Regents are significantly less than the amounts requested by the Board of Regents.

The agency's requested total budget amounts for FY 2004 and FY 2005 are $2.730 billion and $3.002 billion, for annual increases of $257.8 million (10.4%) and $271.4 million (9.9%), respectively. By comparison, the executive budget's total increases of $49.7 million to $2.522 billion in FY 2004, and $71.6 million to $2.594 billion in FY 2005 would lead to percentage increases of 2.0% and 2.8%, respectively.

Further, the agency's requested total budget for the biennium would be $5.733 billion, for an increase of $801.2 million (16.1%). By comparison, the executive budget's recommends $5.117 billion for the biennium, which is an increase of $185.1 million (3.6%). This represents $616.1 million less funding than the agency requested, with a shortfall of $208.1 million in FY 2004 and $407.9 million in FY 2005.

Significant appropriation items

The following tables, grouped by program series, list several appropriation items whose requested funding has been eliminated or substantially cut by the Executive proposal. The requested levels of 28 out of 62 general revenue fund appropriation items have been cut by 10.94% in FY 2004, and 27 general revenue fund appropriation items were cut by 16.50% in FY 2005. As a result, in order for a appropriation item to be considered to be significantly cut and included in the tables below, it either (1) was reduced by the Executive proposal by at least $5 million in FY 2004 or FY 2005; (2) had a percentage reduction larger than 10.94% in FY 2004 or 16.50% in FY 2005, and the amount of the reduction was greater than $1 million; or (3) the Executive recommended eliminating all funding for the appropriation item.

Program Series 1: CORE INSTITUTIONAL SUPPORT						
Line Item	FY 2004 Requested	FY 2004 Recommended	FY 2004 Difference	FY 2005 Requested	FY 2005 Recommended	FY 2005 Difference
235-415	$10,546,800	$9,348,300	**($1,198,500)**	$11,601,480	$9,348,300	**($2,253,180)**
235-418	$64,385,112	$57,068,622	**($7,316,490)**	$67,604,367	$57,068,622	**($10,535,745)**
235-420	$48,640,394	$43,113,077	**($5,527,317)**	$51,072,413	$43,113,077	**($7,959,336)**
235-451	$0	$0	**($0)**	$6,125,000	$1,462,500	**($4,662,500)**
235-454	$20,680,000	$18,330,000	**($2,350,000)**	$22,748,000	$18,330,000	**($4,418,000)**
235-501	$1,770,755,974	$1,615,549,733	**($155,206,241)**	$1,997,841,935	$1,680,171,722	**($317,670,213)**

- **BOR 235-415, Jobs Challenge:** Allocated subsidy amounts to EnterpriseOhio Network campuses would be reduced.

- **BOR 235-418, Access Challenge:** The ability of the access campuses to hold tuition increases to a more reasonable level would be reduced.

- **BOR 235-420, Success Challenge:** Universities would be hindered in their efforts to help at-risk undergraduates attain a baccalaureate degree and other undergraduate students complete college in a timely manner.

- **BOR 235-451, Eminent Scholars:** The number of eminent scholars that Ohio's universities would be able to hire will be reduced, most likely to two. The requested amount would have provided funding for seven eminent scholars, if the amount per eminent scholar was increased to $875,000. However, the proposed temporary law continues to set the grant amount at $750,000 as in the previous biennium.

- **BOR 235-454, Research Challenge:** The program might provide smaller matching grants to research projects or support fewer projects. According to Regents, for every dollar that the state has invested in the Research Challenge, universities have been able to generate as much as ten dollars from external sources.

- **BOR 235-501, State Share of Instruction:** Given projected enrollment growth, the recommended levels for the State Share of Instruction might prevent the campuses to attract and retain talented and highly-qualified faculty and staff; and might require campuses to increase tuition in FY 2004 and FY 2005 more than would be necessary under the higher subsidy levels requested by Regents. The latter would lead to an increase in the proportion of the instructional costs paid by the undergraduate student, which currently averages 56%.

Program Series 3: MEDICAL SUPPORT						
Line Item	FY 2004 Requested	FY 2004 Recommended	FY 2004 Difference	FY 2005 Requested	FY 2005 Recommended	FY 2005 Difference
235-516	$55,186,757	$49,637,536	**($5,549,221)**	$60,098,379	$49,637,536	**($10,460,843)**

- **BOR 235-516, Clinical Teaching:** The services provided by the Clinical Teaching would need to be reduced for the over 5,000 FTE students at Ohio's six public medical colleges. These services support the laboratory and clinical components of the medical and other health-related curriculums, including the salaries of instructors. While the Clinical Teaching experience is considered a fundamental part of medical education, it is not supported by the State Share of Instruction.

Program Series 4: FINANCIAL AID						
Line Item	FY 2004 Requested	FY 2004 Recommended	FY 2004 Difference	FY 2005 Requested	FY 2005 Recommended	FY 2005 Difference
235-414	$1,420,117	$1,219,719	**($200,398)**	$1,562,128	$1,211,373	**($350,755)**
235-503	$122,641,750	$111,966,343	**($10,675,407)**	$134,905,925	$115,325,333	**($19,580,592)**
235-518	$125,000	$0	**($125,000)**	$250,000	$0	**($250,000)**
235-530	$8,800,000	$7,800,000	**($1,000,000)**	$9,240,000	$7,800,000	**($1,440,000)**

- **BOR 235-414, State Grants and Scholarship Administration:** The level of service provided by the 14 full-time employees in the Regents' State Grants and Scholarships Division might be reduced, leading to severe administrative difficulties.

- **BOR 235 503, Ohio Instructional Grants:** The number of students served by the Ohio Instructional Grant (OIG) program, or the amounts of the awards, or both might be reduced. In addition, the Board of Regents plans to increase the level of grants awarded to independent students who currently receive fewer OIG dollars than dependent students with similar income levels. The reduction would result in increases for independent students that are lower than what the Board of Regents had planned. Because the OIG supports students from low- and moderate-income families, the reduction could reduce the full-time enrollment of these students.

- **BOR 235-518, Capitol Scholarship Programs:** No students would receive a $2,000 scholarship to participate in the Washington Center Internship Program, which is matched by the Washington Center's scholarship fund.

- **BOR 235-530, Academic Scholarships:** The number of students served by the Academic Scholarship program, or the amount of the awards, or both might be reduced. Since the program provides an incentive for Ohio's most outstanding high school graduates to remain in Ohio, the reductions may lead to a reduction in the enrollment of these students at Ohio's institutions.

Program Series 5: PUBLIC SERVICE - STATEWIDE						
Line Item	FY 2004 Requested	FY 2004 Recommended	FY 2004 Difference	FY 2005 Requested	FY 2005 Recommended	FY 2005 Difference
235-535	$37,863,312	$33,722,012	**($4,141,300)**	$39,377,845	$32,878,962	**($6,498,883)**

- **BOR 235-535, Ohio Agricultural Research and Development Center:** The level of research conducted at The Ohio State University in areas such as applied agricultural production systems and plant and animal agriculture would be reduced.

General Revenue Fund

GRF 235-100 Personal Service

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$65,104	$0	$0	$0	**$0**	**$0**
		N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item - ORC 3333

Purpose: Until FY 2000, this line item supported agency operations by providing funds for payroll and related expenses. This line item was funded most recently in FY 1999. The line item was replaced in the FY 2000-2001 budget by the line item 235-321, Operating Expenses.

GRF 235-200 Maintenance

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$60,161	$0	$0	$0	**$0**	**$0**
		N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item - ORC 3333

Purpose: Until FY 2000, this line item supported agency operations by providing funds for maintenance. This line item was funded most recently in FY 1999. The line item was replaced in the FY 2000-2001 budget by line item 235-321, Operating Expenses.

GRF 235-300 Equipment

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$46,923	$0	$0	$0	**$0**	**$0**
		N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item - ORC 3333

Purpose: Until FY 2000, this line item supported agency operations by providing funds for equipment. This line item was funded most recently in FY 1999. The line item was replaced in the FY 2000-2001 budget by line item 235-321, Operating Expenses.

GRF 235-321 Operating Expenses

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,523,230	$3,170,589	$2,826,972	$2,875,421	**$3,286,284**	**$2,767,219**
	25.7%	-10.8%	1.7%	**14.3%**	**-15.8%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333

Purpose: This line item supports the Board of Regents' operations by providing funds for personal services, maintenance and equipment. The line item was created for the FY 2000-2001 budget and replaces line items 235-100, Personal Services, 235-200, Maintenance, and 235-300, Equipment. This change is intended to give the agency more flexibility with the funds provided for its administration.

GRF 235-401 Lease Rental Payments

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$356,446,109	$324,547,665	$293,946,612	$268,910,500	**$246,500,700**	**$216,836,400**
	-8.9%	-9.4%	-8.5%	**-8.3%**	**-12.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (included in budget bills going back to about 1970); ORC 154.21

Purpose: This line item provides funds to service and retire the debt on revenue bonds sold to finance capital improvements for higher education under Article VIII Section 2i of the Ohio Constitution. The title of this line item was changed in the FY 2002-2003 biennial budget. Until then, the title had been Rental Payments to the Ohio Public Facilities Commission.

However, after the ratification of Article VIII Section 2n of the Ohio Constitution with the passage of State Issue 1 in November 1999, such revenue bonds need no longer be issued. That is because Issue 1 authorized the use of general obligation debt for higher education capital improvements, which carry a lower interest rate than revenue bonds. Therefore, it is unlikely that new revenue bonds will be issued, and consequently the appropriations will continue to decline until 2014, when all of the special obligation debt will be retired, according to the current debt retirement schedule.

GRF 235-402 Sea Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$299,940	$296,941	$281,944	$274,895	**$261,150**	**$254,622**
	-1.0%	-5.1%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A. in 1983)

Purpose: The funding partially supports the Ohio Sea Grant program affiliated with the Ohio State University. The program's funds are used by the university's Lake Erie research station to conduct research and educational programs on issues such as erosion and fishing. This program is one of 29 such programs collectively known as the National Sea Grant College Program of the National Oceanic and Atmospheric Administration (NOAA). The national program supports, research, education, and outreach projects to enhance the utilization, development, and wise management of the country's coastal resources, including the Great Lakes.

GRF 235-403 Mathematics and Science Teaching Improvement

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,164,503	$1,698,543	$1,849,815	$1,850,120	**$1,757,614**	**$1,757,614**
	-21.5%	8.9%	0.0%	**-5.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by H.B. 282 of the 123rd G.A.)

Purpose: This line item supports the Board of Regents' efforts to improve the quality of mathematics and science teaching in primary and secondary education and in college. A portion of the funds go to the Mathematics and Science Center in Lake County, while another small portion goes to the Ohio Mathematics and Science Coalition.

GRF 235-404 College Readiness Initiatives

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,118,078	$2,990,196	$2,277,642	$3,997,500	**$4,237,350**	**$4,491,591**
	41.2%	-23.8%	75.5%	**6.0%**	**6.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item is intended to support early assessment testing to promote student success and to improve collaboration between primary/secondary education and higher education. The program is intended to improve the ability of high school students to enroll and succeed in higher education and to reduce the amount of necessary remediation.

GRF 235-406 Articulation and Transfer

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$922,227	$1,028,856	$859,420	$733,201	**$733,500**	**$733,500**
	11.6%	-16.5%	-14.7%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (in 1989, S.B. 268 directed the BOR to develop and implement an articulation and transfer policy)

Purpose: This line item supports a program that addresses issues arising from the transfers of students and their credits between Ohio's colleges and universities, as well as issues arising from increasing student mobility throughout the higher education system. The Council on Articulation and Transfer conducts a survey each year to assess the degree of institutional compliance with statewide articulation and transfer policy.

GRF 235-408 Midwest Higher Education Compact

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$75,000	$75,000	$82,500	$80,438	**$82,500**	**$82,500**
	0.0%	10.0%	-2.5%	**2.6%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333.40 and ORC 3333.41 (the State of Ohio joined the Compact in 1991)

Purpose: The funds are used to pay Ohio's membership dues to the Midwestern Higher Education Compact's commission. The commission is a non-profit regional organization established in 1991 by an agreement among the compact's member states. Its purpose is to advance higher education in the Midwest through interstate cooperation and resource sharing.

GRF 235-409 Information System

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,415,081	$1,316,090	$1,311,484	$1,248,293	**$1,185,879**	**$1,154,671**
	-7.0%	-0.3%	-4.8%	**-5.0%**	**-2.6%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: This line item supports the development and operations of the higher education information (HEI) system. The HEI system is a centrally-located data warehouse containing a wide array of information about Ohio's campuses, such as student demographics and enrollments, physical plant inventories, financial data, and course offerings. Funds are also provided to participating state-supported and independent institutions of higher education to assist campuses in complying with new reporting procedures and deadlines. All state-supported institutions will be contributors and users of HEI data.

GRF 235-414 State Grants and Scholarship Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,216,487	$1,198,533	$1,329,248	$1,258,740	**$1,219,719**	**$1,211,373**
	-1.5%	10.9%	-5.3%	**-3.1%**	**-0.7%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. S.B. 215 of the 122nd G.A. in 1997)

Purpose: This line item is used to support the operating expenses of the state grants and scholarships programs, under which the Board of Regents provides student financial aid. The thirteen currently funded programs include the Ohio Instructional Grants, Academic Scholarships, War Orphans' Scholarships, Student Choice Grants, Part-time Student Instructional Grants, the National Guard Scholarship Program, and the Teacher Education Loan program.

GRF 235-415 Jobs Challenge

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$8,743,864	$10,979,694	$9,494,000	$9,348,300	**$9,348,300**	**$9,348,300**
	25.6%	-13.5%	-1.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item supports a program to recognize, reward, and improve noncredit job-related training provided by state-assisted colleges and universities that are members of the EnterpriseOhio Network. It is intended to help improve Ohio's competitiveness by building a more skilled workforce. A portion of the funds are allocated to each campus in proportion to its share of qualified non-credit job-related training expenditures.

GRF 235-416 Performance Challenge

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,158,000	$0	$0	$0	**$0**	**$0**
		N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (performance funding for two-year campuses was established by Am. Sub. H.B. 117 of the 121st G.A. in 1995)

Purpose: This line item supported the implementation of the two-year Campus Service Expectations program, which was intended to improve access to educational services and programs for every Ohio citizen by ensuring that two-year colleges and university regional campuses provided a minimum array of needed educational services. Funds were appropriated for this line item most recently in FY 1999. Funds were disbursed under this line item most recently in FY 2000. The line item was eliminated after 1999 in favor of providing more funding to the Jobs Challenge (235-415).

GRF 235-417 Ohio Learning Network

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,087,118	$5,199,516	$3,726,101	$3,592,680	**$3,413,046**	**$3,327,720**
	68.4%	-28.3%	-3.6%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A. as the Technology Challenge)

Purpose: The purpose of this line item is to support the continued implementation and enhancement of the Ohio Learning Network (formerly TECLink), a statewide state-of-the-art electronic collaborative information system designed to promote degree completion by students and workforce training of employees, as well as professional development, through the use of advanced telecommunications and distance education initiatives. The Ohio Learning Network is designed to connect learners to courses and programs offered statewide.

GRF 235-418 Access Challenge

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$35,095,710	$65,424,012	$58,557,256	$57,068,623	**$57,068,622**	**$57,068,622**
	86.4%	-10.5%	-2.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: These funds are used to support the access campuses in their efforts to provide low-cost access to higher education. It is intended to help more Ohioans enroll in college by making tuition more affordable at access campuses. The access campuses are mainly two-year institutions, but also include Central State, Shawnee State, and Cleveland State.

GRF 235-420 Success Challenge

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$20,014,420	$48,715,054	$44,272,526	$43,113,076	**$43,113,077**	**$43,113,077**
	143.4%	-9.1%	-2.6%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item is used to support universities' efforts to promote successful degree completion by at-risk baccalaureate students, and timely degree completion by all baccalaureate students. The Board of Regents allocates two-thirds of the appropriations to university main campuses in proportion to each campus's share of degrees granted to "at-risk" students, defined as those students who have received an Ohio Instructional Grant during the past ten years. The Executive proposes to modify this from have received to were eligible to receive beginning in the FY 2004-2005 biennium. The other one-third of the appropriations are allocated to those university main campuses in proportion to each campus's share of the total number of timely degree credits. A timely degree credit measures not only the completion of a bachelor's degrees in a "timely manner," but is also weighted to take into account only the courses taken at the university in which the student received the degree. "Timely manner" is generally meant to be four years.

GRF 235-421 Higher Education Efficiency Challenge

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,500,000	$0	$0	$0	**$0**	**$0**
		N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: The line item supports a competitive grant program administered by the Board of Regents for institutions which submit winning plans for improving their operational efficiencies. The first grants were awarded in FY 1999.

GRF 235-428 Appalachian New Economy Partnership

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$0	$940,000	$1,374,750	**$1,306,013**	**$1,273,362**
	N/A	N/A	46.3%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: The line item is intended to promote economic development in Appalachia through integrated investments designed to improve and target information technology and knowledge infrastructure. Led by Ohio University, the program supports existing and new private-public technology partnerships among Ohio's public and private campuses, private industry, local government, and school districts within the 29-county Appalachia region.

GRF 235-451 Eminent Scholars

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$5,200,000	$0	$2,925,000	**$0**	**$1,462,500**
	N/A		N/A	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Formerly discontinued line item. Re-established by Am. Sub. H.B. 282 of the 123rd G.A.; initial funds appropriated for FY 2001.

Purpose: The funds are used for the Eminent Scholars program, whose purpose is "to invest educational resources to address problems that are of vital statewide significance while fostering the growth in eminence of Ohio's academic programs". The funds are distributed as matching endowment grants to state colleges and universities; the grants must match funds received by the institutions from non-state sources. The maximum grant amount is $750,000 for science and technology programs and $500,000 for other programs. The grants are to be used to attract and sustain scholar-leaders of national or international prominence who will assist the state in improving its economic development, strengthening its system of K-12 education, and improving public health and safety. This program was first developed in the 1980s.

The Executive proposes for the FY 2004-2005 biennium to only provide grants in areas of science and technology to accelerate state economic growth through research that provides an essential basic science platform for commercialization efforts. The maximum grant amount would be $750,000.

GRF 235-454 Research Challenge

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$19,542,800	$21,424,652	$18,994,997	$18,330,000	**$18,330,000**	**$18,330,000**
	9.6%	-11.3%	-3.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A. in 1985)

Purpose: This line item provides matching funds to universities (15 public and 2 private) to support basic and applied research. The funds are allocated on the basis of each university's share of qualifying externally funded research from the prior fiscal year, though the program may include an incentive for increasing the amount of external research funds and for focusing on research efforts upon critical state needs. The program is intended to foster the development of new research strengths of critical importance to Ohio's economic growth.

GRF 235-455 EnterpriseOhio Network

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,686,221	$1,654,466	$1,612,248	$1,584,486	**$1,505,262**	**$1,465,650**
	-1.9%	-2.6%	-1.7%	**-5.0%**	**-2.6%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A. in 1985)

Purpose: Formerly known as Productivity Improvement Challenge, this line item supports Ohio's public two-year campuses that are members of the EnterpriseOhio Network. The funds are used to provide high-impact workforce development services to Ohio's public- and private-sector enterprises in support of the state's economic development priorities.

GRF 235-474 Area Health Education Centers Program Support

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,094,566	$2,073,619	$1,968,103	$1,957,278	**$1,859,414**	**$1,812,929**
	-1.0%	-5.1%	-0.6%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A. in 1980)

Purpose: This line item provides funds for the Area Health Education Center (AHEC) program, which coordinates the placement of students and medicine and the other health professions into community-based training sites, especially those in areas of physician shortage in Ohio, such as in rural and inner-city areas. The program is intended to improve the geographic distribution and quality of health care personnel in the state.

GRF 235-477 Access Improvement Projects

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,046,640	$1,130,314	$1,059,153	$1,018,120	**$1,048,664**	**$1,080,124**
	8.0%	-6.3%	-3.9%	**3.0%**	**3.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A. in 1985)

Purpose: The line item supports the Access Improvement program, which develops pilot projects and statewide strategies to increase student access to and retention in higher education for students in specialized populations. The program's funds are used as seed money for other programs designed to increase college attendance and success rates of groups that traditionally have been under-represented in higher education.

GRF 235-481 Discovery Project Match

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$5,680	$0	$0	$0	**$0**	**$0**
		N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 298 of the 119th G.A. in 1991)

Purpose: This item was used to support the Discovery Project consortium led by Miami University and the Ohio State University. The consortium supports the collaborative efforts of colleges of education and arts and sciences to train new and retrain existing mathematics and science teachers. This project is a mathematics and science initiative that builds upon a previous grant from the National Science Foundation.

The line item was most recently funded in FY 1999. Although funding has been eliminated for the Discovery Project under this line item, it has been continued by an earmark under a new line item, 235-403, Math/Science Teaching Improvement.

GRF 235-501 State Share of Instruction

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,601,259,162	$1,628,848,899	$1,562,980,594	$1,568,494,886	**$1,615,549,733**	**$1,680,171,722**
	1.7%	-4.0%	0.4%	**3.0%**	**4.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333.04(J) and Ohio Administrative Code 3333-1-02

Purpose: The State Share of Instruction (SSI) provides subsidies to all of Ohio's state-assisted colleges and universities. These subsidies are intended to partially offset the cost of higher education for Ohio residents at its public institutions. The funds from this line item are allocated to each campus according to a complex empirical formula. The formula takes into account enrollments and areas of study, along with student activities and services, and campus building spaces. In addition, 10.34 percent of the SSI appropriation is set aside to fund doctoral programs at the universities. The Executive proposes to reduce this to 10.0 percent in the FY 2004-2005 biennium. The funds are then distributed to the campuses in equal monthly installments during the fiscal year, though payments in the latter half of the fiscal year are adjusted to take into account updated enrollment data.

GRF 235-502 Student Support Services

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,033,059	$1,047,274	$940,000	$916,500	**$870,675**	**$848,908**
	1.4%	-10.2%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 715 of the 120th G.A. in 1994)

Purpose: These funds provide supplemental state support to state-assisted institutions that have high concentrations of disabled students and incur disproportionate costs in providing instructional and related services to these students. The Board of Regents annually determines the statewide average costs for the provision of student support services.

GRF 235-503 Ohio Instructional Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$80,614,459	$85,084,973	$96,042,326	$108,705,188	**$111,966,343**	**$115,325,333**
	5.5%	12.9%	13.2%	**3.0%**	**3.0%**

Source: GRF

Legal Basis: ORC 3333.12. Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly

Purpose: The Ohio Instructional Grants program, enacted in 1969, provides a financial grant for higher education to any full-time Ohio student who is an Ohio resident and whose family income does not exceed a specified maximum level.$36,000 in each fiscal year of the 2000-2001 biennium. The grant amounts vary depending upon whether or not the student is financially independent; other factors include the family's income, the number of dependent children in the family, and the type of institution the student is attending (private, proprietary and public). The maximum family gross income levels specified for FY 2003 are $39,000 for dependent students and $35,300 for independent students.

For each of the three types of institution, two tables of grant amounts are maintained, one for financially dependent students, the other for independent students. Thus, there are six tables in all. Each of the six tables lists several columns of grant amounts next to a list of ranges of gross family incomes that go up to one of the current specified maximum income levels; each of the columns of grant amounts corresponds to a number of the family's dependents, from one to five-or-more for dependent students and from zero to five-or-more for independent students. All six of the tables are included in the biennial operations budget, in two places. A set of tables is contained in permanent law, in section 3333.12 of the Revised Code; they are amended as desired by the state in each biennial budget. Six tables are also included in temporary (uncodified) law in the Regents' sections of each biennial budget; these tables contain revisions to the permanent-law tables and are effective only for the first fiscal year of the biennium. Under this arrangement, then, the permanent-law tables apply only to the second year of the biennium.

GRF 235-504 War Orphans Scholarships

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,594,302	$3,724,626	$3,813,822	$4,672,321	**$4,672,321**	**$4,672,321**
	3.6%	2.4%	22.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: ORC 5910.01 through ORC 5910.06. Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly

Purpose: This program provides reimbursement to state-assisted institutions when they waive undergraduate instructional and general fees for the children of deceased or disabled veterans of wartime military service in the U.S. armed forces. Payments are also provided on behalf of eligible students attending independent non-profit and proprietary institutions in amounts equal to the average amounts received by recipients attending state-assisted institutions during the previous academic year. Am. Sub. H.B. 117 of the 121st General Assembly increased funding in order to extend benefits to the children of Desert Storm veterans.

GRF 235-507 OhioLINK

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$6,947,761	$7,592,044	$7,208,607	$7,028,392	**$7,028,392**	**$7,028,392**
	9.3%	-5.1%	-2.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. H.B. 810 in 1988)

Purpose: This line item provides funds for the OhioLINK electronic library information and retrieval system, which provides access statewide to the library holdings of Ohio's 38 public colleges and universities, 40 private colleges, and the State Library of Ohio.

GRF 235-508 Air Force Institute of Technology

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,500,000	$3,500,000	$1,880,000	$1,833,000	**$2,241,350**	**$2,197,816**
	0.0%	-46.3%	-2.5%	**22.3%**	**-1.9%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by H.B. 282 of the 123rd G.A.)

Purpose: This line item supports the Air Force Institute of Technology (AFIT) at Wright-Patterson Air Force Base, the first-ever joint research program between the state of Ohio and the United States Air Force. AFIT provides graduate-level education in logistics and engineering for Air Force personnel.

GRF 235-509 Displaced Homemakers

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$244,994	$242,544	$225,690	$220,048	**$209,046**	**$203,819**
	-1.0%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 32 in 1977)

Purpose: This line item partially supports displaced-homemaker centers at five Ohio colleges and universities. The centers assist women who have worked primarily as homemakers during their marriages and have lost their financial stability through, e.g., divorces, deaths of spouses, or disabilities. The centers provide health and job-placement services, as well as education and training.

GRF 235-510 Ohio Supercomputer Center

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$4,834,416	$4,882,896	$4,543,560	$4,429,971	**$4,208,472**	**$4,103,260**
	1.0%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 171 of the 117th G.A. in 1987)

Purpose: This line item supports the operations of the Ohio Supercomputer Center, located at the Ohio State University. The center is a statewide high-performance computing resource available to both faculty and students at Ohio's public and private colleges and universities. The resource is also made available to private industry on a cost-recovery basis. As one of its projects, the center developed TECLink (now the Ohio Learning Network), a collaborative state-of-the-art network information system designed to assist colleges' efforts in instruction, research, professional development, and information technology.

GRF 235-511 Cooperative Extension Service

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$26,643,306	$27,431,440	$26,046,013	$25,394,863	**$24,125,120**	**$23,521,992**
	3.0%	-5.1%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: ORC 3333.35 (established under the Smith-Lever Act in 1914; state subsidy created in the early 1950's). Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly.

Purpose: The Cooperative Extension Service, operated by the Ohio State University Extension under the Ohio State University's land-grant mandate, provides educational services to every county in the state; its programs are intended to help people improve their lives through an educational process using scientific knowledge focused on identified issues and need. The Extension Service conducts programs for eligible participants, including the food and fiber industries, homemakers, farmers, community leaders, and young people. The program areas include agriculture and natural resources, family and consumer sciences (including home economics and family living), 4-H youth development (serving more than 400,000 people annually), and community development. The service covers every one of Ohio's 88 counties and supports more than 35,500 volunteers, who donate a total of 6.2 million hours per year of their time to help implement its programs.

Recent programs emphasized by the Extension Service include 4-H educational and after-school programs, pest control, new farm enterprises, food safety, adult continuing education, and improving race relations. The service's priorities for the FY 2004-FY 2005 biennium include round-the-clock access to Extension's programs and information, economic security for the agricultural industry, environmental quality controls, consumer financial issues, reducing teen-age pregnancy and delinquency, food safety, business retention and expansion programs, community leadership training, and improved technology-driven communications for isolated areas of the state.

Included under this appropriation item are several earmarks, including funds to support the Ohio Watersheds Initiative.

GRF 235-513 Ohio University Voinovich Center

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$375,000	$371,250	$345,450	$336,814	**$319,973**	**$311,974**
	-1.0%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by H.B. 282 of the 123rd G.A.)

Purpose: This line item supports public service research and public policy coursework at Ohio University's Voinovich Center, which was established in FY 2000.

GRF 235-514 Central State Supplement

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$10,865,982	$11,928,683	$11,322,259	$11,039,203	**$11,039,203**	**$11,039,203**
	9.8%	-5.1%	-2.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by H.B. 31 in 1969)

Purpose: This line item provides a supplemental subsidy to this access university to help it provide African-Americans affordable access to higher education. This subsidy enables Central State to maintain relatively low tuition, as well as increase scholarships and other related outreach efforts for minority students.

GRF 235-515 Case Western Reserve University School of Medicine

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$4,181,578	$4,239,117	$4,023,411	$3,924,395	**$3,728,175**	**$3,634,970**
	1.4%	-5.1%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333.10 (established in 1969)

Purpose: This line item provides supplemental state funding for the Case Western Reserve University medical school under the state's condition that not less than 60 percent of each entering class of medical students will be Ohio residents.

GRF 235-516 Clinical Teaching

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$0	$0	$0	**$49,637,536**	**$49,637,536**
	N/A	N/A	N/A	**N/A**	**0.0%**

Source: General Revenue Fund

Legal Basis: Proposed in the main operating appropriations bill of the 125th General Assembly.

Purpose: This appropriation item is to be created in order to consolidate six individual appropriation items that provide subsidies in support of the laboratory and clinical components of the medical and other health-related curriculums at six public medical colleges, located at the Ohio State University, the University of Cincinnati, Ohio University, Wright State University, the Medical College of Ohio, and the Northeastern Ohio Universities College of Medicine.

The subsidies' objective is to offset the cost of clinical education for Ohio's student health professionals. Regents considers the clinical teaching experience to be a fundamental part of medical education; however, clinical teaching is not supported by the State Share of Instruction.

Although the six individual appropriation items for these subsidies are to be eliminated, the allocation of the Clinical Teaching appropriation item's funds will follow the same criteria used to determine the appropriations for the six individual appropriation items.

GRF 235-518 Capital Scholarship Programs

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$250,000	$220,000	$26,000	$0	**$0**	**$0**
	-12.0%	-88.2%	-100.0%	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item. Originally established by Am. Sub. H.B. 215 of the 122nd General Assembly; not included in Am. Sub. H.B. 94 of the 124th General Assembly.

Purpose: This line item provided scholarships for Ohio students to attend internships in Washington, D.C. These internships were sponsored by the Washington Center for Internships and Academic Seminars. Eligible students were those who were enrolled full-time in Ohio public and private institutions of higher education; recipients were selected by their institutions.

GRF 235-519 Family Practice

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$6,229,607	$6,475,676	$6,146,163	$5,994,906	**$5,695,161**	**$5,552,782**
	3.9%	-5.1%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333.11 (established in 1974)

Purpose: This line item supports family practice residencies and instructional costs in the departments of family medicine within each Ohio medical college, including Case Western Reserve University. State-assisted medical schools are required to establish and maintain departments of family practice. The purpose of these departments is to increase the quality and number of family physicians in medical practice.

GRF 235-520 Shawnee State Supplement

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,969,965	$2,795,760	$2,135,680	$2,082,288	**$2,082,289**	**$2,082,289**
	-5.9%	-23.6%	-2.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (created in 1987; reauthorized by Am. Sub. H.B. 117 in 1995)

Purpose: This line item was established to provide a supplemental subsidy to this access university to help provide Appalachian students affordable access to higher education by allowing Shawnee State to keep its fees at levels lower than the statewide averages. The funds also allow Shawnee State to employ new faculty to develop and teach in new degree programs that meet the needs of Appalachia.

GRF 235-521 The Ohio State University Glenn Institute

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$375,000	$371,250	$345,450	$336,814	**$319,973**	**$311,974**
	-1.0%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A. in 1999)

Purpose: This line item supports public service research and public policy coursework at the Ohio State University's Glenn Institute, which was established in FY 2000.

GRF 235-523 Center for Labor Research

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$95,000	$94,050	$0	$0	**$0**	**$0**
	-1.0%		N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 155 of the 111th G.A. in 1975)

Purpose: This line item supports the Center for Labor Research at the Ohio State University. The center focuses on labor education through research and educational programs. This line item was not funded in FYs 1998 and 1999.

GRF 235-524 Police and Fire Protection

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$244,996	$242,546	$0	$220,048	**$209,046**	**$203,819**
	-1.0%		N/A	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 155 of the 111th G.A.)

Purpose: Funds from this line item are used to support the police and fire departments of small communities that are heavily affected by state universities. The funds assist local governments in providing police and fire protection for the central campus of the state-affiliated university located therein. Communities currently assisted by this program are Kent, Athens, Oxford, Fairborn, Portsmouth, Bowling Green, Rootstown, and Xenia Township in Greene County.

GRF 235-525 Geriatric Medicine

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,062,139	$1,076,754	$1,021,963	$1,016,343	**$965,525**	**$941,387**
	1.4%	-5.1%	-0.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333.111 (the program was established in 1978)

Purpose: This line item supports the offices of geriatric medicine within each Ohio medical college. The creation of these offices was mandated by the state for each state-assisted medical college in Ohio. Each office is responsible for assuring that all Ohio medical students receive specific education and training regarding the care of older adults.

GRF 235-526 Primary Care Residencies

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,016,605	$3,135,761	$2,976,198	$2,959,829	**$2,811,837**	**$2,741,541**
	4.0%	-5.1%	-0.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 191 of the 112th G.A. in 1976)

Purpose: Funds from this line item support education and training in the primary care specialties of internal medicine and pediatrics. This program is intended to support medical student and clinical training in primary care fields in order to increase the number and quality of primary care physicians in medical practice.

GRF 235-527 Ohio Aerospace Institute

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,374,973	$2,407,653	$2,240,334	$2,184,326	**$2,075,109**	**$2,023,232**
	1.4%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333.042 (originally established in 1989)

Purpose: This line item subsidizes the Ohio Aerospace Institute (OAI), a non-profit Ohio corporation that is a consortium of nine member universities, the NASA Lewis Research Center in Cleveland, Wright-Patterson Air Force Base, and a number of private companies. The consortium supports research and graduate instruction in the disciplines related to aeronautical and space studies and the commercialization of related technologies.

GRF 235-530 Academic Scholarships

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$8,000,000	$8,000,000	$8,000,000	$7,800,000	**$7,800,000**	**$7,800,000**
	0.0%	0.0%	-2.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333.21 through ORC 3333.25 (originally established in 1978)

Purpose: This line item supports scholarships for up to four years for academically outstanding Ohio high school graduates on a competitive basis. The program is intended to encourage Ohio's brightest students to attend an Ohio college or university.

GRF 235-531 Student Choice Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$42,231,670	$51,771,049	$50,688,168	$52,139,646	**$52,139,646**	**$52,139,646**
	22.6%	-2.1%	2.9%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3333.27 (originally established in 1984)

Purpose: This line item provides uniform tuition grant awards to full-time undergraduate students enrolled for baccalaureate study at eligible Ohio independent (private) non-profit institutions of higher education. Recipients must be Ohio residents.

GRF 235-534 Student Workforce Development Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$1,139,073	$1,025,709	$2,907,935	**$2,437,500**	**$2,437,500**
	N/A	-10.0%	183.5%	**-16.2%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: The Student Workforce Development Grant program was established by the FY2000-FY2001 budget to provide financial support to eligible students attending Ohio proprietary schools. The grants were given to resident students at private career schools (i.e., proprietary schools) registered by the State Board of Proprietary School Registration. The grants, which average approximately $125 per award, were administered by the Board of Regents and were made available beginning July 1, 2000.

GRF 235-535 Ohio Agricultural Research and Development Center

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$36,673,910	$38,343,575	$36,407,031	$35,496,855	**$33,722,012**	**$32,878,962**
	4.6%	-5.1%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3335.56 (the Ohio Agricultural Experiment Station was created by Congress in 1882; the station was renamed the Ohio Agricultural Research and Development Center (OARDC) in 1965; it became part of the Ohio State University in 1982)

Purpose: The OARDC conducts basic and applied research through the Ohio State University's colleges of Food, Agricultural and Environmental Sciences, Human Ecology, Biological Sciences, and Veterinary Medicine. Research areas include plant and animal agriculture, engineering, social sciences, food science, natural resources, environmental sciences, community and human development, and human nutrition. The center serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers. The OARDC appropriation does provide additional funds to support research in the above OSU colleges, although it should be noted that basic funding for instructional activities in those colleges comes from the Board of Regents' subsidy under the GRF-funded appropriation for appropriation item 235-501, State Share of Instruction.

At any time, OARDC is conducting more that 400 research projects. Approximately 256 scientists are involved full- or part-time in OARDC research, while the staff includes an additional 316 administrative and professional employees and 205 civil service employees. The center manages some 7,400 acres of land in Wayne County and Columbus and at the outlying branches. The campus at Wooster and Wayne County's other unit comprise 2,300 acres; the Wooster campus is the largest agricultural research facility in the United States.

Recent research programs leading to discoveries were conducted in the fields of non-thermal food processing technologies, soybean biotechnology, and animal health diagnostics. The center also funded a $2.6 million competitive grants program, whose funds have been more than matched by external partners and which has produced three invention disclosures and two U.S. patents. In 2002 the center's scientists leveraged state funds to obtain $17.2 million in grants and contracts. OARDC's priorities for the FY 2004-FY 2005 biennium include the pursuit of new products and new markets for Ohio's agricultural products, the expansion of agro-security research, genetically based plant and animal research, and the competitive grants program, the development of new technologies for food safety, and the establishment of several environmental quality research programs.

GRF 235-536 OSU Clinical Teaching

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$15,621,369	$15,836,318	$15,030,490	$14,660,591	**$0**	**$0**
	1.4%	-5.1%	-2.5%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. Proposed for deletion from the main operating appropriations bill of the 125th General Assembly because the appropriation is to be consolidated with the five other medical schools' clinical teaching appropriation items into the new appropriation item 235-516, Clinical Teaching.

Purpose: This appropriation item supports the laboratory and clinical components of medical and other professional education in facilities at the Ohio State University's medical college. Patient care is not funded by this subsidy.

GRF 235-537 UCN Clinical Teaching

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$12,848,363	$13,025,157	$12,362,373	$12,058,138	**$0**	**$0**
	1.4%	-5.1%	-2.5%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly. Proposed for deletion from the main operating appropriations bill of the 125th General Assembly because the appropriation is to be consolidated with the five other medical schools' clinical teaching appropriation items into the new appropriation item 235-516, Clinical Teaching.

Purpose: This line item supports the laboratory and clinical components of medical and other professional education in facilities at the University of Cincinnati's medical college. Patient care is not funded by this subsidy.

GRF 235-538 MCO Clinical Teaching

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$10,014,602	$10,152,403	$9,635,800	$9,398,665	**$0**	**$0**
	1.4%	-5.1%	-2.5%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly. Proposed for deletion from the main operating appropriations bill of the 125th General Assembly because the appropriation is to be consolidated with the five other medical schools' clinical teaching appropriation items into the new appropriation item 235-516, Clinical Teaching.

Purpose: This line item supports the laboratory and clinical components of medical and other professional education in facilities at the Medical College of Ohio at Toledo's medical college. Patient care is not funded by this subsidy.

GRF 235-539 WSU Clinical Teaching

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$4,865,290	$4,932,236	$4,681,260	$4,566,056	**$0**	**$0**
	1.4%	-5.1%	-2.5%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. Proposed for deletion from the main operating appropriations bill of the 125th General Assembly because the appropriation is to be consolidated with the five other medical schools' clinical teaching appropriation items into the new appropriation item 235-516, Clinical Teaching.

Purpose: This line item supports the laboratory and clinical components of medical and other professional education in facilities at Wright State University's medical college. The laboratory and clinical education is conducted in community facilities. Patient care is not funded by this subsidy.

GRF 235-540 OHU Clinical Teaching

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$4,703,423	$4,768,142	$4,525,515	$4,414,144	**$0**	**$0**
	1.4%	-5.1%	-2.5%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. Proposed for deletion from the main operating appropriations bill of the 125th General Assembly because the appropriation is to be consolidated with the five other medical schools' clinical teaching appropriation items into the new appropriation item 235-516, Clinical Teaching.

Purpose: This line item supports the laboratory and clinical components of medical and other professional education in facilities at Ohio University's medical college. The laboratory and clinical education is conducted in community facilities. Patient care is not funded by this subsidy.

GRF 235-541 NEM Clinical Teaching

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$4,837,466	$4,904,029	$4,654,488	$4,539,942	**$0**	**$0**
	1.4%	-5.1%	-2.5%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. Proposed for deletion from the main operating appropriations bill of the 125th General Assembly because the appropriation is to be consolidated with the five other medical schools' clinical teaching appropriation items into the new appropriation item 235-516, Clinical Teaching.

Purpose: This line item supports the laboratory and clinical components of medical and other professional education in facilities at the Northeastern Ohio Universities' College of Medicine (NEOUCOM). The laboratory and clinical education is conducted in community facilities. Patient care is not funded by this subsidy.

GRF 235-543 OCPM Clinical Subsidy

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$500,000	$495,000	$469,812	$458,250	**$0**	**$0**
	-1.0%	-5.1%	-2.5%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 171 of the 117th G.A. in 1987). Recommended for deletion (non-funding) by the main operating appropriations bill of the 125th General Assembly.

Purpose: This appropriation item has provided the Ohio College of Podiatric Medicine (OCPM) with supplemental state funding for the clinical, educational, and patient-care needs of the school, which gives training in the treatment and prevention of foot disorders. OCPM is a privately operated medical school in Cleveland.

GRF 235-547 School of International Business

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,743,637	$1,726,201	$1,606,238	$1,566,082	**$1,487,778**	**$1,450,584**
	-1.0%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A. in 1993)

Purpose: This line item supports the Institute for Global Business at the University of Akron, which seeks to increase the state's capacity for international trade, and serves those Ohio businesses and industries with international interests and clients.

GRF 235-549 Part-time Student Instructional Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$12,322,630	$12,677,739	$13,311,638	$13,627,789	**$14,036,622**	**$14,457,721**
	2.9%	5.0%	2.4%	**3.0%**	**3.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A. in 1993)

Purpose: The program provides need-based financial assistance to Ohio residents who are enrolled in part-time undergraduate studies at elligible Ohio public, private and degree-granting proprietary institutions of higher education. In FY 1994, only students enrolled at state-assisted colleges and universities were eligible to receive these grants. Beginning in FY 1995, the grants were made available to students attending both state-assisted (public) and private institutions, as well as degree-granting proprietary schools. The funds are provided to institutions; the institutions, in turn, provide the aid to the eligible part-time students.

GRF 235-552 Capital Component

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$10,848,075	$10,848,076	$14,537,639	$14,537,639	**$18,711,936**	**$18,711,936**
	0.0%	34.0%	0.0%	**28.7%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A. in 1997)

Purpose: This line item implements one important element of the Board of Regent's new capital funding policy, which was established in 1997, and is intended to rationalize and decentralize capital funding decisions by establishing a "price" that campuses pay for capital facilities. It provides campuses with the positive difference between their formula-determined debt service earnings and their debt-service charge-off for qualifying capital projects. Campuses earn debt service appropriations based on a formula that allocates half of the capital component money on the basis of a calculated measure of educational activity (credit instruction weighted by sponsored research and noncredit job training) and the other half on the basis of the ages of the facilities needing repair or replacement. However, if a campus's debt service charges exceed its capital allocation earnings under the formula, the difference is deducted from its State Share of Instruction support.

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GRF 235-553 Dayton Area Graduate Studies Institute

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,765,832	$3,856,212	$3,552,343	$3,463,534	**$3,290,357**	**$3,208,099**
	2.4%	-7.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: These funds are used to support a scholarship program for graduate-level engineering students at the five institutions which are part of the DAGSI consortium: University of Dayton, Wright State University, the Air Force Institute of Technology, Ohio State and the University of Cincinnati. The program is intended to increase and improve the quality and quantity of graduate educational and research opportunities of the member institutions and to create an environment conducive to economic development in Ohio.

GRF 235-554 Computer Science Graduate Education

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,464,704	$3,517,903	$3,273,426	$3,191,590	**$3,032,011**	**$2,956,210**
	1.5%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item supports improvements in graduate programs in computer science at state-assisted universities, which include recruiting faculty and staff, promoting research and collaboration, and purchasing equipment. Originally titled Priorities in Graduate Education, this line item was renamed by the FY 2002-2003 biennial budget bill, Am. Sub. H.B. 94 of the 124th G.A.

GRF 235-555 Library Depositories

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,400,000	$1,918,477	$1,940,768	$1,868,912	**$1,775,467**	**$1,731,080**
	-20.1%	1.2%	-3.7%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item supports the operations at all five regional depositories that provide high-density storage for rarely-used and duplicative library materials. The depositories provide an economical alternative to additional traditional library space for storing such materials.

GRF 235-556 Ohio Academic Resources Network

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,227,819	$3,477,060	$3,300,130	$3,281,980	**$3,657,009**	**$3,803,289**
	7.7%	-5.1%	-0.5%	**11.4%**	**4.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item supports the operations of the Ohio Academic Resources Network (OARNet), including base operations and expansions for enhanced connectivity, functionality, and services. The network provides high-quality Internet services to help link Ohio academics to global information resources, distance learning, and state library networks, such as OhioLINK.

GRF 235-558 Long-term Care Research

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$318,371	$315,187	$293,284	$285,952	**$271,654**	**$264,863**
	-1.0%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A. in 1989)

Purpose: The funds support basic and applied research and graduate studies at Miami University's Scripps Gerontology Center. The project is concerned with issues related to state and federal policy on long-term care and provides expertise and research to identify cost-effective alternatives of health care at reasonable levels of quality.

GRF 235-561 Bowling Green State University Canadian Studies Center

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$167,642	$165,966	$154,432	$150,571	**$143,042**	**$139,466**
	-1.0%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A. in 1989)

Purpose: This line item supports the Bowling Green State University Canadian Studies Center. The program works to strengthen Ohio-Canada business and trade relations through research, student education, and engagement with the business community.

GRF 235-572 The Ohio State University Clinic Support

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,943,328	$2,040,527	$1,937,470	$1,889,033	**$1,794,581**	**$1,749,717**
	5.0%	-5.1%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A. in 1984)

Purpose: These funds subsidize the clinical portions of the dental and veterinary medicine schools at the Ohio State University. The clinics provide practical education to dental and veterinary medicine students, as well as to dental hygiene students.

GRF 235-583 Urban University Programs

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$8,192,284	$6,569,922	$6,113,345	$5,960,511	**$5,662,486**	**$5,520,924**
	-19.8%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 204 of the 113th G.A. for the FY 1980-FY 1981 biennium)

Purpose: This appropriation item provides funds for research and outreach activities on urban issues at the eight urban universities in Ohio. Normally the entire appropriation is allocated among several earmarked programs, whose amounts are provided in the budget bill's uncodified (temporary) law. The funds support programs of applied research, training, technical assistance, and database development at these universities, as well as programs that develop public policy and public administration initiatives related to the specific needs and issues of Ohio's urban communities. The Urban Center at Cleveland State University's Levin College of Urban Affairs was established to implement this program. The program serves state, county and municipal governments, regional and not-for-profit agencies, neighborhood groups, and business organizations.

GRF 235-585 Ohio University Innovation Center

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$49,745	$49,248	$45,825	$44,679	**$42,445**	**$41,384**
	-1.0%	-7.0%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A. in 1983)

Purpose: This line item supports the center's Internet Access program, which educates start-up and small businesses on how to gain access to and use the Internet and to assist them in starting up electronic businesses. This program is intended to address the university's regional economic development mission.

GRF 235-587 Rural University Projects

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,298,070	$1,389,588	$1,293,019	$1,260,694	**$1,197,659**	**$1,167,717**
	7.1%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A. in the FY 1985-1987 biennium)

Purpose: This line item provides funds for research and outreach activities to help local and state elected and appointed officials improve rural program performance, undertake research projects, increase human resource capacity, and form cooperative partnerships to create an environment that supports private and public sector development. Funds also support programs that develop public policy and public administration initiatives related to the specific needs and issues of Ohio's rural communities. The program targets smaller communities, which often lack staff and financial resources for research, training, and development. Normally the entire appropriation is allocated among several earmarked programs, whose amounts are provided in the budget bill's uncodified (temporary) law.

GRF 235-588 Ohio Resource Center for Mathematics, Science, and Reading

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$500,000	$1,000,000	$921,200	$898,170	**$853,262**	**$853,262**
	100.0%	-7.9%	-2.5%	**-5.0%**	**0.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by H.B. 282 of the 123rd G.A.)

Purpose: Since FY 2000, this line item has supported a resource center located at a college or university that prepares teachers. The center, located at the Ohio State University, identifies the best educational practices in primary and secondary schools and establishes methods for communicating them to Colleges of Education and school districts.

GRF 235-590 12th Grade Proficiency Stipend

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$13,805,513	$13,152,500	$17,173,000	$0	**$0**	**$0**
	-4.7%	30.6%	-100.0%	**N/A**	**N/A**

Source: GRF; appropriations originally made to the Department of Education, 200-574, were transferred to Regents.

Legal Basis: Discontinued line item. Deleted by Am. Sub. H.B. 94 of the 124th General Assembly. ORC 3365.15 (Originally established by section 4.18 of Am. Sub. H.B. 282 of the 123rd General Assembly.)

Purpose: This appropriation item provided $500 for the benefit of each 12th-grade student who passed all five parts of the 12th-grade proficiency test and then went on to higher education.

Under H.B. 1, S.B. 1, and Am. Sub. H.B. 94 (the FY 2002-FY 2003 budget bill), this stipend and its appropriation item were eliminated. Thus, students passing the proficiency test in the spring of 2001 were the last group to receive the stipend. The appropriation for these students for FY 2002 was the final funding for this item.

GRF 235-595 International Center for Water Resources Development

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$189,381	$187,487	$174,457	$170,096	**$161,591**	**$157,551**
	-1.0%	-6.9%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A. in 1985)

Purpose: This line item supports the International Center for Water Resources Development at Central State University. The center develops methods to improve the management of water resources for Ohio and emerging nations. The center offers undergraduate courses leading to the bachelor's degree in water resources management, as well as short courses and conferences.

GRF 235-596 Hazardous Materials Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$244,996	$242,546	$366,690	$357,523	**$339,647**	**$331,156**
	-1.0%	51.2%	-2.5%	**-5.0%**	**-2.5%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A. in 1985)

Purpose: This line item partially supports training programs developed by Cleveland State University's Center for Hazardous Materials Education. It provides training programs for firemen, other emergency personnel, and relevant personnel in business and industry, regarding the treatment, storage, disposal, and clean-up of hazardous materials.

GRF 235-599 National Guard Scholarship Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$5,545,143	$8,044,878	$9,407,512	$12,048,106	**$13,252,916**	**$14,578,208**
	45.1%	16.9%	28.1%	**10.0%**	**10.0%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly. ORC 5919.34 (Regents was named fiscal manager of this existing Adjutant General program by Am. Sub. H.B. 282 of the 123rd General Assembly.)

Purpose: This line item, established by the FY 2000-2001 budget bill, supports the Ohio National Guard Scholarship Program, which grants 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 Ohio Guard. The appropriation provides funds for both the scholarship grants and the Guard's program marketing efforts.

Initially the line item received the object class 50 appropriations that were transferred to the Regents' budget from line item 745-406, Tuition Grant Program, in the budget of the Adjutant General. Beginning with Am. Sub. H.B. 282 of the 123rd G.A., the funds were appropriated in the FY 2000-2001 budget of the Board of Regents, under line item 235-599, National Guard Tuition Grant Program. That bill also added temporary law under the paragraph titled National Guard Tuition Grant Program; it required the Board of Regents to disburse the line item's funds "at the direction of the Adjutant General". The appropriation item's title was changed to the National Guard Scholarship Program in the FY 2002-FY 2003 budget, Am. Sub. H.B. 94, of the 124th General Assembly.

GRF 235-909 Higher Education General Obligation Debt Service

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$0	$49,550,030	$74,344,100	**$97,668,000**	**$130,967,600**
	N/A	N/A	50.0%	**31.4%**	**34.1%**

Source: GRF

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A.; Article VIII Section 2n of the Ohio Constitution; ORC 151.01 and 154.04 (originally established by Am. Sub. H.B. 94 of the 124th G.A. in FY 2002-2003)

Purpose: This line item provides the funds to make debt service payments on general obligation bonds issued by the state on behalf of higher education institutions to finance their capital projects. These were made possible with the 1999 passage of State Issue 1, which provided for the issuance of general obligation bonds under Article VIII Section 2n of the Ohio Constitution for all education-related facilities, including higher education.

General Obligation bonds tend to have a lower interest rate compared to revenue bonds, which were issued prior to the passage of State Issue 1 to finance capital projects. It is therefore likely that the value of debt service in this line item will increase while that for line item 235-401, Lease-Rental Payments, will decline until 2014, when it is expected under the current debt retirement schedule that all of the debt service related to the revenue bonds will be retired and only General Obligation bonds will finance higher education capital projects.

General Services Fund Group

220 235-614 Program Approval and Reauthorization

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$0	$139,903	$400,000	**$400,000**	**$400,000**
	N/A	N/A	185.9%	**0.0%**	**0.0%**

Source: GSF: General Services Fund: Fund 220, Program Approval and Reauthorization Fund

Legal Basis: Proposed in the main operating appropriations bill of the 125th General Assembly. Fund 220, Program Approval and Reauthorization Fund, and appropriation authority established by Controlling Board (BOR021) on February 12, 2001. Subsequent appropriation authority by Controlling Board (BOR041 Rev.) on August 20, 2001.

Purpose: The program and its appropriation enable the Board of Regents to directly contract with and pay consultants to review and evaluate higher education institutions' degree program proposals and to conduct institutional reauthorizations.

The Fund 220 allows the Board of Regents to accept remittances by those institutions seeking the aforementioned reviews, evaluations and reauthorizations. Thus, revenues for the fund will not need to be appropriated by the state for these purposes.

456 235-603 Sales and Services

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$7,054	$23,157	$2,717	$194,959	**$300,002**	**$300,003**
	228.3%	-88.3%	7075.5%	**53.9%**	**0.0%**

Source: GSF: Proceeds from HEI-related services as well as the sale of the board's student handbook, conference fees, and publication charges

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (established by the Controlling Board in January 1974)

Purpose: Formerly known as Publications, this line item was created to cover the costs of delivering services associated with the Higher Education Information (HEI) system, producing publications such as the Board of Regents' student handbook, as well as miscellaneous conference and meeting expenses.

456 235-613 Job Preparation Initiative

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$73,870	$64,245	$44,383	**$0**	**$0**
	N/A	-13.0%	-30.9%	**-100.0%**	**N/A**

Source: GSF: General Services Funds

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly. (Created by the Controlling Board on August 30, 2000); Central Accounting System: BO - R002. Proposed for deletion (non-funding) by the main operating appropriations bill of the 125th General Assembly.

Purpose: This line item supports workforce training and development. The program is designed to build the capacity of Ohio's two-year campuses to provide training and assessment services to public-assistance recipients to improve their employability.

Federal Special Revenue Fund Group

312 235-609 Tech Prep

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$174,854	$196,008	$205,628	$183,852	**$183,850**	**$183,850**
	12.1%	4.9%	-10.6%	**0.0%**	**0.0%**

Source: FED: Federal funds

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. The Tech Prep program is authorized by the Carl D. Perkins Vocational & Applied Technology Education Act of 1990, Title III, Public Law 101-3924SC2361, 2363 (Part E). Federal program number CFDA 84.243.

Purpose: This line item supports a professional staff member to work collaboratively with the Ohio Department of Education to administer the statewide Tech Prep program. The program prepares high school students for technical occupations by enabling either direct entry into the workplace after high school or continuation of study leading to an associate degree at a two-year college.

312 235-611 Gear-up Grant

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$711,211	$982,871	$1,339,724	$1,690,434	**$1,478,245**	**$1,370,691**
	38.2%	36.3%	26.2%	**-12.6%**	**-7.3%**

Source: FED: Federal funds

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by the Controlling Board on November 12, 1999); Central Accounting System: BO - R110

Purpose: This line item supports the national Gear-up program, a federal program that promotes college awareness in order to attract more students to college and to enhance the transition to higher education. Ohio's Gear-up program seeks to increase college participation among rural Appalachian and inner-city Ohioans by providing developmental, advising, tutoring, and mentoring services to students in Ironton and inner-city Cleveland.

312 235-612 Carl D. Perkins Grant/Plan Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$34,350	$130,739	$112,961	**$112,960**	**$112,960**
	N/A	280.6%	-13.6%	**0.0%**	**0.0%**

Source: FED: Federal funds

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by the Controlling Board on December 20, 2000); Central Accounting System: BO - F009

Purpose: This line item supports the administration of the program established by the Carl D. Perkins Act, which provides the direction and funding to support the improvement of vocational, career and technical education. The continuing focus of the Perkins Act is to integrate academic knowledge and technical skill development and to raise the academic performance of all vocational students. The Board of Regents receives a transfer of 10-15 percent of the funds obtained for the program by the Department of Education.

312 235-615 Professional Development

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$0	$266,326	$509,518	**$523,129**	**$523,129**
	N/A	N/A	91.3%	**2.7%**	**0.0%**

Source: FED: Federal Special Revenue Fund (312)

Legal Basis: Proposed in the main operating appropriations bill of the 125th General Assembly. Established by Controlling Board (BOR054 Rev.) on October 15, 2001.

Purpose: The program supports a Regents effort to improve the application of technology in education through the integration of appropriate technologies into the ongoing system improvement and restructuring efforts of educational programs. This program uses federal funds under the U.S. Department of Education's grant program called Preparing Tomorrow's Teachers to Use Technology (PT3). Grants are received from the USDE through Title III of the Elementary and Secondary Education Act (ESEA).

312 235-616 Workforce Investment Act Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$0	$0	$100,000	**$850,000**	**$850,000**
	N/A	N/A	N/A	**750.0%**	**0.0%**

Source: FED: Federal funds: Workforce Investment Act; CFDA number WIA-AA-10304-00-50 (sections 17.258, 17.259, 17.260); Public Law 108-220, August 1998, 112 Statute 937

Legal Basis: Proposed in the main operating appropriations bill of the 125th General Assembly. Established by Controlling Board on October 29, 2001. Additional Controlling Board action (BOR058 Rev.) on June 17, 2002.

Purpose: The funds are used to support the Ohio Board of Regents' administration and implementation of the Ohio Higher Skills Partnership Initiative, a program under the federal Workforce Investment Act and the Governor's Workforce Policy Board. The program develops, enhances and promotes comprehensive partnerships among Adult Workforce Education Centers and EnterpriseOhio Network campuses to ensure that Ohio's employers have one-contact access to fast, flexible and total training and assessment to upgrade employee skills. The program is administered in collaboration and cooperation with the Ohio Department of Education and the Ohio Department of Job and Family Services, through an interagency agreement.

312 235-631 Federal Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,263,366	$2,491,942	$2,580,601	$3,204,947	**$3,444,949**	**$3,150,590**
	10.1%	3.6%	24.2%	**7.5%**	**-8.5%**

Source: FED: Federal funds

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (The Dwight D. Eisenhower Math and Science Act of 1988); U.S. Public Law 100-297, Title II, Part A; U.S. Public Law 101-589, Title II, Part A

Purpose: This line item supports the Improving Teacher Quality program, which is designed to improve the skills of teachers and the quality of instruction in mathematics and science in public and private elementary and secondary schools. The funds are distributed to colleges and universities to develop creative strategies that link faculty in mathematics and science disciplines with elementary and secondary school teachers.

3H2 235-608 Human Services Project

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$393,374	$752,578	$612,786	$1,500,000	**$1,500,000**	**$1,500,000**
	91.3%	-18.6%	144.8%	**0.0%**	**0.0%**

Source: FED: Federal funds. Catalog of Federal Domestic Assistance (CFDA) number is 93.021 (JOBS/LEAP).

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. Subject to an interagency agreement between the Board of Regents and the Ohio Department of Human Services (originally established by the Controlling Board on October 23, 1989).

Purpose: This line item has supported both the Health Services Research program and, until FY 1998, the much larger Job Opportunities and Basic Skills (JOBS) Student Retention program.

The JOBS Student Retention program was created in March 1990 by an Inter-Agency Agreement between the Ohio Board of Regents and the Ohio Department of Human Services, which also operated the JOBS Training program. In the Student Retention program, the two-year college system provides support services to college students who are welfare recipients. The students must be enrolled at their colleges through the local county Department of Human Services JOBS programs. The funds are used for special support services and tuition for which financial aid is not available. The support services include career counseling, special workshops in student skills, time and life management techniques, tuition assistance, and tutoring.

In 1998 the JOBS program was reorganized to enable the federal funds to go directly to the county DHS (now DJFS) JOBS programs. Thus, the JOBS Student Retention program is no longer administered by Regents and so the appropriations for this line item were significantly reduced. Prior to FY 1997, this line item also supported the Training Opportunities for Program Staff (TOPS) program administered by Hocking Technical College; the line item has also supported the Health Services Research program.

3N6 235-605 State Student Incentive Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,012,609	$1,616,785	$2,200,606	$2,200,606	**$2,196,680**	**$2,196,680**
	59.7%	36.1%	0.0%	**-0.2%**	**0.0%**

Source: FED: Federal funds

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly. ORC 3333.12 (Originally established by the Higher Education Act of 1965, which authorized the grants to states for State Student Incentives.)

Purpose: This appropriation provides federal funds for need-based tuition assistance. In Ohio, these funds help support the Ohio Instructional Grant program and are awarded to the neediest students on the same basis as the Ohio Instructional Grants.

3T0 235-610 National Health Service Corps - Ohio Loan Repayment

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$127,445	$50,000	$70,000	$100,000	**$150,001**	**$150,001**
	-60.8%	40.0%	42.9%	**50.0%**	**0.0%**

Source: FED: Federal funds. Awards from the U.S. Department of Health and Human Services. The initial appropriation was for $200,000 for FY 1999.

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly. (Originally established by the Controlling Board in August 1998)

Purpose: This line item supports a federally-funded program (the National Health Service Corps Ohio Loan Repayment Program) for the repayment of education loans by eligible health service practitioners. The program is jointly administered by the Ohio Department of Health and the Ohio Board of Regents and provides educational loan repayment for certain health service practitioners (primary care physician assistants, nurse practitioners, and certified nurse midwives, in addition to primary care physicians) who agree to provide primary health care services in designated geographical areas of Ohio. Payments are made to the appropriate lending institutions on behalf of the practitioners.

State Special Revenue Fund Group

4E8 235-602 Higher Educational Facility Commission Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,060	$2,712	$8,142	$13,900	**$20,000**	**$20,000**
	-11.4%	200.2%	70.7%	**43.9%**	**0.0%**

Source: SSR: Revenue from charges assessed to institutions assisted by the commission

Legal Basis: ORC 3377 (originally established by Am. Sub. H.B. 298 of the 119th G.A.)

Purpose: This line item enables the Board of Regents to defray the expenses incurred by its staff support of the Ohio Higher Educational Facility Commission (HEFC). Since the HEFC does not have a separate staff or permanent offices, it reimburses the Board of Regents for the services it provides. These include accounting and record keeping, scheduling and coordinating commission meetings and project applications, and preparing the commission's annual report. The mission of the HEFC is to assist Ohio's private colleges and universities in their efforts to reduce the costs of financing the construction of campus facilities by issuing tax-exempt revenue bonds.

4P4 235-604 Physician Loan Repayment

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$196,219	$419,630	$417,092	$476,870	**$476,870**	**$476,870**
	113.9%	-0.6%	14.3%	**0.0%**	**0.0%**

Source: SSR: Surcharge on license fees

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3702.71 through ORC 3702.81 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item supports the Physician Loan Repayment Program, which may repay all or part of the student loans taken by primary-care physicians who agree to provide primary-care services in Ohio areas that suffer shortages of health resources.

649 235-607 The Ohio State University Highway/Transportation Research

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$500,000	$500,000	$820,464	$760,000	**$760,000**	**$760,000**
	0.0%	64.1%	-7.4%	**0.0%**	**0.0%**

Source: SSR: Funding is supported by the earnings from a $6.0 million Ohio State University endowment fund, created after Honda purchased the Transportation Research Center. The earnings support the research.

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3335.45 (originally established in 1988 by Sub. S.B. 321 of the 117th G.A.; appropriations to the fund were made for the first time in Am. Sub. S.B. 386 of the 117th G.A.)

Purpose: This line item supports the Transportation Research and Engineering program at The Ohio State University. The program is a collaborative effort of the Honda Corporation and The Ohio State University to improve highway and automobile safety.

682 235-606 Nursing Loan Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$485,200	$640,814	$683,030	$893,000	**$893,000**	**$893,000**
	32.1%	6.6%	30.7%	**0.0%**	**0.0%**

Source: SSR: Registration surcharge

Legal Basis: Section 94 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 298 of the 119th G.A.)

Purpose: This line 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. Awards are made on the basis of need for up to four years of study. This line item also supports the administration of the program.

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
BOR Regents, Ohio Board of								
GRF	235-321	Operating Expenses	$ 2,826,972	$2,875,421	$ 3,286,284	14.3%	$ 2,767,219	-15.8%
GRF	235-401	Lease Rental Payments	$ 293,946,612	$268,910,500	$ 246,500,700	-8.3%	$ 216,836,400	-12.0%
GRF	235-402	Sea Grants	$ 281,944	$274,895	$ 261,150	-5.0%	$ 254,622	-2.5%
GRF	235-403	Mathematics and Science Teaching Improvement	$ 1,849,815	$1,850,120	$ 1,757,614	-5.0%	$ 1,757,614	0.0%
GRF	235-404	College Readiness Initiatives	$ 2,277,642	$3,997,500	$ 4,237,350	6.0%	$ 4,491,591	6.0%
GRF	235-406	Articulation and Transfer	$ 859,420	$733,201	$ 733,500	0.0%	$ 733,500	0.0%
GRF	235-408	Midwest Higher Education Compact	$ 82,500	$80,438	$ 82,500	2.6%	$ 82,500	0.0%
GRF	235-409	Information System	$ 1,311,484	$1,248,293	$ 1,185,879	-5.0%	$ 1,154,671	-2.6%
GRF	235-414	State Grants and Scholarship Administration	$ 1,329,248	$1,258,740	$ 1,219,719	-3.1%	$ 1,211,373	-0.7%
GRF	235-415	Jobs Challenge	$ 9,494,000	$9,348,300	$ 9,348,300	0.0%	$ 9,348,300	0.0%
GRF	235-417	Ohio Learning Network	$ 3,726,101	$3,592,680	$ 3,413,046	-5.0%	$ 3,327,720	-2.5%
GRF	235-418	Access Challenge	$ 58,557,256	$57,068,623	$ 57,068,622	0.0%	$ 57,068,622	0.0%
GRF	235-420	Success Challenge	$ 44,272,526	$43,113,076	$ 43,113,077	0.0%	$ 43,113,077	0.0%
GRF	235-428	Appalachian New Economy Partnership	$ 940,000	$1,374,750	$ 1,306,013	-5.0%	$ 1,273,362	-2.5%
GRF	235-451	Eminent Scholars	----	$2,925,000	$ 0	-100.0%	$ 1,462,500	N/A
GRF	235-454	Research Challenge	$ 18,994,997	$18,330,000	$ 18,330,000	0.0%	$ 18,330,000	0.0%
GRF	235-455	EnterpriseOhio Network	$ 1,612,248	$1,584,486	$ 1,505,262	-5.0%	$ 1,465,650	-2.6%
GRF	235-474	Area Health Education Centers Program Support	$ 1,968,103	$1,957,278	$ 1,859,414	-5.0%	$ 1,812,929	-2.5%
GRF	235-477	Access Improvement Projects	$ 1,059,153	$1,018,120	$ 1,048,664	3.0%	$ 1,080,124	3.0%
GRF	235-501	State Share of Instruction	$ 1,562,980,594	$1,568,494,886	$ 1,615,549,733	3.0%	$ 1,680,171,722	4.0%
GRF	235-502	Student Support Services	$ 940,000	$916,500	$ 870,675	-5.0%	$ 848,908	-2.5%
GRF	235-503	Ohio Instructional Grants	$ 96,042,326	$108,705,188	$ 111,966,343	3.0%	$ 115,325,333	3.0%
GRF	235-504	War Orphans Scholarships	$ 3,813,822	$4,672,321	$ 4,672,321	0.0%	$ 4,672,321	0.0%
GRF	235-507	OhioLINK	$ 7,208,607	$7,028,392	$ 7,028,392	0.0%	$ 7,028,392	0.0%
GRF	235-508	Air Force Institute of Technology	$ 1,880,000	$1,833,000	$ 2,241,350	22.3%	$ 2,197,816	-1.9%
GRF	235-509	Displaced Homemakers	$ 225,690	$220,048	$ 209,046	-5.0%	$ 203,819	-2.5%
GRF	235-510	Ohio Supercomputer Center	$ 4,543,560	$4,429,971	$ 4,208,472	-5.0%	$ 4,103,260	-2.5%

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
BOR Regents, Ohio Board of								
GRF	235-511	Cooperative Extension Service	$ 26,046,013	$25,394,863	$ 24,125,120	-5.0%	$ 23,521,992	-2.5%
GRF	235-513	Ohio University Voinovich Center	$ 345,450	$336,814	$ 319,973	-5.0%	$ 311,974	-2.5%
GRF	235-514	Central State Supplement	$ 11,322,259	$11,039,203	$ 11,039,203	0.0%	$ 11,039,203	0.0%
GRF	235-515	Case Western Reserve University School of Medici	$ 4,023,411	$3,924,395	$ 3,728,175	-5.0%	$ 3,634,970	-2.5%
GRF	235-516	Clinical Teaching	----	$0	$ 49,637,536	N/A	$ 49,637,536	0.0%
GRF	235-518	Capital Scholarship Programs	$ 26,000	$0	$ 0	N/A	$ 0	N/A
GRF	235-519	Family Practice	$ 6,146,163	$5,994,906	$ 5,695,161	-5.0%	$ 5,552,782	-2.5%
GRF	235-520	Shawnee State Supplement	$ 2,135,680	$2,082,288	$ 2,082,289	0.0%	$ 2,082,289	0.0%
GRF	235-521	The Ohio State University Glenn Institute	$ 345,450	$336,814	$ 319,973	-5.0%	$ 311,974	-2.5%
GRF	235-524	Police and Fire Protection	----	$220,048	$ 209,046	-5.0%	$ 203,819	-2.5%
GRF	235-525	Geriatric Medicine	$ 1,021,963	$1,016,343	$ 965,525	-5.0%	$ 941,387	-2.5%
GRF	235-526	Primary Care Residencies	$ 2,976,198	$2,959,829	$ 2,811,837	-5.0%	$ 2,741,541	-2.5%
GRF	235-527	Ohio Aerospace Institute	$ 2,240,334	$2,184,326	$ 2,075,109	-5.0%	$ 2,023,232	-2.5%
GRF	235-530	Academic Scholarships	$ 8,000,000	$7,800,000	$ 7,800,000	0.0%	$ 7,800,000	0.0%
GRF	235-531	Student Choice Grants	$ 50,688,168	$52,139,646	$ 52,139,646	0.0%	$ 52,139,646	0.0%
GRF	235-534	Student Workforce Development Grants	$ 1,025,709	$2,907,935	$ 2,437,500	-16.2%	$ 2,437,500	0.0%
GRF	235-535	Ohio Agricultural Research and Development Cente	$ 36,407,031	$35,496,855	$ 33,722,012	-5.0%	$ 32,878,962	-2.5%
GRF	235-536	OSU Clinical Teaching	$ 15,030,490	$14,660,591	$ 0	-100.0%	$ 0	N/A
GRF	235-537	UCN Clinical Teaching	$ 12,362,373	$12,058,138	$ 0	-100.0%	$ 0	N/A
GRF	235-538	MCO Clinical Teaching	$ 9,635,800	$9,398,665	$ 0	-100.0%	$ 0	N/A
GRF	235-539	WSU Clinical Teaching	$ 4,681,260	$4,566,056	$ 0	-100.0%	$ 0	N/A
GRF	235-540	OHU Clinical Teaching	$ 4,525,515	$4,414,144	$ 0	-100.0%	$ 0	N/A
GRF	235-541	NEM Clinical Teaching	$ 4,654,488	$4,539,942	$ 0	-100.0%	$ 0	N/A
GRF	235-543	OCPM Clinical Subsidy	$ 469,812	$458,250	$ 0	-100.0%	$ 0	N/A
GRF	235-547	School of International Business	$ 1,606,238	$1,566,082	$ 1,487,778	-5.0%	$ 1,450,584	-2.5%
GRF	235-549	Part-time Student Instructional Grants	$ 13,311,638	$13,627,789	$ 14,036,622	3.0%	$ 14,457,721	3.0%
GRF	235-552	Capital Component	$ 14,537,639	$14,537,639	$ 18,711,936	28.7%	$ 18,711,936	0.0%

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
BOR Regents, Ohio Board of								
GRF	235-553	Dayton Area Graduate Studies Institute	$ 3,552,343	$3,463,534	$ 3,290,357	-5.0%	$ 3,208,099	-2.5%
GRF	235-554	Computer Science Graduate Education	$ 3,273,426	$3,191,590	$ 3,032,011	-5.0%	$ 2,956,210	-2.5%
GRF	235-555	Library Depositories	$ 1,940,768	$1,868,912	$ 1,775,467	-5.0%	$ 1,731,080	-2.5%
GRF	235-556	Ohio Academic Resources Network	$ 3,300,130	$3,281,980	$ 3,657,009	11.4%	$ 3,803,289	4.0%
GRF	235-558	Long-term Care Research	$ 293,284	$285,952	$ 271,654	-5.0%	$ 264,863	-2.5%
GRF	235-561	Bowling Green State University Canadian Studies C	$ 154,432	$150,571	$ 143,042	-5.0%	$ 139,466	-2.5%
GRF	235-572	The Ohio State University Clinic Support	$ 1,937,470	$1,889,033	$ 1,794,581	-5.0%	$ 1,749,717	-2.5%
GRF	235-583	Urban University Programs	$ 6,113,345	$5,960,511	$ 5,662,486	-5.0%	$ 5,520,924	-2.5%
GRF	235-585	Ohio University Innovation Center	$ 45,825	$44,679	$ 42,445	-5.0%	$ 41,384	-2.5%
GRF	235-587	Rural University Projects	$ 1,293,019	$1,260,694	$ 1,197,659	-5.0%	$ 1,167,717	-2.5%
GRF	235-588	Ohio Resource Center for Mathematics, Science, a	$ 921,200	$898,170	$ 853,262	-5.0%	$ 853,262	0.0%
GRF	235-590	12th Grade Proficiency Stipend	$ 17,173,000	$0	$ 0	N/A	$ 0	N/A
GRF	235-595	International Center for Water Resources Developm	$ 174,457	$170,096	$ 161,591	-5.0%	$ 157,551	-2.5%
GRF	235-596	Hazardous Materials Program	$ 366,690	$357,523	$ 339,647	-5.0%	$ 331,156	-2.5%
GRF	235-599	National Guard Scholarship Program	$ 9,407,512	$12,048,106	$ 13,252,916	10.0%	$ 14,578,208	10.0%
GRF	235-909	Higher Education General Obligation Debt Service	$ 49,550,030	$74,344,100	$ 97,668,000	31.4%	$ 130,967,600	34.1%
General Revenue Fund Total			**$ 2,456,086,635**	**$ 2,460,718,739**	**$ 2,509,489,994**	**2.0%**	**$ 2,581,472,919**	**2.9%**
220	235-614	Program Approval and Reauthorization	$ 139,903	$400,000	$ 400,000	0.0%	$ 400,000	0.0%
456	235-603	Sales and Services	$ 2,717	$194,959	$ 300,002	53.9%	$ 300,003	0.0%
456	235-613	Job Preparation Initiative	$ 64,245	$44,383	$ 0	-100.0%	$ 0	N/A
General Services Fund Group Total			**$ 206,865**	**$ 639,342**	**$ 700,002**	**9.5%**	**$ 700,003**	**0.0%**
312	235-609	Tech Prep	$ 205,628	$183,852	$ 183,850	0.0%	$ 183,850	0.0%
312	235-611	Gear-up Grant	$ 1,339,724	$1,690,434	$ 1,478,245	-12.6%	$ 1,370,691	-7.3%
312	235-612	Carl D. Perkins Grant/Plan Administration	$ 130,739	$112,961	$ 112,960	0.0%	$ 112,960	0.0%
312	235-615	Professional Development	$ 266,326	$509,518	$ 523,129	2.7%	$ 523,129	0.0%
312	235-616	Workforce Investment Act Administration	----	$100,000	$ 850,000	750.0%	$ 850,000	0.0%
312	235-631	Federal Grants	$ 2,580,601	$3,204,947	$ 3,444,949	7.5%	$ 3,150,590	-8.5%

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
BOR Regents, Ohio Board of								
3H2	235-608	Human Services Project	$ 612,786	$1,500,000	$ 1,500,000	0.0%	$ 1,500,000	0.0%
3N6	235-605	State Student Incentive Grants	$ 2,200,606	$2,200,606	$ 2,196,680	-0.2%	$ 2,196,680	0.0%
3T0	235-610	National Health Service Corps - Ohio Loan Repaym	$ 70,000	$100,000	$ 150,001	50.0%	$ 150,001	0.0%
Federal Special Revenue Fund Group Total			**$ 7,406,410**	**$ 9,602,318**	**$ 10,439,814**	**8.7%**	**$ 10,037,901**	**-3.8%**
4E8	235-602	Higher Educational Facility Commission Administrat	$ 8,142	$13,900	$ 20,000	43.9%	$ 20,000	0.0%
4P4	235-604	Physician Loan Repayment	$ 417,092	$476,870	$ 476,870	0.0%	$ 476,870	0.0%
649	235-607	The Ohio State University Highway/Transportation	$ 820,464	$760,000	$ 760,000	0.0%	$ 760,000	0.0%
682	235-606	Nursing Loan Program	$ 683,030	$893,000	$ 893,000	0.0%	$ 893,000	0.0%
State Special Revenue Fund Group Total			**$ 1,928,728**	**$ 2,143,770**	**$ 2,149,870**	**0.3%**	**$ 2,149,870**	**0.0%**
Total All Budget Fund Groups			***$ 2,465,628,638***	***$ 2,473,104,169***	***$ 2,522,779,680***	***2.0%***	***$ 2,594,360,693***	***2.8%***