

Ohio Board of Regents

House Higher Education Subcommittee

David Price, Senior Budget Analyst

Zak Talarek, Budget Analyst

Legislative Service Commission

March 8, 2005

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LSC Redbook

for the

Ohio Board of Regents

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Ohio Board of Regents

- Regents' total budget increases: \$22 million (0.9%) for FY 2006, \$49 million (2.0%) for FY 2007
- State Share of Instruction held flat at FY 2005 level: \$1.559 billion in each fiscal year
- New program, Ohio College Opportunity Grant, receives \$58.1 million in FY 2007
- Tuition-increase caps set at 6% per year, plus 3% for student aid
- New item, Economic Growth Challenge, to focus research on the economy

OVERVIEW

Summary of the executive budget

The appropriations: For the Board of Regents the executive budget appropriates \$2.491 billion and \$2.540 billion for FYs 2006 and 2007, respectively. The increase for FY 2006 is \$22.3 million (0.9%) over the FY 2005 estimated expenditure level of \$2.468 billion, while the increase for FY 2007 is \$49.0 million (2.0%) over the FY 2006 appropriation level.

For the FY 2006-2007 biennium the executive budget provides a total appropriation of \$5.030 billion. This amount constitutes a \$135.9 million (2.8%) increase from the current biennium's \$4.895 billion.

For the State Share of Instruction (SSI), the executive budget is flat-funded at the FY 2005 level of \$1.559 billion in both FYs 2006 and 2007. The SSI's biennial appropriation is \$3.118 billion, for a \$25.3 million (0.8%) increase over the current biennium. The SSI, as Regents' largest appropriation item, is the largest single source of state support to Ohio's public higher-education campuses.

The budget's organization: Regents' executive budget is comprised of 73 appropriation items organized into 12 program series (groups of one or more appropriation items with similar purposes). The program series are listed with their annual appropriations in Table 1, below.

Table 1. Board of Regents: Program series and appropriations, FY 2005–FY 2007				
Program Series	Title/Description	FY 2005 est.	FY 2006	FY 2007
1	College and Institutional Instructional Operations (the State Share of Instruction)	\$1,559,096,031	\$1,559,096,031	\$1,559,096,031
2	Facilities and Debt Service	\$343,574,117	\$357,333,363	\$372,023,263
3	Pre-K through 16 Preparation and Access	\$15,095,241	\$15,888,711	\$17,168,161
4	Student Access	\$270,054,234	\$272,949,110	\$299,986,999
5	Academic Success	\$60,631,604	\$60,401,934	\$60,401,934
6	Basic and Applied Research	\$74,127,862	\$75,806,929	\$80,021,014
7	Workforce and Regional Economic Development	\$39,966,321	\$37,888,072	\$37,888,072
8	Higher Education Collaborations	\$16,232,037	\$18,421,001	\$18,421,001
9	General Public Service	\$6,926,062	\$6,290,672	\$6,290,672
10	Public Safety	\$14,279,709	\$15,610,866	\$17,093,457
11	Medical Support	\$63,718,737	\$65,912,474	\$65,912,474
12	Planning and Coordination	\$4,699,194	\$5,144,169	\$5,441,523
Total: Board of Regents		\$2,468,401,149	\$2,490,743,332	\$2,539,744,601
Change from prior year		1.74%	0.91%	1.97%

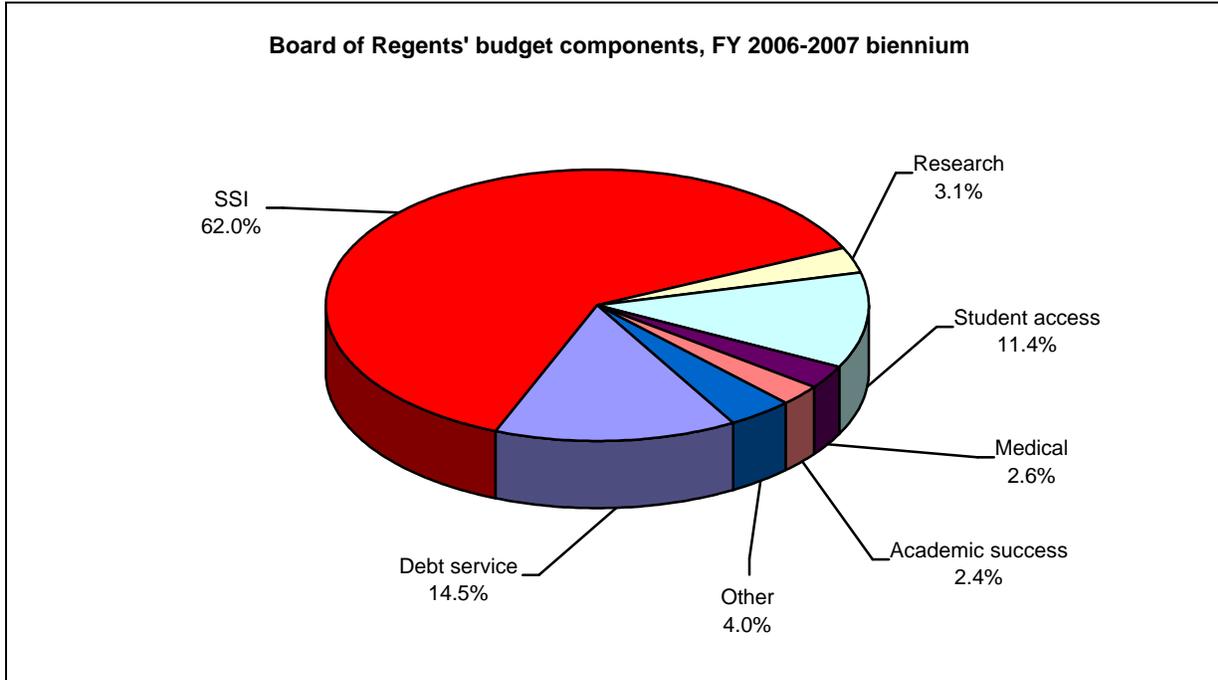
These 12 program series are the result of a reorganization of Regents’ budget, which currently is comprised of 11 series. Besides increasing the number of series, several appropriation items have been moved from one series to another, several have been added and others deleted, and several items have been created to consolidate other items. These moves have been made both because of mandated changes toward program-related line-item budgeting and because of Regents’ desire for a new taxonomy to better reflect the commonalities among various appropriation items. In one significant move, the four main Challenge subsidies (Jobs, Access, Success, and Research) have been removed from their grouping with the SSI as core subsidy items and are divided among four program series: Access Challenge goes to Program Series 4, Student Access; Success Challenge, to Program Series 5, Academic Success; Research Challenge, to Program Series 6, Basic and Applied Research, where it is subsumed as an earmark by a new appropriation item, Economic Growth Challenge; and Jobs Challenge goes to Program Series 7, Workforce and Regional Economic Development.

Of the executive budget’s \$135.9 million total biennial increase over the FY 2004-2005 budget, fully \$104.5 million (77%) is accounted for by increases in the three main program series. Program Series 1 gains \$25.3 million (or 19% of the total increase); Program Series 2 gains \$41.4 million (30%); and Program Series 4 gains \$37.9 million (28%).

On an annual basis, fully 62% of Regents’ \$22.3 million budget increase for FY 2006 is taken up by Facilities and Debt Service, which also takes 30% of the \$49.0 million increase for FY 2007. The other major contributors are Student Access, at 13% and 55%, respectively; Program Series 6, Basic and Applied Research, at 8% and 9%; and Program Series 10, Higher Education Collaborations, at 10% and 0%. The SSI receives no increase in either fiscal year. The main cause of the big Student Access share of the increase in FY 2007 is the initial appropriation of \$58.1 million for the new need-based student

financial aid program, Ohio College Opportunity Grant, which is to replace the Ohio Instructional Grants and Part-time Student Instructional Grants programs.

The budget's major components: A graphic breakout of Regents' FY 2006-2007 biennial executive budget is provided by the pie chart below, which illustrates the shares of the budget taken by the major program series.



As can be seen, the largest program series is Program Series 1, College and University Instructional Operations; it consists of the SSI appropriation alone, with biennial funding of \$3.118 billion, or 62% of Regents' total biennial budget. Following in size is Program Series 2, Facilities and Debt Service (\$729.4 million, or 14.5%); and Program Series 4, Student Access (\$572.9 million, or 11.4%). Thus, the largest three of the program series, containing just 17 of the total 73 appropriation items in the budget, account for \$4.420 billion, or 88% of Regents' \$5.030 billion total biennial budget. The remaining 12% of the budget is spread among 56 appropriation items across nine program series.

This overall division of the Regents' budget has remained fairly stable for the past few bienniums. However, for this executive budget the share for the SSI has declined from its 63.2% share of the current biennial budget.

Funding the budget: Regents' budget is funded almost entirely by the state's General Revenue Fund (GRF). Of the 73 appropriation items in Regents' executive budget, 55 are funded by the GRF; these items take up some \$4.983 billion (99.1%) of Regents' total \$5.030 billion appropriation for the FY 2006-2007 biennium. The next-largest support is provided by the Federal Special Revenue Fund group, with just \$40.4 million, or 0.8%, of the total budget. In addition to its predominance in the funding of Regents' budget, the GRF also accounts for \$127.6 million (93.9%) of the total \$135.9 million biennial increase in the budget. A breakout of the several funds that support Regents' budget appropriations is provided below in Table 2.

Fund Group	FY 2005 est.	FY 2006	FY 2007	FY 2006-2007 biennium	
				Appropriation	% of total
General Revenue Fund (GRF)	\$2,445,213,376	\$2,467,237,448	\$2,516,038,717	\$4,983,276,165	99.06%
General Services Fund	\$900,003	\$1,100,000	\$1,300,000	\$2,400,000	0.05%
Federal Special Revenue Fund	\$20,137,900	\$20,221,014	\$20,221,014	\$40,442,028	0.80%
State Special Revenue Fund	\$2,149,870	\$2,184,870	\$2,184,870	\$4,369,740	0.09%
Total: Board of Regents	\$2,468,401,149	\$2,490,743,332	\$2,539,744,601	\$5,030,487,933	100.0%

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 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 (nonvoting) 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.

There are 62 state-assisted college and university campuses throughout Ohio. The following Table 3 shows the types of institutions and the number of each type:

Type of institution	Number
Universities	13
University branch campuses	23
Separate medical colleges	2
Community colleges*	15
Technical colleges	9
Total	62

*Includes both 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.

In the autumn of 2003 approximately 348,054 full-time equivalent (FTE) students were enrolled in Ohio's higher-education institutions, an increase of 20,345 (6.0%) from the 337,709 in the autumn of 2002. (An FTE student is assumed to be taking 15 credit hours per quarter or the equivalent.)

The campuses served a total enrollment (headcount) of 471,891 students during autumn 2003, up from 461,492 during autumn 2002. The fact that the FTE student enrollment is much less than the headcount stems from the fact that many students attend college part-time, or they enroll and then decide to leave college.

The Regents have statutory authority to coordinate, recommend, advise, and direct state higher education policy for Ohio's institutions. 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;
- Developing statewide articulation and transfer policies for all colleges and universities;
- 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;
- Providing fiscal oversight of all public campuses, including the authority to declare a fiscal watch for campuses deemed to be in financial difficulty; and
- Making recommendations to the Governor that the campuses be placed in conservatorship for campuses in very serious financial straits.

The Board of Regents is currently responsible for an annual budget of approximately \$2.47 billion (FY 2005), of which \$4.7 million supports Regents' own agency operations. The State Share of Instruction is Regents' largest appropriation item and provides unrestricted funds for the support of general operations at all 62 public-assisted campuses. The state had historically been subsidizing roughly half of the campuses' operating costs; however, its share has been declining in recent years.

Budget features

Following are several significant features in Regents' FY 2006-2007 budget.

State Share of Instruction (SSI): The SSI is the main subsidy for the state's 62 higher-education campuses. Its funding for FYs 2006 and 2007 is maintained at the FY 2005 amount of \$1.559 billion under the executive budget. The SSI is of major interest to the campuses, as this appropriation item is their primary source of unrestricted state subsidy funds. The two main contributing factors to the campuses' cost increases are enrollment increases and cost inflation; and these factors are not directly addressed by a flat budget.

The hold-harmless amount of a campus' SSI allocation has undergone a name change in the executive budget, from the "guarantee" to the "stop loss." Further, the level of the stop loss is fixed at 95% of the previous fiscal year's allocation. This is a change from the current budget's guarantee formula, which

guarantees each campus 100% of its FY 2003 SSI subsidy amount in FY 2004, and 98.01% of its FY 2004 SSI subsidy amount in FY 2005. The stop loss formula has undergone various changes during the past several bienniums; for example, in the FY 2000-2001 budget the hold harmless levels were fixed at 103% and 101%, respectively, of the previous fiscal year's allocation of the SSI plus the Challenge subsidies.

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. The budget does allow each campus an additional 3% increase but this entire additional amount must be used for providing scholarships to low-income students.

The executive budget's tuition cap formula is one of several variations used during recent bienniums. The caps were eliminated for the FY 2002-2003 biennium concurrent with budget reductions; those two years then saw significant tuition increases by more than a few campuses. The caps were then re-imposed for FYs 2004 and 2005 at 6% per academic year, with an additional 3.9% for student financial aid and investments in technology.

Student financial aid: The new appropriation item, Ohio College Opportunity Grant, will begin the phase-in in FY 2007 of a new need-based financial aid program that will eventually consolidate and replace two other need-based financial aid appropriation items: Ohio Instructional Grants (OIG), and Part-time Student Instructional Grants. The College Opportunity Grant program will use the federally determined "Expected Family Contribution," or EFC, as the basis for determining the grant awards. The EFC system is a more sophisticated measure of a family's ability to pay for higher education than family income alone; it takes into account a number of other factors, including family assets, student income, number of family members in college, and the ages of the parents.

This consolidation is one of the recommendations of the Governor's Commission for Higher Education and the Economy (CHEE). Currently the OIG program provides college tuition grants to low- and moderate-income Ohioans; at \$121.2 million for FY 2006, it is the largest of Regents' student financial aid programs. The part-time grant program (\$14.5 million for FY 2006) provides need-based financial assistance to Ohio residents who are enrolled in part-time undergraduate studies at a public, private, or career college in the state.

The College Opportunity Grant program will require substantially increased funding in order to meet intended grant levels for students under the adopted federal criterion (expected family contribution) for determining a family's financial share of college expenses. Its start-up in FY 2007 is the main reason that Program Series 4 takes up 55% of Regents' budget increase in that fiscal year.

Articulation and transfer: The executive budget expands the scope of the current articulation and transfer system to include career-technical institutions, as a means to ensure that students from these schools may transfer technical courses to state institutions of higher education. The Board of Regents is required to develop policies and procedures for such schools by April 15, 2007. A study of the feasibility of including these career-technical schools in an articulation and transfer system was included in H.B. 95 of the 125th General Assembly. Current law requires Regents to develop such an articulation and transfer system by April 15, 2005. This system is to include the development of policies and procedures applicable to all state institutions of higher education, the development of a universal course equivalency classification system and the development of a system of transfer policies for graduates with associate degrees.

Medical Support reorganization: In another reorganization, the executive budget for the new biennium consolidates the six public medical schools’ individual clinical teaching appropriation items into one item, called Clinical Teaching Support, in Program Series 11, Medical Support. New temporary law creates earmarks that allocate the total appropriation among the six schools. The FY 2006 allocations will be equal to the FY 2005 individual appropriation amounts since the new item’s appropriation is the same as the six combined amounts in FY 2005. The distribution of the FY 2007 funds will depend on a new method that will be recommended by the Regents and approved by the Director of Budget and Management.

Economic Growth Challenge: The executive budget creates a new program and appropriation item, Economic Growth Challenge, which subsumes the current Research Challenge item as an earmark called the Research Incentive Program. Two more earmarked initiatives are established under this new program: the Innovation Incentive Program, to enhance high-potential doctoral programs and research areas; and the Technology Commercialization Incentive, to reward public and private colleges and universities for successful technology transfer to Ohio-based business and industry.

New and deleted appropriation items: Compared to the current budget’s 86 appropriation items, the executive budget adds 7 new items and deletes 20 to yield the 73 recommended items. Table 4, below, provides a listing of the new appropriation items while Table 5, following, lists the deleted items. The major changes are those arising from the consolidations of several items into a few new ones. These consolidations are indicated in the notes to Table 4.

The new and deleted appropriation items’ net dollar effect on the Board of Regents’ budget can be seen by the net difference in their combined appropriations. As indicated by the totals in Tables 4 and 5, while the deleted items comprised \$80.2 million in the FY 2005 budget, the new items add \$85.4 million for FY 2006 and \$147.7 million for FY 2007. Most of this change can be attributed to the addition of the federally funded appropriation item for the Medical Collaboration Network in FY 2006 and the Ohio College Opportunity Grant Program in FY 2007.

Table 4. Board of Regents: New appropriation items, FY 2006-2007						
These are <u>new</u> appropriation items recommended for funding in the executive budget (see the notes to Table 4, below)						
Program Series	Fund Group	ALI	Description	FY 2005 est.	FY 2006	FY 2007
6	GRF	235-433	Economic Growth Challenge ⁽¹⁾	\$0	\$20,343,097	\$23,186,194
3	GRF	235-434	College Readiness and Access ⁽²⁾	\$0	\$6,375,975	\$7,655,425
3	GRF	235-435	Teacher Improvement Initiatives ⁽³⁾	\$0	\$2,597,506	\$2,597,506
11	GRF	235-560	Clinical Teaching Support ⁽⁴⁾	\$0	\$45,931,099	\$45,931,099
11	GRF	235-562	Family Practice and Primary Care Residencies ⁽⁵⁾	\$0	\$6,794,158	\$6,794,158
4	GRF	235-563	Ohio College Opportunity Grant	\$0	\$0	\$58,144,139
11	FED	235-622	Medical Collaboration Network	\$0	\$3,346,143	\$3,346,143
Total: Recommended new appropriation items				\$0	\$85,387,978	\$147,654,664

Notes to Table 4:

- (1) This appropriation item includes the deleted appropriation item 235-454, Research Challenge, as an earmarked program.
- (2) This appropriation item consolidates the deleted appropriation items 235-404, College Readiness Initiatives, and 235-477, Access Improvement Projects, as earmarked programs.

- (3) This appropriation item consolidates the deleted appropriation items 235-403, Mathematics and Science Teaching Improvement, and 235-588, Ohio Resource Center for Mathematics, Science, and Reading, as earmarked programs.
- (4) This appropriation item consolidates the deleted appropriation items 235-536, The Ohio State University Clinical Teaching, 235-537, University of Cincinnati Clinical Teaching, 235-538, Medical University of Ohio at Toledo Clinical Teaching, 235-539, Wright State University Clinical Teaching, 235-540, Ohio University Clinical Teaching, and 235-541, Northeastern Ohio Universities College of Medicine Clinical Teaching, as earmarked programs.
- (5) This appropriation item consolidates the deleted appropriation items 235-519, Family Practice, and 235-526, Primary Care Residencies, as earmarked programs.

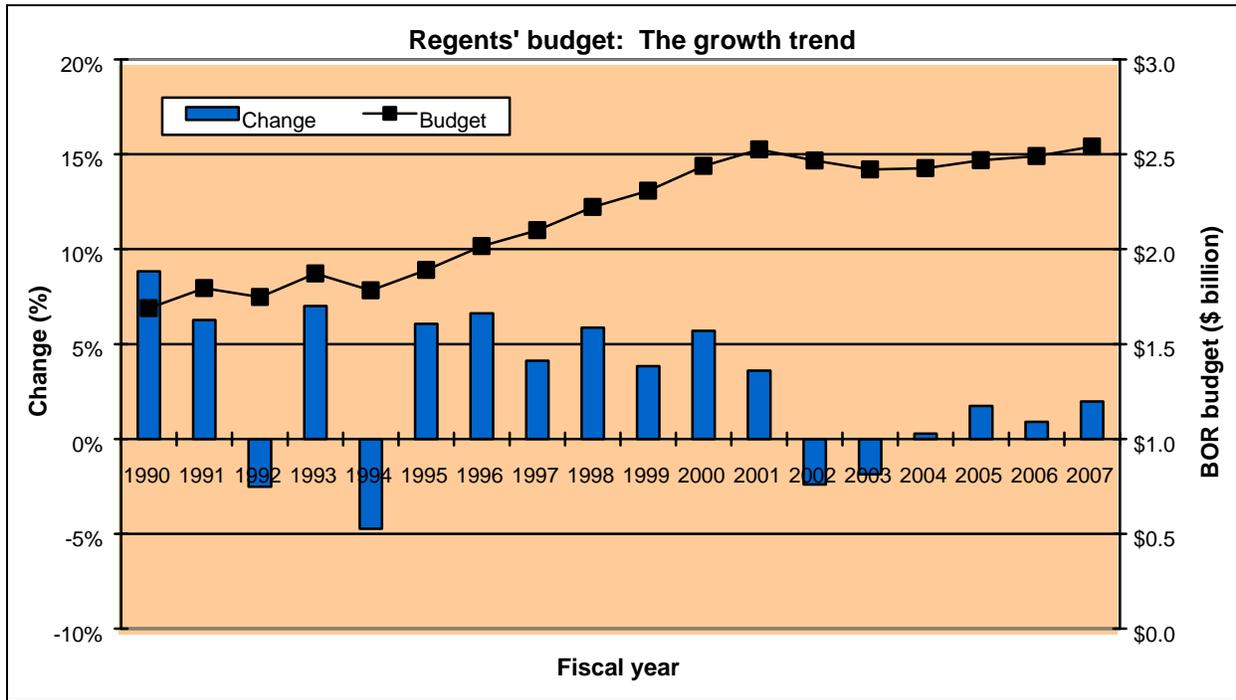
Table 5. Board of Regents: Deleted appropriation items, FY 2006-2007

These are existing line items recommended for deletion (nonfunding) in the executive budget

Program Series	Fund Group	ALI	Description	FY 2005 est.	FY 2006	FY 2007
3	GRF	235-403	Mathematics and Science Teaching Improvement	\$1,647,635	\$0	\$0
3	GRF	235-404	College Readiness Initiatives	\$3,188,902	\$0	\$0
6	GRF	235-454	Research Challenge	\$17,091,533	\$0	\$0
3	GRF	235-477	Access Improvement Projects	\$1,012,538	\$0	\$0
4	GRF	235-509	Displaced Homemakers	\$187,245	\$0	\$0
5	GRF	235-518	Capital Scholarship Programs	\$229,670	\$0	\$0
11	GRF	235-519	Family Practice	\$5,053,855	\$0	\$0
11	GRF	235-526	Primary Care Residencies	\$2,495,209	\$0	\$0
11	GRF	235-536	The Ohio State University Clinical Teaching	\$13,565,885	\$0	\$0
11	GRF	235-537	University of Cincinnati Clinical Teaching	\$11,157,756	\$0	\$0
11	GRF	235-538	Medical University of Ohio at Toledo Clinical Teaching	\$8,696,866	\$0	\$0
11	GRF	235-539	Wright State University Clinical Teaching	\$4,225,107	\$0	\$0
11	GRF	235-540	Ohio University Clinical Teaching	\$4,084,540	\$0	\$0
11	GRF	235-541	Northeastern Ohio Universities College of Medicine Clinical Teaching	\$4,200,945	\$0	\$0
11	GRF	235-543	Ohio College of Podiatric Medicine Clinical Subsidy	\$397,500	\$0	\$0
7	GRF	235-547	School of International Business	\$1,155,844	\$0	\$0
7	GRF	235-585	Ohio University Innovation Center	\$38,018	\$0	\$0
3	GRF	235-588	Ohio Resource Center for Mathematics, Science, and Reading	\$799,871	\$0	\$0
6	GRF	235-595	International Center for Water Resources Development	\$125,538	\$0	\$0
7	FED	235-616	Workforce Investment Act Administration	\$847,798	\$0	\$0
Total: Items recommended for deletion				\$80,202,255	\$0	\$0

Budget analyses

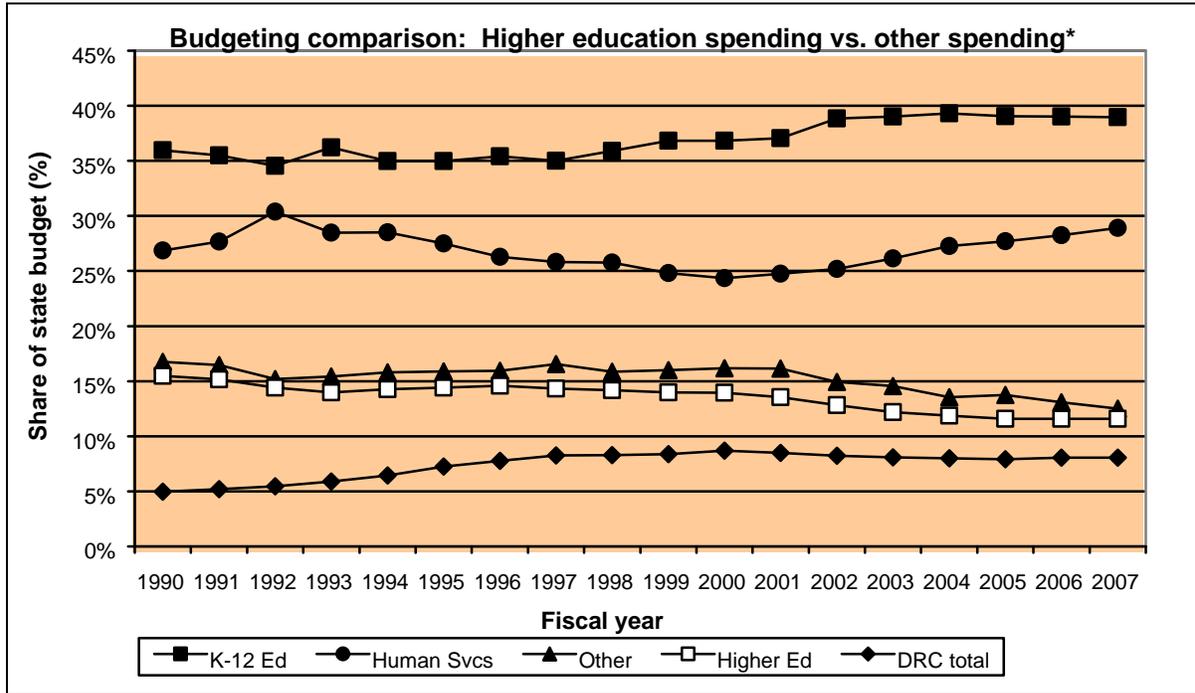
Growth trend of Regents’ budget: The executive budget’s FY 2006-2007 appropriation for the Board of Regents continues a trend of budget decline or slow growth that began after FY 2001. The following chart illustrates that trend. It provides a history of the actual appropriation amounts from FYs 1990 to 2005 and the executive budget amounts for FYs 2006 and 2007; these are the line and data points in the chart. The annual rates of change of these appropriations are shown by the columns.



The chart’s percentage columns show that, since FY 2000, Regents’ budget has seen significantly reduced growth rates compared with previous years; this reduction parallels the economic slowdown that began that year. The executive budget for the new biennium also provides limited growth, at rates of 0.9% and 2.0% for FYs 2006 and 2007, respectively. Early in the 1990s, with the exception of two recession-influenced reductions in the first fiscal years of two bienniums, the budget increases ranged from 6% to 9%. However, in the second half of the decade the increases eased to a range of from 3.5% to 7%.

The trend is also illustrated by the budget appropriation curve (the chart’s line and data points). Twice since 1990 the effect of economic downturns has been to bend the curve downward; in addition, both of the subsequent recoveries have left the curve well below the positions it would have reached had the previous growth rates been maintained. As the chart shows, the executive budget sets Regents’ total appropriation for FY 2007 at approximately the same level as it was six years earlier, in FY 2001.

Budget comparison: Higher education versus other areas: 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 illustrates the trends of appropriation amounts during the FYs 1990 to 2007 for several areas of government: K-12 education, human services, higher education, rehabilitation and corrections, and all others.

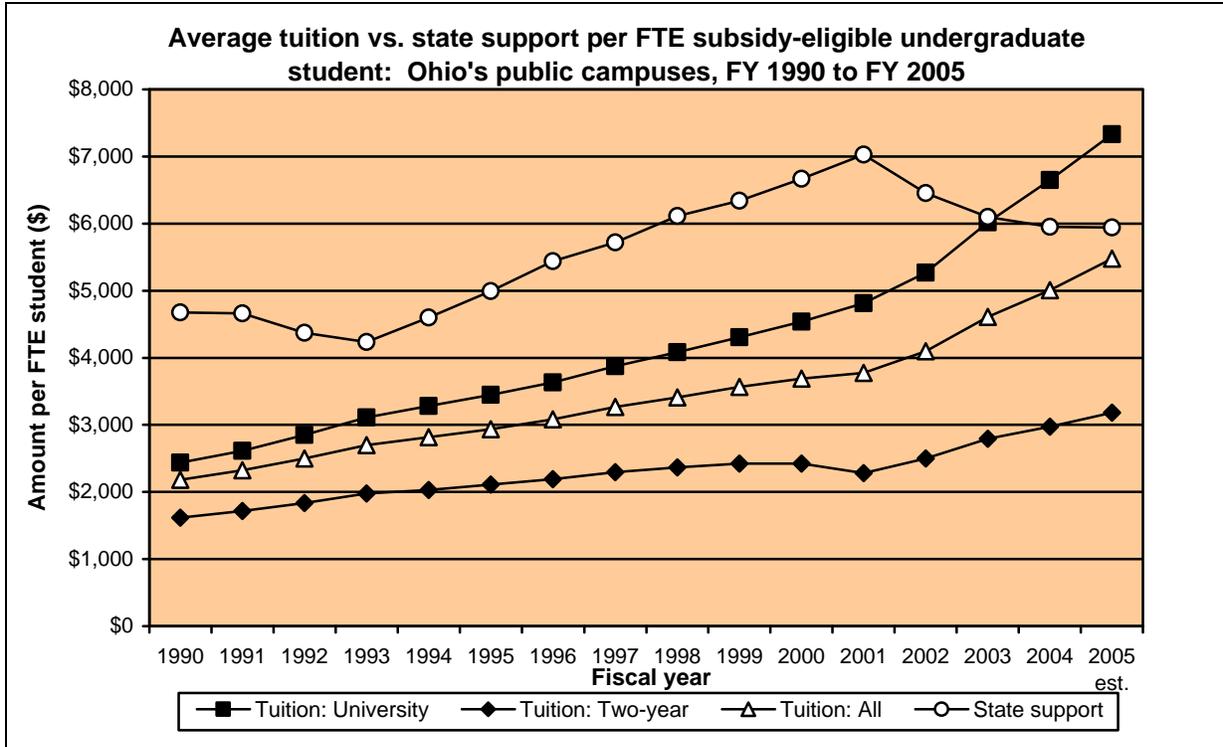


*The budget amounts include appropriations from the General Revenue Fund (GRF), Lottery Profits Education Fund (LPEF), and the Local Government Fund (LGF).

The chart shows that the higher-education portion of the total GRF-plus-lottery budget has gradually declined from approximately 15.5% in 1990 to 11.6% for each of FYs 2006 and 2007, a reduction in share of 3.9 percentage points over the last 17 years.

While the percentage decline might appear small, the dollar effect on Regents’ budgets can be considerable since, as noted earlier, 99.1% of Regents’ appropriations are supported by GRF moneys. For example, the 3.9 percentage-point differential, if applied to the Executive’s recommended total state budget of \$21.731 billion for FY 2007, would produce approximately \$848 million in additional appropriations for that fiscal year. Of course, for this additional appropriation to be effected for Regents, some other budget areas would have to incur an equivalent reduction.

Tuition vs. state support: When considering the levels of state support for higher education, it can be useful to compare the trend in the institutions’ tuition revenues with the trend in revenues from state subsidies. A measure used by Regents for the tuition trend is the revenues the campuses receive per subsidy-eligible full-time equivalent (FTE) undergraduate student. For state support, a measure is the relevant portion of Regents’ General Revenue Fund (GRF) budget per subsidy-eligible FTE, both undergraduate and graduate. Being slightly differently defined, these two measures do not compare exactly in dollar terms; however, they do provide some indications of trends. Such a comparison is provided by the chart, below, which shows the trends of average per-FTE tuitions for both four-year and two-year campuses, as well as the trend of state support, for the FYs 1990 to 2005.



The chart shows that state support per subsidy-eligible FTE has recently been declining while tuition revenue per FTE has continued its climb. In fact, university tuition began to climb past state support after FY 2003. Further, the average tuition revenue and state support per FTE for all campuses in FY 2005 are very close to each other. Only the two-year campus tuition measure remains well below the state support curve, although moving upward.

From this chart one can conclude that tuition revenues are becoming more significant than state subsidies, and that they might eventually comprise a larger share of campus per-student revenues than state subsidies do. Such a forecast, of course, assumes that tuitions will keep rising and/or that state support will continue to remain flat, decline, or increase only slowly.

It should be emphasized that these data are ratios of dollars to enrollments. A ratio can rise or decline as the dollars increase or decrease; or as the enrollments do the opposite. Thus, the recent decline in the state support ratio is the result of both increasing enrollments and reduced or flat state subsidies to the campuses, while the concurrent increase in the tuition ratios is mainly the result of increased tuition rates per student.

Enrollment trend: As shown in Table 6, below, subsidy-eligible undergraduate full-time equivalent (FTE) student enrollments are forecast to increase by 1.94% for FY 2005.

Table 6. Subsidy-eligible undergraduate FTE student enrollments: Numbers and percentage changes		
Fiscal year	Enrollment	Change (%)
1996	262,250	
1997	259,812	-0.93%
1998	259,460	-0.14%
1999	262,743	1.27%
2000	266,957	1.60%
2001	269,100	0.80%
2002	284,656	5.78%
2003	297,606	4.55%
2004	307,387	3.29%
2005 est.	313,340	1.94%

This relative flattening follows several years of significant growth. One reason for the increases was 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. The recent growth has not been uniform across all campuses: While the four-year universities’ enrollment growth has been relatively flat, enrollments at the two-year campuses mushroomed in the early years of the decade.

Regents is forecasting enrollment increases of 2% in each fiscal year of the FY 2006-2007 biennium. Regents does not expect a decline in enrollments as the economy improves; further, if economic conditions decline, the enrollment could rise to, perhaps, 5% per year.

Staffing Levels

Regents indicates a current staff level of 72 but expects it to increase to approximately 78 during FY 2005. Although changes of a few personnel can occur in any fiscal year, the agency has no plans to raise overall staffing levels during the FY 2006-2007 biennium. A brief staffing history is provided in Table 7, below.

Most of the recent reductions in personnel came from the State Grants and Scholarships administration group, which reduced its need for processing paper. The administrative cost for student aid is only approximately one-half percent. The staff has been given no raises for the past two years and has lost a few persons to other agencies for higher salaries.

Table 7. Board of Regents: Staffing levels						
Fiscal year	2002	2003	2004	2005	2006 est.	2007 est.
Total staff	92	87	84	78	78	78

THE STATE SHARE OF INSTRUCTION FUNDING FORMULA

I. Overview of the State Share of Instruction

A. Main Factors of the Formula

The State Share of Instruction (SSI) 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 main characteristics of the formula are also outlined in the uncodified, or temporary law section of the biennial operating budget bill, and therefore must also be approved by each General Assembly.

The bulk of state funding for Ohio's public colleges and universities is distributed through the SSI formula. In FY 2005, the SSI subsidy accounts for 63.1% of the Regents, total GRF appropriation of approximately \$2.471 billion. In the executive budget, the SSI subsidy will account for 63.2% of the Regents' total GRF appropriation of approximately \$2.467 billion in FY 2006, and 62.0% of the Regents' total GRF appropriation of approximately \$2.516 billion in FY 2007. This portion of the analysis will first provide a brief overview of the key factors of the SSI formula and then use the University of Akron as an example to show the step-by-step calculation of the SSI subsidy.

The SSI formula is driven by two main factors, enrollment and the actual average costs that campuses incur in providing their services. Before discussing these two factors, it is important to first understand the concept of the curricular model, and how enrollments are calculated.

1. Curricular Models

The Regents classifies all of the courses offered at each of the 65 public campuses¹ into one of 16 curricular models, which group together courses in similar disciplines and level of study. However, funding for the two doctoral models is calculated in a different manner than the 14 nondoctoral curricular models. Table 1 gives a very general description of what subjects are usually contained in each of the curricular models.

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

2. Full-time Equivalent Students

The enrollment figures used in the SSI formula for each campus are its number of full-time equivalent students (FTEs). Using the number of credit hours that students earn taking the course, the credit hours are aggregated and divided by 30 if the campus is on the semester system, or 45 if it is on the quarter system to determine the number of FTEs taking the course. An FTE essentially standardizes student credit hours in Ohio's colleges and universities that use different academic terms. It also provides a method to standardize the courses taken by part-time and full-time students as it only counts the number of credit hours taken by the students.

¹ For purposes of the SSI calculation, Cuyahoga Community College is counted as three campuses (East, Metro, and West) and Owens State Community College is counted as two (North and South).

3. Resource Analysis

The main parameters of the formula are the actual average costs that the campuses incur. This is determined by a “resource analysis” conducted by the Regents. That is, the Regents obtains and analyzes the campuses’ most recent direct and indirect actual expenditures of their unrestricted funds for the following three main categories:

- Instruction and support: the direct costs of instruction, such as faculty salaries, as well as academic support in the form of libraries, media, and technology.
- Student services: campus functions like administration and registration.
- Plant operation and maintenance (POM): heating and cooling, as well as cleaning of the facilities on campus.

The costs for each expense category are calculated separately for each of the 14 nondoctoral curricular models. Each model's total expenditures are divided by the number of FTEs in the model to yield the allowance per FTE for the model that is included in the uncodified law section of the biennial operating budget bill. These model allowances represent the average costs of providing the services within each curricular model across Ohio's 65 public campuses. It should be noted that the allowance for the student services is uniform for all of the curricular models, since these types of services apply uniformly to students, and do not depend on the type of coursework taken by students.

The most recent year in which the Regents has final financial data for the current resource analysis is FY 2003. Once the FY 2003 actual average costs for each of the 14 nondoctoral curricular models in each of the three expense categories are determined, the Regents then inflates the average cost figures obtained from the resource analysis using different rates of change for the major components of each expense category (wages and salaries, benefits, institutional financial aid, and other instructional and general expenses). These changes are reported by the campuses, and represent the average change in instruction and general (I & G) expenses. The rates of inflation used by the Regents were 1.70% from FY 2003 to FY 2004, and an additional 3.66% for FY 2004 to FY 2005. This results in a total inflationary increase of 5.42% that is applied to the actual costs reported in the FY 2003 resource analysis. However, the Regents assumed no additional inflationary factors for FY 2006 and FY 2007, so that the allowances listed in uncodified law for FY 2006 and FY 2007 are the same as those estimated for FY 2005.

B. Local Contribution (Fee Assumption)

While the expense categories (instruction and support, student services, and POM) are determined by the resource analysis, the fee assumptions for the local contribution is determined through an iterative process. The 14 nondoctoral curricular models are grouped into five categories, each with its own fee assumption that applies to all of the campuses. Table 2 lists the five fee assumption categories along with the curricular models contained in each category. There is no fee assumption for the two doctoral models since they are funded by a set percentage of the SSI appropriation (see next section). The fee assumption for a model is then multiplied by the total number of FTEs in the model in order to calculate the deemed local contribution for the model. The fee assumption does not prevent a campus from choosing its own tuition level, but rather serves as a rationing device since the SSI appropriation does not cover the entire cost of providing higher education services.

Table 2: Local Contribution Categories	
Fee Assumption Categories	Curricular Models
Lower Division (Undergraduate)	General Studies I, II, and III Technical I and III
Upper Division (Undergraduate)	Baccalaureate I, II, and III
Graduate	Masters & Professional I, II, and III MPD I
Medical I	Medical I
Medical II	Medical II

As seen from Table 2, the undergraduate models are divided into lower division and upper division. Part of the reason is to differentiate undergraduate coursework at the two-year and four-year colleges. However, just because a class is taught at a four-year university does not mean it will be in one of the three upper division undergraduate models. Introductory classes taught at both two-year and four-year campuses tend to be classified in one of the lower division models. Likewise, a course taught at a community or technical college will not necessarily be classified in one of the lower division models. Coursework in more advanced subject matters taught at two-year colleges are generally classified in one of the upper division models. This is because courses are classified according to their content, rather than the location of where they are taught. In the same way, the fee assumption is based on the FTEs within the model rather than the institution where the course is taught. Under the SSI formula, an FTE within a general studies model at a four-year university will be charged the lower division fee assumption rather than the upper division fee assumption.

1. Determining the Fee Assumptions

The key to determining the fee assumptions begins by selecting the fee assumption for the upper division undergraduate models, which is then used in the calculation of the four other fee assumption categories. Using the formulas described below for the four other fee assumption categories, the upper division fee assumption is selected so that the total amount of subsidy generated by the SSI formula is as close to the SSI appropriation as possible, without going over the SSI appropriation limitation.

The fee assumptions are calculated for both years of the biennium once the biennial operating budget bill is signed into law. The calculation uses the appropriations approved by the General Assembly along with the enrollment estimates in effect at that time. The fee assumptions are not increased during the biennium, though the fee assumptions may be lowered. This would occur in the case where the actual enrollments are less than the original enrollment estimates. In this case, if the original fee assumptions were not lowered, the amount of subsidy would end up being less than the appropriation. If the actual enrollments turn out to be higher than estimated, the fee assumptions are not adjusted, and the SSI subsidy calculated for each campus under the formula will be reduced proportionately to stay within the SSI appropriation limitation.

a. Upper and Lower Division Fee Assumptions

The lower division undergraduate fee assumption is determined by first assuming that the lower division and upper division fee assumptions are equal and that the total local contribution from both divisions would be equal to approximately 37% of the total cost for all undergraduate models.² This calculation does not take into account whether the total SSI subsidy generated by the formula exceeds the SSI appropriation level. In fact, in this calculation, the SSI subsidy determined by the formula generally exceeds the SSI appropriation level. From this calculation, the "share ratio" is obtained, which is the subsidy generated from the lower division models divided by the subsidy generated from the upper division models:

$$\text{Share Ratio} = \frac{\text{Lower Division Subsidy}}{\text{Upper Division Subsidy}} = .964 \text{ in FY 2005}$$

The next step is to increase the upper division fee assumption (which will accordingly increase the lower-division fee assumption as well as the graduate and medical fee assumptions) so that the amount of total subsidy generated by the formula equals the total SSI appropriation. In this step, the share ratio is used to keep the proportion of subsidy from the lower division models to the subsidy from the upper division models constant at 0.964. The formula for the lower division fee assumption is as follows:

$$\text{Lower Division Fee Assumption} = \text{Share Ratio} * \frac{\text{Lower Division Allowance} - \text{Upper Division Subsidy}}{\text{Lower Division FTEs}}$$

As a result of the share ratio and the fact that the number of lower division FTEs exceeds the number of upper division FTEs, there is a slower increase in the fee assumption for the lower division models, and the difference between the upper division fee assumption and the lower division fee assumption is known as the lower division fee differential.

² Though uncodified law refers to 37%, according to the Regents, the percentage actually used in this calculation has been 37.5%.

b. Graduate and Medical Fee Assumptions

The fee assumption for the graduate models is selected so that

Graduate Fee Assumption	=	.830	*	$\frac{\text{Undergraduate Local Contribution}}{\text{Undergraduate FTEs}}$	*	$\frac{\text{Graduate Allowance}}{\text{Graduate FTEs}}$
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The constant of .830 is the ratio of (1) the percent of total cost for the graduate models covered by the deemed local contribution for the graduate models, to (2) the percent of total cost for the undergraduate models covered by their deemed local contribution. This ratio largely remains unchanged from one year to another.

The fee assumption for the Medical I model is selected in a similar manner, so that:

Medical I Fee Assumption	=	.706	*	$\frac{\text{Undergraduate Local Contribution}}{\text{Undergraduate FTEs}}$	*	$\frac{\text{Medical I Allowance}}{\text{Medical I FTEs}}$
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The constant of .706 is the ratio of (1) the percent of total cost for the Medical I and Medical II models covered by the deemed local contribution for those models, to (2) the percent of total cost for the undergraduate models covered by the deemed local contribution from those models. This ratio also largely remains unchanged from one year to another.

The fee assumption for the Medical II model is calculated the same way as the Medical I model, replacing the Medical I allowance and FTEs with the Medical II allowance and FTEs.

Medical II Fee Assumption	=	.706	*	$\frac{\text{Undergraduate Local Contribution}}{\text{Undergraduate FTEs}}$	*	$\frac{\text{Medical II Allowance}}{\text{Medical I FTEs}}$
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C. Doctoral Set Aside

In addition to the amounts allocated by the 14 nondoctoral curricular models, a fixed percentage of the SSI appropriation is set aside for doctoral programs. In the FY 2004-2005 biennium, Am. Sub. H.B. 95 of the 125th General Assembly set aside up to 10.34% of the SSI appropriation for doctoral programs. This percentage of the SSI is referred to as the doctoral reserve in the budget language, but is more commonly known as the doctoral set aside.

The Regents had originally planned to allocate the maximum of 10.34% in FY 2004 and FY 2005. However, this percentage was reduced to 10.18% beginning in FY 2004 because of a reporting error in the number of doctoral FTEs at the University of Toledo. The reduction in the base number of doctoral FTEs by the University of Toledo led to a decrease of 1.57% in the total number of doctoral FTEs for all campuses. Therefore, the doctoral set aside percentage was reduced by 1.57%, from 10.34% to 10.18%.

For the FY 2006-2007 biennium, the executive budget proposes the same language that was approved in the FY 2004-2005 biennial budget bill, that up to 10.34% of the SSI appropriation be set aside for the doctoral programs. However, the actual percentage set aside would probably once again be reduced to 10.18% to take into account the previous over-reporting of doctoral FTEs. The allocation of the doctoral set aside to the universities, which is largely based on each university's share of total doctoral FTEs statewide, will be discussed in the next section, where the base subsidy is calculated.

In addition, the executive budget for the FY 2006-2007 biennium allows the universities to have the Regents withhold 1.5% in FY 2006 and 3.0% in FY 2007 of their allocation of the doctoral reserve in order to participate in the Innovation Incentive Program under appropriation item 235-433, Economic Growth Challenge. Universities that elect to have the Regents withhold the appropriate amount of their doctoral allocation will be eligible to compete for Innovation Incentive Program funds, with the amounts withheld being matched dollar for dollar by the funds under the Economic Growth Challenge. The combined funds are to be awarded on a competitive basis by the Regents, and the funds are to be used by the universities to restructure their array of doctoral programs.

II. The SSI Formula Calculation

Each campus' SSI subsidy determination includes calculating its base subsidy and making a series of adjustments. The following sections will use the University of Akron as an example to illustrate each step of the SSI formula calculation.

A. Base Subsidy

The calculation for each campus begins with determining its base subsidy. This includes the formula calculated subsidies for instruction and support, student services, plant operation and maintenance (POM), and doctoral models. 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 2005. The calculations in steps one through four below use both the two-year and five-year average of all-terms FTEs. The two-year average is the average FTEs in FY 2003 and FY 2004, while the five-year average is the average of FTEs from FY 2000 through FY 2004. Table 3 presents the FTE information from FY 2000 to FY 2004 for the University of Akron. The two-year and five-year averages calculated in Table 3 are the values used in Tables 4 through 7. As seen from Table 3, the two-year average of FTEs of 17,163 is greater than the five-year average of 16,830 by 333 FTEs, or approximately 2.0% greater.

Table 3: FTE Enrollment Data for the University of Akron							
Model	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	2-YR AVG.	5-YR AVG.
GENERAL STUDIES I	2,368	2,359	2,242	2,272	2,271	2,272	2,302
GENERAL STUDIES II	3,160	3,066	3,111	3,142	3,181	3,162	3,132
GENERAL STUDIES III	758	758	743	777	788	783	765
TECHNICAL I	939	953	870	811	787	799	872
TECHNICAL III	310	267	274	294	313	304	292
BACCALAUREATE I	3,085	3,175	3,413	3,564	3,742	3,653	3,396
BACCALAUREATE II	1,565	1,602	1,643	1,625	1,672	1,649	1,621
BACCALAUREATE III	1,673	1,630	1,666	1,666	1,728	1,697	1,673
MASTERS & PROF I	509	451	502	517	541	529	504
MASTERS & PROF II	737	708	786	826	851	839	782
MASTERS & PROF III	336	323	289	327	400	364	335
MEDICAL I	0	0	0	0	0	0	0
MEDICAL II	0	0	0	0	0	0	0
MPD1	693	788	767	800	822	811	774
TOTAL	16,561	16,537	16,726	17,023	17,302	17,163	16,830

1. Instruction and Support Allowance

The first step involves determining the instruction and support portion of the allowance. This determination is made by first multiplying the instructional and support allowance for each of the 14 non-doctoral curricular models by the number of FTEs in that model, and then adding together the products from the 14 models. Table 4 presents the calculation of the instruction and support allowance for the University of Akron for each curricular model. In this case, the total instruction and support allowance would be \$156.9 million if the two-year average of FTEs is used, and \$151.5 million if the five-year average is used.

Table 4: Calculation of the Instructional and Support Allowance for the University of Akron			
Model	Instruction & Support Allowance per FTE	2-yr. Avg. x Allowance	5-yr. Avg. x Allowance
GENERAL STUDIES I	\$4,983	\$11,318,885	\$11,472,859
GENERAL STUDIES II	\$5,336	\$16,869,764	\$16,712,352
GENERAL STUDIES III	\$7,120	\$5,571,400	\$5,445,376
TECHNICAL I	\$6,137	\$4,903,463	\$5,351,464
TECHNICAL III	\$10,026	\$3,042,891	\$2,923,582
BACCALAUREATE I	\$7,721	\$28,204,813	\$26,218,972
BACCALAUREATE II	\$8,864	\$14,612,304	\$14,372,090
BACCALAUREATE III	\$12,932	\$21,945,604	\$21,630,063
MASTERS & PROF I	\$18,000	\$9,522,000	\$9,070,884
MASTERS & PROF II	\$22,141	\$18,565,229	\$17,305,406
MASTERS & PROF III	\$28,190	\$10,247,065	\$9,443,650
MEDICAL I	\$31,819	\$0	\$0
MEDICAL II	\$41,960	\$0	\$0
MPD1	\$14,966	\$12,137,426	\$11,584,023
TOTAL		\$156,940,843	\$151,530,720

2. Student Services Allowance

The second step involves calculating the student services allowance. To determine this amount, the formula first multiplies the number of FTEs in each of the 14 non-doctoral curricular models by the student services allowance per FTE. In addition, this product is multiplied by a student services weight. The student services weight is a modified student headcount to FTE ratio that takes into account the number of full-time and part-time students enrolled at the campus. The sum of the amounts from the 14 models is the total student services allowance. Table 5 illustrates the calculations made in each curricular model for determining the student services portion of the allowance for the University of Akron.

Table 5: Calculation of the Student Services Allowance for the University of Akron				
Model	Student Services Allowance per FTE	Student Services Weight	2-yr. Avg. x Allowance x Weight	5-yr. Avg. x Allowance x Weight
GENERAL STUDIES I	\$903	1.07097	\$2,196,736	\$2,226,619
GENERAL STUDIES II	\$903	1.07097	\$3,057,442	\$3,028,913
GENERAL STUDIES III	\$903	1.07097	\$756,745	\$739,627
TECHNICAL I	\$903	1.07097	\$772,702	\$843,299
TECHNICAL III	\$903	1.07097	\$293,511	\$282,002
BACCALAUREATE I	\$903	1.07097	\$3,532,765	\$3,284,030
BACCALAUREATE II	\$903	1.07097	\$1,594,241	\$1,568,033
BACCALAUREATE III	\$903	1.07097	\$1,641,145	\$1,617,548
MASTERS & PROF I	\$903	1.07097	\$511,588	\$487,351
MASTERS & PROF II	\$903	1.07097	\$810,902	\$755,874
MASTERS & PROF III	\$903	1.07097	\$351,536	\$323,974
MEDICAL I	\$903	1.07097	\$0	\$0
MEDICAL II	\$903	1.07097	\$0	\$0
MPD1	\$903	1.07097	\$784,307	\$748,546
TOTAL			\$16,303,620	\$15,905,817

Since FY 2003 the student services allowance per FTE has been uniform for all of the 14 non-doctoral curricular models, increasing from \$747 per FTE in FY 2003, to \$822 in FY 2004, and to \$903 in FY 2005. The executive budget for the FYs 2006 and 2007 biennium also contains uniform subsidy amounts across all of the curricular models, but at a slightly lower rate of \$890 per FTE for both FY 2006 and FY 2007.

The student services weights for each campus are greater than or equal to one. In FY 2005, The Northeast Ohio Universities College of Medicine (NEOUCOM) is the only campus that has a student services weight of 1.0000, signifying that all of its students are attending on a full-time basis. The highest weight of 1.30399 belongs to the eastern campus of Cuyahoga Community College (CCC-East). The median campus is the Lancaster branch of Ohio University, with a weight of 1.15098.

The University of Akron’s student services weight in FY 2005 is 1.07097, the third highest among the 13 universities, just behind Cleveland State and Wright State. However, the University of Akron’s weight ranks 52nd out of 65 if all of the campuses are taken into account. This reflects the fact that a smaller percentage of part-time students attend four-year universities, as compared to the two-year campuses.

3. Plant Operation and Maintenance Allowance

The third step involves calculating the activity-based plant operation and maintenance (POM) allowance. To determine this amount, the formula multiplies the number of FTEs in each of the 14 non-doctoral curricular models, by the POM allowance for the model, and by the activity-based POM weight. The total activity-based POM portion of the allowance is the sum of the 14 products. Table 6 presents the activity-based POM allowance calculation for the University of Akron for each instructional model and the total activity-based POM allowance.

Table 6: Calculation of the Activity-Based POM Allowance for the University of Akron				
Model	POM Allowance per FTE	Activity POM Weight	2-yr. Avg. x Allowance x Weight	5-yr. Avg. x Allowance x Weight
GENERAL STUDIES I	\$560	1.0784	\$1,371,768	\$1,390,429
GENERAL STUDIES II	\$705	1.0784	\$2,403,600	\$2,381,172
GENERAL STUDIES III	\$1,651	1.0784	\$1,393,193	\$1,361,679
TECHNICAL I	\$806	1.0784	\$694,483	\$757,934
TECHNICAL III	\$1,570	1.0784	\$513,852	\$493,704
BACCALAUREATE I	\$706	1.0784	\$2,781,213	\$2,585,394
BACCALAUREATE II	\$1,232	1.0784	\$2,190,179	\$2,154,174
BACCALAUREATE III	\$1,458	1.0784	\$2,668,205	\$2,629,841
MASTERS & PROF I	\$1,301	1.0784	\$742,186	\$707,024
MASTERS & PROF II	\$2,688	1.0784	\$2,430,593	\$2,265,655
MASTERS & PROF III	\$3,712	1.0784	\$1,455,098	\$1,341,012
MEDICAL I	\$2,669	1.0784	\$0	\$0
MEDICAL II	\$4,110	1.0784	\$0	\$0
MPD1	\$1,233	1.0784	\$1,078,360	\$1,029,193
TOTAL			\$19,722,730	\$19,097,210

The activity-based 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 ratio was weighted at 1.0 and the research component by 0.5. The weight of the research component was increased beginning in FY 2002 as part of a five-year phase-in to increase the weight from 0.5 to 1.0. In FY 2005 the research component is weighted at 0.9. Beginning in FY 2006, the job-related component and the research component will be weighted equally.

The activity-based POM weights in FY 2005 range from a low of 1.0018 at Hocking College, to a high of 1.2396 at Ohio State University. The Salem branch of Kent State University has the median weight of 1.0448. The University of Akron’s weight of 1.0784 in FY 2005 is eighth out of the 13 universities, with

Ohio State having the highest at 1.2396, and Youngstown State having the lowest, at 1.0184. However, the University of Akron’s weight is 19th out of 65 if all of the campuses are taken into account.

4. Local Contribution

The fourth step involves calculating the deemed local contribution. The deemed local contribution for each of the 14 nondoctoral curricular models is determined by multiplying the fee assumption for each model by the number of FTEs in that model, and then adding together the products from the 14 models. Table 7 presents the calculation of the deemed local contribution for the University of Akron for each instructional model.

Table 7: Calculation of the Deemed Local Contribution for the University of Akron			
Model	Fee Assumption	2-yr. Avg. x Fee Assumption	5-yr. Avg. x Fee Assumption
GENERAL STUDIES I	\$5,398	\$12,261,557	\$12,428,355
GENERAL STUDIES II	\$5,398	\$17,065,777	\$16,906,536
GENERAL STUDIES III	\$5,398	\$4,223,935	\$4,128,390
TECHNICAL I	\$5,398	\$4,313,002	\$4,707,056
TECHNICAL III	\$5,398	\$1,638,293	\$1,574,057
BACCALAUREATE I	\$6,811	\$24,880,583	\$23,128,794
BACCALAUREATE II	\$6,811	\$11,227,934	\$11,043,355
BACCALAUREATE III	\$6,811	\$11,558,267	\$11,392,079
MASTERS & PROF I	\$13,530	\$7,157,370	\$6,818,281
MASTERS & PROF II	\$13,530	\$11,344,905	\$10,575,048
MASTERS & PROF III	\$13,530	\$4,918,155	\$4,532,550
MEDICAL I	\$16,384	\$0	\$0
MEDICAL II	\$21,701	\$0	\$0
MPD1	\$13,530	\$10,972,830	\$10,472,526
TOTAL		\$121,562,608	\$117,707,028

The fee assumptions for both years of the biennium are not in uncodified law, but will be determined using the allowances approved in uncodified law, the SSI appropriation, and the enrollment estimates at the time of the effective date of the biennial budget bill. The fee assumptions are calculated for both years of the biennium once the biennial operating budget bill is signed into law. The fee assumptions are not increased during the biennium, though the fee assumptions may be lowered if necessitated by the updates in enrollments. As previously mentioned, the fee assumption does not prevent a campus from choosing its own tuition level, but rather serves as a rationing device since the SSI subsidy does not cover the entire cost of providing higher education services.

5. Doctoral Set Aside

a. Allocation of the Doctoral Set Aside

The fifth step involves determining the doctoral allocation for each campus. Only the 13 universities and the two stand-alone medical colleges receive funding through the doctoral set aside. Any doctoral enrollments at the branch campuses are included in their main campus' share of doctoral students.

This process begins by calculating the base number of doctoral I equivalent FTEs for each campus. 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. In other words, a doctoral II FTE is weighted at 1.5. The base number of doctoral I equivalent FTEs is the greater of the two-year or five-year average of doctoral I equivalent FTEs from FY 1994 through FY 1998, though the enrollments are adjusted by subtracting in each year the number of FTEs in defunded programs, and adding the number of FTEs in maturing programs. As seen in Table 8, 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 SSI set aside for doctoral programs. As indicated earlier, the doctoral share of the SSI appropriation was originally at 10.34% of the subsidy in FY 2005, but reduced to 10.18% as a result of the reduction in the base of the University of Toledo's doctoral enrollment.

Table 8: Calculation of the Doctoral Allocation for all Universities			
University	Number of Doctoral I Equivalents	Share of Doctoral I Equivalents	Share of the 10.18% of SSI Doctoral Allocation
Akron	760.71	6.325%	\$10,036,480
Bowling Green	685.48	5.699%	\$9,043,146
Central State	0.00	0.000%	\$0
Cincinnati	2,260.65	18.795%	\$29,823,817
Cleveland	172.07	1.431%	\$2,270,704
Kent	1,002.52	8.335%	\$13,225,938
Miami	436.80	3.632%	\$5,763,240
Ohio State	5,076.12	42.203%	\$66,967,520
Ohio Univ.	850.18	7.068%	\$11,215,469
Shawnee	0.00	0.000%	\$0
Toledo	295.66	2.458%	\$3,900,343
Wright	339.84	2.825%	\$4,482,697
Youngstown	31.42	0.261%	\$414,154
MUOT	116.50	0.969%	\$1,537,605
NEOUCOM	0.00	0.000%	\$0
TOTAL	12,027.95	100.000%	\$158,681,113

b. Application of the "85% Rule"

In order to ensure that a university's doctoral funding is in line with its current doctoral enrollment, a university's share of the doctoral allocation is reduced if its current enrollment (based on the greater of the 2-year or 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). Because the numbers of doctoral I equivalent FTEs in this step are not adjusted to take into account defunded and maturing doctoral programs, the number of doctoral I equivalent FTEs used in the application of the "85% rule" differ from the number of doctoral I equivalent FTEs used in the allocation of the doctoral set aside. The reduction is equal to the number of percentage points that current enrollment is below 85% of the base enrollment. In FY 2005, this "85% rule" affects the doctoral allocations of the University of Akron (reduced by 13.0%), Bowling Green State University (1.2%), and the Medical University of Ohio at Toledo (0.4%). Table 9 presents the calculation for the application of the "85% rule" for the doctoral allocation for all of the universities. As seen from Tables 8 and 9, the University of Akron's initial doctoral allocation of \$10,036,480 is reduced to \$8,728,641, a decrease of approximately 13.03% because of the "85% Rule." These amounts are the ones included in the base subsidy for the 13 universities and the two stand-alone medical colleges for their doctoral programs.

Table 9: Application of the "85% Rule" on the Doctoral Allocation for all Universities					
University	Benchmark for 85% Rule (FY 1998 FTEs)	Greater of 2-Yr or 5-Yr Average	% Change vs. 2-Yr or 5-Yr Average	% Reduction in SSI Doctoral Allocation	Share after the Application of the "85% Rule"
Akron	696.70	501.41	-28.03%	13.03%	\$8,728,641
Bowling Green	599.48	502.50	-16.18%	1.18%	\$8,936,634
Central State	0.00	0.00	0.00%	0.00%	\$0
Cincinnati	1,843.22	1952.00	5.90%	0.00%	\$29,823,817
Cleveland	162.93	164.00	0.65%	0.00%	\$2,270,704
Kent	976.83	962.99	-1.42%	0.00%	\$13,225,938
Miami	444.68	504.25	13.40%	0.00%	\$5,763,240
Ohio State	4,611.89	5185.75	12.44%	0.00%	\$66,967,520
Ohio Univ.	790.83	844.50	6.79%	0.00%	\$11,215,469
Shawnee	0.00	0.00	0.00%	0.00%	\$0
Toledo	321.69	373.81	16.20%	0.00%	\$3,900,343
Wright	288.53	274.25	-4.95%	0.00%	\$4,482,697
Youngstown	20.00	17.33	-13.33%	0.00%	\$414,154
MUOT	121.50	102.75	-15.43%	0.43%	\$1,530,961
NEOUCOM	0.00	501.41	-28.03%	13.03%	\$0
TOTAL	10,878.30	11,385.55			\$157,260,118

6. Calculation of the Base Subsidy

The sixth and final step of the base subsidy calculation is to add together each campus' allowances calculated in steps one through three, subtract out the deemed local contribution calculated in step four, and then add in the doctoral allocation calculated in step five. This calculation is done separately by using the two-year average FTEs and the five-year average FTEs. The base subsidy for each campus is the greater of these two amounts. Table 10 shows the calculation of the base subsidy for the University of Akron.

Table 10: Calculation of the Base Subsidy for the University of Akron						
	Instruction and Support	Student Services	Activity-Based POM	Local Contribution	Doctoral Allocation	Total
2-yr. Avg.	\$156,940,843	\$16,303,620	\$19,722,730	(\$121,562,608)	\$8,728,641	\$80,133,227
5-yr. Avg.	\$151,530,720	\$15,905,817	\$19,097,210	(\$117,707,028)	\$8,728,641	\$77,555,360

It can be seen in Table 9 that the two-year average of FTEs should be used for the University of Akron, since the total amount of subsidy based on the two-year average of FTEs is \$80.1 million, which is greater than the \$77.6 million calculated using the five-year average of FTEs. Note that the total is not the greater value of each component, but rather the greater value of the sum of all of the components using either the two-year or five-year average of FTEs.

B. Adjustments

1. POM Adjustment

a. Total Gross Square-Foot Based POM Allowance

The base subsidy is subject to four adjustments. The first is the plant operation and maintenance (POM) adjustment, which guarantees each campus 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, one begins 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. The rate per square foot for each type of space is specified in the uncodified law section of the biennial operating budget bill. The total gross square-foot based POM allowance is the sum of the amounts for each type of space, plus a pre-determined amount that is allocated for roads and grounds. This calculation for the University of Akron is shown in Table 11.

Table 11: Calculation of the Gross Square-foot Based 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	\$7.53	39,310	1.046	\$309,620
Circulation	\$7.62	530,293	1.046	\$4,226,711
Classroom	\$6.04	204,844	1.046	\$1,294,172
Labs	\$7.53	493,918	1.046	\$3,890,286
Offices	\$6.04	518,416	1.046	\$3,275,269
Storage-Mechanical	\$2.68	243,003	1.046	\$681,205
Other	\$6.04	446,394	1.046	\$2,820,246
Roads & Grounds				\$702,339
TOTAL				\$17,199,849

Note that the NASF-based POM weight is different from the activity-based POM weight used in step three of the base subsidy calculation. The NASF-based POM weight is primarily enrollment driven while the activity-based POM weight is based on each institution's research and job-related expenditures. FY 2005 is the last year in which the NASF-based POM weights will be in effect. Beginning in FY 2002, the NASF-based POM weights were being phased out over a five-year period because these weights were based on enrollment patterns that are more than eight years old. The University of Akron's weight of 1.046 in FY 2005 is the highest of the 13 universities, and the fourth highest among the 65 campuses.

b. Actual Square-Foot Based POM Allowance

The gross square-foot based POM allowance is first allocated to each of the 16 curricular models (including the two doctoral models) by the model’s share of the activity-based POM allowance. The activity-based POM allowance calculated in this step is greater than the amount generated in step three of the base subsidy calculation above because of the inclusion of the doctoral models. For this calculation only, the allowances for the doctoral I and doctoral II models are \$1,989 and \$2,930, respectively. The number of FTEs used in this calculation is either the two-year or five-year average, depending on which figure is used in the calculation of the base subsidy. After allocating the gross square-foot based POM allowance to the 16 curricular models, each model's share is multiplied by the ratio of subsidy-eligible FTEs to total FTEs in that model, in order to exclude the funding of students who are not eligible for the SSI subsidy. The products from this calculation for the 14 non-doctoral curricular models are summed together to derive the campus' square-foot based POM allowance. Because the doctoral models are funded separately through the doctoral set aside, they are excluded from the summation to derive the campus' square-foot based POM allowance. Table 12 shows this calculation of the square-foot based POM allowance for the University of Akron.

Table 12: Calculation of the Square-Foot Based POM Allowance for the University of Akron				
Model	Share of Augmented Activity-based POM Allowance	Share of Activity-based POM Allowance * Gross POM Allowance	Subsidy-eligible FTEs/Total FTEs	Column 3 * Column 4 (Square-Foot Based POM Allowance)
GENERAL STUDIES I	6.665%	\$1,146,386	95.7%	\$1,096,648
GENERAL STUDIES II	11.679%	\$2,008,688	94.6%	\$1,899,416
GENERAL STUDIES III	6.769%	\$1,164,291	96.0%	\$1,117,492
TECHNICAL I	3.374%	\$580,379	96.6%	\$560,440
TECHNICAL III	2.497%	\$429,426	96.9%	\$416,131
BACCALAUREATE I	13.513%	\$2,324,259	96.4%	\$2,241,592
BACCALAUREATE II	10.642%	\$1,830,332	96.5%	\$1,766,926
BACCALAUREATE III	12.964%	\$2,229,818	95.4%	\$2,126,449
MASTERS & PROF I	3.606%	\$620,245	99.8%	\$619,101
MASTERS & PROF II	11.810%	\$2,031,246	99.0%	\$2,009,989
MASTERS & PROF III	7.070%	\$1,216,025	98.8%	\$1,201,012
DOCTORAL I	1.319%	\$226,913	92.4%	\$209,648
DOCTORAL II	2.853%	\$490,654	85.2%	\$418,092
MEDICAL I	0.000%	\$0	0.0%	\$0
MEDICAL II	0.000%	\$0	0.0%	\$0
MPD1	5.239%	\$901,185	98.4%	\$887,155
TOTAL	100.000%	\$17,199,847		\$16,570,091
Doctoral Share (Subtracted Out)				(\$627,740)
SQUARE-FOOT BASED POM ALLOWANCE				\$15,942,350

c. Calculation of the POM Adjustment

If a campus' square-foot based POM allowance is greater than the activity-based POM allowance, then the adjustment is positive, and the amount is the difference between the square-foot based POM allowance and the activity-based POM allowance. If the activity-based POM allowance is greater, than the POM adjustment is zero. In the case of the University of Akron, because the activity-based POM allowance calculated in Table 6 (\$19,722,730) is greater than the square-foot based POM allowance calculated in Table 11 (\$15,942,350), the POM adjustment for the University of Akron is therefore zero. The sum of the base subsidy with the POM adjustment is also known as the formula earnings for the campus.

Table 13: Calculation of the POM Adjustment for the University of Akron			
Square-foot Based POM Allowance	Activity-based POM Allowance	Is Square-foot Greater than Activity-based?	POM Adjustment
\$15,942,350	\$19,722,730	No	\$0

In FY 2005, eight campuses received the POM adjustment. The adjustment ranged from \$3,872 for the metro campus of Cuyahoga Community College (CCC-Metro), to \$1,856,772 for Central State. The total amount of the adjustment for the eight campuses was \$5,350,263. Table 14 lists the eight campuses and the total amount their base subsidies were increased in FY 2005 due to the POM adjustment.

Table 14: POM Adjustment	
Campus	Amount of Adjustment
Agricultural Technical Institute	\$1,248,059
CCC-Metro	\$3,872
Central State University	\$1,856,772
Clark State Community College	\$36,439
KSU—East Liverpool	\$27,289
Medical University of Ohio at Toledo	\$1,537,209
Rio Grande Community College	\$208,023
Shawnee State University	\$432,600
TOTAL	\$5,350,263

2. Annual Guarantee or Stop-Loss Provision

The second adjustment is the annual guarantee or stop loss provision. In FY 2005, the guarantee for each campus³ is 99% of its FY 2004 SSI subsidy assuming the FY 2004 SSI had a 99%, rather than a 100% guarantee. This "99% of 99%" had the effect of a guarantee of 98.01%. Note that the guarantee applies after the POM adjustment is made to the base subsidy amount.

Table 15 illustrates the calculation of the guarantee for the University of Akron. In FY 2005, the University of Akron's formula earnings of \$80.1 million are less than its FY 2004 guaranteed subsidy amount of \$82.3 million by \$2.1 million. As a result, the \$2.1 million difference is added to the University of Akron's formula earnings to derive the University's guaranteed formula earnings of \$82.3 million in FY 2005. Note that even though the University of Akron's formula earnings declined, its number of subsidy-eligible FTEs increased from FY 2004 to FY 2005. However, the total number of subsidy-eligible FTEs statewide funded through the SSI formula (the sum of the two-year and five-year averages at each campus) increased by 3.8% while the University of Akron's subsidy-eligible FTEs (based on the two-year average of FTEs) increased by only 1.7%. This is why the University of Akron is eligible for the \$2.1 million annual guarantee subsidy in FY 2005 while its number of subsidy-eligible FTEs has actually increased from FY 2004 to FY 2005.

Final FY 2004 SSI Subsidy	Guaranteed Earnings (98.01% of FY 2004)	FY 2005 SSI Formula Earnings	Effect of Annual Guarantee
\$83,925,239	\$82,255,127	\$80,133,227	\$2,121,900

For FY 2006 and FY 2007, the executive budget recommends that in each fiscal year, the guarantee for each campus be set at 95% of the prior year's SSI subsidy. This differs from the proposal made by the Regents, which would have based the guarantee for each campus on the ratio (expressed in percentage terms) of the current year's total SSI appropriation to the previous year's total SSI. If the ratio is 102% or greater, then each campus is guaranteed 99% of its SSI amount from the previous year. If the ratio is less than 102%, then the guarantee is three percentage points below the ratio. For example, if the ratio of the SSI appropriation in FY 2006 to the SSI appropriation in FY 2005 were 97%, then the guarantee for each campus in FY 2006 would be set at 94% of the FY 2005 SSI amount the campus received.

³ While the formula earnings for the three campuses of Cuyahoga Community College and the two campuses of Owens State Community College are calculated separately, the guarantee applies to the aggregate totals of Cuyahoga Community College and Owens State Community College.

3. Reduction in Earnings

The third adjustment is made when the amount of guaranteed formula earnings is greater than the SSI appropriation. If the total amount of guaranteed formula earnings is greater than the SSI appropriation level, then according to temporary law, this adjustment requires the Regents to proportionately reduce the guaranteed formula earnings for all campuses by a uniform percentage so that the system-wide SSI subsidy equals the available appropriation. As seen in Table 16, the SSI formula generates approximately \$10.4 million, or 0.7% more than the available appropriation in FY 2005. In order for the SSI subsidy to equal the appropriation, each campus will have their SSI guaranteed formula earnings multiplied by 99.3% (a reduction of 0.7 percentage points). As a result of this calculation, the University of Akron's SSI subsidy would be \$81.7 million, or \$543,984 less than its guaranteed formula earning of \$82.3 million.

Table 16: Calculation of Proportionate Reduction and the Subsidy Amount for the University of Akron				
Total SSI Appropriation	Total Guaranteed Formula Earnings	Appropriation / Formula Earnings	Akron's Guaranteed Formula Earnings	Akron's Subsidy Amount
\$1,559,096,031	\$1,569,475,552	99.3%	\$82,255,127	\$81,711,143

4. Capital Component Adjustment

The final adjustment is the so-called 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 with the 121st General Assembly is greater than the amount of its capital component allocation. This adjustment was added beginning in FY 1999 in order to implement the Regents' incentive-based capital funding policy. This policy reduces the SSI subsidies of campuses if they request capital appropriations that are in excess of their capital formula earnings. The formula used to determine the capital component adjustment is separate from the SSI formula. The capital formula takes into account the amount of space on each campus, the age of that space, the number of enrollments, and the available capital appropriation to all of the campuses in order to determine each campus' share of capital appropriations.

In FY 2005, only six campuses were affected by this provision. Table 17 includes these campuses, along with the amounts that were deducted from their SSI subsidy amounts.

Table 17: Capital Component Adjustment	
Campus	Amount to be Deducted from SSI
James Rhodes State College	\$40,091
Hocking College	\$96,692
NEOUCOM	\$121,012
KSU—Trumbull	\$19,743
UC—Raymond Walters	\$82,971
Washington State Community College	\$5,905
TOTAL	\$366,414

Since the University of Akron was not one of these six campuses, no adjustment is made to its FY 2005 subsidy amount. Any amounts deducted as a result of this adjustment are transferred to line item 235-552, Capital Component. In FY 2005, the \$366,414 that was transferred from the SSI is added to the appropriation of \$18,711,936 for line item 235-552, Capital Component, and the combined amount of funds are then distributed to campuses whose capital appropriations were below their capital formula earnings. Each campus receives an amount equivalent to the difference in debt-service charges between the capital formula and the amount actually received, and these funds are to be used only for capital projects.

III. Distribution of the SSI Subsidy

The State Share of Instruction funds are distributed to the campuses in equal monthly installments during a given fiscal year, though payments in the latter half of the fiscal year are adjusted to take into account updated enrollment data. For the first six months, the Regents uses estimated enrollment data from the previous fiscal year in determining the FTE averages. The payments for the second half of the fiscal year are adjusted using updated enrollment data and include any other necessary updates. The Regents must present these adjustments to the Controlling Board before payments can be made during the last six months of the year.

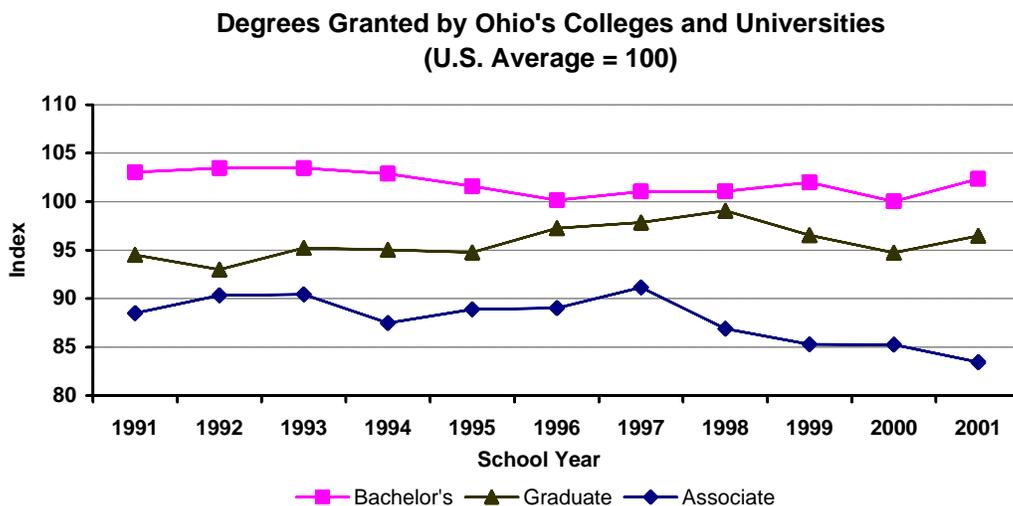
In addition, temporary law for the FY 2006-2007 biennium requires the Regents to recalculate the formula using the same allowances and fee assumptions if there is any mid-year appropriation reductions to the SSI before the Regents has formally approved the final allocation of the SSI appropriation. However, if the mid-year appropriation reduction occurs after the formal approval, then any reductions will be applied uniformly to each campus in proportion to its share of the final allocation.

Given a constant annual guarantee, it appears that doctoral-granting universities that are not on the guarantee would receive slightly less SSI funding under the recalculation as opposed to the uniform reduction. This is a result of keeping the allowances and fee assumptions constant while the amount of the doctoral reserve decreases since it is a set percentage of the reduced SSI. Doctoral-granting universities already on the guarantee would also have their formula earnings reduced, but this would be offset by an equivalent increase in their guaranteed earnings. Therefore, these universities would appear to receive slightly more SSI funding under the recalculation as opposed to the uniform reduction. For all of the other institutions (two-year campuses as well as Central State, Shawnee State, and NEOUCOM), it would appear that they would receive slightly more SSI funding under the recalculation as opposed to the uniform reduction. The sum of all of the increases in SSI funding under the recalculation as opposed to the uniform reduction would be equal to the reductions in SSI funding of those doctoral-granting universities not on the guarantee.

The executive budget has proposed an annual appropriation of \$1.559 billion for the SSI in FY 2006 and FY 2007. Even though the funding is flat at the FY 2005 level, the proposed biennial total of \$3.118 billion represents a 0.8% increase over the FY 2004-2005 biennium, because of the increase in appropriations from FY 2004 to FY 2005. The amount recommended for the SSI during the FY 2006-2007 biennium comprises 62.0% of the entire biennial budget for the Regents.

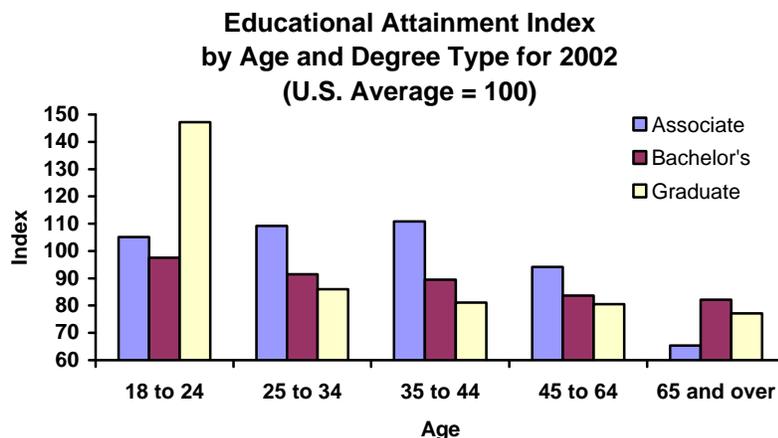
FACTS AND FIGURES

1. Ohio's Colleges and Universities Exceed the National Average in the Granting of Bachelor's 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 2001.
- Ohio was above the national average with respect to bachelor's degrees granted every year from 1991 to 2001. During the same period, Ohio was consistently below the national average with respect to the granting of associate and graduate degrees.
- In 2001, Ohio's index score for associate degrees ranked 34th in the nation (with an index score of 83), 27th for bachelor's degrees (102), and 20th for graduate degrees (96). Aggregating all postsecondary degrees granted, Ohio's index score of 96 ranked 29th in the nation.
- Within the graduate degree category, there was substantial variation by the type of degree granted. Ohio's index score in 2001 ranked 13th for doctoral degrees (with an index of 113), 16th for first professional degrees (101), and 21st for master's degrees (94).
- In 2001, Ohio granted 19,289 associate degrees, 50,856 bachelor's degrees, and 22,855 graduate degrees. Ohio's public institutions accounted for 81%, 63%, and 64%, respectively, of the degrees granted in Ohio.

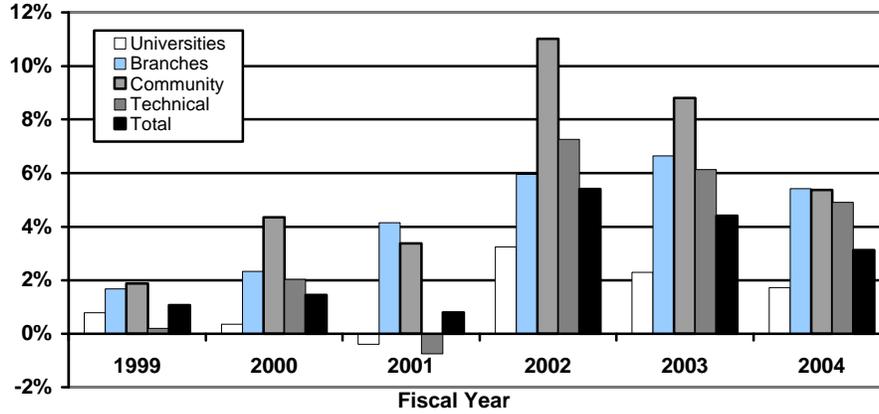
2. Postsecondary Educational Attainment in Ohio Lags behind National Average



- To create the index used above, the percentage 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, 4.6% 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 105. Thus, the percentage of associate degree holders aged 18 to 24 in Ohio is 5% above the national average.
- The indexes compare the educational attainment of age groups in Ohio by various degree types with their respective national averages.
- Ohio is above the national average (i.e., above 100 in the index) in only 4 out of 15 cases. These are associate degree holders aged 18 to 24 (with an index of 105, or 5% above the national average), graduate degree holders aged 18 to 24 (147), associate degree holders aged 25 to 34 (109), and associate degree holders aged 35 to 44 (111).
- Aggregating all postsecondary degree holders, Ohio’s index score ranks 22nd in the nation for those aged 18 to 24 (with an index of 102), 32nd for those aged 25 to 34 (94), 35th for those aged 35 to 44 (92), 41st for those aged 45 to 64 (85), and 40th for those aged 65 and over (78).
- Ohio’s highest-ranked category is for graduate degree holders aged 18 to 24, in which the state’s index score of 147 ranks 11th in the nation. Ohio’s lowest-ranked category is for associate degree holders aged 65 and over, in which the state’s index score of 65 ranks 46th in the nation.

3. Enrollments Surge, Led by Two-Year Colleges

**Subsidy-Eligible FTE* Student Enrollments:
Annual Changes for Each Type of Campus**



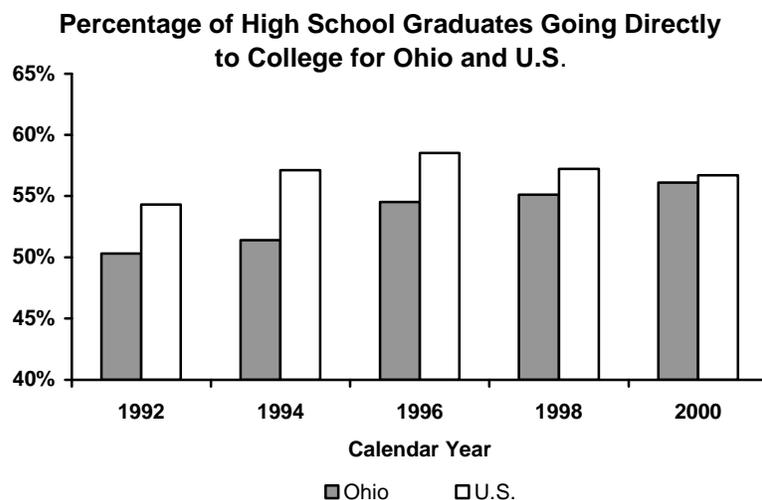
Subsidy-Eligible FTE* Student Enrollments, FY 1999 – FY 2004

Campus Type	1999	2000	2001	2002	2003	2004	% change, FY99-FY04
University	195,562	196,266	195,498	201,827	206,454	209,999	7.4%
Branch	25,722	26,321	27,414	29,047	30,976	32,655	27.0%
Community	62,999	65,739	67,959	75,450	82,100	86,511	37.3%
Technical	15,588	15,904	15,786	16,932	17,970	18,852	20.9%
Total	299,871	304,230	306,657	323,256	337,500	348,017	16.1%
Change	1.1%	1.5%	0.8%	5.4%	4.4%	3.1%	

*An FTE (full-time equivalent) student is based on one student's taking 15 credit hours per quarter or the equivalent.

- Total subsidy-eligible FTE student enrollments in Ohio's public colleges and universities began to surge in FY 2002, after having seen moderate growth for three fiscal years following a slight downturn in FY 1998.
- Over the five-year period from FY 1999 to FY 2004, total FTE student enrollments increased by 48,146, or 16.1%. Almost half of the FTE growth from FY 1999 to FY 2004 occurred at community colleges, while approximately 30.0% occurred at university main campuses.
- The higher recent growth rates in the branches' and community colleges' enrollments are partly attributable to the Regents' Access Challenge program, under which additional state funds have subsidized restraints on tuitions and fees at the state's public two-year campuses, and partly attributable to the slowdown in the economy.

4. Percentage of Ohio High School Graduates Going Directly to College Increased Faster than U.S. Average



- The percentage of Ohio high school graduates going directly to college increased from 50.3% in fall 1992 to 56.1% in fall 2000, an increase of 11.5%. During the same period, the national average increased from 54.3% to 56.7%, an increase of 4.4%.
- In fall 1992, the percentage of Ohio high school graduates going directly to college was 7.4% below the national average. In fall 2000, Ohio was just 1.1% below the national average.
- Of fall 2002 first-time freshmen from Ohio, 70% were 2002 high school graduates and 30% earlier high school graduates. About 80% of those 2002 high school graduates attended four-year institutions, while only 30% of earlier high school graduates attended four-year institutions.
- ACT and SAT scores are indicators that help predict how well students will perform in college. ACT and SAT scores for Ohio high school seniors have been consistently higher than the national average since FY 1992.
- The average Ohio ACT score was 21.4 in FY 2004, in comparison with the national average of 20.9. About 66% of Ohio high school seniors and 40% of high school seniors nationwide took the ACT test in FY 2004.
- The average Ohio SAT score was 1,080 in FY 2004, in comparison with the national average of 1,026. About 28% of Ohio high school seniors and 48% of high school seniors nationwide took the SAT test in FY 2004.

5. Higher Education Tuitions and Fees Rise

Annual Average Full-Time In-State Undergraduate Tuition and Fees, ¹ FY 2002 – FY 2005							
Campus Type	Amount in Fiscal Year				Percentage Change		
	2002	2003	2004	2005 ²	2003	2004	2005 ²
University	\$5,267	\$6,019	\$6,693	\$7,330	14.3%	11.2%	9.5%
Branch	\$3,337	\$3,806	\$4,126	\$4,480	14.0%	8.4%	8.6%
Community	\$2,152	\$2,362	\$2,491	\$2,654	9.7%	5.5%	6.5%
Technical	\$2,667	\$3,056	\$3,244	\$3,451	14.6%	6.2%	6.4%
National Average:³							
Four-Year	\$3,735	\$4,059			8.7%		
Two-Year	\$1,380	\$1,479			7.2%		
Consumer Price Index: Percentage Change					2.2%	2.2%	2.5%

1 FTE-weighted average tuitions for all campuses of each campus type

2 Projected

3 For public institutions

- For the FY 2004-FY 2005 biennium, the General Assembly imposed limits (caps) on in-state undergraduate instructional and general fee increases after having eliminated them for the previous biennium. For all four types of campuses, the limit on increases of tuitions and fees is 6% for an academic year. Further, The Ohio State University may authorize an additional increase of 3% in each year. Finally, all campuses may increase tuitions and fees by another 3.9% as long as these funds are used to provide scholarships to low-income students or to provide additional or improved technology services to students.
- The Access Challenge tuition subsidy program required 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-FY 2001 biennial budget. In the subsequent two biennial budgets, for fiscal years 2002 through 2005, however, such tuition and fee restraints were eliminated.
- Ohio's FY 2003 weighted-average in-state tuition and fee levels for public institutions were \$6,019 for four-year (university) campuses and \$2,793 for two-year campuses (university branches and community and technical colleges). On a comparable basis, these tuition and fee levels exceeded the preliminary national averages (\$4,059 and \$1,479) provided by the National Center for Education Statistics by \$1,960 and \$1,314 for four-year and two-year public campuses, respectively.

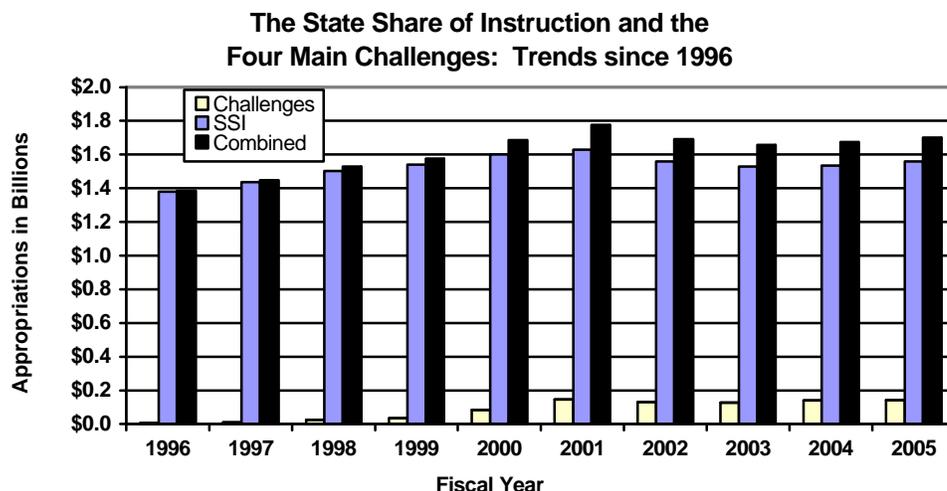
6. State Share of Instruction Appropriation per FTE Student Continues To Decline

State Share of Instruction per FTE Student* to Campuses, FY 2000 – FY 2004					
Campus Type	Amount in Fiscal Year				
	2000	2001	2002	2003	2004
University	\$6,301	\$6,397	\$5,910	\$5,639	\$5,550
Branch	\$3,332	\$3,337	\$3,143	\$2,939	\$2,800
Community	\$3,296	\$3,304	\$2,875	\$2,647	\$2,553
Technical	\$3,783	\$3,942	\$3,451	\$3,154	\$3,027
Average	\$5,263	\$5,323	\$4,824	\$4,531	\$4,409
Percentage Change	2.5%	1.1%	-9.4%	-6.1%	-2.7%
<i>CPI: Percentage Change</i>	2.9%	3.4%	1.8%	2.2%	2.2%

* This is the amount of the Board of Regents' budgeted line item 235-501, State Share of Instruction, per subsidy-eligible FTE (full-time equivalent) student as distributed among the campuses. An FTE is based on one student's taking 15 credit hours per quarter or the equivalent.

- Several factors have contributed to the recent decline in the State Share of Instruction (SSI) per FTE student: budget constraints, significant enrollment increases, and the current practice of providing more subsidy funds through alternative appropriation items, mainly the Challenge grants.
- Besides the SSI appropriation, the four main Challenge appropriations in FY 2004 provided additional subsidies in the amount of \$140.6 million. These funds increased the state subsidy per FTE student by an average of \$404. By comparison, these Challenges in FY 2000 provided an average subsidy increase of \$275 per FTE student based on a total appropriation of \$83.6 million.
- 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 nonresident master's and professional-degree students at the university main campuses.

7. Total State Subsidies for Higher Education Experience Small Increases in Recent Years



- Besides the State Share of Instruction (SSI), which is distributed to campuses according to enrollments, student activities, and space utilizations, state support for higher education is provided by the four main Challenge line 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, noncredit job training revenues, and outside research funding.
- Executive budget reductions announced in early 2004 reduced the budgeted FY 2004 and FY 2005 appropriations for the four Challenges by 4.0% and 5.1%, respectively. SSI funding was exempted from both fiscal years' reductions. Total funding for SSI and the four Challenges amounts to \$1,701.6 million in FY 2005, an increase of \$26.8 million or 1.6% over FY 2004.
- The four Challenge appropriations have increased from \$5.9 million in FY 1996 (0.4% of the combined spending for the five appropriation items) to \$142.5 million in FY 2005 (8.4% of combined spending).
- Ohio's FY 2004 appropriations of state tax funds per capita for higher education operations placed it 36th-highest in the nation according to a recent Grapevine survey by the Center for the Study of Education Policy. Ohio's appropriations of \$182 per capita were \$26 (12%) below the national average of \$208.

MASTER TABLE: EXECUTIVE'S RECOMMENDATIONS FOR FY 2006 AND FY 2007

The following table provides a comprehensive presentation of the Executive's recommendations for each of the agency's line items and the programs each line item supports. Please note that some line items may provide funding for multiple program series and/or programs. See the Analysis of Executive Proposal section for more information on specific program funding.

BOR - Board of Regents Master Table

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-321	Program Management	\$2,897,659	\$2,966,351
		<u>Program Series 12: Planning and Coordination</u>		
		Program 1: Program Management		
GRF	235-401	Rental Payments to OPFC	\$200,619,200	\$200,795,300
		<u>Program Series 2: Facilities and Debt Service</u>		
		Program 1: Rental and Debt Service Payments		
GRF	235-402	Sea Grants	\$231,925	\$231,925
		<u>Program Series 7: Workforce and Regional Economic Development</u>		
		Program 5: Sea Grants		
GRF	235-406	Articulation and Transfer	\$2,900,000	\$2,900,000
		<u>Program Series 8: Higher Education Collaborations</u>		
		Program 5: Articulation and Transfer		
GRF	235-408	Midwest Higher Education Compact	\$90,000	\$90,000
		<u>Program Series 8: Higher Education Collaborations</u>		
		Program 6: Midwest Higher Education Compact		
GRF	235-409	Information System	\$1,146,510	\$1,175,172
		<u>Program Series 12: Planning and Coordination</u>		
		Program 2: Information System		
GRF	235-414	State Grants and Scholarships Administration	\$1,352,811	\$1,382,881
		<u>Program Series 4: Student Access</u>		
		Program 6: State Grants and Scholarships Management		
GRF	235-415	Jobs Challenge	\$9,348,300	\$9,348,300
		<u>Program Series 7: Workforce and Regional Economic Development</u>		
		Program 2: Jobs Challenge		
GRF	235-417	Ohio Learning Network	\$3,119,496	\$3,119,496
		<u>Program Series 8: Higher Education Collaborations</u>		
		Program 2: Ohio Learning Network		
GRF	235-418	Access Challenge	\$63,340,676	\$63,340,676
		<u>Program Series 4: Student Access</u>		
		Program 3: Access Challenge		
GRF	235-420	Success Challenge	\$52,601,934	\$52,601,934
		<u>Program Series 5: Academic Success</u>		
		Program 1: Success Challenge		
GRF	235-428	Appalachian New Economy Partnership	\$1,076,068	\$1,076,068
		<u>Program Series 7: Workforce and Regional Economic Development</u>		
		Program 4: Appalachian New Economy Partnership		
GRF	235-433	Economic Growth Challenge	\$20,343,097	\$23,186,194
		<u>Program Series 6: Basic and Applied Research</u>		
		Program 2: Economic Growth Challenge		
GRF	235-434	College Readiness and Access	\$6,375,975	\$7,655,425
		<u>Program Series 3: Pre-K Through 16 Preparation and Access</u>		
		Program 1: College Readiness and Access		
GRF	235-435	Teacher Improvement Initiatives	\$2,597,506	\$2,597,506
		<u>Program Series 3: Pre-K Through 16 Preparation and Access</u>		
		Program 2: Teacher Improvement		
GRF	235-451	Eminent Scholars	\$0	\$1,370,988
		<u>Program Series 6: Basic and Applied Research</u>		
		Program 4: Eminent Scholars		
GRF	235-455	EnterpriseOhio Network	\$1,373,941	\$1,373,941
		<u>Program Series 7: Workforce and Regional Economic Development</u>		
		Program 3: EnterpriseOhio Network		

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Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
GRF	235-474	Area Health Education Centers Program Support	\$1,571,756	\$1,571,756
		Program Series 11: Medical Support		
		Program 10: Area Health Education Centers Program Support		
GRF	235-501	State Share of Instruction	\$1,559,096,031	\$1,559,096,031
		Program Series 1: College & University Instructional Foundations		
		Program 1: State Share of Instruction		
GRF	235-502	Student Support Services	\$795,790	\$795,790
		Program Series 4: Student Access		
		Program 7: Student Support Services		
GRF	235-503	Ohio Instructional Grants	\$121,151,870	\$92,496,969
		Program Series 4: Student Access		
		Program 1: Need-based Student Financial Aid		
GRF	235-504	War Orphans Scholarships	\$4,672,321	\$4,672,321
		Program Series 4: Student Access		
		Program 5: War Orphans Scholarships		
GRF	235-507	OhioLINK	\$6,887,824	\$6,887,824
		Program Series 8: Higher Education Collaborations		
		Program 1: OhioLINK		
GRF	235-508	Air Force Institute of Technology	\$1,925,345	\$1,925,345
		Program Series 6: Basic and Applied Research		
		Program 7: Air Force Institute of Technology (AFIT)		
GRF	235-510	Ohio Supercomputer Center	\$4,021,195	\$4,021,195
		Program Series 6: Basic and Applied Research		
		Program 3: Ohio Supercomputer Center (OSC)		
GRF	235-511	Cooperative Extension Service	\$25,644,863	\$25,644,863
		Program Series 7: Workforce and Regional Economic Development		
		Program 1: Cooperative Extension		
GRF	235-513	Ohio University Voinovich Center	\$286,082	\$286,082
		Program Series 9: General Public Service		
		Program 3: Ohio University Voinovich Center		
GRF	235-514	Central State Supplement	\$10,172,626	\$9,663,995
		Program Series 4: Student Access		
		Program 4: Supplements		
GRF	235-515	Case Western Reserve University School of Medicine	\$3,011,271	\$3,011,271
		Program Series 11: Medical Support		
		Program 8: Case Western Reserve University School of Medicine		
GRF	235-520	Shawnee State Supplement	\$1,817,839	\$1,636,055
		Program Series 4: Student Access		
		Program 4: Supplements		
GRF	235-521	Ohio State University Glenn Institute	\$286,082	\$286,082
		Program Series 9: General Public Service		
		Program 4: Ohio State University Glenn Institute		
GRF	235-524	Police and Fire Protection	\$171,959	\$171,959
		Program Series 10: Public Safety		
		Program 1: Police and Fire Protection		
GRF	235-525	Geriatric Medicine	\$750,110	\$750,110
		Program Series 11: Medical Support		
		Program 11: Geriatric Medicine		
GRF	235-527	Ohio Aerospace Institute	\$1,764,957	\$1,764,957
		Program Series 6: Basic and Applied Research		
		Program 8: Ohio Aerospace Institute		

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
GRF	235-530	Academic Scholarships	\$7,800,000	\$7,800,000
		<u>Program Series 5: Academic Success</u>		
		Program 2: Academic Scholarships		
GRF	235-531	Student Choice Grants	\$50,853,276	\$52,985,376
		<u>Program Series 4: Student Access</u>		
		Program 8: Student Choice Grants		
GRF	235-534	Student Workforce Development Grants	\$2,137,500	\$2,137,500
		<u>Program Series 4: Student Access</u>		
		Program 9: Student Workforce Development Grants		
GRF	235-535	Ohio Agricultural Research and Development Center	\$35,830,188	\$35,830,188
		<u>Program Series 6: Basic and Applied Research</u>		
		Program 1: Ohio Agricultural Research and Development Center (OARDC)		
GRF	235-549	Part-Time Student Instructional Grants	\$14,457,721	\$10,534,617
		<u>Program Series 4: Student Access</u>		
		Program 1: Need-based Student Financial Aid		
GRF	235-552	Capital Component	\$19,058,863	\$19,058,863
		<u>Program Series 2: Facilities and Debt Service</u>		
		Program 2: Capital Component		
GRF	235-553	Dayton Area Graduate Studies Institute	\$2,806,599	\$2,806,599
		<u>Program Series 6: Basic and Applied Research</u>		
		Program 5: Dayton Area Graduate Studies Institute (DAGSI)		
GRF	235-554	Priorities in Collaborative Graduate Education	\$2,355,548	\$2,355,548
		<u>Program Series 6: Basic and Applied Research</u>		
		Program 6: Priorities in Collaborative Graduate Education		
GRF	235-555	Library Depositories	\$1,696,458	\$1,696,458
		<u>Program Series 8: Higher Education Collaborations</u>		
		Program 3: Regional Library Depositories		
GRF	235-556	Ohio Academic Resources Network	\$3,727,223	\$3,727,223
		<u>Program Series 8: Higher Education Collaborations</u>		
		Program 4: Ohio Academic Resources Network (OARNet)		
GRF	235-558	Long-Term Care Research	\$211,047	\$211,047
		<u>Program Series 11: Medical Support</u>		
		Program 1: Long-Term Care Research		
GRF	235-560	Clinical Teaching Support	\$45,931,099	\$45,931,099
		<u>Program Series 11: Medical Support</u>		
		Program 9: Clinical Teaching		
GRF	235-561	Bowling Green State University Canadian Studies Center	\$100,015	\$100,015
		<u>Program Series 7: Workforce and Regional Economic Development</u>		
		Program 6: Bowling Green State University Canadian Studies Center		
GRF	235-562	Family Practice and Primary Care Residencies	\$6,794,158	\$6,794,158
		<u>Program Series 11: Medical Support</u>		
		Program 6: Family Practice and Primary Care Residencies Support		
GRF	235-563	Ohio College Opportunity Grant	\$0	\$58,144,139
		<u>Program Series 4: Student Access</u>		
		Program 1: Need-based Student Financial Aid		
GRF	235-572	Ohio State University Clinic Support	\$1,277,019	\$1,277,019
		<u>Program Series 11: Medical Support</u>		
		Program 7: Ohio State University Clinic Support		
GRF	235-583	Urban University Programs	\$4,685,408	\$4,685,408
		<u>Program Series 9: General Public Service</u>		
		Program 1: Urban University Programs		

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
GRF	235-587	Rural University Projects	\$1,033,100	\$1,033,100
		Program Series 9: General Public Service		
		Program 2: Rural University Projects		
GRF	235-596	Firefighter Hazardous Materials Program	\$310,435	\$310,435
		Program Series 10: Public Safety		
		Program 2: Firefighter Hazardous Materials Program		
GRF	235-599	National Guard Scholarship Program	\$15,128,472	\$16,611,063
		Program Series 10: Public Safety		
		Program 3: National Guard Scholarship Program		
GRF	235-909	Higher Education G.O. Debt Service	\$137,600,300	\$152,114,100
		Program Series 2: Facilities and Debt Service		
		Program 1: Rental and Debt Service Payments		
General Revenue Fund Subtotal			\$2,467,237,448	\$2,516,038,717
General Services Fund Group				
220	235-614	Program Approval and Reauthorization	\$400,000	\$400,000
		Program Series 12: Planning and Coordination		
		Program 3: Program Authorization		
456	235-603	Sales and Services	\$700,000	\$900,000
		Program Series 12: Planning and Coordination		
		Program 1: Program Management		
General Services Fund Subtotal			\$1,100,000	\$1,300,000
Federal Special Revenue Fund Group				
3H2	235-608	Human Services Project	\$1,500,000	\$1,500,000
		Program Series 11: Medical Support		
		Program 5: Medicaid Technical Assistance Policy Program		
3H2	235-622	Medical Collaboration Network	\$3,346,143	\$3,346,143
		Program Series 11: Medical Support		
		Program 12: Medical Collaboration Network		
3N6	235-605	State Student Incentive Grants	\$2,196,680	\$2,196,680
		Program Series 4: Student Access		
		Program 2: State Student Incentive Grant		
3T0	235-610	National Health Service Corps-Ohio Loan Repayment	\$150,001	\$150,001
		Program Series 11: Medical Support		
		Program 4: National Health Service Corps Loan Repayment		
312	235-609	Tech Prep	\$183,850	\$183,850
		Program Series 3: Pre K-16 Preparation and Access		
		Program 1: College Readiness and Access		
312	235-611	Gear-up Grant	\$1,370,691	\$1,370,691
		Program Series 3: Pre K-16 Preparation and Access		
		Program 1: College Readiness and Access		
312	235-612	Carl D. Perkins Grant/Plan Administration	\$112,960	\$112,960
		Program Series 7: Workforce and Regional Economic Development		
		Program 7: Carl D. Perkins Grant/Plan Administration		
312	235-615	Professional Development	\$523,129	\$523,129
		Program Series 3: Pre K-16 Preparation and Access		
		Program 2: Teacher Improvement		
312	235-617	Improving Teacher Quality Grant	\$2,900,000	\$2,900,000
		Program Series 3: Pre K-16 Preparation and Access		
		Program 2: Teacher Improvement		

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Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
312	235-619	Ohio Supercomputer Center	\$6,000,000	\$6,000,000
		Program Series 6: Basic and Applied Research		
		Program 3: Ohio Supercomputer Center (OSC)		
312	235-621	Science Education Network Project	\$1,686,970	\$1,686,970
		Program Series 3: Pre K-16 Preparation and Access		
		Program 2: Teacher Improvement		
312	235-631	Federal Grants	\$250,590	\$250,590
		Program Series 3: Pre K-16 Preparation and Access		
		Program 2: Teacher Improvement		
Federal Special Revenue Fund Subtotal			\$20,221,014	\$20,221,014
State Special Revenue Fund Group				
4E8	235-602	Higher Educational Facility Commission Administration	\$55,000	\$55,000
		Program Series 2: Facilities and Debt Service		
		Program 3: Higher Educational Facility Commission		
4P4	235-604	Physician Loan Repayment	\$476,870	\$476,870
		Program Series 11: Medical Support		
		Program 2: Physician's Loan Repayment Program		
649	235-607	OSU Highway/Transportation Research	\$760,000	\$760,000
		Program Series 6: Basic & Applied Research		
		Program 9: Ohio State University Highway Transportation Research		
682	235-606	Nursing Loan Program	\$893,000	\$893,000
		Program Series 11: Medical Support		
		Program 3: Nurse Education Assistance Loan Program		
State Special Revenue Fund Subtotal			\$2,184,870	\$2,184,870
Agency Total Funding			\$2,490,743,332	\$2,539,744,601

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 1

College and University Instructional Foundations

Purpose: This program series provides basic state support for instructional and general operations and activities at Ohio’s 62 public colleges and universities.

The following table shows the line items that are used to fund the College and University Instructional Foundations program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-501	State Share of Instruction	\$1,559,096,031	\$1,559,096,031
General Revenue Fund Subtotal			\$1,559,096,031	\$1,559,096,031
Total Funding: College and University Instructional Foundations			\$1,559,096,031	\$1,559,096,031

Program 1.01: State Share of Instruction

This program consists of a single appropriation item, 235-501, State Share of Instruction (SSI), which serves as the state’s primary financial support to higher education in Ohio. The SSI provides unrestricted operating subsidies to Ohio’s 62 public colleges and universities. These funds provide a portion of the costs of providing instructional support, student services, and plant operations and maintenance for the approximately 355,000 full-time equivalent students (FTEs) enrolled in Ohio’s colleges and universities. In FY 2005, it is estimated that the SSI will cover approximately 38% of the institutions’ instructional and related costs.

The SSI is distributed to campuses in approximately equal monthly payments during a given fiscal year through a cost-based empirical formula that is primarily driven by enrollment and the level and type of instruction that is being provided (e.g., undergraduate versus graduate education, or social sciences versus natural sciences). An overview of the SSI formula, how the formula works, and an example are provided in “The State Share of Instruction Funding Formula” section following the Overview section of this Redbook.

The executive budget recommends a continuation of the FY 2005 funding level of \$1,559,096,031 in each fiscal year of the FY 2006-2007 biennium. The biennial total of approximately \$3.12 billion is approximately \$25.3 million or 0.8% greater than the FY 2004-2005 biennial total as a result of the approximately \$25.3 million funding increase for the SSI from FY 2004 to FY 2005. Nearly 62.0% of the Regents’ entire budget recommendation consists of the SSI in the FY 2006-2007 biennium, compared with the 63.2% in the FY 2004-2005 biennium.

Temporary Law Provisions: The executive proposal recommends the following changes to the SSI formula for the FY 2006-2007 biennium:

- Updates the allowances for instructional support, student services, and plant operation and maintenance (POM) for the 14 non-doctoral curricular models. Unlike the previous biennium, the executive proposal maintains the same allowances for both FY 2006 and FY 2007. These allowances are the estimated average costs incurred in FY 2005, and therefore do not take into account the estimated enrollment increases of 2% and estimated inflation of 3.5% in each fiscal year.
- The changes in instructional support from FY 2005 to FY 2006 range from an increase of 6.0% (or \$1,088) for the Masters and Professional I model, to a decrease of 11.4% (or \$4,788) for the Medical II model.
- The change in the student services allowance declines by \$13, or 1.4%, from \$903 for each of the 14 non-doctoral curricular models in FY 2005, to \$890 in FY 2006.
- The changes in the activity-based POM allowance from FY 2005 to FY 2006 range from a decrease of 3.3% (or \$43) for the Masters and Professional I model, to a decrease of 26.3% (or \$702) for the Medical I model.
- The changes in the square-foot based POM allowance from FY 2005 to FY 2006 range from a decrease of 2.9% (or \$0.22 per square foot) for Audio Visual-Data Processing and Laboratory space, to a decrease of 3.4% (or \$0.09 per square foot) for storage space.
- Maintains the doctoral reserve at an amount up to 10.34% of the total SSI appropriation, though in actuality the doctoral reserve will be 10.18% in FY 2006 and FY 2007, the same as in FY 2005.
- Permits universities to have the Regents withhold 1.5% in FY 2006 and 3% in FY 2007 of their allocations of the doctoral reserve in order to participate in the Innovation Incentive program under 235-433, Economic Growth Challenge (see Program 6.02 for a description of the Innovation Incentive program).
- Sets the annual stop-loss or funding guarantee at 95% of a campus's SSI allocation from the previous year. In the previous biennium, the annual stop-loss or funding guarantee was set at 100% of the FY 2003 allocation in FY 2004 and 98.01% of the FY 2004 allocation in FY 2005⁴.
- In addition to the changes in the SSI, temporary law sets the limitations on the increase in the instructional and general fees at each state institution of higher education (more commonly referred to as the tuition cap). The executive proposal recommends a limitation of 6% for each institution, along with an additional 3%, but only if the additional increase is used for scholarships to low-income students. In the previous biennium, the limitation was set at 6% plus an additional 3.9%, and the additional increase could be used for either scholarships to low-income students or to improve technology services to students. In addition, Ohio State University was permitted a 9% rather than a 6% increase in each fiscal year of the prior biennium.

⁴ The guarantee in FY 2005 was 99% of an institution's FY 2004 SSI allocation, assuming the FY 2004 SSI allocation had a 99%, rather than 100% guarantee. This "99% of 99%" had the effect of a 98.01% guarantee in FY 2005.

Program Series 2

Facilities and Debt Service

Purpose: This program series provides funds for the servicing of debt obligations incurred by the state and for the administration of capital-related activities.

The following table shows the line items that are used to fund the Facilities and Debt Service program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-401	Lease Rental Payments	\$200,619,200	\$200,795,300
GRF	235-552	Capital Component	\$19,058,863	\$19,058,863
GRF	235-909	Higher Education General Obligation Debt Service	\$137,600,300	\$152,114,100
General Revenue Fund Subtotal			\$357,278,363	\$371,968,263
State Special Revenue Fund				
4E8	235-602	Higher Educational Facility Commission Administration	\$55,000	\$55,000
State Special Revenue Fund Subtotal			\$55,000	\$55,000
Total Funding: Facilities and Debt Service			\$357,333,363	\$372,023,263

The Facilities and Debt Service program series contains three programs. Program 2.01, Rental and Debt Service Payments, receives 94.8% of the funding in this series. Program 2.02, Capital Component, receives 5.2%, and Program 2.03, Higher Educational Facility Commission receives 0.02%. The executive proposal recommends a 4.0% increase over the estimated FY 2005 expenditures in FY 2006, and an increase of 4.1% in FY 2007 for this program series. Of the biennial total of \$729.4 million, all but \$110,000 (\$55,000 in each fiscal year) of this program series is funded through the GRF. Details for each of the three programs are given below.

Program 2.01: Rental and Debt Service Payments

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-401	Lease Rental Payments	\$200,619,200	\$200,795,300
GRF	235-909	Higher Education General Obligation Debt Service	\$137,600,300	\$152,114,100
Total Funding: Rental and Debt Service Payments			\$338,219,500	\$352,909,400

This program provides the funds necessary to make all required debt service payments that would be due from the Regents during the biennium. Appropriation items 235-401, Lease Rental Payments, and 235-909, Higher Education General Obligation Debt Service, pay the principal and interest on both special obligation and general obligation bonds, respectively, that have been issued to provide funds for capital projects (e.g., constructing and rehabilitating buildings, purchasing real estate, and purchasing large items of equipment) at state-supported institutions of higher education in Ohio.

Until FY 2000 the capital needs were met by the issuance of only special obligation bonds. This category of debt is considered to be direct debt of the state although it is not backed by the full faith and credit of the state. Rather, special obligation debt is supported and repaid only by a dedicated state revenue source, in this case, the General Revenue Fund (GRF). Appropriation item 235-401, Lease Rental Payments, provides for the servicing of this type of debt.

As a result of State Issue 1 (November 1999), another category of debt, general obligation (GO) debt, has become eligible for funding higher education's capital projects. GO bonds are also considered to be direct debt of the state; however, unlike special obligation debt, GO debt is backed by the full faith and credit of the state. This additional backing reduces the risk to the bondholder market; accordingly, GO bonds can usually be sold at lower interest rates than special obligation bonds require. Appropriation item 235-909, Higher Education General Obligation Debt Service, provides for the servicing of GO debt.

Because of the lower interest charges from the issuance of GO bonds, the state since FY 2000 has not issued any more special obligation debt for higher education's capital projects. Thus, GO debt has been assuming a larger and larger portion of the state's higher education debt structure. Accordingly, the appropriation for debt service item 235-909 will continue to increase and the appropriation for item 235-401 will continue to decline over several bienniums until 2014 when all of the special obligation debt will be retired under the present debt retirement schedules. However, for the FY 2006-2007 biennium, and continuing through FY 2008, the debt service for the special obligation debt will remain fairly constant before declining once again beginning in FY 2009. This plateau in the debt service is simply a result of the dates of issuance, dates of maturity, and the interest rates of the special obligation bonds.

The executive recommendation for FY 2006 for the program is \$338,219,500, which is 4.1% greater than the estimated expenditures for FY 2005, and \$352,909,400 in FY 2007, which is 4.3% greater than FY 2006. By appropriation item, item 235-401, Lease Rental Payments, declines by 7.5% in FY 2006 and increases by 0.1% in FY 2007; while item 235-909 increases by \$29.6 million (27.4%) in FY 2006 and \$14.5 million (10.5%) in FY 2007.

As of June 30, 2004, there was \$1,131 million in general obligation higher education debt, and \$1,126 million in special obligation higher education debt outstanding for the state. These amounts compare to \$728 million and \$1,518 million, respectively, on June 30, 2002. The executive budget anticipates that \$600 million in new debt will be issued during the biennium.

Temporary and Permanent Law Provisions: The executive proposal contains the following temporary law provisions:

- Limits the aggregate amount of payments made from appropriation item 235-401, Lease Rental Payments, to \$401,414,500 during the FY 2006–2007 biennium, which is the sum of the appropriations for each fiscal year.
- Requires the appropriation item 235-909, Higher Education General Obligation Debt Service, to be used for debt service payments into the higher education capital facilities bond service fund as authorized under permanent law governing the Ohio Public Facilities Commission.

Am. Sub. H.B. 16 of the 126th General Assembly, the most recent capital appropriations bill, requires the State Architect to establish a local-administration competency certification program to certify state universities and state community colleges to administer state-funded capital facilities projects without the oversight of the Department of Administrative Services. The program must provide instruction about the Public Improvements Law and DAS rules and policies regarding capital projects to employees selected by

the institutions who will be responsible for administering capital facilities projects. The project must specifically cover the planning, design, and construction processes; contract requirements; and construction and project management.

The executive proposal makes the following changes to the Local Administration Competency Certification program under section 123.17 of the Revised Code:

- Directs the State Architect to establish the program by December 30, 2005.
- Specifies that the program fee established by the State Architect is subject to approval by the Director of Budget and Management.
- Specifies that the State Architect must determine that an institution's designated employees have "successfully" completed the program prior to awarding certification.
- Requires the State Architect to revoke an institution's certification if the institution either has an insufficient number of certified employees responsible for the administration of its capital projects or if the institution is not conducting biennial audits of its capital projects.

The executive proposal also changes the Public Improvements Law by allowing institutions the choice between the current method of separate and distinct contracts, or single, aggregate contracts for all branches or classes of work to be performed.

Program 2.02: Capital Component

The Capital Component dates from 1997 when a new capital funding policy was implemented by the Regents. For each subsequent capital bill, the Regents uses a formula based on the total appropriation available to the institutions, enrollments, square-footage, and the age of the space to determine the amount of capital funding each institution should receive. If an institution requests and receives less than its formula amount, then the institution will receive an amount equivalent to the difference in debt-service charges between the formula amount and the amount actually received. These funds must be used for capital projects. On the other hand, if an institution requests and receives more than its formula amount, its allocation under the State Share of Instruction (SSI) is reduced by the excess amount of debt-service that is above the formula capital funding amount. The reduced funds are transferred from appropriation item 235-501, State Share of Instruction, to appropriation item 235-552, Capital Component.

The executive budget recommends \$19,058,863 in FY 2006 for appropriation item 235-552, Capital Component, which is a 1.9% increase over the estimated expenditures for FY 2005. The recommendation for FY 2007 is the same as in FY 2006. In addition to this funding, five institutions are likely to have their SSI reduced by a total of \$249,142 in FY 2006 and FY 2007, which will be transferred to this line item.

Temporary Law Provision: The provision in the executive recommendation for the Capital Component is the same as in the FY 2004-2005 biennium, which describes the program and includes the restriction on the use of these moneys for capital-related purposes only.

Program 2.03: Higher Educational Facility Commission

This program is supported by appropriation item 235-602, Higher Educational Facility Commission Administration, which is funded through a State Special Revenue Fund (Fund 4E8). The Higher Educational Facility Commission (HEFC) is an agency of the state that provides for the issuance of tax-exempt revenue bonds for Ohio's private colleges and universities. Since the bonds are tax-exempt, they have a lower rate of interest than what the private colleges or universities could obtain on their own. The private colleges and universities pay a fee for the issuance of the bonds, which is deposited into Fund 4E8 and used to fund the operations of the agency.

The executive budget recommends \$55,000 for this line item in FY 2006, an increase of 175% over the estimated expenditures for FY 2005, and a continuation of the \$55,000 in FY 2007. Currently, the Higher Educational Facility Commission (HEFC) does not have a separate staff or permanent offices, so this line item enables the Regents to be reimbursed for a wide range of administrative services the agency provides to the HEFC. A 2004 audit conducted by the Auditor of State has recommended that the Regents employ and maintain one staff person to manage the administrative duties of the HEFC. Therefore, the increase in the appropriations for this line item will be used to cover the costs of this employee.

Temporary Law Provision: A provision in the executive budget authorizes the transfer of up to \$55,000 in each fiscal year from the HEFC's agency fund (Fund 461) to the HEFC Administration Fund (Fund 4E8), in order to allow for the Regents to hire one staff person for managing the administrative duties of the HEFC.

Program Series 3

Pre-K through 16 Preparation and Access

Purpose: This program series supports initiatives that facilitate access to college through improved readiness and through initiatives that focus on improving the capability of the “P-16” educational system to prepare students for success in college and in professional careers.

The following table shows the line items that are used to fund the Pre-K through 16 Preparation and Access program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-434	College Readiness and Access*	\$6,375,975	\$7,655,425
GRF	235-435	Teacher Improvement Initiatives**	\$2,597,506	\$2,597,506
General Revenue Fund Subtotal			\$8,973,481	\$10,252,931
Federal Special Revenue Fund				
312	235-609	Tech Prep	\$183,850	\$183,850
312	235-611	Gear-up Grant	\$1,370,691	\$1,370,691
312	235-615	Professional Development	\$523,129	\$523,129
312	235-617	Improving Teacher Quality	\$2,900,000	\$2,900,000
312	235-621	Science Education Network	\$1,686,970	\$1,686,970
312	235-631	Federal Grants	\$250,590	\$250,590
Federal Special Revenue Fund Subtotal			\$6,915,230	\$6,915,230
Total Funding: Pre-K through 16 Preparation and Access			\$15,888,711	\$17,168,161

*This new appropriation item consolidates previous appropriation items 235-404, College Readiness Initiatives, and 235-477, Access Improvement Projects. These two items are funded as earmarks under the new appropriation item.

**This new appropriation item consolidates previous appropriation items 235-403, Mathematics and Science Teaching Improvement, and 235-588, Ohio Resource Center for Mathematics, Science, and Reading. These two items are funded as earmarks under the new appropriation item.

The Pre-K through 16 Preparation and Access program series contains two programs. Program 3.01, College Readiness and Access, receives 51.9% of the funding in this program series, and Program 3.02, Teacher Improvement, receives 48.1%. The executive proposal recommends a 5.3% increase over estimated FY 2005 expenditures in FY 2006, and an increase of 8.1% in FY 2007 for this program series. Of the \$33.1 million recommended for the biennium, 58.2% comes from the GRF and 41.8% from Fund 312 of the federal special revenue fund group. Federal funding decreases by 18.1% from FY 2005 to FY 2006, as a result of a decrease in appropriation item 235-631, Federal Grants, from \$1,795,726 in FY 2005 to \$250,590 in FY 2006. The reason for the decline is because this appropriation item formerly supported several programs, but now only funds the Teacher Quality Enhancement program. Details for each of the two programs are given below.

Program 3.01: College Readiness and Access

Fund	ALI	Title	FY 2006	FY 2007
GRF	235-434	College Readiness and Access	\$6,375,975	\$7,655,425
FED 312	235-609	Tech Prep	\$183,850	\$183,850
FED 312	235-611	Gear-Up Grant	\$1,370,691	\$1,370,691
Total Funding: College Readiness and Access			\$7,930,516	\$9,209,966

This program supports early assessment testing and promotes collaboration between primary, secondary, and higher education. It is intended to improve the ability of high school students to enroll and succeed in higher education and to reduce the need for college remediation. The program also supports the development of pilot projects aimed at increasing access to and retention in higher education for students in under-represented populations.

Appropriation item, 235-434, College Readiness and Access, is intended to support programs that improve the academic preparation and increase the number of students who enroll and succeed in higher education. It supports such programs as the Ohio College Access Network (OCAN) and provides the state match for the federal Gaining Early Awareness and Readiness for Undergraduate Program (Gear-Up) under 235-611, Gear-Up Grant. The Gear-Up program supports efforts to increase college participation among rural Appalachian and inner-city Ohioans by promoting college awareness among low-income students, helping them prepare for college, and enhancing their transition to higher education.

Appropriation item 235-609, Tech Prep, supports efforts to facilitate the seamless transition from high school to college by reducing remediation rates and preparing students for high-technology jobs. The appropriation supports a professional staff member to work collaboratively with the Ohio Department of Education to administer the statewide Tech Prep program. The program enables either the direct entry into the workplace after high school, the continuation of study at a two-year college leading to an associate degree with advanced skills, or the completion of an appropriate baccalaureate degree.

The executive budget recommends \$7,930,516 in FY 2006 for this program, a 37.9% increase from the estimated FY 2005 expenditures, and \$9,209,966 in FY 2007, a 16.1% increase from FY 2006. Almost all of the increase in funding for this program is through the GRF, with the appropriation of \$6,375,975 to 235-434, College Readiness and Access, being 51.8% greater than the combined FY 2005 appropriations of \$4,201,440 to line items 235-404, College Readiness Initiatives and 235-477, Access Improvement Initiatives. The two federally funded line items increase by only 0.3% in FY 2006 and remain flat in FY 2007.

Temporary Law Provisions: The executive proposal makes the following earmarks under appropriation item 235-434, College Readiness and Access:

- \$798,684 in FY 2006 and \$822,645 in FY 2007 for the Ohio Appalachian Center for Higher Education at Shawnee State University.
- \$169,553 in FY 2006 and \$174,640 in FY 2007 for the Student Achievement in Research and Scholarship Program (STARS) at Miami University.

- \$1,574,535 in FY 2006 and \$2,753,985 in FY 2007 for the Early College High School pilot program (to be used in conjunction with the Department of Education’s appropriation item 200-431, School Improvement Initiatives).

Program 3.02: Teacher Improvement

Fund	ALI	Title	FY 2006	FY 2007
GRF	235-435	Teacher Improvement Initiatives	\$2,597,506	\$2,597,506
FED 312	235-615	Professional Development	\$523,129	\$523,129
FED 312	235-617	Improving Teacher Quality	\$2,900,000	\$2,900,000
FED 312	235-621	Science Education Network	\$1,686,970	\$1,686,970
FED 312	235-631	Federal Grants	\$250,590	\$250,590
Total Funding: Teacher Improvement			\$7,958,195	\$7,958,195

This program supports efforts to improve the quality of mathematics and science teaching in primary, secondary, and higher education, as well as identifying best teaching practices. For the program, the executive budget recommends \$7,958,195 in FY 2006, which is a decrease of 14.8% from the estimated expenditures for FY 2005. For FY 2007, the executive recommends the same level of funding as in FY 2006.

Appropriation item, 235-435, Teacher Improvement Initiatives, will be used to support programs such as OSI–Discovery and the Centers of Excellence in Mathematics and Science, which are designed to raise the quality of mathematics and science teaching in primary and secondary education. This appropriation item is the only GRF funding source for this program. For this line item, the executive budget recommends \$2,597,506 in FY 2006, which is 6.1% greater than the combined FY 2005 appropriations of \$2,447,506 to line items 235-403, Mathematics and Science Teaching Improvement, and 235-588, Ohio Resource Center for Mathematics, Science, and Reading. For FY 2007, the executive recommends the same level of funding as in FY 2006.

The four federal line items in this program fund a variety of teacher improvement initiatives: Preparing Tomorrow's Teachers to Use Technology (235-615, Professional Development), Improving Teacher Quality State Grants (235-617, Improving Teacher Quality Grant), and Teacher Quality Enhancement (235-631, Federal Grants). In addition, appropriation item 235-621, Science Education Network, will provide funds to connect colleges and universities to the Third Frontier Network in order to improve K-12 and undergraduate science education. The executive budget recommends \$5,360,689 in FY 2006 for these four federal line items, which is 22.3% less than the total of \$6,895,781 in FY 2005. As mentioned above, the decline is a result from the decrease in appropriation item 235-631, Federal Grants. For FY 2007, the executive recommends the same level of funding as in FY 2006.

Temporary Law Provisions: The executive proposal makes the following earmarks under appropriation item 235-435, Teacher Improvement Initiatives:

- \$204,049 in each fiscal year for the Mathematics and Science Center in Lake County.
- \$81,619 in each fiscal year for the Ohio Mathematics and Science Coalition.
- \$100,000 in each fiscal year for the Teacher Quality Partnerships study.

- \$799,871 in each fiscal year for the Ohio Resource Center for Mathematics, Science, and Reading. In addition, language is included to prohibit the Center from making available resources that are inconsistent with the K-12 science standards and policies that are adopted by the State Board of Education.

Program Series 4

Student Access

Purpose: This program series supports efforts to increase college access and participation in higher education by providing a variety of student aid, from direct financial assistance to college students to institutional subsidies that help institutions maintain a lower and more affordable tuition.

The following table shows the line items that are used to fund the Student Access program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-414	State Grants and Scholarship Administration	\$1,352,811	\$1,382,881
GRF	235-418	Access Challenge	\$63,340,676	\$63,340,676
GRF	235-502	Student Support Services	\$795,790	\$795,790
GRF	235-503	Ohio Instructional Grants	\$121,151,870	\$92,496,969
GRF	235-504	War Orphans Scholarships	\$4,672,321	\$4,672,321
GRF	235-514	Central State Supplement	\$10,172,626	\$9,663,995
GRF	235-520	Shawnee State Supplement	\$1,817,839	\$1,636,055
GRF	235-531	Student Choice Grants	\$50,853,276	\$52,985,376
GRF	235-534	Student Workforce Development Grants	\$2,137,500	\$2,137,500
GRF	235-549	Part-time Student Instructional Grants	\$14,457,721	\$10,534,617
GRF	235-563	Ohio College Opportunity Grant	\$0	\$58,144,139
General Revenue Fund Subtotal			\$270,752,430	\$297,790,319
Federal Special Revenue Fund				
3N6	235-605	State Student Incentive Grants	\$2,196,680	\$2,196,680
Federal Special Revenue Fund Subtotal			\$2,196,680	\$2,196,680
Total Funding: Student Access			\$272,949,110	\$299,986,999

The Student Access program series contains nine programs. However, 92.0% of the funding in this program series is contained in three programs. These are Program 4.01, Need-based Student Financial Aid, which receives 56.8% of the funding in this program series, Program 4.03, Access Challenge, which receives 22.1%, and Program 4.08, Student Choice Grants, which receives 18.1%. The executive budget recommends a 1.1% increase over estimated FY 2005 expenditures in FY 2006, and an increase of 9.9% in FY 2007 for this program series. The jump from FY 2006 to FY 2007 is almost entirely due to the phase-in of the Ohio College Opportunity Grant beginning in FY 2007. Of the \$572.9 million recommended for the biennium, 99.2% comes from the GRF and 0.8% from Fund 3N6 of the federal special revenue fund group. Details for each of the nine programs are given below.

Program 4.01: Need-based Student Financial Aid

Fund	ALI	Title	FY 2006	FY 2007
GRF	235-503	Ohio Instructional Grants	\$121,151,870	\$92,496,969
GRF	235-549	Part-time Student Instructional Grants	\$14,457,721	\$10,534,617
GRF	235-563	Ohio College Opportunity Grant	\$0	\$58,144,139
Total Funding: Need-based Student Financial Aid			\$135,609,591	\$161,175,725

This program includes the appropriation items that provide the state’s primary need-based financial aid programs. Appropriation item 235-503, Ohio Instructional Grants, provides tuition assistance to full-time undergraduate students from low- and moderate-income families. Awards are granted only to eligible Ohio resident undergraduates based on family income, dependency status, the number of dependent children in the family, and the type of institution the student is attending (public, private, or career college). The grant awards for each of several family income ranges are listed in six tables in section 3333.12 of the Ohio Revised Code. The awards range from \$174 to \$5,466 for dependent students, and from \$192 to \$5,466 for independent students. The maximum family gross income levels to receive an award are \$39,000 for dependent students, and \$35,300 for independent students.

Appropriation item 235-549, Part-time Student Instructional Grants, provides need-based financial assistance to Ohio residents who are enrolled in part-time undergraduate studies at a public, private, or career college in Ohio. Unlike the Ohio Instructional Grants, the Part-time Student Instructional Grants funds are not allocated through a set of tables, but are allocated directly to the institutions, which in turn provide the aid to the eligible students.

Appropriation item 235-563, Ohio College Opportunity Grant, is a new item that will begin the phase-in of a new need-based financial aid program that will eventually replace the other two appropriation items in this program. This consolidation is one of the recommendations of the Commission for Higher Education and the Economy (CHEE). The Ohio College Opportunity Grant will use the federally determined “Expected Family Contribution,” or EFC, as the basis for determining the grant awards. The EFC is calculated using the information that students provide when they fill out their Free Application for Federal Student Aid (FAFSA) form, and is the same method that the federal government uses to determine eligibility for Pell Grants. The EFC system is a more sophisticated measure of a family’s ability to pay for higher education than using family income only, by taking into account a number of other factors, including family assets, student income, number of family members in college, and the ages of the parents.

The grant awards of the Ohio College Opportunity Grant will be included in four tables under section 3333.122 of the Revised Code. Each table includes the awards for public, private, and career colleges. The EFC in each table ranges from an EFC of \$0, followed by \$100 increments, until the last increment, which has an EFC between \$2,101 to \$2,190. The first table is for students attending full-time, followed by tables for students attending three-quarters-time, half-time, and one-quarter-time. The awards in these three tables are approximately three-fourths, one-half, and one-quarter of the awards in the full-time tables.

For public institutions, a full-time student would receive an award of \$300 at the highest EFC level (\$2,101 to \$2,190), to \$2,496 at the lowest EFC level (an EFC of \$0). For full-time students attending a private institution, the awards are approximately twice the amounts of the public institutions, ranging

from \$600 to \$4,992. For full-time students attending a career college, the awards are approximately 1.6 times the amounts of the public institutions, ranging from \$480 to \$3,996.

The executive budget recommends \$135,609,591 in FY 2006 for this program, an increase of 4.5% over the estimated FY 2005 expenditures. The recommendation for FY 2007 is \$161,175,725, an increase of 18.9% over FY 2006. The increase from FY 2005 to FY 2006 will be able to fund the projected growth in the number of students eligible for Ohio Instructional Grant and Part-time Student Instructional Grants. The increase in funding from FY 2006 to FY 2007 will fund both the expected number of grant recipients remaining in the Ohio Instructional Grants and Part-time Student Instructional Grants, as well as the grants to be provided under the new Ohio College Opportunity Grant system. Only students who have not received college credit (excluding post secondary enrollment option and early college high school students) prior to the start of the 2006-2007 academic year will be eligible to receive an Ohio College Opportunity Grant.

Temporary and Permanent Law Provisions: The executive proposal contains the following temporary law provisions:

- Requires that the awards for Ohio Instructional Grants be made under the tables in section 3333.12 of the Revised Code in each fiscal year of the FY 2006-2007 biennium.
- Requires that recipients of Ohio Instructional Grants in FY 2007 must have received college credit (excluding post secondary enrollment option and early college high school students) prior to the start of the 2006-2007 academic year.
- Requires that an appropriate amount of funds from appropriation item 235-503, Ohio Instructional Grants, be used to provide payments to private institutions and reimbursements to public institutions for tuition waivers provided to children and spouses of public service officers killed in the line of duty as specified in section 3333.26 of the Revised Code.
- Transfers the unencumbered balance of appropriation item 235-503, Ohio Instructional Grants, at the end of FY 2006 to FY 2007.
- Specifies that the funds under appropriation item 235-549, Part-time Student Instructional Grants, be used only for students who were enrolled in degree granting programs prior to the 2006-2007 academic year.
- Requires institutions providing grants under appropriation item 235-549, Part-time Student Instructional Grants, to make the grants on the basis of need and give special consideration to single parents and displaced homemakers.
- Specifies that the grants awarded under appropriation item 235-563, Ohio College Opportunity Grants, begin in FY 2007 and are to be made according to section 3333.122 of the Revised Code.
- Makes an appropriation for non-GRF item 235-618, State Need-based Financial Aid Reconciliation, (Fund 5Y5), in the amount certified by the Regents to the Director of Budget and Management that is necessary to pay any outstanding prior year obligations to higher education institutions for the state's need-based financial aid programs.

The executive proposal also contains the following permanent law provisions:

- Creates the Ohio College Opportunity Grants Program and provides the tables under which the awards are to be made.
- Phases out the Ohio Instructional Grant Program.

- Changes the name of the Instructional Grant Reconciliation Fund (Fund 5Y5) to the State Need-based Financial Aid Reconciliation Fund, and expands its use to include refunds of payments made under the Ohio College Opportunity Grant program in addition to the refunds of payments made under the Ohio Instructional Grants program.

Program 4.02: State Student Incentive Grants

This program consists of a single appropriation item 235-605, State Student Incentive Grants, which provides federal funds for need-based tuition assistance. In Ohio these funds support the Ohio Instructional Grants program and are awarded to the neediest students on the same basis as the Ohio Instructional Grants program. Funds from this program may also be used to support the new need-based financial aid program, Ohio College Opportunity Grant.

The executive budget recommends \$2,196,680 in FY 2006, a decrease of \$900,000 or 29.1% from the estimated FY 2005 expenditures. The executive recommendation for FY 2007 is the same as in FY 2006. This program is funded by Fund 3N6 of the federal special revenue fund group, and is the only program in Program Series 4 that is not funded by the GRF. The costs of this program have been affected by the rising price of tuition and the growing numbers of applicants and/or eligible students.

Program 4.03: Access Challenge

This program consists of a single appropriation item 235-418, Access Challenge, which supports efforts by designated “access” campuses to buy down or restrain tuitions for in-state undergraduate students enrolled in introductory undergraduate courses. The program is intended to enable more Ohioans to afford and attend college, thereby serving to improve Ohio’s educational attainment levels. Access campuses include all 47 two-year public colleges, as well as Central State University, Shawnee State University, and the two-year technical-community college components of the University of Akron, the University of Cincinnati, and Youngstown State University.

In FY 2000, access campuses were required to hold their tuition flat, and in FY 2001, the access campuses were required to reduce their tuition by 5%. However, since then there has been no specific provision within the access challenge regarding tuition restraints or reductions. Receipt of Access Challenge funds is determined solely by the campus’ share of General Studies FTEs. In essence, the Access Challenge is currently providing funds to the access campuses to offset the foregone tuition revenue they would have received had they increased their tuition in FY 2000 and FY 2001.

The funds for the Access Challenge are allocated to the campuses in proportion to their shares of the statewide average total of General Studies full-time-equivalent (FTE) students. The table below shows the total expenditure for the Access Challenge, the number of General Studies FTEs used in the calculation for that fiscal year, and the expenditure per FTE. 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, the campus’ share is based on the average of General Studies FTEs in FY 2001 and FY 2002; while for FY 2005, the campus’ share is to be based on the average of General Studies FTEs in FY 2002 and FY 2003.

Fiscal year	Access Challenge Expenditures	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	\$58,296,920	65,443	\$891	-10.3%
FY 2003	\$56,839,497	65,443	\$869	-2.5%
FY 2004	\$67,333,622	72,092	\$934	7.5%
FY 2005	\$63,119,751	78,811	\$801	-14.3%

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 \$869 mirrors the 12.2% decline in the appropriation from \$65.0 million to \$57.1 million. For FY 2004, the increase in the Access Challenge appropriation was greater than the increase in the number of General Studies FTEs, resulting in a 7.5% increase in the number of Access Challenge dollars per FTE. In FY 2005, the combination of a 6.3% decrease in the appropriation along with a 9.3% increase in the number of General Studies FTEs led to a 14.3% decline in the number of Access Challenge dollars per FTE.

In addition to the appropriation amounts in the table above, a small portion of the Access Challenge appropriation are made available for the administration of the program, which includes the support of approximately 2.2 full-time equivalent staff positions. In FY 2005, \$220,925 or 0.3% of the Access Challenge was used for administration of the program. For the FY 2006-2007 biennium, the Regents expect to use the same amount as in FY 2005 for administration of the program.

The executive budget recommends \$63,340,676 in each fiscal year of the FY 2006-2007 biennium, which is the same as the estimated FY 2005 expenditures. Given the flat funding and the expected increase in enrollments during the FY 2006-2007 biennium, it is likely that the amount of Access Challenge dollars per FTE will decline in each fiscal year. According to the Regents, these levels would be insufficient to allow for any further restraint or reduction of tuition.

Temporary Law Provision: The provision in the executive recommendation for appropriation item 235-418, Access Challenge, specifies what is an access campus, the purpose of the program, and the methodology for its distribution in each fiscal year. In FY 2006, an access campus will receive an amount equal to its proportion of General Studies FTEs in FY 2003 and FY 2004. In FY 2007, an access campus will receive an amount equal to its proportion of General Studies FTEs in FY 2004 and FY 2005.

Program 4.04: Supplements

Fund	ALI	Title	FY 2006	FY 2007
GRF	235-514	Central State Supplement	\$10,172,626	\$9,663,995
GRF	235-520	Shawnee State Supplement	\$1,817,839	\$1,636,055
Total Funding: Supplements			\$11,990,465	\$11,300,050

This program provides supplemental subsidies to two state-assisted institutions: Central State University and Shawnee State University. Supplemental funding is provided to enable these two campuses to maintain lower undergraduate fees and to fund scholarships in order to increase access for populations that have been historically under-represented in educational attainment. Central State serves minority

students, mainly African-Americans, while Shawnee State primarily serves students from the Appalachian region of the state.

The executive budget recommends \$11,990,465 in FY 2006, which is a decrease of 5.8% from the estimated FY 2005 expenditures. The recommendation for FY 2007 is \$11,300,050, which is a decrease of 6.1% from FY 2006. By line item, item 235-514, Central State Supplement, decreases by 5.0% in each fiscal year of the FY 2006-2007 biennium, while item 235-520, Shawnee State Supplement, decreases by 10.0% in each fiscal year.

Temporary Law Provisions: The provisions in the executive recommendation for appropriation items 235-514, Central State Supplement, and 235-520, Shawnee State Supplement, are the same as in the FY 2004-2005 biennium. These provisions describe the use of the supplements to keep undergraduate fees below the statewide average and to be used in a manner consistent with each of their respective missions. In addition, the language for the Shawnee State Supplement includes a provision specifying that the funds also be used to employ new faculty and develop new degree programs that meet the needs of Appalachians.

Program 4.05: War Orphans Scholarships

This program consists of a single appropriation item 235-504, War Orphans Scholarship, which provides scholarships to the children of deceased or severely disabled Ohio veterans of wartime military service in the U.S. armed forces. Scholarship benefits cover all of the instructional and general fees charged at a state supported two-year or four-year institution. The scholarship can also be used at a private or career college, and is equal to the average amount of the scholarship benefits received by those recipients attending state supported two-year or four-year institutions during the previous academic year. The program's mission is to acknowledge and honor the sacrifices made by the United States Military by ensuring that children of Ohio veterans have access to higher education.

The executive budget recommends \$4,672,321 in both FY 2006 and FY 2007, which is the same as the estimated FY 2005 expenditures. While the appropriation was also the same for FY 2004, the actual expenditures for that fiscal year were \$3,832,679. It is expected that the number of eligible students will remain essentially flat in each fiscal year of the FY 2006-2007 biennium.

Temporary Law Provision: The provision in the executive recommendation for appropriation item 235-504, War Orphans Scholarship, is the same as in the FY 2004-2005 biennium, which states that the funds are to be distributed in accordance with the provisions of sections 5910.032 and 5910.04 of the Revised Code.

Program 4.06: State Grants and Scholarships Management

This program consists of a single appropriation item 235-414, State Grants and Scholarship Administration, which supports the operating expenses of all of the student financial aid programs administered by the Regents. The funds help promote the timely, efficient, and effective administration of these programs. In addition to administering the financial aid programs under this program series, the State Grants and Scholarship division of the Regents also serves as fiscal manager for the Ohio National Guard Scholarship program and the Physicians Loan Repayment program.

The executive budget recommends \$1,352,811 in FY 2006, which is an increase of 15.3% from the estimated FY 2005 expenditures. The recommendation for FY 2007 is \$1,382,881, which is an increase of 2.2% in FY 2007. The increase in funding for this program will allow for the hiring of one additional

full-time employee, increasing the number of full-time equivalent employees funded through this line item from approximately 9.4 to 10.4. For the FY 2006-2007 biennium, this program accounts for only 0.5% of the total recommendation for this program series.

Temporary and Permanent Law Provisions: The executive recommendation contains a temporary law provision for appropriation item 235-414, State Grants and Scholarship Administration, which requires the funds to be used by the Regents for the administration of the various student financial aid programs.

The executive recommendation contains the following permanent law provisions:

- Requires the Regents to conduct audits to determine the validity of information provided by students regarding eligibility for financial aid.
- Requires an institution of higher education to adjust a student's financial aid award as the Regents determines appropriate.
- Requires the Regents to conduct audits to ensure that the institutions are complying with its financial aid rules.
- Makes institutions that fail to comply with these rules fully liable to reimburse the Regents for the unauthorized use of financial aid funds.

Program 4.07: Student Support Services

This program consists of a single appropriation item 235-502, Student Support Services, which provides supplemental state support to Ohio's public colleges and universities that have high concentrations of disabled students and incur disproportionate costs in providing instructional and related services to these students. The Regents annually determines the qualified campuses and the statewide average costs for the provision of these services. The purpose of the program is to help Ohio's public colleges and universities conform to the Americans with Disabilities Act and to make their campuses more physically accessible for disabled students.

The executive budget recommends \$795,790 in FY 2006 and FY 2007, the same as the estimated FY 2005 expenditures. These funds will be used to help qualifying campuses continue to serve students with disabilities. These services include such things as tutoring, note-taking, counseling, and transportation services.

Temporary Law Provision: The provision in the executive recommendation for appropriation item 235-502, Student Support Services, is the same as in the FY 2004-2005 biennium, which states that the funds are to be distributed to Ohio's public colleges and universities that incur disproportionate costs in the provision of support services to disabled students.

Program 4.08: Student Choice Grants

This program consists of a single appropriation item 235-531, Student Choice Grants, which attempts to narrow the tuition gap between the state's public and private non-profit colleges and universities by providing a uniform amount of grants to all full-time baccalaureate students who are residents of Ohio and attending a private non-profit college or university in Ohio. The goal of the program is to increase college access for more Ohioans by helping to reduce the cost of attending the state's private non-profit colleges and universities. The maximum grant is revised every two years, and is set to equal 25% of the average State Share of Instruction paid for full-time in-state undergraduate enrollments at public university main campuses in the previous biennium. Approximately 56,000 Ohio students in each fiscal

year receive the grant awards, which averaged \$900 per student per academic year in the FY 2004-2005 biennium. A student is eligible to receive the award for a maximum of five academic years.

The executive budget recommends \$50,852,276 in FY 2006, which is a decrease of 2.5% from the estimated FY 2005 expenditures. The executive recommendation for FY 2007 is \$52,985,376, which is an increase of 4.2% in FY 2006. Even though the appropriation decreases from FY 2005 to FY 2006, the recommended appropriations is expected to completely fund the students in the program.

Temporary Law Provision: The provision in the executive recommendation for appropriation item 235-531, Student Choice Grants, is basically the same as in the FY 2004-2005 biennium, which states that the funds are to be used for the Student Choice Grant Program created in section 3333.27 of the Revised Code, and that the unencumbered balance at the end of the first fiscal year is to be transferred to the second year for the same purpose.

Program 4.09: Student Workforce Development Grants

This program consists of a single appropriation item 235-534, Student Workforce Development Grants, which provides financial support to eligible Ohio resident students attending for-profit private institutions registered with the State Board of Career Colleges and Schools. Awards are not based on financial need. Rather, career colleges and schools that have a job placement rate of at least 75% are eligible to make these grants available to qualifying students who must be enrolled full-time and be successfully pursuing a 2-year or 4-year degree. Approximately 8,000 students qualify and receive assistance from this program in FY 2005, and the amount of the awards is determined by the Regents based on the amount of funds available for the program.

The executive budget recommends \$2,137,500 in FY 2006 and FY 2007, the same as the estimated FY 2005 expenditures. Given the flat funding in each year of the FY 2006-2007 biennium, the funds in this line item would be able to provide the same number of students the same grant amounts as in FY 2005.

Temporary Law Provisions: The provision in the executive recommendation for appropriation item 235-534, Student Workforce Development Grants, is the same as in the FY 2004-2005 biennium, which states that the funds are to be used for the Student Workforce Development Grant program, and that the Regents are to distribute and determine the amount of the awards based on the amount of funds available for the program.

Program Series 5

Academic Success

Purpose: This program series supports efforts to improve the successful completion of baccalaureate degree programs among Ohio’s college students and to raise the state’s educational attainment levels.

The following table shows the line items that are used to fund the Academic Success program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-420	Success Challenge	\$52,601,934	\$52,601,934
GRF	235-530	Academic Scholarships	\$7,800,000	\$7,800,000
General Revenue Fund Subtotal			\$60,401,934	\$60,401,934
Total Funding: Academic Success			\$60,401,934	\$60,401,934

The Academic Success program series contains two programs. Program 5.01, Success Challenge, receives 87.1% of the funding in this program series, and Program 5.02, Academic Scholarships receives 12.9%. The executive proposal recommends a 0.4% decrease over estimated FY 2005 expenditures in FY 2006, and flat funding in FY 2007 for this program series. The entire decrease of \$229,670 in FY 2006 is attributable to the elimination of funding for appropriation item 235-518, Capitol Scholarship Programs. All of the funding for this program series comes from the GRF. Details for each of the two programs are given below.

Program 5.01: Success Challenge

This statewide program supports and rewards Ohio’s 13 state universities in their efforts to promote successful degree completion by "at-risk" baccalaureate students and timely degree completion by all baccalaureate students. The program’s objective is to provide incentives to Ohio’s state universities to help students successfully complete a baccalaureate program within a reasonable time, and to improve baccalaureate graduation rates among at-risk populations, both with a view to raising Ohio’s educational attainment level, which is currently below the national average. Universities must submit plans to the Regents describing their efforts to improve degree completion for “at-risk” students and timely degree completion for all students, which are reviewed and made available to all institutions.

For the portion of the Success Challenge allocated to “at-risk” students, the funds are allocated to a university by its proportion of the total statewide baccalaureate degrees awarded to “at-risk” students, which are defined as students who were eligible to receive an Ohio Instructional Grant during the past ten years. For the portion of the Success Challenge allocated for timely degree completion, the funds are allocated to each university in proportion to its share of the total statewide number of timely degree credits. A timely degree credit measures not only the completion of a bachelor's degree in a "timely manner," but also takes into account only the courses taken at the university in which the student received the degree. Because of this, the total number of degree credits will differ from the total number of degrees granted by a campus. For the purpose of this appropriation, "timely manner" is generally meant to be four years.

Originally, two-thirds of the funds for the Success Challenge were allocated to “at-risk” students, and the remaining one-third was allocated for timely degree completion. However, for the FY 2004-2005

biennium, the percentage allocated to “at-risk” students was changed to 71.77% of the appropriations in FY 2004 and 74.29% in FY 2005. This change was a result of increasing the appropriation levels by the General Assembly, and directing all of the increase to the “at-risk” allocation.

The table below details the amount of expenditures in the Success Challenge program since its beginning in FY 2000. The expenditures are broken down by the portions reserved for “at-risk” students and timely degree completion. In addition, the number of “at-risk” students receiving degrees and the number of timely degree credits used in each year’s allocation are included, as well as the expenditure per degree/credits. Note that there is a lag of two years in the number of “at-risk” students receiving degrees and the number of timely degree credits used for distributing the funding. For example, FY 2005 Success Challenge is allocated based on FY 2003 degree and credit data.

Fiscal year	At-risk			Timely completion		
	Expenditure	“At-risk” degrees	Expenditure per degree	Expenditure	Timely degree credits	Expenditure per credit
2000	\$13,258,735	8,686	\$1,526	\$6,629,368	9,849	\$673
2001	\$32,347,330	8,686	\$3,724	\$16,173,667	9,849	\$1,642
2002	\$31,214,000	8,652	\$3,608	\$15,607,000	10,625	\$1,469
2003	\$29,341,160	8,690	\$3,376	\$14,670,580	11,115	\$1,320
2004	\$34,990,795	8,993	\$3,891	\$13,763,274	11,761	\$1,170
2005*	\$38,933,958	9,220	\$4,223	\$13,474,116	13,708	\$983

*At-risk degrees and timely degree credits are projected for FY 2005.

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 expenditures from \$13.3 million to \$32.3 million. Between FY 2001 and FY 2003, the amount of Success Challenge dollars per “at-risk” degree declined by \$348, or 9.33%, to \$3,376 per “at-risk” degree in FY 2003. However, because expenditures increased by 19.3% in FY 2004 but the number of “at-risk” degrees increased by only 3.5%, the amount of expenditures per degree increased 15.3% in FY 2004. The same phenomenon occurs with the projected expenditures and number of “at-risk” degrees awarded in FY 2005, which will lead to an increase in the expenditure per degree.

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 19.4% increase in the number of timely degree credits and a 14.9% decline in the Success Challenge appropriation between FY 2001 and FY 2004, the expenditure per timely degree credit declined by \$472, or 28.7%, to \$1,170 per timely degree credit in FY 2004. Given the estimated expenditures and projected number of timely degree credits, this pattern is expected to continue in FY 2005.

In FY 1998, 8,686 baccalaureate degrees were awarded to “at-risk” students, representing 27.9% of the total number of baccalaureate degrees awarded. In FY 2002, while the number of baccalaureate degrees awarded to “at-risk” students increased by 3.5% to 8,993, the percentage of the total number of baccalaureate degrees awarded to “at-risk” students marginally declined to 27.3%. 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 degrees was 4.5 years. In FY 2002, 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 43.9% in FY 2002.

In addition to the dollars set aside for the “at-risk” and timely degree completion components, a small portion of the funds are made available for the administration of the program, which includes the support of approximately 1.9 full-time equivalent staff positions. In FY 2004, \$198,057 or 0.4% of the Success Challenge was used for administration of the program. This amount decreased by 2.1% in FY 2005 to \$193,860. For the FY 2006-2007 biennium, the Regents expects to use the same amount as in FY 2005 for administration of the program.

The executive budget recommends \$52,601,934 in each fiscal year of the FY 2006-2007 biennium, the same as the estimated FY 2005 expenditures. Because of the flat funding and the increase in funds from FY 2004 to FY 2005, the proposed total of \$105,203,868 for the FY 2006-2007 biennium represents an increase of 3.6% from the FY 2004-2005 biennium.

Temporary Law Provision: The executive budget recommends that the proportion of the Success Challenge earmarked for the “at-risk” component be 66.67%, and that the remaining 33.33% be for the timely degree completion. These are a change from FY 2005, when the proportions were 74.29% and 25.71%, respectively.

Program 5.02: Academic Scholarships

The Ohio Academic Scholarship Program provides competitive, merit-based financial assistance for up to four years for the state’s most academically outstanding high school graduates who enroll for full-time undergraduate study in any public or private Ohio institution of higher education. The program is intended to encourage Ohio’s brightest students to attend Ohio colleges and universities; the ultimate goal is to keep such students in the state after they graduate, thereby raising the state’s educational attainment levels and, thus, Ohio’s economic competitiveness. Scholarships are awarded based on a formula that awards at least 1,000 new scholarships of not less than \$2,000 each per year, and that awards at least one scholarship to a student at every eligible high school in Ohio.

The executive budget recommends \$7,800,000 in each fiscal year of the FY 2006-2007 biennium, the same as the actual expenditures in FY 2004 and the estimated expenditures for FY 2005. The funding for the FY 2006-2007 biennium will be able to sustain the program, though the value of the scholarship is expected to remain at \$2,205 for each year.

Temporary Law Provision: The provision in the executive budget is the same as in the FY 2004-2005 biennium, and states that the funds from appropriation item 235-530, Academic Scholarships, are to be used to provide academic scholarships pursuant to section 3333.22 of the Revised Code.

Program Series 6

Basic and Applied Research

Purpose: This program series supports efforts to improve the quality of research programs at Ohio’s public universities and in Ohio’s industries. These research programs are also aligned with the Third Frontier Project.

The following table shows the line items that are used to fund the Basic and Applied Research program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-433	Economic Growth Challenge*	\$20,343,097	\$23,186,194
GRF	235-451	Eminent Scholars	\$0	\$1,370,988
GRF	235-508	Air Force Institute of Technology	\$1,925,345	\$1,925,345
GRF	235-510	Ohio Supercomputer Center	\$4,021,195	\$4,021,195
GRF	235-527	Ohio Aerospace Institute	\$1,764,957	\$1,764,957
GRF	235-535	Ohio Agricultural Research and Development Center	\$35,830,188	\$35,830,188
GRF	235-553	Dayton Area Graduate Studies Institute	\$2,806,599	\$2,806,599
GRF	235-554	Priorities in Collaborative Graduate Education	\$2,355,548	\$2,355,548
General Revenue Fund Subtotal			\$69,046,929	\$73,261,014
State Special Revenue Fund				
649	235-607	The Ohio State University Highway/Transportation Research	\$760,000	\$760,000
State Special Revenue Fund Subtotal			\$760,000	\$760,000
Federal Special Revenue Fund				
312	235-619	Ohio Supercomputer Center	\$6,000,000	\$6,000,000
Federal Special Revenue Fund Subtotal			\$6,000,000	\$6,000,000
Total Funding: Basic and Applied Research			\$75,806,929	\$80,021,014

*This new appropriation item includes the deleted appropriation item 235-454, Research Challenge, as an earmark.

The Basic and Applied Research program series contains nine programs. However, 86.8% of the funding in this program series is contained in three programs. These are Program 6.01, Ohio Agricultural Research and Development Center, which receives 46.0% of the funding in this program series, Program 6.02, Economic Growth Challenge, which receives 27.9%, and Program 6.03, Ohio Supercomputer Center, which receives 12.9%. The executive budget recommends a 2.3% increase over estimated FY 2005 expenditures in FY 2006, and an increase of 5.6% in FY 2007 for this program series. The increase from FY 2005 to FY 2006 is entirely the result of the Economic Growth Challenge, while the increase from FY 2006 to FY 2007 is due to increases in the Economic Growth Challenge and Eminent Scholars appropriation items. Of the \$155.8 million recommended for the biennium, 91.3% comes from the GRF, 7.7% from Fund 312 of the federal special revenue fund group, and 1.0% from Fund 649 of the state special revenue fund group. Details for each of the nine programs are given below.

Program 6.01: Ohio Agricultural Research and Development Center (OARDC)

This program supports a variety of activities at the Ohio Agricultural Research and Development Center (OARDC). The OARDC is the research arm of The Ohio State University’s college of Food, Agricultural and Environmental Sciences. Located at 12 Ohio facilities in addition to OSU’s main campus, the OARDC is active in various basic and applied research areas, including agricultural, environmental and development economics; food, agricultural and biological engineering; animal sciences; entomology; food-animal health; food science and technology; horticulture and crop science; human and community resource development; human ecology; natural resources; and plant pathology. The center serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers. The program is intended to help Ohio’s agricultural industries improve their competitiveness and profitability. A fuller description of the OARDC program can be found in the Redbook *Board of Regents–Agricultural*.

For the new biennium the program’s appropriation item obtains an increase of \$1.43 million to \$71.7 million. However, there are no annual increases from the FY 2005 level of \$35.8 million. According to the Regents’ budget request, at this level the OARDC should be able to maintain existing services and fund some of its planned new initiatives for the biennium.

Temporary Law Provisions: Executive budget temporary law calls for the OARDC’s appropriation to be disbursed through the Regents to The Ohio State University in monthly payments unless the Director of Budget and Management determines otherwise. Further, the OARDC is not required to remit payment to OSU for cost allocation assessments, which include, but are not limited to, any assessment on state appropriations to the center.

Temporary law also requires the OARDC to continue to internally allocate appropriated funding to its programs on a competitive, demonstrated-performance basis. Academic units, faculty, and faculty-driven programs are to be evaluated and rewarded consistently with agreed-upon performance expectations as called for in the Expectations and Criteria for Performance Assessment of the College of Food, Agricultural and Environmental Sciences.

Under the program’s appropriation item, the executive budget continues to fund the same five earmarks as in the FY 2004–FY 2005 budget. These earmarks provide for 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. As the following table shows, the funding levels for these earmarked items have been maintained at their FY 2005 levels for both FY 2006 and FY 2007.

OARDC: Earmarks			
Earmark	Earmarked funds		
	FY 2005	FY 2006	FY 2007
Purchase of equipment	\$458,410	\$458,410	\$458,410
Piketon ARE Center	\$806,463	\$806,463	\$806,463
Ellagic acid research	\$212,227	\$212,227	\$212,227
Berry Administrator	\$42,445	\$42,445	\$42,445
Crop development	\$84,890	\$84,890	\$84,890
Total	\$1,604,435	\$1,604,435	\$1,604,435

Program 6.02: Economic Growth Challenge

This program consists of a single appropriation item 235-433, Economic Growth Challenge, which is a new line item that is intended to enhance the basic research capabilities of Ohio's colleges and universities, support improved graduate programs throughout the state, and promote the transfer of technology developed by colleges and universities to private industry to further the economic goals of the state. The program, which was recommended by the Commission on Higher Education and the Economy (CHEE), aims to increase the higher-education institutions' levels of federal and private research funding and to encourage research that supports the Third Frontier projects and Ohio's economic growth. Previous appropriation item 235-454, Research Challenge, is consolidated into this line item, and renamed the Research Incentive Program.

Appropriation item 235-433, Economic Growth Challenge includes three earmarks, the Research Incentive Program, the Innovation Incentive Program, and the Technology Commercialization Incentive. The Research Incentive Program, the largest earmark, seeks to improve the quality of basic research programs at Ohio's 13 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. Such rewards are intended to foster the development of new research strengths of critical importance to Ohio's economic growth. Prior to receiving the funds, each university must submit to the Regents a plan that includes 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. New language requires that the higher-education institutions' plans for their uses of Research Incentive funding demonstrate a significant investment in Third Frontier activities funded at the institutions.

The Innovation Incentive Program will provide funds to match the funds set aside from the State Share of Instruction's doctoral reserve by participating universities. While each university that grants doctoral degrees is required to develop a comprehensive Innovation Incentive Plan, it has the choice of electing to have a portion of its allocation of the doctoral reserve to be withheld by the Regents. Only when a university elects to have a portion of its doctoral reserve withheld can it receive funds in the Innovation Incentive Program. In FY 2006, 1.5% of a campus' allocation of the doctoral reserve will be withheld by the Regents if the university chooses to participate in the Innovation Incentive Program. In FY 2007, the percentage increases to 3%, with the goal to increase the withholding to 15% in FY 2016. The Regents will then award on a competitive basis the combined pool of withheld doctoral reserve dollars from appropriation item 235-501, State Share of Instruction, with the state matching funds earmarked under item 235-433, Economic Growth Challenge to universities participating in the Innovation Incentive Program. Grant recipients must use these funds to restructure their arrays of doctoral programs.

The Technology Commercialization Incentive will reward public and private colleges and universities for successful technology transfer to Ohio-based business and industry. The Third Frontier Commission, with input from the Third Frontier Advisory Board, will establish the eligibility criteria for public and private colleges and universities to participate in the program. The only requirements to qualify for the funds is for the college or university to maintain a significant investment in their own technology-transfer and commercialization efforts and possess a significant history of successful research partnerships with Ohio-based business and industry.

According to Regents, when the Research Challenge was originally 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 2002, this increased to 77% of the national average. The table below presents for FY 2000 through FY 2005 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.

Fiscal year	Approved Research dollars	Research Challenge funding (less administrative costs)	Ratio: Approved Research dollars / Research Challenge funding	Change of ratio from previous fiscal year (%)
2000	\$466,137,396	\$19,156,382	24.33	
2001	\$508,485,706	\$21,018,440	24.19	-0.6%
2002	\$560,969,134	\$18,283,000	30.68	26.8%
2003	\$615,675,116	\$18,250,000	33.74	10.0%
2004	\$679,593,713	\$17,780,000	38.22	13.3%
2005	\$753,934,457	\$16,633,044	45.33	18.6%

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 2005, \$15,136,070 or 91.0% of the Research Challenge funding (less administrative costs) was allocated by this method. The remaining 9.0% or \$1,496,974 was awarded to the universities as incentives for collaboration.

In FY 2000 and FY 2001, each institution received one dollar in Research Challenge funding for each \$24 in approved outside research earnings. But as a result of a 20.9% decline in the Research Challenge appropriation, along with a 48.3% increase in approved research dollars since FY 2001, each institution in FY 2005 receives one dollar in Research Challenge funding for each \$45 in approved outside research earnings.

In addition to the appropriation amounts in the table above, a small portion of the Research Challenge appropriation is made available for the administration of the program, which includes the support of approximately 4.1 full-time equivalent staff positions. In FY 2005, \$550,000 or 3.2% of the appropriation was used for the administration of the program. For the FY 2006-2007 biennium, the Regents expects to use the same amount as in FY 2005 from the new appropriation item for the administration of the program. The reason that this percentage is greater than the percentage of the Access and Success Challenges devoted to administration is due to the amount of staff time needed to evaluate each institution's research claims. In addition, funds from the Research Challenge have traditionally been used for the peer and panel review process, as well as the administration associated with the Action and Investment Fund and the Ohio Eminent Scholars Program.

The executive budget recommends \$20,343,097 in FY 2006 for appropriation item 235-433, Economic Growth Challenge, which is an increase of 19.0% over the estimated FY 2005 expenditures for item 235-454, Research Challenge. When comparing the earmark of \$18,000,000 for the Research Incentive Program in FY 2006 with the estimated FY 2005 expenditures for the Research Challenge, the increase is 5.3%. The additional \$2,343,097 will be used to provide state matching funds for the Innovation Incentive Program. In FY 2007, the recommendation of \$23,186,194 for appropriation item 235-433, Economic Growth Challenge, is 14.0% over FY 2006. The increase is attributable to a doubling of the funds available for the Innovation Incentive Program, and the addition of \$500,000 for the Technology Commercialization Incentive.

Temporary Law Provisions: The executive recommendation contains the following provisions for appropriation item 235-433, Economic Growth Challenge:

- Provides a description and purpose for each of the three initiatives that contain earmarks under the line item.
- Earmarks \$18,000,000 in each fiscal year for the Research Incentive Program.
- Earmarks \$2,343,097 in FY 2006 and \$4,686,194 in FY 2007 for the Innovation Incentive Program.
- Earmarks \$500,000 in FY 2007 for the Technology Commercialization Incentive.

Program 6.03: Ohio Supercomputer Center (OSC)

Fund	ALI	Title	FY 2006	FY 2007
GRF	235-510	Ohio Supercomputer Center	\$4,021,195	\$4,021,195
FED 312	235-619	Ohio Supercomputer Center	\$6,000,000	\$6,000,000
Total Funding: Ohio Supercomputer Center			\$ 10,021,195	\$ 10,021,195

This program supports the operations of the Ohio Supercomputer Center (OSC), located at The Ohio State University. The center is a statewide high-performing computing resource available to both faculty and students at Ohio’s public and private colleges and universities. The center is also available to private industry on a cost-recovery basis. The purpose of the GRF-funded support is to provide funds to ensure that Ohio’s educators, researchers, students and others have access to the most effective technological tools available today. The federally funded support, under a \$6 million appropriation item established by the Controlling Board in 2005, is an expansion grant secured from the U.S. Department of Energy for the development and expansion of the Springfield Supercomputer Center, which is operated by the main Supercomputer Center at The Ohio State University.

The program is funded by the General Revenue Fund (GRF) appropriation item 235-510, Ohio Supercomputer Center, and the Federal Special Revenue Fund (312) appropriation item 235-619, Ohio Supercomputer Center.

The executive budget represents a slight \$87,567 decline in the program’s total biennial budget to \$20.0 million for FYs 2006 and 2007. The year-to-year funding is also almost flat, declining by just \$15,541 to \$10.0 million for FY 2006 and keeping that same amount for FY 2007.

The OSC’s costs are mainly driven by the payroll for the technical staff and by inflation in high-end technology. However, the OSC has significantly reduced staff as a result of the consolidation of OARNet. Further, the use of the Third Frontier Network is expected to reduce costs after an Ohio State-issued \$7 million bond is repaid in eight years.

Temporary Law Provisions: Executive budget temporary law makes the following provisions for the Ohio Supercomputer Center program:

- The OSC is to be a statewide resource available to Ohio research universities both public and private.
- The center is to be made available to private industry as appropriate.

- The center's policies are to be established by a governance committee representative of the state's research universities and private industry; the members are to be appointed by the chancellor of the Regents.
- The center must report on the services it provides to industrial and other customers, and develop a plan for a computational science initiative in collaboration with the Wright Centers of Innovation Program.

Program 6.04: Eminent Scholars

This program supports the Eminent Scholars program, whose purpose is to invest educational resources to attract and sustain scholar-leaders of national or international prominence to Ohio's public universities. These scholars are expected to assist the state by conducting scientific and technological research to address problems that are of vital statewide significance (e.g., K-12 education and public safety) while fostering the growth in eminence of Ohio's academic programs. Further, by providing an essential basic-science platform for commercialization efforts, they are expected to help accelerate Ohio's economic growth. The scholar-entrepreneurs attracted to Ohio as new Eminent Scholars are nationally prominent senior scientists who work with Wright Centers of Innovation to make direct contributions to Ohio's economic growth through their development of new technology innovations.

Eminent Scholar funds are distributed as matching endowment grants of approximately \$750,000 each to Ohio's public universities. The grants must be matched by equivalent amounts in non-state grants and/or gifts in science and technology. The program awards funds to Ohio universities strictly on the basis of selective excellence. Normally grant proposals are solicited and reviewed during the first fiscal year of each biennium and the grants are awarded during the second fiscal year.

For the new biennium the executive budget slightly reduces the funding for the program's single appropriation item, 235-451, Eminent Scholars, by \$91,512 to \$1.37 million. In line with the program's timing, all of this funding is appropriated for the second fiscal year of the biennium, FY 2007, when the grants are expected to be awarded. With funding at essentially the same level as in the current biennium, Regents indicates that it cannot comply with the Commission on Higher Education and the Economy's recommendation to increase the number of pre-eminent researchers in Ohio's colleges and universities.

Temporary Law Provisions: Executive budget temporary law makes the following provisions for the Eminent Scholars program:

- The program must invest educational resources to address problems of vital statewide significance while fostering the growth in eminence of Ohio's academic programs.
- It authorizes grants of approximately \$685,494 to be made according to a plan established by the Regents and requires that the grants be equally matched by non-state endowment gifts.
- The funds are to be used to attract and sustain scholar-leaders of national or international prominence; these scholars are to share their knowledge for the betterment of Ohio and its people and collaborate with other state technology programs.
- All new Eminent Scholar awards are to be associated with the Wright Center of Innovation, a Partnership Award from the Biomedical Research and Technology Transfer Trust Fund, or a Wright Capital Project.

Program 6.05: Dayton Area Graduate Studies Institute (DAGSI)

The Dayton Area Graduate Studies Institute (DAGSI) is a graduate engineering consortium of three universities in the Dayton area: the University of Dayton, Wright State University, and the Air Force Institute of Technology, with the participation of The Ohio State University and the University of Cincinnati. DAGSI is intended to increase and improve the quantity and quality of graduate educational and research opportunities of the member institutions and to create an environment conducive to economic development in Ohio. The appropriation supports a scholarship program for graduate-level engineering students at the five institutions. Currently the program supports from 100 to 200 students.

For the new biennium the executive budget reduces the funding for the program's single appropriation item, 235-553, Dayton Area Graduate Studies Institute, by \$144,969 to \$5.6 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$2.8 million.

Temporary Law Provision: Executive budget temporary law indicates the DAGSI member institutions, then provides an earmark of \$417,053 in each fiscal year to be used by the Miami Valley Economic Development Research Corporation to support collaborative research among academia, industry and the Air Force for the Wright Brothers Institute and related initiatives in nanomaterials and advanced data management and analysis.

Program 6.06: Priorities in Collaborative Graduate Education

Under this program the Regents provides support for improvements in economically important graduate programs at public universities, including computer science programs. Further, the program supports the development of institutional collaborations in order to improve graduate education in those programs. The program's funding, provided to selected universities, specifically supports the recruitment of faculty and staff, the development of collaborations, the promotion of research, and the acquisition of specialized equipment.

For the new biennium the single appropriation item for this program will be 235-554, Priorities in Collaborative Graduate Education. The title of this item has been changed from the current one, Computer Science Graduate Education, to be consistent with the broader reach of the program.

For the new biennium the executive budget reduces the funding for the program's appropriation item by \$118,573 to \$4.7 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$2.36 million.

Temporary Law Provision: Executive budget temporary law calls for the appropriation to be used by the Regents to support improvements in state-assisted universities' graduate programs that Regents identifies as vital to the state's economic strategy. Further, up to \$169,782 in each fiscal year is to be used to support the collaborative efforts in graduate education in this area; the collaborative effort is to be coordinated by the Regents.

Program 6.07 Air Force Institute of Technology (AFIT)

This program supports the Air Force Institute of Technology (AFIT) at Wright-Patterson Air Force Base. AFIT, the first-ever joint research program between the state of Ohio and the U.S. Air Force, provides graduate-level education in logistics and engineering for Air Force personnel. The program's purpose is to ensure that Air Force personnel have access to critical training and graduate-level education in logistics and engineering. The program is comprised entirely of three earmarked programs as described below.

For the new biennium the executive budget slightly reduces the funding for the program's single appropriation item, 235-508, Air Force Institute of Technology, by \$87,317 to \$3.85 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$1.93 million.

Temporary Law Provisions: Executive budget temporary law requires this program's 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.

Three earmarks use all of the AFIT appropriation in each fiscal year:

- In each fiscal year \$1,233,588 will be used for research projects that connect the Air Force Research Laboratories with university partners. AFIT will report annually to the Third Frontier Commission about its existing, planned or possible collaborations between programs and funding recipients related to technology, research and development, commercialization, and support for Ohio's economic development.
- In each fiscal year \$446,952 will be used by the University of Dayton to establish and support a chair in nanotechnology in support of the Wright Brothers Institution through the Miami Valley Economic Development Research Corporation.
- In each fiscal year \$244,805 will be used by the Miami Valley Economic Development Research Corporation to support collaborative research between academia, industry and the Air Force for the Wright Brothers Institution and related initiatives in nanomaterials and advanced data management and analysis or other technology projects as determined by the Miami Valley Economic Development Research Corporation.

Program 6.08: Ohio Aerospace Institute (OAI)

This program supports 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 Ohio companies. The consortium supports research and graduate instruction in the disciplines related to aeronautical and space studies and the commercialization of related technologies. The program's purpose is to improve Ohio's economic position by promoting research and graduate instruction in the disciplines related to aeronautical and space studies and the commercialization of related technologies.

For the new biennium the executive budget slightly reduces the funding for the program's single appropriation item, 235-527, Ohio Aerospace Institute, by \$91,306 to \$3.5 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$1.76 million.

Since FY 1999 the Ohio Aerospace Institute's revenues have doubled while state funding has declined by 20%. The state's coverage of AFIT's administrative costs has declined from 62 percent in FY 1999 to 33% in FY 2004.

Temporary Law Provisions: Executive budget temporary law makes the following provisions for the Ohio Aerospace Institute:

- The program's appropriation will be distributed by the Regents under section 3333.042 of the Ohio Revised Code. This section authorizes the Regents to grant money to a nonprofit entity that provides a statewide resource for aerospace research, education, and technology, as long as the nonprofit entity makes its resources accessible to state colleges and universities, to other Ohio and other states' agencies, and to federal agencies.

- A state college or university, a private institution exempt from certain regulations, and any agency of state government may provide assistance, in any form, to any nonprofit entity that receives a grant under this section. However, such assistance must be solely for the purpose of assisting the nonprofit entity in making proper use of a grant.
- The Regents, in consultation with the Third Frontier Commission, is to develop a plan to provide for appropriate, value-added participation of the Ohio Aerospace Institute in Third Frontier Project proposals and grants.

Program 6.09: The Ohio State University Highway/Transportation Research

This program is a collaborative effort between the Honda Corporation and The Ohio State University to improve highway and automobile safety. The program is supported by a \$6 million OSU endowment fund, created when Honda purchased the Transportation Research Center. The endowment's earnings support OSU's Transportation Research and Engineering program.

This program's single appropriation item, 235-607, The Ohio State University Highway/Transportation Research, is funded by State Special Revenue Fund 649.

For the new biennium the executive budget increases the funding for the program's single appropriation item, 235-607, The Ohio State University Highway/Transportation Research, by \$146,109 to \$1.5 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$760,000.

Program Series 7

Workforce and Regional Economic Development

Purpose: This program series aims to improve Ohio’s economic development and competitiveness by supporting services, activities and partnerships to improve the skills of Ohioans already in the workforce, especially in underdeveloped areas.

The following table shows the line items that are used to fund the Workforce and Regional Economic Development program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-402	Sea Grants	\$231,925	\$231,925
GRF	235-415	Jobs Challenge	\$9,348,300	\$9,348,300
GRF	235-428	Appalachian New Economy Partnership	\$1,076,068	\$1,076,068
GRF	235-455	EnterpriseOhio Network	\$1,373,941	\$1,373,941
GRF	235-511	Cooperative Extension Service	\$25,644,863	\$25,644,863
GRF	235-561	Bowling Green State University Canadian Studies Center	\$100,015	\$100,015
General Revenue Fund Subtotal			\$37,775,112	\$37,775,112
Federal Special Revenue Fund				
312	235-612	Carl D. Perkins Grant/Plan Administration	\$112,960	\$112,960
Federal Special Revenue Fund Subtotal			\$112,960	\$112,960
Total Funding: Workforce and Regional Economic Development			\$37,888,072	\$37,888,072

The Workforce and Regional Economic Development program series contains seven programs. However, 92.4% of the funding in this program series is contained in two programs. These are Program 7.01, Cooperative Extension Service, which receives 67.7% of the funding in this program series, and Program 7.02, Jobs Challenge, which receives 24.7%. The executive budget recommends a 5.2% decrease over estimated FY 2005 expenditures in FY 2006, and flat funding in FY 2007 for this program series. Approximately 96.4% of the decrease from FY 2005 to FY 2006 is the result of the elimination of funding for appropriation items 235-547, School of International Business, and 235-616, Workforce Investment Act Administration. Of the \$75.8 million recommended for the biennium, 99.7% comes from the GRF and 0.3% from Fund 312 of the federal special revenue fund group. Details for each of the seven programs are given below.

Program 7.01: Cooperative Extension Service

The Cooperative Extension Service program is operated by The Ohio State University Extension under The Ohio State University’s land-grant mandate. Located in every one of Ohio’s 88 counties, the OSU Extension conducts educational programs for eligible participants, including farmers, homemakers, food and fiber industries, community leaders and young people. The programs are designed to help people improve their lives, businesses and communities through research-based education using scientific knowledge focused on identified issues and needs. Current and near-term program areas include agriculture and natural resources, the environment, family and consumer sciences (including home economics and family living), 4-H youth development (serving nearly 300,000 young people annually), business and community assistance, and workforce development for youth and adults. The Extension supports more than 35,500 volunteers, who donated a total of five million hours of their time in 2003 to

help implement its programs. A fuller description of the Cooperative Extension Service program can be found in the Redbook *Board of Regents–Agricultural*.

For the new biennium the executive budget increases the program’s appropriation by \$1.03 million to \$51.3 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$25.6 million. According to the Regents’ budget request, at this level the Extension should be able to maintain existing services and fund some of its planned new initiatives for the biennium.

The Extension’s costs are mainly driven by increasing health care and benefit costs and the effort to maintain salary equity. The program is also investing in on-line technology to facilitate workforce development and community revitalization; and is conducting market research and impact studies to improve the accountability system. In cost-saving measures, two district offices have been closed, leaving the Extension with three administrative units; rental facilities have been vacated; in-state travel has been curtailed; and out-of-state travel has been funded from alternative sources. No new administrative positions have been created and leadership responsibilities have been shifted. A cost recovery program is being implemented to charge private firms for the Extension’s consultation and programming services.

Temporary Law Provisions: Executive budget temporary law requires the appropriation to be disbursed through the Regents to The Ohio State University in monthly payments unless otherwise determined by the Director of Budget and Management.

Under the program’s appropriation item, the executive budget continues to fund the same five earmarks as in the FY 2004-2005 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. As the following table shows, the funding levels for these earmarked items have been maintained at their FY 2005 levels.

Cooperative Extension Service: Earmarks			
Earmark	Earmarked funds		
	FY 2005	FY 2006	FY 2007
4-H activities	\$178,271	\$178,271	\$178,271
Economic development	\$178,271	\$178,271	\$178,271
Farm labor mediation	\$55,179	\$55,179	\$55,179
Marion Enterprise Center	\$182,515	\$182,515	\$182,515
Ohio Watersheds Initiative	\$772,931	\$772,931	\$772,931
Total	\$1,367,167	\$1,367,167	\$1,367,167

Program 7.02: Jobs Challenge

This program consists of a single appropriation item 235-415, Jobs Challenge, which seeks to address the workforce training needs of Ohio’s businesses and employees by supporting a program to expand and improve noncredit job-related training provided by the 53 public two-year campuses that are members of the EnterpriseOhio Network. The appropriation provides funds to these campuses in order to make these

training services affordable to students and employers. Campus activities supported by Jobs Challenge include: (1) pre-employment training and development activities to provide skills necessary for entry positions, career changes or skill upgrades, (2) career advancement and professional certification, and (3) employer-assistance services to improve their competitive abilities.

The program consists of three funding components: the Targeted Industry Training Grants, the Performance Grant Plan, and the Higher Skills Incentives Program. The Targeted Industry Training Grant component assists EnterpriseOhio Network campuses in creating partnerships with Ohio businesses to accomplish their goals. These grants require campuses and businesses to collaborate since the application for the grants must be jointly submitted. The Performance Grant Plan provides grants of equal amounts that provide basic support for the operations of each EnterpriseOhio campus. The Higher Skills Incentives 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.

The table below presents the expenditures for the Jobs Challenge from FY 2000 to FY 2004. In addition, the table includes the amount of non-credit job-training revenue received by the EnterpriseOhio campuses, the number of workers trained, the amount of Jobs Challenge expenditures per worker trained, the ratio of non-credit job-training revenue received to the expenditures for the Jobs Challenge, and the number of companies served.

Fiscal year	Jobs Challenge Expenditures	Non-credit Job-related Training Revenue	Number of Workers Trained	Jobs Challenge Expenditure per Worker Trained	Ratio of Revenue to Jobs Challenge Expenditure	Number of Companies Served
2000	\$8,743,864	\$48,938,300	156,382	\$55.91	5.60	3,547
2001	\$10,979,694	\$61,050,625	205,492	\$53.43	5.56	4,344
2002	\$9,494,400	\$54,203,808	212,373	\$44.71	5.71	4,611
2003	\$9,348,300	\$48,938,300	198,809	\$47.02	5.23	4,305
2004	\$9,348,300	\$48,643,054	220,904	\$42.32	5.41	5,308

As can be seen from the table, even though the appropriation for the Jobs Challenge has not increased since FY 2001 and the ratio of non-credit job-training revenue received to the expenditures for the Jobs Challenge has remained relatively constant, the number of workers trained has increased by 15,412 or 7.5% from FY 2001 to FY 2004. Between FY 2000 and FY 2004, the amount of Jobs Challenge dollars per worker trained has decreased by \$13.59 or 24.3%, while the number of companies served has increased by 1,761 or 49.6%.

The executive budget recommends \$9,348,300 in each fiscal year for appropriation item 235-415, Jobs Challenge, the same as the estimated FY 2005 expenditures. This funding level, constant since FY 2003, will allow for the Jobs Challenge to maintain the program at its current level, though according to the Regents, it could be difficult for the EnterpriseOhio Network campuses to meet the expected increased in demand for non-credit job training.

Temporary Law Provision: The provision in the executive recommendation for appropriation item 235-415, Jobs Challenge, is the same as in the FY 2004-2005 biennium. The provision earmarks in each fiscal year \$2,770,773 for the Performance Grant Plan, \$2,819,345 for the Targeted Industries Training Grant Program, and \$3,758,182 for the Higher Skills Incentives Program.

Program 7.03: EnterpriseOhio Network

The EnterpriseOhio Network supports the administration of the Jobs Challenge funding. The network program (formerly known as the Productivity Improvement Challenge) represents a collaborative effort among Ohio's 53 community, technical and regional colleges to meet the workforce development needs of Ohio's business and industry through non-credit job training and assessment services. The funds are used to support network coordination, resource sharing, and statewide outreach to private- and public-sector organizations. This program also supports the Regents' staffing and resource needs of the EnterpriseOhio Network. The goal of the program is to help improve Ohio's economic competitiveness by increasing the number of Ohioans who hold critical workforce skills that are needed to attract and maintain business and industry in the state. The EnterpriseOhio Network campuses establish partnerships with Ohio employers of all kinds to improve company performance through better selection, development, and retention of their employees.

Since FY 1999 more than 950,000 Ohio workers have received job-related training from EnterpriseOhio Network campuses. EnterpriseOhio Network campuses have served an average of 3,895 companies per year from FY 1999 to FY 2004; and Regents reports a growing demand by local businesses for services.

For the new biennium the executive budget reduces funding in the program's single appropriation item, 235-455, EnterpriseOhio Network, by \$71,111 to \$2.75 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$1.37 million. Program costs are driven by the changing needs of local business and industry. Regents' program costs have been reduced the past two bienniums through the elimination of two staff positions. And the Regents' staff is pursuing U.S. Department of Labor grants to help defray program costs.

Temporary Law Provisions: Executive budget temporary law makes the following provisions:

- The Regents is to allocate the appropriated amounts to continue increasing the capabilities of the EnterpriseOhio Network to meet the ongoing needs of Ohio employers.
- The program's funds are to support multicampus collaboration, best practice dissemination, and capacity building projects.
- The Regents Advisory Committee for Workforce Development is to advise in the development of plans and activities.
- The program contains one earmark: In each fiscal year \$165,300 will be used by the Dayton Business/Sinclair College Jobs Profiling Program.

Program 7.04: Appalachian New Economy Partnership

The appropriation for this program, 235-428, Appalachian New Economy Partnership, provides funds to promote economic development in Appalachia through integrated investments designed to improve and target the region's 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. The program is intended to help transform Ohio's Appalachian region so that Ohioans living there can take part in and benefit from the global economy.

For the new biennium the executive budget reduces the program's appropriation by \$56,629 to \$2.15 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$1.08 million.

Temporary Law Provisions: Executive budget temporary law requires the appropriation to be distributed to Ohio University, which will continue a multi-campus and multi-agency coordinated effort to link Appalachia to the new economy. The funds will be used to provide leadership in the development and implementation of initiatives in the areas of entrepreneurship, management, education, and technology.

Program 7.05: Sea Grants

This program provides partial support to the Ohio Sea Grant College Program, a statewide program based at The Ohio State University. Sea Grant funds education, research, communication, extension and outreach efforts in multiple disciplines to enhance the use and development of the nation's ocean, coastal, and Great Lakes resources, and to improve their management.

The program focuses on research and educational issues such as erosion and fishing in the Great Lakes and seeks to help enhance the utilization, development and management of Lake Erie's coastal resources. Two programs affiliated with Ohio Sea Grant are the Franz Theodore Stone Laboratory and the Great Lakes Aquatic Ecosystem Research Consortium. Critical environmental and resource issues affecting the Great Lakes are addressed by faculty, staff, and students supported by the Ohio Sea Grant College Program. Ohio Sea Grant is one of 29 Sea Grant programs in the National Sea Grant College Program of the National Oceanic and Atmospheric Administration (NOAA).

For the new biennium the executive budget reduces funding in the program's single appropriation item, 235-402, Sea Grants, by \$57,743 to \$463,850. On a year-to-year basis, the appropriation is \$231,925 for each of the FYs 2006 and 2007, so that FY 2006 sees a reduction of \$25,769 from the \$257,694 in FY 2005. The program's costs are driven mainly by research expenses, equipment and personnel.

Temporary Law Provision: Temporary law calls for the appropriation to be used to conduct research on fish in Lake Erie.

Program 7.06: Bowling Green State University Canadian Studies Center

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.

For the new biennium the executive budget reduces funding in the program's single appropriation item, 235-561, Bowling Green State University Canadian Studies Center, by \$27,821 to \$200,030. On a year-to-year basis, the appropriation is \$100,015 for each of the FYs 2006 and 2007, so that FY 2006 sees a reduction of \$11,113 from the \$111,128 in FY 2005.

Temporary Law Provision: Temporary law calls for the appropriation to be used to study opportunities for Ohio and Ohio businesses to benefit from the Free Trade Agreement between the United States and Canada.

Program 7.07: Carl D. Perkins Grant/Plan Administration

This program 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 program is funded by the single appropriation item 235-612, Carl D. Perkins Grant/Plan Administration, which is supported by Federal Special Revenue Fund 312. The Regents receives a transfer of from 10 to 15 percent of the funds obtained for the program by the Department of Education.

For the new biennium the executive budget increases the program's appropriation by \$3,283 to \$225,920. On a year-to-year basis, the appropriation is \$112,960 in each of the FYs 2006 and 2007, up slightly from the FY 2005 level of \$112,667.

Program Series 8

Higher Education Collaborations

Purpose: This program series serves the educational needs of Ohio Citizens through enhanced collaborations among institutions of higher education by funding efforts to increase the state’s resources to deliver services to higher education consumers and to the broader community through distance education and statewide articulation and transfer policies.

The following table shows the line items that are used to fund the Higher Education Collaborations program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-406	Articulation and Transfer	\$2,900,000	\$2,900,000
GRF	235-408	Midwest Higher Education Compact	\$90,000	\$90,000
GRF	235-417	Ohio Learning Network	\$3,119,496	\$3,119,496
GRF	235-507	OhioLINK	\$6,887,824	\$6,887,824
GRF	235-555	Library Depositories	\$1,696,458	\$1,696,458
GRF	235-556	Ohio Academic Resources Network (OARNet)	\$3,727,223	\$3,727,223
General Revenue Fund Subtotal			\$18,421,001	\$18,421,001
Total Funding: Higher Education Collaborations			\$18,421,001	\$18,421,001

The Basic and Applied Research program series contains six programs. However, 90.3% of the funding in this program series is contained in four programs. These are Program 8.01, OhioLINK, which receives 37.4% of the funding in this program series, Program 8.04, Ohio Academic Resources Network, which receives 20.2%, Program 8.02, Ohio Learning Network, which receives 16.9%, and Program 8.05, Articulation and Transfer, which receives 15.7%. The executive budget recommends a 13.5% increase over estimated FY 2005 expenditures in FY 2006, and flat funding in FY 2007 for this program series. All but \$7,500 of the \$2.2 million increase from FY 2005 to FY 2006 is entirely the result of the Articulation and Transfer program. All of the \$36.8 million recommended for the biennium comes from the GRF. Details for each of the six programs are given below.

Program 8.01: OhioLINK

This program supports the operations of the OhioLINK electronic library information and retrieval system. The OhioLINK program was created in 1988 to address a lack of adequate information resources available for research and teaching. OhioLINK provides statewide access to the library holdings of Ohio’s 38 public colleges and universities, 40 private campuses, and the State Library of Ohio. Over 90% of capital and 60% of operating expenditures are used to support core statewide electronic content licenses.

For the new biennium the executive budget maintains the program’s single appropriation item, 235-507, OhioLINK, at the same funding level as for the current biennium: \$13.8 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$6.9 million.

The program’s costs are driven mainly by publishers’ seeking increases in prices for their electronic content licenses. Other drivers are software and hardware maintenance costs related to the statewide

delivery of the electronic content and services. Further, since OhioLINK does not have a complete core of content, and since web-based technology continues to evolve rapidly, there are continuing increases in the amount of information to be licensed and continuing improvements in the systems that deliver it. The program's cost-reduction measures include a hiring freeze since 2001; the renegotiation of publishers' content licenses to reduce annual price increases; the reduction of central support of these licenses, with the client libraries' having to pay more for continued access; and the cancellation or reduction of content licenses.

Temporary Law Provisions: Executive budget temporary law requires the appropriation to be used by the Regents to support OhioLINK, the state's electronic library information and retrieval system, which provides statewide access to the library holdings of all of Ohio's public colleges and universities, 40 private colleges, and the State Library of Ohio.

Program 8.02: Ohio Learning Network

This program, established in 1999, supports the continued implementation and enhancement of the Ohio Learning Network (OLN), a statewide state-of-the-art electronic collaborative information system. The system is designed to use advanced telecommunications and distance education initiatives to promote higher-education access and degree completion for students, workforce training for Ohio's employees, and professional development. The OLN uses statewide shared services, student support services, and faculty development programs to connect learners to courses and programs offered statewide. The network works with colleges and universities that use technology to improve teaching and learning; and to help build partnerships among higher education, schools, businesses, and communities.

For the new biennium the executive budget slightly reduces funding for the program's single appropriation item, 235-417, Ohio Learning Network, by \$157,028 to \$6.2 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$3.12 million.

The OLN aggregates services and negotiates better prices to reduce total cost of ownership for institutions. The network also aggregates software purchases and negotiates statewide licenses at reduced prices.

Temporary Law Provisions: Under temporary law, the Regents is to use the program's appropriation to support the continued implementation of the Ohio Learning Network, a statewide collaborative effort designed to promote degree completion of students, workforce training of employees and professional development through the use of advanced telecommunications and distance education initiatives.

Program 8.03: Regional Library Depositories

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

The five regional depositories are located at the campuses of the Northeastern Ohio Universities College of Medicine, Ohio University, The Ohio State University and Miami University, and at the Northwestern Ohio Book Depository, which serves the Medical University of Ohio at Toledo, The University of Toledo and Bowling Green State University.

For the new biennium the executive budget slightly reduces funding for the program's single appropriation item, 235-555, Library Depositories, by \$43,500 to \$3.4 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$1.7 million.

The library depositories' costs are mainly driven by increases in circulation and in the number of materials, and by routine maintenance and personnel costs. In response to recent budget cuts, four of the five depositories have reduced staff and/or eliminated some part-time student positions. In addition, the depositories have deferred essential physical maintenance.

Program 8.04: Ohio Academic Resources Network (OARNet)

This program supports the operations of the Ohio Academic Resources Network (OARNet), which provides Internet access to millions of Ohioans, including students, researchers, and the general public. The program, established in 1987, provides high-quality Internet services to help link Ohio's academics to global information resources, distance learning, and state library networks such as OhioLINK. Program funds are provided to Ohio's state-assisted campuses for maintaining and enhancing network connections, including base operations as well as expansions for enhanced connectivity, functionality, and services. OARNet is to give priority to supporting the Third Frontier Network.

For the new biennium the executive budget increases funding for the program's single appropriation item, 235-556, Ohio Academic Resources Network, by \$143,354 to \$7.45 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$3.73 million.

The program's costs are mainly driven by the expenses for the technical staff and by inflation in high-end technology. The program has achieved significant reductions in staff from the consolidation of Ohio Supercomputer Center and OARNet operations. The future use of the Third Frontier Network will further reduce costs after The Ohio State University's \$7 million bond is repaid in eight years.

Temporary Law Provisions: Executive budget temporary law requires that the program's funds support the operations of the Ohio Academic Resources Network (OARNet), including support for Ohio's state-assisted colleges and universities in maintaining and enhancing network connections. The network is to give priority to supporting the Third Frontier Network and allocating bandwidth to programs directly supporting Ohio's economic development.

Program 8.05: Articulation and Transfer

This program supports the Regents' long-time efforts to achieve the legislated goal of an effective statewide student articulation and transfer system, addressing issues arising from the transfer 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. Such a system is to facilitate the transfers of students and credits among state-assisted institutions of higher education by the establishment and implementation of uniform course equivalencies and transfer policies. The system is also to ensure the equitable treatment of all students. The objective is to improve access to higher education and promote college success among students by creating a seamless transfer module so that course credits earned by students at one institution may be applicable or transferable to other institutions in Ohio. The Council on Articulation and Transfer conducts a survey each year to assess the degree of institutional compliance with statewide articulation and transfer policy.

Am. Sub. H.B. 95, the operating budget bill of the 125th General Assembly, required the Board of Regents by April 15, 2005 to: (1) establish policies and procedures ensuring that students can begin

higher education at any public college or university and then transfer coursework and degrees to any other public institution of higher education without unnecessary duplication or institutional barriers, (2) develop a universal course equivalency classification system for public institutions to preclude inconsistent judgment about the application of transfer credits, (3) develop a system of transfer policies for graduates with associate degrees, to ensure that they are admitted to other public institutions and are given priority over out-of-state associate-degree graduates, (4) examine the feasibility of a transfer marketing agenda, to include materials and interactive technology to inform Ohioans about the availability of transfer options at state institutions and to encourage adults to return to college, and (5) study the feasibility of the transferability of credits for associate-degree graduates of career colleges and schools.

In addition to H.B. 95, the 2004 report from the Governor's Commission on Higher Education and the Economy (CHEE) advocated a strategy to make it easier for students to apply to and transfer among Ohio's colleges and universities.

In its response to the H.B. 95 legislation, the Regents has collaborated with the college and university campuses in a complex effort to develop specific articulation and transfer regimes for 40 academic disciplines. Regents intends to augment its Higher Education Information (HEI) System to establish the necessary data base and processing software to conduct articulation and transfer operations. The new system will include a central hub where transcripts can be reviewed and compared, as well as other necessary components. The central hub will obviate each campus' having to review the transcripts for course acceptability. In order to interact with HEI, each campus must also develop its own access programs. As results of its efforts, Regents expects students to become more conscientious in their choices of majors, to transfer more often from one campus to another, and to more likely succeed in higher education because they will be better able to plan their academic careers.

A portion of the program involves the expansion of the Course Applicability System (CAS). Using the World Wide Web, CAS assists students, advisors, faculty, and administrators at colleges and universities to obtain consistent and accurate information about transfer courses and their applicabilities toward degree completions. CAS is currently being piloted to high schools to form an electronic transfer and advising system.

For the new biennium the executive budget significantly increases funding for the program's single appropriation item, 235-406, Articulation and Transfer, by \$4.44 million to \$5.8 million. On a year-to-year basis, the appropriation is \$2.9 million in each of the FYs 2006 and 2007, up from the FY 2005 level of \$718,536. The increased funding for FY 2006 and FY 2007 will primarily be used to develop and then maintain the new central hub.

Temporary and Permanent Law Provisions: Temporary law calls for the program's appropriation to be used by the Regents to maintain and expand the work of the Articulation and Transfer Council to develop a system of transfer policies to ensure that students at state institutions of higher education can transfer and have coursework apply to their majors and degrees at any other state institution of higher education without unnecessary duplication or institutional barriers.

A single earmark under the appropriation provides for \$200,000 in each fiscal year to be used to support the work of the Articulation and Transfer Council.

A permanent law provision expands the scope of the current articulation and transfer system to include career-technical institutions by requiring the Regents to develop policies and procedures by April 15, 2007 to ensure that students may transfer technical courses to state institutions of higher education.

Program 8.06: Midwest Higher Education Compact

The funds are used to pay Ohio's membership dues to the Midwestern Higher Education Compact's (MHEC) Commission for the next two years. The Commission is a nonprofit regional organization established in 1991 by an agreement among the compact's member states. Its purpose is to advance higher education services and opportunities in the Midwest region. The Midwest Compact is charged with promoting interstate cooperation and resource sharing in higher education through three core functions: cost savings programs, reduced tuition, and policy research. As of 2003, the member states of MHEC are Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, and Wisconsin. Members are compensated only for expenses.

For the new biennium the executive budget increases the funding of the program's single appropriation item, 235-408, Midwest Higher Education Compact, by \$15,000 (9.1%) to \$180,000. On a year-to-year basis, the appropriation is \$90,000 in each of the FYs 2006 and 2007, up by \$7,500 from the FY 2005 level of \$82,500.

Temporary Law Provision: Temporary law calls for the Regents to pay the state's dues to the MHEC according to existing permanent law.

Program Series 9

General Public Service

Purpose: This program series supports several public service research and outreach activities that address a variety of statewide rural, urban, community, and governmental issues. The funds are provided to niche programs operated by universities or on university campuses.

The following table shows the line items that are used to fund the General Public Service program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-513	Ohio University Voinovich Center	\$286,082	\$286,082
GRF	235-521	The Ohio State University Glenn Institute	\$286,082	\$286,082
GRF	235-583	Urban University Programs	\$4,685,408	\$4,685,408
GRF	235-587	Rural University Projects	\$1,033,100	\$1,033,100
General Revenue Fund Subtotal			\$6,290,672	\$6,290,672
Total Funding: General Public Service			\$6,290,672	\$6,290,672

The General Public Service program series contains four programs. However, 90.9% of the funding in this program series is contained in two programs. These are Program 9.01, Urban University Programs, which receives 74.5% of the funding in this program series, and Program 9.02, Rural University Projects, which receives 16.4%. The executive budget recommends a 9.2% decrease from estimated FY 2005 expenditures in FY 2006, and flat funding in FY 2007 for this program series. All of the decrease from FY 2005 to FY 2006 is a result of a 10.0% reduction in the Urban University Programs and Rural University Projects. All of the \$12.6 million recommended for the biennium comes from the GRF. Details for each of the four programs are given below.

Program 9.01: Urban University Programs

The appropriation item for the Urban University Programs is comprised of earmarks that support various research and outreach activities on urban issues by providing one-to-one matching funds to Ohio’s eight urban universities. The universities’ activities include applied research, training, technical assistance, and data base development, 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 program serves state, county, and municipal governments, regional and nonprofit agencies, neighborhood groups and business organizations. It also supports 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 the Urban University Programs. This program’s entire appropriation is allocated among several earmarks as described below.

For the new biennium the executive budget reduces the funding of the program’s single appropriation item, 235-583, Urban University Programs, by \$1.3 million (12.2%) to \$9.37 million. On a year-to-year basis, the appropriation is \$4.69 million in each of the FYs 2006 and 2007, down by \$520,601 (10.0%) from the FY 2005 level of \$5.2 million. Accordingly, each of the earmarks in FY 2006 is reduced by 10.0%.

Temporary Law Provisions: Executive budget temporary law requires that the universities receiving funds under this appropriation item “certify periodically . . . that program funds are being matched on a one-to-one basis with equivalent resources.”

This program’s entire appropriation is allocated for FYs 2006 and 2007 among 13 earmarked programs assigned to the 8 universities to support specific activities that they administer in urban areas. The individual earmarks and their recommended amounts are listed in the following table. The FY 2005 earmarked amounts, net of the Executive’s 6.3% budget reductions, are included for comparison.

Urban University Programs: Earmarks				
Earmark No.	Earmark	Earmarked Funds		
		FY 2005*	FY 2006	FY 2007
1	Cleveland State: public communication outreach program (WCPN)	\$274,947	\$247,453	\$247,453
2	Cleveland State: Study of Education and the Urban Child	\$130,239	\$117,215	\$117,215
3	Kent State: Learning and Technology	\$188,122	\$169,310	\$169,310
4	Kent State: Ameritech Classroom	\$72,354	\$65,119	\$65,119
5	U. of Akron: Polymer Distance Learning	\$723,547	\$651,192	\$651,192
6	Kent State: Cleveland Design Center	\$36,177	\$32,560	\$32,560
7	U. of Akron: Bliss Institute	\$180,886	\$162,797	\$162,797
8	U. of Akron: Advancing-Up Program	\$10,852	\$9,766	\$9,766
9	Cleveland State: Maxine Goodman Levin College of Urban Affairs	\$1,592,264	\$1,433,037	\$1,433,037
10	Divided among three parties (determined by Urban University Program chairman): Northeast Ohio Research Consortium Urban Linkages Program Urban Research Tech Assistance Grant	\$1,592,264	\$1,433,037	\$1,433,037
11	U. of Toledo: Strategic Economic Research Collaborative	\$155,307	\$139,777	\$139,777
12	The Ohio State U.: Institute for Collaborative Research and Public Humanities	\$155,307	\$139,777	\$139,777
13	Medina County University Center	\$93,743	\$84,368	\$84,368
Total		\$5,206,009	\$4,685,408	\$4,685,408

*These amounts are net of the executive budget reductions of 6.3% in FY 2005.

Program 9.02: Rural University Projects

The appropriation item for the Rural University Projects is comprised of earmarks in support of various research and outreach activities that 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 projects 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. The goal of this program is to help improve the operational efficiencies of government and public services in rural areas of the state. This program’s entire appropriation is allocated among several earmarks as described below.

For the new biennium the executive budget reduces the funding of this program’s single appropriation item, 235-587, Rural University Projects, by \$257,219 (11.1%) to \$2.07 million. On a year-to-year basis, the appropriation is \$1.03 million in each of the FYs 2006 and 2007, down by \$114,789 (10.0%) from the FY 2005 level of \$1.15 million. Accordingly, each of the earmarks in FY 2006 is reduced by 10.0%.

Temporary Law Provisions: Under temporary law, this program’s entire appropriation is allocated for FYs 2006 and 2007 among five earmarked projects assigned to various universities to support specified activities that they administer in rural areas. The individual earmarks and their recommended amounts are listed in the following table. The FY 2005 earmarked amounts, net of the Executive’s 6.3% budget reduction, are included for comparison.

Rural University Projects: Earmarks				
Earmark No.	Earmark	Earmarked Funds		
		FY 2005*	FY 2006	FY 2007
1	Bowling Green State University: Center for Policy Analysis and Public Service	\$263,784	\$237,405	\$237,405
2	Miami University: Center for Public Management and Regional Affairs	\$245,319	\$220,788	\$220,788
3	Ohio University: Institute for Local Government Administration and Rural Development (ILGARD) [A small portion is to be used for the State and Rural Policy Partnership.]	\$575,015	\$517,513	\$517,513
4	Washington State C.C.: Day-care center	\$15,942	\$14,348	\$14,348
5	COAD/ILGARD/GOA Appalachian Leadership Initiative (Corporation for Ohio Appalachian Development/ILGARD/Governor’s Office for Appalachia)	\$47,828	\$43,046	\$43,046
Total		\$1,147,889	\$1,033,100	\$1,033,100

*These amounts are net of the executive budget reductions of 6.3% in FY 2005.

Program 9.03: Ohio University Voinovich Center

This program supports the operations of the Voinovich Center on the campus of Ohio University in Athens. The funds are used for public service research and public policy coursework at the center. Established in FY 2000, the Voinovich Center serves as Ohio University’s center for public affairs and leadership. Its purpose is to engage students, alumni, and faculty in developing solutions to challenges brought by governmental officials, educators, and entrepreneurs. The Center offers Ohio University students project-based learning experiences related to the provision of research, technical assistance and training to local and state government agencies, businesses, nonprofit organizations, and communities.

The Voinovich Center consists of five major components: (1) the Institute for Local Government Administration & Rural Development, (2) the Executive Leadership Institute, (3) the Appalachian Regional Entrepreneurship Initiative, (4) the Innovation Faculty Group, and (5) the Environmental Studies Program.

For the new biennium the executive budget slightly reduces funding for the program’s single appropriation item, 235-513, Ohio University Voinovich Center, by \$13,416 to \$572,164. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$286,082.

Temporary Law Provision: Temporary law requires the appropriated funds to be used to support the operations of the Ohio University Voinovich Center.

Program 9.04: The Ohio State University Glenn Institute

This program supports the instructional activities and operations of the John Glenn Institute for Public Service and Public Policy on the campus of The Ohio State University. The funds are used for public service research and public policy coursework at the institute. Established in FY 2000, the Glenn Institute provides Ohio State students with course offerings and research opportunities in a wide range of public policy fields. The goal of the Glenn Institute is to engage students in public service, enhance the quality of public service, and create and disseminate high-quality policy research.

Faculty and staff members from more than 50 academic departments are affiliated with the Institute. Six different policy centers sponsor research in interdisciplinary fields ranging from criminal justice to environmental policy. Regular lectures, workshops, and conferences share policy insights among students, faculty, community members, and policy makers. Community Research Partners, an innovative three-way partnership among the Glenn Institute, the City of Columbus, and the United Way of Central Ohio, conducts in-depth research on community problems, evaluates solutions, and maintains databases to assist policymakers at all levels.

For the new biennium the executive budget slightly reduces funding for the program's single appropriation item, 235-521, The Ohio State University Glenn Institute, by \$13,416 to \$572,164. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$286,082.

Temporary Law Provision: Temporary law requires the appropriated funds to be used to support the operations of The Ohio State University Glenn Institute.

Program Series 10

Public Safety

Purpose: This program series is designed to support and improve the safety of the general public.

The following table shows the line items that are used to fund the Public Safety program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-524	Police and Fire Protection	\$171,959	\$171,959
GRF	235-596	Hazardous Materials Program	\$310,435	\$310,435
GRF	235-599	National Guard Scholarship Program	\$15,128,472	\$16,611,063
General Revenue Fund Subtotal			\$15,610,866	\$17,093,457
Total Funding: Public Safety			\$15,610,866	\$17,093,457

The academic and community programs in this series range from direct subsidies to select local governments to specialized on-campus training of professional emergency responders.

The Public Safety program series contains three programs. Program 10.03, National Guard Scholarship Program, receives 97.0% of the funding in this program series, while Program 10.02, Hazardous Materials Program, receives 1.9%, and Program 10.01, Police and Fire Protection, receives 1.1% of the funding. The executive budget recommends a 9.3% increase from estimated FY 2005 expenditures in FY 2006, and an increase of 9.8% in FY 2007 for this program series. All of the increases in each fiscal year are a result of 9.8% increases in the National Guard Scholarship Program. All of the \$32.7 million recommended for the biennium comes from the GRF. Details for each of the three programs are given below.

Program 10.01: Police and Fire Protection

This program supports the police and fire departments in small Ohio communities that are heavily affected by the influx of college students attending nearby state-assisted colleges and universities during the academic year. The funds assist local governments in providing police and fire services in the municipalities of Athens, Bowling Green, Fairborn, Kent, Nelsonville, Oxford, Portsmouth, Rootstown, and Xenia Township. The minimum grant for each municipality and township is \$5,000 per year. The purpose of the program is to offset and absorb a portion of the additional costs that local municipalities incur when providing safety and emergency services for temporary student residents attending certain public campuses in Ohio.

For the new biennium the executive budget reduces the funding of this program’s single appropriation item, 235-524, Police and Fire Protection, by \$47,832 (12.2%) to \$343,918. On a year-to-year basis, the appropriation is \$171,959 in each of the FYs 2006 and 2007, down by \$19,107 (10.0%) from the FY 2005 level of \$191,066.

Temporary Law Provisions: Temporary law requires the appropriation to be used in the listed municipalities to assist their local governments in providing police and fire protection for the central campus of the state-affiliated university located there. Each participating municipality is to receive at least \$5,000 in each year according to the method used by the Regents in the previous biennium.

Program 10.02: Firefighter Hazardous Materials Program

This program is located at Cleveland State University and was created with the cooperation of the Ohio Professional Fire Fighters Association. It supports training for firefighters and other emergency personnel in the treatment, storage, clean-up, and disposal of hazardous materials and waste. The program provides funds for training programs developed by the University's Center for Hazardous Materials Education. The programs train firemen, other emergency personnel, and relevant personnel in business and industry regarding the treatment, storage, disposal, and clean-up of hazardous materials. The goal of the program is to ensure that firefighters and other emergency professionals have the necessary training for handling hazardous materials and treating victims of hazardous materials accidents.

For the new biennium the executive budget slightly reduces funding for the program's single appropriation item, 235-596, Hazardous Materials Program, by \$15,626 to \$620,870. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$310,435.

Temporary Law Provisions: Temporary law calls for the program's appropriation to be disbursed to Cleveland State University for the operation of a program to certify firefighters for the handling of hazardous materials. This training is to be available to all Ohio firefighters.

An earmark under the appropriation provides \$127,337 in each fiscal year to support the Center for the Interdisciplinary Study of Education and Leadership in Public Service at Cleveland State University. The funds are to be used to increase the role of special populations in public service and not-for-profit organizations.

Program 10.03: National Guard Scholarship Program

This program 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 and has proved to be an effective incentive for enlisting in the National Guard. The appropriation item provides funds for both the scholarship grants and the Guard's program marketing efforts. The program's purpose is to recognize the service of the Ohio National Guard by providing access to higher education for members of the Guard.

Initially the appropriation item received transferred funds 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 General Assembly, the funds were appropriated in the budget of the Regents, under line item 235-599, National Guard Tuition Grant Program. That bill also added temporary law to require the 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 2002-2003 budget bill, Am. Sub. H.B. 94 of the 124th General Assembly.

For the new biennium the executive budget increases the funding of this program's single appropriation item, 235-599, Ohio National Guard Scholarship Program, by \$4.44 million (16.3%) to \$31.7 million. On a year-to-year basis, the appropriations are \$15.1 million and \$16.6 million in FYs 2006 and 2007, respectively, for increases of 9.8% in each of those years against the FY 2005 amount of \$13.8 million. The recommended increases in this appropriation item are intended to address increases in forecast enrollments of eligible students as a result of increased National Guard recruitment efforts and enlistments, as well as increases in college and university tuition costs.

Temporary and Permanent Law Provisions: Temporary law makes the following provisions:

- The Regents is to disburse the appropriation's funds at the direction of the Adjutant General.
- The unencumbered balance of the appropriation at the end of each fiscal year is to be transferred to the National Guard Scholarship Reserve Fund.
- At the request of the Adjutant General, Regents is to seek Controlling Board approval to establish appropriations in item 235-623, National Guard Scholarship Reserve Fund.
- Requires the Director of Budget and Management to transfer an amount equal to the unencumbered balance as of June 30, 2004 in appropriation item 235-599, National Guard Scholarship Program, from the GRF to the National Guard Scholarship Reserve Fund (Fund 5BM).

A permanent law provision creates the National Guard Scholarship Reserve Fund (Fund 5BM) to pay scholarship obligations in excess of the GRF appropriations made for that purpose. It further authorizes the Director of Budget and Management to transfer from the GRF to the reserve fund an amount not exceeding the prior year's unencumbered balance of GRF appropriation item 235-599, National Guard Scholarship Program. It is expected that the transfers into the National Guard Scholarship Reserve Fund will be approximately \$2.3 million in FY 2006.

Program Series 11

Medical Support

Purpose: This program series supports several medical, dental and veterinary clinical programs and other medical-related programs at Ohio’s universities.

The following table shows the line items that are used to fund the Medical Support program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-474	Area Health Education Centers Program Support	\$1,571,756	\$1,571,756
GRF	235-515	Case Western Reserve University School of Medicine	\$3,011,271	\$3,011,271
GRF	235-525	Geriatric Medicine	\$750,110	\$750,110
GRF	235-558	Long-term Care Research	\$211,047	\$211,047
GRF	235-560	Clinical Teaching Support*	\$45,931,099	\$45,931,099
GRF	235-562	Family Practice and Primary Care Residencies**	\$6,794,158	\$6,794,158
GRF	235-572	The Ohio State University Clinic Support	\$1,277,019	\$1,277,019
General Revenue Fund Subtotal			\$59,546,460	\$59,546,460
State Special Revenue Fund				
4P4	235-604	Physician Loan Repayment	\$476,870	\$476,870
682	235-606	Nursing Loan Program	\$893,000	\$893,000
State Special Revenue Fund Subtotal			\$1,369,870	\$1,369,870
Federal Special Revenue Fund				
3H2	235-608	Human Services Project	\$1,500,000	\$1,500,000
3T0	235-610	National Health Service Corps–Ohio Loan Repayment	\$150,001	\$150,001
3H2	235-622	Medical Collaboration Network	\$3,346,143	\$3,346,143
Federal Special Revenue Fund Subtotal			\$4,996,144	\$4,996,144
Total Funding: Medical Support			\$65,912,474	\$65,912,474

*This new appropriation item consolidates six previous appropriation items: 235-536, The Ohio State University Clinical Teaching; 235-537, University of Cincinnati Clinical Teaching; 235-538, Medical University of Ohio at Toledo Clinical Teaching; 235-539, Wright State University Clinical Teaching; 235-540, Ohio University Clinical Teaching; and 235-541, Northeastern Ohio Universities College of Medicine Clinical Teaching. These six items are funded as earmarks under the new appropriation item.

**This new appropriation item consolidates the previous appropriation items 235-519, Family Practice, and 235-526, Primary Care Residencies, which are funded as earmarks under the new appropriation item.

The Medical Support program series contains 12 programs. However, 80.0% of the funding in this program series is contained in two programs. These are Program 11.09, Clinical Teaching, which receives 69.7% of the funding in this program series, and Program 11.06, Family Practice and Primary Care Residencies Support, which receives 10.3%. The executive budget recommends a 3.4% increase over estimated FY 2005 expenditures in FY 2006, and flat funding in FY 2007 for this program series. All of the increase from FY 2005 to FY 2006 is the result of federal funding (Fund 3H2) for a new appropriation item out of 235-622, Medical Collaboration Network. Of the \$131.8 million recommended for the biennium, 90.3% comes from the GRF, 7.6% from the federal Special Revenue Fund group, and 2.1% from the state special revenue fund group. The major changes for the new biennium’s budget

involve the consolidations of eight appropriation items into just two new items and the establishment of a new appropriation item to support collaborative medical education. Details for each of the 12 programs are given below.

Program 11.01: Long-term Care Research

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

For the new biennium the executive budget slightly reduces the funding of this program's single appropriation item, 235-558, Long-term Care Research, by \$10,623 (2.5%) to \$422,094. On a year-to-year basis, the appropriations remain flat in FYs 2006 and 2007 at the FY 2005 level of \$211,047.

Temporary Law Provision: Temporary law calls for this program's appropriation to be disbursed to Miami University for long-term care research.

Program 11.02: Physician Loan Repayment

The Physician Loan Repayment Program supports the repayment of all or part of the student loans taken by primary-care physicians who agree to provide primary-care services in areas of Ohio that suffer shortages of health care resources. The program's objective is to encourage physicians to locate and work in underserved areas of the state where there are shortages of health care resources. The program is measured by the number of grants awarded and doctors who work in underserved areas.

The program is funded by the appropriation item 235-604, Physician Loan Repayment, which is supported by Federal Special Revenue Fund 4P4.

For the new biennium the executive budget increases funding in the program's appropriation by \$234,772 to \$953,740. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$476,870.

Temporary Law Provision: Temporary law requires the appropriation to be used in accordance with permanent law provisions concerning the Physician Loan Repayment Program.

Program 11.03: Nurse Education Assistance Loan Program

This program 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. The program's purpose is to encourage students to enter the nursing profession – where Ohio suffers a shortage – and to provide affordable college access to nursing students.

The program is funded by the appropriation item 235-606, Nursing Loan Program, which is supported by State Special Revenue Fund 682.

For the new biennium the executive budget increases funding in the program's appropriation by \$222,731 to \$1.79 million. On a year-to-year basis, the appropriations remain flat in FYs 2006 and 2007 at the FY 2005 level of \$893,000.

Temporary Law Provisions: Temporary law requires the appropriation to be used to administer the program. It further authorizes up to \$159,600 in FY 2006 and \$167,580 in FY 2007 to be used for the program's operating expenses. Additional funds needed for program administration will require Controlling Board approval.

Program 11.04: National Health Service Corps Loan Repayment

This program supports a federally funded program (the National Health Service Corps, Grants for State Loan Repayment) for the repayment of education loans by eligible health service practitioners. Jointly administered by the Ohio Board of Regents and the Ohio Department of Health, the program 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 regions of Ohio. Payments are made to the appropriate lending institutions on behalf of the practitioners. The goal of the program is to increase the number of health professionals who work in underserved areas of the state.

The program is funded by the appropriation item 235-610, National Health Service Corps – Ohio Loan Repayment, which is supported by Federal Special Revenue Fund 3T0.

For the new biennium the executive budget slightly reduces the program's appropriation by \$82,397 to \$300,002. On a year-to-year basis, the appropriations remain flat in FYs 2006 and 2007 at the FY 2005 level of \$150,001.

Program 11.05: Medicaid Technical Assistance Policy Program

This program allows Ohio medical schools and universities to conduct and to be reimbursed for applied health services research in support of administration policy-making related to the Ohio Medicaid Program. This program helps address the provision of quality, cost-effective health care, especially for the state's Medicaid population. The goal of the program is to promote quality and cost-effective health care, particularly among those people eligible for Medicaid in Ohio.

Specifically, the program supports the Health Services Research Program, under which campus academics conduct applied health services research for the MEDTAPP program (Medicaid Technical Assistance Payments Program) administered by the Ohio Department of Job and Family Services. The research provides a background to help ODJFS determine state Medicaid policy. Each year the ODJFS estimates the number of research projects to be funded; the federal funds are then used to support those projects.

The program is funded by the appropriation item 235-608, Human Services Project, which is supported by Federal Special Revenue Fund 3H2. The funding for this appropriation item 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 has declined to current annual levels of approximately \$1.5 million.

For the new biennium the executive budget increases the program's appropriation by \$1.14 million to \$3.0 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$1.5 million.

Program 11.06: Family Practice and Primary Care Residencies Support

This program consolidates two programs, Family Practice and Primary Care Residencies, each currently having its own appropriation item. The new program will be funded through a single appropriation item, 235-562, Family Practice and Primary Care Residencies. The two current appropriation items to be discontinued are 235-519, Family Practice, and 235-526, Primary Care Residencies.

The consolidated program supports family practice residencies and instructional costs in the departments of family medicine within each medical college in Ohio, both public and private. State-assisted medical schools are required to establish and maintain departments of family practice. Each institution must submit and gain approval of a plan for its primary care residency program in order to obtain a full allocation of funds. The purpose of these departments is to raise the quality and number of family physicians in Ohio.

The program also supports education and clinical training in primary care specialties of internal medicine and pediatrics. The program supports medical students' clinical training in primary care fields with the goal of increasing the number of primary care physicians in medical practice.

For the new biennium the executive budget reduces funding by 12.1% for the consolidated program as compared to the current biennium's combined appropriation for the two individual programs. The reduction of \$1.9 million from the current biennium's \$15.5 million yields a new appropriation of \$13.6 million. On a year-to-year basis, the appropriation is \$6.8 million in each of the FYs 2006 and 2007, down 10.0% from the FY 2005 level of \$7.5 million.

Temporary Law Provisions: Temporary law requires the appropriation to be distributed in accordance with plans to be developed by the Regents consistent with existing criteria and guidelines.

Temporary law also provides for the appropriation to be divided between two earmarks, which will fund each of the two consolidated programs. The earmarks provide \$4,548,470 in each fiscal year for Family Practice programs and \$2,245,688 in each fiscal year for Primary Care Residencies. The latter distribution will be based on whether or not the institution has submitted and gained approval for a primary care residency plan; if an institution does not have such a plan, it will receive 5% less funding per student than it would otherwise have received.

Program 11.07: The Ohio State University Clinic Support

This program supports the clinical portions of the dental and veterinary medicine schools at The Ohio State University. The clinics provide practical education to dentistry and veterinary medicine students, as well as to dental hygiene students. The goal of the program is to support the clinical aspects of Ohio State's dentistry and veterinary medicine programs. It can be measured by the numbers of students served by the program in the two schools.

For the new biennium the executive budget slightly reduces funding in the program's single appropriation item, 235-572, The Ohio State University Clinic Support, by \$67,359 to \$2.55 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$1.28 million.

Temporary Law Provision: Temporary law calls for the appropriation to be distributed through the Regents to The Ohio State University for support of dental and veterinary medicine clinics.

Program 11.08: Case Western Reserve University School of Medicine

This program provides supplemental state funding for the Case Western Reserve University School of Medicine under the condition that not less than 60% of each entering class of medical students will be Ohio residents, and that the state support per full-time medical student does not exceed that provided to full-time medical students at state universities. The program's goal is to support important medical training and to create an incentive for this private medical college to enroll more Ohioans in its medical program.

For the new biennium the executive budget slightly reduces funding in the program's single appropriation item, 235-515, Case Western Reserve University School of Medicine, by \$160,197 (2.6%) to \$6.02 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$3.01 million.

Temporary Law Provisions: Temporary law requires the appropriation to be disbursed to Case Western Reserve University by the Regents in accordance with agreements entered into under permanent law provisions concerning aid to nonprofit medical, osteopathic, and dental schools. However, the state's support to Case Western may not exceed that provided to full-time medical students at state universities.

Program 11.09: Clinical Teaching

The major change in Program Series 11 for the new biennium is the executive budget's consolidation of the six current clinical teaching appropriation items into one new appropriation item, 235-560, Clinical Teaching Support, beginning in FY 2006. The six items provide subsidies in support of laboratory and clinical components of the medical and other health-related curricula at Ohio's six public medical colleges located at the University of Cincinnati, Ohio University, The Ohio State University, the Medical University of Ohio at Toledo, the Northeastern Ohio Universities College of Medicine, and Wright State University. This program is intended to offset the cost of clinical training for Ohio's student health professionals; clinical training is regarded as a fundamental component of medical education.

For FY 2006 the six medical colleges will receive their clinical teaching subsidies according to earmarks under the Clinical Teaching Support appropriation item. For FY 2007 the allocation of the Clinical Teaching Support appropriation will be effected through a method to be determined.

The new appropriation item 235-560, Clinical Teaching Support, will replace the consecutive appropriation items 235-536 through 235-541 and will be supported by the General Revenue Fund (GRF).

For the new biennium the executive budget maintains the same funding of \$91.9 million for the new consolidated program as for the current biennium's combined appropriation for the six individual programs. On a year-to-year basis, the appropriation is \$45.9 million in each of the FYs 2006 and 2007, the same as the combined six-program appropriation for FY 2005.

Temporary Law Provisions: Under the appropriation item 235-560, Clinical Teaching Support, temporary law in the budget provides earmarked amounts for the six eligible medical colleges for FY 2006 at levels equal to their FY 2005 individual appropriations. These amounts are listed in the following table.

Clinical Teaching Support: Earmarks for FY 2006			
Earmark No.	Earmark	FY 2005 est.	FY 2006 earmark
1	University of Cincinnati	\$11,157,756	\$11,157,756
2	Medical University of Ohio at Toledo	\$8,696,866	\$8,696,866
3	Northeastern Ohio Universities College of Medicine	\$4,200,945	\$4,200,945
4	Ohio University	\$4,084,540	\$4,084,540
5	The Ohio State University	\$13,565,885	\$13,565,885
6	Wright State University	\$4,225,107	\$4,225,107
Total		\$45,931,099	\$45,931,099

Additional language requires the Regents to study and recommend a potential method of allocating funds to each of the institutions based on student enrollment, its affiliation or lack thereof with a teaching hospital, and other factors that might increase or decrease the cost of clinical teaching. The Office of Budget and Management will implement a revised methodology for fund allocation for FY 2007.

Program 11.10: Area Health Education Centers Program Support

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

For the new biennium the executive budget reduces funding in the program’s single appropriation item, 235-474, Area Health Education Centers Program Support, by \$81,581 (2.5%) to \$3.14 million. On a year-to-year basis, the appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$1.57 million.

Temporary Law Provisions: Temporary law calls for the Regents to use the appropriation to support the medical schools’ regional AHECs’ educational programs for the continued support of medical and other health professions education and for the support of the AHEC program.

Additional temporary law provides two earmarks: In each fiscal year \$159,158 will be disbursed to the Ohio University College of Osteopathic Medicine to operate a mobile health care unit to serve the southeastern area of the state. Also, \$119,369 will be used in each fiscal year to support the Ohio Valley Community Health Information Network (OVCHIN) project.

Program 11.11: Geriatric Medicine

This program supports the offices of geriatric medicine within each public medical college in Ohio. The creation of these offices was mandated by the state for each of these medical colleges. The program is intended to ensure that all Ohio medical students receive specific education and training within their medical school curricula concerning the care of older adults. The ultimate goal is to improve health care and create a better quality of life for Ohio’s senior population.

For the new biennium the executive budget reduces funding in the program’s single appropriation item, 235-525, Geriatric Medicine, by \$37,758 (2.5%) to \$1.5 million. On a year-to-year basis, the

appropriation remains flat in FYs 2006 and 2007 at the FY 2005 level of \$750,110. The program's costs are driven by rising health care costs, growth in Ohio's elderly population, and expenses for personnel, technology, and equipment.

Temporary Law Provision: Temporary law requires the Regents to develop plans consistent with existing criteria and guidelines as might be required for the distribution of the appropriation.

Program 11.12: Medical Collaboration Network

This program, new in FY 2005, is designed to link colleges, universities, and hospitals to the Third Frontier Network. This collaboration takes advantage of the information-carrying capability of the Third Frontier Network to support related medical education, service, and research programs. The program is intended to improve health care and medical research and education by providing funding to promote collaboration among university-affiliated hospitals.

The program's appropriation item 235-622, Medical Collaboration Network, was established by the Controlling Board on November 15, 2004 with an appropriation of \$3,346,143, although none of these funds has been spent to date in FY 2005. The item is funded by the Federal Special Revenue Fund 3H2 under a grant from the U.S. Department of Health and Human Services.

For the new biennium the executive budget provides this program with an appropriation of \$6.7 million. The appropriation is \$3.35 million for each of FYs 2006 and 2007.

Program Series 12

Planning and Coordination

Purpose: This program series supports the administrative operations of the Regents, including the maintenance and operation of the Higher Education Information (HEI) System

The following table shows the line items that are used to fund the Planning and Coordination program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	235-321	Operating Expenses	\$2,897,659	\$2,966,351
GRF	235-409	Information System	\$1,146,510	\$1,175,172
General Revenue Fund Subtotal			\$4,044,169	\$4,141,523
General Services Fund				
456	235-603	Sales and Services	\$700,000	\$900,000
220	235-614	Program Approval and Reauthorization	\$400,000	\$400,000
General Services Fund Subtotal			\$1,100,000	\$1,300,000
Total Funding: Planning and Coordination			\$5,144,169	\$5,441,523

The Planning and Coordination program series contains three programs. Program 12.01, Program Management, receives 70.5% of the funding in this series, Program 12.02, Information System receives 21.9%, and Program 12.03, Program Authorization, receives 7.6%. The executive budget has recommended a 9.5% increase over the estimated FY 2005 expenditures in FY 2006, and a 5.8% increase in FY 2007. Of the biennial total of \$10.6 million, 77.3% comes from the GRF and 22.7% from the General Services Fund group. Details for each of the three programs are given below.

Program 12.01: Program Management

Fund	ALI	Title	FY 2006	FY 2007
GRF	235-321	Operating Expenses	\$2,897,659	\$2,966,351
GSF 456	235-603	Sales and Services	\$700,000	\$900,000
Total Funding: Program Management			\$3,597,659	\$3,866,351

This program consists of two appropriation items. Appropriation item 235-321, Operating Expenses, which is funded from the GRF, supports the operations for the Regents by providing funds for personal services, maintenance, and equipment; and 235-603, Sales and Services, which is funded from fees deposited into Fund 456 of the General Services Fund group, covers the costs of delivering services associated with the Regents’ Higher Education Information (HEI) System, the production of official publications, and miscellaneous meeting expenses.

The executive recommendation for the program for FY 2006 is \$3,597,659, which is an increase of 13.1% over the estimated FY 2005 expenditures. For FY 2007, the recommendation is \$3,866,351, which is an increase of 7.5% over FY 2006. Approximately 48.8% of the program’s increase in FY 2006 and 74.4% in FY 2007 is attributable to 235-603, Sales and Services, due to projected increases in the number of HEI

contracts for multi-state or regional data services. The fee revenues that would be generated from these contracts and deposited into Fund 456 would fund this increase. The rest of the increase is attributable to 235-321, Operating Expenses, and will be used to continue upgrading the information technology-related equipment for the entire staff in order to be able to provide better service for the colleges and universities.

Temporary Law Provisions: Executive budget temporary law earmarks \$150,000 in each fiscal year under 235-321, Operating Expenses, for Ohio's Partnership for Continued Learning, which replaces and broadens the current Joint Council of the Department of Education and the Regents. The Partnership, in consultation with the Governor's office, is to provide advice and recommendations to promote collaboration among relevant state entities in an effort to help local communities develop coherent and successful P-16 learning systems.

Program 12.02: Information System

The sole appropriation item in this program supports the continual development, expansion and operations of the Higher Education Information (HEI) System, a comprehensive and centrally located data warehouse containing a wide array of information about Ohio's campuses, such as student enrollments, demographics, physical plant inventories, financial data, and course offerings. All state-supported institutions are contributors and users of HEI data; and private institutions report data as well. This information can then be used by the Regents, institutions, and other state officers to assist and improve policy and budget decisions. Funds are also provided to assist state-supported and independent institutions of higher education in complying with HEI's new reporting procedures and deadlines.

The executive budget recommends \$1,146,150 in FY 2006 for appropriation item 235-409, Information System, which is a 2.5% increase over the estimated FY 2005 expenditures. The recommendation for FY 2007 is \$1,175,172, which is an increase of 2.5% over FY 2006. These increases will be used by the Regents to maintain and enhance the HEI System's capabilities by providing equipment and supplies, as well as supporting the approximately 15 staff members responsible for operating the HEI System.

Temporary Law Provision: Executive budget temporary law requires the funds in this line item to be used to operate the HEI System

Program 12.03: Program Authorization

The sole appropriation item in this program enables the Regents to directly contract with and reimburse consultants to review and evaluate degree program proposals and to conduct institutional reauthorization reviews for private, proprietary, and out-of-state institutions, pursuant to Chapter 1713. of the Ohio Revised Code. The purpose of the program is to ensure that Ohio's degree programs are of the highest educational quality and that programs and proposed programs are reviewed by objective outside experts.

The executive budget recommends \$400,000 in each year of the FY 2006-2007 biennium for appropriation item 235-614, Program Approval and Reauthorization, the same as in FY 2005. The appropriation item is supported by Fund 220 of the General Services Fund group, which receives remittances by those institutions seeking reviews, evaluations, and reauthorizations. The costs associated with this program are driven by the number of authorization requests that the Regents receives from private, proprietary, and out-of-state institutions, which can vary each year.

Permanent Law Provision: The executive budget contains a permanent law provision requiring the Regents to adopt rules establishing the fees to fund the cost of reviewing applications for certificates of authorization to award degrees at nonpublic institutions. In addition, Regents is required to adopt rules establishing fees for any further reviews that the Regents determines are necessary upon examining a nonpublic institution's annual report.

REQUESTS NOT FUNDED

The budget requests from the Board of Regents consist of 12 program series. The Regents proposed both an “initiative budget” that would fund enrollment growth and a modest level of inflation, and would also begin to support most of the recommendations of the Governor’s Commission on Higher Education and the Economy, and a “flat budget” that assumes no GRF increases over FY 2005 after the executive reductions in FYs 2006 and 2007. Tables 1 and 2 below summarize the differences between each of these two request budgets and the executive recommendations. The analysis of the requests not funded will mainly focus on the differences between the initiative budget and the executive recommendations.

Requests Not Funded–FY 2006: Table 1 compares both the initiative budget and the flat budget with the executive recommendation for each of the 12 program series for FY 2006.

Table 1. Requests Not Funded, by program series: FY 2006						
Program Series		BOR budget request		Executive budget recommendation	Difference: Executive budget recommendation vs. ...	
		Initiative budget	Flat budget		Initiative budget	Flat budget
PS 1	College and University Instructional Foundations	\$1,642,663,578	\$1,564,922,568	\$1,559,096,031	(\$83,567,547)	(\$5,826,537)
PS 2	Facilities and Debt Service	\$366,570,939	\$366,570,939	\$357,333,363	(\$9,237,576)	(\$9,237,576)
PS 3	Pre-K through 16 Preparation and Access	\$15,505,768	\$13,567,176	\$15,888,711	\$382,943	\$2,321,535
PS 4	Student Access	\$284,794,003	\$271,700,985	\$272,949,110	(\$11,844,893)	\$1,248,125
PS 5	Academic Success	\$64,062,421	\$60,401,934	\$60,401,934	(\$3,660,487)	\$0
PS 6	Basic and Applied Research	\$89,392,983	\$72,514,504	\$75,806,929	(\$13,586,054)	\$3,292,425
PS 7	Workforce and Regional Economic Development	\$45,116,509	\$34,556,699	\$37,888,072	(\$7,228,437)	\$3,331,373
PS 8	Higher Education Collaborations	\$23,059,262	\$16,239,537	\$18,421,001	(\$4,638,261)	\$2,181,464
PS 9	General Public Service	\$7,119,991	\$5,877,355	\$6,290,672	(\$829,319)	\$413,317
PS 10	General Public Service	\$18,475,409	\$16,365,360	\$15,610,866	(\$2,864,543)	(\$754,494)
PS 11	Medical Support	\$68,869,126	\$66,667,380	\$65,912,474	(\$2,956,652)	(\$754,906)
PS 12	Planning and Coordination	\$5,089,148	\$4,899,188	\$5,144,169	\$55,021	\$244,981
TOTAL, FY 2006		\$2,630,719,137	\$2,494,283,625	\$2,490,743,332	(\$139,975,805)	(\$3,540,293)

As can be seen from Table 1, the executive recommendation exceeds the initiative budget request in 2 of the 12 program series: the Pre-K through 16 Preparation and Access, and the Planning and Coordination program series. However, the executive recommendation has not completely funded the remaining ten program series. The largest difference is in the College and University Instructional Foundations program series, which funds the State Share of Instruction. Approximately 59.7% (\$83.6 million) of the

\$140.0 million total requests not funded in FY 2006 is from this single program series. Two other program series have requests not funded totaling more than \$10 million each. These two program series are: Basic and Applied Research (\$13.6 million or 9.7% of the total requests not funded), Student Access (\$11.8 million or 8.5%).

Requests Not Funded–FY 2007: Table 2 compares both the initiative budget and the flat budget with the executive recommendation for each of the 12 program series for FY 2007, as well as the totals for the biennium.

Table 2. Requests Not Funded, by program series: FY 2007						
Program Series		BOR Budget Request		Executive budget recommendation	Difference: Executive budget recommendation vs. ...	
		Initiative budget	Flat budget		Initiative budget	Flat budget
PS 1	College and University Instructional Foundations	\$1,730,381,813	\$1,565,992,149	\$1,559,096,031	(\$171,285,782)	(\$6,896,118)
PS 2	Facilities and Debt Service	\$366,570,939	\$366,570,939	\$372,023,263	\$5,452,324	\$5,452,324
PS 3	Pre-K through 16 Preparation and Access	\$16,305,768	\$13,567,176	\$17,168,161	\$862,393	\$3,600,985
PS 4	Student Access	\$342,466,739	\$271,816,432	\$299,986,999	(\$42,479,740)	\$28,170,567
PS 5	Academic Success	\$67,654,716	\$60,401,934	\$60,401,934	(\$7,252,782)	\$0
PS 6	Basic and Applied Research	\$104,390,233	\$73,753,120	\$80,021,014	(\$24,369,219)	\$6,267,894
PS 7	Workforce and Regional Economic Development	\$49,806,554	\$32,633,335	\$37,888,072	(\$11,918,482)	\$5,254,737
PS 8	Higher Education Collaborations	\$25,847,937	\$16,239,537	\$18,421,001	(\$7,426,936)	\$2,181,464
PS 9	General Public Service	\$7,319,352	\$5,400,814	\$6,290,672	(\$1,028,680)	\$889,858
PS 10	General Public Service	\$21,405,348	\$16,342,078	\$17,093,457	(\$4,311,891)	\$751,379
PS 11	Medical Support	\$70,795,909	\$66,667,380	\$65,912,474	(\$4,883,435)	(\$754,906)
PS 12	Planning and Coordination	\$5,488,605	\$5,099,188	\$5,441,523	(\$47,082)	\$342,335
TOTAL, FY 2007		\$2,808,433,913	\$2,494,484,082	\$2,539,744,601	(\$268,689,312)	\$45,260,519
TOTAL, biennium (FY 2006 & FY 2007)		\$5,439,153,050	\$4,988,767,707	\$5,030,487,933	(\$408,665,117)	\$41,720,226

As can be seen from Table 2, the executive recommendation exceeds the initiative budget request in 2 of the 12 program series: the Facilities and Debt Service, and the Pre-K through 16 Preparation and Access program series. However, the executive recommendation has not completely funded the remaining ten program series. The largest difference once again is in the College and University Instructional Foundations program series, which funds the State Share of Instruction. Approximately 63.7% (\$171.3 million) of the \$268.7 million total requests not funded in FY 2007 is from this single program series. Three other program series each has requests not funded totaling more than \$10 million. These

program series are: Student Access (\$42.5 million or 15.8% of the total requests not funded), Basic and Applied Research (\$24.4 million or 9.1%), and Workforce and Regional Economic Development (\$11.9 million or 4.4%).

For the biennium, the difference between the initiative budget and the executive recommendation is \$408.7 million, or 7.5% below the initiative budget request. Note that the executive budget exceeds the flat budget in both FY 2007 and for the biennium. This is a result of the executive budget including funding for the Ohio College Opportunity Grant in the amount of \$58.1 million in FY 2007. This program was included in the initiative budget, but not in the flat budget.

The following section provides an analysis of the major requested items that are either not fully funded or not funded by the executive budget. The analysis of the requests not funded will focus solely on the differences between the initiative budget and the executive recommendations.

Program Series 1

235-501, State Share of Instruction

The initiative budget would have fully funded the projected enrollment growth of approximately 2.0% and the estimated inflation in higher education of approximately 3.5% in each fiscal year of the FY 2006-2007 biennium. The total difference of \$83.6 million in FY 2006 and \$171.3 million in FY 2007 is a result of the executive budget recommending no increase from the estimated FY 2005 expenditure level in both fiscal years.

Program Series 4

235-418, Access Challenge

The initiative budget would have provided an additional \$4.3 million in FY 2006 and \$8.9 million in FY 2007 for the Access Challenge program. The additional moneys would have funded the projected enrollment growth in General Studies FTEs estimated at approximately 3.7% in each fiscal year and 90% of the estimated 3.5% annual inflation in higher education, which would be 3.15% (3.5% x 90%) in each fiscal year.

235-503, Ohio Instructional Grants, and 235-549, Part-time Student Instructional Grants

The initiative budget would have provided an additional \$3.3 million in FY 2006 and \$38.0 million in FY 2007 for the Ohio Instructional Grants program. In addition, the initiative budget would have provided an additional \$1.1 million in FY 2006 and \$5.8 million in FY 2007 for the Part-time Instructional Grants program. The additional funding could have allowed for increases in the awards provided by each program. The awards for the Ohio Instructional Grant program in FY 2006 and FY 2007 will be at the same amounts as they were in FY 2005 under the executive recommendation. However, offsetting some of the differences is the additional \$17.1 million provided by the executive recommendation for the Ohio College Opportunity Grant program, which beginning in FY 2007 will eventually replace the Ohio Instructional Grants and the Part-time Instructional Grants programs.

Learn and Earn Pilot

The executive recommendation did not fund any of the request for the Learn and Earn Pilot program. The initiative budget would have provided \$2.0 million in FY 2006 and \$5.0 million in FY 2007 for the Learn and Earn Pilot program. The Learn and Earn program is a scholarship program designed by the Regents that would award scholarships based on a point system and family income. The majority of the points would be earned in high school, though students could earn their first point beginning in kindergarten since one of the goals of the program is to get students and parents thinking and planning for college while students are in elementary school. The Regents estimates that the program would cost approximately \$120 million per year if it were fully implemented.

Program Series 5

235-420, Success Challenge

The initiative budget would have provided an additional \$3.4 million in FY 2006 and \$7.0 million in FY 2007 for the Success Challenge program. The additional moneys would have funded the projected enrollment growth in General Studies FTEs estimated at approximately 3.7% in each fiscal year and 90% of the estimated 3.5% annual inflation in higher education, which would be 3.15% (3.5% x 90%) in each fiscal year.

Program Series 6

235-433, Economic Growth Challenge

The initiative budget would have provided additional funding for all three incentives included in the Economic Growth Challenge. The total difference between the initiative budget and the executive recommendation was \$11.5 million in FY 2006 and \$13.2 million in FY 2007. The differences for each of the three initiatives are given in Table 3.

Table 3: Difference in Earmarks for the Economic Growth Challenge						
	FY 2006			FY 2007		
	Initiative	Executive	Executive minus Initiative	Initiative	Executive	Executive minus Initiative
Research Incentive	\$24,000,000	\$18,000,000	(\$6,000,000)	\$24,500,000	\$18,000,000	(\$6,500,000)
Innovation Incentive	\$3,875,930	\$2,343,097	(\$1,532,833)	\$7,751,861	\$4,686,194	(\$3,065,667)
Technology Commercialization Incentive	\$4,000,000	\$0	(\$4,000,000)	\$4,100,000	\$500,000	(\$3,600,000)

235-451, Eminent Scholars

The initiative budget would have provided an additional \$7.6 million in FY 2007 for the Eminent Scholars program. Assuming the same grant amount that was approved in the FY 2004-2005 main operating biennial budget of approximately \$750,000, the additional funds could have provided 12 endowment grants rather than the 2 that are included in the executive recommendation, but at a slightly lower amount of approximately \$685,494.

Program Series 7

Accelerate Ohio

The executive recommendation did not fund any of the request for the Accelerate Ohio program. The initiative budget would have provided \$3.9 million in FY 2006 and \$7.8 million in FY 2007 for the Accelerate Ohio program. The Accelerate Ohio program would have subsidized entry-level non-credit instruction in carefully designed areas that would benefit in improving workforce skills, and subsidized a certificate program based on a noncredit set of competency-based courses in mathematics, communication (English), and information technology that would build student confidence in further learning as well as provide skills important in the workplace.

Program Series 8

Productivity and Efficiency Pilots

The executive recommendation did not fund any of the request for the Productivity and Efficiency Pilot program. The initiative budget would have provided \$2.5 million in FY 2006 and \$5.0 million in FY 2007 for the Productivity and Efficiency Pilot program. The Productivity and Efficiency Pilot program would have provided funding through a competitive process to campuses for pilot projects in the administrative and academic areas that would increase collaboration and produce cost savings through increased efficiency.

Program Series 11

235-560, Clinical Teaching

The initiative budget would have provided an additional \$1.4 million in FY 2006 and \$2.9 million in FY 2007 for the Clinical Teaching support at six medical schools. In addition, the initiative budget included allocations to each of the six medical schools for FY 2007. The executive recommendation does not include a set allocation for FY 2007, but requires the Regents to propose a new method to allocate the Clinical Teaching funds. The table below shows the differences between the initiative budget and executive budget for FY 2006, and the proposed allocation from the initiative budget for FY 2007.

	FY 2006			FY 2007		
	Initiative	Executive	Executive minus Initiative	Initiative	Executive	Executive minus Initiative
The Ohio State University	\$13,993,210	\$13,565,885	(\$427,325)	\$14,433,997	TBD	n/a
University of Cincinnati	\$11,509,225	\$11,157,756	(\$351,469)	\$11,871,766	TBD	n/a
Medical University of Ohio at Toledo	\$8,970,817	\$8,696,866	(\$273,951)	\$9,253,398	TBD	n/a
Wright State University	\$4,358,198	\$4,225,107	(\$133,091)	\$4,495,481	TBD	n/a
Northeastern Ohio Universities College of Medicine	\$4,333,275	\$4,200,945	(\$132,330)	\$4,469,773	TBD	n/a
Ohio University	\$4,213,203	\$4,084,540	(\$128,663)	\$4,345,919	TBD	n/a
Total	\$47,377,928	\$45,931,099	(\$1,446,829)	\$48,870,334	\$45,931,099	(\$2,939,235)

*TBD-To Be Determined

General Revenue Fund

GRF 235-321 Operating Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,826,972	\$2,816,939	\$3,320,303	\$2,680,645	\$2,897,659	\$2,966,351
	-0.4%	17.9%	-19.3%	8.1%	2.4%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333

Purpose: This appropriation item supports the Board of Regents' operations by providing funds for personal services, maintenance and equipment in order to help Regents fulfill its mission and statutory obligation of providing higher education policy and budget advice to the governor and General Assembly. The line item was created for the FY 2000-FY 2001 budget and replaces line items 235-100, Personal Services, 235-200, Maintenance, and 235-300, Equipment. Under the executive budget, this appropriation item also supports an earmark for the new Ohio's Partnership for Continued Learning, which replaces and broadens the current Joint Council of the Department of Education and the Board of Regents.

GRF 235-401 Lease Rental Payments

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$293,946,612	\$264,574,646	\$246,044,911	\$216,836,400	\$200,619,200	\$200,795,300
	-10.0%	-7.0%	-11.9%	-7.5%	0.1%

Source: GRF

Legal Basis: Article VIII Section 2i of the Ohio Constitution; ORC 154.21

Purpose: This line item provides funds to service and retire the debt on special obligation revenue bonds sold to finance capital improvements for higher education. Since the passage of State Issue 1 in November 1999, such revenue bonds need no longer be issued because State Issue 1 authorized the use of general obligation (GO) debt for higher education capital improvements. GO bonds are backed by the full faith and credit of the state and can be issued at interest rates lower than the rates commanded by revenue bonds. Therefore, it is unlikely that the state will issue new revenue bonds; consequently, the appropriations for this item 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$281,944	\$274,895	\$263,899	\$257,694	\$231,925	\$231,925
	-2.5%	-4.0%	-2.4%	-10.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: This appropriation item provides partial support to the Ohio Sea Grant College Program, a statewide program based at the Ohio State University. Sea Grant funds education, research, communication, extension and outreach efforts in multiple disciplines to enhance the use and development of the nation's ocean, coastal, and Great Lakes resources, and to improve their management.

GRF 235-403 Mathematics and Science Teaching Improvement

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,849,815	\$1,826,827	\$1,680,454	\$1,647,635	\$0	\$0
	-1.2%	-8.0%	-2.0%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. 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. The executive recommendation consolidates this item into appropriation item 235-435, Teacher Improvement Initiatives.

GRF 235-404 College Readiness Initiatives

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,277,642	\$3,982,894	\$2,963,237	\$3,188,902	\$0	\$0
	74.9%	-25.6%	7.6%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This appropriation item supports several programs designed to improve the ability of high school students to enroll and succeed in higher education. The programs use various methods, such as early assessment testing, to promote student success and to improve collaboration between primary/secondary education and higher education. The executive recommendation consolidates this line item into appropriation item 235-434, College Readiness and Access.

GRF 235-406 Articulation and Transfer

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$859,420	\$722,464	\$640,122	\$718,536	\$2,900,000	\$2,900,000
	-15.9%	-11.4%	12.2%	303.6%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.16

Purpose: This appropriation item supports the Board of Regents' effort to achieve the legislated goal of an effective statewide student articulation and transfer system, addressing issues arising from the transfer 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. A portion of the funds is used for the expansion of the web-based Course Applicability System (CAS) that intends to assist students, advisors, faculty and administrators at colleges and universities to obtain consistent and accurate information about transfer courses and their applicability toward degree completions.

GRF 235-408 Midwest Higher Education Compact

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$82,500	\$82,500	\$82,500	\$82,500	\$90,000	\$90,000
	0.0%	0.0%	0.0%	9.1%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.40 and 3333.41

Purpose: This appropriation item is used to pay Ohio's membership dues to the Midwestern Higher Education Compact's (MHEC) commission for the next two years. Established in 1991, the Commission is a non-profit regional organization. Its purpose is to advance higher education services and opportunities in the Midwest region and is charged with promoting interstate cooperation and resource sharing in higher education through three core functions: cost savings programs, reduced tuition and policy research.

GRF 235-409 Information System

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,311,484	\$1,217,122	\$1,028,634	\$1,118,546	\$1,146,510	\$1,175,172
	-7.2%	-15.5%	8.7%	2.5%	2.5%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: This appropriation item supports the continual development, expansion and operations of the Higher Education Information (HEI) System, 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. All state-supported institutions are contributors and users of HEI data; and private institutions report data as well. Funds are also provided to participating state-supported and independent institutions of higher education to assist campuses in complying with HEI's new reporting procedures and deadlines.

GRF 235-414 State Grants and Scholarship Administration

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,329,248	\$1,260,653	\$1,129,867	\$1,173,474	\$1,352,811	\$1,382,881
	-5.2%	-10.4%	3.9%	15.3%	2.2%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. S.B. 215 of the 122nd G.A.)

Purpose: This line item is used to support the operating expenses of the Board of Regents for administering various state grants and scholarships programs that provide financial aid to students.

GRF 235-415 Jobs Challenge

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$9,494,000	\$9,348,300	\$9,348,300	\$9,348,300	\$9,348,300	\$9,348,300
	-1.5%	0.0%	0.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item supports the 53 public two-year campuses that are members of the EnterpriseOhio Network providing non-credit job training to Ohio's businesses and employees in order to address their workforce training needs. The program is intended to ensure affordable employer access to non-credit training to improve the competitiveness of Ohio's companies by building a more skilled workforce. The funds provided by the Jobs Challenge are divided into three components: (1) Performance Grants of equal amounts are provided to each of the 53 campuses of the EnterpriseOhio Network for basic support for its operations; (2) Targeted Industries Training Grant Program provides funds for the training of employees in manufacturing and information technology; (3) Higher Skills Incentives Program distributes funds the 53 campuses based on 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.

GRF 235-417 Ohio Learning Network

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,726,101	\$3,592,680	\$3,276,524	\$3,119,496	\$3,119,496	\$3,119,496
	-3.6%	-8.8%	-4.8%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item supports the Ohio Learning Network (OLN), a statewide state-of-the-art electronic collaborative information system. The system is designed to use advanced telecommunications and distance education initiatives to promote higher-education access and degree completion for students, workforce training for Ohio's employees, and professional development.

GRF 235-418 Access Challenge

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$58,557,256	\$57,013,287	\$64,726,452	\$63,340,676	\$63,340,676	\$63,340,676
	-2.6%	13.5%	-2.1%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item seeks to support efforts by designated “access” campuses to buy down or restrain tuitions for in-state undergraduate students enrolled in introductory undergraduate courses. Access campuses include all two-year public colleges and branch campuses, as well as Central State University, Shawnee State University, and the two-year technical-community college components of the University of Akron, the University of Cincinnati and Youngstown State University. The Access Challenge funds are allocated to the campuses in proportion to their shares of the statewide average total of General Studies full-time-equivalent (FTE) students.

GRF 235-420 Success Challenge

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$44,272,526	\$43,046,399	\$48,977,515	\$52,601,934	\$52,601,934	\$52,601,934
	-2.8%	13.8%	7.4%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th 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. "At-risk" students are currently defined as any student who was eligible for an Ohio Instructional Grant during the past ten years. The executive budget recommends that the definition of "at-risk" be changed to any student who was eligible to receive an Ohio need-based financial aid award during the past ten years in order to take into account the proposed Ohio College Opportunity Grant program. "Timely manner" is generally meant to be four years.

GRF 235-428 Appalachian New Economy Partnership

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$940,000	\$1,374,750	\$1,132,697	\$1,076,068	\$1,076,068	\$1,076,068
	46.3%	-17.6%	-5.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This appropriation item is intended to promote economic development in Appalachia through integrated investments designed to improve and target the region's information technology and knowledge infrastructure, and to support 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 235-433 Economic Growth Challenge

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$20,343,097	\$23,186,194
	N/A	N/A	N/A	N/A	14.0%

Source: GRF

Legal Basis: Proposed in H.B. 66 of the 126th G.A.

Purpose: This new appropriation included in the executive budget is intended to enhance the basic research capabilities Ohio's colleges and universities, support improved graduate programs throughout the state, and promote the transfer of technology developed by colleges and universities to private industry to further the economic goals of the state. The executive budget recommends funding three separate initiatives under this line item. The Research Incentive Program is the continuation of appropriation item 235-454, Research Challenge, which is consolidated into this line item. The Innovation Incentive Program will provide funds to match the funds set aside from the State Share of Instruction's doctoral reserve by participating universities to be used by universities to restructure their arrays of doctoral programs. The Technology Commercialization Incentive, which is only funded in FY 2007, will reward public and private colleges and universities for successful technology transfer to Ohio-based business and industry.

GRF 235-434 College Readiness & Access

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$6,375,975	\$7,655,425
	N/A	N/A	N/A	N/A	20.1%

Source: GRF

Legal Basis: Proposed in H.B. 66 of the 126th G.A.

Purpose: This new appropriation included in the executive budget is intended to support programs that improve the academic preparation and increase the number of students who enroll and succeed in higher education. This appropriation item will support such programs as the Ohio College Access Network (OCAN) and provide the state match for the federal Gaining Early Awareness and Readiness for Undergraduate Program (Gear-Up) under item 235-611, Gear-Up Grant. This appropriation item is a consolidation of items 235-404, College Readiness Initiatives and 235-477, Access Improvement Initiatives.

GRF 235-435 Teacher Improvement Initiatives

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$2,597,506	\$2,597,506
	N/A	N/A	N/A	N/A	0.0%

Source: GRF

Legal Basis: Proposed in H.B. 66 of the 126th G.A.

Purpose: This new appropriation included in the executive budget will be used to support programs such as OSI–Discovery and the Centers of Excellence in Mathematics and Science, which are designed to raise the quality of mathematics and science teaching in primary and secondary education. This appropriation item will also support the Ohio Resource Center for Mathematics, Science, and Reading though the Center is prohibited from making available resources that are inconsistent with the K-12 science standards and policies that are adopted by the State Board of Education. This appropriation item is a consolidation of items 235-403, Mathematics and Science Teaching Improvement, and 235-588, Ohio Resource Center for Mathematics, Science, and Reading.

GRF 235-451 Eminent Scholars

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$3,000,000	\$0	\$1,462,500	\$0	\$1,370,988
	N/A	-100.0%	N/A	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This appropriation item supports the Eminent Scholars program, whose purpose is to invest educational resources to attract and sustain scholar-leaders of national or international prominence to Ohio’s public universities. These scholars are expected to assist the state by conducting scientific and technological research, provide an essential basic-science platform for commercialization efforts, and help accelerate Ohio’s economic growth.

GRF 235-454 Research Challenge

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$18,994,997	\$18,235,006	\$17,540,564	\$17,091,533	\$0	\$0
	-4.0%	-3.8%	-2.6%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

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. Under the executive recommendation, this program is funded as the Research Incentive Program under appropriation item 235-433, Economic Growth Challenge.

GRF 235-455 EnterpriseOhio Network

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,612,248	\$1,530,511	\$1,445,052	\$1,373,941	\$1,373,941	\$1,373,941
	-5.1%	-5.6%	-4.9%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: The EnterpriseOhio Network represents a collaborative effort among Ohio's 53 community, technical and regional colleges to meet the workforce development needs of Ohio's business and industry through non-credit job training and assessment services. This appropriation item supports the Board of Regents' staffing and resource needs of the EnterpriseOhio Network, as well as network coordination, resource sharing, and statewide outreach to private- and public-sector organizations.

GRF 235-474 Area Health Education Centers Program Support

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,968,103	\$1,957,278	\$1,653,337	\$1,571,756	\$1,571,756	\$1,571,756
	-0.6%	-15.5%	-4.9%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

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

GRF 235-477 Access Improvement Projects

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,059,153	\$986,791	\$1,021,923	\$1,012,538	\$0	\$0
	-6.8%	3.6%	-0.9%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: The line item supports the Access Improvement Projects program, which develops statewide strategies to increase student access to and retention in higher education for students in specialized populations. The item's funds are used to support existing programs as well as new efforts designed to increase college attendance and success rates among groups that traditionally have been under-represented in higher education. A primary portion of the money is provided to the Ohio Appalachian Center for Higher Education (OACHE), which supports access to college in Ohio's 29-county Appalachian region. The executive recommendation consolidates this line item into appropriation item 235-434, College Readiness and Access.

GRF 235-501 State Share of Instruction

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,562,980,594	\$1,529,282,514	\$1,533,822,863	\$1,559,096,031	\$1,559,096,031	\$1,559,096,031
	-2.2%	0.3%	1.6%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th 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, as well as the previous year's SSI allocation. In FY 2005, this was 98.01% of an institution's SSI allocation from the previous year, though the executive recommends that the stop loss be set at 95% in the FY 2006-2007 biennium. In addition, 10.34% of the SSI appropriation is reserved to fund doctoral programs at the universities. The funds are 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$940,000	\$916,500	\$0	\$795,790	\$795,790	\$795,790
	-2.5%	-100.0%	N/A	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 715 of the 120th G.A.)

Purpose: This appropriation provides 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 qualified campuses and the statewide average costs for the provision of student support services. The purpose of the program is to help Ohio's public colleges and universities conform to the Americans with Disabilities Act and to make Ohio's campuses more physically accessible for disabled students.

GRF 235-503 Ohio Instructional Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$96,042,326	\$116,679,362	\$111,966,303	\$115,325,333	\$121,151,870	\$92,496,969
	21.5%	-4.0%	3.0%	5.1%	-23.7%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.12

Purpose: The Ohio Instructional Grants (OIG) program, enacted in 1969, provides need-based tuition-assistance grants to full-time Ohio-resident 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 Ohio families. Awards are granted only to eligible Ohio resident undergraduates based on family income, dependency status, the number of dependent children in the family, and the type of institution the student is attending (public, private, or career college). The executive recommendation proposes phasing out the OIG program and replacing it with the Ohio College Opportunity Grant for new undergraduates beginning in FY 2007.

GRF 235-504 War Orphans Scholarships

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,813,822	\$3,845,112	\$3,832,679	\$4,672,321	\$4,672,321	\$4,672,321
	0.8%	-0.3%	21.9%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5910.01 through 5910.06

Purpose: This program provides scholarships for the children of deceased or disabled veterans of wartime military service in the U.S. armed forces to state-assisted institutions equal to the amount of undergraduate instructional and general fees charged. 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. The program's mission is to acknowledge and honor the sacrifices made by the United States Military by ensuring that children of Ohio veterans have access to higher education.

GRF 235-507 OhioLINK

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$7,208,607	\$7,028,392	\$6,887,824	\$6,887,824	\$6,887,824	\$6,887,824
	-2.5%	-2.0%	0.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. H.B. 810 of the 117th G.A.)

Purpose: This appropriation item supports the operations of the OhioLINK electronic library information and retrieval system. The OhioLINK program was created in 1988 to address a lack of adequate information resources available for research and teaching. OhioLINK provides statewide access to the library holdings of Ohio's 38 public colleges and universities, forty private campuses, and the State Library of Ohio. Over 90 percent of capital and 60 percent of operating expenditures are used to support core statewide electronic content licenses.

GRF 235-508 Air Force Institute of Technology

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,880,000	\$1,833,000	\$2,012,662	\$1,925,345	\$1,925,345	\$1,925,345
	-2.5%	9.8%	-4.3%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. 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. AFIT, the first-ever joint research program between the state of Ohio and the United States Air Force, provides graduate-level education in logistics and engineering for Air Force personnel. The program's purpose is to ensure that Air Force personnel have access to critical training and graduate-level education in logistics and engineering. The line item also contains two separate earmarks for the Wright Brothers Institute, one to support technology and commercial development collaborations, and the other to support collaborative research in nanomaterials.

GRF 235-509 Displaced Homemakers

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$225,690	\$220,048	\$196,670	\$187,245	\$0	\$0
	-2.5%	-10.6%	-4.8%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 32)

Purpose: This appropriation item partially supports displaced-homemaker centers at five Ohio colleges and universities, which provide educational, career readiness, health and job training services. The program's purpose is to help individuals recover from economic hardships during a time of transition. The executive budget recommends no funding for this line item in the FY 2006-2007 biennium.

GRF 235-510 Ohio Supercomputer Center

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,543,560	\$4,429,971	\$4,124,303	\$4,021,195	\$4,021,195	\$4,021,195
	-2.5%	-6.9%	-2.5%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 171 of the 117th G.A.)

Purpose: This appropriation 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.

GRF 235-511 Cooperative Extension Service

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$26,046,013	\$25,394,863	\$24,619,068	\$25,644,863	\$25,644,863	\$25,644,863
	-2.5%	-3.1%	4.2%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.35 (authorized by the Smith-Lever Act in 1914; state subsidy created in the early 1950's)

Purpose: The Cooperative Extension Service is operated by The Ohio State University Extension under The Ohio State University's land-grant mandate. 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 300,000 young people annually), and community development. The service covers every one of Ohio's 88 counties and supports more than 35,500 volunteers, who donated a total of five million hours of their time in 2003 to help implement its programs. This appropriation item contains several earmarks, including funds to support the Ohio Watersheds Initiative.

GRF 235-513 Ohio University Voinovich Center

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$345,450	\$336,814	\$299,498	\$286,082	\$286,082	\$286,082
	-2.5%	-11.1%	-4.5%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This appropriation item supports the operations of the Voinovich Center on the campus of Ohio University in Athens. The funds are used for public service research and public policy coursework at the center.

GRF 235-514 Central State Supplement

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$11,322,259	\$11,039,203	\$11,039,203	\$10,708,027	\$10,172,626	\$9,663,995
	-2.5%	0.0%	-3.0%	-5.0%	-5.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,023,411	\$3,924,395	\$3,171,468	\$3,011,271	\$3,011,271	\$3,011,271
	-2.5%	-19.2%	-5.1%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.10 (originally established in 1969)

Purpose: This appropriation item provides supplemental state funding for the Case Western Reserve University School of Medicine under the state's condition that not less than 60% of each entering class of medical students will be Ohio residents, and that the state support per full-time medical student does not exceed that provided to full-time medical students at state universities. The program's goal is to support important medical training and to create an incentive for this private medical college to enroll more Ohioans in its medical program.

GRF 235-518 Capitol Scholarship Programs

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$26,000	\$0	\$103,600	\$229,670	\$0	\$0
	-100.0%	N/A	121.7%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item provides scholarships for full-time undergraduates enrolled in public or private four-year colleges and universities in Ohio to attend internships in Washington, D.C. These internships are sponsored by the Washington Center for Internships and Academic Seminars. The executive budget recommends no funding for this line item in the FY 2006-2007 biennium.

GRF 235-519 Family Practice

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$6,146,163	\$5,994,906	\$5,308,255	\$5,053,855	\$0	\$0
	-2.5%	-11.5%	-4.8%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.11 (originally established in 1974)

Purpose: This appropriation item supports family practice residencies and instructional costs in the departments of family medicine within each medical college in Ohio, public and private. State-assisted medical schools are required to establish and maintain departments of family practice. The purpose of the program is to increase the quality and number of family physicians in medical practice. The executive budget recommends consolidating this line item under appropriation item 235-562, Family Practice and Primary Care Residencies.

GRF 235-520 Shawnee State Supplement

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,135,680	\$2,082,288	\$2,082,289	\$2,019,821	\$1,817,839	\$1,636,055
	-2.5%	0.0%	-3.0%	-10.0%	-10.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established in 1987)

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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$345,450	\$336,814	\$299,498	\$286,082	\$286,082	\$286,082
	-2.5%	-11.1%	-4.5%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This appropriation item supports the instructional activities and operations of the John Glenn Institute for Public Service and Public Policy on the campus of the Ohio State University. The funds are used for public service research and public policy coursework at the institute.

GRF 235-524 Police and Fire Protection

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$445,737	\$200,684	\$191,066	\$171,959	\$171,959
	N/A	-55.0%	-4.8%	-10.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 155 of the 111th G.A.)

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

GRF 235-525 Geriatric Medicine

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,021,963	\$1,016,343	\$787,868	\$750,110	\$750,110	\$750,110
	-0.5%	-22.5%	-4.8%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.111 (originally 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 within their medical school curricula regarding the care of older adults.

GRF 235-526 Primary Care Residencies

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,976,198	\$2,959,829	\$2,620,812	\$2,495,209	\$0	\$0
	-0.5%	-11.5%	-4.8%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 191 of the 112th G.A.)

Purpose: This appropriation item supports medical student education and clinical training in primary care specialties of internal medicine and pediatrics. The program's goal is to increase the number and quality of primary care physicians in medical practice. Each institution must submit and gain approval of a plan for its primary care residency program in order to obtain a full allocation of funds. The executive budget recommends consolidating this line item under appropriation item 235-562, Family Practice and Primary Care Residencies.

GRF 235-527 Ohio Aerospace Institute

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,240,334	\$2,184,326	\$1,856,263	\$1,764,957	\$1,764,957	\$1,764,957
	-2.5%	-15.0%	-4.9%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.042 (originally established in 1989)

Purpose: This appropriation item supports 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 Ohio companies. The consortium supports research and graduate instruction in the disciplines related to aeronautical and space studies and the commercialization of related technologies. The program's purpose is to improve Ohio's economic position by promoting research and graduate instruction in the disciplines related to aeronautical and space studies and the commercialization of related technologies.

GRF 235-530 Academic Scholarships

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$8,000,000	\$7,000,000	\$7,800,000	\$7,800,000	\$7,800,000	\$7,800,000
	-12.5%	11.4%	0.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.21 through 3333.25 (originally established in 1978)

Purpose: The Ohio Academic Scholarship Program provides competitive, merit-based financial assistance for up to four years for the state's most academically outstanding high school graduates who enroll for full-time undergraduate study in Ohio institutions of higher education. The program is intended to encourage Ohio's brightest students to attend Ohio colleges and universities.

GRF 235-531 Student Choice Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$50,688,168	\$52,234,153	\$51,180,029	\$52,139,646	\$50,853,276	\$52,985,376
	3.0%	-2.0%	1.9%	-2.5%	4.2%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.27 (originally established in 1984)

Purpose: This appropriation item provides uniform tuition grant awards to Ohio residents that are full-time undergraduate students enrolled for baccalaureate study at eligible Ohio independent (private) non-profit institutions of higher education. The goal of the program is to increase college access for more Ohioans by helping to reduce the cost of attending an independent Ohio college or university. The maximum grant is revised each biennium to remain at 25% of the average State Share of Instruction paid for full-time in-state undergraduate enrollments at public university main campuses in the previous biennium.

GRF 235-534 Student Workforce Development Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,025,709	\$2,380,820	\$1,751,652	\$2,137,500	\$2,137,500	\$2,137,500
	132.1%	-26.4%	22.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This program provides financial support to eligible Ohio resident students attending private career schools registered with Ohio's Board of Career Colleges and Schools that have a job placement rate of at least 75% are eligible to make these grants available to qualifying students. The students must be enrolled full-time and be successfully pursuing a 2-year or 4-year degree. The grants are not based on financial need; they are provided to students at these career colleges and schools as a means of increasing access to such institutions.

GRF 235-535 Ohio Agricultural Research and Development Center

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$36,407,031	\$35,496,855	\$34,396,980	\$35,830,188	\$35,830,188	\$35,830,188
	-2.5%	-3.1%	4.2%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th 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 Ohio Agricultural Research and Development Center (OARDC) is the research arm of the Ohio State University's college of Food, Agricultural and Environmental Sciences. Located at 12 Ohio facilities in addition to OSU's main campus, the OARDC is active in various basic and applied research areas, including agricultural, environmental and development economics; food, agricultural and biological engineering; animal sciences; entomology; food-animal health; food science and technology; horticulture and crop science; human and community resource development; human ecology; natural resources; and plant pathology. The OARDC also trains graduate students in these areas and works with researchers at other OSU colleges, including Human Ecology, Medicine and Public Health, Veterinary Medicine, and Biological Sciences. The center serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers.

The OARDC appropriation provides 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 GRF appropriation item 235-501, State Share of Instruction. OARDC is not required to pay cost reallocation assessments to The Ohio State University on state appropriations to the center.

At any time, approximately 722 OARDC faculty and staff members are conducting more than 400 research projects. These include 252 scientists involved full- or part-time in OARDC research, while the staff includes an additional 295 administrative and professional employees and 175 civil service employees. The center manages more than 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.

GRF 235-536 OSU Clinical Teaching

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$15,030,490	\$14,660,591	\$13,565,885	\$13,565,885	\$0	\$0
	-2.5%	-7.5%	0.0%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

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. Under the executive proposal, funding for this purpose is continued under appropriation item 235-560, Clinical Teaching Support.

GRF 235-537 UCN Clinical Teaching

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$12,362,373	\$12,058,138	\$11,157,756	\$11,157,756	\$0	\$0
	-2.5%	-7.5%	0.0%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

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. Under the executive proposal, funding for this purpose is continued under appropriation item 235-560, Clinical Teaching Support.

GRF 235-538 MCO Clinical Teaching

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$9,635,800	\$9,398,665	\$8,696,866	\$8,696,866	\$0	\$0
	-2.5%	-7.5%	0.0%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This line item supports the laboratory and clinical components of medical and other professional education in facilities at the Medical University of Ohio at Toledo's medical college. Patient care is not funded by this subsidy. Under the executive proposal, funding for this purpose is continued under appropriation item 235-560, Clinical Teaching Support.

GRF 235-539 WSU Clinical Teaching

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,681,260	\$4,566,056	\$4,225,107	\$4,225,107	\$0	\$0
	-2.5%	-7.5%	0.0%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

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. Under the executive proposal, funding for this purpose is continued under appropriation item 235-560, Clinical Teaching Support.

GRF 235-540 OHU Clinical Teaching

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,525,515	\$4,414,144	\$4,084,540	\$4,084,540	\$0	\$0
	-2.5%	-7.5%	0.0%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

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. Under the executive proposal, funding for this purpose is continued under appropriation item 235-560, Clinical Teaching Support.

GRF 235-541 NEM Clinical Teaching

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,654,488	\$4,539,942	\$4,200,945	\$4,200,945	\$0	\$0
	-2.5%	-7.5%	0.0%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

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. Under the executive proposal, funding for this purpose is continued under appropriation item 235-560, Clinical Teaching Support.

GRF 235-543 OCPM Clinical Subsidy

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$469,812	\$458,250	\$407,072	\$397,500	\$0	\$0
	-2.5%	-11.2%	-2.4%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 171 of the 117th G.A.).

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 college, which gives training in the treatment and prevention of foot disorders. OCPM is a privately operated medical school in Cleveland. The executive budget recommends no funding for this appropriation item in the FY 2006-2007 biennium.

GRF 235-547 School of International Business

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,606,238	\$1,566,082	\$1,214,027	\$1,155,844	\$0	\$0
	-2.5%	-22.5%	-4.8%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item supports the University of Akron's Institute for Global Business, which seeks both to increase the state's capacity for international trade and to serve those Ohio businesses and industries with international interests and clients. Two earmarks support international business programs at the University of Toledo and the BioMEMS program at The Ohio State University. The executive budget recommends no funding for this appropriation item in the FY 2006-2007 biennium.

GRF 235-549 Part-time Student Instructional Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$13,311,638	\$13,627,789	\$13,957,773	\$14,457,721	\$14,457,721	\$10,534,617
	2.4%	2.4%	3.6%	0.0%	-27.1%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: The program provides need-based financial assistance to Ohio residents who are enrolled as part-time undergraduate students in degree-granting programs at eligible Ohio public, private and degree-granting proprietary institutions of higher education. The funds are provided to the institutions, which, in turn, provide the aid grants to eligible students on the basis of need. The executive recommendation proposes phasing out the Part-time Student Instructional Grants program and replacing it with the Ohio College Opportunity Grant for new undergraduates beginning in FY 2007.

GRF 235-552 Capital Component

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$14,537,639	\$14,537,639	\$19,078,350	\$18,711,936	\$19,058,863	\$19,058,863
	0.0%	31.2%	-1.9%	1.9%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item provides each campus with any positive difference between its formula-determined debt service earnings and its actual debt-service charge-off for qualifying capital projects; the funds, paid out of this appropriation item, may be used by the campus for any capital project. The debt service earnings are based on a formula that determines 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.

GRF 235-553 Dayton Area Graduate Studies Institute

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,552,343	\$3,463,534	\$2,951,568	\$2,806,599	\$2,806,599	\$2,806,599
	-2.5%	-14.8%	-4.9%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: This appropriation item supports the Dayton Area Graduate Studies Institute, an engineering graduate consortium of three universities in the Dayton area: the University of Dayton, Wright State University, and the Air Force Institute of Technology, with the participation of the Ohio State University 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. An earmark provides funds to support the Miami Valley Economic Development Research Corporation to support collaborative research among academia, industry, and the Air Force for the Wright Brothers Institute and related initiatives in nanomaterials and advanced data management and analysis.

GRF 235-554 Priorities in Collaborative Graduate Education

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,273,426	\$3,191,590	\$2,474,121	\$2,355,548	\$2,355,548	\$2,355,548
	-2.5%	-22.5%	-4.8%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item supports improvements in graduate programs in computer science at selected public universities, including the four institutions that provide computer science doctoral programs. The supported improvements included the recruitment of faculty, staff and graduate students, the promotion of research and collaboration, and the acquisition of computational sciences research equipment and infrastructure. The executive proposal recommends that the purpose be expanded to include support for the development of institutional collaborations, the recruitment of faculty and staff, the promotion of research, and the acquisition of specialized equipment in order to improve graduate programs that have economic importance to the state.

GRF 235-555 Library Depositories

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,940,768	\$1,868,912	\$1,739,958	\$1,696,458	\$1,696,458	\$1,696,458
	-3.7%	-6.9%	-2.5%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

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

GRF 235-556 Ohio Academic Resources Network

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,300,130	\$3,281,980	\$3,583,869	\$3,727,223	\$3,727,223	\$3,727,223
	-0.5%	9.2%	4.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item supports the operations of the Ohio Academic Resources Network (OARNet), which provides Internet access to millions of Ohioans, including students, researchers and the general public. The program, established in 1987, provides high-quality Internet services to help link Ohio's academics to global information resources, distance learning, and state library networks such as OhioLINK. Program funds are provided to Ohio's state-assisted campuses for maintaining and enhancing network connections, including base operations as well as expansions for enhanced connectivity, functionality, and services. OARNet is to give priority to supporting the Third Frontier Network.

GRF 235-558 Long-term Care Research

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$293,284	\$285,952	\$221,670	\$211,047	\$211,047	\$211,047
	-2.5%	-22.5%	-4.8%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

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

GRF 235-560 Clinical Teaching Support

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$45,931,099	\$45,931,099
	N/A	N/A	N/A	N/A	0.0%

Source: GRF

Legal Basis: Proposed in H.B. 66 of the 126th G.A.

Purpose: This new appropriation item included in the executive budget consolidates the six clinical teaching appropriation items for the University of Cincinnati, Ohio University, the Ohio State University, the Medical University of Ohio at Toledo, the Northeastern Ohio Universities College of Medicine, and Wright State University into one new item. This appropriation item will provide subsidies in support of laboratory and clinical components of the medical and other health-related curricula and is intended to offset the cost of clinical training for Ohio's student health professionals. The funds in FY 2006 will be awarded to the six medical colleges in the same amounts as in FY 2005. For FY 2007, the Board of Regents is required to study and recommend to the Office of Budget and Management a method of allocating funds to each of the institutions based on student enrollment, its affiliation or lack thereof with a teaching hospital, and other factors that might increase or decrease the cost of clinical teaching.

GRF 235-561 Bowling Green State University Canadian Studies Center

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$154,432	\$150,571	\$116,723	\$111,128	\$100,015	\$100,015
	-2.5%	-22.5%	-4.8%	-10.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

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 235-562 Family Practice and Primary Care Residencies

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$6,794,158	\$6,794,158
	N/A	N/A	N/A	N/A	0.0%

Source: GRF

Legal Basis: Proposed in H.B.66 of the 126th G.A.

Purpose: This appropriation item included in the executive budget consolidates two appropriation items, Family Practice and Primary Care Residencies, each previously having its own appropriation item. The new program supports family practice residencies and instructional costs in the departments of family medicine within each medical college in Ohio, both public and private. State-assisted medical schools are required to establish and maintain departments of family practice. The purpose of these departments is to raise the quality and number of family physicians in Ohio. The program also supports education and clinical training in primary care specialties of internal medicine and pediatrics. Each institution must submit and gain approval of a plan for its primary care residency program in order to obtain a full allocation of funds. The program supports medical students' clinical training in primary care fields with the goal of increasing the number of primary care physicians in medical practice.

GRF 235-563 Ohio College Opportunity Grant

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$0	\$58,144,139
	N/A	N/A	N/A	N/A	N/A

Source: GRF

Legal Basis: Proposed in H.B.66 of the 126th G.A.

Purpose: This new appropriation item would fund the Ohio College Opportunity Grant program that is proposed in the executive budget. This program would be phased in beginning in FY 2007, at the same time that the Ohio Instructional Grant and Part-time Instructional Grant programs would be phased out. The program would provide need-based financial aid based on the federally determined "Expected Family Contribution" or EFC, which is the same method that the federal government uses to determine eligibility for Pell Grants. The EFC system is a more sophisticated measure of a family's ability to pay for higher education than using family income only (as in the Ohio Instructional Grant program), by taking into account a number of other factors, including family assets, student income, number of family members in college, and the ages of the parents.

GRF 235-572 The Ohio State University Clinic Support

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,937,470	\$1,889,033	\$1,344,378	\$1,277,019	\$1,277,019	\$1,277,019
	-2.5%	-28.8%	-5.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: This appropriation item supports the clinical portions of the dental and veterinary medicine schools at the Ohio State University. The clinics provide practical education to dentistry and veterinary medicine students, as well as to dental hygiene students. The goal of the program is to support the clinical aspects of Ohio State's dentistry and veterinary medicine programs.

GRF 235-583 Urban University Programs

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$6,113,345	\$5,960,511	\$5,464,547	\$5,206,009	\$4,685,408	\$4,685,408
	-2.5%	-8.3%	-4.7%	-10.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 204 of the 113th G.A.)

Purpose: The Urban University Programs appropriation item supports research and outreach activities on urban issues at Ohio's eight urban universities by providing one-to-one matching funds. The program serves state, county, and municipal governments, regional and non-profit agencies, neighborhood groups, and business organizations. It also supports public administration initiatives related to the specific needs and issues of Ohio's urban communities.

GRF 235-585 Ohio University Innovation Center

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$45,825	\$44,679	\$39,932	\$38,018	\$0	\$0
	-2.5%	-10.6%	-4.8%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

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. The executive budget recommends no funding for this appropriation item in the FY 2006-2007 biennium.

GRF 235-587 Rural University Projects

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,293,019	\$1,260,693	\$1,175,530	\$1,147,889	\$1,033,100	\$1,033,100
	-2.5%	-6.8%	-2.4%	-10.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This appropriation 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. The goal of the program is to help improve the operational efficiencies of government and public services in rural areas of the state.

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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$921,200	\$898,170	\$853,262	\$799,871	\$0	\$0
	-2.5%	-5.0%	-6.3%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: Since FY 2000 this line item has supported a resource center located at a state-assisted university that prepares teachers. The center, now located at the Ohio State University, was established through the efforts of the Board of Regents in collaboration with the Ohio Department of Education. The center identifies the best educational practices in primary and secondary schools and establishes methods for communicating them to colleges of education and school districts, though it is prohibited from making available to colleges of education and school districts any resources that are inconsistent with the K-12 science standards and policies as adopted by the State Board of Education. The executive recommendation consolidates this item into appropriation item 235-435, Teacher Improvement Initiatives.

GRF 235-590 12th Grade Proficiency Stipend

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$17,173,000	\$2,051,000	\$0	\$0	\$0	\$0
	-88.1%	-100.0%	N/A	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 (originally established by Am. Sub. H.B. 282 of the 123rd General Assembly; ORC 3365.15)

Purpose: This appropriation item provided one-time \$500 scholarships to Ohio high school seniors who passed all five sections of the Ohio 12th-grade proficiency examination and who enrolled in Ohio public colleges or universities. Under S.B. 1 and Am. Sub. H.B. 94 of the 124th General Assembly, 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.

GRF 235-595 International Center for Water Resources Development

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$174,457	\$170,096	\$131,858	\$125,538	\$0	\$0
	-2.5%	-22.5%	-4.8%	-100.0%	N/A

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This appropriation 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. The executive budget recommends no funding for this appropriation item in the FY 2006-2007 biennium.

GRF 235-596 Hazardous Materials Program

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$366,690	\$357,523	\$326,061	\$310,435	\$310,435	\$310,435
	-2.5%	-8.8%	-4.8%	0.0%	0.0%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This appropriation item supports Cleveland State University's Hazardous Material Program, which was created with the cooperation of the Ohio Professional Fire Fighters Association. The goal of the program is to support training for firefighters and other emergency personnel in the treatment, storage, clean-up, and disposal of hazardous materials and waste.

GRF 235-599 Ohio National Guard Scholarship Program

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$9,407,512	\$13,720,992	\$13,516,935	\$13,778,208	\$15,128,472	\$16,611,063
	45.9%	-1.5%	1.9%	9.8%	9.8%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; 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 appropriation item 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 and has proved to be an effective incentive for enlisting in the National Guard. The appropriation item provides funds for both the scholarship grants and the Guard's program marketing efforts. The program's purpose is to recognize the service of the Ohio National Guard by providing access to higher education for members of the Guard.

GRF 235-909 Higher Education General Obligation Debt Service

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$49,550,030	\$57,978,003	\$79,302,978	\$108,005,781	\$137,600,300	\$152,114,100
	17.0%	36.8%	36.2%	27.4%	10.5%

Source: GRF

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; Article VIII Section 2n of the Ohio Constitution; ORC 151.01 and 154.04

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 and subsequent voter approval 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. The Office of the Sinking Fund or the Director of Budget and Management are required to effectuate all debt service payments by an intrastate transfer voucher.

General Services Fund Group

220 235-614 Program Approval and Reauthorization

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$139,903	\$99,453	\$120,744	\$400,000	\$400,000	\$400,000
	-28.9%	21.4%	231.3%	0.0%	0.0%

Source: GSF: Remittances from higher education institutions seeking degree program approval and institutional reauthorization

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on February 12, 2001)

Purpose: This appropriation item enables the Board of Regents to directly contract with and reimburse consultants to review and evaluate degree program proposals and to conduct institutional reauthorization reviews for private, proprietary, and out-of-state institutions, pursuant to Chapter 1713 of the Ohio Revised Code. The purpose of the program is to ensure that Ohio's degree programs are of the highest educational quality and that programs and proposed programs are reviewed by objective outside experts.

456 235-603 Sales and Services

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,717	\$134,156	\$247,467	\$500,003	\$700,000	\$900,000
	4837.7%	84.5%	102.0%	40.0%	28.6%

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

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in January 1974)

Purpose: This appropriation item covers the costs of delivering goods and services associated with the Higher Education Information (HEI) system; the costs of producing publications such as the Board of Regents' student handbook; and the miscellaneous expenses of conferences and meetings.

456 235-613 Job Preparation Initiative

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$64,245	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GSF: Transferred federal funds from the Ohio Department of Job and Family Services.

Legal Basis: Discontinued line item (originally established by Controlling Board on August 30, 2000)

Purpose: This appropriation item supported Regents' administration of the Job Preparation Initiative, a program for Ohio's two-year campuses to offer education attainment, career counseling, and skill-building workforce training for welfare recipients in their quest for employability and self-sufficiency.

Federal Special Revenue Fund Group

312 235-609 Tech Prep

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$205,628	\$194,858	\$245,163	\$183,373	\$183,850	\$183,850
	-5.2%	25.8%	-25.2%	0.3%	0.0%

Source: FED: CFDA 84.243, the Carl D. Perkins Vocational & Applied Technology Education Act of 1990, Title III, Public Law 101-3924 SC2361, 2363 (Part E). Public Law 105-332: Section 121, State Administrative; and Section 135, Local Uses of Funds. Public Law 105-332: Section 121, State Administrative; and Section 135, Local Uses of Funds. CFDA 84.048, Vocational Education-Basic Grants to States

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

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. In preparing high school students for technical occupations, the program enables either the direct entry into the workplace after high school, the continuation of study at a two-year college leading to an associate degree with advanced skills, or the completion of an appropriate baccalaureate degree. Particular targets for the program's funds are urban areas, underserved populations, and non-traditional employment.

312 235-611 Gear Up Grant

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,339,724	\$1,401,229	\$1,072,848	\$1,367,141	\$1,370,691	\$1,370,691
	4.6%	-23.4%	27.4%	0.3%	0.0%

Source: FED: CFDA 84.334A

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on November 12, 1999)

Purpose: This appropriation item supports the Gear Up program, a federal program that promotes college awareness in order to attract more low-income students to college, to help them prepare for college, and to enhance their transitions to higher education. Ohio's Gear Up program seeks to increase college participation among rural Appalachian and inner-city Ohioans by providing advanced curriculum, after-school and summer enrichment services, as well as advanced advising, tutoring, and mentoring services, to middle-school and high-school students in Ironton and inner-city Cleveland.

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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$130,739	\$104,537	\$109,970	\$112,667	\$112,960	\$112,960
	-20.0%	5.2%	2.5%	0.3%	0.0%

Source: FED: CFDA 84.048A

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on December 20, 2000)

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 to 15% of the funds obtained for the program by the Department of Education.

312 235-615 Professional Development

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$266,326	\$94,984	\$269,535	\$521,774	\$523,129	\$523,129
	-64.3%	183.8%	93.6%	0.3%	0.0%

Source: FED: CFDA 84.342B

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$39,885	\$19,515	\$847,798	\$0	\$0
	N/A	-51.1%	4244.3%	-100.0%	N/A

Source: FED: CFDA 17.258; 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: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on October 29, 2001)

Purpose: The funds are used to support the 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. The executive budget does not include any funding for this line item in the FY 2006-2007 biennium.

312 235-617 Improving Teacher Quality Grant

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$188,463	\$2,892,488	\$2,900,000	\$2,900,000
	N/A	N/A	1434.8%	0.3%	0.0%

Source: FED: CFDA 84.367B

Legal Basis: Established by Controlling Board (BOR098 Rev.) on January 27, 2003 pursuant to the federal Improving Teacher Quality State Grants program (Title II, Part A, Subpart 3 of Public Law 107-110, No Child Left Behind Act of 2001, the reauthorization of the Elementary and Secondary Education Act of 1965).

Purpose: This program supports the federal Improving Teacher Quality State Grants program. The program's objective is to initiate and promote long-term, hands-on, intensive, high-quality mathematics and science professional development for K-12 teachers so that they can provide challenging science and mathematics learning experiences for students. Funds are allocated to states based on a formula that considers each state's population of children, and Regents allocates the funds annually via an RFP to public and private campuses.

312 235-619 Ohio Supercomputer Center

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$6,000,000	\$5,984,459	\$6,000,000	\$6,000,000
	N/A	N/A	-0.3%	0.3%	0.0%

Source: FED: Federal Special Revenue Fund 312; funded by a grant from the U.S. Department of Energy.

Legal Basis: Established by Controlling Board on March 22, 2004

Purpose: This appropriation item will be used to procure a supercomputing, data warehouse platform, as well as the associated software and ancillary equipment in order to lay the groundwork for a technology presence in the Springfield area. The goal of the program is to provide a data intensive computing center that will support homeland security, energy related research, and other research that requires computational intensive computing tasks.

312 235-621 Science Education Network

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$1,685,593	\$1,686,970	\$1,686,970
	N/A	N/A	N/A	0.1%	0.0%

Source: FED: Federal Special Revenue Fund 312; funded by a grant from the U.S. Department of Education

Legal Basis: Established by Controlling Board on November 15, 2004

Purpose: This appropriation item is designed to connect colleges and universities to the Third Frontier Network in order to improve K-12 and undergraduate science education. The selection of grantees for the federal components in this program is done through a competitive proposal evaluation process.

312 235-631 Federal Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,580,601	\$2,410,714	\$2,214,181	\$1,795,926	\$250,590	\$250,590
	-6.6%	-8.2%	-18.9%	-86.0%	0.0%

Source: FED: The ESEA act of 1965, Title II, Part B, as amended; U.S. Public Law 100-297, Title II, Part A; U.S. Public Law 101-589, Title II, Part A; U.S. Public Law 103-382, Title II, Part B, Section 2211; The Eisenhower Professional Development State Grants program (1988) (CFDA 84.281B) Higher Education Act of 1965, Title II, Part A; U.S. Public Law 105-244; The Teacher Quality Enhancement Grants program (CFDA 84.336A)

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This line item supports the Teacher Quality Enhancement Grants program, which is designed to improve the recruitment, preparation and professional development of teachers, particularly in mathematics and science, through a range of activities including the development of courses, the creation of expert faculty in mathematics, science and education to assist colleges of education, and other strategies to better prepare teachers. This appropriation item also includes federal carryover funds for the previous Eisenhower Program.

3H2 235-608 Human Services Project

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$612,786	\$553,519	\$358,700	\$1,500,000	\$1,500,000	\$1,500,000
	-9.7%	-35.2%	318.2%	0.0%	0.0%

Source: FED: CFDA 93.778

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. Subject to an interagency agreement between the Board of Regents and the Ohio Department of Human Services (originally established by Controlling Board on October 23, 1989).

Purpose: This program allows Ohio medical schools and universities to conduct and to be reimbursed for applied health services research in support of administration policy-making related to the Ohio Medicaid Program. This program helps address the provision of quality, cost-effective health care, especially for the state's Medicaid population. The goal of the program is to promote quality and cost-effective health care, particularly among those people eligible for Medicaid in Ohio.

3H2 235-622 Medical Collaboration Network

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$3,346,143	\$3,346,143
	N/A	N/A	N/A	N/A	0.0%

Source: FED: Federal Special Revenue Fund 3H2; funded by a grant from the U.S. Department of Health and Human Services.

Legal Basis: Established by the Controlling Board, November 15, 2004.

Purpose: This appropriation item is designed to link colleges, universities and hospitals to the Third Frontier Network. This collaboration takes advantage of the information-carrying capability of the Third Frontier Network to support related medical education, service and research programs. The program is intended to improve health care and medical research and education by providing funding to promote collaboration among university-affiliated hospitals.

3N6 235-605 State Student Incentive Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,200,606	\$2,196,681	\$3,112,253	\$3,096,680	\$2,196,680	\$2,196,680
	-0.2%	41.7%	-0.5%	-29.1%	0.0%

Source: FED: CFDA 84.069

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3333.12

Purpose: This appropriation item 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$70,000	\$265,156	\$232,398	\$150,001	\$150,001	\$150,001
	278.8%	-12.4%	-35.5%	0.0%	0.0%

Source: FED: CFDA 93.165. Public Health Service Act, Section 3381, 42 U.S.C. 254 (q-1), as amended; National Health Service Corps Amendments Act of 1990, Title II; U.S. Public Law 101-597. Awards from the U.S. Department of Health and Human Services.

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in August 1998)

Purpose: This appropriation item supports the National Health Service Corps, Grants for State Loan Repayment program. Jointly administered by the Ohio Board of Regents and the Ohio Department of Health, the program 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 regions of Ohio. Payments are made to the appropriate lending institutions on behalf of the practitioners. The goal of the program is to increase the number of health professionals who work in underserved areas of the state.

State Special Revenue Fund Group

4E8 235-602 Higher Educational Facility Commission Administration

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$8,142	\$11,000	\$3,707	\$20,000	\$55,000	\$55,000
	35.1%	-66.3%	439.5%	175.0%	0.0%

Source: SSR: Annual transfer from the HEFC to Regents. The HEFC obtains its funding from charges assessed to institutions assisted by the commission.

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3377 (originally established by Am. Sub. H.B. 298 of the 119th G.A.)

Purpose: This line item enables the Regents to defray the expenses incurred by its staff support of the Ohio Higher Educational Facility Commission (HEFC). 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$417,092	\$335,522	\$242,098	\$476,870	\$476,870	\$476,870
	-19.6%	-27.8%	97.0%	0.0%	0.0%

Source: SSR: Surcharge on license fees

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3702.71 through 3702.81 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This appropriation 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 areas of Ohio that suffer shortages of health care resources. The program's objective is to encourage physicians to locate and work in underserved areas of the state where there are shortages of health care resources. The program is measured by the number of grants awarded and doctors who work in underserved areas.

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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$820,464	\$662,382	\$613,891	\$760,000	\$760,000	\$760,000
	-19.3%	-7.3%	23.8%	0.0%	0.0%

Source: SSR: The earnings from a \$6.0 million Ohio State University endowment fund, created after Honda purchased the Transportation Research Center.

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3335.45 (originally established 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: The program is a collaborative effort between the Honda Corporation and the Ohio State University to improve highway and automobile safety. The program is supported by a \$6 million OSU endowment fund, created when Honda purchased the Transportation Research Center. The endowment's earnings support OSU's Transportation Research and Engineering program. The appropriation authority requested by the Regents is based on the forecasted endowment earnings for the fiscal year.

682 235-606 Nursing Loan Program

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$683,030	\$646,394	\$670,269	\$893,000	\$893,000	\$893,000
	-5.4%	3.7%	33.2%	0.0%	0.0%

Source: SSR: Registration surcharge

Legal Basis: Section 89 of Am. Sub. H.B. 95 of the 125th 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. The program's purpose is to encourage students to enter the nursing profession—where Ohio suffers a shortage—and to provide affordable college access to nursing students.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
BOR Regents, Ohio Board of								
GRF	235-321	Operating Expenses	\$ 3,320,303	\$2,680,645	\$ 2,897,659	8.1%	\$ 2,966,351	2.4%
GRF	235-401	Lease Rental Payments	\$ 246,044,911	\$216,836,400	\$ 200,619,200	-7.5%	\$ 200,795,300	0.1%
GRF	235-402	Sea Grants	\$ 263,899	\$257,694	\$ 231,925	-10.0%	\$ 231,925	0.0%
GRF	235-403	Mathematics and Science Teaching Improvement	\$ 1,680,454	\$1,647,635	\$ 0	-100.0%	\$ 0	N/A
GRF	235-404	College Readiness Initiatives	\$ 2,963,237	\$3,188,902	\$ 0	-100.0%	\$ 0	N/A
GRF	235-406	Articulation and Transfer	\$ 640,122	\$718,536	\$ 2,900,000	303.6%	\$ 2,900,000	0.0%
GRF	235-408	Midwest Higher Education Compact	\$ 82,500	\$82,500	\$ 90,000	9.1%	\$ 90,000	0.0%
GRF	235-409	Information System	\$ 1,028,634	\$1,118,546	\$ 1,146,510	2.5%	\$ 1,175,172	2.5%
GRF	235-414	State Grants and Scholarship Administration	\$ 1,129,867	\$1,173,474	\$ 1,352,811	15.3%	\$ 1,382,881	2.2%
GRF	235-415	Jobs Challenge	\$ 9,348,300	\$9,348,300	\$ 9,348,300	0.0%	\$ 9,348,300	0.0%
GRF	235-417	Ohio Learning Network	\$ 3,276,524	\$3,119,496	\$ 3,119,496	0.0%	\$ 3,119,496	0.0%
GRF	235-418	Access Challenge	\$ 64,726,452	\$63,340,676	\$ 63,340,676	0.0%	\$ 63,340,676	0.0%
GRF	235-420	Success Challenge	\$ 48,977,515	\$52,601,934	\$ 52,601,934	0.0%	\$ 52,601,934	0.0%
GRF	235-428	Appalachian New Economy Partnership	\$ 1,132,697	\$1,076,068	\$ 1,076,068	0.0%	\$ 1,076,068	0.0%
GRF	235-433	Economic Growth Challenge	---	\$0	\$ 20,343,097	N/A	\$ 23,186,194	14.0%
GRF	235-434	College Readiness & Access	---	\$0	\$ 6,375,975	N/A	\$ 7,655,425	20.1%
GRF	235-435	Teacher Improvement Initiatives	---	\$0	\$ 2,597,506	N/A	\$ 2,597,506	0.0%
GRF	235-451	Eminent Scholars	\$ 0	\$1,462,500	\$ 0	-100.0%	\$ 1,370,988	N/A
GRF	235-454	Research Challenge	\$ 17,540,564	\$17,091,533	\$ 0	-100.0%	\$ 0	N/A
GRF	235-455	EnterpriseOhio Network	\$ 1,445,052	\$1,373,941	\$ 1,373,941	0.0%	\$ 1,373,941	0.0%
GRF	235-474	Area Health Education Centers Program Support	\$ 1,653,337	\$1,571,756	\$ 1,571,756	0.0%	\$ 1,571,756	0.0%
GRF	235-477	Access Improvement Projects	\$ 1,021,923	\$1,012,538	\$ 0	-100.0%	\$ 0	N/A
GRF	235-501	State Share of Instruction	\$ 1,533,822,863	\$1,559,096,031	\$ 1,559,096,031	0.0%	\$ 1,559,096,031	0.0%
GRF	235-502	Student Support Services	\$ 0	\$795,790	\$ 795,790	0.0%	\$ 795,790	0.0%
GRF	235-503	Ohio Instructional Grants	\$ 111,966,303	\$115,325,333	\$ 121,151,870	5.1%	\$ 92,496,969	-23.7%
GRF	235-504	War Orphans Scholarships	\$ 3,832,679	\$4,672,321	\$ 4,672,321	0.0%	\$ 4,672,321	0.0%
GRF	235-507	OhioLINK	\$ 6,887,824	\$6,887,824	\$ 6,887,824	0.0%	\$ 6,887,824	0.0%

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
BOR Regents, Ohio Board of								
GRF	235-508	Air Force Institute of Technology	\$ 2,012,662	\$1,925,345	\$ 1,925,345	0.0%	\$ 1,925,345	0.0%
GRF	235-509	Displaced Homemakers	\$ 196,670	\$187,245	\$ 0	-100.0%	\$ 0	N/A
GRF	235-510	Ohio Supercomputer Center	\$ 4,124,303	\$4,021,195	\$ 4,021,195	0.0%	\$ 4,021,195	0.0%
GRF	235-511	Cooperative Extension Service	\$ 24,619,068	\$25,644,863	\$ 25,644,863	0.0%	\$ 25,644,863	0.0%
GRF	235-513	Ohio University Voinovich Center	\$ 299,498	\$286,082	\$ 286,082	0.0%	\$ 286,082	0.0%
GRF	235-514	Central State Supplement	\$ 11,039,203	\$10,708,027	\$ 10,172,626	-5.0%	\$ 9,663,995	-5.0%
GRF	235-515	Case Western Reserve University School of Medicin	\$ 3,171,468	\$3,011,271	\$ 3,011,271	0.0%	\$ 3,011,271	0.0%
GRF	235-518	Capitol Scholarship Programs	\$ 103,600	\$229,670	\$ 0	-100.0%	\$ 0	N/A
GRF	235-519	Family Practice	\$ 5,308,255	\$5,053,855	\$ 0	-100.0%	\$ 0	N/A
GRF	235-520	Shawnee State Supplement	\$ 2,082,289	\$2,019,821	\$ 1,817,839	-10.0%	\$ 1,636,055	-10.0%
GRF	235-521	The Ohio State University Glenn Institute	\$ 299,498	\$286,082	\$ 286,082	0.0%	\$ 286,082	0.0%
GRF	235-524	Police and Fire Protection	\$ 200,684	\$191,066	\$ 171,959	-10.0%	\$ 171,959	0.0%
GRF	235-525	Geriatric Medicine	\$ 787,868	\$750,110	\$ 750,110	0.0%	\$ 750,110	0.0%
GRF	235-526	Primary Care Residencies	\$ 2,620,812	\$2,495,209	\$ 0	-100.0%	\$ 0	N/A
GRF	235-527	Ohio Aerospace Institute	\$ 1,856,263	\$1,764,957	\$ 1,764,957	0.0%	\$ 1,764,957	0.0%
GRF	235-530	Academic Scholarships	\$ 7,800,000	\$7,800,000	\$ 7,800,000	0.0%	\$ 7,800,000	0.0%
GRF	235-531	Student Choice Grants	\$ 51,180,029	\$52,139,646	\$ 50,853,276	-2.5%	\$ 52,985,376	4.2%
GRF	235-534	Student Workforce Development Grants	\$ 1,751,652	\$2,137,500	\$ 2,137,500	0.0%	\$ 2,137,500	0.0%
GRF	235-535	Ohio Agricultural Research and Development Center	\$ 34,396,980	\$35,830,188	\$ 35,830,188	0.0%	\$ 35,830,188	0.0%
GRF	235-536	OSU Clinical Teaching	\$ 13,565,885	\$13,565,885	\$ 0	-100.0%	\$ 0	N/A
GRF	235-537	UCN Clinical Teaching	\$ 11,157,756	\$11,157,756	\$ 0	-100.0%	\$ 0	N/A
GRF	235-538	MCO Clinical Teaching	\$ 8,696,866	\$8,696,866	\$ 0	-100.0%	\$ 0	N/A
GRF	235-539	WSU Clinical Teaching	\$ 4,225,107	\$4,225,107	\$ 0	-100.0%	\$ 0	N/A
GRF	235-540	OHU Clinical Teaching	\$ 4,084,540	\$4,084,540	\$ 0	-100.0%	\$ 0	N/A
GRF	235-541	NEM Clinical Teaching	\$ 4,200,945	\$4,200,945	\$ 0	-100.0%	\$ 0	N/A
GRF	235-543	OCPM Clinical Subsidy	\$ 407,072	\$397,500	\$ 0	-100.0%	\$ 0	N/A
GRF	235-547	School of International Business	\$ 1,214,027	\$1,155,844	\$ 0	-100.0%	\$ 0	N/A

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
BOR Regents, Ohio Board of								
GRF	235-549	Part-time Student Instructional Grants	\$ 13,957,773	\$14,457,721	\$ 14,457,721	0.0%	\$ 10,534,617	-27.1%
GRF	235-552	Capital Component	\$ 19,078,350	\$18,711,936	\$ 19,058,863	1.9%	\$ 19,058,863	0.0%
GRF	235-553	Dayton Area Graduate Studies Institute	\$ 2,951,568	\$2,806,599	\$ 2,806,599	0.0%	\$ 2,806,599	0.0%
GRF	235-554	Priorities in Collaborative Graduate Education	\$ 2,474,121	\$2,355,548	\$ 2,355,548	0.0%	\$ 2,355,548	0.0%
GRF	235-555	Library Depositories	\$ 1,739,958	\$1,696,458	\$ 1,696,458	0.0%	\$ 1,696,458	0.0%
GRF	235-556	Ohio Academic Resources Network	\$ 3,583,869	\$3,727,223	\$ 3,727,223	0.0%	\$ 3,727,223	0.0%
GRF	235-558	Long-term Care Research	\$ 221,670	\$211,047	\$ 211,047	0.0%	\$ 211,047	0.0%
GRF	235-560	Clinical Teaching Support	---	\$0	\$ 45,931,099	N/A	\$ 45,931,099	0.0%
GRF	235-561	Bowling Green State University Canadian Studies C	\$ 116,723	\$111,128	\$ 100,015	-10.0%	\$ 100,015	0.0%
GRF	235-562	Family Practice and Primary Care Residencies	---	\$0	\$ 6,794,158	N/A	\$ 6,794,158	0.0%
GRF	235-563	Ohio College Opportunity Grant	---	\$0	\$ 0	N/A	\$ 58,144,139	N/A
GRF	235-572	The Ohio State University Clinic Support	\$ 1,344,378	\$1,277,019	\$ 1,277,019	0.0%	\$ 1,277,019	0.0%
GRF	235-583	Urban University Programs	\$ 5,464,547	\$5,206,009	\$ 4,685,408	-10.0%	\$ 4,685,408	0.0%
GRF	235-585	Ohio University Innovation Center	\$ 39,932	\$38,018	\$ 0	-100.0%	\$ 0	N/A
GRF	235-587	Rural University Projects	\$ 1,175,530	\$1,147,889	\$ 1,033,100	-10.0%	\$ 1,033,100	0.0%
GRF	235-588	Ohio Resource Center for Mathematics, Science, an	\$ 853,262	\$799,871	\$ 0	-100.0%	\$ 0	N/A
GRF	235-595	International Center for Water Resources Developm	\$ 131,858	\$125,538	\$ 0	-100.0%	\$ 0	N/A
GRF	235-596	Hazardous Materials Program	\$ 326,061	\$310,435	\$ 310,435	0.0%	\$ 310,435	0.0%
GRF	235-599	Ohio National Guard Scholarship Program	\$ 13,516,935	\$13,778,208	\$ 15,128,472	9.8%	\$ 16,611,063	9.8%
GRF	235-909	Higher Education General Obligation Debt Service	\$ 79,302,978	\$108,005,781	\$ 137,600,300	27.4%	\$ 152,114,100	10.5%
General Revenue Fund Total			\$ 2,410,468,473	\$ 2,445,213,376	\$ 2,467,237,448	0.9%	\$ 2,516,038,717	2.0%
220	235-614	Program Approval and Reauthorization	\$ 120,744	\$400,000	\$ 400,000	0.0%	\$ 400,000	0.0%
456	235-603	Sales and Services	\$ 247,467	\$500,003	\$ 700,000	40.0%	\$ 900,000	28.6%
General Services Fund Group Total			\$ 368,211	\$ 900,003	\$ 1,100,000	22.2%	\$ 1,300,000	18.2%
312	235-609	Tech Prep	\$ 245,163	\$183,373	\$ 183,850	0.3%	\$ 183,850	0.0%
312	235-611	Gear Up Grant	\$ 1,072,848	\$1,367,141	\$ 1,370,691	0.3%	\$ 1,370,691	0.0%
312	235-612	Carl D. Perkins Grant/Plan Administration	\$ 109,970	\$112,667	\$ 112,960	0.3%	\$ 112,960	0.0%

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2004</i>	<i>Estimated 2005</i>	<i>Executive 2006</i>	<i>% Change 2005 to 2006</i>	<i>Executive 2007</i>	<i>% Change 2006 to 2007</i>
<i>BOR Regents, Ohio Board of</i>								
312	235-615	Professional Development	\$ 269,535	\$521,774	\$ 523,129	0.3%	\$ 523,129	0.0%
312	235-616	Workforce Investment Act Administration	\$ 19,515	\$847,798	\$ 0	-100.0%	\$ 0	N/A
312	235-617	Improving Teacher Quality Grant	\$ 188,463	\$2,892,488	\$ 2,900,000	0.3%	\$ 2,900,000	0.0%
312	235-619	Ohio Supercomputer Center	\$ 6,000,000	\$5,984,459	\$ 6,000,000	0.3%	\$ 6,000,000	0.0%
312	235-621	Science Education Network	---	\$1,685,593	\$ 1,686,970	0.1%	\$ 1,686,970	0.0%
312	235-631	Federal Grants	\$ 2,214,181	\$1,795,926	\$ 250,590	-86.0%	\$ 250,590	0.0%
3H2	235-608	Human Services Project	\$ 358,700	\$1,500,000	\$ 1,500,000	0.0%	\$ 1,500,000	0.0%
3H2	235-622	Medical Collaboration Network	---	\$0	\$ 3,346,143	N/A	\$ 3,346,143	0.0%
3N6	235-605	State Student Incentive Grants	\$ 3,112,253	\$3,096,680	\$ 2,196,680	-29.1%	\$ 2,196,680	0.0%
3T0	235-610	National Health Service Corps – Ohio Loan Repaym	\$ 232,398	\$150,001	\$ 150,001	0.0%	\$ 150,001	0.0%
Federal Special Revenue Fund Group Total			\$ 13,823,026	\$ 20,137,900	\$ 20,221,014	0.4%	\$ 20,221,014	0.0%
4E8	235-602	Higher Educational Facility Commission Administrati	\$ 3,707	\$20,000	\$ 55,000	175.0%	\$ 55,000	0.0%
4P4	235-604	Physician Loan Repayment	\$ 242,098	\$476,870	\$ 476,870	0.0%	\$ 476,870	0.0%
649	235-607	The Ohio State University Highway/Transportation R	\$ 613,891	\$760,000	\$ 760,000	0.0%	\$ 760,000	0.0%
682	235-606	Nursing Loan Program	\$ 670,269	\$893,000	\$ 893,000	0.0%	\$ 893,000	0.0%
State Special Revenue Fund Group Total			\$ 1,529,965	\$ 2,149,870	\$ 2,184,870	1.6%	\$ 2,184,870	0.0%
Total All Budget Fund Groups			\$ 2,426,189,675	\$ 2,468,401,149	\$ 2,490,743,332	0.9%	\$ 2,539,744,601	2.0%