

## Helpful Links Regarding the State Budget

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### **FY 2010-2011 State Operating Budget (HB 1) & Analyses**

<http://www.lsc.state.oh.us/billdocuments.html>

### **Office of Budget & Management**

(Includes Links to Executive Budget and Governor's Monthly Financial Report)

<http://www.obm.ohio.gov/>

### **Catalog of Budget Line Items (Summary of State Appropriations by Agency)**

<http://www.lbo.state.oh.us/fiscal/budget/cobli/cobli-2004-2009/default.cfm>

### **FY 2010-2011 Budget Overview: Conference Committee Report, July 13, 2009**

<http://www.uso.edu/newsUpdates/announcements/2009/documents/budget-overview.pdf>

### **128th GA State Revenue and Expenditure History**

<http://www.lbo.state.oh.us/fiscal/budget/RevenueHistory/HistoricalExpendituresRevenue/Table1-FY1975-to-FY2009.pdf>

### **2006 Brief Summary of Ohio's Taxes**

[http://tax.ohio.gov/divisions/communications/publications/brief\\_summaries/2006\\_Brief\\_Summary/publications\\_brief\\_summary\\_2006.stm](http://tax.ohio.gov/divisions/communications/publications/brief_summaries/2006_Brief_Summary/publications_brief_summary_2006.stm)

FY 2010-2011

## Budget Overview: Conference Committee Report

July 13, 2009

Ohio

Board of Regents

Ted Strickland, Governor  
Eric D. Fingerhut, Chancellor

University System of Ohio

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### Overview

A key objective of the Strategic Plan for Higher Education is making college more affordable and accessible to Ohioans. Over the past two years, the University System of Ohio has made significant progress in providing affordable college education to students of every need. Universities, branch campuses, and community colleges have saved over \$250 million over the last biennium through increased efficiencies, while community colleges and branch campuses are enrolling record numbers of students who are choosing lower-cost pathways to a degree.

The single greatest factor to drive economic growth in Ohio is our ability to increase the state's overall educational attainment. This is a long-term goal that requires a sustained effort even in difficult times. The University System of Ohio is prepared to meet the challenges that the current economy and resulting state budget present. The FY10-11 budget is specifically constructed to allow for the University System of Ohio to implement innovative strategies that will minimize the impact of the budget reductions. This deliberate, systemic approach to challenges presented in this budget will better enable higher education to meet the increased demand for education in Ohio and create the workforce that will drive economic growth.

The FY10-11 budget maintains greater support for higher education than many previous budgets created in better economic situations. Regardless of a single budget's support, the Strategic Plan moves the University System of Ohio toward providing an accessible, affordable system of higher education.

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### Tuition/State Share of Instruction

Under the final budget agreement, all universities, branch campuses, and community colleges within the University System of Ohio will be able to raise tuition by up to 3.5% for the 2009-10 school year and up to 3.5% for the 2010-11 school year. While this potential tuition increase is more than planned in the governor's original budget proposal and in the budgets passed by either the House of Representatives or the Senate, it nevertheless is low by recent standards and represents a continued commitment by the University System of Ohio to keeping costs down for Ohio students and families during this severe economic downturn.

The state's support for the basic costs of running our universities and community colleges - known as the State Share of Instruction (SSI) - will be \$170 million less than in the budgets originally proposed by the governor and passed by the House, and \$190 million less than the budget passed by the Senate.

This decline in support, combined with the dramatic growth of enrollment this past year, will present challenges to our schools that will only partially be addressed by the tuition increase. These challenges are addressed in the budget agreement, and will be addressed by the leadership of the University System of Ohio, in several ways:

- \* The budget agreement implements the state's new performance-based formula for funding universities, branch campuses, and community colleges within the University System of Ohio. This formula, which is receiving national recognition, commits resources to the most important objective - helping students complete courses and degrees.
- \* The budget agreement provides language guaranteeing that each sector within the University System of Ohio will receive at least as much state support from the SSI in the 2010 fiscal year as was provided in the governor's budget proposal and the House passed version. Therefore, the amounts that schools have been using to build their budgets for FY10 will not change (other than through updating enrollment and completion data), and schools will have a full year to plan for the reductions that will occur from what they expected to receive in FY11. Schools will also be able to charge additional tuition in FY10 over what they originally planned, further allowing them to prepare for the FY11 reductions.

- \* To accommodate the requirements of the American Recovery and Reinvestment Act (ARRA), some FY10 payments will be made in FY11.
- \* Delaying the reductions in SSI to the second year of the biennium will allow the University System of Ohio time to launch a shared service/efficiency effort aimed at reducing costs to the schools and offsetting the projected loss in state funds without a decline in quality. Details on this effort will be released in the coming days.
- \* The final budget agreement includes language that will enable the Chancellor to begin working with the Ohio Tuition Trust Authority to develop pre-paid and guaranteed tuition plans to help Ohioans lock in the long term affordability of the University System of Ohio.

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## Financial Aid

The FY 10-11 higher education budget was formulated with a working knowledge of the increase in funding for the federal financial aid programs:

- \* Increased investments in the Federal Pell Grant Program and the Federal Work Study Program will benefit low-income Ohio students demonstrating the highest levels of financial need resulting in additional aid applied toward their college expenses.
- \* Further decreases in Federal Stafford Loan interest rates will help make college more affordable to more students.
- \* A more user-friendly, income-sensitive repayment option will be available to students already in repayment on student loans or about to enter repayment.
- \* The creation of the American Opportunity Tax Credit will help countless students and families take advantage of a larger federal tax credit for a longer period of time beginning with the filing of their 2009 federal income tax returns.
- \* The Ohio GI Promise will continue to work to take full advantage of the expanded federal veteran education benefits under the Post 9/11 GI Bill on behalf of Ohio residents and non-residents (and eligible dependents) enrolled in Ohio's higher education institutions.

The final budget agreement includes a reduction of \$224 million over the biennium in the amount of state funds devoted to need-based financial aid over the budgets originally proposed by the governor and passed by the House and Senate. The reductions will not have an immediate effect on the planning of community colleges, but will affect students attending university main campuses and some regional campuses.

The Board of Regents will be quickly sharing information with schools so they can inform their students of any impacts, and the Board of Regents' College Access Information Hotline will be operating extended hours and with additional staffing to accommodate all calls.

In addition, the impact of reductions in financial aid is addressed in the budget agreement in the following ways:

- \* The budget agreement includes more funds in the first year of the biennium than in the second year, allowing the Board of Regents to keep aid flowing to as many students as possible for the coming year while helping students better prepare for the next school year.
- \* The budget agreement authorizes far-reaching reforms of the Ohio College Opportunity Grant program to allow the Board of Regents to target available financial aid resources to the students most at risk and the students taking the necessary steps to succeed in college. Financial aid will become an incentive for students to succeed by completing courses and degrees, just as the SSI is an incentive to schools to help students succeed.

- \* The budget agreement includes language authorizing the use of financial aid to match efforts of individual schools to help low-income and at-risk students with grants and scholarships. This effort, which builds on the successful experiments run in the past biennium, will incentivize schools to raise and commit more funds to need-based scholarships and help replace the funds lost from the state during this economic downturn.

The final budget agreement also:

- preserves OCOG funding for independent colleges and universities in Ohio. The exact standards for eligibility will be determined with the independent colleges in the coming days.
- funds current obligations to the Ohio Academic Scholars, so no students currently receiving a scholarship will lose their scholarship fully.
- maintains a commitment to the Choose Ohio First Scholarship and the National Guard Scholarship.
- does not contain funds for the non-need based Ohio Student Choice Grant.
- does not contain need-based funds for students at for-profit institutions.

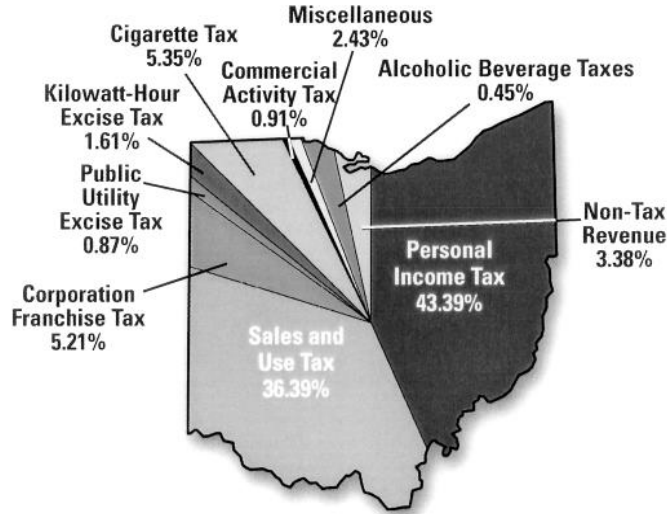
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#### Additional Budget Highlights

- The Eastern Gateway Community College is created to serve the community college needs in the Mahoning Valley
- University System of Ohio institutions will be required to meet efficiency goals of 3.0% in FY10 and FY11

## GENERAL REVENUE FUND SOURCES

Fiscal Year 2006  
(Excluding Federal Aid)



Revenue Source	Collections	Percentage
Personal Income Tax	\$8,786,395,210	43.39%
Sales and Use Tax	7,368,243,825	36.39%
Corporation Franchise Tax	1,054,901,384	5.21%
Public Utility Excise Tax	\$176,171,245	0.87%
Kilowatt-Hour Excise Tax	325,307,962	1.61%
Cigarette Tax	1,084,141,937	5.35%
Alcoholic Beverage Taxes*	90,915,771	0.45%
Commercial Activity Tax	185,082,278	0.91%
<b>Total</b>	<b>\$19,071,159,612</b>	<b>94.1%</b>
<b>Miscellaneous:</b>		
Domestic Insurance Tax	\$170,318,087	
Estate Tax	54,070,007	
Foreign Insurance Tax	248,797,469	
Intangible Property Tax	19,091,666	
<b>Total</b>	<b>\$492,277,229</b>	<b>2.43%</b>
<b>Non-Tax Revenue:</b>		
Earnings on Investment	\$107,280,909	
Liquor Profits	138,000,000	
Miscellaneous**	439,508,185	
<b>Total</b>	<b>\$684,789,094</b>	<b>3.38%</b>
<b>GRAND TOTAL</b>	<b>\$20,248,225,935</b>	<b>100.00%</b>

Note: All amounts are after refunds.

\* Includes liquor gallonage.

\*\* Includes certain transfers into the general revenue fund, licenses and fees, and other income.

**GENERAL REVENUE FUND RECEIPTS**

During the month of August, **total GRF receipts totaled \$1,776.4 million** which was \$16.1 million (0.9%) above estimates. This positive variance was driven by the combination of better than expected performance in the personal income tax and non-tax receipts. Non-tax receipts totaled \$567.9 million and were \$24.1 million, or 4.5% above estimates.

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	\$7.6 million	0.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$24.1 million	1.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$1.8 million	6.9%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$16.1 million</b>	<b>0.9%</b>

Similar to July, a better than expected performance in the auto sales and personal income taxes combined to counterbalance the continued negative performance of the non-auto sales and public utility taxes, which experienced shortfalls of \$18.5 and \$12.2 million respectively.

<b><u>Individual Sources Above Estimate</u></b>		<b><u>Individual Sources Below Estimate</u></b>	
Auto Sales Tax	\$9.0	Non-Auto Sales Tax	(\$18.5)
Personal Income Tax	\$24.3	Corporate Franchise Tax	(\$4.6)
Federal Grants	\$24.1	Public Utility Tax	(\$12.2)
Liquor Transfers	\$1.0	Kilowatt Hour Tax	(\$3.5)
Other Sources Above Estimate	\$1.2	Cigarette Tax	(\$3.4)
		Other Source Below Estimate	(\$1.3)
<b>Total above</b>	<b>\$59.6</b>	<b>Total below</b>	<b>(\$43.5)</b>

**Non-Auto Sales and Use Tax**

Weak performance of the non-auto sales tax continued in August with the worst year-over-year monthly percentage decline since March as receipts totaled \$476.8 million, falling short of the estimate by \$18.5 million (3.7%). On a year-over-year basis, the tax declined relative to the same month in fiscal year 2009 by \$68.7 million (12.6%). The poor performance in non-auto sales may be attributed to several factors, including the rollout of the Federal Government's Car Allowance Rebate System (CARS), which may have caused some consumers to choose to reduce spending in this tax category in order to take advantage of the program and purchase a vehicle. Additionally, a stronger than forecast negative wealth effect resulting from declines in home equity may be hampering consumer spending. Finally, higher consumer savings rates due to

**Table 1**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2010 VS ESTIMATE FY 2010**  
**(\$ in thousands)**

REVENUE SOURCE	Month				Year-to-Date			
	ACTUAL AUGUST	ESTIMATE AUGUST	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	476,781	495,300	(18,519)	-3.7%	1,015,388	1,039,400	(24,012)	-2.3%
Auto Sales & Use	91,538	82,500	9,038	11.0%	169,973	160,400	9,573	6.0%
Subtotal Sales & Use	568,319	577,800	(9,481)	-1.6%	1,185,361	1,199,800	(14,439)	-1.2%
Personal Income	497,119	472,800	24,319	5.1%	984,568	948,700	35,868	3.8%
Corporate Franchise	(4,130)	500	(4,630)	-926.1%	(13,778)	(9,500)	(4,278)	45.0%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	33,976	46,200	(12,224)	-26.5%	34,114	46,200	(12,086)	-26.2%
Kilowatt Hour	15,994	19,500	(3,506)	-18.0%	25,560	30,100	(4,540)	-15.1%
Foreign Insurance	51	0	51	N/A	(285)	(100)	(185)	184.7%
Domestic Insurance	229	100	129	128.7%	53	(600)	653	-108.8%
Other Business & Property Tax	40	300	(260)	-86.6%	97	300	(203)	-67.5%
Cigarette	73,464	76,800	(3,336)	-4.3%	99,953	92,800	7,153	7.7%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	5,377	5,300	77	1.4%	10,981	10,700	281	2.6%
Liquor Gallonage	3,283	3,200	83	2.6%	6,277	6,100	177	2.9%
Estate	8	1,000	(992)	-99.2%	238	1,000	(762)	-76.2%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,193,729	1,203,500	(9,771)	-0.8%	2,333,140	2,325,500	7,640	0.3%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	557,660	533,595	24,065	4.5%	1,286,652	1,262,586	24,065	1.9%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	12,292	12,292	0	0.0%	12,760	12,760	0	0.0%
Other Income	(2,075)	(2,075)	0	0.0%	6,601	6,601	0	0.0%
ISTVS	(18)	(18)	0	0.0%	(149)	(149)	0	0.0%
Total Non-Tax Receipts	567,859	543,794	24,065	4.4%	1,305,865	1,281,799	24,065	1.9%
<b>TOTAL REVENUES</b>	1,761,588	1,747,294	14,294	0.8%	3,639,005	3,607,299	31,705	0.9%
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	14,000	13,000	1,000	7.7%	27,000	26,000	1,000	3.8%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	814	0	814	N/A	978	164	814	495.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	14,814	13,000	1,814	14.0%	27,978	26,164	1,814	6.9%
<b>TOTAL SOURCES</b>	1,776,402	1,760,294	16,108	0.9%	3,666,982	3,633,464	33,519	0.9%

Table 2  
GENERAL REVENUE FUND RECEIPTS  
ACTUAL - FY 2010 VERSUS FY 2009  
(\$ in thousands)

REVENUE SOURCE	Month				Year-to-Date			
	AUGUST FY 2010	AUGUST FY 2009	\$ VAR	% VAR	ACTUAL FY 2010	ACTUAL FY 2009	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	476,781	545,469	(68,688)	-12.6%	1,015,388	1,148,835	(133,448)	-11.6%
Auto Sales & Use	91,538	87,317	4,220	4.8%	169,973	175,091	(5,118)	-2.9%
Subtotal Sales & Use	568,319	632,786	(64,468)	-10.2%	1,185,361	1,323,927	(138,566)	-10.5%
Personal Income	497,119	543,866	(46,746)	-8.6%	984,568	1,087,027	(102,458)	-9.4%
Corporate Franchise	(4,130)	3,083	(7,213)	-234.0%	(13,778)	29,753	(43,531)	-146.3%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	33,976	47,387	(13,411)	-28.3%	34,114	47,387	(13,273)	-28.0%
Kilowatt Hour	15,994	16,534	(540)	-3.3%	25,560	22,642	2,918	12.9%
Foreign Insurance	51	(39)	90	-231.4%	(285)	(98)	(187)	191.1%
Domestic Insurance	229	53	176	333.0%	53	(558)	611	-109.5%
Other Business & Property Tax	40	293	(253)	-86.2%	97	246	(149)	-60.5%
Cigarette	73,464	86,319	(12,855)	-14.9%	99,953	104,362	(4,409)	-4.2%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	5,377	5,216	161	3.1%	10,981	10,521	460	4.4%
Liquor Gallonage	3,283	3,184	99	3.1%	6,277	6,069	208	3.4%
Estate	8	1,040	(1,031)	-99.2%	238	1,082	(844)	-78.0%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,193,729	1,339,722	(145,992)	-10.9%	2,333,140	2,632,360	(299,220)	-11.4%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	557,660	550,731	6,929	1.3%	1,286,652	1,374,399	(87,747)	-6.4%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	12,292	6,481	5,810	89.7%	12,760	12,452	308	2.5%
Other Income	(2,075)	4,423	(6,497)	-146.9%	6,601	10,400	(3,799)	-36.5%
ISTV'S	(18)	36	(54)	-150.3%	(149)	66	(215)	-325.3%
Total Non-Tax Receipts	567,859	561,670	6,189	1.1%	1,305,865	1,397,317	(91,452)	-6.5%
TOTAL REVENUES	1,761,588	1,901,392	(139,804)	-7.4%	3,639,005	4,029,677	(390,672)	-9.7%
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	14,000	0	14,000	N/A	27,000	15,000	12,000	80.0%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	814	0	814	N/A	978	5,065	(4,087)	-80.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	14,814	0	14,814	N/A	27,978	20,065	7,913	39.4%
TOTAL SOURCES	1,776,402	1,901,392	(124,990)	-6.6%	3,666,982	4,049,742	(382,759)	-9.5%

# Impact of Changes in the Final State Operating Budget, House Bill 1

FY 2010 Athens Campus Budget

July 31, 2009

House Bill 1, as passed by the General Assembly, includes changes from the Governor's version of the budget which served as the basis for the University's budget planning efforts. Those changes include:

- \* Reduction in the State Share of Instruction (SSI), the state's largest subsidy in support of higher education.
- \* Reduction in the appropriation for the Ohio College Opportunity Grant (OCOG), the state's need-based aid program. All eligible full-time students will receive annual grant awards of \$1,008.
- \* Set the tuition cap at 3.5% increase for FY 2010 and FY 2011.

Below are highlights of the impact of changes in the State Share of Instruction (SSI) for the Athens Campus budget.

	FY 2009 (Revised)	Governor's Budget	% ▲	FY 2010 Final Budget	% ▲	Variance (Final-Gov)	Final Budget	FY 2011 % ▲	Variance (FY10-FY11)
State Share of Instruction	\$ 107,066,219	\$ 111,398,868	4.0%	\$ 109,207,543	2.0%	\$ (2,191,324)	\$ 98,832,827	-9.5%	\$ (10,374,717)
State General Revenue	\$ -	\$ 96,369,979		\$ 88,275,137			\$ 87,407,519		\$ (867,617)
Federal Stimulus	\$ -	\$ 15,028,889		\$ 20,932,407			\$ 11,425,308		\$ (9,507,099)

NOTE:

Governor's Budget: Reflected in the budget submission presented to the Board of Trustees for approval in June 2009.

Under the governor's budget, federal stimulus represented 13.5% of the total SSI, while under the final budget it represents 19.2%.

## State & Federal Funding as a Percentage of Total SSI Allocations (Final State Budget as Passed by Legislature)

	FY 2010	% of Total	FY 2011	% of Total
SSI - State General Revenue Fund	\$ 1,677,708,351	80.8%	\$ 1,689,554,971	88.4%
SSI - Federal Stimulus Funding	\$ 397,829,726	19.2%	\$ 220,846,962	11.6%
<b>TOTAL</b>	<b>\$ 2,075,538,077</b>	<b>100%</b>	<b>\$ 1,910,401,933</b>	<b>100%</b>

## State Funding for Ohio University Line Items

### College of Osteopathic Medicine, Voinovich School, WOUB

Comparison of Revised FY 2009 Budget and FY 2010 Budget As-Passed by the Legislature

<i>College of Osteopathic Medicine</i>	FY 2009 Revised Budget *	FY 2010 Budget	\$ Change
Area Health Education Centers Programs Support	\$ 305,127	\$ 229,022	\$ (76,105)
Family Practice	\$ 648,821	\$ 520,372	\$ (128,449)
Geriatric Medicine	\$ 96,200	\$ 87,757	\$ (8,443)
Primary Care Residences	\$ 291,389	\$ 265,815	\$ (25,574)
Ohio University Clinical Teaching	\$ 3,754,476	\$ 3,424,956	\$ (329,520)
<b>Sub-Total COM</b>	<b>\$ 5,096,013</b>	<b>\$ 4,527,922</b>	<b>\$ (568,091)</b>

<b>Ohio University Voinovich School</b>	FY 2009 Revised Budget *	FY 2010 Budget	\$ Change
Ohio University Voinovich School	\$ 600,656	\$ 326,000	\$ (274,656)
Appalachian New Economy Partnership	\$ 1,055,793	\$ 819,295	\$ (236,498)
Rural University Projects	\$ 569,919	\$ -	\$ (569,919)
Teacher Improvement Initiatives - Dept. of Education	\$ 361,567	\$ -	\$ (361,567)
<b>Sub-Total GVS</b>	<b>\$ 2,587,935</b>	<b>\$ 1,145,295</b>	<b>\$ (1,442,640)</b>

<b>WOUB</b>	FY 2009 Revised Budget	FY 2010 Budget	\$ Change
eTech Ohio Subsidy	\$ 447,433	\$ 325,027	\$ (122,406)
<b>Sub-Total WOUB</b>	<b>\$ 447,433</b>	<b>\$ 325,027</b>	<b>\$ (122,406)</b>

<b>Total Line-Item Funding</b>	<b>\$ 8,131,381</b>	<b>\$ 5,998,244</b>	<b>\$ (2,133,137)</b>
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\* Based on Board of Regent's Distribution Schedules As of 5/12/09