

AN ACT

To amend sections 145.011, 151.04, 154.01, 3305.01, 3307.01, 3333.045, 3334.01, 3345.04, 3345.12, 3345.17, 3345.31, 3345.32, 3345.50, 3345.51, and 3345.71; to enact sections 3364.01, 3364.02, 3364.03, 3364.04, 3364.05, and 3364.06; to repeal sections 3350.01, 3350.02, 3350.03, 3350.04, 3350.05, 3360.01, 3360.02, 3360.03, 3360.04, and 3360.05 of the Revised Code; and to amend Sections 209.63, 209.63.57, and 209.64.22 of Am. Sub. H.B. 66 of the 126th General Assembly to combine the University of Toledo and the Medical University of Ohio at Toledo.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 3364.01, 3364.02, 3364.03, 3364.04, 3364.05, and 3364.06 of the Revised Code be enacted to read as follows:

Sec. 3364.01. (A) The university of Toledo, as authorized under former Chapter 3360. of the Revised Code, and the medical university of Ohio at Toledo, as authorized under former sections 3350.01 to 3350.05 of the Revised Code, shall be combined as one state university to be known as the "university of Toledo."

(B)(1) The government of the combined university of Toledo is vested in a board of trustees which, except as prescribed in division (B)(2) of this section, shall be appointed by the governor with the advice and consent of the senate. The initial board of trustees of the combined university shall be as prescribed in division (B)(2) of this section. After the abolishment of offices as prescribed in division (B)(2)(a) of this section, the board of trustees of the combined university shall consist of nine voting members, who shall serve for terms of nine years, and two nonvoting members, who shall be students of the combined university and who shall serve for terms of two years. Terms of office of trustees shall begin on the second day of July and end on the first day of July.

(2) The initial board of trustees of the combined university shall consist of seventeen voting members who are the eight members who made up the board of trustees of the medical university of Ohio at Toledo prior to May 1, 2006, under former section 3350.01 of the Revised Code, and whose terms would expire under that section after May 1, 2006; the eight voting members who made up the board of trustees of the university of Toledo, under former section 3360.01 of the Revised Code, and whose terms would expire under that section after July 1, 2006; and one additional member appointed by the governor with the advice and consent of the senate. The terms of office, abolishment of office, and succession of the voting members of the initial board shall be as prescribed in division (B)(2)(a) of this section. The initial board also shall consist of two nonvoting members who are students of the combined university, as prescribed in division (B)(2)(b) of this section.

(a) The term of office of the voting member of the initial board of trustees of the combined university who was not formerly a member of either the board of trustees of the medical university of Ohio at Toledo or the board of trustees of the university of Toledo shall be for nine years, beginning on July 2, 2006, and ending on July 1, 2015.

The terms of office of the sixteen other voting members of the initial board of trustees shall expire on July 1 of the year they otherwise would expire under former section 3350.01 or 3360.01 of the Revised Code.

The office of one voting member whose term expires on July 1, 2007, shall be abolished on that date. The governor, with the advice and consent of the senate, shall appoint a successor to the office of the other voting member whose term expires on that date to a nine-year term beginning on July 2, 2007.

The office of one voting member whose term expires on July 1, 2008, shall be abolished on that date. The governor, with the advice and consent of the senate, shall appoint a successor to the office of the other voting member whose term expires on that date to a nine-year term beginning on July 2, 2008.

The office of one voting member whose term expires on July 1, 2009, shall be abolished on that date. The governor, with the advice and consent of the senate, shall appoint a successor to the office of the other voting member whose term expires on that date to a nine-year term beginning on July 2, 2009.

The office of one voting member whose term expires on July 1, 2010, shall be abolished on that date. The governor, with the advice and consent of the senate, shall appoint a successor to the office of the other voting member whose term expires on that date to a nine-year term beginning on July 2,

2010.

The office of one voting member whose term expires on July 1, 2011, shall be abolished on that date. The governor, with the advice and consent of the senate, shall appoint a successor to the office of the other voting member whose term expires on that date to a nine-year term beginning on July 2, 2011.

The office of one voting member whose term expires on July 1, 2012, shall be abolished on that date. The governor, with the advice and consent of the senate, shall appoint a successor to the office of the other voting member whose term expires on that date to a nine-year term beginning on July 2, 2012.

The office of one voting member whose term expires on July 1, 2013, shall be abolished on that date. The governor, with the advice and consent of the senate, shall appoint a successor to the office of the other voting member whose term expires on that date to a nine-year term beginning on July 2, 2013.

The office of one voting member whose term expires on July 1, 2014, shall be abolished on that date. The governor, with the advice and consent of the senate, shall appoint a successor to the office of the other voting member whose term expires on that date to a nine-year term beginning on July 2, 2014.

The governor, with the advice and consent of the senate, shall appoint a successor to the office of the voting member whose term expires on July 1, 2015, to a nine-year term beginning on July 2, 2015.

Thereafter the terms of office of all subsequent voting members of the board of trustees shall be for nine years beginning on the second day of July and ending on the first day of July.

(b) One of the student members of the initial board of trustees shall be the student member of the former university of Toledo board of trustees, appointed under former section 3360.01 of the Revised Code, whose term would expire under that section on July 1, 2007. The term of that student member shall expire on July 1, 2007. The other student member shall be a new appointee, representing the portion of the combined university that made up the former medical university of Ohio at Toledo, appointed to a two-year term beginning on July 2, 2006, and ending on July 1, 2008. That student trustee shall be appointed by the governor, with the advice and consent of the senate, from a group of three candidates selected pursuant to a procedure adopted by the university's student governments and approved by the university's board of trustees. Thereafter appointment and terms of office of student members of the board of trustees shall be as prescribed by

division (B)(3) of this section.

(3) The student members of the board of trustees of the combined university shall be appointed by the governor, with the advice and consent of the senate, from a group of six candidates selected pursuant to a procedure adopted by the university's student governments and approved by the university's board of trustees. Terms of office of student members shall be for two years, each term ending on the same day of the same month of the year as the term it succeeds. In the event that a student member cannot fulfill a two-year term, a replacement shall be selected to fill the unexpired term in the same manner used to make the original selection.

(4) Each trustee shall hold office from the date of appointment until the end of the term for which the trustee was appointed. Any trustee appointed to fill a vacancy occurring prior to the expiration of the term for which the trustee's predecessor was appointed shall hold office for the remainder of such term. Any trustee shall continue in office subsequent to the expiration date of the trustee's term until the trustee's successor takes office, or until a period of sixty days has elapsed, whichever occurs first.

(5) No person who has served as a voting member of the board of trustees for a full nine-year term or more than six years of such a term and no person who is a voting member of the initial board of trustees as prescribed in division (B)(2)(a) of this section is eligible for reappointment to the board until a period of four years has elapsed since the last day of the term for which the person previously served.

No person who served as a voting member of the board of trustees of the former university of Toledo, as authorized under former Chapter 3360. of the Revised Code, for a full nine-year term or more than six years of such a term, and no person who served on the board of trustees of the former medical university of Ohio at Toledo, as authorized under former sections 3350.01 to 3350.05 of the Revised Code, for a full nine-year term or more than six years of such a term is eligible for appointment to the board of trustees of the combined university until a period of four years has elapsed since the last day of the term for which the person previously served.

(C) The trustees shall receive no compensation for their services but shall be paid their reasonable necessary expenses while engaged in the discharge of their official duties. A majority of the board constitutes a quorum. The student members of the board have no voting power on the board. Student members shall not be considered as members of the board in determining whether a quorum is present. Student members shall not be entitled to attend executive sessions of the board.

Sec. 3364.02. The board of trustees of the university of Toledo annually

shall elect from among its members a chairperson and a vice-chairperson, and also may appoint a secretary of the board, a treasurer, and such other officers of the university as the interest of the university requires, who may be members of the board. The treasurer, before entering upon the discharge of official duties, shall give bond to the state for the faithful performance of the treasurer's duties and the proper accounting for all moneys coming into the treasurer's care. The amount of that bond shall be determined by the board, but shall not be for a sum less than the estimated amount which may come into the treasurer's control at any time, less any reasonable deductible.

Sec. 3364.03. The board of trustees of the university of Toledo shall employ, fix the compensation of, and remove, the president and such number of professors, teachers, and other employees as may be deemed necessary. The board shall do all things necessary for the creation, proper maintenance, and successful and continuous operation of the university and may adopt and from time to time amend bylaws, rules, and regulations for the conduct of the board and the government and conduct of the university. The board may accept donations of lands and moneys for the purposes of such university.

Sec. 3364.04. The board of trustees of the university of Toledo may receive and hold in trust, for the use and benefit of the university, any grant or devise of land, and any donation or bequest of money or other personal property, to be applied to the general or special use of the university, unless otherwise directed in the donation or bequest. The board of trustees of the university of Toledo may make and enter into all contracts and agreements necessary or incidental to the acquisition of property for and the operation of the university. Title to any property taken in the name of the state of Ohio for the benefit of the university of Toledo, the board of trustees of the university of Toledo, the university of Toledo, the medical college of Ohio, or the Toledo state college of medicine shall be deemed to have been taken in the name of the board of trustees of the university of Toledo.

Sec. 3364.05. The general assembly shall support the university of Toledo by such sums and in such manner as it may provide, but support may also come from other sources.

Sec. 3364.06. (A) As used in this section, "constituent institutions" means the university of Toledo, as authorized under former Chapter 3360. of the Revised Code, and the medical university of Ohio at Toledo, as authorized under former sections 3350.01 to 3350.05 of the Revised Code, which are combined as the university of Toledo pursuant to section 3364.01 of the Revised Code.

(B) When the combination of the constituent institutions becomes

effective, all of the following apply:

(1) The separate existence of each of the constituent institutions shall cease, and the existence of each of the constituent institutions shall be continued for all purposes as the combined university of Toledo. The combination shall not cause either of the constituent institutions to be extinguished, terminated, dissolved, or liquidated and shall not constitute a sale, assignment, conveyance, disposition, or transfer of any of the rights or property of either of the constituent institutions. Whenever an instrument of conveyance, assignment, or transfer or deed or other act is necessary to vest property or rights in the combined university, the officers, trustees, or other authorized representatives of the respective constituent institutions shall execute, acknowledge, and deliver such instruments and do such acts. For these purposes, the existence of the respective constituent institutions and the authority of their respective officers, trustees, or other authorized representatives is continued notwithstanding the combination.

(2) The combined university possesses all assets and property of every description, and every interest in the assets and property, wherever located, and the rights, privileges, immunities, powers, franchises, and authority of each of the constituent institutions, all of which are vested in the combined university without further act or deed. Title to any real estate or any interest in the real estate vested in either of the constituent institutions shall not revert or in any way be impaired by reason of the combination.

(3) The combined university is liable for all the obligations of each of the constituent institutions to the combination. Any claim existing or any action or proceeding pending by or against either of the constituent institutions may be prosecuted to judgment, with right of appeal, as if the combination had not taken place, or the combined university may be substituted in its place.

(4) All the rights of creditors of each of the constituent institutions are preserved unimpaired, and all liens upon the property of either of the constituent institutions are preserved unimpaired, on only the property affected by such liens immediately prior to the effective date of the combination.

SECTION 2. That sections 145.011, 151.04, 154.01, 3305.01, 3307.01, 3333.045, 3334.01, 3345.04, 3345.12, 3345.17, 3345.31, 3345.32, 3345.50, 3345.51, and 3345.71 of the Revised Code be amended to read as follows:

Sec. 145.011. In addition to the membership of the public employees retirement system as prescribed in division (A) of section 145.01 of the Revised Code and notwithstanding Chapter 3309. of the Revised Code,

there shall be included in such membership all of the following:

(A) The nonteaching employees of the Cleveland state university, ~~the medical university of Ohio at Toledo~~, and the northeastern Ohio universities college of medicine;

(B) Any person who elects to transfer from the school employees retirement system to the public employees retirement system under section 3309.312 of the Revised Code;

(C) Any person who is employed full-time on or after September 16, 1998, pursuant to section 3345.04 of the Revised Code by the university of Akron as a state university law enforcement officer.

Such employees are included in the definition of member as used in Chapter 145. of the Revised Code. The universities and colleges shall be subject to the obligations imposed by Chapter 145. of the Revised Code.

Sec. 151.04. This section applies to obligations as defined in this section.

(A) As used in this section:

(1) "Costs of capital facilities" include related direct administrative expenses and allocable portions of direct costs of the using institution.

(2) "Obligations" means obligations as defined in section 151.01 of the Revised Code issued to pay costs of capital facilities for state-supported or state-assisted institutions of higher education.

(3) "State-supported or state-assisted institutions of higher education" means a state university or college, or community college district, technical college district, university branch district, or state community college, or other institution for education, including technical education, beyond the high school, receiving state support or assistance for its expenses of operation. "State university or college" means each of the state universities identified in section 3345.011 of the Revised Code, and the northeastern Ohio universities college of medicine, ~~and the medical university of Ohio at Toledo~~.

(4) "Using institution" means the state-supported or state-assisted institution of higher education, or two or more institutions acting jointly, that are the ultimate users of capital facilities for state-supported and state-assisted institutions of higher education financed with net proceeds of obligations.

(B) The issuing authority shall issue obligations to pay costs of capital facilities for state-supported and state-assisted institutions of higher education pursuant to Section 2n of Article VIII, Ohio Constitution, section 151.01 of the Revised Code, and this section.

(C) Net proceeds of obligations shall be deposited into the higher

education improvement fund created by division (F) of section 154.21 of the Revised Code.

(D) There is hereby created in the state treasury the "higher education capital facilities bond service fund." All moneys received by the state and required by the bond proceedings, consistent with sections 151.01 and 151.04 of the Revised Code, to be deposited, transferred, or credited to the bond service fund, and all other moneys transferred or allocated to or received for the purposes of that fund, shall be deposited and credited to the bond service fund, subject to any applicable provisions of the bond proceedings but without necessity for any act of appropriation. During the period beginning with the date of the first issuance of obligations and continuing during the time that any obligations are outstanding in accordance with their terms, so long as moneys in the bond service fund are insufficient to pay debt service when due on those obligations payable from that fund (except the principal amounts of bond anticipation notes payable from the proceeds of renewal notes or bonds anticipated) and due in the particular fiscal year, a sufficient amount of revenues of the state is committed and, without necessity for further act of appropriation, shall be paid to the bond service fund for the purpose of paying that debt service when due.

Sec. 154.01. As used in this chapter:

(A) "Commission" means the Ohio public facilities commission created in section 151.02 of the Revised Code.

(B) "Obligations" means bonds, notes, or other evidences of obligation, including interest coupons pertaining thereto, issued pursuant to Chapter 154. of the Revised Code.

(C) "Bond proceedings" means the order or orders, resolution or resolutions, trust agreement, indenture, lease, and other agreements, amendments and supplements to the foregoing, or any combination thereof, authorizing or providing for the terms and conditions applicable to, or providing for the security of, obligations issued pursuant to Chapter 154. of the Revised Code, and the provisions contained in such obligations.

(D) "State agencies" means the state of Ohio and officers, boards, commissions, departments, divisions, or other units or agencies of the state.

(E) "Governmental agency" means state agencies, state supported and assisted institutions of higher education, municipal corporations, counties, townships, school districts, and any other political subdivision or special district in this state established pursuant to law, and, except where otherwise indicated, also means the United States or any department, division, or agency thereof, and any agency, commission, or authority established

pursuant to an interstate compact or agreement.

(F) "Institutions of higher education" and "state supported or state assisted institutions of higher education" means the state universities identified in section 3345.011 of the Revised Code, ~~the medical university of Ohio at Toledo~~, the northeastern Ohio universities college of medicine, state universities or colleges at any time created, community college districts, university branch districts, and technical college districts at any time established or operating under Chapter 3354., 3355., or 3357. of the Revised Code, and other institutions for education, including technical education, beyond the high school, receiving state support or assistance for their expenses of operation.

(G) "Governing body" means:

(1) In the case of institutions of higher education, the board of trustees, board of directors, commission, or other body vested by law with the general management, conduct, and control of one or more institutions of higher education;

(2) In the case of a county, the board of county commissioners or other legislative body; in the case of a municipal corporation, the council or other legislative body; in the case of a township, the board of township trustees; in the case of a school district, the board of education;

(3) In the case of any other governmental agency, the officer, board, commission, authority or other body having the general management thereof or having jurisdiction or authority in the particular circumstances.

(H) "Person" means any person, firm, partnership, association, or corporation.

(I) "Bond service charges" means principal, including mandatory sinking fund requirements for retirement of obligations, and interest, and redemption premium, if any, required to be paid by the state on obligations. If not prohibited by the applicable bond proceedings, bond service charges may include costs relating to credit enhancement facilities that are related to and represent, or are intended to provide a source of payment of or limitation on, other bond service charges.

(J) "Capital facilities" means buildings, structures, and other improvements, and equipment, real estate, and interests in real estate therefor, within the state, and any one, part of, or combination of the foregoing, to serve the general purposes for which the issuing authority is authorized to issue obligations pursuant to Chapter 154. of the Revised Code, including, but not limited to, drives, roadways, parking facilities, walks, lighting, machinery, furnishings, utilities, landscaping, wharves, docks, piers, reservoirs, dams, tunnels, bridges, retaining walls, riprap,

culverts, ditches, channels, watercourses, retention basins, standpipes and water storage facilities, waste treatment and disposal facilities, heating, air conditioning and communications facilities, inns, lodges, cabins, camping sites, golf courses, boat and bathing facilities, athletic and recreational facilities, and site improvements.

(K) "Costs of capital facilities" means the costs of acquiring, constructing, reconstructing, rehabilitating, remodeling, renovating, enlarging, improving, equipping, or furnishing capital facilities, and the financing thereof, including the cost of clearance and preparation of the site and of any land to be used in connection with capital facilities, the cost of any indemnity and surety bonds and premiums on insurance, all related direct administrative expenses and allocable portions of direct costs of the commission or issuing authority and department of administrative services, or other designees of the commission under section 154.17 of the Revised Code, cost of engineering and architectural services, designs, plans, specifications, surveys, and estimates of cost, legal fees, fees and expenses of trustees, depositories, and paying agents for the obligations, cost of issuance of the obligations and financing charges and fees and expenses of financial advisers and consultants in connection therewith, interest on obligations from the date thereof to the time when interest is to be covered from sources other than proceeds of obligations, amounts necessary to establish reserves as required by the bond proceedings, costs of audits, the reimbursement of all moneys advanced or applied by or borrowed from any governmental agency, whether to or by the commission or others, from whatever source provided, for the payment of any item or items of cost of the capital facilities, any share of the cost undertaken by the commission pursuant to arrangements made with governmental agencies under division (H) of section 154.06 of the Revised Code, and all other expenses necessary or incident to planning or determining feasibility or practicability with respect to capital facilities, and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, rehabilitation, remodeling, renovation, enlargement, improvement, equipment, and furnishing of capital facilities, the financing thereof and the placing of the same in use and operation, including any one, part of, or combination of such classes of costs and expenses.

(L) "Public service facilities" means inns, lodges, hotels, cabins, camping sites, scenic trails, picnic sites, restaurants, commissaries, golf courses, boating and bathing facilities and other similar facilities in state parks.

(M) "State parks" means:

(1) State reservoirs described and identified in section 1541.06 of the Revised Code;

(2) All lands or interests therein of the state identified as administered by the division of parks and recreation in the "inventory of state owned lands administered by the department of natural resources as of June 1, 1963," as recorded in the journal of the director, which inventory was prepared by the real estate section of the department and is supported by maps now on file in said real estate section;

(3) All lands or interests in lands of the state designated after June 1, 1963, as state parks in the journal of the director with the approval of the recreation and resources council.

State parks do not include any lands or interest in lands of the state administered jointly by two or more divisions of the department of natural resources. The designation of lands as state parks under divisions (M)(1) to (3) of this section is conclusive and such lands shall be under the control of and administered by the division of parks and recreation. No order or proceeding designating lands as state parks or park purchase areas is subject to any appeal or review by any officer, board, commission, or court.

(N) "Bond service fund" means the applicable fund created for and pledged to the payment of bond service charges under section 154.20, 154.21, 154.22, or 154.23 of the Revised Code, including all moneys and investments, and earnings from investments, credited and to be credited thereto.

(O) "Improvement fund" means the applicable fund created for the payment of costs of capital facilities under section 154.20, 154.21, 154.22, or 3383.09 of the Revised Code, including all moneys and investments, and earnings from investments, credited and to be credited thereto.

(P) "Special funds" or "funds" means, except where the context does not permit, the bond service funds, the improvements funds, and any other funds for similar or different purposes created under bond proceedings, including all moneys and investments, and earnings from investments, credited and to be credited thereto.

(Q) "Year" unless the context indicates a different meaning or intent, means a calendar year beginning on the first day of January and ending on the thirty-first day of December.

(R) "Fiscal year" means the period of twelve months beginning on the first day of July and ending on the thirtieth day of June.

(S) "Issuing authority" means the treasurer of state or the officer or employee who by law performs the functions of that office.

(T) "Credit enhancement facilities" has the same meaning as in section

133.01 of the Revised Code.

(U) "Ohio cultural facility" and "Ohio sports facility" have the same meanings as in section 3383.01 of the Revised Code.

Sec. 3305.01. As used in this chapter:

(A) "Public institution of higher education" means a state university as defined in section 3345.011 of the Revised Code, ~~the medical university of Ohio at Toledo~~, the northeastern Ohio universities college of medicine, or a university branch, technical college, state community college, community college, or municipal university established or operating under Chapter 3345., 3349., 3354., 3355., 3357., or 3358. of the Revised Code.

(B) "State retirement system" means the public employees retirement system created under Chapter 145. of the Revised Code, the state teachers retirement system created under Chapter 3307. of the Revised Code, or the school employees retirement system created under Chapter 3309. of the Revised Code.

(C) "Eligible employee" means any person employed as a full-time employee of a public institution of higher education.

In all cases of doubt, the board of trustees of the public institution of higher education shall determine whether any person is an eligible employee for purposes of this chapter, and the board's decision shall be final.

(D) "Electing employee" means any eligible employee who elects, pursuant to section 3305.05 or 3305.051 of the Revised Code, to participate in an alternative retirement plan provided pursuant to this chapter or an eligible employee who is required to participate in an alternative retirement plan pursuant to division (C)(4) of section 3305.05 or division (F) of section 3305.051 of the Revised Code.

(E) "Compensation," for purposes of an electing employee, has the same meaning as the applicable one of the following:

(1) If the electing employee would be subject to Chapter 145. of the Revised Code had the employee not made an election pursuant to section 3305.05 or 3305.051 of the Revised Code, "earnable salary" as defined in division (R) of section 145.01 of the Revised Code;

(2) If the electing employee would be subject to Chapter 3307. of the Revised Code had the employee not made an election pursuant to section 3305.05 or 3305.051 of the Revised Code, "compensation" as defined in division (L) of section 3307.01 of the Revised Code;

(3) If the electing employee would be subject to Chapter 3309. of the Revised Code had the employee not made an election pursuant to section 3305.05 or 3305.051 of the Revised Code, "compensation" as defined in division (V) of section 3309.01 of the Revised Code.

(F) "Provider" means an entity designated under section 3305.03 of the Revised Code as a provider of investment options for an alternative retirement plan.

Sec. 3307.01. As used in this chapter:

(A) "Employer" means the board of education, school district, governing authority of any community school established under Chapter 3314. of the Revised Code, college, university, institution, or other agency within the state by which a teacher is employed and paid.

(B) "Teacher" means all of the following:

(1) Any person paid from public funds and employed in the public schools of the state under any type of contract described in section 3319.08 of the Revised Code in a position for which the person is required to have a license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code;

(2) Any person employed as a teacher by a community school pursuant to Chapter 3314. of the Revised Code;

(3) Any person having a license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code and employed in a public school in this state in an educational position, as determined by the state board of education, under programs provided for by federal acts or regulations and financed in whole or in part from federal funds, but for which no licensure requirements for the position can be made under the provisions of such federal acts or regulations;

(4) Any other teacher or faculty member employed in any school, college, university, institution, or other agency wholly controlled and managed, and supported in whole or in part, by the state or any political subdivision thereof, including Central state university, Cleveland state university, and the university of Toledo, ~~and the medical university of Ohio at Toledo;~~

(5) The educational employees of the department of education, as determined by the state superintendent of public instruction.

In all cases of doubt, the state teachers retirement board shall determine whether any person is a teacher, and its decision shall be final.

"Teacher" does not include any eligible employee of a public institution of higher education, as defined in section 3305.01 of the Revised Code, who elects to participate in an alternative retirement plan established under Chapter 3305. of the Revised Code.

(C) "Member" means any person included in the membership of the state teachers retirement system, which shall consist of all teachers and contributors as defined in divisions (B) and (D) of this section and all disability benefit recipients, as defined in section 3307.50 of the Revised

Code. However, for purposes of this chapter, the following persons shall not be considered members:

(1) A student, intern, or resident who is not a member while employed part-time by a school, college, or university at which the student, intern, or resident is regularly attending classes;

(2) A person denied membership pursuant to section 3307.24 of the Revised Code;

(3) An other system retirant, as defined in section 3307.35 of the Revised Code, or a superannuate;

(4) An individual employed in a program established pursuant to the "Job Training Partnership Act," 96 Stat. 1322 (1982), 29 U.S.C.A. 1501.

(D) "Contributor" means any person who has an account in the teachers' savings fund or defined contribution fund.

(E) "Beneficiary" means any person eligible to receive, or in receipt of, a retirement allowance or other benefit provided by this chapter.

(F) "Year" means the year beginning the first day of July and ending with the thirtieth day of June next following, except that for the purpose of determining final average salary under the plan described in sections 3307.50 to 3307.79 of the Revised Code, "year" may mean the contract year.

(G) "Local district pension system" means any school teachers pension fund created in any school district of the state in accordance with the laws of the state prior to September 1, 1920.

(H) "Employer contribution" means the amount paid by an employer, as determined by the employer rate, including the normal and deficiency rates, contributions, and funds wherever used in this chapter.

(I) "Five years of service credit" means employment covered under this chapter and employment covered under a former retirement plan operated, recognized, or endorsed by a college, institute, university, or political subdivision of this state prior to coverage under this chapter.

(J) "Actuary" means the actuarial consultant to the state teachers retirement board, who shall be either of the following:

(1) A member of the American academy of actuaries;

(2) A firm, partnership, or corporation of which at least one person is a member of the American academy of actuaries.

(K) "Fiduciary" means a person who does any of the following:

(1) Exercises any discretionary authority or control with respect to the management of the system, or with respect to the management or disposition of its assets;

(2) Renders investment advice for a fee, direct or indirect, with respect

to money or property of the system;

(3) Has any discretionary authority or responsibility in the administration of the system.

(L)(1) Except as provided in this division, "compensation" means all salary, wages, and other earnings paid to a teacher by reason of the teacher's employment, including compensation paid pursuant to a supplemental contract. The salary, wages, and other earnings shall be determined prior to determination of the amount required to be contributed to the teachers' savings fund or defined contribution fund under section 3307.26 of the Revised Code and without regard to whether any of the salary, wages, or other earnings are treated as deferred income for federal income tax purposes.

(2) Compensation does not include any of the following:

(a) Payments for accrued but unused sick leave or personal leave, including payments made under a plan established pursuant to section 124.39 of the Revised Code or any other plan established by the employer;

(b) Payments made for accrued but unused vacation leave, including payments made pursuant to section 124.13 of the Revised Code or a plan established by the employer;

(c) Payments made for vacation pay covering concurrent periods for which other salary, compensation, or benefits under this chapter are paid;

(d) Amounts paid by the employer to provide life insurance, sickness, accident, endowment, health, medical, hospital, dental, or surgical coverage, or other insurance for the teacher or the teacher's family, or amounts paid by the employer to the teacher in lieu of providing the insurance;

(e) Incidental benefits, including lodging, food, laundry, parking, or services furnished by the employer, use of the employer's property or equipment, and reimbursement for job-related expenses authorized by the employer, including moving and travel expenses and expenses related to professional development;

(f) Payments made by the employer in exchange for a member's waiver of a right to receive any payment, amount, or benefit described in division (L)(2) of this section;

(g) Payments by the employer for services not actually rendered;

(h) Any amount paid by the employer as a retroactive increase in salary, wages, or other earnings, unless the increase is one of the following:

(i) A retroactive increase paid to a member employed by a school district board of education in a position that requires a license designated for teaching and not designated for being an administrator issued under section 3319.22 of the Revised Code that is paid in accordance with uniform criteria

applicable to all members employed by the board in positions requiring the licenses;

(ii) A retroactive increase paid to a member employed by a school district board of education in a position that requires a license designated for being an administrator issued under section 3319.22 of the Revised Code that is paid in accordance with uniform criteria applicable to all members employed by the board in positions requiring the licenses;

(iii) A retroactive increase paid to a member employed by a school district board of education as a superintendent that is also paid as described in division (L)(2)(h)(i) of this section;

(iv) A retroactive increase paid to a member employed by an employer other than a school district board of education in accordance with uniform criteria applicable to all members employed by the employer.

(i) Payments made to or on behalf of a teacher that are in excess of the annual compensation that may be taken into account by the retirement system under division (a)(17) of section 401 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 401(a)(17), as amended. For a teacher who first establishes membership before July 1, 1996, the annual compensation that may be taken into account by the retirement system shall be determined under division (d)(3) of section 13212 of the "Omnibus Budget Reconciliation Act of 1993," Pub. L. No. 103-66, 107 Stat. 472.

(j) Payments made under division (B), (C), or (E) of section 5923.05 of the Revised Code, Section 4 of Substitute Senate Bill No. 3 of the 119th general assembly, Section 3 of Amended Substitute Senate Bill No. 164 of the 124th general assembly, or Amended Substitute House Bill No. 405 of the 124th general assembly;

(k) Anything of value received by the teacher that is based on or attributable to retirement or an agreement to retire.

(3) The retirement board shall determine by rule both of the following:

(a) Whether particular forms of earnings are included in any of the categories enumerated in this division;

(b) Whether any form of earnings not enumerated in this division is to be included in compensation.

Decisions of the board made under this division shall be final.

(M) "Superannuate" means both of the following:

(1) A former teacher receiving from the system a retirement allowance under section 3307.58 or 3307.59 of the Revised Code;

(2) A former teacher receiving a benefit from the system under a plan established under section 3307.81 of the Revised Code, except that "superannuate" does not include a former teacher who is receiving a benefit

based on disability under a plan established under section 3307.81 of the Revised Code.

For purposes of sections 3307.35 and 3307.353 of the Revised Code, "superannuate" also means a former teacher receiving from the system a combined service retirement benefit paid in accordance with section 3307.57 of the Revised Code, regardless of which retirement system is paying the benefit.

Sec. 3333.045. As used in this section, "state university or college" means any state university listed in section 3345.011 of the Revised Code, the northeastern Ohio universities college of medicine, ~~the medical university of Ohio at Toledo~~, any community college under Chapter 3354. of the Revised Code, any university branch district under Chapter 3355. of the Revised Code, any technical college under Chapter 3357. of the Revised Code, and any state community college under Chapter 3358. of the Revised Code.

The Ohio board of regents shall work with the attorney general, the auditor of state, and the Ohio ethics commission to develop a model for training members of the boards of trustees of all state universities and colleges and members of the board of regents regarding the authority and responsibilities of a board of trustees or the board of regents. This model shall include a review of fiduciary responsibilities, ethics, and fiscal management. Use of this model by members of boards of trustees and the board of regents shall be voluntary.

This section does not apply to the three members of the board of trustees of the northeastern Ohio universities college of medicine who are presidents of state universities.

Sec. 3334.01. As used in this chapter:

(A) "Aggregate original principal amount" means the aggregate of the initial offering prices to the public of college savings bonds, exclusive of accrued interest, if any. "Aggregate original principal amount" does not mean the aggregate accreted amount payable at maturity or redemption of such bonds.

(B) "Beneficiary" means:

(1) An individual designated by the purchaser under a tuition payment contract or through a scholarship program as the individual on whose behalf tuition units purchased under the contract or awarded through the scholarship program will be applied toward the payment of undergraduate, graduate, or professional tuition; or

(2) An individual designated by the contributor under a variable college savings program contract as the individual whose tuition and other higher

education expenses will be paid from a variable college savings program account.

(C) "Capital appreciation bond" means a bond for which the following is true:

(1) The principal amount is less than the amount payable at maturity or early redemption; and

(2) No interest is payable on a current basis.

(D) "Tuition unit" means a credit of the Ohio tuition trust authority purchased under section 3334.09 of the Revised Code. "Tuition unit" includes a tuition credit purchased prior to July 1, 1994.

(E) "College savings bonds" means revenue and other obligations issued on behalf of the state or any agency or issuing authority thereof as a zero-coupon or capital appreciation bond, and designated as college savings bonds as provided in this chapter. "College savings bond issue" means any issue of bonds of which any part has been designated as college savings bonds.

(F) "Institution of higher education" means a state institution of higher education, a private college, university, or other postsecondary institution located in this state that possesses a certificate of authorization issued by the Ohio board of regents pursuant to Chapter 1713. of the Revised Code or a certificate of registration issued by the state board of career colleges and schools under Chapter 3332. of the Revised Code, or an accredited college, university, or other postsecondary institution located outside this state that is accredited by an accrediting organization or professional association recognized by the authority. To be considered an institution of higher education, an institution shall meet the definition of an eligible educational institution under section 529 of the Internal Revenue Code.

(G) "Issuing authority" means any authority, commission, body, agency, or individual empowered by the Ohio Constitution or the Revised Code to issue bonds or any other debt obligation of the state or any agency or department thereof. "Issuer" means the issuing authority or, if so designated under division (B) of section 3334.04 of the Revised Code, the treasurer of state.

(H) "Tuition" means the charges imposed to attend an institution of higher education as an undergraduate, graduate, or professional student and all fees required as a condition of enrollment, as determined by the Ohio tuition trust authority. "Tuition" does not include laboratory fees, room and board, or other similar fees and charges.

(I) "Weighted average tuition" means the tuition cost resulting from the following calculation:

(1) Add the products of the annual undergraduate tuition charged to Ohio residents at each four-year state university multiplied by that institution's total number of undergraduate fiscal year equated students; and

(2) Divide the gross total of the products from division (I)(1) of this section by the total number of undergraduate fiscal year equated students attending four-year state universities.

When making this calculation, the "annual undergraduate tuition charged to Ohio residents" shall not incorporate any tuition reductions that vary in amount among individual recipients and that are awarded to Ohio residents based upon their particular circumstances, beyond any minimum amount awarded uniformly to all Ohio residents. In addition, any tuition reductions awarded uniformly to all Ohio residents shall be incorporated into this calculation.

(J) "Zero-coupon bond" means a bond which has a stated interest rate of zero per cent and on which no interest is payable until the maturity or early redemption of the bond, and is offered at a substantial discount from its original stated principal amount.

(K) "State institution of higher education" includes the state universities listed in section 3345.011 of the Revised Code, community colleges created pursuant to Chapter 3354. of the Revised Code, university branches created pursuant to Chapter 3355. of the Revised Code, technical colleges created pursuant to Chapter 3357. of the Revised Code, state community colleges created pursuant to Chapter 3358. of the Revised Code, ~~the medical university of Ohio at Toledo~~, and the northeastern Ohio universities college of medicine.

(L) "Four-year state university" means those state universities listed in section 3345.011 of the Revised Code.

(M) "Principal amount" refers to the initial offering price to the public of an obligation, exclusive of the accrued interest, if any. "Principal amount" does not refer to the aggregate accreted amount payable at maturity or redemption of an obligation.

(N) "Scholarship program" means a program registered with the Ohio tuition trust authority pursuant to section 3334.17 of the Revised Code.

(O) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1 et seq., as amended.

(P) "Other higher education expenses" means room and board and books, supplies, equipment, and nontuition-related fees associated with the cost of attendance of a beneficiary at an institution of higher education, but only to the extent that such expenses meet the definition of "qualified higher education expenses" under section 529 of the Internal Revenue Code. "Other

higher education expenses" does not include tuition as defined in division (H) of this section.

(Q) "Purchaser" means the person signing the tuition payment contract, who controls the account and acquires tuition units for an account under the terms and conditions of the contract.

(R) "Contributor" means a person who signs a variable college savings program contract with the Ohio tuition trust authority and contributes to and owns the account created under the contract.

(S) "Contribution" means any payment directly allocated to an account for the benefit of the designated beneficiary of the account.

Sec. 3345.04. (A) As used in this section, "felony" has the same meaning as in section 109.511 of the Revised Code.

(B) Subject to division (C) of this section, the board of trustees of a state university, ~~the board of trustees of the medical university of Ohio at Toledo,~~ the board of trustees of the northeastern Ohio universities college of medicine, the board of trustees of a state community college, and the board of trustees of a technical college or community college district operating a technical or a community college may designate one or more employees of the institution, as a state university law enforcement officer, in accordance with section 109.77 of the Revised Code, and, as state university law enforcement officers, those employees shall take an oath of office, wear the badge of office, serve as peace officers for the college or university, and give bond to the state for the proper and faithful discharge of their duties in the amount that the board of trustees requires.

(C)(1) The board of trustees of an institution listed in division (B) of this section shall not designate an employee of the institution as a state university law enforcement officer pursuant to that division on a permanent basis, on a temporary basis, for a probationary term, or on other than a permanent basis if the employee previously has been convicted of or has pleaded guilty to a felony.

(2)(a) The board of trustees shall terminate the employment as a state university law enforcement officer of an employee designated as a state university law enforcement officer under division (B) of this section if that employee does either of the following:

(i) Pleads guilty to a felony;

(ii) Pleads guilty to a misdemeanor pursuant to a negotiated plea agreement as provided in division (D) of section 2929.43 of the Revised Code in which the employee agrees to surrender the certificate awarded to the employee under section 109.77 of the Revised Code.

(b) The board of trustees shall suspend from employment as a state

university law enforcement officer an employee designated as a state university law enforcement officer under division (B) of this section if that employee is convicted, after trial, of a felony. If the state university law enforcement officer files an appeal from that conviction and the conviction is upheld by the highest court to which the appeal is taken or if the state university law enforcement officer does not file a timely appeal, the board of trustees shall terminate the employment of that state university law enforcement officer. If the state university law enforcement officer files an appeal that results in that officer's acquittal of the felony or conviction of a misdemeanor, or in the dismissal of the felony charge against that officer, the board of trustees shall reinstate that state university law enforcement officer. A state university law enforcement officer who is reinstated under division (C)(2)(b) of this section shall not receive any back pay unless that officer's conviction of the felony was reversed on appeal, or the felony charge was dismissed, because the court found insufficient evidence to convict the officer of the felony.

(3) Division (C) of this section does not apply regarding an offense that was committed prior to January 1, 1997.

(4) The suspension from employment, or the termination of the employment, of a state university law enforcement officer under division (C)(2) of this section shall be in accordance with Chapter 119. of the Revised Code.

Sec. 3345.12. (A) As used in this section and sections 3345.07 and 3345.11 of the Revised Code, in other sections of the Revised Code that make reference to this section unless the context does not permit, and in related bond proceedings unless otherwise expressly provided:

(1) "State university or college" means each of the state universities identified in section 3345.011 of the Revised Code, and the northeastern Ohio universities college of medicine, ~~and the medical university of Ohio at Toledo~~, and includes its board of trustees.

(2) "Institution of higher education" or "institution" means a state university or college, or a community college district, technical college district, university branch district, or state community college, and includes the applicable board of trustees or, in the case of a university branch district, any other managing authority.

(3) "Housing and dining facilities" means buildings, structures, and other improvements, and equipment, real estate, and interests in real estate therefor, to be used for or in connection with dormitories or other living quarters and accommodations, or related dining halls or other food service and preparation facilities, for students, members of the faculty, officers, or

employees of the institution of higher education, and their spouses and families.

(4) "Auxiliary facilities" means buildings, structures, and other improvements, and equipment, real estate, and interests in real estate therefor, to be used for or in connection with student activity or student service facilities, housing and dining facilities, dining halls, and other food service and preparation facilities, vehicular parking facilities, bookstores, athletic and recreational facilities, faculty centers, auditoriums, assembly and exhibition halls, hospitals, infirmaries and other medical and health facilities, research, and continuing education facilities.

(5) "Education facilities" means buildings, structures, and other improvements, and equipment, real estate, and interests in real estate therefor, to be used for or in connection with, classrooms or other instructional facilities, libraries, administrative and office facilities, and other facilities, other than auxiliary facilities, to be used directly or indirectly for or in connection with the conduct of the institution of higher education.

(6) "Facilities" means housing and dining facilities, auxiliary facilities, or education facilities, and includes any one, part of, or any combination of such facilities, and further includes site improvements, utilities, machinery, furnishings, and any separate or connected buildings, structures, improvements, sites, open space and green space areas, utilities or equipment to be used in, or in connection with the operation or maintenance of, or supplementing or otherwise related to the services or facilities to be provided by, such facilities.

(7) "Obligations" means bonds or notes or other evidences of obligation, including interest coupons pertaining thereto, authorized to be issued under this section or section 3345.07, 3345.11, 3354.121, 3355.091, 3357.112, or 3358.10 of the Revised Code.

(8) "Bond service charges" means principal, including any mandatory sinking fund or redemption requirements for the retirement of obligations, interest, or interest equivalent and other accreted amounts, and any call premium required to be paid on obligations.

(9) "Bond proceedings" means the resolutions, trust agreement, indenture, and other agreements and credit enhancement facilities, and amendments and supplements to the foregoing, or any one or more or combination thereof, authorizing, awarding, or providing for the terms and conditions applicable to, or providing for the security or liquidity of, obligations, and the provisions contained in those obligations.

(10) "Costs of facilities" means the costs of acquiring, constructing,

reconstructing, rehabilitating, remodeling, renovating, enlarging, improving, equipping, or furnishing facilities, and the financing thereof, including the cost of clearance and preparation of the site and of any land to be used in connection with facilities, the cost of any indemnity and surety bonds and premiums on insurance, all related direct administrative expenses and allocable portions of direct costs of the institution of higher education or state agency, cost of engineering, architectural services, design, plans, specifications and surveys, estimates of cost, legal fees, fees and expenses of trustees, depositories, bond registrars, and paying agents for the obligations, cost of issuance of the obligations and financing costs and fees and expenses of financial advisers and consultants in connection therewith, interest on the obligations from the date thereof to the time when interest is to be covered by available receipts or other sources other than proceeds of the obligations, amounts necessary to establish reserves as required by the bond proceedings, costs of audits, the reimbursements of all moneys advanced or applied by or borrowed from the institution or others, from whatever source provided, including any temporary advances from state appropriations, for the payment of any item or items of cost of facilities, and all other expenses necessary or incident to planning or determining feasibility or practicability with respect to facilities, and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, rehabilitation, remodeling, renovation, enlargement, improvement, equipment, and furnishing of facilities, the financing thereof and the placing of them in use and operation, including any one, part of, or combination of such classes of costs and expenses.

(11) "Available receipts" means all moneys received by the institution of higher education, including income, revenues, and receipts from the operation, ownership, or control of facilities, grants, gifts, donations, and pledges and receipts therefrom, receipts from fees and charges, and the proceeds of the sale of obligations, including proceeds of obligations issued to refund obligations previously issued, but excluding any special fee, and receipts therefrom, charged pursuant to division (D) of section 154.21 of the Revised Code.

(12) "Credit enhancement facilities" has the meaning given in division (H) of section 133.01 of the Revised Code.

(13) "Financing costs" has the meaning given in division (K) of section 133.01 of the Revised Code.

(14) "Interest" or "interest equivalent" has the meaning given in division (R) of section 133.01 of the Revised Code.

(B) Obligations issued under section 3345.07 or 3345.11 of the Revised

Code by a state university or college shall be authorized by resolution of its board of trustees. Obligations issued by any other institution of higher education shall be authorized by resolution of its board of trustees, or managing directors in the case of certain university branch districts, as applicable. Sections 9.96 and 9.98 to 9.983 of the Revised Code apply to obligations. Obligations may be issued to pay costs of facilities even if the institution anticipates the possibility of a future state appropriation to pay all or a portion of such costs.

(C) Obligations shall be secured by a pledge of and lien on all or such part of the available receipts of the institution of higher education as it provides for in the bond proceedings, excluding moneys raised by taxation and state appropriations. Such pledge and lien may be made prior to all other expenses, claims, or payments, excepting any pledge of such available receipts previously made to the contrary and except as provided by any existing restrictions on the use thereof, or such pledge and lien may be made subordinate to such other expenses, claims, or payments, as provided in the bond proceedings. Obligations may be additionally secured by covenants of the institution to make, fix, adjust, collect, and apply such charges, rates, fees, rentals, and other items of available receipts as will produce pledged available receipts sufficient to meet bond service charges, reserve, and other requirements provided for in the bond proceedings. Notwithstanding this and any other sections of the Revised Code, the holders or owners of the obligations shall not be given the right and shall have no right to have excises or taxes levied by the general assembly for the payment of bond service charges thereon, and each such obligation shall bear on its face a statement to that effect and to the effect that the right to such payment is limited to the available receipts and special funds pledged to such purpose under the bond proceedings.

All pledged available receipts and funds and the proceeds of obligations are trust funds and, subject to the provisions of this section and the applicable bond proceedings, shall be held, deposited, invested, reinvested, disbursed, applied, and used to such extent, in such manner, at such times, and for such purposes, as are provided in the bond proceedings.

(D) The bond proceedings for obligations shall provide for the purpose thereof and the principal amount or maximum principal amount, and provide for or authorize the manner of determining the principal maturity or maturities, the sale price including any permitted discount, the interest rate or rates, which may be a variable rate or rates, or the maximum interest rate, the date of the obligations and the date or dates of payment of interest thereon, their denominations, the manner of sale thereof, and the

establishment within or without the state of a place or places of payment of bond service charges. The bond proceedings also shall provide for a pledge of and lien on available receipts of the institution of higher education as provided in division (C) of this section, and a pledge of and lien on such fund or funds provided in the bond proceedings arising from available receipts, which pledges and liens may provide for parity with obligations theretofore or thereafter issued by the institution. The available receipts so pledged and thereafter received by the institution and the funds so pledged are immediately subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge is valid and binding against all parties having claims of any kind against the institution, irrespective of whether such parties have notice thereof, and shall create a perfected security interest for all purposes of Chapter 1309. of the Revised Code, without the necessity for separation or delivery of funds or for the filing or recording of the bond proceedings by which such pledge is created or any certificate, statement, or other document with respect thereto; and the pledge of such available receipts and funds shall be effective and the money therefrom and thereof may be applied to the purposes for which pledged without necessity for any act of appropriation.

(E) The bond proceedings may contain additional provisions customary or appropriate to the financing or to the obligations or to particular obligations, including:

(1) The acquisition, construction, reconstruction, equipment, furnishing, improvement, operation, alteration, enlargement, maintenance, insurance, and repair of facilities, and the duties of the institution of higher education with reference thereto;

(2) The terms of the obligations, including provisions for their redemption prior to maturity at the option of the institution of higher education at such price or prices and under such terms and conditions as are provided in the bond proceedings;

(3) Limitations on the purposes to which the proceeds of the obligations may be applied;

(4) The rates or rentals or other charges for the use of or right to use the facilities financed by the obligations, or other properties the revenues or receipts from which are pledged to the obligations, and rules for assuring use and occupancy thereof, including limitations upon the right to modify such rates, rentals, other charges, or regulations;

(5) The use and expenditure of the pledged available receipts in such manner and to such extent as shall be determined, which may include provision for the payment of the expenses of operation, maintenance, and

repair of facilities so that such expenses, or part thereof, shall be paid or provided as a charge prior or subsequent to the payment of bond service charges and any other payments required to be made by the bond proceedings;

(6) Limitations on the issuance of additional obligations;

(7) The terms of any trust agreement or indenture securing the obligations or under which the same may be issued;

(8) The deposit, investment, and application of funds, and the safeguarding of funds on hand or on deposit without regard to Chapter 131. or 135. of the Revised Code, and any bank or trust company or other financial institution that acts as depository of any moneys under the bond proceedings shall furnish such indemnifying bonds or pledge such securities as required by the bond proceedings or otherwise by the institution of higher education;

(9) The binding effect of any or every provision of the bond proceedings upon such officer, board, commission, authority, agency, department, or other person or body as may from time to time have the authority under law to take such actions as may be necessary to perform all or any part of the duty required by such provision;

(10) Any provision that may be made in a trust agreement or indenture;

(11) Any other or additional agreements with respect to the facilities of the institution of higher education, their operation, the available receipts and funds pledged, and insurance of facilities and of the institution its officers and employees.

(F) Such obligations may have the seal of the institution of higher education or a facsimile thereof affixed thereto or printed thereon and shall be executed by such officers as are designated in the bond proceedings, which execution may be by facsimile signatures. Any obligations may be executed by an officer who, on the date of execution, is the proper officer although on the date of such obligations such person was not the proper officer. In case any officer whose signature or a facsimile of whose signature appears on any such obligation ceases to be such officer before delivery thereof, such signature or facsimile is nevertheless valid and sufficient for all purposes as if the person had remained such officer until such delivery; and in case the seal of the institution has been changed after a facsimile of the seal has been imprinted on such obligations, such facsimile seal continues to be sufficient as to such obligations and obligations issued in substitution or exchange therefor.

(G) All such obligations are negotiable instruments and securities under Chapter 1308. of the Revised Code, subject to the provisions of the bond

proceedings as to registration. The obligations may be issued in coupon or in registered form, or both. Provision may be made for the registration of any obligations with coupons attached thereto as to principal alone or as to both principal and interest, their exchange for obligations so registered, and for the conversion or reconversion into obligations with coupons attached thereto of any obligations registered as to both principal and interest, and for reasonable charges for such registration, exchange, conversion, and reconversion.

(H) Pending preparation of definitive obligations, the institution of higher education may issue interim receipts or certificates which shall be exchanged for such definitive obligations.

(I) Such obligations may be secured additionally by a trust agreement or indenture between the institution of higher education and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without this state but authorized to exercise trust powers within this state. Any such agreement or indenture may contain the resolution authorizing the issuance of the obligations, any provisions that may be contained in the bond proceedings as authorized by this section, and other provisions which are customary or appropriate in an agreement or indenture of such type, including:

(1) Maintenance of each pledge, trust agreement, and indenture, or other instrument comprising part of the bond proceedings until the institution of higher education has fully paid the bond service charges on the obligations secured thereby, or provision therefor has been made;

(2) In the event of default in any payments required to be made by the bond proceedings, or any other agreement of the institution of higher education made as a part of the contract under which the obligations were issued, enforcement of such payments or agreement by mandamus, the appointment of a receiver, suit in equity, action at law, or any combination of the foregoing;

(3) The rights and remedies of the holders of obligations and of the trustee, and provisions for protecting and enforcing them, including limitations on rights of individual holders of obligations;

(4) The replacement of any obligations that become mutilated or are destroyed, lost, or stolen;

(5) Such other provisions as the trustee and the institution of higher education agree upon, including limitations, conditions, or qualifications relating to any of the foregoing.

(J) Each duty of the institution of higher education and its officers or employees, undertaken pursuant to the bond proceedings or any related

agreement or lease made under authority of law, is hereby established as a duty of such institution, and of each such officer or employee having authority to perform such duty, specially enjoined by law resulting from an office, trust, or station within the meaning of section 2731.01 of the Revised Code. The persons who are at the time the members of the board of trustees or the managing directors of the institution or its officers or employees are not liable in their personal capacities on such obligations, or lease, or other agreement of the institution.

(K) The authority to issue obligations includes authority to:

(1) Issue obligations in the form of bond anticipation notes and to renew them from time to time by the issuance of new notes. Such notes are payable solely from the available receipts and funds that may be pledged to the payment of such bonds, or from the proceeds of such bonds or renewal notes, or both, as the institution of higher education provides in its resolution authorizing such notes. Such notes may be additionally secured by covenants of the institution to the effect that it will do such or all things necessary for the issuance of such bonds or renewal notes in appropriate amount, and either exchange such bonds or renewal notes therefor or apply the proceeds thereof to the extent necessary, to make full payment of the bond service charges on such notes at the time or times contemplated, as provided in such resolution. Subject to the provisions of this division, all references to obligations in this section apply to such anticipation notes.

(2) Issue obligations to refund, including funding and retirement of, obligations previously issued to pay costs of facilities. Such obligations may be issued in amounts sufficient for payment of the principal amount of the obligations to be so refunded, any redemption premiums thereon, principal maturities of any obligations maturing prior to the redemption of any other obligations on a parity therewith to be so refunded, interest accrued or to accrue to the maturity date or dates of redemption of such obligations, and any expenses incurred or to be incurred in connection with such refunding or the issuance of the obligations.

(L) Obligations are lawful investments for banks, societies for savings, savings and loan associations, deposit guarantee associations, trust companies, trustees, fiduciaries, insurance companies, including domestic for life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other special funds of political subdivisions and taxing districts of this state, the commissioners of the sinking fund, the administrator of workers' compensation in accordance with the investment policy established by the workers' compensation oversight commission pursuant to section 4121.12 of the Revised Code, the state teachers

retirement system, the public employees retirement system, the school employees retirement system, and the Ohio police and fire pension fund, notwithstanding any other provisions of the Revised Code or rules adopted pursuant thereto by any state agency with respect to investments by them, and are also acceptable as security for the deposit of public moneys.

(M) All facilities purchased, acquired, constructed, or owned by an institution of higher education, or financed in whole or in part by obligations issued by an institution, and used for the purposes of the institution or other publicly owned and controlled college or university, is public property used exclusively for a public purpose, and such property and the income therefrom is exempt from all taxation and assessment within this state, including ad valorem and excise taxes. The obligations, the transfer thereof, and the income therefrom, including any profit made on the sale thereof, are at all times free from taxation within the state. The transfer of tangible personal property by lease under authority of this section or section 3345.07, 3345.11, 3354.121, 3355.091, 3357.112, or 3358.10 of the Revised Code is not a sale as used in Chapter 5739. of the Revised Code.

(N) The authority granted by this section is cumulative with the authority granted to institutions of higher education under Chapter 154. of the Revised Code, and nothing in this section impairs or limits the authority granted by Chapter 154. of the Revised Code. In any lease, agreement, or commitment made by an institution of higher education under Chapter 154. of the Revised Code, it may agree to restrict or subordinate any pledge it may thereafter make under authority of this section.

(O) Title to lands acquired under this section and sections 3345.07 and 3345.11 of the Revised Code by a state university or college shall be taken in the name of the state.

(P) Except where costs of facilities are to be paid in whole or in part from funds appropriated by the general assembly, section 125.81 of the Revised Code and the requirement for certification with respect thereto under section 153.04 of the Revised Code do not apply to such facilities.

(Q) A state university or college may sell or lease lands or interests in land owned by it or by the state for its use, or facilities authorized to be acquired or constructed by it under section 3345.07 or 3345.11 of the Revised Code, to permit the purchasers or lessees thereof to acquire, construct, equip, furnish, reconstruct, alter, enlarge, remodel, renovate, rehabilitate, improve, maintain, repair, or maintain and operate thereon and to provide by lease or otherwise to such institution, facilities authorized in section 3345.07 or 3345.11 of the Revised Code. Such land or interests therein shall be sold for such appraised value, or leased, and on such terms

as the board of trustees determines. All deeds or other instruments relating to such sales or leases shall be executed by such officer of the state university or college as the board of trustees designates. The state university or college shall hold, invest, or use the proceeds of such sales or leases for the same purposes for which proceeds of borrowings may be used under sections 3345.07 and 3345.11 of the Revised Code.

(R) An institution of higher education may pledge available receipts, to the extent permitted by division (C) of this section with respect to obligations, to secure the payments to be made by it under any lease, lease with option to purchase, or lease-purchase agreement authorized under this section or section 3345.07, 3345.11, 3354.121, 3355.091, 3357.112, or 3358.10 of the Revised Code.

Sec. 3345.17. All property, personal, real, or mixed of the boards of trustees and of the housing commissions of the state universities, ~~the medical university of Ohio at Toledo~~, the northeastern Ohio universities college of medicine, and of the state held for the use and benefit of any such institution, which is used for the support of such institution, is exempt from taxation so long as such property is used for the support of such university or college.

Sec. 3345.31. The boards of trustees of a state university, ~~the board of trustees of the medical university of Ohio at Toledo~~, the board of trustees of the northeastern Ohio universities college of medicine, the board of trustees of a technical college or community college district, and the board of control of the Ohio agricultural research and development center may establish compensation plans, including schedules of hourly rates, for the compensation of all employees and may establish rules or policies for the administration of their respective compensation plans.

The provisions of this section do not apply to employees for whom the state employment relations board establishes appropriate bargaining units pursuant to section 4117.06 of the Revised Code.

Sec. 3345.32. (A) As used in this section:

(1) "State university or college" means the institutions described in section 3345.27 of the Revised Code; and the northeastern Ohio universities college of medicine; ~~and the medical university of Ohio at Toledo.~~

(2) "Resident" has the meaning specified by rule of the Ohio board of regents.

(3) "Statement of selective service status" means a statement certifying one of the following:

(a) That the individual filing the statement has registered with the selective service system in accordance with the "Military Selective Service

Act," 62 Stat. 604, 50 U.S.C. App. 453, as amended;

(b) That the individual filing the statement is not required to register with the selective service for one of the following reasons:

(i) The individual is under eighteen or over twenty-six years of age;

(ii) The individual is on active duty with the armed forces of the United States other than for training in a reserve or national guard unit;

(iii) The individual is a nonimmigrant alien lawfully in the United States in accordance with section 101 (a)(15) of the "Immigration and Nationality Act," 8 U.S.C. 1101, as amended;

(iv) The individual is not a citizen of the United States and is a permanent resident of the Trust Territory of the Pacific Islands or the Northern Mariana Islands.

(4) "Institution of higher education" means any eligible institution approved by the United States department of education pursuant to the "Higher Education Act of 1965," 79 Stat. 1219, as amended, or any institution whose students are eligible for financial assistance under any of the programs described by division (E) of this section.

(B) The Ohio board of regents shall, by rule, specify the form of statements of selective service status to be filed in compliance with divisions (C) to (F) of this section. Each statement of selective service status shall contain a section wherein a male student born after December 31, 1959, certifies that the student has registered with the selective service system in accordance with the "Military Selective Service Act," 62 Stat. 604, 50 U.S.C. App. 453, as amended. For those students not required to register with the selective service, as specified in divisions (A)(2)(b)(i) to (iv) of this section, a section shall be provided on the statement of selective service status for the certification of nonregistration and for an explanation of the reason for the exemption. The board of regents may require that such statements be accompanied by documentation specified by rule of the board.

(C) A state university or college that enrolls in any course, class, or program a male student born after December 31, 1959, who has not filed a statement of selective service status with the university or college shall, regardless of the student's residency, charge the student any tuition surcharge charged students who are not residents of this state.

(D) No male born after December 31, 1959, shall be eligible to receive any loan, grant, scholarship, or other financial assistance for educational expenses under section 3315.33, 3333.12, 3333.122, 3333.21, 3333.22, 3333.26, 3333.27, 5910.03, 5910.032, or 5919.34 of the Revised Code unless that person has filed a statement of selective service status with that person's institution of higher education.

(E) If an institution of higher education receives a statement from an individual certifying that the individual has registered with the selective service system in accordance with the "Military Selective Service Act," 62 Stat. 604, 50 U.S.C. App. 453, as amended or that the individual is exempt from registration for a reason other than that the individual is under eighteen years of age, the institution shall not require the individual to file any further statements. If it receives a statement certifying that the individual is not required to register because the individual is under eighteen years of age, the institution shall require the individual to file a new statement of selective service status each time the individual seeks to enroll for a new academic term or makes application for a new loan or loan guarantee or for any form of financial assistance for educational expenses, until it receives a statement certifying that the individual has registered with the selective service system or is exempt from registration for a reason other than that the individual is under eighteen years of age.

Sec. 3345.50. Notwithstanding anything to the contrary in sections 123.01 and 123.15 of the Revised Code, a state university, ~~the medical university of Ohio at Toledo~~, a state community college, or the northeastern Ohio universities college of medicine not certified pursuant to section 123.17 of the Revised Code may administer any capital facilities project for the construction, reconstruction, improvement, renovation, enlargement, or alteration of a public improvement under its jurisdiction for which the total amount of funds expected to be appropriated by the general assembly does not exceed four million dollars without the supervision, control, or approval of the department of administrative services as specified in those sections, if both of the following occur:

(A) Within sixty days after the effective date of the section of an act in which the general assembly initially makes an appropriation for the project, the board of trustees of the institution notifies the Ohio board of regents in writing of its intent to administer the capital facilities project;

(B) The board of trustees complies with the guidelines established pursuant to section 153.16 of the Revised Code and all laws that govern the selection of consultants, preparation and approval of contract documents, receipt of bids, and award of contracts with respect to the project.

The board of regents shall adopt rules in accordance with Chapter 119. of the Revised Code that establish criteria for the administration by any such institution of higher education of a capital facilities project for which the total amount of funds expected to be appropriated by the general assembly exceeds four million dollars. The criteria, to be developed with the department of administrative services and higher education representatives

selected by the board of regents, shall include such matters as the adequacy of the staffing levels and expertise needed for the institution to administer the project, past performance of the institution in administering such projects, and the amount of institutional or other nonstate money to be used in financing the project. The board of regents and the department of administrative services shall approve the request of any such institution of higher education that seeks to administer any such capital facilities project and meets the criteria set forth in the rules and in the requirements of division (B) of this section.

Sec. 3345.51. (A) Notwithstanding anything to the contrary in sections 123.01 and 123.15 of the Revised Code, a state university, ~~the medical university of Ohio at Toledo~~, the northeastern Ohio universities college of medicine, or a state community college may administer any capital facilities project for the construction, reconstruction, improvement, renovation, enlargement, or alteration of a public improvement under its jurisdiction for which funds are appropriated by the general assembly without the supervision, control, or approval of the department of administrative services as specified in those sections, if all of the following occur:

(1) The institution is certified by the state architect under section 123.17 of the Revised Code;

(2) Within sixty days after the effective date of the section of an act in which the general assembly initially makes an appropriation for the project, the board of trustees of the institution notifies the Ohio board of regents in writing of its request to administer the capital facilities project and the board of regents approves that request pursuant to division (B) of this section;

(3) The board of trustees passes a resolution stating its intent to comply with section 153.13 of the Revised Code and the guidelines established pursuant to section 153.16 of the Revised Code and all laws that govern the selection of consultants, preparation and approval of contract documents, receipt of bids, and award of contracts with respect to the project.

(B) The board of regents shall adopt rules in accordance with Chapter 119. of the Revised Code that establish criteria for the administration by any such institution of higher education of a capital facilities project for which the general assembly appropriates funds. The criteria, to be developed with the department of administrative services and higher education representatives selected by the board of regents, shall include such matters as the adequacy of the staffing levels and expertise needed for the institution to administer the project, past performance of the institution in administering such projects, and the amount of institutional or other nonstate money to be used in financing the project. The board of regents shall

approve the request of any such institution of higher education that seeks to administer any such capital facilities project and meets the criteria set forth in the rules and the requirements of division (A) of this section.

(C) Any institution that administers a capital facilities project under this section shall conduct biennial audits for the duration of the project to ensure that the institution is complying with Chapters 9., 123., and 153. of the Revised Code and that the institution is using its certification issued under section 123.17 of the Revised Code appropriately. The board of regents, in consultation with higher education representatives selected by the board, shall adopt rules in accordance with Chapter 119. of the Revised Code that establish criteria for the conduct of the audits. The criteria shall include documentation necessary to determine compliance with Chapters 9., 123., and 153. of the Revised Code and a method to determine whether an institution is using its certification issued under section 123.17 of the Revised Code appropriately.

(D) The board of regents, in consultation with higher education representatives selected by the board, shall adopt rules in accordance with Chapter 119. of the Revised Code establishing criteria for monitoring capital facilities projects administered by institutions under this section. The criteria shall include the following:

(1) Conditions under which the board of regents may revoke the authority of an institution to administer a capital facilities project under this section, including the failure of an institution to maintain a sufficient number of employees who have successfully completed the certification program under section 123.17 of the Revised Code;

(2) A process for institutions to remedy any problems found by an audit conducted pursuant to division (C) of this section, including the improper use of state funds or violations of Chapter 9., 123., or 153. of the Revised Code.

(E) If the board of regents revokes an institution's authority to administer a capital facilities project, the department of administrative services shall administer the capital facilities project. The board of regents also may require an institution, for which the board revoked authority to administer a capital facilities project, to acquire a new local administration competency certification pursuant to section 123.17 of the Revised Code.

Sec. 3345.71. As used in sections 3345.72 to 3345.77 of the Revised Code:

(A) "State university or college" means any state university listed in section 3345.011 of the Revised Code, the northeastern Ohio universities college of medicine, ~~the medical university of Ohio at Toledo~~, any

community college under Chapter 3354. of the Revised Code, any technical college under Chapter 3357. of the Revised Code, and any state community college under Chapter 3358. of the Revised Code.

(B) "Fiscal watch" means the existence of a fiscal watch declared under section 3345.72 of the Revised Code.

SECTION 3. That existing sections 145.011, 151.04, 154.01, 3305.01, 3307.01, 3333.045, 3334.01, 3345.04, 3345.12, 3345.17, 3345.31, 3345.32, 3345.50, 3345.51, and 3345.71 and sections 3350.01, 3350.02, 3350.03, 3350.04, 3350.05, 3360.01, 3360.02, 3360.03, 3360.04, and 3360.05 of the Revised Code are hereby repealed.

SECTION 4. The boards of trustees of the University of Toledo and the Medical University of Ohio at Toledo are authorized to enter into a memorandum of understanding regarding the combination of the two institutions of higher education into a single state university as prescribed by section 3364.01 of the Revised Code. That memorandum may address such matters as the boards of trustees of the University of Toledo and the Medical University of Ohio at Toledo deem necessary and appropriate to provide for the transition of the two institutions into a combined institution, including, without limitation, the identification of the initial president of the combined institution, the process for selection of the initial chairperson of the board of trustees of the combined institution, the relationship to the combined institution of the existing foundations supporting the two separate institutions, accounting of funds, and administration of grants.

SECTION 5. That Sections 209.63, 209.63.57, and 209.64.22 of Am. Sub. H.B. 66 of the 126th General Assembly be amended to read as follows:

Sec. 209.63. BOR BOARD OF REGENTS

General Revenue Fund

GRF 235-321	Operating Expenses	\$	2,897,659	\$	2,966,351
GRF 235-401	Lease Rental Payments	\$	200,619,200	\$	200,795,300
GRF 235-402	Sea Grants	\$	231,925	\$	231,925
GRF 235-406	Articulation and Transfer	\$	2,900,000	\$	2,900,000
GRF 235-408	Midwest Higher Education Compact	\$	90,000	\$	90,000
GRF 235-409	Information System	\$	1,146,510	\$	1,175,172
GRF 235-414	State Grants and Scholarship Administration	\$	1,352,811	\$	1,382,881
GRF 235-415	Jobs Challenge	\$	9,348,300	\$	9,348,300
GRF 235-417	Ohio Learning Network	\$	3,119,496	\$	3,119,496

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GRF 235-418	Access Challenge	\$	73,513,302	\$	73,004,671
GRF 235-420	Success Challenge	\$	52,601,934	\$	52,601,934
GRF 235-428	Appalachian New Economy Partnership	\$	1,176,068	\$	1,176,068
GRF 235-433	Economic Growth Challenge	\$	20,343,097	\$	23,186,194
GRF 235-434	College Readiness and Access	\$	6,375,975	\$	7,655,425
GRF 235-435	Teacher Improvement Initiatives	\$	2,697,506	\$	2,697,506
GRF 235-451	Eminent Scholars	\$	0	\$	1,370,988
GRF 235-455	EnterpriseOhio Network	\$	1,373,941	\$	1,373,941
GRF 235-474	Area Health Education Centers Program Support	\$	1,571,756	\$	1,571,756
GRF 235-501	State Share of Instruction	\$	1,559,096,031	\$	1,589,096,031
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 235-507	OhioLINK	\$	6,887,824	\$	6,887,824
GRF 235-508	Air Force Institute of Technology	\$	1,925,345	\$	1,925,345
GRF 235-510	Ohio Supercomputer Center	\$	4,271,195	\$	4,271,195
GRF 235-511	Cooperative Extension Service	\$	25,644,863	\$	25,644,863
GRF 235-513	Ohio University Voinovich Center	\$	336,082	\$	336,082
GRF 235-515	Case Western Reserve University School of Medicine	\$	3,011,271	\$	3,011,271
GRF 235-518	Capitol Scholarship Program	\$	125,000	\$	125,000
GRF 235-519	Family Practice	\$	4,548,470	\$	4,548,470
GRF 235-520	Shawnee State Supplement	\$	1,918,830	\$	1,822,889
GRF 235-521	The Ohio State University Glenn Institute	\$	286,082	\$	286,082
GRF 235-524	Police and Fire Protection	\$	171,959	\$	171,959
GRF 235-525	Geriatric Medicine	\$	750,110	\$	750,110
GRF 235-526	Primary Care Residencies	\$	2,245,688	\$	2,245,688
GRF 235-527	Ohio Aerospace Institute	\$	1,764,957	\$	1,764,957
GRF 235-530	Academic Scholarships	\$	7,800,000	\$	7,800,000
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 235-535	Ohio Agricultural Research and Development Center	\$	35,955,188	\$	35,955,188
GRF 235-536	The Ohio State University Clinical Teaching	\$	13,565,885	\$	13,565,885
GRF 235-537	University of Cincinnati Clinical Teaching	\$	11,157,756	\$	11,157,756
GRF 235-538	Medical University of Ohio at Toledo Clinical Teaching	\$	8,696,866	\$	8,696,866
GRF 235-539	Wright State University Clinical Teaching	\$	4,225,107	\$	4,225,107
GRF 235-540	Ohio University Clinical Teaching	\$	4,084,540	\$	4,084,540
GRF 235-541	Northeastern Ohio Universities College of	\$	4,200,945	\$	4,200,945

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GRF 235-543	Medicine Clinical Teaching Ohio College of Podiatric Medicine Clinic Subsidy	\$	250,000	\$	250,000
GRF 235-547	School of International Business	\$	450,000	\$	450,000
GRF 235-549	Part-time Student Instructional Grants	\$	14,457,721	\$	10,534,617
GRF 235-552	Capital Component	\$	19,058,863	\$	19,058,863
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
GRF 235-555	Library Depositories	\$	1,696,458	\$	1,696,458
GRF 235-556	Ohio Academic Resources Network	\$	3,727,223	\$	3,727,223
GRF 235-558	Long-term Care Research	\$	211,047	\$	211,047
GRF 235-561	Bowling Green State University Canadian Studies Center	\$	100,015	\$	100,015
GRF 235-563	Ohio College Opportunity Grant	\$	0	\$	58,144,139
GRF 235-572	The Ohio State University Clinic Support	\$	1,277,019	\$	1,277,019
GRF 235-583	Urban University Program	\$	4,992,937	\$	4,992,937
GRF 235-587	Rural University Projects	\$	1,147,889	\$	1,147,889
GRF 235-596	Hazardous Materials Program	\$	360,435	\$	360,435
GRF 235-599	National Guard Scholarship Program	\$	15,128,472	\$	16,611,063
GRF 235-909	Higher Education General Obligation Debt Service	\$	137,600,300	\$	152,114,100
TOTAL GRF General Revenue Fund		\$	2,469,260,757	\$	2,548,147,869
General Services Fund Group					
220 235-614	Program Approval and Reauthorization	\$	400,000	\$	400,000
456 235-603	Sales and Services	\$	700,000	\$	900,000
TOTAL GSF General Services Fund Group		\$	1,100,000	\$	1,300,000
Federal Special Revenue Fund Group					
3H2 235-608	Human Services Project	\$	1,500,000	\$	1,500,000
3H2 235-622	Medical Collaboration Network	\$	3,346,143	\$	3,346,143
3N6 235-605	State Student Incentive Grants	\$	2,196,680	\$	2,196,680
3T0 235-610	National Health Service Corps - Ohio Loan Repayment	\$	150,001	\$	150,001
312 235-609	Tech Prep	\$	183,850	\$	183,850
312 235-611	Gear-up Grant	\$	1,370,691	\$	1,370,691
312 235-612	Carl D. Perkins Grant/Plan Administration	\$	112,960	\$	112,960
312 235-615	Professional Development	\$	523,129	\$	523,129
312 235-617	Improving Teacher Quality Grant	\$	2,900,000	\$	2,900,000
312 235-619	Ohio Supercomputer Center	\$	6,000,000	\$	6,000,000
312 235-621	Science Education Network	\$	1,686,970	\$	1,686,970

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312	235-631	Federal Grants	\$	250,590	\$	250,590
TOTAL FED Federal Special Revenue						
Fund Group			\$	20,221,014	\$	20,221,014
State Special Revenue Fund Group						
4E8	235-602	Higher Educational Facility Commission Administration	\$	55,000	\$	55,000
4P4	235-604	Physician Loan Repayment	\$	476,870	\$	476,870
649	235-607	The Ohio State University Highway/Transportation Research	\$	760,000	\$	760,000
682	235-606	Nursing Loan Program	\$	893,000	\$	893,000
TOTAL SSR State Special Revenue						
Fund Group			\$	2,184,870	\$	2,184,870
TOTAL ALL BUDGET FUND GROUPS			\$	2,492,766,641	\$	2,571,853,753

Sec. 209.63.57. STATE SHARE OF INSTRUCTION

As soon as practicable during each fiscal year of the biennium ending June 30, 2007, in accordance with instructions of the Board of Regents, each state-assisted institution of higher education shall report its actual enrollment to the Board of Regents.

The Board of Regents shall establish procedures required by the system of formulas set out below and for the assignment of individual institutions to categories described in the formulas. The system of formulas establishes the manner in which aggregate expenditure requirements shall be determined for each of the three components of institutional operations. In addition to other adjustments and calculations described below, the subsidy entitlement of an institution shall be determined by subtracting from the institution's aggregate expenditure requirements income to be derived from the local contributions assumed in calculating the subsidy entitlements. The local contributions for purposes of determining subsidy support shall not limit the authority of the individual boards of trustees to establish fee levels.

The General Studies and Technical models shall be adjusted by the Board of Regents so that the share of state subsidy earned by those models is not altered by changes in the overall local share. A lower-division fee differential shall be used to maintain the relationship that would have occurred between these models and the baccalaureate models had an assumed share of 37.5 per cent been funded.

In defining the number of full-time equivalent (FTE) students for state subsidy purposes, the Board of Regents shall exclude all undergraduate students who are not residents of Ohio, except those charged in-state fees in accordance with reciprocity agreements made under section 3333.17 of the Revised Code or employer contracts entered into under section 3333.32 of the Revised Code.

(A) AGGREGATE EXPENDITURE PER FULL-TIME EQUIVALENT STUDENT

(1) INSTRUCTION AND SUPPORT SERVICES

MODEL	FY 2006	FY 2007
General Studies I	\$ 4,655	\$ 4,655
General Studies II	\$ 5,135	\$ 5,135
General Studies III	\$ 6,365	\$ 6,365
Technical I	\$ 5,926	\$ 5,926
Technical III	\$ 9,107	\$ 9,107
Baccalaureate I	\$ 7,160	\$ 7,160
Baccalaureate II	\$ 8,235	\$ 8,235
Baccalaureate III	\$11,841	\$11,841
Masters and Professional I	\$19,088	\$19,088
Masters and Professional II	\$20,984	\$20,984
Masters and Professional III	\$27,234	\$27,234
Medical I	\$29,143	\$29,143
Medical II	\$37,172	\$37,172
MPD I	\$13,645	\$13,645

(2) STUDENT SERVICES

For this purpose, FTE counts shall be weighted to reflect differences among institutions in the numbers of students enrolled on a part-time basis. The student services subsidy per FTE shall be \$890 in each fiscal year for all models.

(B) PLANT OPERATION AND MAINTENANCE (POM)

(1) DETERMINATION OF THE SQUARE-FOOT-BASED POM SUBSIDY

Space undergoing renovation shall be funded at the rate allowed for storage space.

In the calculation of square footage for each campus, square footage shall be weighted to reflect differences in space utilization.

The space inventories for each campus shall be those determined in the fiscal year 2003 state share of instruction calculation, adjusted for changes attributable to the construction or renovation of facilities for which state appropriations were made or local commitments were made prior to January 1, 1995.

Only 50 per cent of the space permanently taken out of operation in fiscal year 2006 or fiscal year 2007 that is not otherwise replaced by a campus shall be deleted from the plant operation and maintenance space inventory.

The square-foot-based plant operation and maintenance subsidy for each campus shall be determined as follows:

(a) For each standard room type category shown below, the

subsidy-eligible net assignable square feet (NASF) for each campus shall be multiplied by the following rates, and the amounts summed for each campus to determine the total gross square-foot-based POM expenditure requirement:

	FY 2006	FY 2007
Classrooms	\$5.86	\$5.86
Laboratories	\$7.31	\$7.31
Offices	\$5.86	\$5.86
Audio Visual Data Processing	\$7.31	\$7.31
Storage	\$2.59	\$2.59
Circulation	\$7.39	\$7.39
Other	\$5.86	\$5.86

(b) The total gross square-foot POM expenditure requirement shall be allocated to models in proportion to each campus's activity-based POM weight multiplied by the two- or five-year average subsidy-eligible FTEs for all models.

(c) The amounts allocated to models in division (B)(1)(b) of this section shall be multiplied by the ratio of subsidy-eligible FTE students to total FTE students reported in each model, and the amounts summed for all models. To this total amount shall be added an amount to support roads and grounds expenditures, which shall also be multiplied by the ratio of subsidy-eligible FTE students to total FTEs reported for each model. From this total amount, the amounts for Doctoral I and Doctoral II shall be subtracted to produce the square-foot-based POM subsidy.

(2) DETERMINATION OF THE ACTIVITY-BASED POM SUBSIDY

(a) The number of subsidy-eligible FTE students in each model shall be multiplied by the following rates for each campus for each fiscal year.

	FY 2006	FY 2007
General Studies I	\$ 512	\$ 512
General Studies II	\$ 662	\$ 662
General Studies III	\$1,464	\$1,464
Technical I	\$ 752	\$ 752
Technical III	\$1,343	\$1,343
Baccalaureate I	\$ 639	\$ 639
Baccalaureate II	\$1,149	\$1,149
Baccalaureate III	\$1,262	\$1,262
Masters and Professional I	\$1,258	\$1,258
Masters and Professional II	\$2,446	\$2,446
Masters and Professional III	\$3,276	\$3,276
Medical I	\$1,967	\$1,967

Medical II	\$3,908	\$3,908
MPD I	\$1,081	\$1,081

(b) The sum of the products for each campus determined in division (B)(2)(a) of this section for all models except Doctoral I and Doctoral II for each fiscal year shall be weighted by a factor to reflect sponsored research activity and job training-related public services expenditures to determine the total activity-based POM subsidy.

(C) CALCULATION OF CORE SUBSIDY ENTITLEMENTS AND ADJUSTMENTS

(1) CALCULATION OF CORE SUBSIDY ENTITLEMENTS

The calculation of the core subsidy entitlement shall consist of the following components:

(a) For each campus in each fiscal year, the core subsidy entitlement shall be determined by multiplying the amounts listed above in divisions (A)(1) and (2) and (B)(2) of this section less assumed local contributions, by (i) average subsidy-eligible FTEs for the two-year period ending in the prior year for all models except Doctoral I and Doctoral II; and (ii) average subsidy-eligible FTEs for the five-year period ending in the prior year for all models except Doctoral I and Doctoral II.

(b) In calculating the core subsidy entitlements for Medical II models only, the Board of Regents shall use the following count of FTE students:

(i) For those medical schools whose current year enrollment, including students repeating terms, is below the base enrollment, the Medical II FTE enrollment shall equal: 65 per cent of the base enrollment plus 35 per cent of the current year enrollment including students repeating terms, where the base enrollment is:

The Ohio State University	1010
University of Cincinnati	833
Medical University of Ohio at Toledo	650
Wright State University	433
Ohio University	433
Northeastern Ohio Universities College of Medicine	433

(ii) For those medical schools whose current year enrollment, excluding students repeating terms, is equal to or greater than the base enrollment, the Medical II FTE enrollment shall equal the base enrollment plus the FTE for repeating students.

(iii) Students repeating terms may be no more than five per cent of current year enrollment.

(c) The Board of Regents shall compute the sum of the two calculations

listed in division (C)(1)(a) of this section and use the greater sum as the core subsidy entitlement.

The POM subsidy for each campus shall equal the greater of the square-foot-based subsidy or the activity-based POM subsidy component of the core subsidy entitlement.

(d) The state share of instruction provided for doctoral students shall be based on a fixed percentage of the total appropriation. In each fiscal year of the biennium not more than 10.34 per cent of the total state share of instruction shall be reserved to implement the recommendations of the Graduate Funding Commission. It is the intent of the General Assembly that the doctoral reserve not exceed 10.34 per cent of the total state share of instruction to implement the recommendations of the Graduate Funding Commission. The Board of Regents may reallocate up to two per cent in each fiscal year of the reserve among the state-assisted universities on the basis of a quality review as specified in the recommendations of the Graduate Funding Commission. No such reallocation shall occur unless the Board of Regents, in consultation with representatives of state-assisted universities, determines that sufficient funds are available for this purpose.

The amount so reserved shall be allocated to universities in proportion to their share of the total number of Doctoral I equivalent FTEs as calculated on an institutional basis using the greater of the two-year or five-year FTEs for the period fiscal year 1994 through fiscal year 1998 with annualized FTEs for fiscal years 1994 through 1997 and all-term FTEs for fiscal year 1998 as adjusted to reflect the effects of doctoral review and subsequent changes in Doctoral I equivalent enrollments. For the purposes of this calculation, Doctoral I equivalent FTEs shall equal the sum of Doctoral I FTEs plus 1.5 times the sum of Doctoral II FTEs.

If a university participates in the Innovation Incentive Program outlined in appropriation item 235-433, Economic Growth Challenge, then the Board of Regents shall withhold 1.5 per cent in fiscal year 2006 and three per cent in fiscal year 2007 of the participating university's allocation of the doctoral reserve. This withholding is intended to increase incrementally with a goal of setting aside 15 per cent of the total doctoral reserve by fiscal year 2016.

The Board of Regents shall use the combined amount of each participating state-assisted university's set aside of the doctoral reserve that has been withheld, the state matching funds earmarked under appropriation item 235-433, Economic Growth Challenge, and the amount set aside by each accredited Ohio institution of higher education holding a certificate of authorization under section 1713.02 of the Revised Code electing to participate in the Innovation Incentive Program to make awards through a

competitive process under the Innovation Incentive Program. Only universities electing to set aside the prescribed amount shall be eligible to compete for and receive Innovation Incentive awards. The participating universities shall use these awards to restructure their array of doctoral programs.

(2) ANNUAL STATE SHARE OF INSTRUCTION FUNDING STOP LOSS

In addition to and after the other adjustment noted above, in each fiscal year, no campus shall receive a state share of instruction allocation that is less than 97 per cent of the prior year's state share of instruction amount.

(3) REDUCTIONS IN EARNINGS

If the total state share of instruction earnings in any fiscal year exceeds the total appropriations available for such purposes, the Board of Regents shall proportionately reduce the state share of instruction earnings for all campuses by a uniform percentage so that the system wide sum equals available appropriations.

(4) CAPITAL COMPONENT DEDUCTION

After all other adjustments have been made, state share of instruction earnings shall be reduced for each campus by the amount, if any, by which debt service charged in Am. H.B. ~~No.~~ 748 of the 121st General Assembly, Am. Sub. H.B. ~~No.~~ 850 of the 122nd General Assembly, Am. Sub. H.B. ~~No.~~ 640 of the 123rd General Assembly, and H.B. ~~No.~~ 675 of the 124th General Assembly, and Am. Sub. H.B. 16 of the 126th General Assembly for that campus exceeds that campus's capital component earnings. The sum of the amounts deducted shall be transferred to appropriation item 235-552, Capital Component, in each fiscal year.

(D) EXCEPTIONAL CIRCUMSTANCES

Adjustments may be made to the state share of instruction payments and other subsidies distributed by the Board of Regents to state-assisted colleges and universities for exceptional circumstances. No adjustments for exceptional circumstances may be made without the recommendation of the Chancellor and the approval of the Controlling Board.

(E) MID-YEAR APPROPRIATION REDUCTIONS TO THE STATE SHARE OF INSTRUCTION

The standard provisions of the state share of instruction calculation as described in the preceding sections of temporary law shall apply to any reductions made to appropriation item 235-501, State Share of Instruction, before the Board of Regents has formally approved the final allocation of the state share of instruction funds for any fiscal year.

Any reductions made to appropriation item 235-501, State Share of

Instruction, after the Board of Regents has formally approved the final allocation of the state share of instruction funds for any fiscal year, shall be uniformly applied to each campus in proportion to its share of the final allocation.

(F) DISTRIBUTION OF STATE SHARE OF INSTRUCTION

The state share of instruction payments to the institutions shall be in substantially equal monthly amounts during the fiscal year, unless otherwise determined by the Director of Budget and Management pursuant to section 126.09 of the Revised Code. Payments during the first six months of the fiscal year shall be based upon the state share of instruction appropriation estimates made for the various institutions of higher education according to Board of Regents enrollment estimates. Payments during the last six months of the fiscal year shall be distributed after approval of the Controlling Board upon the request of the Board of Regents.

(G) LAW SCHOOL SUBSIDY

The state share of instruction to state-supported universities for students enrolled in law schools in fiscal year 2006 and fiscal year 2007 shall be calculated by using the number of subsidy-eligible FTE law school students funded by state subsidy in fiscal year 1995 or the actual number of subsidy-eligible FTE law school students at the institution in the fiscal year, whichever is less.

(H) FUNDS REQUIRING CONTROLLING BOARD APPROVAL

Of the foregoing appropriation item 235-501, State Share of Instruction, \$30,000,000 in fiscal year 2007 shall not be disbursed without approval of the Controlling Board. Within ten days after the issuance of the report of the Higher Education Funding Study Council required by Section 209.63.58 of ~~this act~~ Am. Sub. H.B. 66 of the 126th General Assembly, the Board of Regents shall seek the Controlling Board's approval to disburse the \$30,000,000 appropriation.

Sec. 209.64.22. STATE UNIVERSITY CLINICAL TEACHING

The foregoing 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, shall be distributed through the Board of Regents.

Of the foregoing appropriation item 235-539, Wright State University Clinical Teaching, \$124,644 in each fiscal year of the biennium shall be for the use of Wright State University's Ellis Institute for Clinical Teaching

Studies to operate the clinical facility to serve the Greater Dayton area.

The Board of Regents, in consultation with representatives of each of the six state-assisted colleges of medicine, shall study and propose recommendations for a formula to allocate appropriations for clinical teaching support. The consultation shall consider factors that reward medical schools for serving Ohio's health care needs in an equitable and efficient manner. Recommendations shall be submitted to the Office of Budget and Management and the General Assembly for consideration by November 15, 2006. A new method, approved by the Office of Budget and Management and the General Assembly, shall be implemented in fiscal years 2008 and 2009 for distributing funds for clinical teaching support.

SECTION 6. That existing Sections 209.63, 209.63.57, and 209.64.22 of Am. Sub. H.B. 66 of the 126th General Assembly are hereby repealed.

SECTION 7. The combination of the Medical University of Ohio at Toledo and the University of Toledo into the combined University of Toledo by this act does not change the status of any employee of either university in the Public Employees Retirement System. It is the intent of the General Assembly in amending section 145.011 of the Revised Code to ensure continued membership in the Public Employees Retirement System for nonteaching employees of the former Medical University of Ohio at Toledo and not to add to the category of employees eligible for membership in the system.

SECTION 8. Sections 1, 2, 3, 5, 6, and 7 of this act take effect July 1, 2006. Section 4 of this act shall take effect on the earliest date permitted by law.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

Sub. H. B. No. 478

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The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the
____ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____