

**As Reported by the House Finance and Appropriations
Committee**

**127th General Assembly
Regular Session
2007-2008**

H. B. No. 381

Representative Webster

**Cosponsors: Representatives Hottinger, Bacon, Bolon, Boyd, Budish,
Chandler, Coley, Flowers, Hite, Jones, Mecklenborg, Patton, Sears, Strahorn**

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A B I L L

To amend Sections 375.10 and 375.20.40 of Am. Sub.	1
H.B. 119 of the 127th General Assembly, to amend	2
Section 235.10.40 of Am. Sub. H.B. 699 of the	3
126th General Assembly, and to repeal Section	4
375.20.80 of Am. Sub. H.B. 119 of the 127th	5
General Assembly to increase the funds available	6
for the Ohio Research Scholars Program and to	7
permit a nonpublic four-year Ohio university to	8
submit a proposal for the Ohio Research Scholars	9
Program if the proposal is to be implemented in	10
collaboration with a state college or university.	11

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That Sections 375.10 and 375.20.40 of Am. Sub.	12
H.B. 119 of the 127th General Assembly be amended to read as	13
follows:	14

Sec. 375.10. BOR BOARD OF REGENTS	15
General Revenue Fund	16

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GRF 235-321	Operating Expenses	\$	3,141,351	\$	3,141,351	17
GRF 235-401	Lease Rental Payments	\$	203,177,900	\$	136,017,500	18
GRF 235-402	Sea Grants	\$	300,000	\$	300,000	19
GRF 235-406	Articulation and Transfer	\$	2,900,000	\$	2,900,000	20
GRF 235-408	Midwest Higher Education Compact	\$	95,000	\$	95,000	21
GRF 235-409	Information System	\$	1,175,172	\$	1,175,172	22
GRF 235-414	State Grants and Scholarship Administration	\$	1,707,881	\$	1,707,881	23
GRF 235-415	Jobs Challenge	\$	9,348,300	\$	9,348,300	24
GRF 235-417	Ohio Learning Network	\$	3,119,496	\$	3,119,496	25
GRF 235-418	Access Challenge	\$	66,585,769	\$	66,585,769	26
GRF 235-420	Success Challenge	\$	53,653,973	\$	53,653,973	27
GRF 235-428	Appalachian New Economy Partnership	\$	1,176,068	\$	1,176,068	28
GRF 235-433	Economic Growth Challenge	\$	17,186,194 <u>5,186,194</u>	\$	17,186,194 <u>5,186,194</u>	29
GRF 235-434	College Readiness and Access	\$	12,655,425	\$	12,655,425	30
GRF 235-435	Teacher Improvement Initiatives	\$	4,797,506	\$	11,297,506	31
GRF 235-436	AccelerateOhio	\$	1,250,000	\$	2,500,000	32
GRF 235-438	Choose Ohio First Scholarship	\$	50,000,000	\$	50,000,000	33
GRF 235-439	Ohio Research Scholars	\$	30,000,000 <u>42,000,000</u>	\$	0 <u>13,000,000</u>	34
GRF 235-451	Eminent Scholars	\$	0	\$	1,000,000	35
GRF 235-455	EnterpriseOhio Network	\$	1,373,941	\$	1,373,941	36
GRF 235-474	Area Health Education Centers Program Support	\$	1,571,756	\$	1,571,756	37

GRF 235-501	State Share of Instruction	\$ 1,678,877,952	\$ 1,842,965,747	38
GRF 235-502	Student Support Services	\$ 795,790	\$ 795,790	39
GRF 235-503	Ohio Instructional Grants	\$ 42,533,966	\$ 18,315,568	40
GRF 235-504	War Orphans Scholarships	\$ 4,812,321	\$ 4,812,321	41
GRF 235-507	OhioLINK	\$ 7,387,824	\$ 7,387,824	42
GRF 235-508	Air Force Institute of Technology	\$ 2,050,345	\$ 2,050,345	43
GRF 235-510	Ohio Supercomputer Center	\$ 4,271,195	\$ 4,271,195	44
GRF 235-511	Cooperative Extension Service	\$ 26,273,260	\$ 26,273,260	45
GRF 235-513	Ohio University Voinovich Center	\$ 669,082	\$ 669,082	46
GRF 235-514	Central State Supplement	\$ 11,756,414	\$ 12,109,106	47
GRF 235-515	Case Western Reserve University School of Medicine	\$ 3,011,271	\$ 3,011,271	48
GRF 235-518	Capitol Scholarship Program	\$ 125,000	\$ 125,000	49
GRF 235-519	Family Practice	\$ 4,548,470	\$ 4,548,470	50
GRF 235-520	Shawnee State Supplement	\$ 2,502,323	\$ 2,577,393	51
GRF 235-521	The Ohio State University John Glenn School of Public Affairs	\$ 619,082	\$ 619,082	52
GRF 235-524	Police and Fire Protection	\$ 171,959	\$ 171,959	53

GRF 235-525	Geriatric Medicine	\$	750,110	\$	750,110	54
GRF 235-526	Primary Care Residencies	\$	2,245,688	\$	2,245,688	55
GRF 235-527	Ohio Aerospace Institute	\$	1,764,957	\$	1,764,957	56
GRF 235-530	Academic Scholarships	\$	7,800,000	\$	7,800,000	57
GRF 235-531	Student Choice Grants	\$	38,485,376	\$	38,485,376	58
GRF 235-535	Ohio Agricultural Research and Development Center	\$	37,174,292	\$	37,174,292	59
GRF 235-536	The Ohio State University Clinical Teaching	\$	13,565,885	\$	13,565,885	60
GRF 235-537	University of Cincinnati Clinical Teaching	\$	11,157,756	\$	11,157,756	61
GRF 235-538	University of Toledo Clinical Teaching	\$	8,696,866	\$	8,696,866	62
GRF 235-539	Wright State University Clinical Teaching	\$	4,225,107	\$	4,225,107	63
GRF 235-540	Ohio University Clinical Teaching	\$	4,084,540	\$	4,084,540	64
GRF 235-541	Northeastern Ohio Universities College of Medicine Clinical Teaching	\$	4,200,945	\$	4,200,945	65
GRF 235-543	Ohio College of Podiatric Medicine Clinic Subsidy	\$	100,000	\$	100,000	66
GRF 235-547	School of International Business	\$	450,000	\$	650,000	67
GRF 235-552	Capital Component	\$	19,306,442	\$	19,306,442	68

GRF 235-553	Dayton Area Graduate Studies Institute	\$	2,931,599	\$	2,931,599	69
GRF 235-554	Priorities in Collaborative Graduate Education	\$	2,355,548	\$	2,355,548	70
GRF 235-555	Library Depositories	\$	1,696,458	\$	1,696,458	71
GRF 235-556	Ohio Academic Resources Network	\$	3,727,223	\$	3,727,223	72
GRF 235-558	Long-term Care Research	\$	461,047	\$	461,047	73
GRF 235-561	Bowling Green State University Canadian Studies Center	\$	100,015	\$	100,015	74
GRF 235-563	Ohio College Opportunity Grant	\$	139,974,954	\$	151,113,781	75
GRF 235-567	Central State University Speed to Scale	\$	4,400,000	\$	3,800,000	76
GRF 235-571	James A. Rhodes Scholarship	\$	10,000,000	\$	0	77
GRF 235-572	The Ohio State University Clinic Support	\$	1,277,019	\$	1,277,019	78
GRF 235-573	Ohio Humanities Council	\$	25,000	\$	25,000	79
GRF 235-583	Urban University Program	\$	5,825,937	\$	5,825,937	80
GRF 235-587	Rural University Projects	\$	1,159,889	\$	1,159,889	81
GRF 235-596	Hazardous Materials Program	\$	360,435	\$	360,435	82
GRF 235-599	National Guard Scholarship Program	\$	16,611,063	\$	16,611,063	83

GRF 235-909	Higher Education	\$ 172,722,400	\$ 208,747,200	84
	General Obligation			
	Debt Service			
TOTAL GRF	General Revenue Fund	\$ 2,773,258,537	\$ 2,861,908,923	85
	General Services Fund Group			86
220 235-614	Program Approval and	\$ 800,000	\$ 800,000	87
	Reauthorization			
456 235-603	Sales and Services	\$ 700,000	\$ 700,000	88
TOTAL GSF	General Services			89
Fund Group		\$ 1,500,000	\$ 1,500,000	90
	Federal Special Revenue Fund Group			91
3BG 235-626	Star Schools	\$ 2,980,865	\$ 2,990,746	92
3H2 235-608	Human Services Project	\$ 3,000,000	\$ 3,000,000	93
3H2 235-622	Medical Collaboration	\$ 3,346,144	\$ 3,346,144	94
	Network			
3N6 235-605	State Student	\$ 2,196,680	\$ 2,196,680	95
	Incentive Grants			
3T0 235-610	National Health	\$ 250,000	\$ 250,000	96
	Service Corps - Ohio			
	Loan Repayment			
312 235-609	Tech Prep	\$ 183,850	\$ 183,850	97
312 235-611	Gear-up Grant	\$ 3,300,000	\$ 3,300,000	98
312 235-612	Carl D. Perkins	\$ 112,960	\$ 112,960	99
	Grant/Plan			
	Administration			
312 235-617	Improving Teacher	\$ 3,200,000	\$ 3,200,000	100
	Quality Grant			
312 235-621	Science Education	\$ 1,686,970	\$ 1,686,970	101
	Network			
TOTAL FED	Federal Special Revenue			102
Fund Group		\$ 20,257,469	\$ 20,267,350	103
	State Special Revenue Fund Group			104

4E8	235-602	Higher Educational Facility Commission Administration	\$	50,000	\$	45,000	105
4P4	235-604	Physician Loan Repayment	\$	476,870	\$	476,870	106
649	235-607	The Ohio State University Highway/Transportation Research	\$	760,000	\$	760,000	107
682	235-606	Nursing Loan Program	\$	893,000	\$	893,000	108
5DT	235-627	American Diploma Project	\$	250,000	\$	0	109
TOTAL SSR State Special Revenue							110
Fund Group			\$	2,429,870	\$	2,174,870	111
TOTAL ALL BUDGET FUND GROUPS			\$	2,797,445,876	\$	2,885,851,143	112

Sec. 375.20.40. ECONOMIC GROWTH CHALLENGE 114

The foregoing appropriation item 235-433, Economic Growth Challenge, shall be used to ~~enhance the basic research capabilities of Ohio's public and private institutions of higher education,~~ support improved doctor of philosophy degree programs throughout the state, and promote the transfer of technology developed by Ohio colleges and universities to private industry to further the economic goals of the state in collaboration with the Third Frontier Project. 115-122

~~Of the foregoing appropriation item 235-433, Economic Growth Challenge, \$12,000,000 in each fiscal year shall be used for the Research Incentive Program to enhance the basic research capabilities of public colleges and universities and accredited Ohio institutions of higher education holding certificates of authorization issued under section 1713.02 of the Revised Code, in order to strengthen academic research for pursuing Ohio's economic development goals. The Board of Regents, in consultation with the~~ 123-130

~~colleges and universities, shall administer the Research Incentive Program and utilize a means of matching, on a fractional basis, external funds attracted in the previous year by institutions for basic research. The program may include incentives for increasing the amount of external research funds coming to eligible institutions and for focusing research efforts upon critical state needs. Colleges and universities shall submit for review and approval to the Board of Regents plans for the institutional allocation of state dollars received through the program. The institutional plans shall provide the rationale for the allocation in terms of the strategic targeting of funds for academic and state purposes, for strengthening research programs, for increasing the amount of external research funds, and shall include an evaluation process to provide results of the increased support. Institutional plans for the use of Research Incentive funding must demonstrate a significant investment in Third Frontier activities funded at the institution. For a college or university with multiple Third Frontier grants, as much as ten percent of that institution's Research Incentive funding may be invested in Third Frontier Project related activities. Each institutional plan for the investment of Research Incentive moneys shall report on existing, planned, or possible relationships with other state science and technology programs and funding recipients in order to further ongoing statewide science and technology collaboration objectives. The Board of Regents shall submit a biennial report of progress to the General Assembly.~~

In each fiscal year, both those state-assisted doctor of philosophy degree-granting universities and those accredited doctor of philosophy degree-granting Ohio institutions of higher education holding certificates of authorization under section 1713.02 of the Revised Code may elect to participate in the Innovation Incentive Program and may continue to implement their comprehensive plans that are designed to enhance doctor of

philosophy degree programs and areas of research that have the 164
greatest potential to attract preeminent researchers and build 165
research capacity; enhance regional or state economic growth by 166
creating new products and services to be commercialized; and 167
complement Ohio's Third Frontier Project. 168

In each fiscal year, funding for the Innovation Incentive 169
Program shall be generated from the funds reallocated by those 170
participating state-assisted doctor of philosophy degree-granting 171
universities and state matching funds provided in appropriation 172
item 235-433, Economic Growth Challenge. In each fiscal year, the 173
amount of funds each participating state-assisted university is 174
required to internally reallocate shall equal the sum of the funds 175
it was required to reallocate in the prior fiscal year plus one 176
and one-half per cent of current fiscal year's doctoral reserve 177
allocation as attributed by the Board of Regents. Additionally, 178
those participating accredited Ohio institutions of higher 179
education holding certificates of authorization under section 180
1713.02 of the Revised Code shall be required to set aside an 181
amount comparable to the participating state-assisted universities 182
as determined by the Board of Regents. 183

Of the foregoing appropriation item 235-433, Economic Growth 184
Challenge, \$4,686,194 in each fiscal year shall match a portion of 185
the funds set aside by all participating universities for the 186
Innovation Incentive Program. The Controlling Board may increase 187
the set-aside amount in each fiscal year if the Chancellor of the 188
Board of Regents, after meeting all other obligations, identifies 189
unspent and unencumbered General Revenue Fund money within the 190
Board of Regents budget and requests the Controlling Board to 191
increase the set-aside for the Innovation Incentive Program. The 192
amount of the set-aside increased by the Controlling Board shall 193
not exceed the amount of available funds identified by the 194
Chancellor of the Board of Regents. 195

The participating universities shall use state matching funds 196
and the funds they internally reallocated to restructure their 197
array of doctor of philosophy degree programs. 198

The Board of Regents, in consultation with participating 199
universities and the Office of Budget and Management, shall 200
develop guidelines for the length of a transition period and 201
criteria for determining the acceptable level of participation in 202
the Innovation Incentive Program. After completion of the 203
transition period during implementation of the Innovation 204
Incentive Program, in each fiscal year the Board of Regents may 205
withhold up to fifty per cent of the funds each participating 206
state-assisted doctor of philosophy degree-granting university is 207
required to reallocate for that year if the university is not 208
internally reallocating the required amount or does not meet the 209
criteria established by the Board of Regents. 210

Of the foregoing appropriation item 235-433, Economic Growth 211
Challenge, \$500,000 in each fiscal year shall be distributed for 212
the Technology Commercialization Incentive. The purpose of the 213
Technology Commercialization Incentive is to reward public and 214
private colleges and universities for successful technology 215
transfer to Ohio-based business and industry resulting in the 216
commercialization of new products, processes, and services and the 217
establishment of new business start-ups within the state. The 218
Third Frontier Commission, with counsel from the Third Frontier 219
Advisory Board, shall establish the eligibility criteria for 220
public and private colleges and universities interested in 221
applying for Technology Commercialization Incentive funding. To 222
qualify for the funds, public and private colleges and 223
universities must maintain a significant investment in their own 224
technology-transfer and commercialization operation and 225
capabilities, and possess a significant history of successful 226
research partnerships with Ohio-based business and industry. 227

The Board of Regents, in consultation with the colleges and 228
universities, shall administer the Research Incentive Program to 229
enhance the basic research capabilities of public colleges and 230
universities and accredited Ohio institutions of higher education 231
holding certificates of authorization issued under section 1713.02 232
of the Revised Code, and strengthen academic research for pursuing 233
Ohio's economic development goals. The Board of Regents shall 234
utilize a means of matching, on a fractional basis, external funds 235
attracted in the previous year by institutions for basic research. 236
The program may include incentives for increasing the amount of 237
external research funds coming to eligible institutions and for 238
focusing research efforts upon critical state needs. Colleges and 239
universities shall submit for review and approval to the Board of 240
Regents plans for the institutional allocation of state dollars 241
received through the program. The institutional plans shall 242
provide the rationale for the allocation in terms of the strategic 243
targeting of funds for academic and state purposes, for 244
strengthening research programs, for increasing the amount of 245
external research funds, and shall include an evaluation process 246
to provide results of the increased support. Institutional plans 247
for the use of Research Incentive funding must demonstrate a 248
significant investment in Third Frontier activities funded at the 249
institution. For a college or university with multiple Third 250
Frontier grants, as much as ten per cent of that institution's 251
Research Incentive funding may be invested in Third Frontier 252
Project-related activities. Each institutional plan for the 253
investment of Research Incentive moneys shall report on existing, 254
planned, or possible relationships with other state science and 255
technology programs and funding recipients in order to further 256
ongoing statewide science and technology collaboration objectives. 257
The Board of Regents shall submit a biennial report of progress to 258
the General Assembly. 259

Section 2. That existing Sections 375.10 and 375.20.40 of Am. Sub. H.B. 119 of the 127th General Assembly are hereby repealed.

Section 3. That Section 235.10.40 of Am. Sub. H.B. 699 of the 126th General Assembly be amended to read as follows:

Sec. 235.10.40. RESEARCH FACILITY ACTION AND INVESTMENT FUNDS

The Of the foregoing appropriation item CAP-032, Research Facility Action and Investment Funds, up to \$3,000,000 shall be used to support the Ohio Research Scholars Program. Any money from this earmark used for capital projects under the Ohio Research Scholars Program shall not be subject to rule 3333-1-21 of the Administrative Code, but shall be subject to any rule adopted to administer the Ohio Research Scholars Program.

The remainder of foregoing appropriation item CAP-032, Research Facility Action and Investment Funds, shall be used for a program of grants to be administered by the Board of Regents to provide timely availability of capital facilities for research programs and research-oriented instructional programs at or involving state-supported and state-assisted institutions of higher education.

Section 4. That existing Section 235.10.40 of Am. Sub. H.B. 699 of the 126th General Assembly is hereby repealed.

Section 5. That Section 375.20.80 of Am. Sub. H.B. 119 of the 127th General Assembly is hereby repealed.

Section 6. Notwithstanding section 3333.67 of the Revised Code, an institution of higher education shall not be required to deposit into an endowment fund the grants awarded under the Ohio Research Scholars Program other than those funded by GRF

appropriation item 235-439, Ohio Research Scholars, as originally 287
appropriated in Am. Sub. H.B. 119 of the 127th General Assembly. 288
The grant agreement for an Ohio Research Scholars award shall 289
specify, if applicable, the portion of the award that is required 290
to be deposited in an endowment fund and the portion that is 291
restricted for capital projects. 292

Notwithstanding sections 3333.61 to 3333.70 of the Revised 293
Code, a nonpublic four-year Ohio institution of higher education 294
may submit a proposal for the Ohio Research Scholars Program to 295
recruit scientists to the faculty of the nonpublic institution if 296
the proposal is to be implemented in collaboration with a state 297
university or college, as defined in section 3333.60 of the 298
Revised Code. If the Chancellor of the Board of Regents grants a 299
nonpublic institution an award under the Ohio Research Scholars 300
Program, the nonpublic institution shall comply with all 301
requirements of sections 3333.61 to 3333.70 of the Revised Code 302
and the rules adopted under section 3333.61 of the Revised Code 303
that apply to state universities or colleges awarded grants under 304
the Ohio Research Scholars Program. 305

Section 7. The sections of law contained in this act, and the 306
items of which they are composed, are not subject to referendum. 307
Therefore, under Ohio Constitution, Article II, Section 1d and 308
section 1.471 of the Revised Code, the sections and items of law 309
go into immediate effect when this act becomes law. 310