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OHIO LEGISLATIVE SERVICE COMMISSION

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S.B. 120*
133rd General Assembly

Bill Analysis

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Version: As Reported by House Higher Education

Primary Sponsors: Sens. McColley and Rulli

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SUMMARY

Performance audits of state institutions of higher education

- Authorizes the Auditor of State to conduct performance audits of any and all state institutions of higher education.

University and college leases with nonpublic vendors

- Permits a state institution of higher education, or university housing commission, to enter into a lease with a nonpublic vendor to improve existing campus housing facilities.
- Specifies the term of a lease must not exceed 75 years.
- Stipulates any campus housing facilities included under a lease agreement, including facilities constructed by a nonpublic vendor, must retain an exemption from property taxes and assessments.

College Credit Plus information session

- Requires public and participating private high schools to permit participating colleges, in addition to partnering colleges, to attend informational sessions regarding the College Credit Plus program.

DETAILED ANALYSIS

Performance audits of state institutions of higher education

The bill authorizes the Auditor of State, at the Auditor's discretion, to conduct performance audits of state institutions of higher education. Under current law, the Auditor is

* This analysis was prepared before the report of the House Higher Education Committee appeared in the House Journal. Note that the legislative history may be incomplete.

required to conduct at least four performance audits of state administrative departments or agencies, each biennium, and may include among those four, one audit of a state institution of higher education. Under the bill, the Auditor still must conduct four performance audits per biennium, not including a performance audit of a state institution of higher education, and may conduct performance audits of any state institution of higher education at the Auditor's discretion.¹

A "performance audit" is a nonrecurring examination of the *economy* (keeping the cost low), *efficiency* (getting the most out of available resources), and *effectiveness* (meeting the objectives set) of government programs and functions. The Auditor of State refers to these principles as the "Three Es."²

Ohio law specifies that in conducting a performance audit, the Auditor must determine the scope of the audit, but must consider, if appropriate, supervisory and subordinate level operations in the institution. A performance audit may not include review or evaluation of an institution's academic performance.

For purposes of performance audits and LEAP loans (see below), a "state institution of higher education" is any of the 13 state universities, the Northeast Ohio Medical University (NEOMED), a community college, state community college, university branch, or technical college. By contrast, the cost limits provision (see below) applies only to the 13 state universities and NEOMED.³

Continuing law requires an audited state institution of higher education to accept comments regarding the audit from interested parties and make all comments available to the public.⁴ Also, the institution must implement the audit recommendations within three months after the end of the comment period or must (1) file a report explaining why the institution has not commenced implementation of the recommendations, and (2) provide testimony explaining why the institution has not commenced implementation of the recommendations to House and Senate committees. An institution that does not fully implement an audit recommendation within one year after the end of the comment period must file a report justifying why the recommendation has not or will not be implemented.⁵

Additionally, under continuing law, the Auditor's annual performance audit report must describe whether a state institution of higher education has implemented the audit recommendations and how much money was saved as a result of the implementation.⁶

¹ R.C. 117.46.

² <https://www.ohioauditor.gov/performance.html>.

³ R.C. 117.46 (cross-referencing R.C. 3345.011, not in the bill).

⁴ R.C. 117.461, not in the bill.

⁵ R.C. 117.462, not in the bill.

⁶ R.C. 117.463, not in the bill.

Costs and loans

Current law sets cost limits on a performance audit of a state university or NEOMED, but it does not appear to apply the cost limits to performance audits of community colleges, state community colleges, university branches, or technical colleges. The costs limits may be exceeded on agreement between the Auditor and the institution.⁷

Under law unchanged by the bill, state institutions of higher education may apply for and receive loans from the Auditor of State through the Leverage for Efficiency, Accountability, and Performance (LEAP) Fund to pay the Auditor's costs for conducting their performance audits.⁸

University and college leases with nonpublic vendors

The bill permits a state institution of higher education, or a university housing commission, to enter into a lease agreement with a nonpublic vendor to improve existing campus housing facilities, rather than solely to construct new facilities as under current law. Additionally, it specifies that the term of a lease must not exceed 75 years, unlike under current law which limits the term of a lease to 30 years. Finally, the bill requires that any campus housing facilities under a lease agreement, including facilities constructed by a nonpublic vendor under a lease agreement, retains an exemption from property and excise taxes and assessments.⁹ A provision of continuing law exempts facilities owned or controlled by a state institution of higher education from taxation.¹⁰

College Credit Plus information session

The bill revises the requirement that public high schools and participating private high schools offer annual College Credit Plus (CCP) program informational sessions for students and parents. Under current law, each public and participating private high school must schedule at least one session per school year where each "partnering" college that is located within 30 miles of the school or, if none are within that distance, the next closest "partnering" college may present information about the program. A "partnering" college is one that has entered into an alternative payment agreement with the high school. The bill adds to this requirement by specifying that each public and participating private high school also must permit any other college that participates in CCP to attend the informational sessions if it requests to do so. As in the case of "partnering" colleges under current law, the bill's provision applies to any other participating college located within 30 miles of the school or the next closest one, if none are within that distance.¹¹

⁷ R.C. 117.464(B)(1) to (3) and 117.465, not in the bill.

⁸ R.C. 117.47, not in the bill.

⁹ R.C. 3345.55.

¹⁰ R.C. 3345.12, not in the bill.

¹¹ R.C. 3365.04(D).

Background

The CCP program allows 7-12 grade students to enroll in nonsectarian college courses to receive high school and college credit. The courses may be taken at any state institution of higher education or participating private or out-of-state college or university.¹² Each student may choose to participate in the CCP program under “Option A” (the student is responsible for all costs related to participation) or “Option B” (the state, through the Department of Education, pays the college on the student’s behalf).¹³

If participating under “Option B,” the amount of state payments depends upon several factors, including the type of high school and college in which the participant is enrolled, how the participant receives instruction, and whether the high school and college are operating under the statutory default payment structure or an agreement specifying an alternative payment structure for tuition, textbooks, and fees. A student is not required to only enroll in courses offered at a “partnering” college with which the student’s school has an agreement. Rather, a student is generally permitted to enroll in courses at any state institution of higher education or other participating college. The payments to the college on a student’s behalf are deducted from the student’s school, in the case of a public school student, or come from funds appropriated by the General Assembly, in the case of a private school or home-schooled student.¹⁴

HISTORY

Action	Date
Introduced	03-26-19
Reported, S. Higher Education	05-01-19
Passed Senate (32-0)	05-01-19
Reported, H. Higher Education	---

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¹² R.C. 3365.02, not in the bill.

¹³ R.C. 3365.06, not in the bill.

¹⁴ R.C. 3365.07, not in the bill.