



Department of
Higher Education

Mike DeWine, Governor
Randy Gardner, Chancellor

TO: Public College and University Presidents and Chief Financial Officers (CFOs)

**FROM: Randy Gardner
Chancellor**

RE: FY21 State Budget Update

Thank you for your steady leadership and strong stewardship of our colleges and universities as we continue to collectively navigate the turmoil and disruption caused by COVID-19. Thank you, as well, for your patience and understanding as we have worked to gain clarity and direction on the status of FY21 state appropriations that are so critical to the health and vitality of our state's higher education system and the diversity of opportunities you provide.

As you know, the Governor is required by our state Constitution to maintain a balanced budget each fiscal year. Our state General Revenue Fund (GRF) is comprised of two primary sources – sales tax and income tax revenue. As you can imagine, the current environment has negatively impacted both revenue sources to a large extent.

Unfortunately, the pandemic is not over and the impact on our economy – and on Ohio's tax revenues – continues as we begin FY21. As we start this new fiscal year, it is clear that revenues will not be sufficient to maintain all of the state budget increases that were built into FY21 last year.

However, despite the challenging budget environment we are in, we were able to work closely with Governor DeWine and his team to prioritize students and operational aid to institutions and ensure that the impact to higher education is as minimal as possible.

A few highlights:

- **To begin FY21, the State Share of Instruction (SSI) line item will be funded at \$1,950,089,467.** While I know that many of you were modeling SSI reduction scenarios of up to 20%, our collective efforts in achieving this more favorable SSI amount represents a year-over-year line item reduction of **4.38%** as compared to HB166 SSI appropriation levels. The savings, obviously, are substantial. Please note that, as with all line items in this challenging budget environment, I must place a *"warning label"* on this positive news. This new FY21 SSI amount is subject to change if the overall budget and supporting state revenue sources were to significantly worsen during the fiscal year compared to current projections.

- **Current and incoming students this academic year who are receiving the Ohio College Opportunity Grant (OCOG), Choose Ohio First Scholarship and National Guard Scholarship will not be negatively impacted by any required changes in ODHE's FY21 budget.** Per student OCOG award amounts by sector will be maintained at FY20 levels.
- **For other ODHE subsidy line items, which include the vast majority of our GRF appropriations, the FY20 adjusted (reduced) appropriation levels will be maintained into FY21.** This means that, on an annualized basis, we are effectively flat-funding these subsidy line items from FY20 into FY21 for the time being while OBM continues to monitor and evaluate the state's financial trajectory.

I am grateful to the Governor and the Office of Budget and Management (OBM) for supporting our request and working with us on a plan that supports higher education to the greatest extent possible despite the challenging budget environment.

We will provide each of you with additional line item detail as soon as it's available. Additionally, our team at ODHE will be glad to provide additional information that would be helpful as you and your teams evaluate and assess the impact of this information at your institution.

As you know, Governor DeWine has stated that he wants to support our efforts to make our college and university campuses as safe as possible for students, faculty, staff and the visiting public as the COVID pandemic continues. While I do not have specific news right now to share on this issue, be assured the governor appreciated the conference calls with college and university presidents and listened carefully to your challenges and concerns. I am hopeful we may learn more on this subject very soon.

As always, when you have questions and suggestions, do not hesitate to contact me personally, by email at rgardner@highered.ohio.gov or by calling my cell phone at 614.448.7462.

Sincerely,



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Chancellor

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