

Greenbook

LBO Analysis of Enacted Budget

Ohio Higher Educational Facility Commission

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Ohio Higher Educational Facility Commission

Quick look...

- The Higher Educational Facility Commission (HEFC) assists independent, nonprofit hospitals and institutions of higher education in financing the construction, renovation, or rehabilitation of their educational and medical facilities by issuing tax-exempt bonds at below commercial market rates.
- HEFC's operations are funded through revenue generated from fees charged to eligible hospitals and institutions of higher education for the issuance of bonds; the Commission receives no GRF funding.
- The Commission is comprised of nine members, including the Chancellor of Higher Education, who serves permanently, and eight other members appointed by the Governor for eight-year terms.
 - Commission members are not compensated for their services, but are reimbursed for their actual expenses related to the Commission's official business.
- HEFC is a state agency with general administrative powers. However, it operates without a separate staff or permanent offices. Instead, it relies on bond counsel and the day-to-day administrative support of the Department of Higher Education (DHE) for its operations. HEFC reimburses DHE for the costs of the administrative support.
- The budget provides \$12,500 for the Commission in each fiscal year.
- The budget also transfers up to \$53,239 in FY 2020 and up to \$60,000 in FY 2021 from the HEFC Operating Expenses Fund (Fund 4610) to the HEFC Administration Fund (Fund 4E80), used by DHE, to fund the administrative duties performed on behalf of the Commission.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 4610 ALI 372601, Operating Expenses					
\$10,989	\$7,554	\$12,159	\$8,693	\$12,500	\$12,500
% change	-31.3%	61.0%	-28.5%	43.8%	0.0%

Analysis of enacted budget

The preceding table shows the Higher Educational Facility Commission's (HEFC's) actual expenditures from Fund 4610 line item 372601, Operating Expenses, for FY 2016 through FY 2019 and the appropriations for FY 2020 and FY 2021. As seen in the table, the budget provides \$12,500 each year for item 372601. These funds are mainly used to reimburse Commission members for their actual expenses related to HEFC's official business, including cost of travel and professional development opportunities. The Commission usually meets once a month and Commission members receive no compensation for their services. Funds are also used to pay membership fees for the National Association of Health and Educational Facilities

Finance Authorities, which provides professional development opportunities and periodic state and national policy conferences and seminars that Commission members may attend.

Although HEFC is a state agency with general administrative powers, it operates without a separate staff or permanent offices. Instead, it has elected to rely upon bond counsel, paid by the entities for which the bonds are issued, and the day-to-day administrative support of the Department of Higher Education (DHE). This administrative support includes accounting and recordkeeping, scheduling and coordinating Commission meetings and project applications, and preparing the Commission’s annual report. HEFC reimburses DHE for the cost of these services through transfers from the HEFC Operating Expenses Fund (Fund 4610) to the HEFC Administration Fund (Fund 4E80) used by DHE. The budget permits the Director of Budget and Management, upon request of the Chancellor, to transfer cash in an amount up to the amount appropriated from GRF appropriation item 235602, Higher Educational Facility Commission Administration, in each fiscal year to fund DHE’s administrative costs on behalf of HEFC. The budget’s appropriations for item 235602 are \$53,239 in FY 2020 and \$60,000 in FY 2021. The combined appropriations under HEFC and DHE provide a total of \$65,739 in FY 2020 and \$72,500 in FY 2021 for HEFC operations.

HEF/zg