OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 319
136th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Rep. Young

Local Impact Statement Procedure Required: No

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Highlights

- The bill establishes a formula for the Ohio Department of Higher Education (ODHE) to use in distributing clinical teaching subsidy to public medical schools to support clinical instruction and the education of physicians in Ohio. The new formula, once implemented, will likely result in some public medical schools gaining state clinical teaching subsidy revenues and others receiving less.
- The bill does not change existing FY 2027 clinical teaching subsidy appropriations. Beyond FY 2027, funding for each of the six medical schools will depend on appropriations made by the General Assembly and the allocations determined by the bill's proposed formula.

Detailed Analysis

The bill

The bill requires, beginning on July 1, 2026 (FY 2027), the Ohio Department of Higher Education (ODHE) to annually use funds appropriated by the General Assembly to distribute a clinical teaching subsidy to Ohio's six public medical schools to support clinical instruction and the education of physicians in the state. Under the bill, the Chancellor of Higher Education must distribute the subsidy through a formula that allocates (1) 90% of the subsidy proportionally among the schools based on the number of full-time equivalent (FTE) students enrolled in clinical training years and (2) 10% of the subsidy among the schools based on certain performance indicators that reflect the school's contribution to the development and retention of physicians in Ohio, which may include the percentage of students who are Ohio residents, the percentage of graduates entering medical residency programs in Ohio, and the percentage of graduates practicing medicine in Ohio three years after graduation. The bill requires each of the six schools to annually report to the Chancellor how it is using its clinical teaching subsidy, clinical training sites and rotation placements, student residency match outcomes, and workforce retention statistics. The Chancellor must review these reports to ensure that each school is using its subsidy to provide clinical instruction and educate physicians.

Fiscal effects

H.B. 96 appropriates a total of $32.3 million for FY 2027 to fund laboratory and clinical teaching components at each of Ohio's six public medical schools. The appropriations are currently provided through six individual subsidy line items, with one line item for each school. The bill does not modify these appropriations. Beyond FY 2027, funding for each of the six schools will depend on appropriations made by the General Assembly and the allocations determined by the bill's proposed formula. While the bill does not modify FY 2027 appropriations, the bill's proposed formula is likely to change the distribution of state clinical teaching subsidy once it is put into use. To illustrate how clinical teaching subsidies may change under the bill's formula, LBO simulated the portion of the formula that allocates 90% of the subsidy proportionally among the schools based on FTE students at each school as if it were in effect for FY 2026, using the full FY 2026 combined clinical teaching subsidy appropriations of $32.3 million. Due to data limitations, LBO is only able to simulate this portion of the bill's formula. The performance indicators for the remaining 10% are not yet defined. The table below compares FY 2026 clinical teaching subsidy under current law to the example scenario for each school. As the table shows, the example scenario reduces funding for three universities: Ohio State by an estimated $3.4 million (-35.7%), Cincinnati by $2.8 million (-34.8%), and Toledo by about $928,000 (-15.3%). On the other hand, the example scenario increases funding for the three other schools: Ohio by an estimated $4.5 million (157.7%), NEOMED by $1.8 million (61.2%), and Wright State by approximately $828,000 (28.1%). Actual distributions will be somewhat different with the performance indicator portion of the formula included.

Comparison of Clinical Teaching Subsidy Funding: Current vs Example Scenario, FY 2026

University	FY 2026 GRF Line Item	FY 2026 Funding	FTE Medical Students	Example Funding FY 2026*	Example Gain/Loss	% Change
Cincinnati	235537	$8,085,000	789	$5,275,304	-$2,809,696	-34.8%
NEOMED	235541	$2,930,000	707	$4,723,820	$1,793,820	61.2%
Ohio State	235536	$9,461,000	910	$6,085,261	-$3,375,739	-35.7%
Ohio	235540	$2,849,000	1,098	$7,340,861	$4,491,861	157.7%
Toledo	235538	$6,065,000	769	$5,137,154	-$927,846	-15.3%
Wright State**	235539	$2,947,000	565	$3,774,600	$827,600	28.1%
Total		**$32,337,000**	**4,838**	**$32,337,000**	**$0**	**0.0%**

*Does not include 10% of subsidy formula based on performance indicators.

**Wright State's total appropriation in line item 235539 is $4,447,000 in FY 2026, which includes a $1.5 million earmark.

The administrative workload of ODHE may increase to create the subsidy formula, administer the funds, and annually publish certain related data. Specifically, the bill requires ODHE to annually publish the number of qualifying FTE students enrolled in each school, the performance metrics included in the formula to distribute the subsidy (and the performance of each school on those metrics), and the final subsidy allocation for each school.

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