

Role and Overview

Beginning in fiscal year 2010, TTA programs will be under the direction of the Chancellor of the Ohio Board of Regents (BOR), and the TTA staff will become a part of the Chancellor's staff, to achieve administrative cost savings and to integrate Ohio's college savings program with other higher education functions. However, TTA's 11-member board will continue to exist as an advisory body to the Chancellor of the Board of Regents.

TTA administers college savings programs to help Ohio families financially prepare for higher education. TTA serves as the sponsoring entity for Ohio's college savings plan, in accordance with the Ohio Revised Code and Section 529 of the Internal Revenue Code.

The authority, which will exist as an advisory body to the Chancellor of the Board of Regents, is comprised of an 11-member Board of Trustees: seven appointed by the Governor, two appointed by the President of the Senate, two appointed by the Speaker of the House. The authority's budget in fiscal year 2009 is approximately \$7 million.

The CollegeAdvantage 529 savings plans provided by TTA offer many different types of investment products that allow Ohioans to choose from 24 college investment options. There are nine direct actively-managed variable investment options managed by various investment managers, including Vanguard, PIMCO, Oppenheimer, GE and Putnam, 13 passive index investment options managed by Vanguard, and two banking options managed by Fifth Third Bank. There are four age-based options, as well as a variety of conservative, moderate, and aggressive options. The Guaranteed Fund, which is backed by the full faith and credit of the state, was designed to keep pace with tuition growth at Ohio's 13 public universities. Contributions into the Guaranteed Savings Fund have been suspended through December 31, 2009, due to a market-value deficit resulting primarily from negative investment returns in this period of volatile markets.

In fiscal year 2008, approximately 750,000 investors participated in a TTA program. All funds can be used at any accredited college in the country to pay for tuition, fees, room and board, books, and supplies. The State of Ohio exempts earnings in all funds from state income taxes if funds are used for qualified higher education expenses. Ohio citizens who contribute to a CollegeAdvantage fund can deduct up to \$2,000 per year, per beneficiary from their State of Ohio income taxes. CollegeAdvantage is an Internal Revenue Code 529 qualified state tuition program and qualifies for federal tax benefits. Amounts withdrawn that are used for qualified higher education expenses are not subject to federal income taxes.

In fiscal year 2009, TTA estimates that approximately \$881,169 (or 12.6%) of its budget will be dedicated to Guaranteed Savings Plan operations. The remaining amounts will be used to manage the day-to-day operations of the Variable Option Savings Plan (\$2,063,596 or 29.4%), the Index Savings Plan (\$2,425,777 or 34.6%) and the Banking Products Plan (\$1,648,123 or 23.4%).

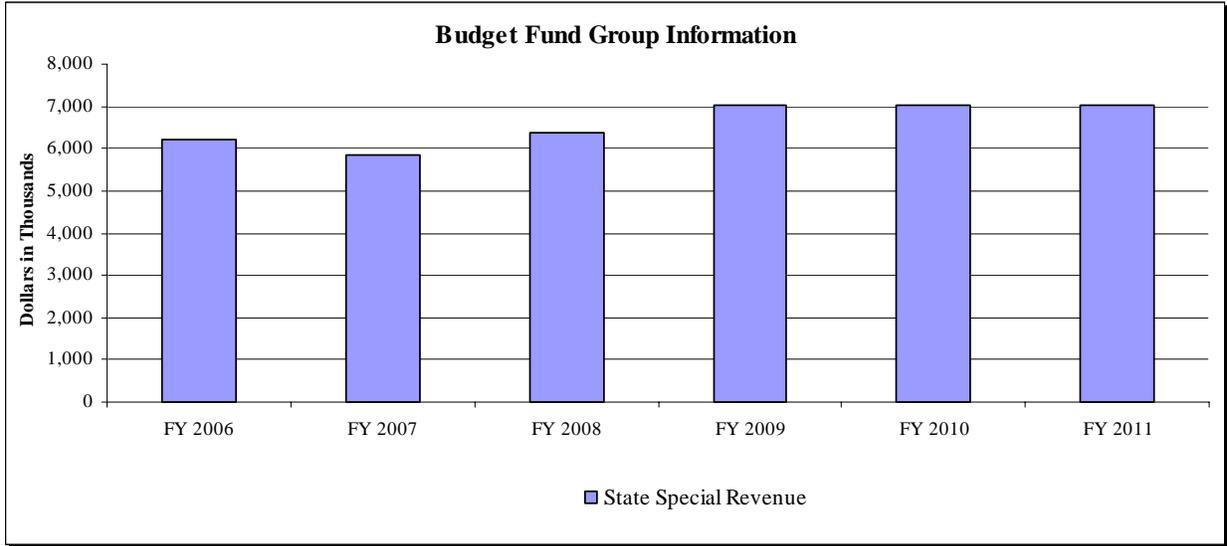
More information regarding the Ohio Tuition Trust Authority is available at www.collegeadvantage.com/.

Agency Priorities

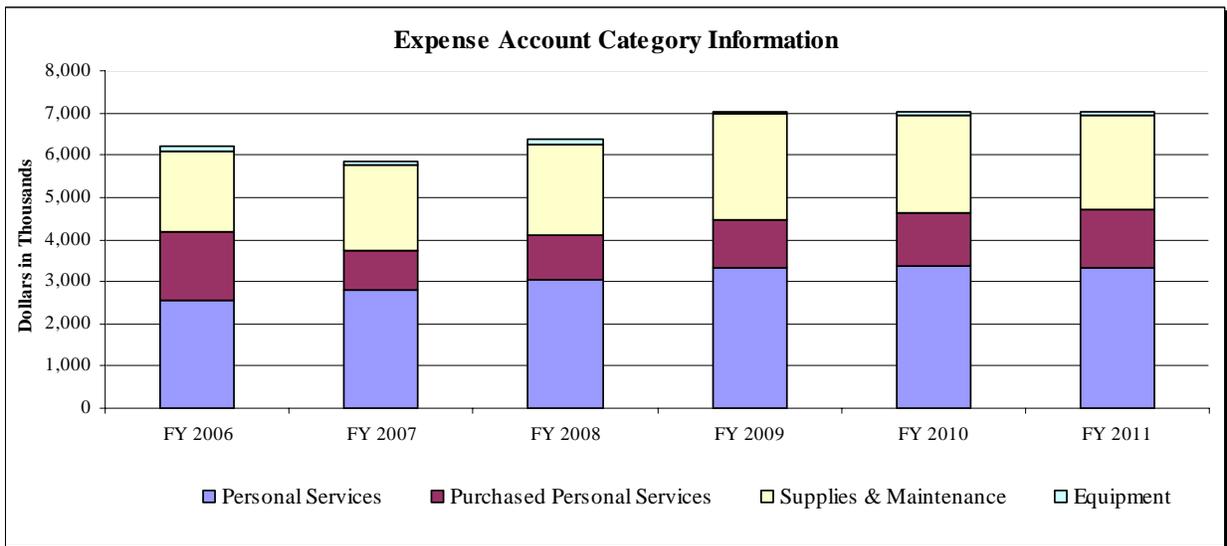
- Continue to strive for the best mix of savings and investment choices for customers and prospects in order to increase contributions and participants in the plan.
- Continue to improve customer support and administration of the plan, including enhancements to the website, improvements in the security of assets and more efficient internal operations in all departments.
- Work to raise awareness of the value and economic impact of higher education, and the importance of early college savings.
- Seek innovative ways to bring more low income families and a more diverse ethnic population into the plan to save for college.
- Promote and ensure the availability of early college savings options for all Ohioans.

- Partner with other state agencies, higher education organizations and community groups to help Ohioans obtain a college degree.

Summary of Budget History and Recommendations



(In Thousands)	ACTUAL			EST.	% CHANGE	RECOMMENDED			
	FY 2006	FY 2007	FY 2008			FY 2009	FY 08-09	FY 2010	% CHANGE
State Special Revenue	6,210	5,866	6,370	7,019	10.2	7,019	0.0	7,019	0.0
TOTAL	6,210	5,866	6,370	7,019	10.2	7,019	0.0	7,019	0.0



State of Ohio
Tuition Trust Authority

(In Thousands) EXPENSE ACCOUNT CATEGORY	ACTUAL			EST.	% CHANGE	RECOMMENDED			
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	% CHANGE	FY 2011	% CHANGE
Personal Services	2,557	2,806	3,027	3,310	9.3	3,368	1.8	3,330	-1.1
Purchased Personal Services	1,628	949	1,094	1,141	4.3	1,269	11.2	1,373	8.2
Supplies & Maintenance	1,912	2,020	2,126	2,529	18.9	2,311	-8.6	2,244	-2.9
Equipment	113	92	122	39	-68.1	71	82.2	71	-0.2
TOTAL	6,210	5,866	6,370	7,019	10.2	7,019	0.0	7,019	0.0

PROGRAM SERIES 01: College Advantage

This program series consists of the Tuition Trust Authority's two primary savings plans offered to help Ohio families save for future college expenses. The Authority, created in 1989, provides a mixture of products and investment options to meet the investment needs of Ohioans.

Program 01.01: Guaranteed Savings Plan

The Guaranteed Savings Plan, created in 1989 as the first college savings plan supported by the state, has assets worth over \$680.9 million and has over 79,000 participants as of September 30, 2008. The Guaranteed Savings Plan is currently suspended until December 31, 2009. The suspension does not allow new enrollments or contributions into the program; however, the program continues to support accounts for those enrolled prior to program suspension. Basic services associated with this program, such as disbursements to beneficiaries, refunds, rollover of account balances into new funds, and financial reporting, continue to function as normal.

The Executive Recommendation will fund the following objectives:

- Provide support for five staff members that are responsible for the day-to-day customer service, processing of payouts, record-keeping, and quarterly financial reporting, for approximately 76,000 participants (down from 79,000 in fiscal year 2009);
- Identify solutions to minimize the State of Ohio's long-term obligations in the Guaranteed Savings Plan, including effective management to maximize returns and minimize risk; and
- Enhance the website to allow more functionality for account owners, improve the agency infrastructure, enhance document imaging and continue to improve the security of all data.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
SSR	6450	095601	Guaranteed Savings Plan	842,959	862,150
TOTAL FOR PROGRAM				842,959	862,150

Program 01.02: Variable Savings Plans

In 2000, the General Assembly authorized TTA to create the CollegeAdvantage 529 Savings Plan. Initially, Putnam Investments was hired to manage the funds. During fiscal year 2005, TTA brought on Vanguard and index options to add to the plan. The index options consist of 13 passively managed index funds and three actively managed index funds that attempt to match a particular stock or bond market index. In September of 2005, Fifth Third banking products were added to the plan. The banking options (savings accounts and certificates of deposit) provide conservative college savings options for risk-averse savers, parents with children near college age, or those with children currently enrolled in college who may not want to take on risk or lose principal. These options also add another way to diversify current 529 investment portfolios. In August of 2008 and February of 2009, the agency along with the assistance of independent outside investment consultants, determined that several changes were to be made to the direct variable savings plan to ensure that investors have diversity of fund managers and options and lower investment fees. The variable savings plan now consists of a multi-managed platform including options from Vanguard, PIMCO, Oppenheimer, GE, Putnam and Fifth Third Bank. Customers are able to choose from a variety

of savings options and have the ability to manage their own accounts depending on where they would like to invest (Asset Allocation Options, Money Market Options, Fixed Income Options, Equity Options and Banking Options). The mutual fund options are not guaranteed a fixed rate of return and investors assume all risk. The banking product options offer a guaranteed rate of return if held to maturity and they are FDIC insured up to \$100,000. Currently, over 214,000 investors participate in the variable savings plan direct program. TTA is responsible for all record-keeping responsibilities of the variable savings plan direct program.

The Executive Recommendation will fund the following objectives:

- Support marketing activities including building brand awareness, public relations, corporate partnerships to encourage payroll deduction, community outreach events, greater conversion of leads, investor education and marketing research;
- Support infrastructure improvements and enhancements to the website;
- Fund 42 staff members to support functions of the Variable Savings Plan and more than 258,000 projected direct investors; and
- Support the fulfillment of TTA’s directed mission from the Ohio Revised Code and Section 529 of the Internal Revenue Code to help families save for future college expenses.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
SSR	5P30	095602	Variable Savings Plans	6,175,707	6,156,515
TOTAL FOR PROGRAM				6,175,707	6,156,515

Appropriation Line Item Analysis for Fiscal Years 2010 and 2011

Line Item Restructuring Analysis

Line items 095603, Index Savings Plans; and 095604, Banking Products, are combined into line item 095602, Variable Savings Plans. This change is designed to better align the agency's program and line item budgets to actual operations. To illustrate changes in funding levels due to this restructuring, estimated FY 2009 spending in the following table is converted from the previous line-item structure to the current line-item structure.

Fund	ALI	ALI Title	Estimated	Recommended			
			FY 2009	FY 2010	% Change	FY 2011	% Change
5P30	095602	Variable Savings Plans	6,137,496	6,175,707	0.6%	6,156,515	-0.3%

LINE ITEM SUMMARY - Tuition Trust Authority

FUND	ALI	ALI NAME	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 RECOMMENDED	% CHANGE	FY 2011 RECOMMENDED	% CHANGE
5AM0	095603	Index College Savings	2,332,567	1,901,108	2,243,155	2,425,777	0	-100.0	0	.0
5DC0	095604	Banking Products	979,559	1,836,185	1,512,132	1,648,123	0	-100.0	0	.0
5P30	095602	Variable Savings Plans	1,899,351	1,334,885	1,844,334	2,063,596	6,175,707	199.3	6,156,515	-0.3
6450	095601	Guaranteed Savings Plan	998,738	793,887	770,759	881,169	842,959	-4.3	862,150	2.3
TOTAL State Special Revenue			6,210,216	5,866,064	6,370,381	7,018,665	7,018,666	0.0	7,018,665	0.0
TOTAL Tuition Trust Authority			6,210,216	5,866,064	6,370,381	7,018,665	7,018,666	0.0	7,018,665	0.0