

Greenbook
LSC Analysis of Enacted Budget

Commissioners
of the Sinking Fund

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TABLE OF CONTENTS

| | |
|---|----------|
| OVERVIEW | 1 |
| Agency Overview..... | 1 |
| Appropriation Overview | 1 |
| ANALYSIS OF ENACTED BUDGET | 2 |
| Introduction | 2 |
| General Obligation Debt Retirement Funds | 2 |
| Third Frontier Research and Development Bond Retirement Fund (155905)..... | 2 |
| Highway Capital Improvement Bond Retirement Fund (155902)..... | 3 |
| Natural Resources Bond Retirement Fund (155903)..... | 3 |
| Conservation Projects Bond Retirement Fund (155904)..... | 3 |
| Coal Research and Development Bond Retirement Fund (155906)..... | 3 |
| State Capital Improvement Bond Retirement Fund (155907)..... | 4 |
| Common Schools Bond Retirement Fund (155908) | 4 |
| Higher Education Bond Retirement Fund (155909)..... | 4 |
| Persian Gulf, Afghanistan, and Iraq Conflict Bond Retirement Fund (155901)..... | 4 |
| Job Ready Site Development Bond Retirement Fund (155912) | 4 |

ATTACHMENT:

Budget Spreadsheet By Line Item

Commissioners of the Sinking Fund

- Appropriations to the Commissioners of the Sinking Fund support debt service payments and costs for Ohio's general obligation bonds
- The Sinking Fund receives its operating funds through a GRF line item in the Treasurer of State's budget

OVERVIEW

Agency Overview

The board of Commissioners of the Sinking Fund consists of five members. The Auditor of State serves as the president of the board and the Secretary of State serves as the secretary. The remaining three members are the Governor, the Treasurer of State, and the Attorney General. The Sinking Fund has an office in the Treasurer of State's Office and receives its operating funds through a GRF line item in the Treasurer of State's operating budget (090401). (Please see the Treasurer of State's Greenbook for details.)

The Commissioners of the Sinking Fund administer the debt service payments and administrative expenses related to state general obligation bonds issued for the following purposes: primary and secondary education facilities, higher education facilities, coal research and development, parks and natural resources capital improvements, conservation projects, local infrastructure projects, Third Frontier research and development, site development for business, highways, and bonus compensation for veterans who served during the Persian Gulf, Afghanistan, and Iraq conflicts.

Appropriation Overview

The enacted budget appropriates \$1,172.1 million for FY 2018. This amount is \$3.8 million, or 0.3% higher than the actual expenditures in FY 2017. The budget appropriates \$1,262.2 million for FY 2019, which is \$90.1 million, or 7.7% higher than the appropriation in FY 2018.

Table 1 below shows appropriation totals by fund group in the budget of the Commissioners of the Sinking Fund for the FY 2018-FY 2019 biennium.

| Fund Group | FY 2017* | FY 2018 | % change, FY 2017-FY 2018 | FY 2019 | % change, FY 2018-FY 2019 |
|-------------------|------------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|
| Debt Service Fund | \$1,168,218,589 | \$1,172,055,575 | 0.3% | \$1,262,181,000 | 7.7% |
| TOTAL | \$1,168,218,589 | \$1,172,055,575 | 0.3% | \$1,262,181,000 | 7.7% |

*FY 2017 figures represent actual expenditures.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the enacted budget for each appropriation item in the Commissioners of the Sinking Fund (CSF) budget.

General Obligation Debt Retirement Funds

CSF manages and pays debt service and other associated costs on the general obligation bonds that are authorized by the state constitution and the legislature for specific purposes in the following table.

| Appropriations for General Obligation Debt Retirement Funds | | | | |
|--|--------------|---|------------------------|------------------------|
| Fund | ALI and Name | | FY 2018 | FY 2019 |
| Debt Service Fund Group | | | | |
| 7070 | 155905 | Third Frontier Research and Development Bond Retirement Fund | \$85,574,000 | \$89,782,300 |
| 7072 | 155902 | Highway Capital Improvement Bond Retirement Fund | \$117,606,700 | \$135,589,800 |
| 7073 | 155903 | Natural Resources Bond Retirement Fund | \$25,450,300 | \$19,317,800 |
| 7074 | 155904 | Conservation Projects Bond Retirement Fund | \$37,708,400 | \$42,878,200 |
| 7076 | 155906 | Coal Research and Development Bond Retirement Fund | \$6,319,500 | \$7,820,600 |
| 7077 | 155907 | State Capital Improvement Bond Retirement Fund | \$232,380,100 | \$229,892,200 |
| 7078 | 155908 | Common Schools Bond Retirement Fund | \$376,083,200 | \$404,435,700 |
| 7079 | 155909 | Higher Education Bond Retirement Fund | \$268,157,900 | \$311,782,500 |
| 7080 | 155901 | Persian Gulf, Afghanistan, and Iraq Conflict Bond Retirement Fund | \$7,118,300 | \$5,090,700 |
| 7090 | 155912 | Job Ready Site Development Bond Retirement Fund | \$15,657,175 | \$15,591,200 |
| Debt Service Fund Group Subtotal | | | \$1,172,055,575 | \$1,262,181,000 |
| Total Funding: General Obligation Debt Retirement Funds | | | \$1,172,055,575 | \$1,262,181,000 |

The budget specifies the appropriation amounts for each line item for each year, but it also provides temporary language that appropriates additional amounts if needed to pay required debt service on the bonds during the FY 2018-FY 2019 biennium.

Third Frontier Research and Development Bond Retirement Fund (155905)

This line item pays debt service on bonds issued to provide funding for local government infrastructure, support research and development applicable to high tech business, and enhance business site development. The bonds are issued under the authority of Section 2p, Article VIII of the Ohio Constitution. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 195905, Third Frontier Research and Development General Obligation Bond Debt Service, in the Development Services Agency's budget.

Highway Capital Improvement Bond Retirement Fund (155902)

This line item finances the retirement of debt that has been issued for the purpose of paying costs of construction, reconstruction, or other improvements of highways, including those on the state highway system and urban extensions thereof, those within or leading to public parks or recreation areas, and those within or leading to municipal corporations. The debt is issued under the authority of Section 2m, Article VIII of the Ohio Constitution. Not more than \$220 million in bonds may be issued in any fiscal year and not more than \$1.2 billion principal amount may be outstanding at any time. Bond maturity cannot exceed 30 years. Funds to pay the debt service are transferred to this non-GRF account from the Highway Operating Fund (Fund 7002) in the Department of Transportation's budget.

Natural Resources Bond Retirement Fund (155903)

This line item pays debt service on bonds issued to finance capital improvements related to: state and local parks and land and water recreation facilities; soil and water restoration and protection; land management, including preservation of natural areas and reforestation; water management, including dam safety; stream and lake management; and other projects that enhance the use and enjoyment of Ohio's natural resources. The bonds are issued under the authority of Section 2l, Article VIII of the Ohio Constitution. Not more than \$50 million in bonds may be issued within any single calendar year, and no more than \$200 million may be outstanding at any one time. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 725903, Natural Resources General Obligation Bond Debt Service, in the Department of Natural Resources' budget.

Conservation Projects Bond Retirement Fund (155904)

This line item pays debt service on bonds issued to provide moneys for conservation purposes. The bonds are issued under the authority of Sections 2o and 2q, Article VIII of the Ohio Constitution. Not more than \$50 million in bonds may be issued within any single calendar year, and no more than \$200 million may be outstanding at any one time. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 150904, Conservation General Obligation Bond Debt Service, in the Public Works Commission's budget.

Coal Research and Development Bond Retirement Fund (155906)

This line item pays debt service on bonds issued to provide moneys for financial assistance for research and development of coal technology that will encourage the use of Ohio coal. The bonds were issued under the authority of Section 15, Article VIII of the Ohio Constitution. Not more than \$100 million in bonds may be outstanding in any single calendar year. Funds to pay the debt service are transferred to this non-GRF

account from GRF line item 195901, Coal Research and Development General Obligation Bond Debt Service, in the Development Services Agency's budget.

State Capital Improvement Bond Retirement Fund (155907)

This line item pays debt service on bonds issued to provide moneys for local infrastructure projects financed by the Public Works Commission under the authority of Sections 2p and 2s, Article VIII of the Ohio Constitution. Funding comes from GRF line item 150907, Infrastructure Improvement General Obligation Bond Debt Service, under the budget for the Public Works Commission.

Common Schools Bond Retirement Fund (155908)

This line item pays debt service on bonds issued to provide moneys for common schools. The bonds are issued under the authority of Section 2n, Article VIII of the Ohio Constitution. Funding comes from GRF line item 230908, Common Schools General Obligation Bond Debt Service, in the Ohio Facilities Construction Commission's budget.

Higher Education Bond Retirement Fund (155909)

This line item pays debt service on bonds issued to provide moneys for higher education. The bonds are issued under the authority of Section 2n, Article VIII of the Ohio Constitution. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 235909, Higher Education General Obligation Bond Debt Service, in the budget for the Department of Higher Education.

Persian Gulf, Afghanistan, and Iraq Conflict Bond Retirement Fund (155901)

This line item pays debt service on bonds issued to provide compensation for veterans of the Persian Gulf, Afghanistan, and Iraq conflicts. The bonds are issued under the authority of Section 2r, Article VIII of the Ohio Constitution. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 900901, Veterans Compensation General Obligation Bond Debt Service, in the budget for the Department of Veterans Services.

Job Ready Site Development Bond Retirement Fund (155912)

This line item pays debt service on bonds issued to provide moneys for Third Frontier Job Ready Site Development purposes. The bonds are issued under the authority of Section 2p, Article VIII of the Ohio Constitution. Funds to pay the debt service are transferred to this non-GRF account from GRF line item 195912, Job Ready Site Development General Obligation Bond Debt Service, in the Development Services Agency's budget.

FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

| | | | FY 2016 | FY 2017 | Appropriation FY 2018 | FY 2017 to FY 2018 % Change | Appropriation FY 2019 | FY 2018 to FY 2019 % Change |
|--|--------|---|----------------------------|-------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|
| Report For Main Operating Appropriations Bill | | | Version: As Enacted | | | | | |
| CSF Commissioners of Sinking Fund | | | | | | | | |
| 7070 | 155905 | Third Frontier Research and Development Bond Retirement Fund | \$ 76,588,603 | \$ 87,652,994 | \$ 85,574,000 | -2.37% | \$ 89,782,300 | 4.92% |
| 7072 | 155902 | Highway Capital Improvement Bond Retirement Fund | \$ 119,937,350 | \$ 127,497,302 | \$ 117,606,700 | -7.76% | \$ 135,589,800 | 15.29% |
| 7073 | 155903 | Natural Resources Bond Retirement Fund | \$ 27,076,246 | \$ 25,235,593 | \$ 25,450,300 | 0.85% | \$ 19,317,800 | -24.10% |
| 7074 | 155904 | Conservation Projects Bond Retirement Fund | \$ 34,342,568 | \$ 37,894,699 | \$ 37,708,400 | -0.49% | \$ 42,878,200 | 13.71% |
| 7076 | 155906 | Coal Research and Development Bond Retirement Fund | \$ 5,988,546 | \$ 6,307,330 | \$ 6,319,500 | 0.19% | \$ 7,820,600 | 23.75% |
| 7077 | 155907 | State Capital Improvement Bond Retirement Fund | \$ 230,283,817 | \$ 230,221,495 | \$ 232,380,100 | 0.94% | \$ 229,892,200 | -1.07% |
| 7078 | 155908 | Common Schools Bond Retirement Fund | \$ 372,419,994 | \$ 361,040,065 | \$ 376,083,200 | 4.17% | \$ 404,435,700 | 7.54% |
| 7079 | 155909 | Higher Education Bond Retirement Fund | \$ 240,945,196 | \$ 253,293,996 | \$ 268,157,900 | 5.87% | \$ 311,782,500 | 16.27% |
| 7080 | 155901 | Persian Gulf, Afghanistan, and Iraq Conflict Bond Retirement Fund | \$ 9,083,588 | \$ 23,343,309 | \$ 7,118,300 | -69.51% | \$ 5,090,700 | -28.48% |
| 7090 | 155912 | Job Ready Site Development Bond Retirement Fund | \$ 19,383,880 | \$ 15,731,806 | \$ 15,657,175 | -0.47% | \$ 15,591,200 | -0.42% |
| Debt Service Fund Group Total | | | \$ 1,136,049,789 | \$ 1,168,218,589 | \$ 1,172,055,575 | 0.33% | \$ 1,262,181,000 | 7.69% |
| Commissioners of Sinking Fund Total | | | \$ 1,136,049,789 | \$ 1,168,218,589 | \$ 1,172,055,575 | 0.33% | \$ 1,262,181,000 | 7.69% |