

LSC FINAL FISCAL ANALYSES



THE FY 2008 - 2009
STATE OF OHIO OPERATING BUDGETS

LSC Final Fiscal Analyses

AM. SUB. H.B. 119, GENERAL OPERATING BUDGET
AM. SUB. H.B. 67, TRANSPORTATION BUDGET
AM. SUB. H.B. 100, WORKERS' COMPENSATION AND
INDUSTRIAL COMMISSION BUDGET

127th General Assembly

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October 2007

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Introduction

This document is the LSC fiscal analysis of the FY 2008-2009 biennial budget legislation of the 127th General Assembly: Am. Sub. H.B. 119 (the Main Operating Budget), Am. Sub. H.B. 67 (the Transportation Budget), and Am. Sub. H.B. 100 (the Bureau of Workers' Compensation and Ohio Industrial Commission Budgets). Whereas LSC *Redbooks* provide an agency-by-agency analysis of the executive budget proposals, the *Final Fiscal Analyses* provide an agency-by-agency analysis of the budgets enacted by the General Assembly and signed by the Governor.

The first section of this document summarizes the total appropriations for the FY 2008-2009 biennium and highlights the major provisions of the budgets. The second section of this document consists of an agency-by-agency analysis of the budgets, arranged by subject area. Each analysis includes an overview that briefly describes the agency's duties and responsibilities, summarizes appropriations, and provides highlights of the budget provisions affecting the agency, including any provisions that were vetoed by the Governor. Following the overview is a detailed analysis of the agency budget by program or program series (a group of programs with similar purposes), including a description of and funding for each program or program series, as well as any major statutory changes that impact the program or program series. At the end of each agency analysis is a spreadsheet showing the agency's appropriations by line item.

The third, and final, section of this document analyzes the major statutory provisions that affect multiple state and local entities: new tax provisions, the tobacco securitization plan, various statutory changes affecting local governments, and changes to the revenue distribution funds, which are used to collect and distribute taxes and fees.

In addition to the print version, this document may be viewed online at: <http://www.lbo.state.oh.us/fiscal/budget/fiscalanalysis/127fiscalanalysis.cfm>. Because LSC cannot fulfill requests for multiple copies of its staff publications, persons or groups needing more than one copy of the *Final Fiscal Analyses* are encouraged to reproduce it as needed. LSC claims no copyright or other basis requiring consent to replicate any portion of this publication, but it is requested that the Director be informed of any republication involving public distribution and that the source be identified therein.

Other LSC fiscal documents that provide information on the budgets include *Redbooks* (the analysis of the executive budget proposal), the *Comparison Document* (a provision-by-provision comparison of the Executive, House, Senate, and Conference Committee recommendations), the *Budget in Detail* (a spreadsheet showing every agency's appropriations by line item), and the *Catalog of Budget Line Items* (a description of each line item's legal basis, revenue source, and purpose). These and other budget-related documents are available at: <http://www.lsc.state.oh.us/budgetdocuments.html>.

Summary of the Budgets

Allan Lundell, Fiscal Supervisor
Other LSC analysts

- Biennium operating budgets total \$115.99 billion
- GRF + LPEF appropriations in the FY 2008-2009 biennium to rise 4.9%
- School funding accounts for the largest share of GRF budget, followed by human services

Appropriations by Budget

This section contains a summary of the three operating budget acts of the FY 2008 - 2009 biennium: Am. Sub. H.B. 119 (the Main Operating Budget), Am. Sub. H.B. 67 (the Transportation Budget), and Am. Sub. H.B. 100 (the Workers Compensation and Industrial Commission Budgets).¹ Table 1 shows the funding for each of the budgets. The column on the right, labeled “Share,” shows the portion of total state operating appropriations funded through each of the budgets.

Budget	FY 2008	FY 2009	Biennium Total	Share
Main Operating (H.B. 119)	\$52,624,233,164	\$54,775,629,368	\$107,399,862,532	92.6%
Transportation (H.B. 67)	3,971,654,591	3,833,131,082	7,804,785,673	6.7%
Workers Compensation (H.B. 100)	328,956,361	329,210,479	658,166,840	0.6%
Industrial Commission (H.B. 100)	61,799,365	61,799,365	123,598,730	0.1%
Total	\$56,986,643,481	\$58,999,770,294	\$115,986,413,775	100.0%

Total appropriations for all operating budgets and all fund groups in FY 2008 exceed adjusted appropriations for FY 2007 by 1.4%, in part reflecting sharply lower Medicaid appropriations. However, a sizable portion of FY 2007 Medicaid spending authority was not used but was instead encumbered, and FY 2008 GRF Medicaid appropriations do not include resources in the new Medicaid Reserve Fund. Fiscal year 2009 appropriations exceed those in FY 2008 by 3.5%, with the largest increases in the GRF budgets for Medicaid and K-12 education. The Main Operating Budget, with over 92% of all appropriations, obviously dominates these rates of increase.

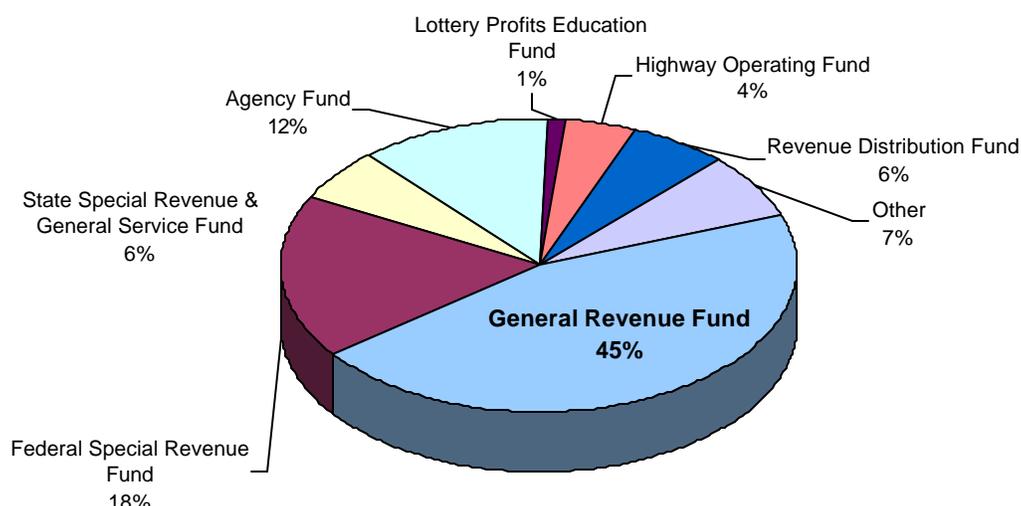
Appropriations by Fund Group

Chart 1 shows the portion of total appropriations funded by each of the state fund groups for the FY 2008 - 2009 biennium, for all operating budgets and all fund groups. See the *Budget in Detail* for information on funding by agency, by line item, and by fund group within each agency for FY 2007 through FY 2009.

¹ The Ohio Industrial Commission budget was introduced as H.B. 101, but was combined in committee with the Bureau of Workers' Compensation budget in H.B. 100.

The state General Revenue Fund (GRF) is the largest source for current appropriations. For the FY 2008 - 2009 biennium, GRF appropriations are \$52.38 billion, 45% of total operating appropriations. In the previous biennium appropriations to the GRF were 47% of the total. The rest of this section provides an historical context to the current appropriation levels of state GRF, along with the Lottery Profits Education Fund (LPEF). Following this are sections that provide highlights of the operating budget acts.

Chart 1: FY 2008-2009 Appropriations by Fund Group



State GRF and LPEF Funding

This section places in historical context the funding levels of the state's General Revenue Fund (GRF) and Lottery Profits Education Fund (LPEF). The two are considered together since in most uses the state GRF is broadly defined to include the LPEF due to the fact that at one time lottery profits were deposited into the GRF and then transferred to the LPEF.

Total GRF plus LPEF funding, excluding those outlays for which the state receives federal reimbursement and excluding distributions to the local government funds, increases 4.9% for the biennium, compared with the FY 2006 - 2007 biennium, including actual disbursements in FY 2006 and adjusted appropriations in FY 2007. Fiscal year 2008 appropriations on this basis exceed FY 2007 adjusted appropriations by 0.5%, while FY 2009 appropriations exceed FY 2008 appropriations by 4.3%.

The purchasing power of total GRF plus LPEF appropriations for the biennium is expected to rise by 1.1% compared with that of actual expenditures in FY 2006 plus adjusted appropriations in FY 2007. **Chart 2** shows the state GRF and LPEF expenditures for FYs 1987 through 2006 and adjusted appropriations in FY 2007, along with the appropriations for FYs 2008 and 2009, in both nominal dollars and amounts adjusted for inflation using the Consumer Price Index. Between 1987 and 2007, expenditures grew by 150% in nominal dollars and by 43% after inflation is taken into account. During the same period, expenditures as a percent of Ohio's estimated gross state product (GSP) varied between 4.1% and 4.7%, and are expected to be about 4.3% during the FY 2008 - 2009 biennium (see **Chart 3**).²

² The charts reflect Global Insight forecasts for the consumer price index and for Ohio gross state product.

Chart 2: Total State GRF and LPEF Expenditures
(in millions)

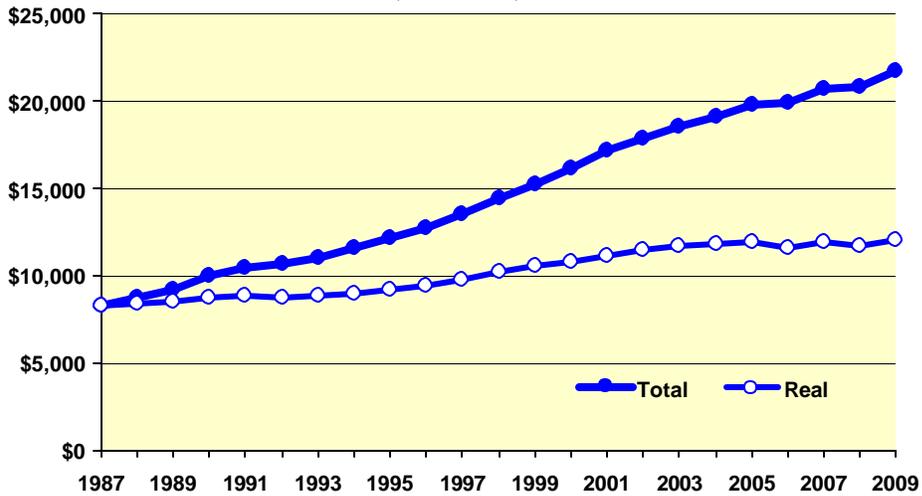
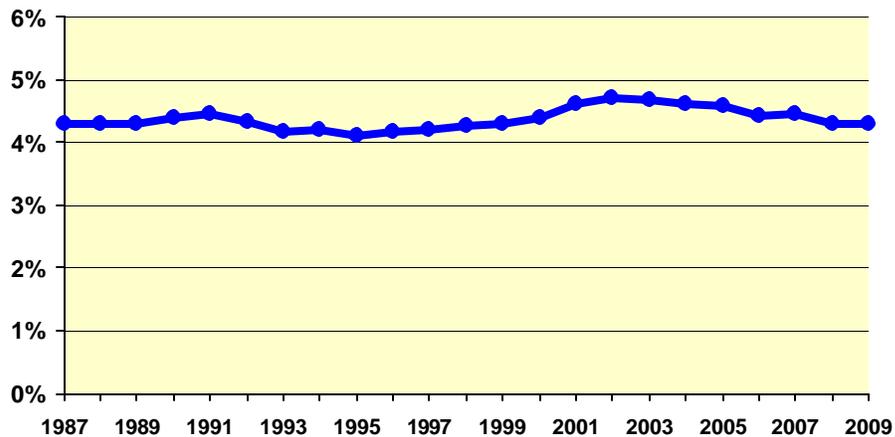


Chart 3: State GRF and LPEF Appropriations as a percentage of Ohio GSP



As depicted in **Charts 4 and 5**, Primary and Secondary Education continues to receive the largest share of total GRF plus LPEF appropriations (\$17.91 billion over the biennium, or 42.0% of total state GRF plus LPEF funding, excluding outlays for which federal reimbursements are received and distributions to the local government funds), followed by Human Services (\$11.87 billion, or 27.9%), Higher Education (\$5.64 billion, or 13.2%), and Corrections (\$3.65 billion, or 8.6%). Histories of expenditure amounts (and appropriation amounts for the FY 2008 - 2009 biennium) are included in the charts, below. **Chart 4** presents the history of spending in four of the state’s major program categories, plus the “Other Government” category, while **Chart 5** presents the historical share of the four major program areas (here the “Other Government” category is included in the calculations, but omitted from the chart). Individual agency appropriations and policy changes along with a brief discussion of revenues and taxation and the tobacco securitization plan are presented in the highlights section, below.

Chart 4: Total State GRF and LPEF Expenditures by Major Category
(in millions)

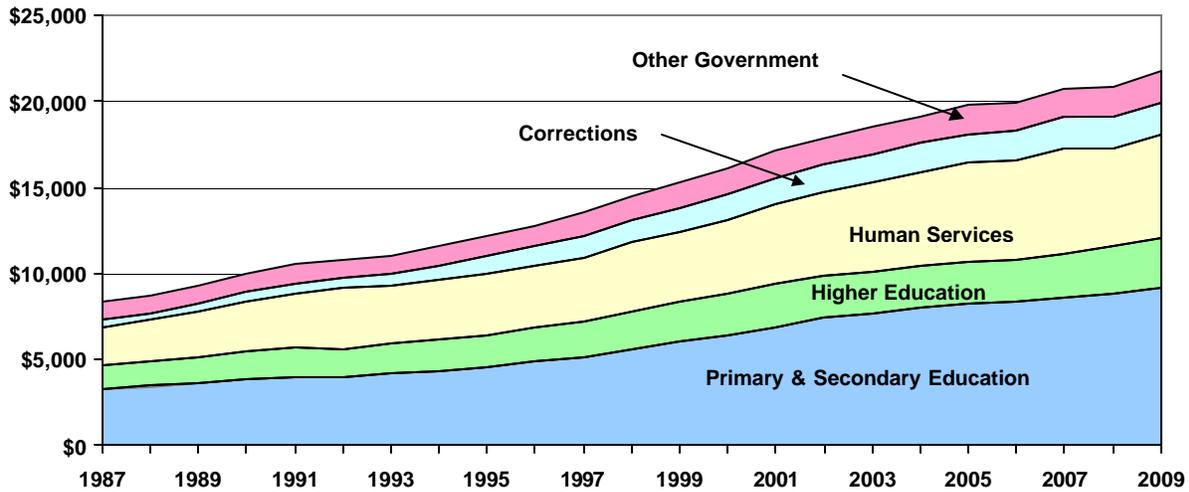
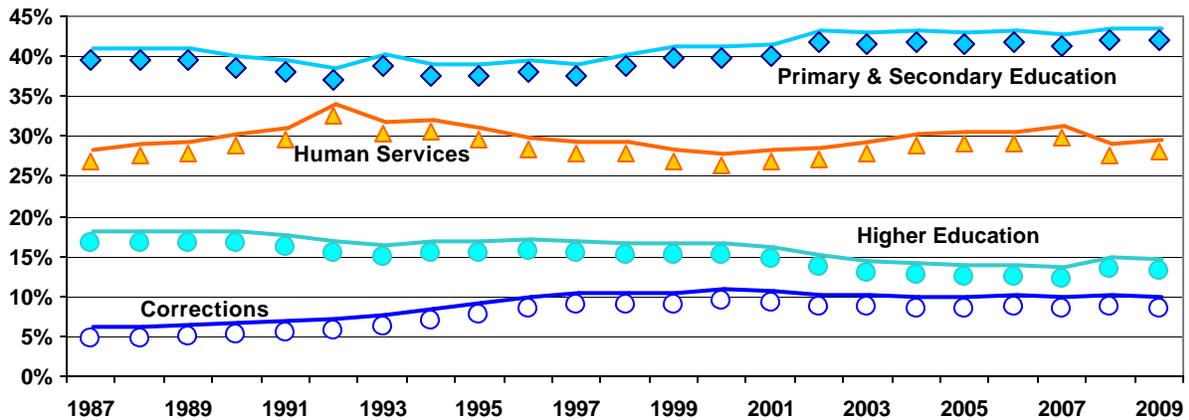


Chart 5: Major Program Spending as a Percentage of State GRF and LPEF Spending



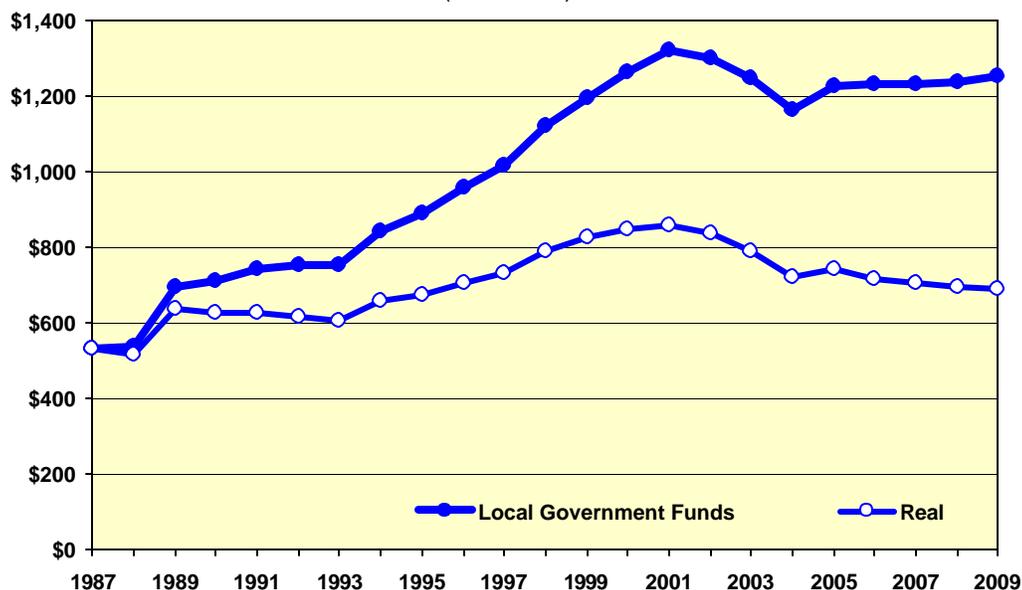
Highlights of the Main Appropriation Act (Am. Sub. H.B. 119)

Revenues and Taxation

The main operating budget act makes few changes to Ohio’s tax structure. It generally preserves the tax reforms put in place two years ago in the main operating budget for the previous biennium. The principal tax change is expansion of the homestead exemption program of property tax reductions for the elderly and disabled. Also, the budget provides for issuance of debt that is to be repaid using future receipts from the Tobacco Master Settlement Agreement (see below). Proceeds from this borrowing are to be used for accelerated spending on schools, and GRF interest savings in the current biennium were projected to about equal the amount of state reimbursements in this biennium to school districts and other local governments for revenues forgone because of the expansion of the homestead exemption. The

interest costs of the borrowing secured by the tobacco settlement payments would be non-GRF. The seven-year “freeze” on the local government funds (during which funding went down) is replaced by a new funding method which will allow for growth beginning in calendar year 2008 (see Chart 6).

Chart 6: Distributions to the Local Government Funds
(in millions)



Tobacco Securitization

The budget creates the Buckeye Tobacco Settlement Financing Authority, to be composed of the Governor, the Director of Budget and Management, and the Treasurer of State, for the securitization of up to 100% of Ohio payments to be received over the next 40 or more years under the Tobacco Master Settlement Agreement (MSA). The budget states that at least 75% of the aggregate net proceeds of the obligations issued with tobacco securitization moneys must be paid to the School Building Program Assistance Fund (Fund 032) and limits the use of net proceeds to the School Facilities Commission (SFC) and higher education capital facilities projects. It also provides that any net proceeds in excess of \$5 billion must be deposited into Fund 032 to assist SFC with additional support for school facilities projects. When initially proposed last March, the tobacco payment securitization plan was projected to raise about \$5 billion. The debt issuance is expected to take place this fall. Heightened risk aversion recently evident in financial markets, if it continues, could result in issuance of this debt on less favorable terms than might have been realized earlier. The obligations will not be general obligations of the state and will not be secured by the full faith and credit of the state.

As noted above, GRF money that would otherwise have been used for the finance costs of bonds issued for SFC and higher education projects in the next three years will, following the tobacco securitization, instead be used to expand the homestead exemption program. For selected programs, the budget replaces MSA funding with other resources in FY 2009. In many instances, the GRF has been utilized for this purpose. The executive budget proposal noted that those programs not related to school facilities will have two fiscal years to secure new funding sources or continue their phase-down of activities.

Economic Development

Department of Development

Overall funding for the Department of Development (ODOD) in FY 2008 is \$1.20 billion, or 3.5% greater than the final adjusted appropriation for FY 2007. Appropriations for FY 2009 are \$1.17 billion, or 2.9% below the FY 2008 level. A few changes were made in order to streamline funding sources for certain programs, including making all spending for central administrative services non-GRF and combining two line items for tax incentive administration into a single line item. The enacted budget also increased funding for Travel and Tourism programs over the biennium in a new line item (GRF 195-521, Discover Ohio!), and re-established the State Film Bureau in order to promote and facilitate media production in the state.

Some programs were cut, including the Rapid Outreach Grant program (formerly Business Development Grants, also known as 412 Grants), which was reduced by 8% to \$10,750,000 in FY 2008, with a further 7% decrease to \$10,000,000 in FY 2009. This could reduce the number and size of grants awarded for business development assistance over the new biennium. Additionally, appropriations to the Biomedical Research and Technology Transfer Trust Fund (BRTTF) will end after FY 2008 due to the plan to securitize tobacco settlement funds. In FY 2009, up to \$19,400,000 in funds for the Biomedical Research and Commercialization Program, currently funded through the BRTTF, are appropriated in Fund 5AD, line item 195-677, Economic Development Contingency, until a more permanent funding source can be found.

To promote the Governor's workforce development goals, temporary law in the budget permits the directors of Development and Job and Family Services to enter into interagency agreements to share resources in an effort to integrate workforce development into a larger economic development strategy based on the recommendations of the Governor's Ohio Workforce Policy Board. While there is no specific funding attached to this permissive language, it is intended to leverage resources of both departments and provide a framework for the creation and retention of high-paying jobs.

Education

Primary and Secondary Education

The GRF and lottery appropriations for the Department of Education (ODE) total \$8.44 billion in FY 2008, an increase of 1.7%, and \$8.76 billion in FY 2009, an increase of 3.8%. The all-funds appropriations for ODE are \$10.89 billion in FY 2008 and \$11.27 billion in FY 2009, representing increases of 3.1% and 3.5%, respectively.

School funding formula. The budget increases the base cost formula amount per pupil by 3.0% in each fiscal year to \$5,565 in FY 2008 and \$5,732 in FY 2009. Base funding supplements per pupil are also increased by 3.0% in each fiscal year to \$49.42 in FY 2008 and \$50.90 in FY 2009. Combined, these amounts represent the amount the state guarantees in basic aid for each student, which is funded with both state-collected and school district-collected revenues. In addition, the budget eliminates the cost-of-doing-business factor adjustment, provides a new subsidy for closing the achievement gap through poverty-based assistance, adopts a more targeted distribution of parity aid, and simplifies the guarantees in the formula.

Early childhood education. The budget significantly expands the GRF-funded early childhood program. This program provides funding to school districts and educational service centers that furnish educational services for three and four-year-old children from families with incomes at or below 200% of

the federal poverty level. The budget increases funding for these programs by \$12.0 million (63.2%) in FY 2008 and by an additional \$5.5 million (17.7%) in FY 2009.

STEM initiatives. STEM refers to the fields of science, technology, engineering, and mathematics. The budget establishes the STEM Subcommittee of the Partnership for Continued Learning and authorizes it to establish up to five STEM schools to open for instruction in FY 2009. Partnerships of public and private entities that include school districts, higher education entities, and business organizations may submit proposals for STEM schools to the Subcommittee. The schools may serve any of grades six to twelve. The STEM schools will be public schools that will receive operational funding through transfers of state aid from the schools' students' resident school districts much as community schools are funded. In addition, the budget authorizes the Subcommittee to award grants to the STEM schools and appropriates \$3.0 million in each fiscal year for these grants. The budget also authorizes the STEM Subcommittee to award grants to STEM Programs of Excellence operated by school districts and educational service centers for any of grades K to 8 and appropriates about \$3.3 million in each fiscal year for these grants.

Adult career-technical education programs. The budget requires the transfer of adult career-technical education programs from ODE to the Board of Regents by January 1, 2009.

School Facilities Commission. The budget authorizes the securitization of Ohio's payments to be received over the next 40 or more years under the Tobacco Master Settlement Agreement and specifies that most of the proceeds be used by SFC for construction of school buildings throughout the state. As a result, SFC offered 57 districts funding in July 2007 in addition to the 44 districts that were offered funding in May 2007 and plans to finance \$4.1 billion in new construction projects over the next three years.

Higher Education

The GRF appropriations for the Board of Regents (BOR) total \$2.77 billion in FY 2008, an increase of 8.7%, and \$2.86 billion in FY 2009, an increase of 3.2%. The all-funds appropriations for BOR are \$2.80 billion in FY 2008 and \$2.89 billion in FY 2009, representing increases of 6.9% and 3.2%, respectively.

Tuition freeze. The budget freezes in-state undergraduate tuition in both FY 2008 and FY 2009. As a result, the in-state undergraduate tuition for each campus will remain at the FY 2007 level over the biennium. In FY 2007, four-year campuses charged an average of \$8,427 for an Ohio resident undergraduate student and two-year campuses charged an average of \$3,521. For all campuses the average in-state undergraduate tuition was \$6,209 in FY 2007.

State Share of Instruction (SSI) and Challenges subsidies. To help freeze in-state undergraduate tuition, the budget funds GRF appropriation item 235-501, State Share of Instruction, at \$1,678.9 million in FY 2008, an increase of 5.6%, and at \$1,843.0 million in FY 2009, an increase of 9.8%. Of these amounts, the budget earmarks \$58.0 million in FY 2008 and \$60.0 million in FY 2009 to be distributed based on the proportional share of each campus in total in-state undergraduate tuition in FY 2007. The remaining funds are first used to guarantee that all campuses receive the same amount of SSI (excluding the earmarked funding) as they received in the prior year, and then to provide uniform increases (2% in FY 2008 and 10% in FY 2009) for the four-year universities and their branch campuses and varying increases for two-year community and technical colleges based on a formula developed by BOR that takes into account the enrollment growth. To receive these SSI subsidy increases, each campus must demonstrate, through increasing internal efficiencies, a 1.0% savings in FY 2008 and a 3.0% savings in FY 2009 as certified by BOR. While SSI provides unrestricted operating subsidies to campuses, the

four Challenges (Jobs, Access, Success, and Economic Growth) provide additional subsidies to campuses for specific purposes. The total appropriations for these four items are \$164.8 million per year, an increase of 11.0% over FY 2007.

Ohio Innovation Partnership. The budget provides \$150.0 million over the biennium to fund the newly established Ohio Innovation Partnership, which consists of two competitive grant programs: the Choose Ohio First Scholarship Program and the Ohio Research Scholars Program. Funded at \$50.0 million per year, the Choose Ohio First Scholarship Program provides scholarships to Ohio residents who attend selected four-year institutions of higher education in science, technology, engineering, mathematics, and medicine (STEM²) fields or STEM² education. The Ohio Research Scholars Program, funded at \$30.0 million in FY 2008 and \$20.0 million in FY 2009, provides endowment grants to selected four-year institutions for initiatives that recruit scientists to their faculties.

James A. Rhodes scholarship. The budget provides \$10.0 million in FY 2008 to match the funds raised by the James A. Rhodes Leadership Foundation for the purpose of providing scholarships to students attending community and technical colleges. The purpose of the scholarships is to establish a skilled workforce in the state.

Ohio College Opportunity Grant (OCOG). The budget appropriates \$140.0 million in FY 2008, an increase of 140.7%, and \$151.1 million in FY 2009, an increase of 8.0%, to continue the second and third years of the phase-in of OCOG, a new need-based student financial aid program. OCOG uses the federally determined “Expected Family Contribution” (EFC) as the basis for determining the students’ grant awards. The EFC system is a more sophisticated measure of a family’s ability to pay for higher education than family income alone (used in the Ohio Instructional Grants – the state’s main need-based student financial aid program prior to FY 2007). Students from families with income levels less than \$75,000 are eligible for OCOG (\$39,000 for OIG). Compared to OIG, OCOG provides larger grants to more students, requiring approximately twice the amount of funding once it is fully implemented in order to meet intended grant levels for eligible students.

Environment and Natural Resources

Environmental Protection Agency

The total amount appropriated for the Environmental Protection Agency (EPA) is \$410.23 million over the biennium. The lion's share of the agency's funding (\$293.05 million over the biennium) comes from permitting and environmental protection and solid waste disposal fees. Federal funds (\$74.27 million) and internal service charges (\$42.55 million) make up the bulk of the remaining funding over the biennium. The budget allows for the continuation of the e-Check program through a GRF transfer of \$14.82 million in FY 2008 and \$15.06 million in FY 2009 to the Auto Emissions Testing Fund (Fund 5BY).

Department of Natural Resources

The Department of Natural Resources’ budget of \$677.93 million for the biennium will create no interruption in service or staffing levels. One major change is the increase to GRF appropriation item 725-401, Wildlife Central Support, by roughly \$1.3 million in both FY 2008 and FY 2009. This line item is used to pay all of the Division of Wildlife’s central support charges and a portion of other divisions’ central support costs, resulting in operational savings to each division. The budget also provides funding to support the new administration’s goal of greater emphasis on energy production. In addition, the budget supports research and development on optimal ways to offer energy production and seek new or underutilized energy resources. Soil and Water District funding will provide matching grants at match rates of 85% in FY 2008 and 81% in FY 2009.

General Government

Department of Administrative Services

The budget for the Department of Administrative Services (DAS) is \$409.77 million in FY 2008 and \$390.02 million in FY 2009, sufficient to maintain FY 2007 service and staffing levels in most program areas. Of these amounts, GRF payments to the Ohio Building Authority for various state office towers and debt service capital projects financed through bond proceeds in the Administrative Building Fund (Fund 026) account for \$112.29 million in FY 2008 and \$106.48 million in FY 2009. Operationally, the budget consolidates DAS printing services and mail and fulfillment functions of the Department of Job and Family Services (JFS) in an effort to streamline and reduce duplication of services.

Department of Agriculture

The budget appropriates \$50.40 million in FY 2008 and \$50.39 million in FY 2009 to the Department of Agriculture. GRF funding is \$19.46 million in each fiscal year or 38.6% of the agency's total budget. The budget sharply increased GRF funding for the Department's Plant Industry program by \$300,000 each fiscal year to \$350,000, which will enable the Department to conduct additional nursery stock inspections in the growing nursery stock and landscape services industry. The budget also reestablished a GRF line item that is used for cash assistance for facility rental costs and premium awards for livestock associations and increased funding for reimbursement of Junior Fair expenses to county agricultural societies.

Auditor of State

The Auditor will continue to emphasize the core function of conducting financial audits on state agencies and local governments. However, completing these audits has become increasingly difficult for the agency because of staffing cuts. Since 2003, the Auditor's staff has been reduced by approximately 130 full-time employees. The enacted budget contains increased GRF funding to fill 49 previously eliminated staff positions within the Auditor's office. The budget funding levels of approximately \$79.57 million in FY 2008 and \$81.87 million in FY 2009 allow for these positions to be restored.

Office of Budget and Management

The budget appropriates \$17.66 million in FY 2008 and \$21.28 million in FY 2009 for the Office of Budget and Management (OBM), of which GRF funding is \$3.31 million in FY 2008 and \$4.87 million in FY 2009. The budget adds accounting services to the responsibilities of OBM, including maintenance and periodic auditing of state agency financial records and vouchers as well as assistance in the analysis of the financial position of state agencies. In FY 2009, the budget appropriates \$1.5 million each to two Medicaid Agency Transition line items. These funds will likely support the administrative structure of the Executive Medicaid Management Agency (EMMA).

Development and implementation of the OAKS system continues with additional capabilities scheduled to become operational throughout CY 2008. To assist with the funding of OAKS implementation, the budget authorizes transfers from the GRF to the OAKS Project Implementation Fund (Fund 5N4) of up to \$4.29 million during the biennium. State payment card rebates, which had been diverted to Fund 5N4 to provide OAKS funding in FYs 2006 - 2007, have been redirected to the Accounting and Budgeting Fund (Fund 105). To provide continual funding for OAKS, the budget requires OBM to include recovery of OAKS financials administration costs in the Accounting and Budgeting Services payroll check-off. Those revenues are first deposited into the Accounting and

Budgeting Fund (Fund 105) and then transferred quarterly to the OAKS Support Organization Fund (Fund 5EB) within the Department of Administrative Services.

Department of Commerce

The budget appropriates \$667.09 million in FY 2008 and \$705.97 million in FY 2009 to the Department of Commerce. Of these amounts, the GRF portion in each fiscal year is only \$2.13 million, representing 0.3% of the agency's total budget. The budget authorizes various transfers from Department of Commerce funds to the GRF and other agencies. Specifically, it authorizes the transfer of \$58.55 million to the GRF and \$34.4 million to the Department of Development from Unclaimed Funds over the course of the biennium. Also, the budget includes transfers from the State Fire Marshal Fund (Fund 546) of \$5.7 million and \$5.8 million in FY 2008 and FY 2009, respectively, to the GRF; \$150,000 in each fiscal year to the Department of Health for poison control centers; and \$125,000 in each fiscal year to the Department of Public Safety for the Southern Ohio Drug Task Force. In total, the budget provides for up to \$105 million in transfers of unclaimed funds or cash. It also provides funding for two additional investigator positions in the Division of Labor and Worker Safety to address an increasing number of wage complaints, extends the moratorium on the issuance of fireworks wholesaler or manufacturer licenses from December 2008 to December 2011, and creates liquor permits allowing direct shipping of wine to consumers and retail liquor permit holders.

Controlling Board

Unlike other state agencies, the Controlling Board does not spend any of the funds appropriated to it. Instead, the appropriations are transferred to other state agencies, carried forward to the next fiscal year, or allowed to lapse. In general, Controlling Board appropriations are used to cover costs related to unexpected events such as natural disasters, and to reimburse political subdivisions for the cost of certain state mandates. The budget (1) contains temporary law specifying the circumstances under which up to \$4.0 million in cash would be transferred each fiscal year from the Controlling Board's Disaster Services Fund (Fund 5E2) and appropriated to GRF line item 911-401, Emergency Purposes/Contingencies, for assistance in disasters and emergencies, and (2) appropriates nearly \$1 million in GRF funding over the biennium to provide certain political subdivisions with funding related to the costs of statewide ballot initiative advertising, child abuse detection training, and certain felony prosecutions.

Office of the Inspector General

There were no substantial changes to funding levels for the Office of the Inspector General (IGO) in the operating budget. However, there were two notable changes with fiscal implications for the Office. The Bureau of Workers' Compensation (BWC) budget bill for FYs 2008 - 2009, Am. Sub. H.B. 100, creates the position of Deputy Inspector General for BWC. This position will be responsible for investigating all claims or cases of criminal violations, abuse of office, or misconduct on the part of employees of BWC or the Ohio Industrial Commission (OIC). While the Deputy Inspector General would be considered an employee of IGO, all the costs incurred by the Deputy Inspector General, including salaries of that position and any other additional positions deemed necessary, would be the responsibility of BWC.

Additionally, the Transportation budget bill for FYs 2008 - 2009, Am. Sub. H.B. 67 creates a position of Deputy Inspector General for ODOT. This position will be responsible for investigating all claims or cases of criminal violations, abuse of office, or misconduct on the part of employees of ODOT. While the Deputy Inspector General would be considered an employee of IGO, all the costs incurred by the Deputy Inspector General, including salaries of that position and any other additional positions deemed necessary, would be the responsibility of ODOT, paid by transfers from the Highway Operating Fund to the Inspector General for ODOT Fund.

Secretary of State

The budget appropriates \$23.64 million in FY 2008 and \$21.64 million in FY 2009. Overall, the budget will maintain FY 2007 service and staffing levels in all program areas. However, due to ongoing legal matters concerning elections issues from the last biennium, the Secretary of State may require an increase in the appropriation to Business Services Fund (Fund 599) to cover these anticipated expenses.

Health and Human Services

Department of Aging

The Department of Aging received appropriations of \$634.11 million in FY 2008, which is an increase of 22.7% over FY 2007 adjusted appropriations. In FY 2009, the Department's appropriations total \$673.86 million, which is an increase of 6.3% over FY 2008 appropriations. General Revenue Fund appropriations represent approximately 29.8% of the Department's total budget, with 73.4% of the GRF funding appropriated for PASSPORT. The GRF portion of the Department's budget increases by 11.7% in FY 2008 and by 18.1% in FY 2009.

Funding for PASSPORT in GRF line item 490-403, PASSPORT, increases by 6.1% in FY 2008 over FY 2007 adjusted appropriations and by 23.2% in FY 2009 over FY 2008 appropriations, with appropriations of \$128.4 million in FY 2008 and \$158.2 million in FY 2009. PASSPORT funding in federal line item 490-607, PASSPORT, increases by 38.3% in FY 2008 over FY 2007 adjusted appropriations but decreases by 0.2% in FY 2009 from FY 2008 appropriations, with appropriations of \$301.8 million in FY 2008 and \$301.3 million in FY 2009. On March 8, 2007, Governor Strickland issued a directive to the Department to increase the number of individuals receiving PASSPORT by 1,100, which would account for all individuals who were on the waiting list at that time. The Department estimated that by the end of July 2007, all individuals on the waiting list would be enrolled in the program. The enacted appropriation levels will fund an additional 5,600 PASSPORT waiver slots over the course of the biennium, which reflects the natural growth rate in the program over that time period. As such, this funding level will likely allow PASSPORT to operate without a waiting list through the biennium.

The budget increases the Medicaid reimbursement rate for PASSPORT services during FY 2008 by 3%. Additionally, the rate will be increased by another 3% in FY 2009. These rate increases also extend to services provided under the Choices program. The amount of the increase (both GRF and federal dollars) is approximately \$11.0 million in FY 2008 and \$23.6 million in FY 2009.

The budget increases by 3% the maximum monthly supplement amount for an eligible resident on the Residential State Supplement program. The Department estimates that this will increase expenditures by approximately \$300,000 per fiscal year.

The budget provides for the creation of the Unified Long-Term Care Budget Workgroup and specifies the members of the Workgroup. The Director of Aging is to serve as the chairperson of the Workgroup. The Workgroup must develop a unified long-term care budget that facilitates the following: (1) provides a consumer a choice of services that meet the consumer's health care needs and improve the consumer's quality of life, (2) provides a continuum of services that meet the needs of a consumer throughout life, (3) consolidates policymaking authority and the associated budgets in a single entity to simplify the consumer's decision making and maximize the state's flexibility in meeting the consumer's needs, and (4) assures that the state has a system that is cost effective and links disparate services across agencies and jurisdictions. The Workgroup must submit an implementation plan by June 1, 2008. This plan must, among other things, outline how funds can be transferred among involved agencies in a fiscally neutral manner and identify the resources needed to implement the unified budget in a multiphase

approach starting in FY 2009. The plan must consider the recommendations of the Medicaid Administrative Study Council and the Ohio Commission to Reform Medicaid.

Lastly, the budget bill creates GRF appropriation items in the departments of Aging, Job and Family Services, Mental Retardation and Developmental Disabilities, and Mental Health in support of the Unified Long-Term Care Budget Workgroup. Annually, the directors of Aging and Budget and Management must submit a written report that describes the progress toward establishing, or if already established, the effectiveness of the unified long-term care budget. The budget bill authorizes the Director of Budget and Management to do all of the following when the Governor creates an administration to manage Medicaid policies and functions:

- (1) Transfer funds and appropriations currently appropriated to pay for Medicaid services to any appropriation item described above;
- (2) Transfer funds between those appropriation items;
- (3) Develop a reporting mechanism to transparently show how the funds are being transferred and expended.

The Director must obtain Controlling Board approval before transferring funds or appropriations.

Department of Alcohol and Drug Addiction Services

The budget will allow the Department of Alcohol and Drug Addiction Services to continue FY 2007 levels of service into the FY 2008 - 2009 biennium. The budget:

- Eliminates the Recovery Health Assistance program, zeroing out line item 038-622, Recovery Assistance. The Department plans to use approximately \$400,000 in GRF line item 038-401, Treatment Services, to phase out the program during the FY 2008 - 2009 biennium.
- Requires the Auditor of State to complete a performance audit of the Department.
- Requires the Director of Alcohol and Drug Addiction Services to consult with the Director of Budget and Management and representatives of local and county alcohol and drug addiction services agencies to conduct an internal review of policies and procedures to increase efficiency and identify and eliminate duplicative practices. Any savings identified as a result of the internal review or the performance audit conducted by the Auditor of State shall be used for community-based care. The Director of Alcohol and Drug Addiction Services must seek Controlling Board approval before expending any funds identified as a result of the internal review or the performance audit.

Department of Health

The biennial funding for the Department of Health (ODH) is over \$1.2 billion. Appropriations for ODH total \$623.68 million in FY 2008, an increase of 7.1% over FY 2007 adjusted appropriations and total \$614.41 million in FY 2009, a 1.5% decrease from FY 2008 appropriations. The Department's GRF appropriations are \$79.80 million in FY 2008 and \$87.87 million in FY 2009. This translates to a 4.6% increase in FY 2008 GRF appropriations from FY 2007 GRF adjusted appropriations. In FY 2009, GRF appropriations are 10.1% higher than GRF FY 2008 appropriations. Federal dollars represent 70% of the biennial appropriations for the Department. GRF appropriations account for 13.5% of total appropriations. The remainder of funding is state special revenue and general services funds.

ODH received \$2.5 million in each fiscal year in GRF appropriation item 440-438, Breast and Cervical Cancer Screening. These funds are to be used for breast and cervical cancer screenings and services as permitted under the National Breast and Cervical Cancer Early Detection Project.

ODH received \$3.5 million in FY 2009 in GRF appropriation item 440-511, Uncompensated Care and Emergency Medical Assistance. These moneys will be used to fund programs that provide health care to persons without the ability to pay. However, the budget bill specifies that this is not an entitlement program and services are offered only to the extent that funding is available.

The budget creates the Autism Diagnosis Education Pilot Program. The Program's mission is to educate health care professionals, educational personnel, childcare providers, parents, and community-based services providers about autism spectrum disorders. The program is also to promote appropriate autism diagnosis standards and to encourage regional coordination of information and autism-related services. ODH is required to contract with a statewide association representing pediatricians to conduct or administer the program. The program received funding of \$500,000 in FY 2008 and \$300,000 in FY 2009. These funds are earmarked from GRF appropriation item 440-459, Help Me Grow.

On January 1, 2007, ODH implemented new sewage treatment system rules as a result of Sub. H.B. 231 of the 125th General Assembly. These rules established standards and guidelines for new and replacement household septic and sewage treatment. The budget bill suspends the operation of specified provisions of Sub. H.B. 231 until July 1, 2009. The bill also restores the laws relating to the household sewage disposal systems that existed prior to the Household and Small Flow On-Site Sewage Treatment Systems Law's enactment until July 1, 2009. After July 1, 2009, the changes to the law made by Sub. H.B. 231 are restored. The budget bill further requires that by July 2, 2007, the Director of Health adopt rules related to household sewage disposal systems that were in place prior to January 1, 2007. The budget bill also levies an application fee of \$25 for a sewage treatment system installation permit and requires the appropriate board of health to collect the fee on behalf of ODH. The budget bill revises the membership, duties, and appointment procedures pertaining to the Sewage Treatment System Technical Advisory Committee. The budget bill also creates the Household Sewage and Small Flow On-Site Sewage Treatment System Study Commission to recommend standards concerning household sewage treatment systems and small flow on-site sewage treatment systems.

Department of Job and Family Services

For FY 2008, the budget appropriates \$16.8 billion in all funds (GRF plus non-GRF) for the Department. This is approximately \$921.5 million or 5.2% less than adjusted appropriations for FY 2007. The budget also appropriates \$17.7 billion in all funds for the Department in FY 2009. This is an increase of \$901.8 million, or 5.4%, over the amount appropriated for FY 2008. An increase of 3.0% for FY 2008 in appropriations over the FY 2007 adjusted appropriation occurs in non-GRF federal funding. When looking solely at GRF appropriations, we see that the FY 2008 appropriation of \$9.8 billion is a decrease of \$1.1 billion, or 10.2%, from the FY 2007 adjusted appropriation. However, comparing the FY 2008 appropriation to the FY 2007 adjusted appropriation does not tell the whole story, because the adjusted appropriation includes approximately \$644 million in encumbered moneys from FY 2007 that is to be spent in FY 2008.

On another note, the budget created the Medicaid Reserve Fund. The Director of Budget and Management is to transfer \$120 million from the GRF to the Reserve Fund in FY 2008. The funds may be transferred back to the GRF and appropriated for the Medicaid program, along with the federal share, if needed. Similarly, \$205 million is to be transferred to the Reserve Fund in FY 2009.

Medicaid. The budget appropriates \$8.55 billion in combined federal and state GRF funds in FY 2008 and \$9.34 billion in FY 2009 for the line item that funds most Medicaid programs (600-525). The enacted budget makes many changes to the Medicaid program. Medicaid eligibility expansions will begin January 2008. Major policy changes include but are not limited to the following:

- Expands Medicaid eligibility to include children in families with income 200% to 300% of the federal poverty guidelines (FPG) through a SCHIP III program. The act also requires premiums of \$40 per month per child with a ceiling of \$120 per month.
- Provides health care assistance to children in families with income over 300% of FPG. Children eligible for this coverage will not be enrolled into Ohio's Medicaid program, but will be able to buy medical coverage with premiums and copayments through the state.
- Expands Medicaid eligibility to include pregnant women with income up to 200% of FPG.
- Expands Medicaid eligibility to include young adults ages 19 and 20 who age-out of foster care.
- Expands eligibility to adults with disabilities through the Ticket to Work Medicaid Buy-In program.
- Implements the Money Follows the Person program that will assist individuals to transition from an institutional setting to a community-based setting of their choice.
- Creates the Medicaid Reserve Fund in the state treasury. Requires the Director of Budget and Management to transfer \$120 million in FY 2008 and \$205 million in FY 2009 from the GRF to the Medicaid Reserve Fund. If the Director of Budget and Management determines that additional appropriations are needed in GRF appropriation item 600-525, Health Care/Medicaid, to fund the Medicaid program, the Director may transfer cash from the Medicaid Reserve Fund to the GRF, increase the corresponding state share of appropriations in appropriation item 600-525, Health Care/Medicaid, and adjust the federal share accordingly. Requires, at the end of each fiscal year, the Director of Budget and Management to transfer from the Medicaid Reserve Fund all of the cash balance in excess of any transfers to the credit of the GRF.
- Restores chiropractic, psychological, and full dental benefits for adults.
- Requires ODJFS to cover occupational therapy services in a variety of clinical settings.
- Requires the Governor to create the Executive Medicaid Administration to manage all Medicaid policies and functions and promote the efficient and effective delivery of health care. The responsibilities of this body must include implementation of recommendations of the Ohio Medicaid Administrative Study Council, except its recommendation for the creation of a separate Medicaid department. In addition, the administration must set up a governance structure that includes information technology, strategy and planning, program integrity, resource organization, local government relations, and unified budgeting. The budget also requires the body to hire an executive director who reports directly to the Governor.

TANF Block Grant. The budget appropriates \$1.0 billion for FY 2008 and \$1.1 billion for FY 2009 to appropriation item 600-689, TANF Block Grant. These appropriations exceed the annual TANF Block Grant award by \$309.8 million in FY 2008 and \$357.9 million in FY 2009. TANF

earmarks over the FY 2008 - 2009 biennium total more than \$108.1 million. The TANF balance at the start of FY 2008 was over approximately \$586.0 million. By the end of FY 2009, the year-end TANF balance is estimated to be \$61.8 million.

Department of Mental Health

The most notable provisions for the Department of Mental Health are the increased appropriation amounts for Medicaid. The budget:

- Increases appropriation item 334-605, Medicaid/Medicare, by approximately \$22.6 million over FY 2007 adjusted appropriations and by \$38.6 million in FY 2009 over the FY 2008 appropriations. The increase will cover Medicaid service expansion during the biennium as more people are accessing mental health services.
- Allows the Department to utilize reserve funds in Fund 149, acquired in the past biennium through financial efficiencies and Medicare rate restructuring. Utilization of these moneys through line item 334-609, Hospital Operating Expenses, will allow the Department to maintain current levels of service in the hospital system.
- Increases appropriation authority in line items 333-635, Community Medicaid Expansion, and 335-635, Community Medicaid, by a total of \$21.8 million in FY 2008 over the FY 2007 adjusted appropriations and by \$38.9 million in FY 2009 over the FY 2008 appropriations. The increase represents the nonfederal share of Medicaid expenses the Department estimates local boards will expend during the biennium and the corresponding federal financial participation the Department will receive for Medicaid services provided.
- Requires the Auditor of State to complete a performance audit of the Department.
- Requires the Director of Mental Health to consult with the Director of Budget and Management and representatives of county mental health services agencies to conduct an internal review of policies and procedures to increase efficiency and identify and eliminate duplicative practices. Any savings identified as a result of the internal review or the performance audit conducted by the Auditor of State shall be used for community-based care. The Director of Mental Health must seek Controlling Board approval before expending any funds identified as a result of the internal review or the performance audit.

Department of Mental Retardation and Developmental Disabilities

In FY 2008, the enacted budget provides \$1.17 billion for the Department of Mental Retardation and Developmental Disabilities (ODMR/DD), a 4.6% decrease from FY 2007 adjusted appropriations. In FY 2009, this figure increases to \$1.25 billion, a 6.7% increase over FY 2008 appropriations. GRF appropriations for FY 2008 total \$369.67 million. This represents a 4.2% increase from FY 2007 appropriations. For FY 2009, GRF appropriations increase to \$389.28 million, a 5.3% increase from FY 2008 appropriations. In total, GRF funds make up approximately 31.3% of the Department's budget.

The budget creates the Gallipolis Developmental Center Pilot program, which is to be operated during CY 2009. Up to ten individual option waiver slots, which will be funded by the Martin Settlement, may be filled under the pilot program.

In addition, the budget includes a \$150,000 appropriation for the Department to use for compliance with the Martin Consent Order. ODMR/DD will be responsible for allocating 1,500 additional waiver slots. Of these, 600 waiver slots will be for FY 2008 and 900 waiver slots are for FY 2009. In each fiscal year, at least 100 of the waiver slots will have to be made available to individuals residing in ICFs/MR and 40 of the waiver slots will be made available to individuals residing in nursing facilities. The remaining waiver slots will be allocated to county boards of mental retardation and developmental disabilities to serve individuals currently on waiting lists for waiver services.

Another provision is the creation of the MR/DD Futures Study Committee. Language in the bill requires the Committee, not later than March 30, 2008, to submit a report to the Governor and General Assembly on the Committee's findings and recommendations regarding the funding and design of services provided by county boards of mental retardation and developmental disabilities. The Committee will cease to exist after submission of the report.

The budget contains several provisions relating to Medicaid Redesign, a series of reforms designed to reduce the large residential services waiting lists, inequity among county board services, and high direct care staff turnover, as well as to increase consumer choice, to comply with Supreme Court decisions, and to bring Ohio's mental retardation and developmental disabilities services into compliance with federal Medicaid requirements.

Other highlights include:

- Consolidation of former GRF line items 322-417, Supported Living, and 322-452, Service and Support Administration, into line item 322-501, County Board Subsidies.
- An increase in GRF line item 320-412, Protective Services, in FY 2008 of 13.4% over FY 2007 appropriations, due to an increase in demand for services. The increase will help retain a professional workforce and allow for hiring additional staff to manage increasing caseloads.
- A \$4.3 million appropriation for line item 322-650, CAFS Medicaid, in FY 2008. The Community Alternative Funding System (CAFS) program ended July 1, 2005, due to findings by the Centers for Medicare and Medicaid Services that the program was out of compliance with federal Medicaid requirements. Line item 322-650 includes an appropriation to pay final audit findings pertaining to the CAFS program.

Infrastructure and Transportation

Department of Transportation

The Department of Transportation will continue to operate public transportation, rail, and aviation grant programs with GRF dollars at a level of \$47.77 million for the biennium. The Department's GRF dollars represent only a small fraction, less than 1%, of the Department's combined GRF and non-GRF total budget. ODOT's non-GRF budget is approximately \$6.3 billion for the biennium funded by motor fuel taxes and bonds to pay for highway construction.

The GRF portion of the budget provides for a transfer of \$5.0 million in each fiscal year from the Highway Operating Fund for the purchase of replacement buses for urban and rural transit systems. Also, funding for rail transportation was increased, providing additional dollars for rail spurs and short-line railroads in an effort to promote economic development. Funding for the Elderly and Disabled Fare assistance program will offset 60% to 70% of public transit farebox losses from reduced fares offered to

the elderly and disabled. The budget also earmarks \$4 million in FY 2008 from the Department's budget to make grants available for state highway improvements at public school entrances. Finally, the budget allows the Department to contract for a 12-month pilot project on energy price risk management in an effort to create operating efficiencies within the Department.

Public Safety, Justice and Corrections

Office of the Attorney General

The biennial budget for the Office of the Attorney General totals \$402.8 million, \$45.9 million or 12.9% higher than in the previous biennium. Of that increase, about 30% is appropriated from the GRF and 70% from non-GRF funds. The increased GRF funding will support the Attorney General's annual operating expenses as well as statutorily mandated pay supplements for county sheriffs and prosecutors. Increases in non-GRF appropriations reflect more realistic figures for cash flows. Over the past several years, the Attorney General has come before the Controlling Board on many occasions to request increases in non-GRF appropriation authority. As with all non-GRF funds, unless money has been received, a state agency cannot spend based solely on an appropriation. Temporary law in the enacted budget (1) transfers \$350,000 in each of FYs 2008 and 2009 from the Attorney General's Reparations Fund (Fund 402) to the Department of Public Safety's newly created Disaster Preparedness Fund (Fund 5EX), and (2) transfers \$800,000 in each of FYs 2008 and 2009 from the Attorney General's Charitable Foundations Fund (Fund 418) to the Department of Public Safety's newly created Drug Law Enforcement Fund (Fund 5ET).

Court of Claims

For the biennium, the enacted budget appropriates sufficient funding to maintain Court of Claims staffing and service levels, including cost-of-living salary adjustments and equipment purchases. The Court has no programmatic expansions planned.

Judicial Conference of Ohio

Under the enacted budget, the Judicial Conference of Ohio receives funding sufficient to maintain current service levels and 11 full-time permanent staff positions. Hiring of new staff appears unlikely at this time.

Public Defender Commission

Under the Indigent Defense Reimbursement Program, the Public Defender subsidizes counties for the cost of providing counsel to indigent persons in criminal and juvenile matters. The Revised Code stipulates that the Public Defender shall reimburse 50% of the counties' costs of indigent defense, unless the legislature appropriates less funding than needed. The enacted budget appropriates \$29.8 million in FY 2008 and \$29.6 million in FY 2009 for this program, a reimbursement rate of about 25% in FY 2008 and 24% in FY 2009. A temporary law provision in the enacted budget of The Judiciary/Supreme Court requires the transfer of the total FY 2008 unencumbered appropriations in GRF line item 005-321, Operating Expenses – Judiciary/Supreme Court, to FY 2009 and appropriates the transferred amount to the Public Defender's GRF line item 019-501, County Reimbursement.

Department of Public Safety

The Director of Budget and Management is required to transfer \$800,000 in each of FYs 2008 and 2009 from the Attorney General's Charitable Foundations Fund (Fund 418) to the Department of Public Safety's newly created Drug Law Enforcement Fund (Fund 5ET). The Division of Criminal

Justice Services is to use the money for grants to local law enforcement agencies for enforcement of laws relating to illegal drug activity. The Director of Budget and Management is to transfer \$350,000 in cash in each of FYs 2008 and 2009 from the Attorney General's Reparations Fund (Fund 402) to Public Safety's newly created Disaster Preparedness Fund (Fund 5EX). The Director of Budget and Management is to transfer \$125,000 from the Department of Commerce's State Fire Marshal Fund (Fund 546) to the Department of Public Safety's Public Safety Services Fund (Fund 5CC), to be distributed directly to the Southern Ohio Drug Task Force by the Division of Criminal Justice Services. Temporary law earmarks \$200,000 in GRF line item 763-403, Operating Expenses - EMA, in each fiscal year to fund the Ohio Task Force One - Urban Search and Rescue Unit and other urban search and rescue programs around the state to create a stronger search and rescue capability statewide.

Department of Rehabilitation and Correction

Though the Department of Rehabilitation and Correction began directing money into prison diversion and jail population reduction programs in FY 1994, much of the Department's capital and operating budgets are devoted to building and managing correctional institutions for the state's inmate population. The Department expects the enacted budget to provide funding sufficient to cover projected pay increases and to support the continuation of FY 2007 levels of services without layoffs. Given the growing inmate population and inflationary pressures, this will not be easy. The enacted budget will not provide any resources for emergencies, such as catastrophic inmate medical expenses. As of March 2007, the number of paid staff was 14,476, of whom 13,419 were paid from the GRF. Around 25% of all state employees work for the Department.

The Department projects inmate population growth to extend through the FY 2008 - 2009 biennium. Between July 2005 and August 2007, the inmate population grew by 11.8%, reaching 49,488. The Department has estimated that the total inmate population will reach 53,603 by the end of FY 2009. The basic dynamic driving this inmate population growth is five years of record intake. In response, the Department has reactivated all prison pods, wings, and dormitories that had been closed in previous years. This has made more than 1,700 beds available. Under the enacted level of funding for institutional operations, the Department has stated that it can handle this population pressure through FYs 2008 and 2009. Inmate crowding will be an ongoing problem. The Department currently does not plan any new construction or to reactivate either the Orient Correctional Institution, closed in 2002, or the Lima Correctional Institution, closed in 2004.

Supreme Court

The Judiciary/Supreme Court's enacted budget totals \$287.4 million, of which 95% is from the GRF. The GRF budget for The Judiciary/Supreme Court includes (1) judicial salaries, which fund the state's share of salaries and benefits of judges of the courts of appeals, courts of common pleas, municipal courts, county courts, and county clerks of courts, (2) courts of appeals support staff, which funds the salaries for the support staff of the state's 12 courts of appeals, and (3) Supreme Court operations, which funds the salaries of the justices and staff, the operation and maintenance of the Ohio Courts Building, and programs that benefit the trial and appellate courts. Between 70% and 75% of the Court's expenditures pay the state share of salaries and benefits of judges and court personnel, and 18% to 20% pays for the operation of the Supreme Court. Non-GRF funds totaling \$7.1 million in FY 2008 and \$7.2 million in FY 2009 are appropriated for judicial education, continuing legal education, bar admissions, and attorney registration. These non-GRF appropriations also fund approximately 56 legal and support positions at the Supreme Court. The enacted budget appropriates a total of \$4.0 million in FY 2008 and \$6.5 million in FY 2009 for the Supreme Court's Ohio Courts Technology Initiative, to facilitate the exchange of information and warehousing of data by and between Ohio courts and other justice system partners. The project's total estimated cost is \$25 million.

Department of Youth Services

GRF funding pays close to 90% of the Department of Youth Services' total annual operating budget. The enacted budget provides GRF funding of \$259.2 million in FY 2008 and \$263.9 million in FY 2009. The Department apparently anticipates largely maintaining its current staffing level in FY 2008, but will have trouble meeting the payroll expenses related to around 85 FTEs in FY 2009.

The Institutional Operations program encompasses all services that the Department provides to the delinquent children in its care and custody, including medical and behavioral health services, security, education, and food services. This program represents the core of the Department's day-to-day activities. Under the enacted budget, 51% of the Department's funding is allocated to institutional operations. The Department currently has three GRF-funded juvenile court subsidy programs: (1) the RECLAIM County Subsidy, (2) the Youth Services Block Grant, and (3) the Community Correctional Facilities (CCFs) program. Under the enacted budget, the total amount to be distributed through these juvenile court subsidy programs will be \$68.37 million in FY 2008 and \$68.75 million in FY 2009. The Department supervises and treats juveniles released from its institutions through the Division of Parole and Community Services, which operates six regional parole offices. Under the enacted budget, 5% of the Department's annual spending is allocated for parole operations, virtually all GRF. The Department is the state agency that administers all juvenile justice grants provided to Ohio through the federal Office of Juvenile Justice and Delinquency Prevention. The amount of these grants has fallen from \$10.9 million in FY 2001 to around \$4.0 million annually under the enacted budget.

Highlights of the Transportation Budget Act (Am. Sub. H.B. 67)

Am. Sub. H.B. 67 contains total funding of \$3.97 billion in FY 2008 and \$3.83 billion in FY 2009, a total of \$7.8 billion for the biennium, representing an increase of 8.9% over FY 2006 - 2007 appropriations. The bill contains funding for the departments of Transportation, Public Safety, and Development, as well as the Public Works Commission. The appropriations in the bill represent non-GRF dollars, with funding largely from the state and federal motor fuel taxes, bond issuances, and motor vehicle fees. All of the agencies in the bill also receive GRF dollars provided in the main appropriations bill, Am. Sub. H.B. 119.

Department of Transportation

Of the total budget, the Ohio Department of Transportation's individual non-GRF budget is approximately \$6.25 billion for the biennium, an increase of 9.2% above FY 2006 - 2007 appropriations. The Department's budget includes increases primarily in highway construction. These highway construction dollars are supported by new bond issuances. Some of the notable provisions affecting the Department include creation of the position of Deputy Inspector General for the Department, establishment of a separate \$750 annual license tax on commercial cargo aircraft, transfer of responsibility for maintenance of all bridges on the state highway system (previously performed by counties) to ODOT, and creation of the Ohio Transportation Task Force to evaluate the safe and efficient movement of freight within the state.

Department of Public Safety

The Department of Public Safety's total budget is approximately \$1.37 billion for the biennium, representing an increase of 7.8% over FY 2006 - 2007 appropriations. The budget includes a reduction in the shrinkage allowance on motor fuel and allocates the resulting increase in revenue primarily to the Highway Safety Fund (Fund 036) to help offset expenses of the Highway Patrol. Fund 036 is estimated to gain between \$15 million to \$19 million from this change. The budget also creates the State Highway

Patrol Funding Task Force to make recommendations by July 1, 2008, for a dedicated and stable long-term funding source for the State Highway Patrol. Temporary law directs the Director of Public Safety to request an extension of time to meet the requirements of the federal REAL ID Act of 2005.

Public Works Commission

The Public Works Commission's total budget is \$137 million for the biennium, representing a 2.2% increase compared to FY 2006 - 2007 appropriations. The budget will allow the Commission to continue operating the State Capital Improvement Program (SCIP) and Local Transportation Improvement Program (LTIP). SCIP uses infrastructure bond proceeds to provide grants and loans to local governments for improvements to their infrastructure systems, such as wastewater and water supply systems. LTIP uses its one-cent allocation from the state motor fuel tax to provide direct grants to assist in the costs associated with local government road and bridge projects.

Department of Development

The budget also includes \$18.69 million in each fiscal year for the Department of Development's Road Work Development Fund (Fund 4W0). This is the same level of funding the Department received in the previous transportation bill. The grants are available to businesses for road improvements intended to retain business in Ohio or to attract business to the state.

Highlights of the Bureau of Workers' Compensation and Industrial Commission Appropriations Act (Am. Sub. H.B. 100)

Total appropriations for the Bureau of Workers' Compensation (BWC) are \$328.96 million in FY 2008 and \$329.21 million in FY 2009. Changes to permanent law in Am. Sub. H.B. 100 abolish the Workers' Compensation Oversight Commission and create the Workers' Compensation Board of Directors to oversee the functions of the Bureau of Workers' Compensation. This is not expected to have a significant fiscal impact apart from slightly higher administrative costs to provide for the salaries of board members.

Am. Sub. H.B. 100 continues programs assigned to BWC from the Department of Commerce in the 126th General Assembly, including the Public Employment Risk Reduction Program (PERRP) and federally funded OSHA enforcement. In addition, the enacted bill now allows the Long Term Care Loan Fund Program to provide loans for no-lift equipment to hospitals in addition to nursing homes. Finally, Am. Sub. H.B. 100 requires BWC to stop using the Micro Insurance Reserve Analysis (MIRA) system to determine its reserves for the purpose of establishing premium rates by June 30, 2008, in order to allow for a system that is more transparent.

Air Quality Development Authority

- A new program series, Governor's Energy Advisor is added; this advisor is to coordinate state energy programs and play a leadership role in energy efficiency and conservation

Isabel Louis, Economist

OVERVIEW

Duties and Responsibilities

The Ohio Air Quality Development Authority (OAQDA) is a non-regulatory state government agency that was established in 1970 in response to environmental mandates handed down by the federal government in the first Clean Air Act. A seven-member board governs the Authority. The Governor appoints five of the members and the remaining two members are the directors of the Ohio Department of Health and the Ohio Environmental Protection Agency. The Authority assists Ohio businesses, government agencies, and not-for-profit agencies and individuals in complying with air quality regulations by providing technical and financial assistance. Since July 2003 the OAQDA is also the home agency for the Ohio Coal Development Office (OCDO), which provides grants to support research and development of clean coal technology.

OAQDA is now authorized to use commodity contracts to help Ohio-based companies take advantage of federal tax laws that encourage the capture of waste heat for the production of electricity. OAQDA will use these contracts for assisting such companies in the acquisition or construction of air quality facilities.

Agency in Brief

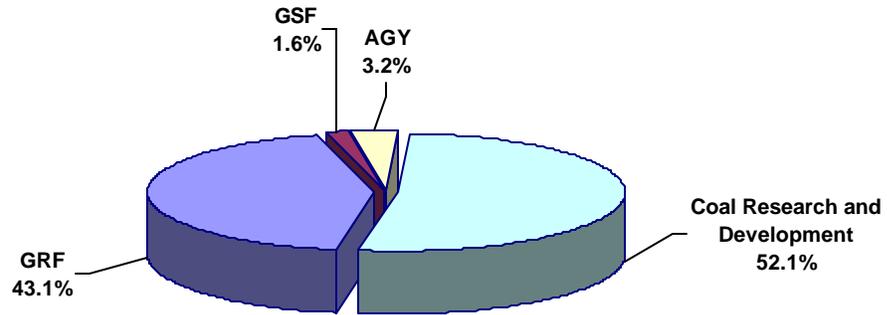
Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
13	\$18.72 million	\$19.72 million	\$7.80 million	\$8.78 million	Am. Sub. H. B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Appropriations

The budget appropriates total funding of \$18.72 million in FY 2008. This is a 15.5% decrease from the adjusted appropriation level for FY 2007. The appropriation for FY 2009 is \$19.72 million. This is a 5.3% increase over FY 2008.

Total Budget by Fund Group - FYs 2008-2009



ANALYSIS OF THE BUDGET

Program Series

1: Air Quality Development Authority

Purpose: This program series combines financing, technical assistance, and research and development support to encourage investment resulting in better air quality and to make environmental protection and economic development mutually compatible and beneficial. There are three components to Program Series 1: namely, 1.01 Project Development and Financing, 1.02 Clean Air Resource Center, and 1.03 Ohio Coal Development Office (OCDO).

The following table shows the line items that are used to fund this program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	898-401	FutureGen Assistance	\$0	\$0
GRF	898-402	Coal Development Office	\$565,097	\$589,092
GRF	898-901	Coal R&D General Obligation Debt Service	\$7,232,400	\$8,192,500
General Revenue Fund Subtotal			\$7,797,497	\$8,781,592
Agency Fund Group				
570	898-601	Operating Expenses	\$255,000	\$264,000
4Z9	898-602	Small Business Ombudsman	\$287,146	\$294,290
5A0	898-603	Small Business Assistance	\$71,087	\$71,087
Agency Fund Group Subtotal			\$613,233	\$629,377
Coal Research & Development Fund				
046	898-604	Coal Research & Development	\$10,000,000	\$10,000,000
Coal Research & Development Fund Subtotal			\$10,000,000	\$10,000,000
Total Funding: Air Quality Development Authority			\$18,717,730	\$19,717,969

This analysis focuses on the following specific programs within the agency:

- **Program 1.01: Project Development and Financing**
- **Program 1.02: Clean Air Resource Center**
- **Program 1.03: Ohio Coal Development Office**

Project Development and Financing

Program Description: Project Development and Financing supports the primary activities of the OAQDA. The primary focus is providing financing assistance through the issuance of bonds for investment in: air pollution control, air pollution prevention, energy efficiency and conservation, and ethanol and other biofuel production projects.

Funding Source: Administrative fees generated from the issuance of bonds

Implication of the Budget: The budget will provide enough funding to support the Project Development and Financing program's primary activities.

Clean Air Resource Center

Program Description: The Clean Air Resource Center fulfills the federal requirement to provide specific assistance to small businesses that must comply with the Clean Air Act of 1990. The program provides information to small businesses and helps them determine if they must comply with Clean Air Act requirements, and what they must do to be in compliance. The program also assists in determining how to finance any changes that must be made in order to comply with regulations.

Funding Source: Transfers of Title V permit fees from the Ohio Environmental Protection Agency (OEPA)

Implication of the Budget: The budget provides adequate funding to support the activities of the Clean Air Resource Center. If additional funding is needed for the Small Business Assistance Program it may be requested through the Controlling Board.

Ohio Coal Development Office

Program Description: The Ohio Coal Development Office co-funds the development and implementation of technologies that can use Ohio's high-sulfur coal reserves in an economical and environmentally sound manner. The Office oversees ongoing grants providing technical, administrative, and management assistance. The Office monitors the progress of these projects to ensure that funding is being properly used and substantial progress is being made. The Office also supports the Ohio Coal Research Consortium, a network of Ohio universities conducting research in the clean coal technologies.

Funding Source: General Revenue Fund and Ohio Coal Research and Development GO bonds

Implication of the Budget: The budget will allow the Ohio Coal Development Office to fund the activities of the Coal Research and Development program.

Program Series**2: Governor's Energy Advisor**

Purpose: This new program series was created to develop a coordinated and comprehensive state energy strategy. There are two components to Program Series 2: namely, 2.01 Coordination of State Agency Energy Programs, and 2.02 Energy Leadership by Example.

The following table shows the line items that are used to fund the Governor's Energy Advisor, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
5EG	898-608	Energy Strategy Development	\$307,000	\$307,000
General Services Fund Subtotal			\$307,000	\$307,000
Total Funding: Governor's Energy Advisor			\$307,000	\$307,000

This analysis focuses on the following specific programs within the Governor's Energy Advisor program series:

- **Program 2.01: Coordination of State Agency Energy Programs**
- **Program 2.02: Energy Leadership by Example**

Coordination of State Agency Energy Programs

Program Description: The program is to work with delegated personnel from each state agency to identify, categorize, and coordinate all programs that have an impact on state energy policy.

Funding Source: General Services Fund Group

Implication of the Budget: The budget will provide funding to identify programs with an impact on energy issues, to develop a state energy strategy, and to work with stakeholders across the state to guarantee that interests are understood and considered.

Energy Leadership by Example

Program Description: The program is to work with delegated personnel from each state agency to achieve targeted reductions in energy consumption and to develop a parallel program in state institutions of higher education.

Funding Source: General Services Fund Group

Implication of the Budget: The budget will lead to developing a common measurement tool to ensure that state agencies compute and track energy consumption in a consistent manner.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
AIR Air Quality Development Authority									
GRF	898-401	Future Gen Assistance	----	----	\$ 1,000,000	----	N/A	----	N/A
GRF	898-402	Coal Development Office	\$ 470,758	\$ 560,030	\$ 573,814	\$ 565,097	-1.52%	\$ 589,092	4.25%
GRF	898-901	Coal R & D General Obligation Debt Service	\$ 9,046,075	\$ 7,035,492	\$ 8,980,800	\$ 7,232,400	-19.47%	\$ 8,192,500	13.27%
General Revenue Fund Total			\$ 9,516,833	\$ 7,595,522	\$ 10,554,614	\$ 7,797,497	-26.12%	\$ 8,781,592	12.62%
5EG	898-608	Energy Strategy Development	----	----	----	\$ 307,000	N/A	\$ 307,000	0.00%
General Services Fund Group Total			----	----	----	\$ 307,000	N/A	\$ 307,000	0.00%
4Z9	898-602	Small Business Ombudsman	\$ 188,144	\$ 200,216	\$ 264,196	\$ 287,146	8.69%	\$ 294,290	2.49%
570	898-601	Operating Expenses	\$ 214,851	\$ 231,145	\$ 263,693	\$ 255,000	-3.30%	\$ 264,000	3.53%
5A0	898-603	Small Business Assistance	\$ 47,459	\$ 12,568	\$ 71,087	\$ 71,087	0.00%	\$ 71,087	0.00%
Agency Fund Group Total			\$ 450,454	\$ 443,928	\$ 598,976	\$ 613,233	2.38%	\$ 629,377	2.63%
046	898-604	Coal Research and Development Fund	\$ 4,072,448	\$ 4,182,174	\$ 10,000,000	\$ 10,000,000	0.00%	\$ 10,000,000	0.00%
Coal Research/Development Fund Total			\$ 4,072,448	\$ 4,182,174	\$ 10,000,000	\$ 10,000,000	0.00%	\$ 10,000,000	0.00%
Air Quality Development Authority Total			\$ 14,039,734	\$ 12,221,624	\$ 21,153,590	\$ 18,717,730	-11.52%	\$ 19,717,969	5.34%

Cultural Facilities Commission

Brian Hoffmeister, Budget Analyst

- Appropriations are \$38.16 million in FY 2008 and \$39.02 million in FY 2009
- The Commission currently manages 255 projects statewide

OVERVIEW

Duties and Responsibilities

The Ohio Cultural Facilities Commission was established in 1988, as the Ohio Arts Facilities Commission, to provide for the development, performance, and presentation of the arts in Ohio. Over the years, the responsibilities of the Commission have been expanded by the legislature to include funding oversight for projects at science and technology museums, local historical facilities, state historical sites, arts education facilities, and publicly owned professional sports venues.

The Commission's mission is to ensure wise stewardship of over \$480 million in state capital improvement funds appropriated by the General Assembly and the Governor for planning, construction, renovation, and expansion at over 250 projects in 65 counties statewide. The General Assembly and Governor assign projects to the Commission in the state's biennial capital appropriations bills. The Commission reports to the Governor and General Assembly on the need for any additional facilities, and conducts reviews to ensure that uses of Ohio cultural facilities are consistent with statewide interests and the Commission's purposes. After a project is assigned to the Commission, the staff works with communities and local project sponsors to assist them through required processes. These include project management assistance, funding administration, and contract oversight.

The Commission consists of nine members appointed by the Governor and three nonvoting members, consisting of one member each from the Senate and the House of Representatives and the Executive Director of the Ohio Arts Council. The Commission's full-time staff of nine employees includes the Executive Director, Assistant Director/Chief Operating Officer, Operations Coordinator, Chief Project Manager, Communications Manager, and Fiscal Officer, with three project managers. In addition, the Commission has hired two part-time interns to assist in its work.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
13	\$38.16 million	\$39.02 million	\$36.78 million	\$37.63 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Ohio Cultural Facilities Commission Operations

Purpose: The Ohio Cultural Facilities Commission is charged with protecting state capital investments by determining the need for facilities and determining that there is sufficient local/regional support prior to making expenditures for a facility. The Commission enters into long-term leases and management agreements (for projects funded with bonds issued in 2004 or prior) or cooperative-use agreements (for projects funded with bonds issued after July 1, 2005) with the owners of facilities and local project sponsors, and is charged with managing and assessing these projects.

The following table shows the line items that are used to fund the Ohio Cultural Facilities Commission, as well as the funding levels enacted in Am. Sub. H.B. 119.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	371-321	Operating Expenses	\$176,136	\$176,136
GRF	371-401	Lease Rental Payments	\$36,604,600	\$37,455,500
General Revenue Fund Subtotal			\$36,780,736	\$37,631,636
State Special Revenue Fund				
4T8	371-601	Riffe Theatre Equipment Maintenance	\$81,000	\$81,000
4T8	371-603	Project Administration Services	\$1,302,866	\$1,302,866
State Special Revenue Fund Subtotal			\$1,383,866	\$1,383,866
Total Funding: OCFC Operations			\$38,164,602	\$39,015,502

Included within the program series are the following:

- **Program 01.01: Ohio Cultural Facilities Commission Operations**
- **Program 01.02: Debt Service**

Ohio Cultural Facilities Commission Operations

Program Description: The Ohio Cultural Facilities Commission oversees capital improvement funds appropriated by the General Assembly and Governor for planning, construction, renovation, and expansion projects at Ohio's nonprofit theatres, museums, historical sites, and publicly owned professional sports venues. The Commission partners with nonprofit organizations and local governments to administer these community projects. In addition, the Commission is responsible for managing the Riffe Center theatres, for which it contracts with the nonprofit performing arts organization CAPA. The state does not pay CAPA for its management services.

Funding Source: GRF, equipment and Riffe Center theatre ticket fees, and revenue bond interest

Implication of the Budget: Funding to GRF line item 371-321, Operating Expenses, was reduced. However, the budget grants the Commission an increase to Fund 4T8 line item 371-603, Project Administration Services, that will be used to increase the project administration staff in order to support the increased need for oversight and technical assistance demanded by the Commission's growing list of project assignments. This funding makes up for the decrease in GRF operating funds and provides some

additional funds for this purpose. The Commission relies upon interest earnings from bond sales for operating revenue for this line item and for the maintenance of the Riffe Center Theatres. Revenue to this fund is partially dependent on the timing of bond issuances (determined by the Office of Budget and Management), the total amount of capital appropriation authority assigned to the Commission, and interest rates.

Debt Service

Program Description: The Ohio Cultural Facilities Commission uses bonds issued by the Treasurer of State through the Cultural and Sports Facilities Building Fund to finance its construction and renovation projects. GRF dollars are used to pay the debt service on those bonds.

Funding Source: General Revenue Fund

Implication of the Budget: The recommendation will fund the debt obligations associated with capital project expenditures.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
AFC Cultural Facilities Commission, Ohio									
GRF	371-321	Operating Expenses	\$ 490,473	\$ 193,175	\$ 195,707	\$ 176,136	-10.00%	\$ 176,136	0.00%
GRF	371-401	Lease Rental Payments	\$ 34,399,906	\$ 37,628,894	\$ 38,246,500	\$ 36,604,600	-4.29%	\$ 37,455,500	2.32%
General Revenue Fund Total			\$ 34,890,378	\$ 37,822,070	\$ 38,442,207	\$ 36,780,736	-4.32%	\$ 37,631,636	2.31%
4T8	371-601	Riffe Theatre Equipment Maintenance	\$ 35,937	\$ 4,863	\$ 81,000	\$ 81,000	0.00%	\$ 81,000	0.00%
4T8	371-603	Project Administration Services	\$ 594,459	\$ 858,094	\$ 983,295	\$ 1,302,866	32.50%	\$ 1,302,866	0.00%
State Special Revenue Fund Group Total			\$ 630,396	\$ 862,957	\$ 1,064,295	\$ 1,383,866	30.03%	\$ 1,383,866	0.00%
Cultural Facilities Commission, Ohio Total			\$ 35,520,774	\$ 38,685,027	\$ 39,506,502	\$ 38,164,602	-3.40%	\$ 39,015,502	2.23%

Department of Development

Brian Hoffmeister, Budget Analyst

- Total funding is \$1.20 billion in FY 2008 and \$1.17 billion in FY 2009
- Agency priorities under the new administration include efficient and alternative energy projects, workforce development, and the Job Ready Site program
- Programs receiving increases over the last biennium include the Thomas Edison Program, Travel and Tourism (now Discover Ohio!), and Advanced Energy

OVERVIEW

Duties and Responsibilities

The Ohio Department of Development (ODOD) promotes economic growth, creates employment opportunities, and retains employment within the state by using a combination of state and federal funds, tax credits, tax incentives, and interaction with other state agencies. The Department administers funding for economic development and minority business assistance programs, workforce training, technology development, community and regional development, housing programs, electric utility service payment assistance, home weatherization and energy conservation programs, international trade, and travel and tourism.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
398	\$1.20 billion	\$1.17 billion	\$118.31 million	\$124.32 million	Am. Sub. H.B. 67 Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. This total does not include employees identified by DAS as "fixed term per diem."

Issues of Interest

I. Economic Development

The Department administers both state and federal funds to support its economic development programs. These funds are disbursed in the form of direct assistance, indirect assistance, and community assistance. Direct assistance includes loan and grant programs that focus on achieving measurable outcomes through financial assistance for business attraction, business expansion, job creation, job retention, and training. Indirect assistance includes funding for programs that improve an entity's competitiveness but are not measurable in terms of employment increases. Community assistance programs are primarily for quality-of-life enhancements at the local level that are mainly federally funded and administered by ODOD. The mission of the Department to promote economic development in Ohio means that these programs are spread across many divisions, including the Economic Development Division, Division of Minority Business Affairs, Technology Division, and the Community and Housing Development Divisions.

The Department provides assistance to firms interested in expanding or locating their operations in Ohio through a variety of assistance and incentive programs. These include the Rapid Outreach Grant program, 166 Direct Loans and Ohio Enterprise Bond Loans for facilities establishment, Innovation Ohio Loans, and Research and Development Investment Loans. Additionally, the Third Frontier Program provides funding for the development of technology-based business growth and incubation in the state by providing assistance for research, development, and technology commercialization. Finally, the Job Ready Site (JRS) Program provides funding to companies and organizations seeking to relocate in Ohio by awarding grants for site development, construction, demolition, and other costs associated with establishing a business or manufacturing presence in the state.

II. Workforce Development

The Department is paying close attention to its workforce development programs and developing changes to help it accomplish those goals, especially through linking business development with workforce development. Workforce programs operated by the Department include the Ohio Investment in Training Program (OITP) and the Workforce Guarantee Program, as well as support for the operation of the Governor's Ohio Workforce Policy Board, which works to implement programs under the provisions of the federal Workforce Investment Act (WIA), through a memorandum of understanding with the Ohio Department of Job and Family Services.

III. Energy

Another priority for the biennium is energy policy, specifically developing new projects and programs to facilitate clean and efficient energy generation and use in the state. The Office of Energy Efficiency (OEE) in the Community Development Division oversees the Department's energy programs, including programs that provide energy efficiency and payment assistance to low-income customers as well as programs for grants and loans to businesses to develop efficient energy use strategies. Programs such as the State Energy Program, Energy Loan Fund, Advanced Energy Fund, and Alternative Fuel Transportation Program are intended to promote clean and efficient energy use, while federally funded programs such as the Home Weatherization Assistance Program (HWAP) serve low-income residents by helping make their homes more energy efficient and assisting with utility bills.

IV. Volume Cap

Beginning with the Tax Reform Act of 1986, the federal government has imposed limits on the amount of bonds exempt from federal income taxes. Under those regulations, the Department of Development issues and administers Ohio's Volume Cap Program. The volume cap allocation is Ohio's limit on the annual volume of tax-exempt obligations issued for private activities within the state. The interest on these obligations is exempt from federal gross income taxes. Uses of the tax-free bonds have included affordable single and multi-family housing, manufacturing facilities, environmental, energy and utility projects, redevelopment of distressed areas, and student loans.

V. Tax Incentives

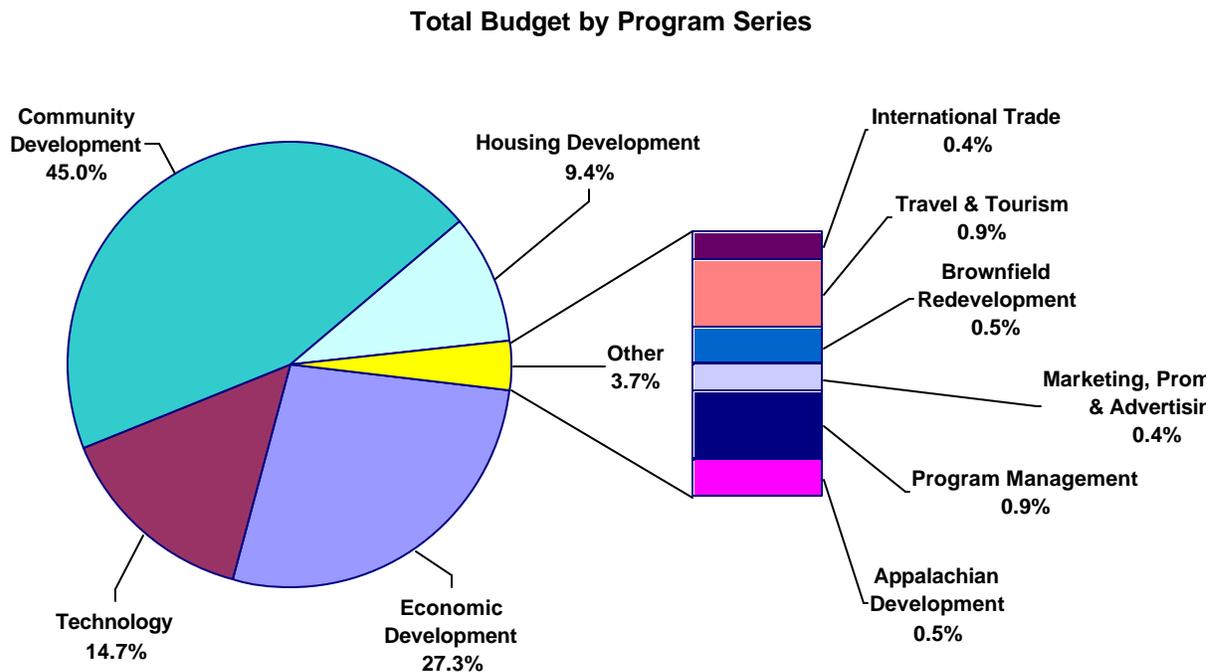
The Office of Tax Incentives (OTI) oversees both state and local tax incentive programs to create and retain jobs and foster new capital investment. The Office administers programs such as the Job Creation Tax Credit, enterprise zones, and community reinvestment areas, as well as provides technical assistance to communities and companies interested in tax increment financing (TIFs), Joint Economic Development Districts, and other incentives. Recent changes in the state's tax system have had an effect on how the Office is able to administer its programs. Reforms to the personal property tax have impacted

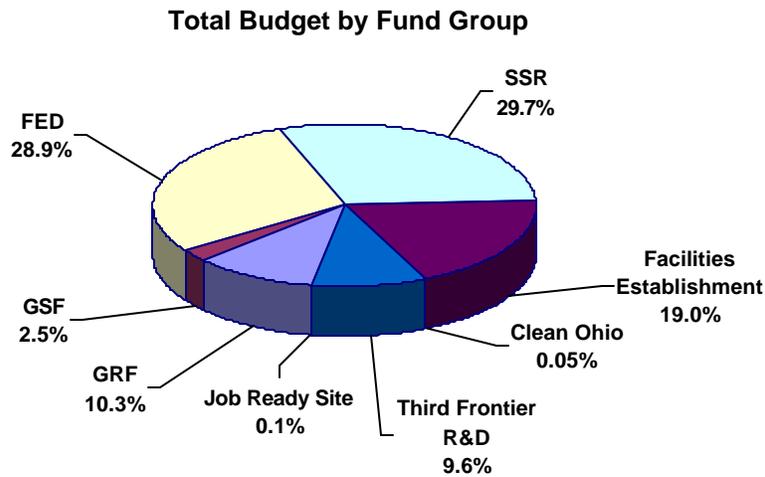
enterprise zones and other local tax incentives, causing OTI to perform an increasing technical assistance role, and placing an increased focus on community reinvestment areas. In addition, the competitiveness of the Job Creation Tax Credit has been affected. In 2005, the lowest tax credit rate offered in that program was 55%, whereas in 2006 the rate was as low as 20% for some eligible recipients.

Beginning in FY 2008, the administrative costs for OTI are provided for by line item 195-630, Tax Incentive Programs (Fund 4S0). Previously, the Job Creation Tax Credit had its own line item, 195-634, Job Creation Tax Credit Operating, (Fund 4S1). The rationale for this change is to fund all administrative expenses for the tax incentive programs via a single source.

Department of Development Budget for FYs 2008 - 2009

Total Department of Development appropriations for FY 2008 are \$1,199,522,886, or 3.5% above FY 2007 adjusted appropriations. Appropriations for FY 2009 are \$1,165,097,976, or 2.8% below FY 2008 appropriations.





Vetoed Provisions

The Governor vetoed a provision of Am. Sub. H.B. 119 that would have required that the proposal to create the statewide broadband NextGen Network be subject to the same rating and ranking process used by the Third Frontier Commission for other Third Frontier Projects. Also vetoed was the requirement that the NextGen Network be competitively selected from among other options, be merit-selected, and be subject to approval by the Controlling Board.

ANALYSIS OF THE BUDGET

Program Series

1: Economic Development

Purpose: This program series seeks the retention and expansion of existing businesses in Ohio, the attraction of businesses to the state, and the development of new businesses in Ohio.

The following table shows the line items that are used to fund the Economic Development program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	195-404	Small Business Development	\$1,740,722	\$1,792,944
GRF	195-405	Minority Business Development Division	\$1,580,291	\$1,627,700
GRF	195-412	Rapid Outreach Grants	\$10,750,000	\$10,000,000
GRF	195-415	Economic Development Division and Regional Offices	\$5,894,975	\$6,071,824
GRF	195-434	Investment in Training Grants	\$12,227,500	\$12,594,325
GRF	195-436	Labor/Management Cooperation	\$836,225	\$836,225
GRF	195-912	Job Ready Site Development – General Obligation Debt	\$4,359,400	\$8,232,500
General Revenue Fund Subtotal			\$37,389,113	\$41,155,518
General Services Fund				
5AD	195-667	Investment in Training Expansion	\$2,000,000	\$0
5AD	195-668	Workforce Guarantee Program	\$1,000,000	\$0
5AD	195-677	Economic Development Contingency	\$5,000,000	\$24,400,000
General Services Fund Subtotal			\$8,000,000	\$24,400,000
Federal Special Revenue Fund				
308	195-609	Small Business Administration	\$4,296,381	\$4,396,381
3AE	195-643	Workforce Development Initiatives	\$5,839,900	\$5,860,000
Federal Special Revenue Fund Subtotal			\$10,136,281	\$10,256,381
State Special Revenue Fund				
450	195-624	Minority Business Bonding Program Administration	\$53,967	\$53,967
451	195-625	Economic Development Financing Operating	\$3,233,311	\$3,233,311
4F2	195-639	State Special Projects	\$435,993	\$283,343
4S0	195-630	Tax Incentive Programs	\$650,800	\$650,800
4W0	195-629	Roadwork Development	\$18,699,900	\$18,699,900
4W1	195-646	Minority Business Enterprise Loan	\$2,580,597	\$2,580,597
5AR	195-674	Industrial Site Improvements	\$4,500,000	\$4,500,000
617	195-654	Volume Cap Administration	\$200,000	\$200,000
State Special Revenue Fund Subtotal			\$30,354,568	\$30,201,918

Fund	ALI	Title	FY 2008	FY 2009
Facilities Establishment Fund				
009	195-664	Innovation Ohio	\$50,000,000	\$50,000,000
010	195-665	Research and Development Investment Loan Fund	\$50,000,000	\$50,000,000
037	195-615	Facilities Establishment	\$110,000,000	\$110,000,000
4Z6	195-647	Rural Industrial Park Loan	\$3,000,000	\$3,000,000
5D2	195-650	Urban Redevelopment Loans	\$5,475,000	\$5,475,000
5S8	195-627	Rural Development Initiative	\$3,000,000	\$3,000,000
5S9	195-628	Capital Access Loan Program	\$3,000,000	\$3,000,000
Facilities Establishment Fund Subtotal			\$224,475,000	\$224,475,000
Job Ready Site Development Fund				
012	195-688	Job Ready Site Operating	\$1,246,155	\$1,246,155
Job Ready Site Development Fund Subtotal			\$1,246,155	\$1,246,155
Total Funding: Economic Development			\$311,601,117	\$331,734,972

The Economic Development program series contains the following programs:

- **Program 1.01: Business Development**
- **Program 1.02: Financial Incentives – Grants**
- **Program 1.03: Financial Incentives – Loans**
- **Program 1.04: Workforce Development**
- **Program 1.05: Small and Developing Business**
- **Program 1.06: Minority Business Development**
- **Program 1.07: Tax Incentives**
- **Program 1.08: Regionalization of Economic Development**

Business Development

Program Description: Programs within the Department of Development's Economic Development Division assist and promote economic growth by providing financial assistance and various support services to companies and communities throughout the state. Assistance ranges from direct financial assistance to small business counseling.

The Office of Business Development assists companies looking to expand or locate in Ohio by structuring incentive packages, providing information on the state's business assistance programs, and conducting site and building searches. The Office administers the 412 Business Development and 629 Roadwork Development (funded under Am. Sub. H.B. 67, the transportation budget bill) grant programs, which support economic development through infrastructure assistance.

The Business Development program consists of payroll and other operating costs associated with administering six grant programs and six loan programs. In addition, the program oversees the Volume Cap program, a federally authorized program that allows the state to allocate tax-exempt bond authority to various projects statewide. The program also maintains a web-based searchable inventory of industrial sites and buildings and provides administrative support to the Development Financing Advisory Council.

Staff duties for the loan and grant programs are divided across two sections of the Office of Financial Incentives. The Credit and Finance Section manages the state's business loan portfolio,

analyzes loan applications, and provides recommendations regarding appropriate loan terms. The Loan and Grant Servicing Section monitors all existing loans and grants, including loans and grants governed under Chapter 166. of the Revised Code and implemented through the Facilities Establishment Fund (including 166 Direct Loans, Rural Industrial Park Loans, Rural Development Initiative Grants, Urban Redevelopment Loans, and the Family Farm Loan Guarantee Program).

Funding Source: General Revenue Fund, various program participation fees, and bond proceeds

Implication of the Budget: Funding for this program will support approximately 37 employees who review and administer financial incentive programs.

Financial Incentives – Grants

Program Description: This program consists of funds awarded to businesses, local governments, nonprofit organizations, and other entities that are administered through the Office of Financial Incentives in the Business Development program. There are six individual grant programs under this program (not including Roadwork Development Grants) that offer financial incentives for the purpose of creating and retaining high-wage jobs. The primary performance outcome used to measure the success of these programs is the number of jobs created and/or retained through financial assistance. Grant programs attempt to accomplish this goal through direct and indirect investment in job creation and retention.

Direct investment programs, such as the Rapid Outreach Grant program (or 412 Grant, formerly Business Development Grants), are used to attract new business investments that companies are proposing to make in Ohio. In cases such as these, companies are considering several locations for a proposed business investment, and the financial assistance is designed to attract businesses to Ohio rather than elsewhere. Indirect investment programs include the Rural Development Initiative and Industrial Site Improvement Fund and are used to develop infrastructure that can easily accommodate anticipated new business investments in the form of relocation or expansion.

Funding Source: General Revenue Fund, unclaimed funds, transfer from the Advanced Energy Fund, and bond proceeds

Implication of the Budget: Funds will be disbursed to businesses and communities for infrastructure improvements, land development, building construction, and machinery and equipment purposes in order to stimulate additional private investment in new or expanded business facilities.

Financial Incentives – Loans

Program Description: Incentives funded under this program provide long-term, low-interest loans to businesses, local communities, and nonprofit organizations in order to leverage private investment and create and/or retain high-paying jobs. Loan proceeds are used to finance a variety of costs including, but not limited to, machinery and equipment, land and buildings, research and development equipment, industrial parks, speculative facilities, and software development costs. Interest rates and loan repayment terms can be tailored to fit the specific needs of a project. Depending on the program, loan funds can be used to finance up to 90% and up to \$25 million of eligible fixed-asset costs. In addition, preferential interest rates and higher loan amounts are provided on a case-by-case basis to businesses locating or expanding in a designated Priority Investment Area.

There are five loan programs supported by the funding recommended by the Governor for the 2008 - 2009 biennium. These are the Innovation Ohio Loan Program, the Research and Development

Loan Program, the 166 Direct Loan Program, the Urban Redevelopment Loan Program, and the Rural Industrial Park Loan Program. Administration for these programs is provided for through the Office of Financial Incentives, supported by the line items under the Business Development program above.

Funding Source: Loan repayments, investment interest, service fees, escrow fees, and bond proceeds

Implication of the Budget: Loans will be extended to businesses, communities, and nonprofits for a variety of projects with the intention of generating new high-paying jobs or retaining existing at-risk jobs. The bill also makes the following earmarks and transfers out of the Facilities Establishment Fund (Fund 037):

- \$1.8 million in cash in each fiscal year to be transferred to the Economic Development Financing Operating Fund (Fund 451), subject to Controlling Board approval.
- \$5.5 million in cash in each fiscal year to be transferred to the Urban Redevelopment Loans Fund (Fund 5D2) for the purpose of removing barriers to urban core redevelopment, and requires the Director of Development to establish guidelines for the transfer and release of funds, including, but not limited to, environmental assessment completion.
- Up to \$3 million in cash in each fiscal year to be transferred to the Rural Industrial Park Loan Fund (Fund 4Z6), subject to Controlling Board approval.
- \$1.5 million in FY 2008 for business development by any current or future port authority in Clark County.
- Transfers to the GRF of \$5.4 million in FY 2008 and \$6.1 million in FY 2009 for appropriation item 195-412, Rapid Outreach Grants, and \$366,825 in FY 2008 for appropriation item 195-434, Investment in Training Grants.
- \$4.3 million in each fiscal year to be transferred to the Job Development Initiatives Fund (Fund 5AD).
- \$1.5 million in FY 2008 for the City of Toledo's Marina District Development Project.

Workforce Development

Program Description: The Workforce Development Office administers the application and implementation processes of the Ohio Investment in Training Program (OITP), the Workforce Guarantee Program, and support staff for the Governor's Ohio Workforce Policy Board. A stated priority of the Strickland Administration is to find ways to increase links between workforce development and business development.

The OITP assists companies by financially supporting customized employee training. The primary functions of the OITP are to create and retain jobs within Ohio, train and educate Ohio's workforce, and support new and expanding Ohio businesses. The OITP grants require a 50% match of eligible project costs and require companies to make capital investments that can include the purchase of new machinery and equipment or construction of new facilities.

The Workforce Guarantee Program is designed to guarantee employers the skilled workers they need to fill new job openings and grow their businesses in Ohio. Eligible companies includes those who create at least 20 high-paying, full-time jobs over a one-year period and who demonstrate, prior to the commitment of state funds, that the availability of those skilled workers is a major factor in the employer's decision to locate or expand in Ohio. Activities eligible for funding through the Workforce Guarantee Program include job assessment services, screening and testing of potential employees, customized training activities, and any other training or related service determined by the Director of Development.

Staffing responsibilities for the Governor's Ohio Workforce Policy Board were acquired by the Department of Development in September 2002. Funding is provided through a memorandum of understanding with the Ohio Department of Job and Family Services (ODJFS). The Board serves to implement the provisions of the federal Workforce Investment Act (WIA) and connect Ohio's workforce development activities with other economic development, education, and training initiatives in the state.

Funding Source: General Revenue Fund, unclaimed funds, U.S. Department of Labor Workforce Investment Act funds

Implication of the Budget: The Workforce Guarantee Program and Investment in Training Expansion line items are continued through FY 2008, with appropriations of \$1 million and \$2 million, respectively. However, both of these line items receive zero funding in FY 2009. Funding for the support of the Governor's Workforce Policy Board is provided through line item 195-643, Workforce Development Initiatives. Funding also supports approximately nine employees who administer these programs.

Small and Developing Business

Program Description: This program works with small and women-owned businesses interested in expanding or locating their businesses in Ohio. The program acts as a liaison between the small business community and governmental agencies and provides technical assistance through its network of Small Business Development Centers (SBDC) and Manufacturing SBDCs.

The Small Business Development Center Program helps to build community capacity to provide in-depth small business consulting and training resources and to foster a strong climate for small business survival and growth. Key activities of this program include a network of regional direct-service offices, the 1st Stop Business Connection; the Ohio Graduate Business School Competition; the eVantage Training Program; the NxLevel Entrepreneurship Training Initiative; the International Trade Assistance Program; and the Ohio Manufacturing, Defense, and Technology Program. Additionally, the Ohio Small Business Ombudsman offers assistance to business owners who have not been able to settle business or regulatory issues with state agencies.

The Ohio Labor/Management Cooperation Program, funded in appropriation line item 195-436, Labor/Management Cooperation, consists of a network of area labor-management councils and university based labor-management centers. The program provides information on cooperative processes and a variety of services including conducting workplace assessments, establishing and training teams, and implementing quality improvement programs.

Funding Source: General Revenue Fund, Small Business Development Center funds, program participation fees, program loan repayments, economic development bond proceeds, investment interest, fees and payments from utility companies, and transfers from ODJFS

Implication of the Budget: In addition to supporting the Small Business Development Center Program, funding also supports the Governor's Small Business Advisory Council in soliciting the concerns and priorities of small business owners. Funding also supports 15 employees who administer these programs.

Minority Business Development

Program Description: This program aids in the creation of a business environment that is sensitive to the needs of small, disadvantaged, and minority businesses. Information is provided to minority business owners through the Minority Contractors and Business Assistance Program and Procurement and Technical Assistance Centers (PTACs). Financial assistance is provided through direct loans, direct bonds and bond guarantees, the Capital Access Program, and the EDGE Program.

An eight-office statewide network provides more than 9,000 management and technical assistance counseling sessions to Ohio minority, small, and disadvantaged businesses each year. In addition, through a federally funded grant agreement with the U.S. Defense Logistics Agency, the PTAC network provides specialized contract procurement assistance to 1,500 businesses, generating \$600 million in annual contract awards.

The Capital Access Loan Program is designed to encourage state-chartered financial institutions to make loans to for-profit or not-for-profit small and minority-owned businesses that are having difficulty obtaining business loans through conventional underwriting standards. The program encourages lending by establishing a unique loan "guarantee" reserve pool at an Ohio Capital Access Program participating lending institution. The state, the lender, and the borrower each pay a small fee contribution into the pool. The reserve pool is available to the participating lender for recovery of any losses on any loan they have enrolled in the Ohio Capital Access Program. The recommended budget proposes that this program be made permanent beginning with FY 2008.

A program launched by a Governor's Executive Order in December 2002 is the Encouraging Diversity, Growth and Equity (EDGE) Program, a small business assistance program designed to promote, nurture, and encourage diversity, growth, and equity in Ohio's marketplace. The program includes assisting small business with securing contracts in the marketplace and also includes a Mentor-Protégé Program component that will pair larger companies as mentors to EDGE Program participants to benefit both companies commercially. This program is funded through line item 195-405, Minority Business Development Division, in conjunction with the Department of Administrative Services.

Funding Source: General Revenue Fund, Procurement Technical Assistance Center funds, program participation fees, interest income, loan principal and interest repayments, bond proceeds, and escrow fees

Implication of the Budget: Funding will support activities to assist targeted businesses, including the Capital Access Program and EDGE Program, and continues programs that provide loans, bond guarantees, and loan guarantees to assist minority and small businesses with growth and development. Funding will also support ten employees in FY 2008 and 11 employees in FY 2009 who will administer these programs. Additionally, a change to permanent law (R.C. 122.602) makes the Capital Access Loan Program permanent by removing a prohibition on the Director of Development from approving any Capital Access Loan made after June 30, 2007.

Tax Incentives

Program Description: The Office of Tax Incentives provides technical assistance to both local government and business clients to successfully implement various state and local tax incentive programs permitted under the Revised Code, including local income tax incentives, real and personal property exemptions, and state franchise/income tax incentives. The programs include the Enterprise Zone, Community Reinvestment Area, and Tax Increment Financing programs, the Job Creation Tax Credit and Job Retention Tax Credit programs, and the Machinery and Equipment Investment Tax Credit program. The state's role in these programs is to:

- (1) Review applications submitted from areas eligible for an exemption;
- (2) Review requests affecting the intrastate relocation of projects into a nondistressed-based area;
- (3) Provide technical assistance to local economic development officials considering a property tax incentive; and
- (4) Report to the Governor, General Assembly, and other interested parties on the performance of property tax projects throughout the state.

Funding Source: Application fees and penalties collected under the Enterprise Zone Program and the Community Reinvestment Area Program, application and servicing fees from recipients of tax credits under the Job Creation Tax Credit Program and the Job Retention Tax Program

Implication of the Budget: Administrative costs for these programs are combined into a single line item to streamline funding. Funding will support administration of the Job Creation Tax Credit (JCTC) and the Job Retention Tax Credit (JRTC) programs, which are available to companies with proposed projects that meet statutory and administrative requirements regarding job creation and retention. Funding also supports the Ohio Tax Credit Authority, an independent board that approves JCTC and JRTC projects and oversees the execution of existing tax credit agreements. There are six employees funded under this program.

Regionalization of Economic Development

Program Description: The purpose of the 12 Regional Economic Development offices is to enhance the overall business climate of the state by providing outreach assistance to local governments, businesses, and professional economic development agencies. These offices assist with the Department's mission of retaining, expanding, and creating new employment opportunities in the state; act as liaisons between their region and state government; and represent the Governor locally.

Funding Source: General Revenue Fund

Implication of the Budget: Funding will support the operation of 12 regional offices, located in Akron, Cambridge, Chillicothe, Cincinnati, Cleveland, Columbus, Dayton, Lima, Mansfield, Marietta, Toledo, and Youngstown. The budget will support approximately 32 employees.

Program Series**2: Appalachian Development**

Purpose: This program series provides economic and community development assistance to Ohio's Appalachian region.

The following table shows the line items that are used to fund the Appalachian Development program series, as well as the funding levels enacted in Am. Sub. H.B. 119.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	195-416	Governor's Office of Appalachia	\$4,746,043	\$4,746,043
GRF	195-501	Appalachian Local Development Districts	\$391,482	\$391,482
GRF	195-502	Appalachian Regional Commission Dues	\$254,208	\$254,208
General Revenue Fund Subtotal			\$5,391,733	\$5,391,733
Federal Special Revenue Fund				
308	195-602	Appalachian Regional Commission	\$475,000	\$475,000
Federal Special Revenue Fund Subtotal			\$475,000	\$475,000
Total Funding: Appalachian Development			\$5,866,733	\$5,866,733

The Appalachian Development program series contains the following program:

■ **Program 2.01: Appalachian Development**

Appalachian Development

Program Description: The Governor's Office of Appalachia assists the 29-county Appalachian Region with economic and community development projects, both short and long-term planning, and represents Ohio's Appalachian counties in state government. The economic and community development-related activities of the program include grants and loans supported by state and federal funding, which are administered with the help of three local development district offices located in Marietta, Cambridge, and Waverly. The federal Appalachian Regional Commission provides funding for projects in concert with other federal, state, and local moneys. Ohio's Appalachian Regional Commission follows a strategic plan to implement its various activities.

Funding Source: General Revenue Fund, federal grant moneys for Appalachian state research, technical assistance, and demonstration projects

Implication of the Budget: Funding will provide continued support of Appalachian development activities, including participation in federal Appalachian Regional Commission efforts.

Program Series**3: Technology Development**

Purpose: This program series supports economic development through the research, development, and commercialization of advanced systems, processes, and products.

The following table shows the line items that are used to fund the Technology Development program series, as well as the Governor's funding levels enacted in Am. Sub. H.B. 119.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	195-401	Thomas Edison Program	\$19,404,838	\$17,978,483
GRF	195-422	Third Frontier Action Fund	\$18,790,000	\$16,790,000
GRF	195-905	Third Frontier Research & Development General Obligation Debt Service	\$14,349,500	\$24,523,400
General Revenue Fund Subtotal			\$52,544,338	\$59,291,883
Federal Special Revenue Fund				
308	195-605	Federal Projects	\$5,000,000	\$5,000,000
Federal Special Revenue Fund Subtotal			\$5,000,000	\$5,000,000
Third Frontier Research and Development Fund				
011	195-686	Third Frontier Operating	\$1,932,056	\$1,932,056
011	195-687	Third Frontier Research & Development Projects	\$94,000,000	\$72,000,000
014	195-692	Research & Development Taxable Bond Projects	\$28,000,000	\$28,000,000
Third Frontier Research and Development Fund Subtotal			\$123,932,056	\$101,932,056
Total Funding: Technology Development			\$181,476,394	\$166,223,939

The Technology Development program series contains the following programs:

- **Program 3.01: Thomas Edison Program**
- **Program 3.02: Third Frontier Program**
- **Program 3.03: Technology Programs – Other**

Thomas Edison Program

Program Description: The Thomas Edison Program provides companies with research and technology resources in Ohio's key manufacturing sectors, including primary metals, metal fabrication, rubber, transportation (both automobile and aerospace), and electrical machinery and equipment. The Edison Program also provides assistance with the formation of new, technology-oriented businesses. Services are delivered through Edison Technology Centers, Edison Technology Incubators, and an Edison Affiliate specific to the polymer industry. The overall goal of the Technology Division is to coordinate all Department and state technology activities and functions.

The services provided by Edison Centers and Edison Incubators are concentrated in the following four specific areas:

- (1) **Product Innovation and Commercialization.** The development and implementation of technology to create or improve something to be sold;

- (2) **Process Innovation.** The identification, development, and implementation of methods that maximize efficiency;
- (3) **Business Assistance.** Assessing customers' needs and linking customers with professional resources for business development; and
- (4) **Linking Ohio Research to In-State Applied Innovation.** Fulfilling the technology needs of business by exploiting the products of research laboratories.

The Thomas Edison Program supports all of the Technology Division's business assistance activities for small and medium-sized technology-based businesses, such as identifying and assisting in applying for the federal Small Business Innovation Research (SBIR) program, Small Business Technology Transfer (STTR) program, or Ohio's Technology Investment Tax Credit. The program also provides sponsorships to promote science and technology outreach, recognition, and education, including the Edison Awards, the State Science Day, the TopCat Awards, and SBIR conferences.

Funding Source: General Revenue Fund

Implication of the Budget: The total budget for this program is \$17,454,838 in FY 2008 and \$17,978,483 in FY 2009. Funding will provide continued support for seven Edison Centers, nine Edison Incubators, and one Edison Affiliate that assist new and existing businesses in product-based technology. Additionally, the program provides administrative support for the Governor's Fuel Cell Initiative and the Governor's Aerospace Defense Council. This program supports approximately four employees. There is an earmark of \$2,000,000 in FY 2008 for technology commercialization efforts by Development Projects, Inc. Additionally, not more than 10% of the total appropriation is permitted to be used for administrative expenses of the Technology Division.

Third Frontier Program

Program Description: This program includes significant portions of the Governor's Third Frontier Initiative. Program investments are focused in the areas of bioscience; advanced materials; information technology; power and propulsion; and instruments, controls, and electronics. The Third Frontier Action Fund awards competitive grants to projects that contribute to technology-based economic development in Ohio. The Innovation Ohio Loan Program assists Ohio companies in developing next generation products and services. The Research and Development Loan Program targets large, private-sector research and development investments that create high-wage jobs.

Funding Source: General Revenue Fund, economic development bond proceeds, investment interest, loan repayments, service fees

Implication of the Budget: Funding will provide continued support for Third Frontier Action awards, required payments on bonds projected to be issued for Third Frontier projects, and maintain funding for the Innovation Ohio Loan Program and the Research and Development Loan Program. In the FY 2008 - 2009 biennium, the Department intends to refocus Third Frontier bond funds to provide capital to small and medium-sized innovative businesses. This program supports approximately 16 employees.

Temporary Law Provisions

Third Frontier Research & Development Projects (Section 263.20.90): Temporary law under this section specifies that Third Frontier Research and Development Fund appropriation item 195-687,

Third Frontier Research & Development Projects, shall be used to fund selected projects pursuant to sections 184.10 to 184.20 of the Revised Code and designates certain appropriations to be spent as follows:

- Earmarks up to \$20,000,000 in FY 2008 from appropriation item 195-687, Third Frontier Research & Development Projects, to be used by the Office of Information Technology (under governance of the Office of Budget and Management) and the Ohio Supercomputer Center's OSCnet, to acquire equipment and services necessary to migrate state agencies' networks to the existing OSCnet backbone to create the NextGen Network.
- Earmarks up to \$18,000,000 in each fiscal year from appropriation items 195-687, Third Frontier Research & Development Projects, and 195-692, Research & Development Taxable Bond Projects, to fund the Research Incentive Program in the Board of Regents.

Technology Programs – Other

Program Description: This program includes the Manufacturing Extension Partnership (MEP) program and the Defense Conversion Assistance Program (DCAP). The MEP program provides services to small and medium-sized manufacturing firms in engineering and technology, market development, and workforce development to enhance productivity, technological performance, and global competitiveness. DCAP provides services to create and retain jobs in the aerospace and defense industries in Ohio.

Funding Source: General Revenue Fund, federal weatherization assistance for low-income persons

Implication of the Budget: The program will distribute federal funds and provide the federally required cost share for the statewide MEP program through two Edison Technology Centers and support DCAP. This program supports two employees.

Program Series**4: Community Development**

Purpose: This program series consists of various state and federal programs that benefit low and moderate-income individuals and families. Programs support local economic development activities that create and retain jobs, rehabilitate communities and neighborhoods through infrastructure improvements, and provide weatherization services, energy conservation incentives, and homelessness assistance.

The following table shows the line items that are used to fund the Community Development program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	195-497	CDBG Operating Match	\$889,909	\$889,909
GRF	195-498	State Match Energy	\$96,820	\$96,820
GRF	195-520	Ohio Main Street Program	\$750,000	\$250,000
General Revenue Fund Subtotal			\$1,736,729	\$1,236,729
Federal Special Revenue Fund				
308	195-605	Federal Projects	\$17,000,000	\$17,000,000
308	195-618	Energy Federal Grants	\$3,400,000	\$3,400,000
335	195-610	Energy Conservation and Emerging Technology	\$2,200,000	\$2,200,000
3BJ	195-685	TANF Heating Assistance	\$45,000,000	\$15,000,000
3K8	195-613	Community Development Block Grant	\$53,950,000	\$53,950,000
3K9	195-611	Home Energy Assistance Block Grant	\$110,000,000	\$110,000,000
3K9	195-614	HEAP Weatherization	\$22,000,000	\$22,000,000
3L0	195-612	Community Services Block Grant	\$25,235,000	\$25,235,000
Federal Special Revenue Fund Subtotal			\$278,785,000	\$248,785,000
State Special Revenue Fund				
444	195-607	Water and Sewer Commission Loans	\$523,775	\$523,775
4F2	195-639	State Special Projects	\$82,400	\$82,400
5CG	195-679	Alternative Fuel Transportation	\$1,500,000	\$1,000,000
5DU	195-689	Energy Projects	\$840,000	\$840,000
5M4	195-659	Low Income Energy Assistance	\$245,000,000	\$245,000,000
5M5	195-660	Advanced Energy Programs	\$17,000,000	\$17,000,000
5X1	195-651	Exempt Facility Inspection	\$25,000	\$25,000
611	195-631	Water and Sewer Administration	\$15,713	\$15,713
State Special Revenue Fund Subtotal			\$264,986,888	\$264,486,888
Total Funding: Community Development			\$545,508,617	\$514,508,617

The Community Development program series contains the following programs:

- **Program 4.01: Local Government Community and Economic Development**
- **Program 4.02: Services to Alleviate Poverty**
- **Program 4.03: Energy Efficiency**
- **Program 4.04: Public Works/Infrastructure Development**

Local Government Community and Economic Development

Program Description: This program aims to stabilize communities experiencing economic distress by supporting local programs that create and retain jobs, improve infrastructure, and provide training. This program also provides public improvements directly related to business development and financial assistance to private entities for economic development projects. The assistance is targeted to low and moderate-income populations and entrepreneurs. New in the FY 2008 - 2009 biennium is the Department's involvement with the Ohio Main Street Program. Funds for this program will be used as a grant to Heritage Ohio, a statewide nonprofit organization, in order to provide assistance to designated Main Street communities and further the efforts of the Main Street Program to improve central business districts and make them attractive places to work, live, and visit.

Funding Source: General Revenue Fund, federal Community Development Block Grant, local government loan repayments

Implication of the Budget: The budget for this program will support efforts to stabilize communities by improving 103,000 linear feet of sidewalks, streets, water and sewer lines, public utility infrastructure, and flood and drainage infrastructure; rehabilitate, repair, or construct 140 commercial buildings; install, repair, or purchase 2,300 pieces of machinery and equipment; and acquire, rehabilitate, improve, or construct 2.25 million square feet of structure for business development. These investments are expected to result in the creation of 1,700 jobs and improve 250 central business district building facades. Funds for this program also support approximately three employees.

Temporary Law Provisions

Ohio Main Street Program (Section 263.20.13): Temporary language earmarks \$500,000 in FY 2008 for the Ohio Main Street Program to provide funding to the City of Wauseon for matching grants and assistance for rebuilding the city's downtown area following a fire in April, 2007.

Services to Alleviate Poverty

Program Description: The Office of Community Services (OCS) administers this program through federal funds provided through the Community Services Block Grant, Home Energy Assistance Block Grant, TANF Heating Assistance, and Universal Service Fund (Low Income Energy Assistance) programs. Community Services Block Grant supports activities that address unemployment and underemployment, inadequate education, inefficient and/or ineffective use of income, inadequate housing, inability to meet emergency needs, incomplete use of available programs and services, and starvation and malnutrition. Funds are provided to 52 community action agencies serving all 88 Ohio counties. The Low-Income Energy Assistance Program (LIHEAP) contains both the Home Energy Assistance Program (HEAP) and Emergency HEAP, or E-HEAP, to reduce the energy burden on low-income, TANF-eligible households at or below 175% of the federal poverty guidelines to maintain service when threatened with disconnection, to re-connect, or to pay for bulk fuel delivery if they have less than a ten-day supply. The Universal Service Fund supports low-income electric customers at or below 150% of poverty who are enrolled in the Percentage of Income Payment Plan (PIPP).

Funding Source: Federal Community Services Block Grant, TANF Heating Assistance, Home Energy Assistance Block Grant, revenues from the rider on retail electric service, customer payments under PIPP, revenues remitted from municipal electric utilities and rural cooperatives on an opt-in basis

Implication of the Budget: The program will provide funding to Community Action Agencies to assist 400,000 low-income families to become more self-sufficient, improve their living conditions, and provide workforce development/displaced worker training to obtain a job. Funds will also support approximately 57 employees.

Energy Efficiency

Program Description: The mission of the Office of Energy Efficiency is to provide options for a more secure energy future for Ohio through reducing energy consumption via energy efficiency and renewable energy systems, increasing the reliability of energy distribution, and reducing dependence on foreign supplies of fossil fuels. There are several programs located within the Office of Energy Efficiency that work toward these goals. They include:

Advanced Energy Program. The Office of Energy Efficiency administers the Advanced Energy Program, which supports certain energy efficiency projects throughout the state. Moneys in the Advanced Energy Fund are used to support investments in products, technologies, or services for residential, small business, local government, nonprofit, agricultural, or other entities for improving energy efficiency in a cost-effective manner. Revenues to the fund include a surcharge on retail electric distribution rates, based on an aggregate revenue target for a given year, divided by the number of customers of electric distribution utilities in the state.

Home Energy Assistance Program (HEAP). This federal program assists eligible households in paying for their primary heating fuel. When federal funds are reduced, moneys are augmented by supplemental oil overcharge funds. Through the regular HEAP program, grants are awarded to nonprofit agencies that administer moneys to households with incomes at or below 150% of U.S. Department of Health and Human Services poverty guidelines. The recipient households are provided 10% to 35% of their primary heating fuel costs for December, January, and February. Emergency HEAP provides eligible families up to \$175 to prevent disconnection of heating service, to restore heating services, to perform heating system repairs, or for emergency fuel delivery.

Home Weatherization Assistance Program (HWAP). The purpose of this program is to create more affordable housing by reducing energy costs through energy efficiency measures. Services include attic, wall and basement insulation; blower door guided air leakage reduction; heating system repairs or replacements; health and safety testing and inspections; and public information.

Electric Partnership Program (EPP). EPP provides targeted energy efficiency and customer education services to customers with high arrearage and high consumption. Every resident enrolled in PIPP is eligible to participate in EPP. It is funded through the federally funded Universal Service Fund for low-income energy assistance.

State Energy Plan (SEP). The State Energy Plan is federally funded and provides for public outreach and education and various commercial and industrial programs. SEP establishes milestones to measure progress toward specific activities supported by the federal program, addressing market penetration, numbers and types of clients reached, and energy and pollution emissions saved as a result of the program.

Alternative Fuel Transportation Grants. The Alternative Fuel Transportation Grant Fund provides for the purchase and installation of alternative fuel refueling or distribution facilities and terminals, for the purchase and use of alternative fuel, and to pay the cost of educational and promotional materials and activities relating to alternative fuel.

Funding Source: General Revenue Fund; federal Low Income Energy Assistance, Weatherization Assistance for Low-Income Persons, State Energy Conservation, Energy Conservation for Institutional Buildings, and National Industrial Competitiveness grants; oil overcharge settlement payments; vendor fees and other payments from utility companies; revenues from the rider on retail electric service; customer payments under PIPP; revenues remitted from municipal electric utilities and rural cooperatives; loan repayments; and application fees for exempt facility certificates.

Implication of the Budget: Funding will allow for 80 industrial energy assessments, 90 grants for renewable energy installations, weatherization of 14,000 homes for low-income households, energy efficiency retrofits or education on demand side energy management for 18,000 households, installation of 40 alternative fuel pumps, and financing for an additional 60 energy projects. Funding will also support 38 employees.

Temporary and Permanent Law Provisions

Energy Projects Fund (R.C. Section 122.076). Creates the Energy Projects Fund consisting of nonfederal revenue remitted to the Director of Development for the purpose of energy projects, and requires the Department of Development to use the money in the fund for energy projects and to pay the costs incurred in administering the projects.

Advanced Energy Fund Transfer (Section 263.20.70). Temporary language in this section requires the Director of Budget and Management to transfer \$4.5 million in each fiscal year from the Advanced Energy Fund (Fund 5M5) to the Industrial Site Improvements Fund (Fund 5AR) and requires moneys in Fund 5AR to be used to make grants to eligible counties for the improvement of commercial or industrial areas.

HEAP Weatherization (Section 263.20.40). Temporary language in this section specifies that 15% of the federal funds received by the state for the Home Energy Assistance Block Grant shall be deposited in GSF appropriation item 195-614, HEAP Weatherization (Fund 3K9), and shall be used for home weatherization services. It also requires the Department of Development to seek a federal waiver to allow the percentage of federal funds assigned to Fund 3K9 to increase to 16.5% in FY 2008 and 17.5% in FY 2009.

Advanced Energy Programs (Section 263.20.70). This section requires SSR appropriation item 195-660, Advanced Energy Programs, to be used to provide financial assistance to customers for eligible advanced energy projects. Eligible customers may include residential, commercial, and industrial business, local governments, educational institutions, nonprofit organizations, and agricultural customers. Funds shall also pay for the program's administrative expenses. This section earmarks up to \$1.5 million over the biennium for methane digester projects and up to \$250,000 in each fiscal year for grants to school districts under section 3327.17 of the Revised Code.

Alternative Fuel Transportation. There are two temporary law provisions affecting this program:

- **Section 263.20.70.** Temporary language in this section requires SSR appropriation item 195-679, Alternative Fuel Transportation, to be used by the Director of Development to make grants under the Alternative Fuel Transportation Grant Fund Program and earmarks up to \$1 million in each fiscal year to encourage gas stations to provide E85 and B20 (or higher) fuel to customers.

- **Section 263.20.80.** Temporary language in this section earmarks up to \$1 million in cash in each fiscal year to be transferred from the Facilities Establishment Fund (Fund 037) to the Alternative Fuel Transportation Grant Fund (Fund 5CG).

Public Works/Infrastructure Development

Program Description: Community Development Block Grant moneys are also used for infrastructure improvements, including wastewater treatment, flood and drainage, water and sewer, streets and bridges, and sidewalk construction in nonmetropolitan areas. The primary beneficiaries must be low and moderate-income individuals. Grants for public works projects are awarded based on a formula allocation, requiring collective planning. Program effectiveness is measured by comparisons of projected to actual performance outcomes. In the upcoming biennium, funding will support the improvement or installation of 2.1 million linear feet of sidewalks, streets, water and sewer lines, and flood and drainage infrastructure and rehabilitation, construction, or repair of 30 water and sewer facilities; 60 senior centers, neighborhood facilities, community centers, or fire stations; and 340 housing units.

Funding Source: General Revenue Fund, federal Community Development Block Grant, loan repayments, loan administration fees

Implication of the Budget: Funding will support programs to counties and cities for infrastructure and public service improvements, and provide limited funding for some housing rehabilitation. Funding will also support water and sanitary sewer projects to ensure safe drinking water and proper disposal of sanitary waste. This program will also support 12 employees.

Program Series**5: Housing Development**

Purpose: This program series administers a range of services to provide affordable housing for low and moderate-income homebuyers and renters. Using low-interest loans, grants, and rent subsidies, the programs provide assistance directly to homebuyers and renters and financial support to housing providers such as local governments, and not-for-profit and for-profit developers.

The following table shows the line items that are used to fund the Housing Development program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	195-497	CDBG Operating Match	\$182,275	\$182,275
General Revenue Fund Subtotal			\$182,275	\$182,275
Federal Special Revenue Fund				
3K8	195-613	Community Development Block Grant	\$11,050,000	\$11,050,000
3V1	195-601	HOME Program	\$40,000,000	\$40,000,000
308	195-603	Housing and Urban Development	\$6,000,000	\$6,000,000
Federal Special Revenue Fund Subtotal			\$57,050,000	\$57,050,000
State Special Revenue Fund				
646	195-638	Low and Moderate Income Housing Trust	\$53,000,000	\$53,000,000
State Special Revenue Fund Subtotal			\$53,000,000	\$53,000,000
Total Funding: Housing Development			\$110,232,275	\$110,232,275

The Housing Development program series contains the following programs:

- **Program 5.01: Community Housing Improvement Program**
- **Program 5.02: Housing Development Assistance Program**
- **Program 5.03: Not-for-Profit Housing and Community Development**
- **Program 5.04: Housing and Supportive Assistance for the Homeless**

Community Housing Improvement Program

Program Description: This program administers federal grants to eligible units of local government through the Community Housing Improvement Program (CHIP) and the HOME Investment Partnership Program. These programs provide funding to local governments to rehabilitate existing housing, construct new housing, and to make emergency repairs in order to increase the available housing stock for low and moderate-income Ohioans. Funds are also available for public and supportive service programs such as home maintenance education, lead-hazard screening, and job counseling. During the upcoming biennium, program funds will enable the Department of Development to provide 950 households with rental assistance; rehabilitate, repair, or construct 2,500 owner-occupied homes and rehabilitate or repair 95 rental units; provide 65 households with down payment assistance; provide 540 households with homebuyer counseling or education; and provide 16 fair housing educational or training opportunities.

Funding Source: General Revenue Fund, federal Community Development Block Grant, federal HOME Investment Partnership Program grant, Housing Trust Fund fees collected by county recorders, grants, gifts, and private contributions

Implication of the Budget: Funds will support the programs described above as well as 18 employees.

Housing Development Assistance Program

Program Description: This program includes the Housing Development Assistance Program (HDAP) and the Community Housing Development Organization (CHDO) Competitive Operating Program, which conserve and expand the affordable housing stock and administrative capacity in order to provide suitable housing and living environments for low to moderate income persons. The HDAP is funded by HOME Investment Partnerships Program and Ohio Housing Trust Fund (OHTF) dollars. The CHDO Operating Grant Program is funded with HOME dollars. During the upcoming biennium, program funds will enable the Department of Development to rehabilitate, repair, and construct 465 owner-occupied homes and 2,350 rental units, and ensure increased and sustained capacity building opportunities for 64 housing development organizations.

Funding Source: Federal HOME Investment Partnership Program grant, Housing Trust Fund fees collected by county recorders, grants, gifts, and private contributions

Implication of the Budget: Funds will support the programs described above as well as two employees.

Not-for-Profit Housing and Community Development

Program Description: This program consists of several individual programs that target funding through nonprofit and community organizations to assist low and moderate-income persons. The Housing Assistance Grant Program provides funding to assist low and moderate-income persons with emergency home repair, accessibility modifications, down payment assistance, and homebuyer counseling. The Community Development Finance Fund (CDFF) provides nonprofit, community-based development organizations with access to long-term, low-interest financing for housing and economic development projects that revitalize low and moderate-income communities. The Microenterprise Business Development Program provides funds to eligible nonprofit organizations to assist with the development of small businesses and to create jobs. The Discretionary Grant Program provides funds to eligible applicants for target of opportunity investment in housing projects, special projects, and demonstration programs. The Resident Services Coordinator (RSC) Program provides funds to nonprofit organizations to help elderly and disabled low-income renters identify and obtain services and benefits offered in the community. The Training and Technical Assistance (T&TA) Program provides funds to statewide or regional nonprofit organizations to build the capacity of other nonprofits.

Funding Source: Housing Trust Fund fees, grants, gifts, and private contributions

Implication of the Budget: Program funding is expected to support the rehabilitation, repair, or construction of 3,600 owner-occupied homes and 200 rental units; provide assistance to 125 businesses; and provide 265 households with down payment assistance, 1,670 households with homebuyer education and counseling, and 1,750 persons with referrals to community-based services. This program also supports approximately three employees.

Housing and Supportive Assistance for the Homeless

Program Description: This program supports the Homelessness Assistance Grant Program and the Housing Opportunities for Persons with AIDS (HOPWA) Program. These activities fund housing, supportive services, and homelessness prevention activities by local governments and nonprofit organizations. The Homelessness Assistance Grant Program is funded through federal Emergency Shelter Grant dollars in conjunction with Ohio Housing Trust Fund moneys. The HOPWA program is funded entirely through federal HOPWA funds. During the upcoming biennium, funds will enable the Department to provide 89,852 low-income persons with shelter, provide 16,300 low-income households with supportive services, and provide 31,100 households with rental assistance.

Funding Source: Federal Emergency Shelter Grant and HOPWA funds; Housing Trust Fund fees, grants, gifts, and private contributions

Implication of the Budget: Program funding will support the programs described above, as well as ten employees.

Program Series**6: International Trade**

Purpose: This program series promotes Ohio by assisting Ohio manufacturers and service providers in locating and capitalizing on export opportunities, marketing Ohio as a premier business location, attracting direct investment by foreign companies, and organizing Ohio business missions to international markets. This program series staffs offices in Brussels, Hong Kong, Tokyo, Toronto, Mexico City, Tel Aviv, and Buenos Aires, and with the Council of Great Lakes Governors, jointly administers offices in Sao Paulo, Santiago, and Johannesburg.

The following table shows the line items that are used to fund the International Trade program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	195-432	International Trade	\$4,650,501	\$4,650,501
General Revenue Fund Subtotal			\$4,650,501	\$4,650,501
General Services Fund				
5W6	195-691	International Trade Cooperative Projects	\$300,000	\$300,000
General Services Fund Subtotal			\$300,000	\$300,000
Total Funding: International Trade			\$4,950,501	\$4,950,501

The International Trade program series contains the following program:

■ **Program 6.01: International Trade**

International Trade

Program Description: The International Trade Division promotes Ohio exports and foreign direct investment into Ohio. The Division operates eight full-service trade offices located in Columbus, Brussels, Buenos Aires, Hong Kong, Mexico City, Tel Aviv, Tokyo, and Toronto, and jointly administers three offices with the Council of Great Lakes Governors in Santiago, Johannesburg, and Sao Paulo. Other activities include business and investment missions, trade shows, and export assistance.

Funding Source: General Revenue Fund, funds from the private sector or financial aid from state or local governments

Implication of the Budget: Funding will provide continued support in Ohio's efforts to strengthen Ohio's economy through international business and export promotion, foreign direct investment attraction, and international business missions; fund the planning and execution of business missions to key global markets; establish new trade offices in Australia and India via fee-for-services contracts with business consulting firms; and establish the International Trade Cooperative Projects Fund to allow the Department of Development to receive funds from outside entities to support international business development activities. Funds also support approximately 19 employees.

Temporary and Permanent Law Provisions

International Trade Cooperative Projects Fund (R.C. section 122.051). The International Trade Cooperative Projects Fund is created in the state treasury, to be funded by moneys from private and nonprofit organizations involved in cooperative agreements related to foreign investment and cash transfers from other state agencies or any state or local government.

Program Series

7: Travel and Tourism Promotion

Purpose: This program series consists of an integrated marketing campaign including print, television, online, and radio advertising; regional and national public relations; the DiscoverOhio.com web site; and the 1-800-BUCKEYE call center. The program also consists of targeted grants for the marketing of specific tourism destinations.

The following table shows the line items that are used to fund the Travel and Tourism program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	195-407	Travel and Tourism	\$1,800,000	\$1,800,000
GRF	195-507	Travel and Tourism Grants	\$1,130,000	\$1,115,000
GRF	195-521	Discover Ohio!	\$7,182,845	\$8,182,845
General Revenue Fund Subtotal			\$10,112,845	\$11,097,845
General Services Fund				
5W5	195-690	Travel and Tourism Cooperative Projects	\$350,000	\$350,000
General Services Fund Subtotal			\$350,000	\$350,000
Total Funding: Travel and Tourism Promotion			\$10,462,845	\$11,447,845

The Travel and Tourism Promotion program series contains the following program:

■ **Program 7.01: Travel and Tourism Promotion**

Travel and Tourism Promotion

Program Description: The Division of Travel and Tourism is responsible for state tourism activities including advertising, promotional campaigns, and travel information. The Division promotes Ohio as a desirable location for film and video production, and administers grants to local and regional tourism entities. Activities include the state's travel and tourism web site, www.ohiotourism.com, 1-800-BUCKEYE phone line, market research, advertising, the Ohio Film Commission, and statewide publications (Discover Ohio Calendar of Events and Visitor's Guide and Travel Planner). Activities funded through the Division are experiencing a shift from information-based publications that are mailed to customers to web-based information that is accessed directly by the consumer. Since FY 1996, grants for local travel and tourism events have been provided through line item 195-507, Travel and Tourism Grants.

Funding Source: General Revenue Fund, funds from the private sector or financial aid from state or local governments

Implication of the Budget: Funding will be directed toward television, print, radio, online, and public relations advertising; web site development; and the 1-800-BUCKEYE call center and fulfillment. Funding will support 14 employees.

Temporary and Permanent Law Provisions

Travel and Tourism Cooperative Projects Fund (R.C. section 122.071). The Travel and Tourism Cooperative Projects Fund is created and is required to consist of all grants, gifts, and contributions made to the Director of Development for marketing and promotion of travel and tourism within Ohio.

Travel and Tourism Grants (Section 263.20.10). Temporary language under this section specifies that GRF appropriation item 195-507, Travel and Tourism Grants, shall be used to provide grants to local organizations to support various local travel and tourism events, and earmarks funds for such use. This provision contains earmarks of \$50,000 in each fiscal year for the Cleveland Film Bureau, \$50,000 in each fiscal year for the Cincinnati Film Bureau, up to \$500,000 in each fiscal year for the International Center for the Preservation of Wild Animals, \$50,000 in each fiscal year for the Greater Cleveland Sports Commission, \$50,000 in each fiscal year for the Greater Columbus Sports Commission, \$50,000 in FY 2008 for the Ohio Alliance of Science Centers, \$100,000 in each fiscal year for the Harbor Heritage Society/Great Lakes Science Center in support of the Steamship William G. Mather Museum, \$100,000 in each fiscal year for the Great Lakes Historical Society, \$35,000 in FY 2009 for the Ohio Junior Angus Association, \$60,000 in each fiscal year for the Ohio River Trails Program, \$60,000 in each fiscal year for the outdoor drama "Tecumseh!," \$25,000 in each fiscal year for Ohio's Appalachian Country, \$25,000 in each fiscal year for the Garst Museum, and \$10,000 in each fiscal year for the Pro Football Hall of Fame Festival.

Program Series**8: Brownfield Redevelopment**

Purpose: The Brownfield Redevelopment program series provides assistance to communities and public and private entities to clean up former industrial or commercial properties in order to restore them to productive use.

The following table shows the line items that are used to fund the Brownfield Redevelopment program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	195-426	Clean Ohio Implementation	\$300,000	\$309,000
General Revenue Fund Subtotal			\$300,000	\$309,000
Federal Special Revenue Fund				
308	195-605	Federal Projects	\$5,000,000	\$5,000,000
Federal Special Revenue Fund Subtotal			\$5,000,000	\$5,000,000
Clean Ohio Revitalization Fund				
003	195-663	Clean Ohio Operating	\$625,000	\$550,000
Clean Ohio Revitalization Fund Subtotal			\$625,000	\$550,000
Total Funding: Brownfield Redevelopment			\$5,925,000	\$5,859,000

The Brownfield Redevelopment program series contains the following programs:

- **Program 8.01: Clean Ohio**
- **Program 8.02: Brownfield Revolving Loan Fund**

Clean Ohio

Program Description: The Clean Ohio program provides grants to public entities (townships, municipalities, counties, port authorities, and park/conservancy districts) to remediate brownfield property. The funding can be used on private or public lands for cleanup and remediation, demolition, minimal infrastructure improvements necessary for economic viability, environmental assessments, and acquisition. The Office of Urban Development administers the program and tracks the program's success at achieving performance measures such as acres remediated, jobs created and/or retained, dollars leveraged to cleanup activities, redevelopment dollars leveraged, and square footage of structures demolished.

Funding Source: General Revenue Fund, bond proceeds

Implication of the Budget: Funds will support the Office of Urban Development's administration of the Clean Ohio Revitalization Fund on behalf of the Clean Ohio Council, providing \$43 million in grants to local entities for brownfield redevelopment activities; support the Office of Urban Development's implementation and administration of the Clean Ohio Assistance Fund Program including processing of disbursement requests, site visits, and provision of technical assistance to grantees and stakeholders; and fund the development of a data management system and other tools that provide for improved financial and programmatic administration of the Clean Ohio program. Funds will also support approximately seven employees.

Brownfield Revolving Loan Fund

Program Description: The Office of Urban Development administers the application, loan processing, coordination, and implementation processes of the Brownfield Revolving Loan Fund (BRLF). The program provides low-interest loans to private and public borrowers and subgrants to nonprofit and public entities to complete brownfield projects including demolition, cleanup, and remediation. The BRLF is funded through competitive grants awarded to the Department of Development by the U.S. Environmental Protection Agency (USEPA). Projects financed with BRLF loans are often redeveloped into open public space or park land. BRLF loans have also been used to augment other financing in very large remedial projects.

Funding Source: Competitive grants awarded by the U.S. Environmental Protection Agency

Implication of the Budget: Funds will provide low-interest loans and subgrants to eligible entities for brownfield cleanup, as well as allow for implementation and administration of current projects, support the Clean Ohio brownfield initiatives by providing gap financing for projects in need of additional cleanup dollars, and support future requests for funding from USEPA based on the program's success.

Program Series**9: Marketing, Promotion, and Advertising**

Purpose: This program series highlights the Department of Development's programs and services and promotes Ohio's economic climate in an effort to strengthen the state's image as a place for business expansion and relocation through the production of quality communication programs and materials. This includes working with the Ohio Business Development Coalition in the development of a state brand and the implementation of a regional marketing program designed to generate business leads.

The following table shows the line items that are used to fund the Marketing, Promotion, and Advertising program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
135	195-684	Supportive Services	\$1,232,537	\$1,117,118
General Services Fund Subtotal			\$1,232,537	\$1,117,118
State Special Revenue Fund				
4F2	195-639	State Special Projects	\$0	\$152,650
4F2	195-676	Marketing Initiatives	\$5,000,000	\$1,000,000
State Special Revenue Fund Subtotal			\$5,000,000	\$1,152,650
Total Funding: Marketing, Promotion, and Advertising			\$6,232,537	\$2,269,768

The Marketing, Promotion, and Advertising program series contains the following program:

■ **Program 9.01: Marketing, Promotion, and Advertising**

Marketing, Promotion, and Advertising

Program Description: This program promotes the programs and services of the Department of Development, plans economic development-related events, responds to media inquiries, and coordinates marketing programs that promote the state as a favorable site for business expansion and relocation. The program executes all aspects of mass communication originating from the Department, handles graphic and photography requests for the Department and the Governor's Office, and generates collateral materials for all the Department's divisions for the promotion of its various activities, programs, and services.

This program also collaborates with the Ohio Business Development Coalition (OBDC) to promote efforts to brand Ohio as a highly desirable location for companies and their employees. OBDC is a 501(c) 6 organization, charged with developing and executing a targeted, proactive marketing and sales strategy for Ohio. A self-appointed Board of Directors leads the coalition with representation from the business community, corporate marketing, communications professionals, and regional and local economic development professionals. The primary objective of OBDC is to provide the Department of Development and economic regional development organizations with qualified leads and effective tools to both retain and expand Ohio companies, and to attract new companies to Ohio.

Funding Source: Assessments on divisions of the Department for the cost of central service operations, vendor fees, and other payments from utility companies, and unclaimed funds

Implication of the Budget: Funding will assist with the operation of the Ohio Business Development Coalition (through line item 195-676, Marketing Initiatives), and will support the operation of the Office of Communications and Marketing, including 14 employees.

Program Series

10: Program Management

Purpose: This program series provides centralized services to the Department of Development.

The following table shows the line items that are used to fund the Program Management program series, as well as the Governor's enacted levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
135	195-684	Supportive Services	\$10,466,867	\$10,204,326
685	195-636	Direct Cost Recovery Expenditures	\$800,000	\$800,000
General Services Fund Subtotal			\$11,266,867	\$11,004,326
Total Funding: Program Management			\$11,266,867	\$11,004,326

The Program Management program series contains the following program:

■ **Program 10.01: Program Management**

Program Management

Program Description: Program Management encompasses the activities of the Director's Office, Legal Office, Human Resources Office, Budget and Finance Office, Audit Office, Information Technology, Facilities Management, Legislative Affairs, Office of Strategic Research, and the Community Development Director's Office. These offices and programs manage and control all divisions of the Department of Development to implement departmental policy and to communicate actions and activities to the Governor, the General Assembly, and to other state and local agencies.

The Office of Strategic Research provides demographic, economic, industrial, and programmatic information for the Department of Development, other state agencies, local governmental authorities, and designated affiliates of the United States Bureau of the Census. The Community Development Director's Office is funded through this program due to the large amount of support services necessary for the operation of the Community Development and Housing Development program series, including policy analysis and administrative and fiscal services.

Funding Source: Assessments on divisions of the Department for the cost of central service operations, interagency payments, and indirect cost charges to other Department of Development line items

Implication of the Budget: Funding will provide continued support for centralized services to ensure efficient operation of the Department of Development, supporting approximately 58 employees.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: FY 2006: *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* % Change 2007 to 2008: *FY 2009 Appropriations:* % Change 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

DEV Development, Department of

Agency	Line Item	Description	FY 2005	FY 2006	FY 2007 Adj.	FY 2008	% Change	FY 2009	% Change
							2007 to 2008:		2008 to 2009:
GRF	195-321	Operating Expenses	\$ 2,811,226	\$ 2,861,989	\$ 2,723,908	----	N/A	----	N/A
GRF	195-401	Thomas Edison Program	\$ 15,824,797	\$ 16,116,789	\$ 17,454,838	\$ 19,404,838	11.17%	\$ 17,978,483	-7.35%
GRF	195-404	Small Business Development	\$ 1,945,190	\$ 1,805,267	\$ 1,740,722	\$ 1,740,722	0.00%	\$ 1,792,944	3.00%
GRF	195-405	Minority Business Development Division	\$ 1,580,220	\$ 1,534,913	\$ 1,580,291	\$ 1,580,291	0.00%	\$ 1,627,700	3.00%
GRF	195-406	Transitional & Permanent Housing	\$ 75,400	----	\$ 0	----	N/A	----	N/A
GRF	195-407	Travel and Tourism	\$ 5,746,172	\$ 7,658,407	\$ 6,712,845	\$ 1,800,000	-73.19%	\$ 1,800,000	0.00%
GRF	195-410	Defense Conversion Assistance	\$ 904,441	\$ 269,746	\$ 200,000	\$ 5,000,000	2,400.00%	----	N/A
GRF	195-412	Rapid Outreach Grants	\$ 10,235,643	\$ 6,881,988	\$ 11,750,000	\$ 10,750,000	-8.51%	\$ 10,000,000	-6.98%
GRF	195-414	First Frontier Match	\$ 173,150	\$ 20,608	\$ 0	----	N/A	----	N/A
GRF	195-415	Economic Development Division & Regional Offices	\$ 5,302,432	\$ 5,565,717	\$ 5,894,975	\$ 5,894,975	0.00%	\$ 6,071,824	3.00%
GRF	195-416	Governor's Office of Appalachia	\$ 3,917,573	\$ 3,967,931	\$ 4,122,372	\$ 4,746,043	15.13%	\$ 4,746,043	0.00%
GRF	195-417	Urban/Rural Initiative	\$ 1,467,716	\$ 364,513	\$ 0	----	N/A	----	N/A
GRF	195-422	Third Frontier Action Fund	\$ 14,350,532	\$ 16,080,767	\$ 16,790,000	\$ 18,790,000	11.91%	\$ 16,790,000	-10.64%
GRF	195-426	Clean Ohio Implementation	\$ 372,038	\$ 303,005	\$ 300,000	\$ 300,000	0.00%	\$ 309,000	3.00%
GRF	195-431	Community Development Corporation Grants	\$ 5,139	----	\$ 0	----	N/A	----	N/A
GRF	195-432	International Trade	\$ 4,058,440	\$ 4,161,739	\$ 4,223,787	\$ 4,650,501	10.10%	\$ 4,650,501	0.00%
GRF	195-434	Investment in Training Grants	\$ 13,105,071	\$ 8,350,493	\$ 12,227,500	\$ 12,227,500	0.00%	\$ 12,594,325	3.00%
GRF	195-436	Labor/Management Cooperation	\$ 772,248	\$ 624,195	\$ 811,869	\$ 836,225	3.00%	\$ 836,225	0.00%
GRF	195-497	CDBG Operating Match	\$ 1,040,956	\$ 1,040,956	\$ 1,040,956	\$ 1,072,184	3.00%	\$ 1,072,184	0.00%
GRF	195-498	State Match Energy	\$ 83,203	\$ 97,580	\$ 94,000	\$ 96,820	3.00%	\$ 96,820	0.00%
GRF	195-501	Appalachian Local Development Districts	\$ 380,079	\$ 380,080	\$ 380,080	\$ 391,482	3.00%	\$ 391,482	0.00%
GRF	195-502	Appalachian Regional Commission Dues	\$ 246,803	\$ 119,385	\$ 246,803	\$ 254,208	3.00%	\$ 254,208	0.00%
GRF	195-507	Travel and Tourism Grants	\$ 922,100	\$ 1,251,875	\$ 1,162,500	\$ 1,130,000	-2.80%	\$ 1,115,000	-1.33%
GRF	195-515	Economic Development Contingency	\$ 12,148,709	\$ 10,471,972	\$ 0	----	N/A	----	N/A
GRF	195-516	Shovel Ready Sites	\$ 1,680,000	\$ 2,365,000	\$ 0	\$ 1,000,000	N/A	\$ 1,000,000	0.00%
GRF	195-520	Ohio Main Street Program	----	----	----	\$ 750,000	N/A	\$ 250,000	-66.67%
GRF	195-521	Discover Ohio!	----	----	----	\$ 7,182,845	N/A	\$ 8,182,845	13.92%
GRF	195-905	Third Frontier Research & Development General Obligation Debt Service	----	----	\$ 13,910,000	\$ 14,349,500	3.16%	\$ 24,523,400	70.90%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2007 Adj.							
			FY 2005:	FY 2006:	Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:	
DEV Development, Department of										
GRF	195-912	Job Ready Site Development-General Obligation Debt	----	----	\$ 4,124,400	\$ 4,359,400	5.70%	\$ 8,232,500	88.84%	
General Revenue Fund Total			\$ 99,149,279	\$ 92,294,913	\$ 107,491,846	\$ 118,307,534	10.06%	\$ 124,315,484	5.08%	
135	195-605	Supportive Services	\$ 6,884,882	\$ 6,878,791	\$ 0	\$ 0	N/A	\$ 0	N/A	
135	195-684	Supportive Services	----	----	\$ 7,539,686	\$ 11,699,404	55.17%	\$ 11,321,444	-3.23%	
5AD	195-667	Investment in Training Expansion	\$ 45,856	\$ 7,164,354	\$ 5,000,000	\$ 2,000,000	-60.00%	\$ 0	-100.00%	
5AD	195-668	Workforce Guarantee Program	----	\$ 76,593	\$ 3,000,000	\$ 1,000,000	-66.67%	\$ 0	-100.00%	
5AD	195-669	Wright Operating Grants	----	\$ 1,085,165	\$ 0	\$ 0	N/A	\$ 0	N/A	
5AD	195-677	Economic Development Contingency	----	----	\$ 10,000,000	\$ 5,000,000	-50.00%	\$ 24,400,000	388.00%	
5W5	195-690	Travel and Tourism Cooperative Projects	----	----	\$ 0	\$ 350,000	N/A	\$ 350,000	0.00%	
5W6	195-691	International Trade Cooperative Projects	----	----	\$ 75,000	\$ 300,000	300.00%	\$ 300,000	0.00%	
685	195-636	Direct Cost Recovery Expenditures	\$ 353,335	\$ 464,067	\$ 800,000	\$ 800,000	0.00%	\$ 800,000	0.00%	
General Services Fund Group Total			\$ 7,284,073	\$ 15,668,971	\$ 26,414,686	\$ 21,149,404	-19.93%	\$ 37,171,444	75.76%	
308	195-602	Appalachian Regional Commission	\$ 484,613	\$ 469,301	\$ 600,659	\$ 475,000	-20.92%	\$ 475,000	0.00%	
308	195-603	Housing & Urban Development	\$ 4,409,837	\$ 4,534,009	\$ 5,000,000	\$ 6,000,000	20.00%	\$ 6,000,000	0.00%	
308	195-605	Federal Projects	\$ 17,465,986	\$ 21,089,484	\$ 24,671,479	\$ 27,000,000	9.44%	\$ 27,000,000	0.00%	
308	195-609	Small Business Administration	\$ 4,692,185	\$ 3,735,204	\$ 4,296,381	\$ 4,296,381	0.00%	\$ 4,396,381	2.33%	
308	195-618	Energy Federal Grants	\$ 2,551,201	\$ 2,114,809	\$ 3,397,659	\$ 3,400,000	0.07%	\$ 3,400,000	0.00%	
335	195-610	Energy Conservation and Emerging Technology	\$ 3,131,509	\$ 2,141,012	\$ 3,000,000	\$ 2,200,000	-26.67%	\$ 2,200,000	0.00%	
380	195-622	Housing Development Operating	\$ 4,044,872	----	\$ 0	\$ 0	N/A	\$ 0	N/A	
3AE	195-643	Workforce Development Initiatives	\$ 2,590,187	\$ 3,932,678	\$ 6,175,000	\$ 5,839,900	-5.43%	\$ 5,860,000	0.34%	
3BJ	195-685	TANF Heating Assistance	----	\$ 60,199,406	\$ 59,800,594	\$ 45,000,000	-24.75%	\$ 15,000,000	-66.67%	
3K8	195-613	Community Development Block Grant	\$ 58,661,270	\$ 62,445,608	\$ 65,000,000	\$ 65,000,000	0.00%	\$ 65,000,000	0.00%	
3K9	195-611	Home Energy Assistance Block Grant	\$ 98,861,482	\$ 114,211,138	\$ 90,500,399	\$ 110,000,000	21.55%	\$ 110,000,000	0.00%	
3K9	195-614	HEAP Weatherization	\$ 14,948,185	\$ 15,985,255	\$ 16,219,478	\$ 22,000,000	35.64%	\$ 22,000,000	0.00%	
3L0	195-612	Community Services Block Grant	\$ 24,919,442	\$ 24,283,402	\$ 25,234,999	\$ 25,235,000	0.00%	\$ 25,235,000	0.00%	
3V1	195-601	HOME Program	\$ 32,287,648	\$ 29,734,567	\$ 40,000,001	\$ 40,000,000	0.00%	\$ 40,000,000	0.00%	
3X3	195-619	TANF Housing Program	\$ 1,120,162	----	\$ 13,900	\$ 0	-100.00%	\$ 0	N/A	
Federal Special Revenue Fund Group Total			\$ 270,168,579	\$ 344,875,871	\$ 343,910,549	\$ 356,446,281	3.65%	\$ 326,566,381	-8.38%	
444	195-607	Water & Sewer Commission Loans	\$ 324,036	\$ 1,598,180	\$ 523,775	\$ 523,775	0.00%	\$ 523,775	0.00%	

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>	
<i>DEV Development, Department of</i>										
445	195-617	Housing Finance Operating	\$ 4,261,289	----	\$ 0	\$ 0	N/A	\$ 0	N/A	
450	195-624	Minority Business Bonding Program Administration	\$ 43,081	\$ 48,615	\$ 53,967	\$ 53,967	0.00%	\$ 53,967	0.00%	
451	195-625	Economic Development Financing Operating	\$ 1,790,497	\$ 2,555,525	\$ 2,358,311	\$ 3,233,311	37.10%	\$ 3,233,311	0.00%	
4F2	195-639	State Special Projects	\$ 956,276	\$ 1,388,596	\$ 290,183	\$ 518,393	78.64%	\$ 518,393	0.00%	
4F2	195-676	Marketing Initiatives	----	\$ 7,654,388	\$ 8,823,707	\$ 5,000,000	-43.33%	\$ 1,000,000	-80.00%	
4H4	195-641	First Frontier	\$ 173,154	\$ 20,608	\$ 0	\$ 0	N/A	\$ 0	N/A	
4S0	195-630	Tax Incentive Programs	\$ 198,689	\$ 182,995	\$ 275,000	\$ 650,800	136.65%	\$ 650,800	0.00%	
4S1	195-634	Job Creation Tax Credit Operating	\$ 330,805	\$ 386,241	\$ 375,800	\$ 0	-100.00%	\$ 0	N/A	
4W1	195-646	Minority Business Enterprise Loan	\$ 427,895	\$ 712,120	\$ 2,580,597	\$ 2,580,597	0.00%	\$ 2,580,597	0.00%	
5AR	195-674	Industrial Site Improvements	----	\$ 1,528,560	\$ 2,500,000	\$ 4,500,000	80.00%	\$ 4,500,000	0.00%	
5CA	195-678	Shovel Ready Sites	----	\$ 5,000,000	\$ 5,000,000	\$ 0	-100.00%	\$ 0	N/A	
5CG	195-679	Alternative Fuel Transportation	----	\$ 77,325	\$ 650,000	\$ 1,500,000	130.77%	\$ 1,000,000	-33.33%	
5CV	195-680	Defense Conversion Assistance	----	\$ 215,000	\$ 0	\$ 0	N/A	\$ 0	N/A	
5CY	195-682	Lung Cancer and Lung Disease Research	----	\$ 30,000	\$ 9,970,000	\$ 0	-100.00%	\$ 0	N/A	
5DU	195-689	Energy Projects	----	----	\$ 840,000	\$ 840,000	0.00%	\$ 840,000	0.00%	
5M4	195-659	Low Income Energy Assistance	\$ 198,153,583	\$ 230,179,458	\$ 245,000,000	\$ 245,000,000	0.00%	\$ 245,000,000	0.00%	
5M5	195-660	Advanced Energy Programs	\$ 1,355,433	\$ 3,380,041	\$ 12,000,000	\$ 17,000,000	41.67%	\$ 17,000,000	0.00%	
5X1	195-651	Exempt Facility Inspection	\$ 2,000	----	\$ 25,000	\$ 25,000	0.00%	\$ 25,000	0.00%	
5Y6	195-648	Economic Development Contingency	\$ 415,683	\$ 530,343	\$ 250,000	\$ 0	-100.00%	\$ 0	N/A	
611	195-631	Water & Sewer Administration	\$ 11,837	\$ 13,319	\$ 15,713	\$ 15,713	0.00%	\$ 15,713	0.00%	
617	195-654	Volume Cap Administration	\$ 109,850	\$ 98,731	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%	
646	195-638	Low & Moderate Income Housing Trust Fund	\$ 36,969,118	\$ 40,572,071	\$ 53,000,000	\$ 53,000,000	0.00%	\$ 53,000,000	0.00%	
State Special Revenue Fund Group Total			\$ 245,523,226	\$ 296,172,117	\$ 344,732,053	\$ 334,641,556	-2.93%	\$ 330,141,556	-1.34%	
009	195-664	Innovation Ohio	\$ 2,083,038	\$ 6,914,446	\$ 50,000,000	\$ 50,000,000	0.00%	\$ 50,000,000	0.00%	
010	195-665	Research and Development	\$ 4,500,000	\$ 28,989,064	\$ 50,000,000	\$ 50,000,000	0.00%	\$ 50,000,000	0.00%	
037	195-615	Facilities Establishment	\$ 35,038,911	\$ 40,900,858	\$ 103,631,149	\$ 110,000,000	6.15%	\$ 110,000,000	0.00%	
4Z6	195-647	Rural Industrial Park Loan	\$ 1,000,000	\$ 3,276,000	\$ 3,000,000	\$ 3,000,000	0.00%	\$ 3,000,000	0.00%	
5D2	195-650	Urban Redevelopment Loans	----	\$ 1,076,832	\$ 5,475,000	\$ 5,475,000	0.00%	\$ 5,475,000	0.00%	
5H1	195-652	Family Farm Loan Guarantee	\$ 50,000	\$ 68,344	\$ 1,000,000	\$ 0	-100.00%	\$ 0	N/A	
5S8	195-627	Rural Development Initiative	\$ 1,000,000	\$ 2,452,625	\$ 3,000,000	\$ 3,000,000	0.00%	\$ 3,000,000	0.00%	

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
DEV Development, Department of									
5S9	195-628	Capital Access Loan Program	\$ 650,904	\$ 1,366,677	\$ 3,000,000	\$ 3,000,000	0.00%	\$ 3,000,000	0.00%
Facilities Establishment Fund Total			\$ 44,322,854	\$ 85,044,846	\$ 219,106,149	\$ 224,475,000	2.45%	\$ 224,475,000	0.00%
003	195-663	Clean Ohio Operating	\$ 86,219	\$ 207,808	\$ 350,000	\$ 625,000	78.57%	\$ 550,000	-12.00%
Clean Ohio Revitalization Fund Total			\$ 86,219	\$ 207,808	\$ 350,000	\$ 625,000	78.57%	\$ 550,000	-12.00%
011	195-686	Third Frontier Operating	----	----	\$ 1,932,056	\$ 1,932,056	0.00%	\$ 1,932,056	0.00%
011	195-687	Third Frontier Research and Development Project	----	----	\$ 100,000,000	\$ 94,000,000	-6.00%	\$ 72,000,000	-23.40%
014	195-692	Research and Development Taxable Bond Projects	----	----	----	\$ 28,000,000	N/A	\$ 28,000,000	0.00%
Third Frontier Research and Development Total			----	----	\$ 101,932,056	\$ 123,932,056	21.58%	\$ 101,932,056	-17.75%
012	195-688	Job Ready Site Operating	----	----	\$ 746,155	\$ 1,246,155	67.01%	\$ 1,246,155	0.00%
Job Ready Site Development Total			----	----	\$ 746,155	\$ 1,246,155	67.01%	\$ 1,246,155	0.00%
Development, Department of Total			\$ 666,534,229	\$ 834,264,527	\$ 1,144,683,494	\$ 1,180,822,986	3.16%	\$ 1,146,398,076	-2.92%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Transportation Budget		Version: Enacted					
DEV Development, Department of							
4W0 195-629 Roadwork Development	\$ 9,742,225	\$ 14,068,140	\$ 13,999,900	\$ 18,699,900	33.57%	\$ 18,699,900	0.00%
State Special Revenue Fund Group Total	\$ 9,742,225	\$ 14,068,140	\$ 13,999,900	\$ 18,699,900	33.57%	\$ 18,699,900	0.00%
Development, Department of Total	\$ 9,742,225	\$ 14,068,140	\$ 13,999,900	\$ 18,699,900	33.57%	\$ 18,699,900	0.00%

Ohio Expositions Commission

Jason Phillips, Budget Analyst

- Ohio State Fair Attendance in 2006 of 814,152 was up slightly (1.5%) from 2005 Fair attendance of 802,074
- Funding of \$14,688,652 for FY 2008 and \$14,563,315 in FY 2009

OVERVIEW

Duties and Responsibilities

The Ohio Expositions Commission was created and is governed by Revised Code Chapter 991. It is comprised of a 13-member commission specifically charged with the responsibility of conducting at least one fair annually and maintaining and managing property held by the state for the purpose of conducting fairs, expositions, and exhibits. The Commission oversees operations of the Ohio Expositions Center, a 360-acre facility located in Columbus and employs approximately 70 permanent staff.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
122	\$14.69 million	\$14.56 million	\$400,000	\$400,000	Am. Sub. H.B. 119

* Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. The Expositions Commission noted that it had 65 full-time employees, 16 part-time employees and 41 seasonal employees as of June 15, 2007. The seasonal employees are pre-fair. The Commission employs up to 1,000 additional seasonal employees for the State Fair.

Summary of Appropriations

The budget appropriates \$14,688,652 in FY 2008, which is 0.9% higher than the FY 2007 amount of \$14,563,315. The budget appropriates \$14,563,315 in FY 2009. The increase in FY 2008 is attributable to \$125,337 appropriated from the State Fair Reserve Fund in the event of poor weather or extraordinary circumstances that result in a loss of revenue for the State Fair. Without this appropriation, the Commission would otherwise be flat-funded at the FY 2007 level. The Commission is 97% funded through its rotary funds in the State Special Revenue Fund group. The balance of the Commission's budget is funded by the GRF to fund expenses associated with hosting Junior Fair participants.

Summary of FYs 2008 – 2009 Budget Issues

The Commission's goal is to become a self-sufficient agency. In order to do this, the Commission believes it must continue to make long-term improvements to the annual Ohio State Fair and provide an accommodating facility that will attract new nonfair events. The Commission is hopeful that these efforts will increase both participants and guests at the Fair and the nonfair events, resulting in greater revenues to fully support its operations.

The primary fiscal and programmatic challenge of the Ohio State Fair lies in achieving public expectation, such as providing support to the Junior Fair, while not negatively impacting the annual operating budget of the Commission. Many fair visitors believe that prices for entry, admission, and Midway rides should be nominal, so a concerted attempt is made to keep Fair prices affordable. However, the Fair is currently not designed to break even in and of itself. Fair revenue depends upon paid attendance, which is related to admission and midway prices, and also the weather. Therefore, the Ohio Expositions Commission relies on a strong nonfair operation to financially buffer these Fair revenue factors and support the total annual operations of the Ohio Expo Center.

Payroll and Utility Costs

Another factor impacting the Commission's budget is the increasing cost to support payroll. While Commission management has reduced payroll costs as a whole by not filling vacated positions, the Commission's workers' compensation premiums increased by \$120,000 annually beginning in CY 2005 through a premium cap being removed. The Commission has been able to absorb the premium increase by drawing down an internal operating surplus resulting from the 2004 Ohio State Fair, which had extraordinarily good weather and high revenue. The amendment to Ohio's Constitution increasing the minimum wage will increase fair payroll by approximately \$75,000. Additionally, the 3.5% mandated pay increases occurring at the beginning of FY 2008 and FY 2009 will be absorbed through nominal price increases for all-day ride wristbands, nonfair rental space, parking and concert tickets. The continued increase in utility costs is also a concern.

Increased Competition

The Commission also faces challenges from increased competition among the many entertainment venues in Columbus. For instance, the Commission cites venues such as the Columbus Zoo, Schottenstein Center and Nationwide Arena as hindering the ability of the Commission to fill the Celeste Center for featured entertainment for the 12-day State Fair. There is increased local competition for nonfair events as well. These are an important source of revenue to the Commission through rental fees for the facility and through parking fees. In order to remain competitive for such events, the Commission has worked to address the Expo Center's image through the phased implementation of the Facility Improvement and Modernization Plan mentioned previously.

For the FY 2008 - 2009 biennium, the Commission plans to continue its ongoing efforts to promote efficient management, increase return business, and increase customer satisfaction with the physical facilities. The aim is to increase the number of participants and the guests that come to the Ohio Expositions Center, whether for the State Fair or for nonfair events. Success in improved management, well maintained facilities and increased attendance would provide greater revenues to support operations on a daily basis.

ANALYSIS OF THE BUDGET

Single Program Series

State Fair Facilities

Purpose: The Ohio Expositions Commission is responsible for (1) producing the annual Ohio State Fair, and (2) professionally managing and maintaining the Ohio Expositions Center, a 360-acre facility located in Columbus, for year-round events.

The following table shows the line items that are used to fund the Ohio Expositions Commission, as well as the funding levels for the FYs 2008 – 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	723-403	Junior Fair Subsidy	\$400,000	\$400,000
General Revenue Fund Subtotal			\$400,000	\$400,000
State Special Revenue Fund Group				
4N2	723-602	Ohio State Fair Harness Racing	\$520,000	\$520,000
506	723-601	Operating Expenses	\$13,643,315	\$13,643,315
640	723-603	State Fair Reserve	\$125,337	\$0
State Special Revenue Fund Group Subtotal			\$14,288,652	\$14,163,315
Total Funding: Expositions Commission			\$14,688,652	\$14,563,315

The Expositions Commission is responsible for the following two programs:

- **State Fair Management**
- **Nonfair Events**

State Fair Management

Program Description: The Ohio State Fair, authorized by R.C. Chapter 991., is an annual event that emphasizes youth education, and the promotion of Ohio's agricultural industry, Ohio products, Ohio tourism, and cultural activities. The Junior Fair, a part of the Ohio State Fair, allows over 10,000 youth from across the state who participate in FFA or 4H to show their livestock. In addition, youth bands and choirs are invited to perform at the Fair. The commission provides lodging and food for these youth while they are participating in the Fair. These youth programs are supported through the GRF and general operating revenues. The Commission also conducts harness racing during the Fair. Participants in the harness races pay an entry fee, which goes to pay for the use of the Scioto Downs Race Track located in Central Ohio. State Fair attendance was 802,074 in CY 2005 and 814,152 in CY 2006.

Funding Source: GRF and SSR derived from fees charged for facility rental, exhibit entries, parking, admissions, etc.

Implication of the Budget: The budget provides \$7,500,693 in FY 2008 and \$7,368,991 in FY 2009 for the State Fair Management program. The amount appropriated for FY 2008 includes \$125,337 out of the State Fair Reserve Fund (Fund 640) in the case of low State Fair revenues resulting from inclement weather or extraordinary circumstances. Overall, the Commission reports that the budget allows it to maintain current service levels if State Fair attendance is not hampered by poor weather.

Nonfair Events

Program Description: The Expositions Commission serves as the home to over 200 events on a yearly basis, including three of the top six conventions held in the City of Columbus. The Expositions Commission continues to market and enhance the image of the Ohio Expo Center and strives to increase nonfair revenue and stabilize operating expenses.

Funding Source: SSR, consisting of fees for fair and nonfair events

Implication of the Budget: The budget provides \$7,187,959 in FY 2008 and \$7,194,324 in FY 2009 for the Nonfair Events program, which allows the Commission to sustain current funded activities.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
EXP Expositions Commission									
GRF	723-403	Junior Fair Subsidy	\$ 432,546	\$ 400,000	\$ 400,000	\$ 400,000	0.00%	\$ 400,000	0.00%
General Revenue Fund Total			\$ 432,546	\$ 400,000	\$ 400,000	\$ 400,000	0.00%	\$ 400,000	0.00%
4N2	723-602	Ohio State Fair Harness Racing	\$ 449,850	\$ 444,170	\$ 520,000	\$ 520,000	0.00%	\$ 520,000	0.00%
506	723-601	Operating Expenses	\$ 12,189,866	\$ 12,489,450	\$ 13,643,315	\$ 13,643,315	0.00%	\$ 13,643,315	0.00%
640	723-603	State Fair Reserve	---	---	\$ 0	\$ 125,337	N/A	\$ 0	-100.00%
State Special Revenue Fund Group Total			\$ 12,639,716	\$ 12,933,620	\$ 14,163,315	\$ 14,288,652	0.88%	\$ 14,163,315	-0.88%
Expositions Commission Total			\$ 13,072,262	\$ 13,333,620	\$ 14,563,315	\$ 14,688,652	0.86%	\$ 14,563,315	-0.85%

Ohio Housing Finance Agency

Brian Hoffmeister, Budget Analyst

- OHFA has successfully transitioned into a fully independent agency
- The budget provides funding of \$9.75 million in FY 2008 and \$10.24 million in FY 2009 (payroll expenses only)

OVERVIEW

Duties and Responsibilities

The Ohio Housing Finance Agency (OHFA) was established in 1983 as an agency within the Department of Development. Under Am. Sub. H.B. 431 of the 125th General Assembly, the Ohio Housing Finance Agency became an independent state agency effective July 1, 2005.

The Ohio Housing Finance Agency offers affordable housing opportunities for Ohioans by providing financing for the acquisition, construction, and rehabilitation of owner-occupied single-family housing and multifamily rental housing projects for low- and moderate-income individuals and families. The agency's programs serve first-time homebuyers, renters, senior citizens, and other populations with special needs who otherwise might not be able to afford quality housing. The agency's programs are made possible through coordination with private industry and local communities, and are supported primarily by revenues raised through the issuance, private sale, and repayment of tax-exempt mortgage revenue bonds allocated through Ohio's federal Volume Cap program, as well as contract fees received from the U.S. Department of Housing and Urban Development (HUD) for the administration of housing assistance payments. The agency receives no General Revenue Funding.

OHFA is governed by an eleven-member Board, consisting of the Directors of the Department of Commerce and the Department of Development, who serve as ex-officio members, and nine public members. The public members are appointed by the Governor for six-year terms and represent the public as well as various housing sectors, such as lenders, homebuilders, and other stakeholders.

The agency administers its housing programs through its Executive Office and seven divisions, split between the categories of Program Support and Programs. In addition to the Executive Office, Program Support includes Administration; Communications, Marketing, and Legislative Affairs; Finance; and Information Technology. Programs encompass Homeownership; Planning, Preservation, and Development (PP&D); and Program Compliance.

The OHFA budget totals \$9,750,953 in FY 2008, a 6.3% increase over the adjusted FY 2007 appropriation of \$9,173,332, and \$10,237,491 in FY 2009, an increase of 5.0% over FY 2008. These appropriations cover payroll and fringe benefit expenses only. Other agency operating expenses, such as equipment costs and rental payments, and all program subsidy expenditures are not reflected in OHFA's budget, but are supported through other nonappropriated agency accounts.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
127	\$9.75 million	\$10.24 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. This total does not include employees identified by DAS as "fixed term per diem."

Agency Highlights

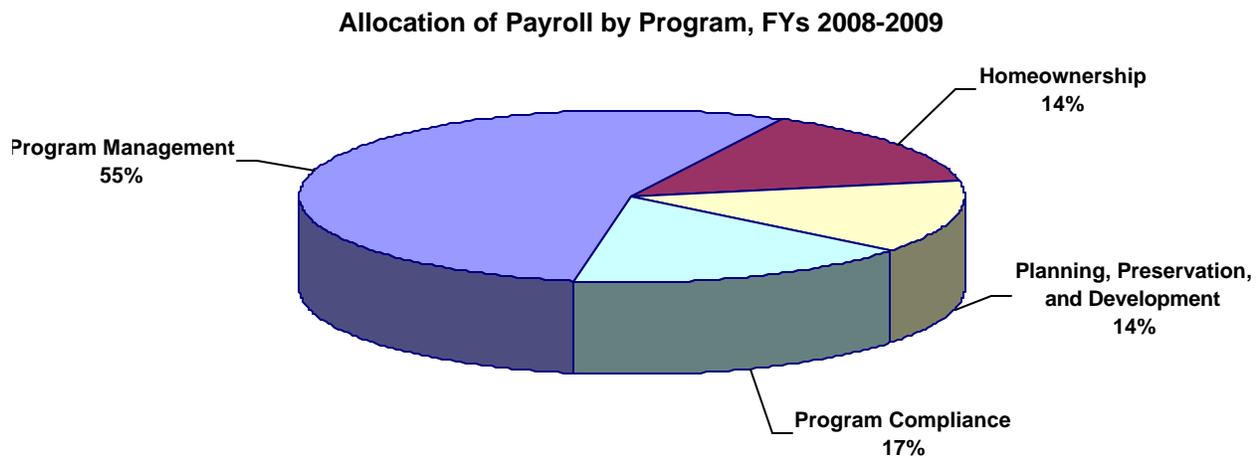
Since OHFA became independent, it has expanded its services and taken on tasks with autonomy not available to it in the Department of Development, including assisting over 7,000 evacuees from Hurricane Katrina in 2005. Its overall program growth has been significant; out of a total of approximately 100,000 homeowners served by OHFA's First-Time Homebuyer (FTHB) Program since the agency's inception in 1983, approximately 10,000 were served in 2006.

OHFA also moved to streamline its operations by beginning implementation of two major technological initiatives to promote a fully electronic workflow process. The E-Mortgage loan product includes a paperless FTHB loan application for participating lenders, and the Housing Registry Portal is designed to assist low- to moderate-income individuals locate affordable rental housing.

Additionally, OHFA committed up to \$3 million in the 2006 - 2007 biennium for a pilot project in Summit County to provide low-interest home equity loans to qualified owners of historic homes that will allow them to preserve the homes' "historic character." OHFA has also committed \$250,000 annually for six years to assist in the Columbus vacant property initiative Home Again, which seeks to eliminate and rehabilitate blighted properties.

In the new biennium, OHFA is taking on a role in the Strickland Administration's Foreclosure Prevention Task Force, alongside the Departments of Development and Commerce and representatives from the state, local governments, lenders, and the nonprofit and private sectors. The Task Force was established in order to provide a cohesive response to increasing foreclosures in Ohio as a result of predatory lending practices. The group will work on developing a model for foreclosure prevention and intervention and will create strategies for assisting distressed mortgages.

Additionally, to supplement OHFA's homeownership program, the agency began a refinancing assistance program in April of 2007 that will use taxable bonds alongside the tax-exempt bonds already used for the FTHB program in an effort to leverage OHFA's volume cap allocation. The program, called the Opportunity Loan Program, makes available affordable, fixed-rate financing for qualifying homeowners who may be having difficulties with their existing mortgages.



Ohio Housing Trust Fund

The Ohio Housing Trust Fund (OHTF) is administered by the Department of Development and funded through county recordation fees. OHFA receives dollars from this fund for two of its programs. The Housing Development Assistance Program (HDAP) provides financing for eligible housing projects to expand, improve, and preserve the supply of quality, low-cost housing for low- and moderate-income renters. OHTF moneys fund projects that serve households with incomes less than 50% of the median income of the project area, with a preference given to projects serving those with incomes less than 35% of the median per HUD guidelines. OHTF funds also support a portion of the Community Housing Development Organizations (CHDO) Competitive Operating Grant program, which provides a source of operating funds for eligible state-certified CHDOs with service areas in urban or rural locations.

Spending by OHFA from the OHTF in FYs 2006 and 2007 was \$39.5 million. The Housing Trust Fund is appropriated \$53 million in each of FYs 2008 and 2009 under the budget for the Department of Development, of which OHFA will again receive an allocation.

ANALYSIS OF THE BUDGET

Single Program Series

Affordable Housing

Purpose: This program series offers affordable housing opportunities for Ohioans.

The following table shows the line item that is used to fund the Affordable Housing program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
5AZ	997-601	Housing Finance Agency Personal Services	\$9,750,953	\$10,237,491
General Services Fund Subtotal			\$9,750,953	\$10,237,491
Total Funding: Affordable Housing			\$9,750,953	\$10,237,491

The program series consists of the following programs:

- **Program 01.01: Program Management**
- **Program 01.02: Homeownership**
- **Program 01.03: Planning, Preservation, and Development**
- **Program 01.04: Program Compliance**

Program 1.01: Program Management

Program Description: The Executive Office directs and oversees all functions performed by the agency's administrative and programmatic divisions. The office is responsible for all aspects of the agency's programmatic and operational policies, objectives, and initiatives. The office reports to the Board and represents the agency and the state to federal, state, and local elected officials, the housing industry, the mortgage lending community, the investment banking community, and the public concerning affordable housing activities of the state and the agency.

The Administration Division provides centralized services and specialized support to the agency. The office is responsible for recruiting and training personnel, processing payroll, procuring goods and services, providing telephone and mail service, overseeing facilities management and building security, and performing a variety of other services to expedite the effective operation of the agency.

The Information Technology Division designs, acquires, and implements all aspects of OHFA's computer operations. Additionally, the office provides strategic direction for long-range planning, develops and implements network security policies, and establishes hardware and software standards for the agency.

The Communications, Marketing, and Legislative Affairs Division leads all of OHFA's communications and marketing initiatives. The office coordinates the Ohio Housing Conference and other special events and handles all media and legislative relations, as well as all marketing and advertising campaigns in support of OHFA's programs.

The Finance Division provides fiscal management and accounting for the agency and all of its programs. The office currently manages more than \$2 billion in combined mortgage bonds payable and

represents the agency with bond counsel, bond trustees, and investment bankers. Additionally, the office administers over \$45 million annually in housing assistance payments for HUD Section 8 housing projects, and acts as loan servicer for affordable housing loans and down payment assistance loans, which currently total approximately \$230 million.

Funding Source: User fees and administrative reimbursement for services provided, including program fees from single- and multi-family bond programs; administrative fees from Section 8, HDAP, and HOME; tax credit application and reservation fees; compliance monitoring fees; and application, closing, and loan servicing fees on Housing Development loans

Implication of the Budget: Funding of \$5,336,902 in FY 2008 and \$5,628,261 in FY 2009 will support this program's oversight of all agency activities, including centralized information technology and finance services.

Program 1.02: Homeownership

Program Description: The Homeownership Office works to ensure safe, structurally sound, and sanitary homeownership opportunities for low- to moderate-income individuals and families by providing low-interest loans and down payment assistance. The primary function of the office is to oversee the operations of the First-Time Homebuyer Program.

The FTHB program is the largest program operated by OHFA. The program offers a 30-year, fixed-rate mortgage at a below-market interest rate to first-time homebuyers or persons purchasing homes in economically distressed areas. In partnership with more than 160 Ohio financial institutions, OHFA has used the low interest rate and fixed term under this program to create homeownership opportunities for those who could not otherwise afford to purchase a home. Since the inception of the program in 1983, OHFA has helped over 100,000 Ohioans become homeowners.

Under current program rates, prospective homeowners not using down payment assistance can qualify for mortgage rates starting at 6.00%, and buyers using down payment assistance can qualify for rates starting at 6.40%. Down payment assistance is offered through OHFA's Single-Family Mortgage Revenue Bond Program in the form of a grant of up to 2% of the home's purchase price, or a second mortgage in an amount up to 4% of the purchase price of the home secured by the first mortgage single-family bond loan. Historically, more than one-third of the mortgages funded through this program include down payment assistance.

In the FY 2008 - 2009 biennium, OHFA expects to issue \$300 million per year in mortgage revenue bonds to fund some 10,000 mortgages statewide.

Funding Source: Agency program fees from single-family bond programs

Implication of the Budget: Funding of \$1,405,098 in FY 2008 and \$1,469,421 in FY 2009 will support the operations of the First-Time Homebuyer Program.

Program 1.03: Planning, Preservation, and Development

Program Description: Programs administered by the Planning, Preservation, and Development Office provide financial assistance to developers for all stages of the development process, including pre-development, construction, and post-construction permanent financing. All programs are accessed through a one-stop application approach, intended to encourage nonprofit and for-profit developers to

increase affordable housing stock targeted to Ohio's low and moderate-income individuals and families. The following programs are administered by the Planning, Preservation, and Development Office:

Housing Credit Program

The Housing Credit Program is designed to increase the supply of quality affordable rental housing for low-income families. These federal income tax credits, authorized by Internal Revenue Code Section 42, provide the private and nonprofit housing development community with incentives to develop affordable housing by offsetting building acquisition, new construction, or substantial rehabilitation costs. Housing credits are used to offset federal income tax liability, either individual or corporate. The housing tax credit is subtracted on a dollar-for-dollar basis from the federal income tax liability and can be received each year for up to 10 years, provided proper compliance is followed for 15 years, with the affordability component enduring for a total of 30 years.

Through the Housing Credit Program, OHFA has awarded over \$260 million in housing credits resulting in the creation of more than 70,000 affordable housing units. In the new biennium, the agency expects to allocate \$26.5 million in annual credits, resulting in the development of 60 properties consisting of 3,900 affordable housing units.

Housing Development Loan Program

The Housing Development Loan Program provides seed, construction, and bridge loan assistance through the use of five funding mechanisms: seed money loan, compensating balance loans, equity bridge loans, direct loans, and loan guarantees. Moneys for loans under this program are provided through Unclaimed Funds that are collected by the Department of Commerce. In the FY 2008 - 2009 biennium, OHFA expects to approve approximately \$35 million per year in loans to enhance the financing of 1,700 affordable housing credit rental units. OHFA also operates a Loan Guarantee program that makes Unclaimed Funds Moneys available for lending institutions in the event of default or emergency during the construction or rehabilitation process.

Housing Development Assistance Program

The Housing Development Assistance Program (HDAP) provides financing for housing projects to expand, preserve, and improve the supply of decent, safe, and affordable housing for very low-income individuals and households. The Housing Trust Fund (Fund 646) provides funding to HDAP projects that predominantly serve low-income households at or below 50% of the Area Median Income (AMI); preference is given to households at or below 35% of the AMI. Additionally, funding for HDAP projects derives from federal HOME Investment Partnership funds. In FY 2006, OHFA utilized \$6.6 million from the Housing Trust Fund to create an additional 183 housing units in 18 rental and homeownership projects under HDAP. In the new biennium, OHFA expects to award \$29 million per year in HDAP loans.

CHDO Competitive Operating Grants

The Community Housing Development Organizations Competitive Operating Grant Program provides CHDOs with assistance for their daily operating financial needs. State-certified CHDOs may be eligible to receive funding for a 24-month period based on annual performance benchmarks and milestones. OHFA bases awards on competitive criteria established to determine the eligible applicants who have the strongest ability to produce affordable housing. This program awards approximately \$1 million annually in grants funded by a combination of federal HOME dollars supplemented by the

OHTF. The HOME set-aside is allocated to CHDOs based on their location and participation in the program. Approximately 13% of HOME funds are allocated to continued funding of current “grandfathered” CHDOs, approximately 33% goes to urban CHDOs, approximately 49% to rural CHDOs, and the remaining 5% for CHDOs new to the program.

Multi-family Bond Program

This program is focused on financing multi-family housing through the issuance and sale of tax-exempt development bonds. Revenues produced by bonds issued under the state’s Volume Cap allocation support this program, which in turn, supports low-interest mortgages for projects that involve new construction or rehabilitation. Assistance is usually provided in conjunction with the Housing Credit Program. Approximately \$120 million in Ohio’s Volume Cap allocation is currently used for multi-family bonds.

Funding Source: Administrative fees from the Ohio Housing Trust Fund and HOME Program; tax credit application and reservation fees; application, closing, and loan servicing fees on Housing Development loans

Implication of the Budget: Funding of \$1,343,717 in FY 2008 and \$1,401,331 in FY 2009 will support the staffing needs for all of the programs administered by the Planning, Preservation, and Development Office.

Program 1.04: Program Compliance

Program Description: The Program Compliance Office monitors more than 71,000 rental units in over 1,300 rental properties statewide to ensure that properties are being maintained in a satisfactory manner and that properties are in compliance with Internal Revenue Service, HUD, and state regulations. In addition, the office monitors approximately 30 multi-family bond-financed properties consisting of 3,500 units, five Federal Deposit Insurance Corporation properties consisting of 202 units, and acts as contract administrator for privately owned HUD Section 8 properties. As contract administrator, OHFA is responsible for disbursing subsidy payments each month on behalf of the lower income residents and for performing site reviews of all properties to ensure compliance with federal and state regulations.

Section 8 Rental Assistance Program

The U.S. Department of Housing and Urban Development (HUD) funds the Section 8 Project-Based program, which provides rental subsidies, determined by tenant incomes, directly to private owners of Section 8 apartment developments. The tenant pays approximately 30% of his or her income toward rent and utilities, and HUD pays the remainder of the rent as agreed upon by HUD and the private owner. Additionally, HUD provides subsidies to local public housing authorities that administer the Tenant-Based program, in which rental subsidies are paid to private owners of tenant selected rental units.

The Ohio Housing Finance Agency currently serves as contract administrator for 106 projects with over 8,000 units under the Owner-Based program, representing approximately 10% of the total Section 8 properties in Ohio. In the Section 8 Owner-Based program HUD provides loans to landlords that rent to low-income persons. In its role as contract administrator for HUD, OHFA performs site inspections and distributes rental assistance payments from HUD to the project owners.

Funding Source: Administrative fees from the Section 8 subsidy program, HDAP program, and HOME program; and tax credit compliance monitoring fees

Implication of the Budget: Funding of \$1,665,236 in FY 2008 and \$1,738,478 in FY 2009 will support the staffing needs of the Program Compliance Office.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
HFA Housing Finance Agency, Ohio							
5AZ 997-601 Housing Finance Agency Personal Services	----	\$ 7,572,518	\$ 9,173,332	\$ 9,750,953	6.30%	\$ 10,237,491	4.99%
Agency Fund Group Total	----	\$ 7,572,518	\$ 9,173,332	\$ 9,750,953	6.30%	\$ 10,237,491	4.99%
Housing Finance Agency, Ohio Total	----	\$ 7,572,518	\$ 9,173,332	\$ 9,750,953	6.30%	\$ 10,237,491	4.99%

Southern Ohio Agricultural and Community Development Foundation

- Funding of \$7,988,471 in FY 2009
- Moneys previously appropriated from Tobacco Master Settlement Agreement to be funded by the GRF in FY 2009

Jason Phillips, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Southern Ohio Agricultural and Community Development Foundation (SOA) is charged with developing and carrying out programs to help replace the production of tobacco with other agricultural products and to mitigate the adverse economic impact of reduced tobacco production in Ohio's traditional tobacco growing region. A 12 member Board of Trustees governs the Foundation. The Foundation previously received revenue from the Tobacco Master Settlement Agreement (MSA). Sub. S.B. 321 of the 126th General Assembly appropriated funding for FYs 2007 and 2008.

SOA is required to prepare, implement, and continuously update a plan to develop means for tobacco growers to grow other agricultural products voluntarily and may do so by: increasing the variety, quantity, and value of agricultural products other than tobacco that are produced in the major tobacco producing counties in the state, preserving agricultural land and soils in those parts of the state where tobacco has traditionally been grown, making strategic investments in communities that will be affected by the reduced demand for tobacco, and providing education and training assistance for tobacco growers to help them make the transition out of tobacco production.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
5	\$0	\$7.99 million	\$0	\$7.99 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of FYs 2008-2009 Budget Issues

FY 2009 GRF Appropriation

The budget includes no funding through the main operating budget in FY 2008 (as SOA has already received funding in the tobacco budget act for FY 2007 and FY 2008) and \$7,988,471 for FY 2009.

Line Item Restructuring

The budget restructured the Southern Ohio Agricultural and Community Development Foundation's line items to accommodate the change in funding from Tobacco Master Settlement funds to the GRF in the main operating budget in FY 2009. The table below compares FY 2007 and FY 2008 appropriations from Sub. S.B. 321 of the 126th General Assembly (appropriation items 945-601, Operating Expenses and 945-602, Southern Ohio Agricultural and Community Development Foundation) with the GRF appropriation items for FY 2009, which are 945-321, Operating Expenses and 945-501, Southern Ohio Agricultural and Community Development Foundation. As the table below illustrates, the main operating budget holds funding for SOA for FY 2009 at the same levels appropriated in FY 2008 in the most recent tobacco budget act. The reduction between FY 2007 and FY 2008 is attributable to two tobacco companies legally contesting certain provisions of the MSA, which resulted in some moneys being put into escrow until those issues are settled. This reduced the allocation to SOA in FY 2008.

SOA Line Item Funding, FYs 2007-2009			
	Sub. S.B. 321/126th General Assembly (MSA)		Am. Sub. H.B. 119/127th General Assembly (GRF)
New Line Item	FY 2007 (appropriation)	FY 2008 (appropriation)	FY 2009 (appropriation)
GRF 945-321 Operating Expenses	\$456,942	\$475,220	\$475,220
GRF 945-501 S OH Agr Comm Dev Fndtn	\$13,150,375	\$7,513,251	\$7,513,251

Current SOA Financial Arrangements

Under Tobacco Master Settlement Agreement legislation, the financial arrangements for the Foundation are different from those of other agencies. SOA's budget is not subject to legislative approval. Appropriations are made from the Foundation's Trust Fund (Fund K87) and transferred to the Foundation's Endowment Fund. The Endowment Fund is a custodial fund, which is held in the custody of the Treasurer of State, but is not part of the state treasury. The Foundation's board determines its annual budget and does not require legislative approval. The exception is the Foundation's appropriation for payroll expenses. SOA transfers personnel expenses of state employees from the Endowment Fund back to the state treasury (Fund 5M9). This appropriation is subject to legislative approval.

Impact of Securitization of MSA Payments

The budget replaces Tobacco Master Settlement Agreement funding with GRF funding in FY 2009. New funding sources would likely be necessary to assure that the Foundation can continue to operate after state support ends at the close of FY 2009.

ANALYSIS OF THE BUDGET

Single Program Series

Program Expenses

Purpose: The Southern Ohio Agricultural and Community Development Foundation (SOA) prepares, implements, and continuously updates a plan to develop means for tobacco growers to grow other agricultural products voluntarily.

The following table shows the line items that are used to fund the Southern Ohio Agricultural and Community Development Foundation as well as the funding for FY 2009.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	945-321	Operating Expenses	\$0	\$475,220
GRF	945-501	Southern Ohio Agricultural and Community Development Foundation	\$0	\$7,513,251
Total Funding: Southern Ohio Agricultural and Community Development Foundation			\$0	\$7,988,471

Program Description: This program increases the variety, quantity, and value of agricultural products other than tobacco that are produced in the major tobacco producing counties in the state, preserving agricultural land and soils in those parts of the state where tobacco has traditionally been grown, making strategic investments in communities that will be affected by the reduced demand for tobacco, and providing education and training assistance for tobacco growers to help them make the transition out of tobacco production.

Funding Source: GRF

Implication of the Budget: The budget provides no funding for the Foundation in FY 2008 (as SOA has already received funding in the Tobacco budget act for FY 2007 and FY 2008) and \$7,988,471 in FY 2009. The budget funds SOA in the main operating budget in FY 2009 at the level appropriated in FY 2008 in the most recent tobacco budget act.

After FY 2009, new funding sources would likely be necessary to assure that the Foundation can continue to operate after state support ends at the close of FY 2009

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
SOA Southern Ohio Agricultural and Community Development Foundation									
GRF	945-321	Operating Expenses	----	----	----	\$ 0	N/A	\$ 475,220	N/A
GRF	945-501	Southern Ohio Agricultural and Community Development Foundation	----	----	----	\$ 0	N/A	\$ 7,513,251	N/A
General Revenue Fund Total			----	----	----	\$ 0	N/A	\$ 7,988,471	N/A
Southern Ohio Agricultural and Community Developm			----	----	----	\$ 0	N/A	\$ 7,988,471	N/A

Ohio Arts Council

Brian Hoffmeister, Budget Analyst

- Ohio Arts Council reduced funding categories from 24 to 7, making grant funding a more efficient process
- Increased funding for grants, outreach, education, and other items in the Arts Programs area

OVERVIEW

Duties and Responsibilities

The Ohio Arts Council (OAC) was established in 1965 to foster and encourage the development of the arts across Ohio and the preservation of the state's cultural heritage. With funds from the State of Ohio, the National Endowment for the Arts (NEA), and the U.S. Department of Education, the agency administers grant programs that provide financial assistance to artists, to arts organizations, and to communities; the agency also provides services that enhance the growth of the arts.

The Arts Council consists of 19 members, with 2 each appointed by the House and Senate and 15 appointed by the Governor. The agency's executive director is appointed by, and reports to, the Council. The agency's executive director currently oversees an administrative, clerical, and program staff of 33 employees.

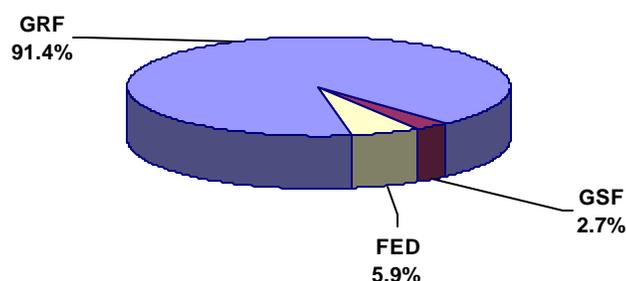
The agency's activities can be separated into two program series: Arts Programming and Percent for Arts. The Arts Programming program series consists of three programs: Arts Programs (subsidies), Arts Services, and the Riffe Gallery. The Percent for Arts program series is a legislatively mandated activity administered by the Ohio Arts Council. Overall funding is \$13.66 million in each fiscal year, or 8.1% higher than projected FY 2007 spending of \$12.62 million.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
31	\$13.66 million	\$13.66 million	\$12.49 million	\$12.49 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Total Budget by Fund Group
FY 2008-2009 biennium



ANALYSIS OF THE BUDGET

Program Series

1: Arts Programming

Purpose: This program series governs the majority of the Ohio Arts Council functions, including its grants making activities and the management of the Riffe Gallery.

The following table shows the line items that are used to fund the Arts Programming program series, as well as the funding levels enacted in Am. Sub. H.B. 119.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	370-100	Personal Services	\$1,798,235	\$1,798,235
GRF	370-200	Maintenance	\$459,746	\$459,746
GRF	370-300	Equipment	\$82,7000	\$82,7000
GRF	370-502	State Program Subsidies	\$10,147,480	\$10,147,480
General Revenue Fund Subtotal			\$12,488,161	\$12,488,161
General Services Fund				
460	370-602	Management Expenses and Donations	\$285,000	\$285,000
4B7	370-603	Percent for Art Acquisitions	\$86,366	\$86,366
General Services Fund Subtotal			\$371,366	\$371,366
Federal Special Revenue Fund				
314	370-601	Federal Support	\$800,000	\$800,000
Federal Special Revenue Fund Subtotal			\$800,000	\$800,000
Total Funding: Arts Programming			\$13,659,527	\$13,659,527

This analysis focuses on the following specific programs within the Arts Programming program series:

- **Program 1.01: Arts Programs**
- **Program 1.02: Arts Services**
- **Program 1.03: Riffe Gallery**

Arts Programs

Program Description: This program supports the Ohio Arts Council grants opportunities, divided by the following categories: Arts Learning, Individual Creativity, Arts Access, Arts Innovation, Capacity Building, Sustainability, and International Partnership.

Implication of the Budget: Funding is \$10,147,480 for both FY 2008 and FY 2009. Funding at this level will allow the Arts Programs to continue at current service levels, as well as allow for additional activities. An additional \$1,000,000 per fiscal year in line item 370-502, Program Subsidies, will be used for additional support for the Council's main grant programs described above; additional arts education activities; additional arts outreach activities to underserved communities; and to fund additional applicants to the Artists in Residence, Arts Innovation, Arts Partnerships, and Sustainability programs.

Arts Services

Program Description: The Arts Services program provides support to public, individual, and organizational efforts that encourage the growth of the arts and arts education in the state. This includes the OnLine Grant Application (OLGA) program, which allows organizations and individuals to apply via the World Wide Web and manage any funded grants on this system. The system has eliminated hundreds of hours of data entry by Council staff and has increased the speed with which grant decisions are made.

Implication of the Budget: Funding is \$3,191,508 for both FY 2008 and FY 2009. Funding at this level will allow the Arts Services program to continue at current service levels.

Riffe Gallery

Program Description: This program provides for the management of the Riffe Gallery in the Vern Riffe Center for Government and the Arts, owned by the Ohio Building Authority. This gallery is free to the public and offers four to five visual arts exhibitions each year.

Implication of the Budget: Funding is \$234,173 for both FY 2008 and FY 2009. Funding at this level will allow the Riffe Gallery to continue operation at the current level. As a result, the Riffe Gallery will continue to be closed Mondays and will continue to observe reduced summer hours.

Program Series

2: Percent for Arts

Purpose: State law provides funds from capital appropriations legislation for the acquisition, commissioning, and installation of works of art for any new or renovated public building with total appropriations of more than \$4 million. Revised Code section 3379.10, effective July 1, 1990, requires that 1% of the total appropriation for these buildings be provided to the Percent for Arts program.

The following table shows the line item that is used to fund the Percent for Arts program series, as well as the funding level enacted in Am. Sub. H.B. 119.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4B7	370-603	Percent for Art Acquisitions	\$86,366	\$86,366
General Services Fund Subtotal			\$86,366	\$86,366
Total Funding: Percent for Arts			\$86,366	\$86,366

Program Description: The program satisfies R.C. 3379.10, which requires that 1% of the appropriation for new or renovated buildings with a total appropriation of \$4 million or more are granted for the placement of art in the structure.

Implication of the Budget: The program is flat funded at FY 2007 levels of \$86,366. This program is subject to the size and funding schedule of capital projects and is based on the previous fiscal year's appropriation.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

ART Arts Council, Ohio

GRF	370-100	Personal Services	\$ 1,892,879	\$ 1,798,235	\$ 1,798,235	\$ 1,798,235	0.00%	\$ 1,798,235	0.00%
GRF	370-200	Maintenance	\$ 483,943	\$ 459,746	\$ 459,746	\$ 459,746	0.00%	\$ 459,746	0.00%
GRF	370-300	Equipment	----	\$ 4,700	\$ 4,700	\$ 82,700	1,659.57%	\$ 82,700	0.00%
GRF	370-502	State Program Subsidies	\$ 8,897,651	\$ 8,832,125	\$ 8,975,480	\$ 10,147,480	13.06%	\$ 10,147,480	0.00%
General Revenue Fund Total			\$ 11,274,473	\$ 11,094,806	\$ 11,238,161	\$ 12,488,161	11.12%	\$ 12,488,161	0.00%
460	370-602	Management Expenses and Donations	\$ 429,325	\$ 98,283	\$ 300,000	\$ 285,000	-5.00%	\$ 285,000	0.00%
4B7	370-603	Percent For Art Acquisitions	\$ 68,826	\$ 45,938	\$ 86,366	\$ 86,366	0.00%	\$ 86,366	0.00%
General Services Fund Group Total			\$ 498,151	\$ 144,221	\$ 386,366	\$ 371,366	-3.88%	\$ 371,366	0.00%
314	370-601	Federal Support	\$ 961,965	\$ 773,094	\$ 1,000,000	\$ 800,000	-20.00%	\$ 800,000	0.00%
Federal Special Revenue Fund Group Total			\$ 961,965	\$ 773,094	\$ 1,000,000	\$ 800,000	-20.00%	\$ 800,000	0.00%
Arts Council, Ohio Total			\$ 12,734,589	\$ 12,012,120	\$ 12,624,527	\$ 13,659,527	8.20%	\$ 13,659,527	0.00%

State Board of Career Colleges and Schools

- Non-GRF agency; funding is entirely provided by fee revenue
- A continuation budget

Mary E. Morris, Budget Analyst

OVERVIEW

Duties and Responsibilities

The State Board of Career Colleges and Schools monitors and regulates approximately 282 private, for-profit post-secondary career colleges and schools to ensure compliance with state law. The Board establishes the rules for the registration and operation of the schools, including standards to ensure a school’s financial stability, sound business practices, and adequate programs and curricula. It also investigates and resolves consumer complaints and maintains funds and records to serve students when schools close.

The Board is currently responsible for registering for-profit career colleges and schools that recruit or offer diploma, certificate, and associate degrees in Ohio, and out-of-state baccalaureate or master’s degree programs that recruit in Ohio. Until FY 2002 the Board was also responsible for registering for-profit career colleges and schools with baccalaureate or master’s degrees in the state. In that year, Sub. S.B. 116 of the 124th General Assembly (effective February 20, 2002) mandated that for-profit institutions that offer baccalaureate or master’s degrees in Ohio must have their degree programs approved by the Board of Regents.

The Board’s governing authority consists of eight members: the Superintendent of Public Instruction or designee, the Chancellor of the Board of Regents or designee, and six members appointed by the Governor, one of whom (the member representing students) is nonvoting. The six members appointed by the Governor are eligible for pay at \$19.55 per hour for their time conducting Board business. The day-to-day operations of the Board are the responsibility of an executive director, who is appointed by the eight-member governing authority.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
4	\$552,300	\$572,700	\$0	\$0	Am. Sub. H.B. 119

* Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

As seen from the table, the Board receives no General Revenue Fund (GRF) money; its operations are completely supported by fee revenue, which is deposited in the Occupational Licensing and Regulatory Fund (Fund 4K9), a General Service Fund. Created by Am. Sub. H.B. 152 of the 120th

General Assembly, Fund 4K9 serves as a repository for license fees and other assessments collected by the state's professional and occupational licensing boards, including the State Board of Career Colleges and Schools. Prior to FY 2004, the Board's fee revenue was deposited in the GRF and its operations were funded by GRF appropriations. Since FY 2004 the Board has received no GRF appropriations.

The budget fully funds the Board's funding request, which will enable the Board to maintain its current staffing level of four full-time employees and five part-time school evaluators who are based around the state and perform the Board's fieldwork under purchased service contracts.

Financial Aid for Students Attending Career Colleges and Schools

The budget makes statutory changes to qualifications under section 3333.122 of the Revised Code for the Ohio College Opportunity Grant (OCOG) – the state's need-based student financial aid program. It disqualifies students entering for-profit proprietary schools not authorized by the Board of Regents after the 2007-2008 academic year from receiving OCOG grants. This will affect all schools currently registered with the State Board of Career Colleges and Schools. The budget requires the Board of Regents to review applications from for-profit proprietary schools for certificates of authorization within 22 weeks. Once a for-profit proprietary school receives its certificate of authorization from the Board of Regents, its students will be eligible for OCOG grants again. Approximately 26,000 students are currently enrolled in associate degree programs that are registered with the State Board of Career Colleges and Schools but not authorized by the Board of Regents. As of March 19, 2007, about 15,100 of them have received a total of \$30.0 million in need-based financial aid from the state.

The budget also eliminates Workforce Development Grants under sections 3333.04, 3333.38, and 3333.29 of the Revised Code. The Workforce Development Grants program provided financial support to eligible Ohio resident students attending for-profit private institutions registered with the State Board of Career Colleges and Schools. Awards under this program were available to students enrolled full-time and successfully pursuing a two-year or four-year degree at career colleges with job placement rates of at least 75%. In FY 2007, the total funding for this program was \$2.1 million.

ANALYSIS OF THE BUDGET

State Board of Career Colleges and Schools

Purpose: To support the activities necessary to monitor, regulate, and conduct investigations of career colleges and schools in accordance with Chapter 3332. of the Revised Code.

The following table shows the line item that is used to fund the State Board of Career Colleges and Schools, as well as the funding levels provided in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF: 4K9	233-601	Operating Expenses	\$552,300	\$572,700
General Services Fund Subtotal			\$552,300	\$572,700
Total Funding: State Board of Career Colleges and Schools			\$552,300	\$572,700

Regulation

The Board's only program is Regulation, which is funded by GSF appropriation item 236-601, Operating Expenses. The budget provides increases of \$43,700 (8.6%) in FY 2008 and \$20,400 (3.7%) in FY 2009 for this item. These funds are mainly used to support the wage and benefits of four full-time staff members. In addition, they are also used to support personal service contracts for five part-time school evaluators, the hourly pay for six board members appointed by the Governor, and other operational expenses of the Board.

In FY 2006 the Board issued over 900 agent permits, approved 24 new schools, and renewed 146 school registrations. The Board's regulatory obligations also include on-site visits and investigative inquiries by consultants and staff. On-site visits are primarily conducted as part of the registration and review process. In FY 2006 the Board made 260 on-site visits. Corrective measures available to the Board range from consent agreements and civil penalties to the revocation of a school's certificate of registration and closure.

Student Tuition Recovery. The Board is also responsible for maintaining the Ohio Student Tuition Recovery Fund. This Fund and its regulatory body, the Ohio Student Tuition Recovery Authority, were created in 1991 to protect students from career colleges and schools that default on payments of pre-paid tuitions after closure. The reimbursement of any loss of prepaid tuition due to a school closure is first to be paid from the surety bond each school is required to maintain. Reimbursement is made from the Student Tuition Recovery Fund only if the surety bond is not sufficient to cover the entire cost of a prepaid tuition loss. The Board maintains the Fund through collections from all registered schools in the form of an annually assessed deposit of \$500 for the first five years of registration. It also has the authority to establish rules designating the period that a surety bond must remain in effect, as well as establish different bond amounts for different categories of schools if the Fund balance is significantly depleted. The Board currently maintains the records of about 250,000 students who attended schools that are now closed.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
SCR Career Colleges and Schools, State Board of							
4K9 233-601 Operating Expenses	\$ 418,078	\$ 500,771	\$ 508,600	\$ 552,300	8.59%	\$ 572,700	3.69%
General Services Fund Group Total	\$ 418,078	\$ 500,771	\$ 508,600	\$ 552,300	8.59%	\$ 572,700	3.69%
Career Colleges and Schools, State Board of Total	\$ 418,078	\$ 500,771	\$ 508,600	\$ 552,300	8.59%	\$ 572,700	3.69%

Department of Education

Melaney Carter, Fiscal Supervisor
Edward Millane, Fiscal Analyst

- The base cost formula amount increases by 3.0% each year to \$5,565 in FY 2008 and \$5,732 in FY 2009.
- A new program in poverty-based assistance provides funding for closing achievement gaps.
- Provision is made for the establishment of five STEM schools sponsored by public/private partnerships.

OVERVIEW

This overview briefly describes the Ohio Department of Education (ODE), the makeup of the appropriations provided for ODE in the budget, and the major provisions in the budget that affect ODE and the primary and secondary education system in Ohio. These major provisions include changes to the school funding formula, early childhood education initiatives, STEM (science, technology, engineering, and mathematics) initiatives, and the transfer of adult career-technical education programs to the Board of Regents. Also included is a brief discussion of the three provisions vetoed by the Governor.

Duties and Responsibilities

ODE oversees a public education system consisting of 612 public school districts, 49 joint vocational school districts, and approximately 310 public community schools. This system enrolls approximately 1.8 million students in grades kindergarten through twelve and graduates approximately 125,000 students each year. In addition, ODE monitors 60 educational service centers, other regional education providers, several early learning programs, and approximately 852 state-chartered nonpublic schools. ODE also administers the school funding system, collects school fiscal and performance data, develops academic standards and model curricula, administers the state achievement tests, issues district and school report cards, administers Ohio's school choice programs, provides professional development, and licenses teachers, administrators, treasurers, superintendents, and other education personnel.

ODE is governed by a nineteen-member State Board of Education. Eleven of those nineteen members are elected by the citizens and the other eight members are appointed by the Governor. The Superintendent of Public Instruction, who is hired by the State Board of Education, is responsible for ODE's day-to-day operation.

Agency in Brief

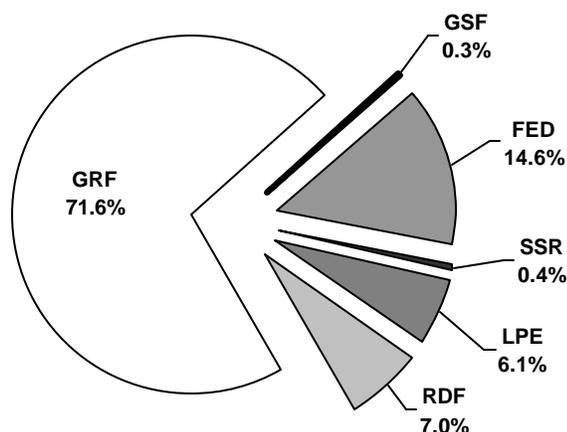
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
693	\$10.89 billion	\$11.27 billion	\$7.75 billion	\$8.09 billion	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The budget provides a total appropriation of \$10.89 billion in FY 2008 and \$11.27 billion in FY 2009 for ODE. Chart 1 and Table 1 present the appropriations by fund group. It can be seen from Chart 1 that ODE receives most of its funding from the GRF at 71.6%. The GRF combined with the

Lottery Profits Education Fund (LPE), which alone makes up 6.1%, accounts for a total of 77.7% of the biennial appropriations. Federal funds (FED) account for another 14.6%. Appropriations from the Revenue Distribution Fund Group (RDF) make up 7.0%. RDF appropriations provide direct reimbursements to school districts and joint vocational school districts for their property tax losses due to the phase-out of the business tangible personal property tax and due to utility deregulation. The remaining two fund groups, State Special Revenue Fund Group (SSR) and General Services Fund Group (GSF), account for a combined total of 0.7%.

Chart 1: Biennial Appropriations by Fund Group, FY 2008 - FY 2009



It can be seen from Table 1 that the budget increases GRF appropriations by 1.2% in FY 2008 and 4.4% in FY 2009. The relatively large increase in LPE appropriations in FY 2008 (8.0%) and subsequent decrease in FY 2009 (-3.0%) are due to excess lottery profits from FY 2007 being appropriated to FY 2008. In FY 2007, lottery profits exceeded appropriations by \$31.4 million. The budget permits the Director of Budget and Management to retain these excess funds in the Lottery Profits Education Fund and appropriates an additional \$31.0 million in FY 2008 above the estimated lottery profits from FY 2008. Total GRF and LPE appropriations increase by 1.7% in FY 2008 and 3.8% in FY 2009.

Fund	FY 2007	FY 2008	% Change	FY 2009	% Change
GRF	\$7,658,577,679	\$7,748,106,952	1.2%	\$8,092,712,743	4.4%
GSF	\$33,471,395	\$33,201,050	-0.8%	\$33,565,838	1.1%
FED	\$1,651,852,503	\$1,665,660,368	0.8%	\$1,571,144,583	-5.7%
SSR	\$55,385,406	\$49,020,758	-11.5%	\$49,365,797	0.7%
LPE	\$637,900,000	\$688,900,000	8.0%	\$667,900,000	-3.0%
RDF	\$521,647,522	\$702,720,379	34.7%	\$854,440,342	21.6%
Grand Totals	\$10,558,834,505	\$10,887,609,507	3.1%	\$11,269,129,303	3.5%
GRF and LPE	\$8,296,477,679	\$8,437,006,952	1.7%	\$8,760,612,743	3.8%

The significant increases in the RDF appropriation of 34.7% in FY 2008 and 21.6% in FY 2009 are due to reimbursements to school districts of tax losses resulting from the phase-out of the tax on general business tangible personal property instituted by Am. Sub. H.B. 66 of the 126th General Assembly. The budget provides \$611.6 million in FY 2008 and \$763.3 million in FY 2009 to fund this replacement revenue for school districts and joint vocational school districts. The decrease in the SSR appropriation of 11.5% in FY 2008 is largely due to the appropriation for Early Learning Initiative provider grants being transferred to the Department of Job and Family Services.

School Funding Formula Changes

The budget makes various changes to the school funding formula used to determine the amount and distribution of state operating funding to school districts and joint vocational school districts. These include inflationary increases in the base cost formula amount and base funding supplements, a new program for distributing funds through poverty-based assistance, a more targeted distribution of parity aid, and a simplification of the guarantees in the formula. These changes are described below.

Base Cost Funding

Base Cost Formula Amount. The budget largely retains the former method of determining the base cost formula amount. The base cost consists of three components: (1) base classroom teacher compensation, (2) other personnel support, and (3) nonpersonnel support.

The budget increases the base classroom teacher compensation by 3.3% in each fiscal year to arrive at levels of \$56,754 in FY 2008 and \$58,621 in FY 2009. This results in per pupil base classroom teacher compensation of \$2,838 in FY 2008 and \$2,931 in FY 2009. The budget establishes other personnel support per pupil at \$1,905 in FY 2008 and \$1,962 in FY 2009, an increase of 3.0% in each fiscal year. The per pupil cost of nonpersonnel support is increased by 2.0% in each fiscal year, the projected inflationary measure of the gross domestic product deflator, resulting in a per pupil value of \$822 in FY 2008 and \$839 in FY 2009. Combining these three components results in a formula amount of \$5,565 in FY 2008 and \$5,732 in FY 2009. The value of each component is summarized in Table 2. As can be seen from the table, the base cost formula amount increases by 3.0% in each fiscal year.

Component	FY 2007	FY 2008	FY 2009	Annual % Increase
Base Classroom Teacher Compensation per pupil	\$2,747	\$2,838	\$2,931	3.3%
Other Personnel Support per pupil	\$1,850	\$1,905	\$1,962	3.0%
Nonpersonnel Support per pupil	\$806	\$822	\$839	2.0%
Formula Amount	\$5,403	\$5,565	\$5,732	3.0%

Base Funding Supplements. The budget retains the former formulas for calculating the four base funding supplements. The hourly rate for academic intervention is established at \$21.01 in FY 2008 and \$21.64 in FY 2009, an annual increase of 3.0%. The supplement for professional development is paid at 75% in FY 2008 and FY 2009, the same percentage paid in FY 2007. Given these factors and the prescribed formula amounts, base funding supplements total \$49.42 per pupil in FY 2008 and \$50.90 per pupil in FY 2009, increases of 3.0% in each fiscal year. The per pupil amount for each supplement is given in Table 3.

Table 3: Base Funding Supplements

Supplement	FY 2007	FY 2008	FY 2009	Annual % Increase
Academic Intervention Services	\$25.50	\$26.26	\$27.05	3.0%
Professional Development	\$10.73	\$11.05	\$11.38	3.0%
Data-Based Decision Making	\$5.40	\$5.56	\$5.73	3.0%
Professional Development – Data-Based Decision Making	\$6.36	\$6.55	\$6.74	3.0%
Total	\$47.99	\$49.42	\$50.90	3.0%

Elimination of the Cost of Doing Business Factor. The budget eliminates the cost of doing business factor (CDBF) adjustment. The CDBF was calculated for each county and was based on wages in the county and all contiguous counties. In FY 2005, the CDBF increased the formula amount for the highest cost county by 7.5%. Am. Sub. H.B. 66 of the 126th General Assembly phased down this differential to 5.0% in FY 2006 and 2.5% in FY 2007.

Elimination of the Base Cost Guarantee. Under former law, each district's state base cost funding (including funding for base funding supplements) was guaranteed to be no lower than the lesser of its state aggregate or per pupil base cost funding in FY 2005. The budget removes this guarantee provision.

Inclusion of Poverty-Based Assistance and Parity Aid in the Base Cost. The budget includes poverty-based assistance and parity aid in the base cost calculation. These amounts are added to the total base cost to determine state base cost funding for each school district, which is in turn used to determine the district's state share percentage of base cost funding. Since poverty-based assistance and parity aid payments are completely funded by the state, adding them in the base cost calculation will result in higher state share percentages for most districts. The state share percentages are used to determine the state share of special and career-technical education weighted funding.

Poverty-Based Assistance

Poverty Index. The budget eliminates the use of current year data in calculating the poverty index. As a result, the poverty index will likely be more stable throughout the year as most districts' poverty student counts and ADMs (average daily membership) for preceding years generally will be finalized by the beginning of each year.

Closing the Achievement Gap. The budget establishes this new program to provide additional funding to help districts close achievement gaps. The funding is based on each district's "academic distress index." This index is calculated by dividing the percentage of buildings in the district that are in academic watch (AW) or academic emergency (AE), termed the district's "academic distress percentage," by the percentage of buildings in the state that are in academic watch or academic emergency. Districts qualify for funding in FY 2008 if their academic distress indices and their poverty indices are greater than or equal to one. These districts receive, on a per student basis, 0.15% of the formula amount multiplied by their poverty indices and academic distress indices. In FY 2009, each district that received the subsidy in FY 2008 receives the same amount in FY 2009 unless there is an improvement in the district's academic distress percentage. If this percentage decreases, the district receives an extra 3.5% of the funding it received in FY 2008. Districts that did not receive the subsidy in FY 2008, but that have academic distress indices and poverty indices greater than or equal to one in FY 2009 receive, on a per student basis, 0.15% of the formula amount multiplied by their poverty indices and academic distress indices in FY 2009. This calculation is summarized below.

Closing the Achievement Gap Funding	
In FY 2008:	
Total Funding for qualifying districts = 0.0015 x formula amount x poverty index x academic distress index x formula ADM	
In FY 2009:	
Total Funding for qualifying districts that did not qualify in FY 2008 = 0.0015 x formula amount x poverty index x academic distress index x formula ADM	
Total Funding for districts that qualified in FY 2008 and have an academic distress percentage lower than FY 2008 = FY 2008 subsidy amount x 1.035	
Total Funding for districts that qualified in FY 2008 and have an academic distress percentage equal to or greater than FY 2008 = FY 2008 subsidy amount	
Qualifying districts have academic distress indices and poverty indices at least equal to 1.0	
Academic distress index = (% of district's buildings in AE or AW) / (% of state's buildings in AE or AW)	

According to the ratings on the local report card for the 2005-2006 school year, out of a total of 3,867 buildings, 447 (11.6%) were in academic watch or academic emergency. Thirty-one districts have both academic distress indices and poverty indices greater than or equal to one and would, therefore, qualify for funding.

Increased Classroom Learning Opportunities (Class Size Reduction). The budget changes the name of the class size reduction program to increased classroom learning opportunities, but maintains the calculation method for the payment. The payment is based on a teacher salary allowance, which the budget establishes as \$56,754 in FY 2008 and \$58,621 in FY 2009, increases of 3.3% in each fiscal year. These are the same amounts established for base classroom teacher compensation in the base cost formula amount calculation.

Intervention. The budget retains the former calculation method for this program, but increases the hourly rate used to calculate the funding by 3.0% each year to \$21.01 in FY 2008 and \$21.64 in FY 2009. This is the same hourly rate used to calculate the base funding supplement for intervention.

Limited English Proficient Student Intervention. The budget retains the former calculation method for this program. This program began in FY 2006. Funding was phased in at 40% in FY 2006 and 70% in FY 2007. The budget retains the phase-in percentage at 70% for FY 2008 and FY 2009. This funding is provided to districts with poverty indices greater than or equal to 1.0 and with at least 2% of students who are limited English proficient (LEP). The percentage and the number of LEP students that was reported on each district's local report card for the 2002-2003 school year were used as a basis for this funding in FY 2006 and FY 2007. The budget continues to use these percentages and numbers in FY 2008 and FY 2009.

Teacher Professional Development, Dropout Prevention, and Community Outreach. The budget retains the former calculation methods for these programs, but provides full funding for FY 2008 and FY 2009. Funding was phased in at 70% in FY 2007.

Poverty-Based Assistance Guarantee. The budget eliminates the poverty-based assistance guarantee. This guarantee ensured that districts receive at least as much poverty-based assistance funding as the disadvantaged pupil impact aid (DPIA) they received in FY 2005 less any DPIA transferred to e-schools. (Students attending e-schools do not receive poverty-based assistance beginning in FY 2006.)

Parity Aid

Under former law, districts with wealth per pupil less than that of the district with the 490th highest local wealth (the 80th percentile) qualified for parity aid. This funding was calculated as the difference between what a district could raise per pupil with 7.5 mills and what the district at the 80th percentile highest wealth level could raise per pupil with 7.5 mills. The budget lowers the number of qualifying districts to the 410 lowest wealth districts in FY 2008 and the 367 lowest wealth districts in FY 2009. The budget also changes the calculation so that it equalizes 8.0 mills in FY 2008 and 8.5 mills in FY 2009. These mills are still equalized to the wealth level of the district at the 80th percentile.

Other Formula Changes

Charge-off Supplement (Gap Aid). The budget removes the revenue districts receive from direct reimbursements for losses above the state education aid offset due to the phase-out of taxes on general business tangible personal property as part of a school district's revenue when calculating the district's gap aid. Gap aid is provided to districts whose actual operating revenue is lower than the local share assumed by the formula.

Transportation. The budget notwithstanding the transportation funding formula and provides increases of 1% per year in transportation funding to school districts receiving transportation funding in FY 2005 under the current formula. In FY 2006 and FY 2007, these same districts received annual increases of 2% in transportation funding.

Special Education Catastrophic Cost. The budget increases the special education catastrophic cost reimbursement threshold from \$26,500 to \$27,375 in FY 2008 and FY 2009 for students in categories two through five and from \$31,800 to \$32,850 in FY 2008 and FY 2009 for students in category six.

Guarantees – Transitional Aid for School Districts. Transitional aid has been provided to districts since FY 2004. For FY 2008 and FY 2009, this funding guarantees that each district receives the same amount of formula funding it received in the previous fiscal year. As stated above, the budget eliminates the base cost funding and the poverty-based assistance guarantees. The budget also eliminates the reappraisal guarantee, which guarantees that districts going through a real property valuation reappraisal or update receive the same amount of funding less any gap aid they received in the previous fiscal year. These various guarantees are essentially included in transitional aid under the budget.

Joint Vocational School Districts. Joint vocational school districts (JVSDs) receive the same formula amount of \$5,565 in FY 2008 and \$5,732 in FY 2009. They are also affected by the elimination of the CDBF and the base cost guarantee. Transitional aid has been provided to JVSDs since FY 2006. For FY 2008 and FY 2009, this funding guarantees that each JVSD receives the same amount of formula funding it received in the previous fiscal year.

Other Major Budget Issues

Early Childhood Education

The budget significantly expands the GRF-funded early childhood program. This program provides funding to school districts and educational service centers that provide educational services for three and four-year-old children from families with incomes at or below 200% of the federal poverty level. The budget increases funding for these programs by \$12.0 million (63.2%) in FY 2008 and by an additional \$5.5 million (17.7%) in FY 2009. The budget stipulates that the increased funding be provided

to programs established after March 15, 2007 and only to providers that are eligible for poverty-based assistance. Under the budget, other school districts may establish preschool programs using another source of funding. Under former law, districts could establish preschool programs only if they were eligible for poverty-based assistance and they could demonstrate that their needs could not be met by existing child care programs.

STEM Initiatives

STEM refers to the fields of science, technology, engineering, and mathematics. The budget establishes the STEM Subcommittee of the Partnership for Continued Learning and authorizes it to establish up to five STEM schools to open for instruction in FY 2009. Partnerships of public and private entities that include school districts, higher education entities, and business organizations may submit proposals for STEM schools to the subcommittee. The schools may serve any of grades six to twelve. The STEM schools will be public schools that will receive operational funding through transfers of state aid from the schools' students' resident school districts much like community schools are funded. In addition, the budget authorizes the subcommittee to award grants to the STEM schools and appropriates \$3.0 million in each fiscal year for these grants.

The budget requires STEM school teachers to be "highly qualified." Generally, this designation requires licensure in the subject being taught among other qualifications. However, the budget allows individuals who do not hold an educator license but have at least a bachelor's degree or five years of work experience in the subject being taught to teach in a STEM school for up to 40 hours per week. The budget also requires the State Board of Education to issue a two-year provisional educator license for teaching science, technology, engineering, or mathematics in grades 6 to 12 in a STEM school to applicants who (1) have a bachelor's degree in a field related to the teaching area and (2) have passed a content assessment in the teaching area.

The budget also authorizes the STEM subcommittee to award grants to STEM Programs of Excellence operated by school districts and educational service centers for any of grades K to 8 and appropriates about \$3.3 million in each fiscal year for these grants. Furthermore, the budget requires the STEM subcommittee to work with an Ohio-based nonprofit enterprise selected by the subcommittee to support the strategic and operational coordination of public and private STEM education in Ohio.

Adult Career-Technical Education Programs

The budget requires the transfer of adult career-technical education programs from ODE to the Board of Regents by January 1, 2009. The specific programs to be transferred are to be identified by the Regents in collaboration with ODE and set forth in a plan for the transfer that must be developed by July 1, 2008.

Vetoed Provisions

- (1) The Governor vetoed a provision creating a Special Education Scholarship Pilot Program to provide scholarships to disabled children in grades kindergarten through twelve to be used to attend alternative public or private special education programs. The program was to be funded through transfers of state aid from the scholarship children's resident school districts. This veto also includes a veto of an earmark of GRF appropriation item 200-421, Alternative Education Programs, of \$50,000 in FY 2008 and \$250,000 in FY 2009 for administration of the program.

- (2) The Governor vetoed a provision prohibiting ODE from withholding payment to a community school for a student whose enrollment in the school is disputed by the student's resident district until the district proves that the student is not enrolled in the school.
- (3) The Governor vetoed a provision permitting ODE to use the earmark of \$900,000 in each fiscal year for the Reading Recovery Program of GRF appropriation item 200-433, Literacy Improvement – Professional Development, for other reading improvement programs and evaluation of the Reading Recovery Program.

ANALYSIS OF THE BUDGET

The Analysis of the Executive Budget in the LSC Redbook for ODE followed the programs and program series established by ODE for the Office of Budget and Management. This analysis, however, follows Am. Sub. H.B. 119 in focusing on line items. The line items have been grouped into 12 areas, but these do not necessarily follow the program series in the Redbook. Also, this analysis concentrates on GRF line items. Except for an increase of \$31.0 million in FY 2008 in LPE appropriation item 200-612, Foundation Funding, that is mentioned in the Overview section, the appropriations for all other non-GRF items for ODE remain the same as in the executive budget proposal. Please refer to the Redbook or the COBLI for a description of these line items.

Line Item Grouping

1: Basic Public School Support

Purpose: This line item grouping includes the major sources of state and federal formula driven support for public schools.

Appropriation Amounts for Basic Public School Support				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-550	Foundation Funding	\$ 5,761,699,328	\$ 6,034,943,246
GRF	200-502	Pupil Transportation	\$ 424,783,117	\$ 429,030,948
GRF	200-521	Gifted Pupil Program	\$ 47,608,030	\$ 48,008,613
General Revenue Fund Subtotal			\$ 6,234,090,475	\$ 6,511,982,807
Federal Special Revenue Fund (FED)				
3M2	200-680	Individuals with Disabilities Education Act	\$ 500,000,000	\$ 405,000,000
3M0	200-623	ESEA Title 1A	\$ 415,000,000	\$ 420,000,000
3L9	200-621	Career-Technical Education Basic Grants	\$ 48,029,701	\$ 48,029,701
Federal Special Revenue Fund Subtotal			\$ 963,029,701	\$ 873,029,701
State Special Revenue Fund (SSR)				
5BJ	220-626	Half-Mill Maintenance Equalization	\$ 10,700,000	\$ 10,700,000
State Special Revenue Fund Subtotal			\$ 10,700,000	\$ 10,700,000
Lottery Profits Education Fund (LPE)				
017	200-612	Foundation Funding	\$ 666,198,000	\$ 667,900,000
Lottery Profits Education Fund Subtotal			\$ 666,198,000	\$ 667,900,000
Total Funding: Basic Public School Support			\$ 7,874,018,176	\$ 8,063,612,508

The budget provides increases of 0.9% in FY 2008 and 4.5% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping increases by 1.7% in FY 2008 and 2.4% in FY 2009. Of the \$15,937.6 million in total biennial funding for this grouping, 80.0% comes from the General Revenue Fund, 11.5% from the Federal Special Revenue Fund Group, 0.1% from the State Special Revenue Fund Group, and 8.4% from the Lottery Profits Education Fund. The GRF line items in this grouping are described below, including any earmarks made in the budget.

Foundation Funding (200-550). This item increases by \$52.9 million (0.9%) in FY 2008 and by \$273.2 million (4.7%) in FY 2009.

200-550, Foundation Funding		
Earmarks	FY 2008	FY 2009
Juvenile Court Payments	\$ 425,000	\$ 425,000
Payments for Valuation Adjustments	\$ 30,000,000	\$ 30,000,000
Catastrophic Cost Supplement	\$ 19,770,000	\$ 20,545,200
Youth Services Tuition	\$ 2,000,000	\$ 2,000,000
Educational Service Centers	\$ 52,000,000	\$ 52,000,000
Private Treatment Facility Project	\$ 1,000,000	\$ 1,000,000
School Breakfast Program	\$ 3,700,000	\$ 3,700,000
School Choice Cleveland	\$ 8,686,000	\$ 8,722,860
School Choice Cleveland – Poverty-Based Assistance	\$ 11,901,887	\$ 11,901,887
Continuous Improvement Planning	\$ 3,312,165	\$ 3,312,165
Remainder – SF3 Payments	\$5,628,904,276	\$5,901,336,134

Juvenile Court Payments. These funds are used to help defray the cost of educating children who are placed in a private institution, school, or residential treatment center by the order of an Ohio court.

Payments for Valuation Adjustments. There are various instances specified in sections 3317.026, 3317.027, and 3317.028 of the Revised Code in which an adjustment is made to the amount of state aid paid to a district due to a change in that district's valuation. Generally, this earmark is used to make the payments for the previous fiscal year. The budget, however, allows payments also to be made in the current fiscal year.

Catastrophic Cost Supplement. This funding is provided to schools to support exceptionally high costs associated with individual special education students.

Youth Services Tuition. These funds are used for state payments to school districts that are required to pay tuition for a child who is in an institution maintained by the Department of Youth Services, but is not included in his or her resident district's ADM for purposes of state aid calculations.

Educational Service Centers. These funds are provided to the 60 educational service centers (ESCs) in Ohio on a per pupil basis. ESCs provide many services including supervisory services, special education, and gifted education. This funding is \$40.52 per pupil for an ESC serving three or more counties and \$37.00 per pupil for all others.

Private Treatment Facility Project. These funds pay for educational services for youth who have been assigned by a court to a facility participating in the Private Treatment Facility Project.

School Breakfast. This funding is used to partially reimburse districts that are required under state law to participate in the School Breakfast Program for their costs related to this participation. A portion of this funding (\$900,000 in each fiscal year) is provided through a

contract to the Children's Hunger Alliance to support its efforts to expand access to child nutrition programs.

School Choice Cleveland. This funding supports the Cleveland Scholarship and Tutoring Program, also known as the Pilot Project Scholarship Program. This program provides scholarships to students who are residents of the Cleveland Municipal School District to be used to attend a participating nonpublic school. Scholarship students are not counted in Cleveland's ADM for funding purposes. In addition to scholarships, the program funds tutoring services for students who remain in the Cleveland Municipal School District.

School Choice Cleveland – Poverty-Based Assistance. This funding also supports the Pilot Project Scholarship Program, but comes through a deduction from the state poverty-based assistance that is allocated to the Cleveland Municipal School District through the school funding formula.

Continuous Improvement Planning. This funding provides support for school improvement through technical assistance to the lowest performing districts to help them as they develop their continuous improvement plans. This funding is provided in conjunction with an earmark of GRF appropriation item 200-431, School Improvement Initiatives.

Remainder – SF3 Payments. This GRF funding is combined with funding from the Lottery Profits Education Fund (LPE) and is provided through the state's school funding formula to support the general operating expenses of public school districts. This combined GRF and lottery funding supports the state share of a base cost formula amount per pupil of \$5,565 in FY 2008 and \$5,732 in FY 2009. In addition to the base cost formula amount, the remainder of these funds is used for the base funding supplements, special education weighted funding, career-technical education weighted funding, poverty-based assistance, parity aid, the excess cost supplement, the teacher training and experience adjustment, the charge-off supplement (gap aid), and transitional aid. The current formulas for distributing SF3 payments are described in the School Funding section of the LSC Redbook for ODE. The budget's changes to these formulas are described in the Overview section. SF3 payments are the primary source of funding for community schools in Ohio. Community school and STEM school students are included in their resident district's ADM to qualify for state payments, which are then deducted from students' resident districts and transferred to the schools where the students are enrolled. SF3 payments also support the Educational Choice Scholarship program that awards scholarships, which can be used to attend participating nonpublic schools. Scholarship students are counted in their resident district's ADM for the purposes of calculating state base cost funding. A deduction of \$2,700 for a kindergarten student or \$5,200 for a student in grades one through twelve is made from the resident district's state aid in order to fund the scholarships.

Pupil Transportation (200-502). This item increases by \$4.2 million (1.0%) in FY 2008 and by \$4.2 million (1.0%) in FY 2009.

200-502, Pupil Transportation		
Earmarks	FY 2008	FY 2009
Bus Driver Training	\$ 830,624	\$ 838,930
Special Education Transportation	\$ 59,870,514	\$ 60,469,220
Remainder – Pupil Transportation	\$ 364,081,979	\$ 367,722,798

Bus Driver Training. These funds are used by ODE to contract with eight educational service centers (ESCs) and one vocational agency to administer the Ohio Preservice Driver Training Program.

Special Education Transportation. This funding is provided to school districts and county MR/DD boards to assist them in providing required transportation services to students with disabilities.

Remainder – Pupil Transportation. This funding is provided to school districts to assist them in providing transportation services to regular students. The budget notwithstanding the formula designed to distribute the funding in FY 2008 and FY 2009 and, instead, provides 1.0% annual increases in each district's state transportation funding in both FY 2008 and FY 2009. It also requires ODE by December 31, 2008 to make recommendations for enhancing regional pupil transportation collaboration among school districts, educational service centers, community schools, and nonpublic schools.

Gifted Education (200-521). This item increases by \$0.5 million (1.0%) in FY 2008 and by \$0.4 million (0.8%) in FY 2009.

200-521, Gifted Education		
Earmarks	FY 2008	FY 2009
Gifted Identification	\$ 4,747,000	\$ 4,794,470
Summer Honors Institute	\$ 1,015,858	\$ 1,026,017
Remainder – Gifted Education Units	\$ 41,845,172	\$ 42,188,126

Gifted Identification. Districts are required by state law to identify students who are gifted, although they are not required to provide gifted services. This funding assists districts in performing this identification.

Summer Honor Institute. This funding supports summer institutes, held at universities and colleges throughout Ohio that provide enrichment opportunities for gifted students who have completed their freshman or sophomore years.

Remainder – Gifted Education Units. This funding is provided through the school funding formula for the additional costs associated with gifted education. Funding is calculated based on gifted units, which is essentially a gifted education personnel based funding.

Line Item Grouping

2: Property Tax Reimbursements

Purpose: This line item grouping includes reimbursements to school districts for property tax losses due to state tax policy.

Appropriation Amounts for Property Tax Reimbursements				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-901	Property Tax Allocation – Education	\$ 794,583,404	\$ 850,868,654
GRF	200-906	Tangible Tax Exemption – Education	\$ 21,415,244	\$ 10,707,622
General Revenue Fund Subtotal			\$ 815,998,648	\$ 861,576,276
Revenue Distribution Fund (RDF)				
047	200-909	School District Property Tax Replacement – Business	\$ 611,596,856	\$ 763,316,819
053	200-900	School District Property Tax Replacement – Utility	\$ 91,123,523	\$ 91,123,523
Revenue Distribution Fund Subtotal			\$ 702,720,379	\$ 854,440,342
Total Funding: Property Tax Reimbursements			\$ 1,518,719,027	\$ 1,716,016,618

The budget provides increases of 2.2% in FY 2008 and 5.6% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping increases by 15.0% in FY 2008 and 13.0% in FY 2009. Of the \$3,234.7 million in total biennial funding for this grouping, 51.9% comes from the General Revenue Fund and 48.1% from the Revenue Distribution Fund Group. The line items in this grouping are described below.

Property Tax Allocation – Education (200-901). This item increases by \$28.0 million (3.7%) in FY 2008 and by \$56.3 million (7.1%) in FY 2009. The state pays 10% of locally levied property taxes for residential and agricultural real property owners and an additional 2.5% for homeowners, thus decreasing property taxes paid by individual property taxpayers in Ohio. This provision is often referred to as property tax “rollbacks.” This item funds the rollback reimbursements for school districts and joint vocational school districts. In addition, this item funds the portion of the Homestead Exemption Program for the elderly and disabled individuals payable to school districts. The budget expands the Homestead Exemption Program to include all homeowners who are 65 years of age or older or who are disabled, regardless of income. The current program allows the exemption only if the homeowner’s income is less than \$23,000 per year. The budget expands the amount of the exemption to \$8,750 of taxable value (\$25,000 of true value). The current exemption is no more than \$5,000 of taxable value (\$14,286 of true value). The budget establishes the Ohio Tobacco Financing Authority to implement the securitization of 100% of the payment Ohio is expected to receive under the Tobacco Master Settlement Agreement over the next 40 or more years. The net proceeds are estimated to be approximately \$5.04 billion and will be used to finance the capital needs of primary and secondary and higher education. The costs of expanding the Homestead Exemption Program will be paid for by the savings from GRF payments for debt service on bonds that would otherwise have to be issued for the primary and secondary and higher education facilities in the next three years.

Tangible Tax Exemption – Education (200-906). This item decreases by \$10.7 million (33.3%) in FY 2008 and by \$10.7 million (50.0%) in FY 2009. The state exempts the first \$10,000 of tangible personal property from taxation. This item reimburses school districts for this exemption. The reimbursement is being phased out and will be completely eliminated by FY 2010. School districts will be reimbursed at a rate of 31% in FY 2008 and 16% in FY 2009.

School District Property Tax Replacement – Business (200-909). This item increases by \$191.6 million (45.6%) in FY 2008 and by \$151.7 million (24.8%) in FY 2009. Am. Sub. H.B. 66 of the 126th General Assembly started to phase out the tax on general business tangible personal property. This phase-out begins in tax year (TY) 2006 and the tax will be completely phased out by TY 2010. The lost property tax for each district was determined by the Department of Taxation. After the tax is completely phased out, the tax loss will be \$1.1 billion for one year. Districts are compensated for this loss partially through an increase in state aid (the state education aid offset).³ H.B. 66 also created the commercial activity tax (CAT). A portion of the revenues from CAT is deposited into RDF Fund 047. These funds provide direct reimbursements to districts for the value of the loss above the increase in state aid. Former law dedicated 70% of annual CAT revenue until FY 2018 to pay for the state education aid offset and direct reimbursement payments and committed all CAT revenue after FY 2018 to the GRF. The budget dedicates the same 70% of annual CAT revenue in FY 2019 and thereafter for school funding.

School District Property Tax Replacement – Utility (200-900). This item decreases by \$10.5 million (10.4%) in FY 2008 and is flat funded in FY 2009. Am. Sub. S.B. 3 and Am. Sub. S.B. 287 of the 123rd General Assembly deregulated electric and natural gas utilities in Ohio, reduced the property tax assessment rates on utility property, and created new taxes on utility output. A portion of the revenues from these new taxes is deposited into RDF Fund 053. The decrease in assessment rates decreased the property valuation and property tax receipts of school districts containing utility property. The lost property tax for each district was determined by the Department of Taxation. In total, the tax loss was \$198 million for one year. Districts are compensated for this loss partially through an increase in state aid (the state education aid offset). These funds provide direct reimbursements to districts for the value of the loss above the increase in state aid. All school districts were completely reimbursed for these losses for five years, from FY 2002 through FY 2006. Starting in FY 2007, however, only districts whose tax loss, inflated to current dollars, is greater than their increase in state aid from FY 2002 continue to receive direct reimbursement payments. All joint vocational school districts continue to receive direct reimbursements.

³ When a district's taxable property value decreases, its local share of base cost funding, which is equal to 23 mills (2.3%) of its taxable property value, also decreases. This decrease in the local share is made up by increases in the state share. The resulting increase in state aid is called the state education aid offset.

Line Item Grouping

3: Educational Enhancements

Purpose: This line item grouping includes funding for educational enhancements for special education, career-technical education, and the education of students at risk.

Appropriation Amounts for Educational Enhancements				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-540	Special Education Enhancements	\$ 138,869,945	\$ 140,006,839
GRF	200-545	Career-Technical Education Enhancements	\$ 9,298,651	\$ 9,373,926
GRF	200-416	Career-Technical Education Match	\$ 2,233,195	\$ 2,233,195
GRF	200-425	Tech Prep Consortia Support	\$ 2,069,217	\$ 2,069,217
General Revenue Fund Subtotal			\$ 152,471,008	\$ 153,683,177
General Services Fund (GSF)				
596	200-656	Ohio Career Information System	\$ 529,761	\$ 529,761
General Services Fund Subtotal			\$ 529,761	\$ 529,761
Federal Special Revenue Fund (FED)				
370	200-624	Education of Exceptional Children	\$ 1,811,520	\$ 575,454
369	200-616	Career-Technical Education Federal Enhancement	\$ 5,000,000	\$ 5,000,000
3AF	200-603	School Medicaid Administrative Claims	\$ 486,000	\$ 639,000
3M1	200-678	Innovation Education	\$ 5,369,100	\$ 5,363,706
3S2	200-641	Education Technology	\$ 10,000,000	\$ 5,000,000
3Y8	200-639	Rural and Low Income Technical Assistance	\$ 1,500,000	\$ 1,500,000
309	200-601	Educationally Disadvantaged Programs	\$ 12,750,000	\$ 8,750,000
Federal Special Revenue Fund Subtotal			\$ 36,916,620	\$ 26,828,160
Total Funding: Educational Enhancements			\$ 189,917,389	\$ 181,041,098

The budget provides increases of 2.4% in FY 2008 and 0.8% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping decreases by 9.4% in FY 2008 and 4.7% in FY 2009. Of the \$371.0 million in total biennial funding for this grouping, 82.5% comes from the General Revenue Fund, 0.3% from the General Services Fund Group, and 17.2% from the Federal Special Revenue Fund Group. The GRF line items in this grouping are described below, including any earmarks made in the budget.

Special Education Enhancements (200-540). This item increases by \$3.4 million (2.5%) in FY 2008 and \$1.1 million (0.8%) in FY 2009.

200-540, Special Education Enhancements		
Earmarks	FY 2008	FY 2009
Home Instruction	\$ 2,906,875	\$ 2,906,875
Parent Mentoring	\$ 1,462,500	\$ 1,462,500
School Psychology Interns	\$ 2,783,396	\$ 2,783,396
Sinclair Community College	\$ 750,000	\$ 750,000
Preschool Pilot Bowling Green	\$ 200,000	\$ 200,000
Bellefaire Jewish Children's Bureau	\$ 200,000	\$ 200,000
Preschool Special Education Units	\$ 82,707,558	\$ 83,371,505
Collaborative Language and Literacy Instruction Project	\$ 650,000	\$ 650,000
Delaware-Union ESC	\$ 325,000	\$ 325,000
Lake-Geauga Educational Assistance Foundation (LEAF)	\$ 75,000	\$ 75,000
Project More	\$ 650,000	\$ 650,000
Remainder – MR/DD & Institutional Special Education Weights	\$ 46,159,616	\$ 46,632,563

Home Instruction. This funding reimburses districts for half the cost of providing home instruction to students with orthopedic impairments, other health impairments, and severe behavioral handicaps.

Parent Mentoring. This funding supports parents of children with disabilities who serve as mentors to other parents and school district staff.

School Psychology Interns. This funding supports school psychology interns who spend one year in the schools serving students with disabilities and receiving supervised on-the-job training prior to obtaining licensure as school psychologists.

Sinclair Community College. This funding is provided to Sinclair Community College in Dayton, Ohio, to support Montgomery County's Out of School Initiative. This initiative serves youth primarily between the ages of 15 and 21 who have dropped out or who are not regularly attending school.

Preschool Bowling Green Pilot. This funding is provided to the Bowling Green City School District to support its preschool special education pilot project.

Bellefaire Jewish Children's Bureau. This funding is provided to Bellefaire Jewish Children's Bureau, a nonprofit organization located in Shaker Heights, Ohio.

Preschool Special Education Units. The state preschool special education program serves children with disabilities, ages three through five. Districts are mandated under federal law to provide a free and appropriate public education to these students. State funding for preschool special education and related services provided by school districts, educational service centers, and county MR/DD boards is distributed through units, which are based on the minimum number of students per class, teacher degree, and teacher experience.

Collaborative Language and Literacy Instruction Project. This funding supports the Collaborative Language and Literacy Instruction Project, which is a literacy initiative that provides a teacher training program that emphasizes language development.

Delaware-Union ESC. This funding is provided to the Ohio Center for Autism and Low Incidence (OCALI) to be used to contract with the Delaware-Union Educational Service Center to provide autism transition services.

Lake-Geauga Educational Assistance Foundation (LEAF). This funding is provided to LEAF, an organization that connects students in Lake and Geauga counties to resources that assist them in continuing their education past high school.

Project More. This funding supports one-to-one reading mentoring services provided through Project More.

Remainder – MR/DD & Institutional Special Education Weights. This funding is provided to county boards of MR/DD and state institutions operated by the Department of Mental Health, the Department of Rehabilitation and Correction, and the Department of Youth Services to fund special education and related services provided by these entities. Funding is distributed based on the same weights used for special education students educated in school districts and community schools.

Career-Technical Education Enhancements (200-545). This item increases by \$0.1 million (0.8%) in FY 2008 and \$0.1 million (0.8%) in FY 2009.

200-545, Career-Technical Education Enhancements		
Earmarks	FY 2008	FY 2009
Career-Technical Institutional Units	\$ 2,509,152	\$ 2,584,427
Tech Prep Expansion Grants	\$ 2,621,507	\$ 2,621,507
High Schools That Work	\$ 3,401,000	\$ 3,401,000
Ohio Career Information System	\$ 466,992	\$ 466,992
Agriculture 5th Quarter Project	\$ 300,000	\$ 300,000

Career-Technical Institutional Units. These funds support career-based intervention programs at institutions. Incarcerated students are provided instructional programming in work and family literacy, career-based intervention, and workforce development. Funding is distributed in the form of units.

Tech Prep Expansion Grants. These funds are used for competitive grants to support Tech Prep enrollment expansion and new Tech Prep programming. Four-year Tech Prep education programs lead to a two-year associate's degree or a two-year certificate in addition to a high school diploma.

High Schools that Work (HSTW) and Making Middle Grades Work (MMGW). These funds support HSTW and MMGW, school improvement initiatives designed to accelerate learning and raise standards through rigorous course work, counseling, parental and community involvement, and teacher collaboration.

Ohio Career Information System (OCIS). These funds support OCIS, a computer-based career information delivery system that provides access to current labor market and

postsecondary educational and training information, scholarships, employability skills information, and classroom career integration activities.

Agriculture 5th Quarter Project. This funding is used to enable students to enroll in a “5th Quarter” of instruction based on the agricultural instructional model of delivering work-based learning through supervised agricultural experience.

Career-Technical Education Match (200-416). This item is flat funded in each fiscal year. These funds provide the dollar for dollar required state match for the administrative portion of the federal Vocational Education State grant.

Tech Prep Consortia Support (200-425). This item is flat funded in each fiscal year. These funds provide support to maintain a quality Tech Prep system in Ohio.

Line Item Grouping

4: Nonpublic School Support

Purpose: This line item grouping includes funding to support chartered nonpublic schools.

Appropriation Amounts for Nonpublic School Support				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-511	Auxiliary Services	\$ 131,740,457	\$ 135,692,670
GRF	200-532	Nonpublic Administrative Cost Reimbursement	\$ 59,810,517	\$ 61,604,832
General Revenue Fund Subtotal			\$ 191,550,974	\$ 197,297,502
State Special Revenue Fund (SSR)				
598	200-659	Auxiliary Services Reimbursement	\$ 1,328,910	\$ 1,328,910
State Special Revenue Fund Subtotal			\$ 1,328,910	\$ 1,328,910
Total Funding: Nonpublic School Support			\$ 192,879,884	\$ 198,626,412

The budget provides increases of 3.0% in FY 2008 and 3.0% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping increases by 3.0% in FY 2008 and 3.0% in FY 2009. Of the \$391.5 million in total biennial funding for this grouping, 99.3% comes from the General Revenue Fund and 0.7% from the State Special Revenue Fund Group. The GRF line items in this grouping are described below, including any earmarks made in the budget.

Auxiliary Services (200-511). This item increases by \$3.8 million (3.0%) in FY 2008 and \$4.0 million (3.0%) in FY 2009.

200-511, Auxiliary Services		
Earmarks	FY 2008	FY 2009
Postsecondary Enrollment Options	\$ 2,060,000	\$ 2,121,800
Remainder – Auxiliary Services	\$ 129,680,457	\$ 133,570,870

Postsecondary Enrollment Options. The postsecondary enrollment options program allows qualified Ohio high school students to take college courses at state expense for both college and high school credit. These funds are used to pay the costs of the program for participants from nonpublic schools.

Remainder – Auxiliary Services. This funding, which is distributed on a per pupil basis, supports secular services provided to chartered nonpublic schools.

Nonpublic Administrative Cost Reimbursement (200-532). This item increases by \$1.7 million (3.0%) in FY 2008 and \$1.8 million (3.0%) in FY 2009. Chartered nonpublic schools are required by the state to perform some administrative and clerical activities. These funds reimburse the schools for the costs of these mandated activities. The reimbursement is based on the actual costs from the prior year. The budget increases the maximum per pupil reimbursement from \$275 to \$300 per pupil.

Line Item Grouping

5: School Choice

Purpose: This line item grouping includes funding to support the establishment and oversight of community schools.

Appropriation Amounts for School Choice				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-455	Community Schools	\$ 1,533,661	\$ 1,533,661
General Revenue Fund Subtotal			\$ 1,533,661	\$ 1,533,661
Federal Special Revenue Fund (FED)				
3T4	200-613	Public Charter Schools	\$ 13,850,827	\$ 14,212,922
Federal Special Revenue Fund Subtotal			\$ 13,850,827	\$ 14,212,922
Total Funding: School Choice			\$ 15,384,488	\$ 15,746,583

The budget provides a decrease of 47.9% in FY 2008 and flat funding in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping decreases by 6.4% in FY 2008 and increases by 2.4% in FY 2009. Of the \$31.1 million in total biennial funding for this grouping, 9.9% comes from the General Revenue Fund and 90.1% from the Federal Special Revenue Fund Group. The major provisions of the budget affecting school choice as well as the GRF line item in this grouping are described below.

Special Education Scholarship Pilot Program. The budget, as passed by the General Assembly, created the Special Education Scholarship Pilot Program, a new school choice program designed to provide scholarships for disabled children to attend alternative public or private special education programs. This proposed new program was vetoed by the Governor.

Community School Provisions. Community schools are public schools that operate independently of any school district and are governed through a contract between the school's governing authority and a sponsor. The budget restricts the establishment of new start-up community schools, permits a community school to transport students without an agreement with the students' resident districts, and provides penalties for community schools that do not maintain auditable records. Another provision that was vetoed by the Governor would have prohibited ODE from withholding payment to a community school when a district presents a challenge concerning a student's enrollment until after the district proves that the student should not be included in the community school's enrollment.

Community Schools (200-455). This item decreases by \$1.4 million (47.9%) in FY 2008 and is flat funded in FY 2009.

200-455, Community Schools		
Earmarks	FY 2008	FY 2009
Sponsor Oversight	\$ 1,308,661	\$ 1,308,661
Sponsor Training	\$ 225,000	\$ 225,000

Sponsor Oversight. This funding is used by ODE to provide oversight and evaluation of community school sponsors. ODE has created a framework that provides ongoing evaluations for every sponsor. Those with serious performance problems will be subject to corrective action plans.

Sponsor Training. This funding is used by ODE to develop and conduct training for sponsors and prospective sponsors of community schools.

Line Item Grouping

6: School Operations Support

Purpose: This line item grouping includes funding to support expenses related to management, computer networks, school buses, and food service.

Appropriation Amounts for School Operations Support				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-422	School Management Assistance	\$ 3,360,572	\$ 3,375,572
GRF	200-426	Ohio Educational Computer Network	\$ 30,446,197	\$ 30,446,197
GRF	200-503	Bus Purchase Allowance	\$ 14,000,000	\$ 14,000,000
GRF	200-505	School Lunch Match	\$ 8,998,025	\$ 8,998,025
General Revenue Fund Subtotal			\$ 56,804,794	\$ 56,819,794
General Services Fund (GSF)				
5H3	200-687	School District Solvency Assistance	\$ 18,000,000	\$ 18,000,000
General Services Fund Subtotal			\$ 18,000,000	\$ 18,000,000
Federal Special Revenue Fund (FED)				
3L6	200-617	Federal School Lunch	\$ 244,714,211	\$ 249,903,970
3L7	200-618	Federal School Breakfast	\$ 63,927,606	\$ 69,041,814
3L8	200-619	Child/Adult Food Programs	\$ 69,280,946	\$ 70,691,653
367	200-607	School Food Services	\$ 5,849,748	\$ 6,088,737
Federal Special Revenue Fund Subtotal			\$ 383,772,511	\$ 395,726,174
State Special Revenue Fund (SSR)				
455	200-608	Commodity Foods	\$ 24,000,000	\$ 24,000,000
State Special Revenue Fund Subtotal			\$ 24,000,000	\$ 24,000,000
Lottery Profits Education Fund (LPE)				
017	200-682	Lease Rental Payment Reimbursement	\$ 22,702,000	\$ -
Lottery Profits Education Fund Subtotal			\$ 22,702,000	\$ -
Total Funding: School Operations Support			\$ 505,279,305	\$ 494,545,968

The budget provides flat GRF funding in each fiscal year for this line item grouping. Total funding for this grouping increases by 1.9% in FY 2008 and decreases by 2.1% in FY 2009. Of the \$999.8 million in total biennial funding for this grouping, 11.4% comes from the General Revenue Fund, 3.6% from the General Services Fund Group, 78.0% from the Federal Special Revenue Fund Group, 4.8% from the State Special Revenue Fund Group, and 2.3% from the Lottery Profits Education Fund. The GRF line items in this grouping are described below, including any earmarks made in the budget.

School Management Assistance (200-422). This item increases by \$0.7 million (24.0%) in FY 2008 and \$15,000 (0.5%) in FY 2009.

200-422, School Management Assistance		
Earmarks	FY 2008	FY 2009
Auditor of State	\$ 1,715,000	\$ 1,715,000
Analysis of District Spending	\$ 250,000	\$ 250,000
Remainder – School Management Assistance	\$ 1,395,572	\$ 1,410,572

Auditor of State. These funds are earmarked to be used by the Auditor of State to conduct performance audits of school districts in fiscal caution, fiscal watch, or fiscal emergency. Although appropriated to ODE, these funds are passed directly to the Auditor for expenses associated with performing these audits.

Analysis of District Spending. This funding is provided for a new initiative. The funds are to be used by ODE to work with districts and other entities to develop and deploy analytical tools to be used to analyze district spending patterns to promote more effective and efficient use of district resources.

Remainder – School Management Assistance. This funding supports ODE’s Office of Finance and Management Services. This office coordinates state payments to school districts, community schools, and chartered nonpublic schools. The office also assists schools in managing their fiscal resources.

Ohio Educational Computer Network (200-426). This item is flat funded in each fiscal year.

200-426, Ohio Educational Computer Network		
Earmarks	FY 2008	FY 2009
Building Connectivity	\$ 18,136,691	\$ 18,136,691
INFOhio/Union Catalog	\$ 2,469,223	\$ 2,469,223
Information Technology Center Subsidy	\$ 8,338,468	\$ 8,338,468
Remainder – OECN Support	\$ 1,501,815	\$ 1,501,815

Building Connectivity. This funding is used to support the connection of school buildings to the state education network (OSCnet). An estimated \$3,000 per building is allocated to all public schools, including community schools and, through information technology centers, to participating chartered nonpublic schools.

INFOhio/Union Catalogue. This funding supports the INFOhio Network and the Union Catalogue. INFOhio works with Ohio’s other state-funded library networks, OPLIN (public libraries) and OhioLINK (universities), to provide resources and information access to Ohio’s kindergarten through 12th grade students. The Union Catalogue offers students and teachers anywhere in Ohio access to library and curriculum resources.

Information Technology Center (ITC) Subsidy. This funding supports the 23 ITCs (formerly “DA sites”) that provide computer support, software products, and information

services to their member districts, including all but three school districts (Akron, Cleveland, and Columbus), community schools, joint vocational school districts, and educational service centers.

Remainder – OECN Support. This funding is provided as a subsidy to support administrative software that school districts use for accounting, payroll, scheduling, grade reporting, and inventory.

Bus Purchase Allowance (200-503). This item is flat funded in each fiscal year.

200-503, Bus Purchase Allowance		
Earmarks	FY 2008	FY 2009
Special Education and Nonpublic Buses	\$ 3,920,000	\$ 3,920,000
Remainder – Regular Buses	\$ 10,080,000	\$ 10,080,000

Special Education and Nonpublic Buses. These funds are earmarked for the purchase of buses to transport special education and nonpublic students. They are distributed on a per pupil basis.

Remainder – Regular Buses. This funding is distributed to school districts on a per pupil basis to assist them in purchasing or leasing school buses.

School Lunch Match (200-505). This item is flat funded in each fiscal year. This funding is required by the federal government for Ohio's continued participation in the National School Lunch Program, which provides free and reduced-price lunches to low-income students.

Line Item Grouping

7: Academic Achievement

Purpose: This line item grouping includes funding to support a variety of programs and initiatives designed to improve the academic achievement of Ohio's students.

Appropriation Amounts for Academic Achievement				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-421	Alternative Education Programs	\$ 14,910,665	\$ 13,110,665
GRF	200-431	School Improvement Initiatives	\$ 21,589,235	\$ 21,924,235
GRF	200-457	STEM Initiatives	\$ 10,000,000	\$ 10,000,000
GRF	200-536	Ohio Core Support	\$ 7,700,000	\$ 15,125,000
GRF	200-566	Literacy Improvement Classroom Grants	\$ 12,062,336	\$ 12,062,336
GRF	200-578	Violence Prevention and School Safety	\$ 1,218,555	\$ 1,218,555
General Revenue Fund Subtotal			\$ 67,480,791	\$ 73,440,791
General Services Fund (GSF)				
4D1	200-602	Ohio Prevention/Education Resource Center	\$ 832,000	\$ 832,000
General Services Fund Subtotal			\$ 832,000	\$ 832,000
Federal Special Revenue Fund (FED)				
3BV	200-636	Character Education	\$ 700,000	\$ 700,000
3CF	200-644	Foreign Language Assistance	\$ 85,000	\$ 285,000
3D1	200-664	Drug Free Schools	\$ 13,347,966	\$ 13,347,966
3Y2	200-688	21st Century Community Learning Ctr.	\$ 30,681,554	\$ 30,681,554
3Y4	200-632	Reading First	\$ 35,215,798	\$ 31,215,798
3Y7	200-689	English Language Acquisition	\$ 8,000,000	\$ 8,000,000
378	200-660	Learn and Serve	\$ 1,561,954	\$ 1,561,954
Federal Special Revenue Fund Subtotal			\$ 89,592,272	\$ 85,792,272
Total Funding: Academic Achievement			\$ 157,905,063	\$ 160,065,063

The budget provides a decrease of 20.7% in FY 2008 and an increase of 8.8% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping decreases by 7.2% in FY 2008 and increases by 1.4% in FY 2009. Of the \$318.0 million in total biennial funding for this grouping, 44.3% comes from the General Revenue Fund, 0.5% from the General Services Fund Group, and 55.2% from the Federal Special Revenue Fund Group. The GRF line items in this grouping are described below, including any earmarks made in the budget.

Alternative Education Programs (200-421). This item increases by \$0.9 million (6.3%) in FY 2008 and decreases by \$1.8 million (12.1%) in FY 2009. The Governor vetoed an earmark of this item of \$50,000 in FY 2008 and \$250,000 in FY 2009 for administration of the Special Education Scholarship Pilot Program. The program itself was also vetoed by the Governor.

200-421, Alternative Education Programs		
Earmarks	FY 2008	FY 2009
Urban Grants	\$ 6,227,310	\$ 6,227,310
Rural/Suburban Grants	\$ 6,161,074	\$ 6,161,074
Program Administration and Monitoring	\$ 272,281	\$ 272,281
Toledo Tech Academy	\$ 100,000	\$ 100,000
Cincinnati Arts and Technology Center	\$ 100,000	\$ 100,000
Improved Solutions for Urban Students	\$ 2,000,000	\$ -

Urban and Rural/Suburban Alternative Education Grants. These grants are provided to 21 urban school districts and 96 programs that serve over 500 rural and suburban school districts and communities to implement successful innovative practices in alternative education for students with behavioral problems including truancy.

Program Administration and Monitoring. This funding provides professional development and technical assistance to the schools that receive alternative education grants.

Toledo Tech Academy. This funding supports the Toledo Tech Academy, a public high school in Toledo City School District that provides an integrated academic and technical education concentrating on manufacturing technologies. The Academy must use \$25,000 in each fiscal year to enhance and establish For Inspiration and Recognition in Science and Technology (FIRST) programs.

Cincinnati Arts and Technology Center. This funding is provided to the Cincinnati Arts and Technology Center to be used for programs for high risk teens and unemployed urban adults.

Improved Solutions for Urban Students. This funding supports ISUS, Improved Solutions for Urban Systems, a nonprofit organization located in Dayton that operates community schools focused on dropout recovery.

School Improvement Initiatives (200-431). This item decreases by \$2.3 million (9.5%) in FY 2008 and increases by \$0.3 million (1.6%) in FY 2009.

200-431, School Improvement Initiatives		
Earmarks	FY 2008	FY 2009
Rural Appalachian Leadership Development	\$ 450,000	\$ 450,000
Educational Media Centers	\$ 601,165	\$ 601,165
Continuous Improvement Planning	\$ 10,387,835	\$ 10,387,835
Project GRAD	\$ 236,250	\$ 236,250
Early College and High School Transformation	\$ 7,988,985	\$ 8,323,985
Southern State PSEO	\$ 75,000	\$ 75,000
Jobs for Ohio Graduates (JOG)	\$ 1,000,000	\$ 1,000,000
Business and Industry Credentialing	\$ 600,000	\$ 600,000
Amer-I-Can	\$ 250,000	\$ 250,000

Rural Appalachian Leadership Development. This funding supports Ohio's Rural Appalachian Leadership Development Initiative, which focuses on improving school leadership in Ohio's Appalachian region.

Educational Media Centers. This funding supports 24 educational media centers that provide educational materials available for circulation to all of Ohio's K-12 schools to support classroom content delivery aligned with the academic content standards.

Continuous Improvement Planning. This funding provides support for school improvement through technical assistance to the lowest performing districts to help them as they develop their continuous improvement plans. This funding is distributed to 16 regional school improvement teams (RSITs) based on a formula that takes into account the number of low-performing buildings in each region. This funding is provided in conjunction with an earmark of GRF line item 200-550, Foundation Funding. The combined funding for RSITs totals \$13.7 million in each fiscal year.

Project GRAD (Graduation Really Achieves Dreams). This project aims to reduce the dropout rate by addressing the academic and social problems of inner-city students.

Early College and High School Transformation. This funding supports two initiatives: early college high schools and high school transformation. Early college high schools are partnerships between school districts and universities that provide students from disadvantaged backgrounds the opportunity to attend a special high school program that takes place on a college campus. The students follow individualized learning plans in order to graduate from high school with an associate degree or up to two years of college credit. Funding for these schools is also provided in the Board of Regents budget. High school transformation is a program that transforms large urban high schools into small learning communities.

Southern State PSEO. This funding is provided to Southern State Community College to support its pilot postsecondary education options program with Miami Trace High School.

Jobs for Ohio's Graduates (JOG). The JOG program is a school-to-career transition system that helps at-risk youth, ages 14 to 21, graduate from high school and achieve academic, career, personal, and social success.

Business and Industry Credentialing. These funds are to be used by ODE to support start-up costs for gaining business and industry credentialing program accreditation and to support the development of a data collection system across industry test providers.

Amer-I-Can. This funding supports Amer-I-Can, a program that offers a "life-management skills" curriculum for high school youth to help them to be successful in school and life.

STEM Initiatives (200-457). This item is newly created in the budget.

200-457, STEM Initiatives			
Earmarks		FY 2008	FY 2009
Grants to STEM schools	\$	3,000,000	\$ 3,000,000
STEM Programs of Excellence	\$	3,283,000	\$ 3,283,000
Young Buckeye STEM Scholars	\$	350,000	\$ 350,000
Mathematics Initiatives	\$	2,600,000	\$ 2,600,000
Ohio Resource Center for Math and Science	\$	200,000	\$ 200,000
JASON Expedition Project	\$	282,000	\$ 282,000
Science Initiatives	\$	285,000	\$ 285,000

Grants to STEM Schools. These funds are to be provided as grants to STEM schools. The budget creates the STEM Subcommittee of the Partnership for Continued Learning and authorizes the subcommittee to issue a request for proposals to partnerships of public and private entities that include school districts, higher education entities, and business organizations for the establishment of up to five STEM schools to open for instruction in FY 2009. STEM schools are public schools that may serve any of grades six to twelve.

STEM Programs of Excellence. These funds are to be provided as grants to STEM Programs of Excellence operated by school districts and educational service centers for any of grades kindergarten through eight. The budget authorizes the STEM Subcommittee of the Partnership for Continued Learning to award these grants.

Young Buckeye STEM Scholars. These funds support the Young Buckeye STEM Scholars After School and Summer Program designed by the Ohio Academy of Science.

Mathematics Initiatives. This funding is used primarily for the Ohio Mathematics Academy Program (OMAP). OMAP is an intensive, five-day teacher institute with two one-day sessions that focus on classroom implementation of the mathematics academic content standards.

Ohio Resource Center for Mathematics and Science. This funding supports the Ohio Resource Center, which identifies and disseminates professional development and instructional resources organized around Ohio's academic content standards to Ohio educators.

JASON Expedition Project. This funding provides professional development training for teachers participating in the JASON Expedition project, statewide management of the project, and a 75% subsidy for statewide licensing of JASON Expedition content with priority given to content aligned with state academic content standards. The JASON Expedition project provides a supplemental science curriculum for middle school students.

Science Initiatives. This funding is used primarily for the Ohio Science Institute (OSI). OSI is an intensive, five-day teacher institute with two one-day sessions that focus on classroom implementation of the science academic content standards.

Ohio Core Support (200-536). This item decreases by \$22.3 million (74.3%) in FY 2008 and increases by \$7.4 million (96.4%) in FY 2009. The Ohio Core are minimum state graduation requirements that were established in Am. Sub. S.B. 311 of the 126th General Assembly and apply starting with students who enter 9th grade in FY 2011.

200-536, Ohio Core Support		
Earmarks	FY 2008	FY 2009
Mid-Career Training	\$ 2,600,000	\$ 3,000,000
ESC Teacher Preparation	\$ 1,500,000	\$ 2,100,000
Dual Enrollment	\$ 3,600,000	\$ 3,600,000
PSEO Supplement	\$ -	\$ 5,675,000
Advanced Placement Summer Institutes	\$ -	\$ 750,000

Mid-Career Training. This funding provides intensive training to mid-career professionals and currently licensed teachers to assist them in obtaining licenses for teaching mathematics, science, or foreign language.

ESC Teacher Preparation. This funding supports alternative teacher licensing programs developed by educational service centers in participation with institutions of higher education.

Dual Enrollment. This funding is provided for districts and chartered nonpublic schools to contract with institutions of higher education to provide dual credit (high school and college) in mathematics, science, and foreign language for high school students enrolled in the districts.

PSEO Supplement. This funding supports new grants to school districts for postsecondary enrollment options (PSEO) programs.

Advanced Placement (AP) Summer Institutes. This funding supports summer training for teachers designed to assist them in teaching AP courses and preparing their students for AP exams.

Reading/Writing Improvement Classroom Grants (200-566). This item is flat funded in each fiscal year. These grants help schools in academic watch and academic emergency support literacy improvement services for their students who are struggling in reading.

Violence Prevention and School Safety (200-578). This item is flat funded in each fiscal year.

200-578, Violence Prevention and School Safety		
Earmarks	FY 2008	FY 2009
Safe School Center	\$ 224,250	\$ 224,250
Remainder – Violence Prevention and School Safety	\$ 994,305	\$ 994,305

Safe School Center. This GRF funding is combined with a grant from the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) to support the Ohio Resource Network for Safe and Drug Free Schools and Communities (ORN). The ORN provides training for schools and communities on alcohol and drug abuse prevention and school safety.

Remainder – Violence Prevention and School Safety. This funding is provided to school districts to assist them in creating safe learning environments.

Line Item Grouping

8: Early Childhood Education

Purpose: This line item grouping includes funding to support early childhood education programs.

Appropriation Amounts for Early Childhood Education				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-408	Early Childhood Education	\$ 31,002,195	\$ 36,502,195
GRF	200-442	Child Care Licensing	\$ 1,302,495	\$ 1,302,495
General Revenue Fund Subtotal			\$ 32,304,690	\$ 37,804,690
Federal Special Revenue Fund (FED)				
3C5	200-661	Early Childhood Education	\$ 18,989,779	\$ 18,989,779
3H9	200-605	Head Start Collaboration Project	\$ 275,000	\$ 275,000
Federal Special Revenue Fund Subtotal			\$ 19,264,779	\$ 19,264,779
State Special Revenue Fund (SSR)				
5W2	200-663	Early Learning Initiative	\$ 2,200,000	\$ 2,200,000
State Special Revenue Fund Subtotal			\$ 2,200,000	\$ 2,200,000
Total Funding: Early Childhood Education			\$ 53,769,469	\$ 59,269,469

The budget provides increases of 59.1% in FY 2008 and 17.0% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping increases by 12.6% in FY 2008 and 10.2% in FY 2009. Of the \$113.0 million in total biennial funding for this grouping, 62.0% comes from the General Revenue Fund, 34.1% from the Federal Special Revenue Fund Group, and 3.9% from the State Special Revenue Fund Group. The GRF line items in this grouping are described below, including any earmarks made in the budget.

Early Childhood Education (200-408). This item increases by \$12.0 million (63.2%) in FY 2008 and \$5.5 million (17.7%) in FY 2009.

200-408, Early Childhood Education		
Earmarks	FY 2008	FY 2009
Support and Technical Assistance	\$ 620,044	\$ 730,044
Remainder – Early Childhood Education Grants	\$ 30,382,151	\$ 35,772,151

Support and Technical Assistance. This funding is used by ODE to administer the early childhood education program and provide technical support to districts receiving funding under the program.

Remainder – Early Childhood Education Grants. This funding supports early childhood programs that provide educational services for three and four-year-old children from families with incomes at or below 200% of the federal poverty level. These programs must align their curricula to the early learning program guidelines for school readiness developed by ODE,

administer diagnostic assessments adopted by the State Board of Education, require all teachers annually to attend at least 20 hours of professional development, and document and report child progress in meeting guidelines for school readiness. The budget stipulates that the increased funding for these grants be provided to programs established after March 15, 2007, and only to providers that are eligible for poverty-based assistance. The budget permits other districts to establish preschool programs using another source of funding. Under former law, districts could establish preschool programs only if they were eligible for poverty-based assistance and they could demonstrate that their needs could not be met by existing child care programs. The budget also delays the deadline for all teachers in state-funded early learning programs to have an associate degree from FY 2008 to FY 2010 for programs established before FY 2007 and to FY 2012 for programs established after FY 2007.

Child Care Licensing (200-442). This item is flat funded in each fiscal year. These funds are used by ODE to license and inspect preschool and school-age child care programs operated by school districts, chartered nonpublic schools, Head Start agencies, and county boards of mental retardation and developmental disabilities.

Line Item Grouping

9: Adult Education

Purpose: This line item grouping includes funding to support adult education programs.

Appropriation Amounts for Adult Education				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-447	GED Testing	\$ 1,544,360	\$ 1,544,360
GRF	200-509	Adult Literacy Education	\$ 8,669,738	\$ 8,669,738
GRF	200-514	Postsecondary Adult Career-Technical Education	\$ 19,481,875	\$ 19,481,875
General Revenue Fund Subtotal			\$ 29,695,973	\$ 29,695,973
Federal Special Revenue Fund (FED)				
366	200-604	Adult Basic Education	\$ 19,425,000	\$ 20,396,250
368	200-614	Veterans' Training	\$ 710,373	\$ 745,892
Federal Special Revenue Fund Subtotal			\$ 20,135,373	\$ 21,142,142
State Special Revenue Fund (SSR)				
454	200-610	Guidance and Testing	\$ 400,000	\$ 400,000
State Special Revenue Fund Subtotal			\$ 400,000	\$ 400,000
Total Funding: Adult Education			\$ 50,231,346	\$ 51,238,115

The budget provides flat GRF funding in each fiscal year for this line item grouping. Total funding for this grouping increases by 2.1% in FY 2008 and 2.0% in FY 2009. Of the \$101.5 million in total biennial funding for this grouping, 58.5% comes from the General Revenue Fund, 40.7% from the Federal Special Revenue Fund Group, and 0.8% from the State Special Revenue Fund Group. The GRF line items in this grouping are described below, including any earmarks made in the budget.

GED Testing (200-447). This item is flat funded in each fiscal year. This funding supports 79 General Education Development (GED) testing centers and about 30 satellite testing centers in Ohio and provides partial reimbursements to school districts for the cost of providing summer proficiency programs to students from the 12th grade class who did not graduate because of their inability to pass one or more parts of the 9th grade proficiency tests or the OGT.

Adult Literacy Education (200-509). This item is flat funded in each fiscal year.

200-509, Adult Literacy Education		
Earmarks	FY 2008	FY 2009
State Literacy Resource Center	\$ 488,037	\$ 488,037
Adult High School	\$ 175,000	\$ 175,000
English as a Second Language	\$ 130,000	\$ 130,000
Remainder – ABLE	\$ 7,876,701	\$ 7,876,701

State Literacy Resource Center. These funds support the Ohio Literacy Resource Center, housed at Kent State University. The center serves as a resource for adult literacy providers, helps in the coordination of adult literacy services, serves as the link between the National Institute for Literacy and Ohio service providers, and provides support for the ABLELink system, which is the statewide data management system for Adult Basic and Literacy Education programs.

Adult High School. These funds provide reimbursements to districts for the cost of conducting high school credit classes for adults.

English as a Second Language. This funding is distributed to four organizations in major Ohio cities to support English as a second language (ESL) programs.

Remainder – Adult Basic and Literacy Education (ABLE). These funds provide the state match for federal Adult Basic and Literacy Education (ABLE) grants. ABLE programs provide instruction in basic literacy, workplace literacy, family literacy, English for speakers of other languages, and preparation for the GED test. The federal government provides approximately 56% of the funding, the state provides 30%, and the remaining 14% is generated locally.

Postsecondary Adult Career-Technical Education (200-514). This item is flat funded in each fiscal year. The budget requires that adult career-technical education programs be transferred from ODE to the Board of Regents by January 1, 2009, according to a plan to be developed by the Regents in collaboration with ODE.

200-514, Postsecondary Adult Career-Technical Education			
Earmarks		FY 2008	FY 2009
Ohio Young Farmers	\$	40,000	\$ 40,000
Remainder – Postsecondary Adult Career-Technical Education	\$	19,441,875	\$ 19,441,875

Ohio Young Farmers. This funding is used for statewide coordination of the activities of the Ohio Young Farmers. This organization supports agricultural education through conferences, scholarships, and the dissemination of information to farmers in Ohio.

Remainder – Postsecondary Adult Career-Technical Education. This program provides education and training through full-time and part-time adult career-technical training programs. School districts, JVSs, and other public educational institutions, including corrections, are eligible for funding. Funding also supports 58 adult workforce education centers, 40 of which are full service centers that, in addition to education and training, provide career guidance and counseling, assessment services, job placement, financial aid, and transitional services.

Line Item Grouping

10: Educator Quality

Purpose: This line item grouping includes funding to support programs that aim to improve the quality of educators in Ohio.

Appropriation Amounts for Educator Quality				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-410	Educator Training	\$ 19,628,817	\$ 20,628,817
GRF	200-433	Literacy Improvement – Professional Development	\$ 15,515,000	\$ 15,515,000
GRF	200-448	Educator Preparation	\$ 1,301,000	\$ 1,301,000
General Revenue Fund Subtotal			\$ 36,444,817	\$ 37,444,817
General Services Fund (GSF)				
4L2	200-681	Teacher Certification and Licensure	\$ 5,966,032	\$ 6,323,994
General Services Fund Subtotal			\$ 5,966,032	\$ 6,323,994
Federal Special Revenue Fund (FED)				
3CG	200-646	Teacher Incentive Fund	\$ 6,552,263	\$ 3,994,338
3D2	200-667	Honors Scholarship Program	\$ 6,573,968	\$ 6,665,000
3Y6	200-635	Improving Teacher Quality	\$ 102,692,685	\$ 102,698,246
374	200-647	Troops to Teachers	\$ 100,000	\$ 100,000
Federal Special Revenue Fund Subtotal			\$ 115,918,916	\$ 113,457,584
State Special Revenue Fund (SSR)				
5BB	200-696	State Action for Education Leadership	\$ 1,250,000	\$ 1,250,000
State Special Revenue Fund Subtotal			\$ 1,250,000	\$ 1,250,000
Total Funding: Educator Quality			\$ 159,579,765	\$ 158,476,395

The budget provides a decrease of 3.1% in FY 2008 and an increase of 2.7% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping decreases by 1.8% in FY 2008 and 0.7% in FY 2009. Of the \$318.1 million in total biennial funding for this grouping, 23.2% comes from the General Revenue Fund, 3.9% from the General Services Fund Group, 72.1% from the Federal Special Revenue Fund Group, and 0.8% from the State Special Revenue Fund Group. The GRF line items in this grouping are described below, including any earmarks made in the budget.

Educator Training (200-410). This item decreases by \$0.2 million (0.9%) in FY 2008 and increases by \$1.0 million (5.1%) in FY 2009.

200-410, Educator Training		
Earmarks	FY 2008	FY 2009
National Board Certification	\$ 9,250,000	\$ 10,250,000
Entry Year Teachers and Principals	\$ 9,515,817	\$ 9,515,817
Local Knowledge/Skills-Based Compensation	\$ 200,000	\$ 200,000
Administrator Training	\$ 350,000	\$ 350,000
Ohio University Leadership Program	\$ 63,000	\$ 63,000
Ohio School Leadership Institute	\$ 250,000	\$ 250,000

National Board Teacher Certification. ODE supports and encourages teachers who work to obtain certification from the National Board of Professional Teaching Standards. The National Board is a nonprofit organization that has developed standards for what teachers should know and be able to do. The Board has a certification process by which a teacher with at least a baccalaureate degree participates in a series of assessments in which his or her teaching practice is measured against the standards. Funds for this program will support 400 applications in both FY 2008 and FY 2009, providing \$2,225 of the \$2,300 application fee. Candidates pay the remaining \$75 of the fee themselves. The budget increases the subsidy for the application fee by \$225 for each teacher from \$2,000 in FY 2007. Funding will also be used to provide annual stipends of \$2,500 to an estimated 2,300 teachers in FY 2008 and 2,140 teachers in FY 2009 who are National Board certified. National Board certified teachers receive this stipend for ten years after obtaining certification. Formerly, teachers receiving certification after 2004 received an annual stipend of \$1,000, whereas teachers receiving certification earlier receive an annual stipend of \$2,500. The budget increases the stipend for all certified teachers to \$2,500. The budget also provides \$39,500 in each fiscal year for a new program offered by the National Board called TAKE ONE. This program provides support, development, and training of beginning teachers, including retention strategies for highly qualified teachers in high-needs schools. Funds will support the \$395 application fee for 100 candidates to participate in the program each year. In addition, up to \$300,000 in each fiscal year is set aside for ODE to support candidates in both National Board programs.

Entry Year Teachers and Principals. This funding supports intensive professional development for beginning teachers and principals. All school districts in Ohio are required to provide an entry-year program for all teachers in their districts who are in their first full-time position teaching under a specific provisional license. All teachers with provisional licenses must successfully complete an entry year program and the Praxis III assessment in order to obtain a professional license. Principals also must complete an entry-year assessment before obtaining full licensure. Trained mentors support the entry year teachers and principals throughout their first years.

Local Knowledge/Skills-Based Compensation. This funding supports the participation of Ohio schools in the Teacher Advancement Program (TAP) developed by the Milken Family Foundation and operated by the National Institute for Excellence in Teaching. The program allows high performing teachers to earn higher salaries and advance professionally without leaving the classroom.

Administrator Training. This funding supports professional development for practicing administrators. Most of these funds are allocated through grants to state professional associations that provide training to school administrators, although a portion is used for training directly sponsored by ODE.

Ohio University Leadership Program. This funding is provided to Ohio University to support the Ohio University Leadership Project. This project provides professional development programs for school leaders, including principals, superintendents, and treasurers.

Ohio School Leadership Institute. This funding supports the Ohio School Leadership Institute, which provides training for school leaders.

Literacy Improvement – Professional Development (200-433). This item decreases by \$0.7 million (4.0%) in FY 2008 and is flat funded in FY 2009.

200-433, Literacy Improvement - Professional Development		
Earmarks	FY 2008	FY 2009
Educator Training in Literacy	\$ 9,290,000	\$ 9,290,000
Professional Development Partnerships	\$ 5,000,000	\$ 5,000,000
Reading Recovery	\$ 900,000	\$ 900,000
Contemporary Arts Center	\$ 100,000	\$ 100,000
Remainder – Literacy Administrative Support	\$ 225,000	\$ 225,000

Educator Training in Literacy. This funding supports the State Institutes for Reading Instruction (SIRI). SIRI provides intensive, year-round training opportunities for teachers statewide.

Professional Development Partnerships. This funding supports the field faculty network and literacy specialist project which has several components, including development of the core curriculum in professional development in reading and writing, and training literacy specialists in pre-kindergarten through grade 12. Funding also supports the literacy networks initiative, which provides regional professional development for school administrators in standards-based instruction in English language arts, the adolescent literacy project to advance adolescent literacy education, and the early literacy project to provide greater access to resources that are aligned to the early learning standards. In addition, funding provides for the staff supporting these components.

Reading Recovery Network. This funding is used to cover the cost of release time for teacher trainers in the reading recovery program. Reading recovery is a literacy intervention program focused on first grade students. The budget as passed by the General Assembly also allowed the funds to be used to provide grants to schools to pilot other literacy programs and to fund studies of the reading recovery program. The Governor vetoed the option to use the funds for these purposes.

Contemporary Arts Center. This funding is provided to the Contemporary Arts Center, a museum in Cincinnati, to be used for art education for children and a children's museum.

Remainder – Literacy Administrative Support. This funding supports the administrative staff responsible for the fiscal oversight, data analysis, and leadership for ODE’s Office of Reading Improvement.

Educator Preparation (200-448). This item decreases by \$0.4 million (21.2%) in FY 2008 and is flat funded in FY 2009. These funds are used to support the work of the Educator Standards Board, established by Am. Sub. S.B. 2 of the 125th General Assembly, which is responsible for the development and implementation of statewide standards for Ohio’s teachers and principals.

Line Item Grouping

11: Curriculum-Assessment-Accountability

Purpose: This line item grouping includes funding to support the state model curriculum, state assessments, and the state school accountability system.

Appropriation Amounts for Curriculum-Assessment-Accountability				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-424	Policy Analysis	\$ 556,687	\$ 556,687
GRF	200-427	Academic Standards	\$ 7,197,730	\$ 7,197,730
GRF	200-437	Student Assessment	\$ 77,150,819	\$ 76,187,144
GRF	200-439	Accountability/Report Cards	\$ 7,096,040	\$ 8,223,540
GRF	200-446	Education Management Information System	\$ 16,110,510	\$ 16,586,082
General Revenue Fund Subtotal			\$ 108,111,786	\$ 108,751,183
Federal Special Revenue Fund (FED)				
3BK	200-628	Longitudinal Data Systems	\$ 1,795,570	\$ 307,050
3Z2	200-690	State Assessments	\$ 12,883,799	\$ 12,883,799
Federal Special Revenue Fund Subtotal			\$ 14,679,369	\$ 13,190,849
State Special Revenue Fund (SSR)				
5U2	200-685	National Education Statistics	\$ 300,000	\$ 300,000
State Special Revenue Fund Subtotal			\$ 300,000	\$ 300,000
Total Funding: Curriculum-Assessment-Accountability			\$ 123,091,155	\$ 122,242,032

The budget provides increases of 13.3% in FY 2008 and 0.6% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping increases by 10.5% in FY 2008 and decreases by 0.7% in FY 2009. Of the \$245.3 million in total biennial funding for this grouping, 88.4% comes from the General Revenue Fund, 11.4% from the Federal Special Revenue Fund Group, and 0.2% from the State Special Revenue Fund Group. The GRF line items in this grouping are described below, including any earmarks made in the budget.

Policy Analysis (200-424). This item is flat funded in each fiscal year. This funding is used to support a system of administrative, statistical, and legislative education information to be used for policy analysis.

Academic Standards (200-427). This item decreases by \$4.5 million (38.4%) in FY 2008 and is flat funded in FY 2009.

200-427, Academic Standards			
Earmarks	FY 2008	FY 2009	
Ohio's Partnership for Continued Learning	\$ 150,000	\$ 150,000	
Project Lead the Way	\$ 1,000,000	\$ 1,000,000	
Art Academy Cincinnati	\$ 50,000	\$ 50,000	
Remainder – Content Standards & Model Curricula	\$ 5,997,730	\$ 5,997,730	

Ohio's Partnership for Continued Learning. Chaired by the Governor, the Partnership for Continued Learning is a partnership between the State Board of Education and the Ohio Board of Regents charged with taking a comprehensive look at the preschool through college educational system in order to further academic achievement. This funding is combined with an earmark of \$150,000 each fiscal year in the Board of Regents' budget. As mentioned previously, the budget increases the responsibilities of the Partnership related to STEM education.

Project Lead the Way. Project Lead the Way is a national program that partners with schools around the country to prepare students to be successful in science, engineering, and engineering technology fields. This funding supports professional development of Project Lead the Way teachers and counselors, data collection, program technical assistance, and marketing.

Art Academy of Cincinnati. This funding is provided to the Art Academy of Cincinnati to support technology needs for the annual operation of its undergraduate, graduate, and noncredit programs and for administrative staff support.

Remainder – Content Standards and Model Curricula. This funding supports the development and dissemination of the state academic content standards and model curricula. Academic content standards describe what the state of Ohio expects all of its students to know and be able to do each year as they progress through preschool, elementary school, middle school, and high school. ODE defines model curricula as model lesson plans created at the state level for use by school districts to develop local courses of study that are aligned to the academic content standards. The budget also permits ODE to use these funds to develop program models, offer online continuing education courses, and support the coordination of the physical education standards. The budget requires that the State Board of Education adopt physical education standards by December 31, 2007. It also requires school districts, community schools, and chartered nonpublic schools to report to ODE the number of minutes per week and the number of classes of physical education provided to K-8 students in school year 2006 - 2007 and scheduled to be provided to those students in school year 2007-2008.

Student Assessment (200-437). This item increases by \$17.1 million (28.6%) in FY 2008 and decreases by \$1.0 million (1.3%) in FY 2009.

200-437, Student Assessment		
Earmarks	FY 2008	FY 2009
Kindergarten Readiness Assessment	\$ 207,364	\$ 212,486
Remainder – State Assessments	\$ 76,943,455	\$ 75,974,658

Kindergarten Readiness Assessment. This assessment is used to determine the literacy skills of children entering kindergarten. These funds are used to produce documents for teachers and parents regarding the assessment and the preparation of children for kindergarten.

Remainder – Student Assessment. This funding supports the development, printing, distribution, collection, scoring, and reporting of required state assessments, including achievement tests, diagnostic assessments, and the Ohio Graduation Tests.

Accountability/Report Cards (200-439). This item decreases by \$0.4 million (4.8%) in FY 2008 and increases by \$1.1 million (15.9%) in FY 2009.

200-439, Accountability/Report Cards		
Earmarks	FY 2008	FY 2009
Value-Added Training	\$ 3,028,540	\$ 3,028,540
Remainder – Accountability/Report Cards	\$ 4,067,500	\$ 5,195,000

Value-Added Training. These funds support the training of teachers in understanding and using value-added data to improve student instruction.

Remainder – Accountability/Report Cards. These funds are used to produce local report cards for every school district and public school building in the state. These report cards present data on the state's performance indicators as well as descriptive and financial data. ODE plans on incorporating the value-added progress dimension on district and building report cards beginning in FY 2008.

Education Management Information System (200-446). This item increases by \$0.4 million (2.8%) in FY 2008 and \$0.5 million (3.0%) in FY 2009. The Education Management Information System (EMIS) is ODE's primary system for collecting student, staff, course, program, and financial data from Ohio's public schools. The budget replaces the penalties for district and community schools that fail to meet EMIS data reporting requirements with a specified series of sequential actions that ODE may take.

200-446, Education Management Information System		
Earmarks	FY 2008	FY 2009
Information Technology Center (ITC) Subsidy	\$ 1,338,620	\$ 1,372,085
School/ESC Subsidy	\$ 8,256,569	\$ 8,462,984
Remainder – Data Definitions and Standards	\$ 6,515,321	\$ 6,751,013

Information Technology Center Subsidy. These funds are distributed to the 23 information technology centers for costs related to processing, storing, and transferring data for the effective operation of EMIS.

School District/ESC Subsidy. These funds are distributed to school districts, community schools, educational service centers, joint vocational school districts, and other entities that report data through EMIS.

Remainder – Data Definitions and Standards. This funding is used to develop and support a common core of data definitions and standards as adopted by the Education Management Information System Advisory Board, including the ongoing development and maintenance of the data dictionary and data warehouse.

Line Item Grouping

12: State Administration

Purpose: This line item grouping includes funding for the administrative costs of ODE.

Appropriation Amounts for State Administration				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	200-100	Personal Services	\$ 11,533,494	\$ 12,110,169
GRF	200-320	Maintenance and Equipment	\$ 4,549,479	\$ 4,778,203
GRF	200-420	Computer/Application/Network Development	\$ 5,536,362	\$ 5,793,700
General Revenue Fund Subtotal			\$ 21,619,335	\$ 22,682,072
General Services Fund (GSF)				
138	200-606	Computer Services – Operational Support	\$ 7,600,091	\$ 7,600,091
452	200-638	Miscellaneous Educational Services	\$ 273,166	\$ 279,992
General Services Fund Subtotal			\$ 7,873,257	\$ 7,880,083
Federal Special Revenue Fund (FED)				
3Z3	200-645	Consolidated Federal Grant Administration	\$ 8,500,000	\$ 8,500,000
Federal Special Revenue Fund Subtotal			\$ 8,500,000	\$ 8,500,000
State Special Revenue Fund (SSR)				
4R7	200-695	Indirect Operational Support	\$ 5,449,748	\$ 5,810,464
4V7	200-633	Interagency Operational Support	\$ 392,100	\$ 376,423
620	200-615	Educational Improvement Grants	\$ 3,000,000	\$ 3,000,000
State Special Revenue Fund Subtotal			\$ 8,841,848	\$ 9,186,887
Total Funding: State Administration			\$ 46,834,440	\$ 48,249,042

The budget provides increases of 5.0% in FY 2008 and 4.9% in FY 2009 in GRF funding for this line item grouping. Total funding for this grouping increases by 4.8% in FY 2008 and 3.0% in FY 2009. Of the \$95.1 million in total biennial funding for this grouping, 46.6% comes from the General Revenue Fund, 16.6% from the General Services Fund Group, 17.9% from the Federal Special Revenue Fund Group, and 19.0% from the State Special Revenue Fund Group. The GRF line items in this grouping are described below, including any earmarks made in the budget.

Personal Services (200-100). This item increases by \$0.7 million (6.0%) in FY 2008 and \$0.6 million (5.0%) in FY 2009. The budget requires ODE to employ a Director of Agricultural Education and at least three program consultants who focus on agricultural education.

200-100, Personal Services			
Earmarks		FY 2008	FY 2009
Outside Professionals		\$ 25,000	\$ 25,000
Remainder – Personal Services		\$ 11,508,494	\$ 12,085,169

Outside Professionals. This funding is to be used by the State Board of Education to pay for outside professionals to help inform the Board on topics of education policy.

Remainder – Personal Services. This funding primarily supports the wages and benefits of approximately 143 full-time equivalent (FTE) ODE personnel. These personnel support ODE's five administrative centers but generally do not work directly with a specific program, including personnel in human resources, accounting, board relations, policy analysis, and communications. The wages and benefits of the remaining ODE personnel (approximately 511 FTEs) are supported through other appropriation items.

Maintenance and Equipment (200-320). This item increases by \$0.2 million (4.7%) in FY 2008 and \$0.2 million (5.0%) in FY 2009. This funding supports the maintenance and equipment needs of ODE's five administrative centers. As with personal services, maintenance and equipment expenditures are also supported through other appropriation items.

Computer/Application/Network Development (200-420). This item increases by \$0.2 million (3.3%) in FY 2008 and \$0.3 million (4.7%) in FY 2009. This funding is used to develop and implement information technologies that meet the needs of the various business centers in ODE.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: *FY 2007 Adj.* *FY 2008* *% Change* *FY 2009* *% Change*
FY 2006: Appropriations: *Appropriations:* *2007 to 2008:* *Appropriations:* *2008 to 2009:*

Report For: Main Operating Appropriations Bill

Version: Enacted

EDU Education, Department of

Agency	Line Item	Description	FY 2005	FY 2006	FY 2007 Adj.	FY 2008	% Change	FY 2009	% Change
GRF	200-100	Personal Services	\$ 11,174,342	\$ 9,678,768	\$ 10,880,655	\$ 11,533,494	6.00%	\$ 12,110,169	5.00%
GRF	200-320	Maintenance and Equipment	\$ 4,523,134	\$ 3,935,861	\$ 4,344,235	\$ 4,549,479	4.72%	\$ 4,778,203	5.03%
GRF	200-408	Early Childhood Education	\$ 18,582,811	\$ 19,016,393	\$ 19,002,195	\$ 31,002,195	63.15%	\$ 36,502,195	17.74%
GRF	200-410	Educator Training	\$ 27,577,601	\$ 19,282,518	\$ 19,802,057	\$ 19,628,817	-0.87%	\$ 20,628,817	5.09%
GRF	200-411	Family and Children First	\$ 3,125,265	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-416	Career-Technical Education Match	---	\$ 2,224,310	\$ 2,233,195	\$ 2,233,195	0.00%	\$ 2,233,195	0.00%
GRF	200-420	Computer/Application/Network Development	\$ 4,418,075	\$ 4,170,217	\$ 5,361,525	\$ 5,536,362	3.26%	\$ 5,793,700	4.65%
GRF	200-421	Alternative Education Programs	\$ 15,136,156	\$ 13,344,758	\$ 14,032,666	\$ 14,910,665	6.26%	\$ 13,110,665	-12.07%
GRF	200-422	School Management Assistance	\$ 1,623,648	\$ 2,593,664	\$ 2,710,572	\$ 3,360,572	23.98%	\$ 3,375,572	0.45%
GRF	200-424	Policy Analysis	\$ 487,926	\$ 542,419	\$ 556,687	\$ 556,687	0.00%	\$ 556,687	0.00%
GRF	200-425	Tech Prep Consortia Support	\$ 2,076,080	\$ 2,054,233	\$ 2,069,217	\$ 2,069,217	0.00%	\$ 2,069,217	0.00%
GRF	200-426	Ohio Educational Computer Network	\$ 31,303,989	\$ 30,447,712	\$ 30,446,197	\$ 30,446,197	0.00%	\$ 30,446,197	0.00%
GRF	200-427	Academic Standards	\$ 8,211,391	\$ 9,701,756	\$ 11,679,181	\$ 7,197,730	-38.37%	\$ 7,197,730	0.00%
GRF	200-431	School Improvement Initiatives	\$ 9,916,955	\$ 19,302,814	\$ 23,842,828	\$ 21,589,235	-9.45%	\$ 21,924,235	1.55%
GRF	200-433	Literacy Improvement - Professional Development	\$ 17,869,347	\$ 10,015,502	\$ 16,165,000	\$ 15,515,000	-4.02%	\$ 15,515,000	0.00%
GRF	200-437	Student Assessment	\$ 31,643,452	\$ 59,230,269	\$ 60,011,936	\$ 77,150,819	28.56%	\$ 76,187,144	-1.25%
GRF	200-439	Accountability/Report Cards	\$ 2,012,954	\$ 3,451,843	\$ 7,457,290	\$ 7,096,040	-4.84%	\$ 8,223,540	15.89%
GRF	200-441	American Sign Language	\$ 195,254	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-442	Child Care Licensing	\$ 1,538,618	\$ 879,057	\$ 1,302,495	\$ 1,302,495	0.00%	\$ 1,302,495	0.00%
GRF	200-445	OhioReads Volunteer Support	\$ 3,510,566	\$ 3,708,350	\$ 3,905,000	\$ 0	-100.00%	\$ 0	N/A
GRF	200-446	Education Management Information System	\$ 15,198,026	\$ 15,563,949	\$ 15,674,805	\$ 16,110,510	2.78%	\$ 16,586,082	2.95%
GRF	200-447	GED Testing	\$ 1,486,406	\$ 1,828,631	\$ 1,544,360	\$ 1,544,360	0.00%	\$ 1,544,360	0.00%
GRF	200-448	Educator Preparation	\$ 20,915	\$ 1,235,276	\$ 1,651,000	\$ 1,301,000	-21.20%	\$ 1,301,000	0.00%
GRF	200-449	Head Start/Head Start Plus Start Up	\$ 4,479,487	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-452	Teaching Success Commission Initiatives	\$ 530,687	\$ 34,057	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-455	Community Schools	\$ 3,940,532	\$ 1,488,757	\$ 2,942,095	\$ 1,533,661	-47.87%	\$ 1,533,661	0.00%
GRF	200-457	Stem Initiatives	---	---	---	\$ 10,000,000	N/A	\$ 10,000,000	0.00%
GRF	200-500	School Finance Equity	\$ 7,105,137	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-501	Base Cost Funding	\$ 4,588,586,501	\$ 23,550,182	\$ 0	\$ 0	N/A	\$ 0	N/A

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
EDU Education, Department of									
GRF	200-502	Pupil Transportation	\$ 404,301,894	\$ 412,170,713	\$ 420,577,343	\$ 424,783,117	1.00%	\$ 429,030,948	1.00%
GRF	200-503	Bus Purchase Allowance	\$ 17,048,756	\$ 14,400,931	\$ 14,000,000	\$ 14,000,000	0.00%	\$ 14,000,000	0.00%
GRF	200-505	School Lunch Match	\$ 8,990,480	\$ 8,986,466	\$ 8,998,025	\$ 8,998,025	0.00%	\$ 8,998,025	0.00%
GRF	200-509	Adult Literacy Education	\$ 8,496,363	\$ 8,437,205	\$ 8,669,738	\$ 8,669,738	0.00%	\$ 8,669,738	0.00%
GRF	200-511	Auxiliary Services	\$ 127,854,857	\$ 127,733,752	\$ 127,903,356	\$ 131,740,457	3.00%	\$ 135,692,670	3.00%
GRF	200-513	Student Intervention Services	\$ 38,874,974	\$ 7,377,644	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-514	Postsecondary Adult Career-Technical Education	\$ 19,819,126	\$ 19,608,189	\$ 19,481,875	\$ 19,481,875	0.00%	\$ 19,481,875	0.00%
GRF	200-520	Disadvantaged Pupil Impact Aid	\$ 348,588,897	\$ 818,730	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-521	Gifted Pupil Program	\$ 47,266,441	\$ 47,239,110	\$ 47,157,293	\$ 47,608,030	0.96%	\$ 48,008,613	0.84%
GRF	200-525	Parity Aid	\$ 427,388,580	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-532	Nonpublic Administrative Cost Reimbursement	\$ 54,063,375	\$ 56,716,592	\$ 58,068,463	\$ 59,810,517	3.00%	\$ 61,604,832	3.00%
GRF	200-536	Ohio Core Support	---	---	\$ 30,000,000	\$ 7,700,000	-74.33%	\$ 15,125,000	96.43%
GRF	200-540	Special Education Enhancements	\$ 129,477,586	\$ 129,035,206	\$ 135,430,126	\$ 138,869,945	2.54%	\$ 140,006,839	0.82%
GRF	200-545	Career-Technical Education Enhancements	\$ 12,849,685	\$ 10,276,506	\$ 9,225,569	\$ 9,298,651	0.79%	\$ 9,373,926	0.81%
GRF	200-546	Charge-Off Supplement	\$ 59,199,463	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-550	Foundation Funding	---	\$ 5,500,523,243	\$ 5,708,762,766	\$ 5,761,699,328	0.93%	\$ 6,034,943,246	4.74%
GRF	200-552	County MR/DD Boards Vehicle Purchases	\$ 576,696	\$ 473,500	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	200-558	Emergency Loan Interest Subsidy	\$ 2,001,804	\$ 1,265,594	\$ 651,404	\$ 0	-100.00%	\$ 0	N/A
GRF	200-566	Literacy Improvement - Classroom Grants	\$ 10,462,342	\$ 12,345,523	\$ 12,062,336	\$ 12,062,336	0.00%	\$ 12,062,336	0.00%
GRF	200-578	Violence Prevention and School Safety	\$ 3,359,886	\$ 1,060,932	\$ 1,218,555	\$ 1,218,555	0.00%	\$ 1,218,555	0.00%
GRF	200-901	Property Tax Allocation - Education	\$ 828,384,762	\$ 796,169,148	\$ 766,632,774	\$ 794,583,404	3.65%	\$ 850,868,654	7.08%
GRF	200-906	Tangible Tax Exemption-Education	\$ 54,088,685	\$ 43,270,947	\$ 32,122,865	\$ 21,415,244	-33.33%	\$ 10,707,622	-50.00%
General Revenue Fund Total			\$ 7,419,369,909	\$ 7,455,191,231	\$ 7,658,577,679	\$ 7,748,106,952	1.17%	\$ 8,092,712,743	4.45%
138	200-606	Computer Services - Operational Support	\$ 6,870,046	\$ 5,344,347	\$ 7,600,091	\$ 7,600,091	0.00%	\$ 7,600,091	0.00%
452	200-638	Miscellaneous Educational Services	\$ 265,537	\$ 216,526	\$ 266,650	\$ 273,166	2.44%	\$ 279,992	2.50%
4D1	200-602	Ohio Prevention/Education Resource Center	\$ 957,900	---	\$ 832,000	\$ 832,000	0.00%	\$ 832,000	0.00%
4L2	200-681	Teacher Certification and Licensure	\$ 4,370,211	\$ 6,206,888	\$ 6,323,832	\$ 5,966,032	-5.66%	\$ 6,323,994	6.00%
596	200-656	Ohio Career Information System	\$ 466,871	\$ 423,879	\$ 448,822	\$ 529,761	18.03%	\$ 529,761	0.00%
5H3	200-687	School District Solvency Assistance	\$ 16,066,628	\$ 41,000	\$ 18,000,000	\$ 18,000,000	0.00%	\$ 18,000,000	0.00%
General Services Fund Group Total			\$ 28,997,193	\$ 12,232,640	\$ 33,471,395	\$ 33,201,050	-0.81%	\$ 33,565,838	1.10%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			All Fund Groups						
			FY 2005:	FY 2006: Appropriations:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
EDU Education, Department of									
309	200-601	Educationally Disadvantaged Programs	\$ 14,584,260	\$ 17,427,258	\$ 20,865,560	\$ 12,750,000	-38.89%	\$ 8,750,000	-31.37%
366	200-604	Adult Basic Education	\$ 17,902,665	\$ 19,422,071	\$ 18,500,001	\$ 19,425,000	5.00%	\$ 20,396,250	5.00%
367	200-607	School Food Services	\$ 10,278,498	\$ 11,327,403	\$ 11,666,732	\$ 5,849,748	-49.86%	\$ 6,088,737	4.09%
368	200-614	Veterans' Training	\$ 540,319	\$ 473,220	\$ 691,130	\$ 710,373	2.78%	\$ 745,892	5.00%
369	200-616	Career-Technical Education Federal Enhancement	\$ 5,264,265	\$ 5,138,035	\$ 4,895,420	\$ 5,000,000	2.14%	\$ 5,000,000	0.00%
370	200-624	Education of Exceptional Children	\$ 1,195,146	\$ 2,531,091	\$ 3,237,762	\$ 1,811,520	-44.05%	\$ 575,454	-68.23%
371	200-631	Immigrant Education Opportunities	\$ 243,593	\$ 150,600	\$ 181,500	\$ 0	-100.00%	\$ 0	N/A
374	200-647	Troops to Teachers	\$ 617,999	\$ 729,412	\$ 763,950	\$ 100,000	-86.91%	\$ 100,000	0.00%
378	200-660	Learn and Serve	\$ 956,667	\$ 1,156,939	\$ 1,200,000	\$ 1,561,954	30.16%	\$ 1,561,954	0.00%
3AF	200-603	Schools Medicaid Administrative Claims	---	\$ 158,138	\$ 900,000	\$ 486,000	-46.00%	\$ 639,000	31.48%
3BK	200-628	Longitudinal Data Systems	---	\$ 28,437	\$ 2,788,680	\$ 1,795,570	-35.61%	\$ 307,050	-82.90%
3BV	200-636	Character Education	---	---	\$ 488,565	\$ 700,000	43.28%	\$ 700,000	0.00%
3C5	200-661	Early Childhood Education	\$ 21,828,553	\$ 20,878,918	\$ 18,989,779	\$ 18,989,779	0.00%	\$ 18,989,779	0.00%
3CF	200-644	Foreign Language Assistance	---	---	\$ 100,000	\$ 85,000	-15.00%	\$ 285,000	235.29%
3CG	200-646	Teacher Incentive Fund	---	---	\$ 5,510,860	\$ 6,552,263	18.90%	\$ 3,994,338	-39.04%
3D1	200-664	Drug Free Schools	\$ 12,379,067	\$ 11,780,533	\$ 13,347,966	\$ 13,347,966	0.00%	\$ 13,347,966	0.00%
3D2	200-667	Honors Scholarship Program	\$ 4,037,228	\$ 4,380,731	\$ 5,833,965	\$ 6,573,968	12.68%	\$ 6,665,000	1.38%
3H9	200-605	Head Start Collaboration Project	\$ 411,989	\$ 215,260	\$ 275,000	\$ 275,000	0.00%	\$ 275,000	0.00%
3L6	200-617	Federal School Lunch	\$ 209,742,574	\$ 213,082,902	\$ 227,583,653	\$ 244,714,211	7.53%	\$ 249,903,970	2.12%
3L7	200-618	Federal School Breakfast	\$ 51,607,275	\$ 54,584,745	\$ 58,405,608	\$ 63,927,606	9.45%	\$ 69,041,814	8.00%
3L8	200-619	Child/Adult Food Programs	\$ 61,587,360	\$ 64,679,007	\$ 67,915,843	\$ 69,280,946	2.01%	\$ 70,691,653	2.04%
3L9	200-621	Career-Technical Education Basic Grant	\$ 47,286,257	\$ 48,299,233	\$ 48,029,701	\$ 48,029,701	0.00%	\$ 48,029,701	0.00%
3M0	200-623	ESEA Title 1A	\$ 384,512,879	\$ 396,584,110	\$ 410,000,000	\$ 415,000,000	1.22%	\$ 420,000,000	1.20%
3M1	200-678	Innovative Education	\$ 13,277,731	\$ 7,089,449	\$ 11,800,001	\$ 5,369,100	-54.50%	\$ 5,363,706	-0.10%
3M2	200-680	Individuals with Disabilities Education Act	\$ 411,527,679	\$ 487,004,020	\$ 491,894,073	\$ 500,000,000	1.65%	\$ 405,000,000	-19.00%
3R3	200-654	Goals 2000	\$ 1,547	---	\$ 0	\$ 0	N/A	\$ 0	N/A
3S2	200-641	Education Technology	\$ 20,231,594	\$ 17,839,465	\$ 15,800,000	\$ 10,000,000	-36.71%	\$ 5,000,000	-50.00%
3T4	200-613	Public Charter Schools	\$ 20,885,506	\$ 21,450,613	\$ 13,498,476	\$ 13,850,827	2.61%	\$ 14,212,922	2.61%
3T6	200-611	Class Size Reduction	\$ 244,133	---	\$ 0	\$ 0	N/A	\$ 0	N/A
3U2	200-662	Teacher Quality Enhancement Grants	\$ 595,527	\$ 748,843	\$ 795,280	\$ 0	-100.00%	\$ 0	N/A

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
EDU Education, Department of									
3U3	200-665	Reading Excellence Grant Program	\$ 163,877	----	\$ 0	\$ 0	N/A	\$ 0	N/A
3X5	200-684	School Renovation/IDEA	\$ 4,912,434	\$ 723,700	\$ 1,460,663	\$ 0	-100.00%	\$ 0	N/A
3Y2	200-688	21st Century Community Learning Centers	\$ 29,098,903	\$ 30,657,423	\$ 30,681,554	\$ 30,681,554	0.00%	\$ 30,681,554	0.00%
3Y4	200-632	Reading First	\$ 31,762,814	\$ 46,375,143	\$ 31,215,798	\$ 35,215,798	12.81%	\$ 31,215,798	-11.36%
3Y5	200-634	Community Service Grants	\$ 571,271	\$ 307,092	\$ 0	\$ 0	N/A	\$ 0	N/A
3Y6	200-635	Improving Teacher Quality	\$ 103,715,394	\$ 106,161,716	\$ 104,484,000	\$ 102,692,685	-1.71%	\$ 102,698,246	0.01%
3Y7	200-689	English Language Acquisition	\$ 7,042,883	\$ 7,035,380	\$ 7,000,114	\$ 8,000,000	14.28%	\$ 8,000,000	0.00%
3Y8	200-639	Rural and Low Income Technical Assistance	\$ 1,481,025	\$ 1,132,432	\$ 1,300,000	\$ 1,500,000	15.38%	\$ 1,500,000	0.00%
3Z2	200-690	State Assessments	\$ 18,050,518	\$ 8,539,937	\$ 12,883,799	\$ 12,883,799	0.00%	\$ 12,883,799	0.00%
3Z3	200-645	Consolidated Federal Grant Administration	\$ 7,598,876	\$ 6,393,174	\$ 6,867,070	\$ 8,500,000	23.78%	\$ 8,500,000	0.00%
Federal Special Revenue Fund Group Total			\$ 1,516,138,306	\$ 1,614,486,429	\$ 1,651,852,503	\$ 1,665,660,368	0.84%	\$ 1,571,144,583	-5.67%
454	200-610	Guidance & Testing	\$ 281,199	\$ 595,473	\$ 300,000	\$ 400,000	33.33%	\$ 400,000	0.00%
455	200-608	Commodity Foods	\$ 16,656,368	\$ 16,809,035	\$ 24,000,000	\$ 24,000,000	0.00%	\$ 24,000,000	0.00%
4R7	200-695	Indirect Operational Support	\$ 4,911,291	\$ 4,959,055	\$ 5,449,747	\$ 5,449,748	0.00%	\$ 5,810,464	6.62%
4V7	200-633	Interagency Operational Support	\$ 185,201	\$ 648,381	\$ 926,250	\$ 392,100	-57.67%	\$ 376,423	-4.00%
598	200-659	Auxiliary Services Reimbursement	\$ 1,095,470	\$ 1,012,663	\$ 1,328,910	\$ 1,328,910	0.00%	\$ 1,328,910	0.00%
5BB	200-696	State Action for Education Leadership	\$ 474,876	\$ 1,225,110	\$ 1,199,999	\$ 1,250,000	4.17%	\$ 1,250,000	0.00%
5BJ	200-626	Half-Mill Maintenance Equalization	----	----	\$ 10,700,000	\$ 10,700,000	0.00%	\$ 10,700,000	0.00%
5U2	200-685	National Education Statistics	\$ 156,983	\$ 162,488	\$ 300,000	\$ 300,000	0.00%	\$ 300,000	0.00%
5W2	200-663	Early Learning Initiative	\$ 44,151,453	\$ 12,729,277	\$ 8,200,000	\$ 2,200,000	-73.17%	\$ 2,200,000	0.00%
620	200-615	Educational Improvement Grants	\$ 284,195	\$ 1,286,579	\$ 2,980,500	\$ 3,000,000	0.65%	\$ 3,000,000	0.00%
State Special Revenue Fund Group Total			\$ 68,197,036	\$ 39,428,062	\$ 55,385,406	\$ 49,020,758	-11.49%	\$ 49,365,797	0.70%
017	200-612	Foundation Funding	\$ 606,195,300	\$ 606,208,300	\$ 606,296,800	\$ 666,198,000	9.88%	\$ 667,900,000	0.26%
017	200-682	Lease Rental Payment Reimbursement	\$ 31,704,700	\$ 31,691,700	\$ 31,603,200	\$ 22,702,000	-28.17%	\$ 0	-100.00%
020	200-620	Vocational School Building Assistance	\$ 1,000,000	----	\$ 0	\$ 0	N/A	\$ 0	N/A
Lottery Profits/Education Fund Group Total			\$ 638,900,000	\$ 637,900,000	\$ 637,900,000	\$ 688,900,000	7.99%	\$ 667,900,000	-3.05%
047	200-909	School District Property Tax Replacement - Business	----	\$ 67,143,154	\$ 420,000,000	\$ 611,596,856	45.62%	\$ 763,316,819	24.81%
053	200-900	School District Property Tax Replacement - Utility	\$ 116,520,891	\$ 125,978,243	\$ 101,647,522	\$ 91,123,523	-10.35%	\$ 91,123,523	0.00%
Revenue Distribution Fund Group Total			\$ 116,520,891	\$ 193,121,397	\$ 521,647,522	\$ 702,720,379	34.71%	\$ 854,440,342	21.59%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
EDU Education, Department of							
<i>Education, Department of Total</i>	\$ 9,788,123,335	\$ 9,952,359,759	\$ 10,558,834,505	\$ 10,887,609,507	3.11%	\$ 11,269,129,303	3.50%

eTech Ohio Commission

Edward Millane, Budget Analyst

OVERVIEW

Duties and Responsibilities

Am. Sub. H.B. 66 of the 126th General Assembly created the eTech Ohio Commission to merge the educational technology functions and support provided by the Ohio SchoolNet Commission (NET) and the Ohio Educational Telecommunications Network Commission (OET). eTech's mission is to advance education and accelerate the learning of Ohioans through technology. It is responsible for promoting access to and use of all forms of educational technology. In order to support its mission, eTech offers a variety of programs and services to students, educators, and the general public.

eTech is governed by a thirteen-member commission, which consists of nine voting members and four nonvoting legislative members. Voting members include the Superintendent of Public Instruction, the Chancellor of the Ohio Board of Regents, the Director of the Office of Information Technology, and six public representatives with education and information technology experience from across the state. An executive director, appointed by the commission, oversees day-to-day operations of the agency.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
78	\$30.16 million	\$30.14 million	\$26.45 million	\$26.43 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The all-fund appropriations for eTech total \$60.3 million over the biennium. Of this amount, \$52.9 million (87.7%) comes from the General Revenue Fund (GRF). The table below shows the appropriations for eTech by fund group. As can be seen from the table, the GRF appropriations increase by 2.5% in FY 2008 while the all-fund appropriations decrease by 8.8% in that same year. Both the GRF and all-fund appropriations for FY 2009 remain essentially flat.

The 8.8% decrease in all-fund appropriations for FY 2008 was due to significant decreases in eTech's General Services Fund (GSF) and State Special Revenue Fund (SSR) appropriations. GSF funding for FY 2007 includes \$2.0 million for Ohio SCORES (Ohio Students Choosing Online Resources for Educational Success); this project is no longer funded in the budget. In addition, GSF appropriation item 935-603, Affiliate Services, decreases by \$1.0 million. This item receives fees for certain network services provided by eTech to its affiliates, including transmission tower rental fees. The budget's

- Continuation operating budget
- Total GRF funding increases by 2.5% in FY 2008 and essentially remains flat in FY 2009.
- Establishes the Distance Learning Clearinghouse

appropriation for this item reflects what the actual program expenditure is likely to be in FY 2008 as most towers have been transferred to the Office of Information Technology (OIT) (see below). The decrease of \$0.3 million in SSR funding reflects the phasing out of the distance learning program, which has been supported by funds resulting from a 1995 settlement between Ameritech and the state. This program is expected to end by FY 2010.

eTech Budget by Fund Group, FY 2008-FY 2009					
Fund Group	FY 2007	FY 2008	% change, FY 2007-FY 2008	FY 2009	% change, FY 2008-FY 2009
General Revenue	\$25,791,452	\$26,446,440	2.5%	\$26,433,443	-0.0%
General Services	\$6,144,817	\$2,846,817	-53.7%	\$2,846,817	0.0%
State Special Revenue	\$530,202	\$275,000	-48.1%	\$275,000	0.0%
Federal Special Revenue	\$589,363	\$589,363	0.0%	\$589,363	0.0%
Total	\$33,055,834	\$30,157,620	-8.8%	\$30,144,623	-0.0%

Distance Learning Clearinghouse

The budget requires eTech to establish and maintain a clearinghouse of interactive and other distance learning courses delivered by school districts through a computer-based method for sharing with other school districts or community schools for a fee. The budget establishes the fee at \$175 per half-unit (60 hours of instruction), but permits eTech to adopt rules to establish a different amount. The budget requires the Department of Education to transfer the amount of the fee from state payments to a participating student's resident district or the community school where the student is enrolled to the district delivering the course. In order for a student to take a course offered through the clearinghouse, the school where the student is enrolled must approve the course and agree to accept for credit the grade assigned by the district delivering the course.

While eTech is required to approve the technical specifications of how to deliver the course, the State Board of Education is responsible for recommending the content requirements for the courses offered through the clearinghouse. eTech is also required to catalog each approved course through a print or electronic medium that includes information necessary for a student, the student's parent, guardian, or custodian, and the student's school district or community school to decide whether to enroll in the course and instructions for enrolling in that course.

Telecommunications Towers

eTech owned or leased an interest in 20 towers for wireless communications' purposes in support of Ohio's public television and radio affiliates. Am. Sub. H.B. 66 of the 126th General Assembly required that eTech and the Department of Administrative Services (DAS) develop a plan to outline how the control of the towers that were no longer needed by eTech could be transferred to DAS. This plan was submitted to the Office of Budget and Management on June 30, 2006. The budget implements this plan by authorizing the Governor to convey certain parcels of real property on which eTech towers stand to OIT by July 1, 2007 and to substitute OIT for eTech as the lessee of certain other parcels of real property on which towers stand.

Vetoed Provisions

The Governor vetoed an earmark of \$1.0 million in each fiscal year from GRF appropriation item 935-404, Telecommunications Operating Subsidy, to support the conversion of Ohio's public educational television stations from analog to digital broadcasting technology.

ANALYSIS OF THE BUDGET

Program Series

1: Professional Development

Purpose: This program series supports online professional development, grants, and the educational technology conference.

The following table shows the funding levels for the Professional Development program series. Please note that some line items provide funding for multiple program series and/or programs. See the line item spreadsheet attached to the end of this analysis for each item's total appropriations.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	935-321	Operations	\$2,730,586	\$2,710,944
GRF	935-406	Technical & Instructional Prof. Development	\$4,222,245	\$4,209,187
General Revenue Fund Subtotal			\$6,952,831	\$6,920,131
General Services Fund (GSF)				
SD4	935-640	Conference/Special Purposes	\$1,821,817	\$1,821,817
General Services Fund Subtotal			\$1,821,817	\$1,821,817
State Special Revenue Fund (SSR)				
5T3	935-607	Gates Foundation Grants	\$200,000	\$200,000
State Special Revenue Fund Subtotal			\$200,000	\$200,000
Federal Special Revenue Fund (FED)				
3S3	935-606	Enhancing Education Technology	\$589,363	\$589,363
Federal Special Revenue Fund Subtotal			\$589,363	\$589,363
Total Funding: Professional Development			\$9,564,011	\$9,531,311

The Professional Development program series receives \$19.1 million in total biennial appropriations, of which \$13.9 million (72.8%) comes from GRF and \$3.6 million (18.8%) from the General Services Fund Group. This program series contains five programs: Online Professional Development for Teachers, Professional Development for Technology Coordinators, Competitive and Formula Professional Development Grants, Educational Technology Grant Administration, and State Technology Conference. Details for each program are given below.

Online Professional Development for Teachers

eTech's online professional development program supports pre-K-12 education by building the capacity of Ohio educators, focusing on academic content standards and technology standards, and achieving results. The two major initiatives funded in this program are eLearning and instructional resources and services.

eLearning. This initiative develops and provides customized online professional development to Ohio teachers, administrators, and other educational professionals. In collaboration with the Department of Education, educational service centers, school districts, and others, eTech currently offers about 55 eLearning courses in over 210 sections to about 1,600 educators per year. Services provided under this initiative include course design and development, course hosting, course delivery and management, a

course clearing house, and an eLearning process model. Participants in eLearning courses pay a \$20 per course fee to offset the cost of course facilitators and to encourage course completion. eTech estimates that approximately 8,000 individuals will participate in eLearning in FY 2008 and FY 2009.

Instructional Resources and Services. This initiative provides a library of online resources, free of charge, to all Ohio educators through eTech's web site. In addition, low cost professional development opportunities are offered to Ohio educators through the Technology Integration Pathways (TIPs), which provides information and resources to help districts plan and design professional development for the effective use and integration of technology based on student and teacher needs.

Professional Development for Technology Coordinators

This program funds two major initiatives that support school district technical staff: technical training and resources and E-Rate support.

Technical Training and Resources. This initiative provides district technology staff the opportunity to acquire the necessary technical skills to support and manage their districts' technology systems. eTech leverages statewide pricing for hands-on, highly focused technical resources, web-based technical resources, online technical reference materials, research, templates, sample technical planning documents and policies, and access to technology experts.

E-Rate Consulting and Support. The federal Universal Service Fund for Schools and Libraries, more commonly known as the E-Rate program, provides telecommunications service discounts to schools and libraries. Schools and libraries can annually apply for discounts of 20% to 90% on telecommunication and Internet services. eTech has one dedicated staff member to provide planning and support services to Ohio schools in applying for E-Rate discounts. In addition, eTech is the state authority to approve public schools' technology plans, a requirement of the E-Rate program. In the seven years of the program's existence, Ohio schools and libraries have received over \$420 million in discounts on telecommunications and Internet services.

Competitive and Formula Professional Development Grants

This program provides competitive and formula professional development grants with the goal of increasing the capacity of teachers and administrators to use and lead with technology. Grant eligible entities include traditional public schools, joint vocational school districts, community schools, educational service centers, the Ohio State School for the Blind, the Ohio School for the Deaf, and schools operated by the Department of Youth Services.

Competitive Grants. Funded at \$200,000 in each fiscal year from GRF appropriation item 935-406, Technical and Instructional Professional Development, these two-year grants are distributed on a competitive basis to schools for the purpose of conducting action research, focusing on how teachers' use of emerging technology improves student achievement and on instruction that aligns with the academic content standards. Results, including teaching practices, tools, lessons learned, and examples are shared statewide. It is expected that 20 schools will receive grants of \$20,000 each over the biennium.

Formula Grants. Funded at approximately \$2.6 million in each fiscal year from GRF appropriation item 935-406, Technical and Instructional Professional Development, these grants are distributed to eligible entities through a formula that is largely based on the number of full-time certified teachers in each eligible entity. In FY 2007, eligible entities received between \$2,100 and \$13,500 for technology-related professional development.

Education Technology Grant Administration

This program supports the federal Enhancing Education Through Technology grant and the Bill and Melinda Gates Foundation grant. The Gates Foundation grant is used to provide technology training to school district administrators through the Ohio Leadership for Integrating Technology program.

Enhancing Education Through Technology (EETT) Grant. eTech and the Department of Education are partners in the implementation of the No Child Left Behind (NCLB) Title II D EETT grants. There are two types of EETT grants, entitlement and competitive. The entitlement grants are distributed by the Department of Education. eTech and the Department of Education jointly administer the two-year competitive EETT grants. These grants target K-8 students in districts with high poverty and high need for academic assistance. Grant recipients use these funds to develop and implement lessons aligned with the state academic content standards and for online professional development.

Ohio Leadership for Integrating Technology (Ohio LIT). Supported in part by a grant from the Bill and Melinda Gates Foundation, Ohio LIT provides educational technology leadership training to 2,350 public and nonpublic school superintendents and principals and helps Ohio school administrators to increase their understanding of how technology could be used to support learning in their schools and districts. Ohio LIT is a research-based course of six interrelated modules dealing with leading and managing technology integration. The course is offered in three full-day sessions with interim periods between sessions for individualized and online work. Funds provided for the FY 2008 - 2009 biennium will be used mainly to provide follow-up courses that provide tools and resources to sustain Ohio LIT success.

State Technology Conference

eTech's annual education technology conference is a three-day event serving Ohio's K-12 teachers, administrators, instructional integrationists, and curriculum and technology coordinators. Over 6,300 participants attended the 2007 conference. For the 2007 conference, eTech hosted seven keynote speakers, scheduled over 400 concurrent sessions and displays, and sold over 36,000 square feet of exhibit hall space. In addition to the paid registrants, the conference attracted nearly 100 volunteers and several hundred presenters and teacher and student displays. The conference is largely supported by registration fees paid by conference attendees.

Program Series 2**2: Network and Infrastructure**

Purpose: This program series supports software and application development, video conferencing for educational purposes, the Ohio K-12 Network, and SchoolNet Plus.

The following table shows the funding levels for the Network and Infrastructure program series. Please note that some line items provide funding for multiple program series and/or programs. See the line item spreadsheet attached to the end of this analysis for each item's total appropriations.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	935-321	Operations	\$3,850,257	\$3,871,754
GRF	935-403	Technical Operations	\$3,597,390	\$3,597,389
GRF	935-406	Technical & Instructional Prof. Development	\$803,106	\$803,165
General Revenue Fund Subtotal			\$8,250,753	\$8,272,308
State Special Revenue Fund (SSR)				
4W9	935-630	Telecommunity	\$25,000	\$25,000
4X1	935-634	Distance Learning	\$50,000	\$50,000
State Special Revenue Fund Subtotal			\$75,000	\$75,000
General Services Fund (GSF)				
4F3	935-603	Affiliate Services	\$1,000,000	\$1,000,000
General Services Fund Subtotal			\$1,000,000	\$1,000,000
Total Funding: Network and Infrastructure			\$9,325,753	\$9,347,308

The Network and Infrastructure program series receives \$18.7 million in total biennial appropriations, of which \$16.5 million (88.5%) comes from GRF, \$10.2 million (10.7%) from the General Services Fund Group, and \$0.2 million (0.8%) from the State Special Revenue Fund Group. This program series contains four programs: Applications Development, Video Distance Learning, Transmission and Network Services, and SchoolNet Plus. Details for each program are given below.

Applications Development

This program supports eTech's software and applications development. It provides school districts a variety of online resources and tools for technology planning and integration and for applying for state and federal grants. Examples of these resources and tools are: (a) hall pass, a single sign-on user account for accessing various online resources on eTech's web site, (b) opportunity tracking tool, a directory of workshops, conferences, eLearning, grants, and SchoolNet Plus programs currently being offered by eTech, (c) biennial educational technology assessment (BETA), a survey that collects school district data regarding technology accessibility and usage in Ohio's public schools, and (d) technology planning tool, a tool that allows a person to search for best practices in technology integration, to identify new strategies in managing technology, and to identify innovative and emerging technologies.

Video Distance Learning

This program supports grants related to the use of interactive video conferencing for educational purposes. Through this program eTech has built a statewide network of over 800 video conferencing

endpoints. This network links together Ohio K-12 classrooms with a variety of educational content providers, including higher education, zoos, museums, and education technology agencies.

The telecommunity and distance learning grants have been largely funded by money received through an agreement between the state and certain large local exchange telephone companies signed on August 15, 1996 and an agreement with Ameritech signed on April 24, 1995. Under this program, grants have been provided to eligible public and chartered nonpublic schools to support the hardware infrastructure and program development necessary to provide high quality educational content through interactive video conferencing. This grant program is expected to end; eTech is expected to complete the final round of grant distribution in this biennium.

Transmission and Network Services

This program supports the Ohio K-12 Network that provides wide area network services to the Ohio K-12 community and the Ohio Educational Telecommunications Network that provides wide area network services and connectivity to Ohio's public television stations, public radio stations, and radio reading services. Since the merger, eTech has connected and migrated these two networks into the OSCnet (formerly known as the Third Frontier Network) and assumed internal network management for these two networks. eTech also provides video conferencing bridging and technical services to the Ohio K-12 community.

In addition to these network services, eTech also provides various services to its affiliated public television and radio stations and radio reading services. It operates a 24 x 7 master control center and maintains round the clock monitoring of the live video feeds that eTech provides to the affiliates. It also provides traffic and scheduling resources for the affiliates and maintains an archive of content for rebroadcasting.

SchoolNet Plus

The SchoolNet Plus program was established in 1995 with the goal of installing multi-media computers in public school classrooms at a computer-student ratio of 1:5 for grades kindergarten through four. Since its inception, SchoolNet Plus has provided approximately \$557 million to school districts, which has led to the installation of more than 250,000 multi-media computers in grades K-7. In recent years funding for SchoolNet Plus grants has been provided by tobacco settlement money. eTech is expected to complete grant funding for the eighth grade by the end of FY 2008. The GRF funding provided for this program is used to fund the administrative costs of SchoolNet Plus.

Program Series**3: Educational Resources**

Purpose: This program series supports Ohio's public television and radio stations, radio reading services, education technology agencies, the Statehouse News Bureau, and Ohio Government Telecommunications.

The following table shows the funding levels for the Educational Resources program series. Please note that some line items provide funding for multiple program series and/or programs. See the line item spreadsheet attached to the end of this analysis for each item's total appropriations.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	935-321	Operations	\$250,075	\$248,223
GRF	935-401	Statehouse News Bureau	\$244,400	\$244,400
GRF	935-402	Ohio Gov't Telecommunications Services	\$716,417	\$716,417
GRF	935-404	Telecommunications Operating Subsidy	\$4,632,413	\$4,632,413
GRF	935-406	Technical & Instructional Prof. Development	\$1,260,000	\$1,260,000
GRF	935-539	Educational Technology	\$4,139,551	\$4,139,551
General Revenue Fund Subtotal			\$11,242,856	\$11,241,004
General Services Fund (GSF)				
4T2	935-605	Gov't Television/Telecomm. Operating	\$25,000	25,000
General Services Fund Subtotal			\$25,000	25,000
Total Funding: Educational Resources			\$11,267,856	\$11,266,004

The Educational Resources program series receives \$22.5 million in total biennial appropriations, of which all but \$50,000 comes from the GRF. This program series contains two programs: Educational Resource Grants and Statehouse News and OGT Support. Details for each program are given below.

Educational Resource Grants

This program provides operating subsidies and consolidates purchasing and financial support to eTech's affiliated public television stations, public radio stations, public radio reading services, and education technology agencies.

Telecommunications Operating Subsidy. This subsidy is used to subsidize the operating costs of Ohio's 12 public educational television stations, 33 public educational radio stations, and 9 radio reading services. The funds are currently distributed as follows: 67.5% to public educational television stations, 22.5% to public radio stations, and 10.0% to public radio reading services.

The budget earmarks \$45,000 in each fiscal year from GRF appropriation item 935-404, Telecommunications Operating Subsidy, to contract for dial-up newspaper reading services for the blind and physically handicapped. The contract to be awarded needs to be approved by the Controlling Board.

The Governor vetoed an earmark of \$1.0 million in each fiscal year from GRF appropriation item 935-404, Telecommunications Operating Subsidy, to support the conversion of Ohio's public educational television stations from analog to digital broadcasting technology.

Educational Television Stations. The budget earmarks \$1.26 million in each fiscal year from GRF appropriation item 935-406, Technical and Instructional Professional Development, for educational television stations. The funds are to be divided equally among the 12 stations for the production of interactive instructional programming series that align with Ohio's academic content standards. The programming is to target the needs of the poorest 200 school districts in the state.

Educational Television. Funds provided in GRF appropriation item 935-539, Educational Technology, are used to contract with educational television stations to provide Ohio public schools with instructional resources and services with priority given to resources and services aligned with the state academic content standards. Resources may include, but are not limited to, prerecorded video material, computer software for student use, live student courses, automated media systems, and instructional and professional development materials for teachers.

Statehouse News Bureau and Ohio Government Telecommunications Support

This program provides operating funds for the Statehouse News Bureau (SNB) and Ohio Government Telecommunications (OGT). As the sole dedicated news outlets for Ohio government, SNB and OGT provide coverage of legislative and other governmental activities for Ohio's citizens. SNB produces news reports of state government activities for broadcast on Ohio's 33 public radio stations. It also places these broadcasts on a web site accessible to all of Ohio's citizens on a 24-hour basis. In addition, a weekly half-hour video program is produced by SNB, which focuses on the latest statewide news and events and is made available for broadcast on Ohio's public television stations.

While SNB is primarily responsible for news reports of state government events, OGT broadcasts House and Senate floor sessions in addition to sessions of the Ohio Supreme Court through the Ohio Channel (available on cable access channels and Ohio's public television stations). In addition to archiving these sessions, OGT makes the session footage available on its web site for 24-hour access for Ohio's citizens. OGT produces educational documentaries on Ohio civics, history, government, and culture for use in Ohio's schools as well as for broadcast on public television stations. OGT is also responsible for coordinating all media events for members of the General Assembly and events at the Statehouse.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

ETC eTech Ohio

GRF	935-321	Operations	----	\$ 7,042,528	\$ 6,830,917	\$ 6,830,918	0.00%	\$ 6,830,921	0.00%
GRF	935-401	Statehouse News Bureau	----	\$ 244,400	\$ 244,400	\$ 244,400	0.00%	\$ 244,400	0.00%
GRF	935-402	Ohio Government Telecommunications Services	----	\$ 716,417	\$ 716,417	\$ 716,417	0.00%	\$ 716,417	0.00%
GRF	935-403	Technical Operations	----	\$ 1,760,075	\$ 1,768,150	\$ 3,597,390	103.46%	\$ 3,597,390	0.00%
GRF	935-404	Telecommunications Operating Subsidy	----	\$ 3,632,413	\$ 3,632,413	\$ 4,632,413	27.53%	\$ 4,632,413	0.00%
GRF	935-406	Technical and Instructional Professional Development	----	\$ 5,998,988	\$ 6,607,144	\$ 6,285,351	-4.87%	\$ 6,272,351	-0.21%
GRF	935-539	Educational Technology	----	\$ 6,282,002	\$ 5,992,011	\$ 4,139,551	-30.92%	\$ 4,139,551	0.00%
General Revenue Fund Total			----	\$ 25,676,823	\$ 25,791,452	\$ 26,446,440	2.54%	\$ 26,433,443	-0.05%
4F3	935-603	Affiliate Services	----	\$ 678,770	\$ 2,000,000	\$ 1,000,000	-50.00%	\$ 1,000,000	0.00%
4T2	935-605	Government Television/Telecommunications Operating	----	----	\$ 150,000	\$ 25,000	-83.33%	\$ 25,000	0.00%
5D4	935-640	Conference/Special Purposes	----	\$ 1,673,150	\$ 3,994,817	\$ 1,821,817	-54.40%	\$ 1,821,817	0.00%
General Services Fund Group Total			----	\$ 2,351,921	\$ 6,144,817	\$ 2,846,817	-53.67%	\$ 2,846,817	0.00%
3S3	935-606	Enhancing Education Technology	----	\$ 336,001	\$ 589,363	\$ 589,363	0.00%	\$ 589,363	0.00%
Federal Special Revenue Fund Group Total			----	\$ 336,001	\$ 589,363	\$ 589,363	0.00%	\$ 589,363	0.00%
4W9	935-630	Telecommunity	----	\$ 188	\$ 12,890	\$ 25,000	93.95%	\$ 25,000	0.00%
4X1	935-634	Distance Learning	----	\$ 277,005	\$ 317,312	\$ 50,000	-84.24%	\$ 50,000	0.00%
5T3	935-607	Gates Foundation Grants	----	\$ 511,789	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%
State Special Revenue Fund Group Total			----	\$ 788,982	\$ 530,202	\$ 275,000	-48.13%	\$ 275,000	0.00%
eTech Ohio Total			----	\$ 29,153,727	\$ 33,055,834	\$ 30,157,620	-8.77%	\$ 30,144,623	-0.04%

Higher Educational Facility Commission

Mary Morris, Budget Analyst

- A continuation budget
- Non-GRF agency; funding is entirely provided by fee revenue
- Funding is provided to reimburse the Board of Regents for the costs of administrative support

OVERVIEW

Duties and Responsibilities

The Higher Educational Facility Commission was established in 1968 to help independent nonprofit colleges and universities obtain construction capital at lower costs than otherwise might be available to them. Sub. H.B. 239 of the 125th General Assembly (effective April 29, 2005) included nonprofit hospitals and health care systems among the entities that are eligible for receiving assistance from the Commission. The Commission is comprised of nine members, including the Chancellor of the Board of Regents, who serves permanently, and eight others who are appointed by the Governor and serve eight-year terms. The members of the Commission are not compensated for their services, but are reimbursed for their actual expenses related to the Commission's official business.

By issuing tax-exempt bonds, the Commission assists eligible independent nonprofit colleges and universities as well as nonprofit hospitals and health care systems in financing the construction, renovation, and rehabilitation of their educational and medical facilities. Because it is an agency of the state of Ohio, interests paid by the Commission to the bondholders are exempt from state and federal income taxes. Accordingly, the bonds can be issued at lower interest rates, effectively enabling the Commission to charge the institutions and hospitals capital financing rates that are lower than commercial market rates. According to estimates from the Commission's bond counsel, the current savings in bond interest and costs is approximately 1.5% to 2.0% per year for colleges and universities and is likely to be more for hospitals and health care systems. The Commission also offers access to lenders that might not otherwise be available to small, independent nonprofit colleges and universities, and allows for 100% financing of projects.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
0	\$16,819	\$16,819	\$0	\$0	Am. Sub. H.B. 119

* The Commission is supported by the staff of the Board of Regents.

As seen from the table above, the Commission receives no General Revenue Fund money; its operations are supported entirely by fees charged to institutions and hospitals for the issuance of the bonds. The funding provided in the Commission's budget will be used to reimburse the actual expenses incurred by the members of the Commission including travel, parking, meals, and some other incidental expenses.

In addition, the budget allows a transfer of up to \$50,000 in FY 2008 and up to \$45,000 in FY 2009 from the Commission's Agency Fund (Fund 461) to the HEFC Administration Fund (Fund 4E8), which is a State Special Revenue Fund within the Board of Regents. These transferred funds will be used by the Board of Regents to pay for the cost of maintaining one staff person to manage the administrative duties of the Commission. Although the Commission is a state agency with general administrative powers, it operates without 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 Board of Regents, including accounting and record keeping, scheduling and coordinating Commission meetings and project applications, and preparing the Commission's annual report. The Commission reimburses the Board of Regents for the costs of these services.

Including both the funds provided in the Commission's budget and the authorized fund transfers, the budget provides a total of \$66,819 in FY 2008 and \$61,819 in FY 2009 for the operations of the Commission.

ANALYSIS OF THE BUDGET

Higher Educational Facility Commission

Purpose: To administer the program that assists Ohio's independent nonprofit colleges and universities as well as eligible hospitals and health care systems in acquiring tax-exempt financing for their capital improvement needs.

The following table shows the line item that is used to fund the Commission's operations, as well as the funding levels provided in the budget.

Fund	ALI	Title	FY 2008	FY 2009
Agency Fund Group				
AGY: 461	372-601	Operating Expenses	\$16,819	\$16,819
Agency Fund Group Subtotal			\$16,819	\$16,819
Total Funding: Higher Educational Facility Commission			\$16,819	\$16,819

Program Management

The only program of the Commission is Program Management, which is funded by AGY appropriation item 372-601, Operating Expenses. The budget provides flat funding in FY 2008 and FY 2009 for this item. These funds will be used to reimburse the actual expenses incurred by the members of the Commission, including personal travel, parking, and incidental fees. The Commission usually meets once a month; its members receive no compensation for their services.

Hospital and Health Care System Loans and Implications for the Commission. Issuing bonds to hospitals and health care systems could have a significant impact on the Commission's operations due to the complexity of hospital and health care system financing. In late 2006 the Commission began its first bond issuance process with the University Hospitals Health System, a system of 11 hospitals associated with Case Western University's medical school. In spring 2007, the Commission issued approximately \$442 million in bonds for the University Hospitals Health System. Traditionally hospitals receive bonds from port authorities that generally charge fees higher than those charged by the Commission. The inclusion of nonprofit hospitals and health care systems could amount to significant additions to the Commission's administrative duties. Because these loans tend to be larger and more complex, they may require additional upkeep. The Commission indicates that it may need an additional full-time employee to accommodate a higher workload. The new employee would also be funded through revenues transferred from the Commission's Agency Fund (Fund 461) to the HEFC Administration Fund (Fund 4E8) of the Board of Regents. The Commission is in the process of changing the existing fee structure, which has remained unchanged since 1991. Currently, a \$500 fee is paid to the Commission upon application for a capital loan and, once the bonds are issued, a fee equal to 0.02% of the principal is also paid. In no case is the total amount of fees paid for a loan less than \$1,000 or greater than \$3,000. The new fee structure is likely to include a \$500 fee upon application and a fee equal to 0.01% of the principal upon bond issuance with a minimum of \$3,000 and a maximum of \$25,000 in total fees.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
HEF Higher Educational Facility Commission, Ohio							
461 372-601 Operating Expenses	\$ 14,641	\$ 14,846	\$ 16,819	\$ 16,819	0.00%	\$ 16,819	0.00%
Agency Fund Group Total	\$ 14,641	\$ 14,846	\$ 16,819	\$ 16,819	0.00%	\$ 16,819	0.00%
Higher Educational Facility Commission, Ohio Total	\$ 14,641	\$ 14,846	\$ 16,819	\$ 16,819	0.00%	\$ 16,819	0.00%

Ohio Historical Society

Brian Hoffmeister, Budget Analyst

- Total funding is \$14.69 million in FY 2008 and \$14.61 million in FY 2009, all GRF
- Newly created Historic Preservation Tax Credit program

OVERVIEW

Duties and Responsibilities

The Ohio Historical Society (OHS) is a chartered, not-for-profit corporation that receives state subsidies. It has operated continuously since 1885 and served 7,691 members in FY 2006. As prescribed by the Ohio Revised Code (ORC 149.30), the Society was chartered “to promote a knowledge of history and archeology, especially for Ohio.” A 21 member Board of Trustees governs OHS. The Governor appoints nine members and nine are elected by the Society’s membership. The Society’s Board elects the remaining three.

OHS oversees the operations and maintenance of historical, archeological, and natural history sites and museums throughout the state. Topics include African-American history, social and economic history, presidential history, and military history. These sites and museums received more than 300,000 visitors in FY 2006.

OHS maintains the official state archives, collecting and preserving documents pertaining to state and local government operations, as well as records of historical value that the Society may receive from public or private sources. Much of the state archives are accessible through the Society’s web site. Furthermore, OHS operates the Ohio Historic Preservation Office, which is partially funded by a grant from the U.S. Department of the Interior.

Recently, OHS has begun administering the Historic Preservation Tax Credit Program, authorized by H.B. 149 of the 126th General Assembly, effective as of April 2007. The new legislation creates a two-year trial program with a 25% tax credit for up to 100 projects per year. The tax credit will encourage private investment in historic buildings, generate additional jobs, and stimulate economic development within existing communities. The Society anticipates the credit will be used in conjunction with a federal historic rehabilitation tax credit that has been available since 1976. The Society’s Ohio Historic Preservation Office (OHPO) administers that program.

Am. Sub. H.B. 119 requires the Legislative Service Commission staff to study the feasibility and potential results of the state’s offering incentives for local control of historical sites currently operated by OHS. Local entities may include municipal corporations, counties, townships, local historical societies, and regional authorities. The act specifies that the incentives to be studied shall include tax credits, capital dollar contributions, and an endowment-matching program.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
295	\$14.69 million	\$14.61 million	\$14.69 million	\$14.61 million	Am. Sub. H.B. 119

*Employee count obtained from the Ohio Historical Society for FY 2007. OHS is not a state agency, however, state operating funds support approximately 67% of OHS payroll costs.

ANALYSIS OF THE BUDGET

Single Program Series

Ohio Historical Society

Purpose: This one program series comprises all of the Ohio Historical Society's functions, including preservation activities, museum management, grants activities, and site operations. The Society's budget has been divided into four programs: Educational and Interpretation Services; State Archives, Library, and Artifact Collections; Historic Preservation and Local History Support; and Institutional Advancement.

The Society operates 60 historical sites; preserves and maintains artifacts, documents, and primary source materials; manages the records of 3,609 sites and 441 districts on the National Register of Historic Places, 92,019 properties on the Ohio Historic Inventory, and 42,398 sites on the Ohio Archaeological Inventory; and educates the general public on Ohio history.

The following table shows the line items that are used to fund the Ohio Historical Society, as well as the funding levels enacted in Am. Sub. H.B. 119.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$3,649,244	\$3,649,252
GRF	360-502	Site and Museum Operations	\$8,501,781	\$8,501,788
GRF	360-504	Ohio Preservation Office	\$417,516	\$415,381
GRF	360-505	National Afro-American Museum	\$754,884	\$754,884
GRF	360-506	Hayes Presidential Center	\$514,323	\$514,323
GRF	360-508	State Historical Grants	\$853,000	\$775,000
General Revenue Fund Subtotal			\$14,690,748	\$14,610,628
Total Funding: Ohio Historical Society			\$14,690,748	\$14,610,628

The following programs are within the OHS program series:

- **Program 1.01: Educational and Interpretation Services**
- **Program 1.02: State Archives, Library, and Artifact Collections**
- **Program 1.03: Historic Preservation and Local History Support**
- **Program 1.04: Institutional Advancement**

Educational and Interpretation Services

Program Description: OHS provides an array of education and interpretation programs and services, delivered both through its network of historic sites and museums and directly to the education community. Museum education is included under the Society's mandate under Ohio Revised Code section 149.30. These programs support the 60 historic sites and museums within the state memorial system, the Statehouse Visitor's Center, and the Ohio Historical Center. Publication, public programs, and educational resources, including the National History Day in Ohio, are also provided to the Ohio public.

OHS invested in an educational and interpretive initiative in FY 2006, called REV It Up (Revitalizing Experiences for Visitors). For the Society to remain competitive, these changes were critical and involved revamping exhibits and allocating marketing resources to support this effort. Early

indications point to successful outcomes, but it will take more time to recoup these costs and realize a requisite boost in membership.

Additionally, another notable cost factor for OHS is the ongoing operating costs associated with supporting the Ohio Bicentennial. The Society opened expanded facilities and programs within the state memorial system: Adena in Chillicothe, the Dunbar House in Dayton, and Fort Meigs in Perrysburg.

Funding Source: GRF

Implication of the Budget: Funding will allow for a continuation of FY 2007 service levels in the Educational and Interpretation Services program. The appropriation level will allow the Society to continue current operations but will not permit further spending to renovate, replace, or fully maintain its resources. The recommendation could have adverse effects on maintenance, conservation of artifacts, operating hours, and retention of staff.

Temporary Law Provisions

Historical Grants (Section 299.10). Of appropriation item 360-508, State Historical Grants, the bill specifies the following earmarks: \$60,000 in FY 2008 for the Paul Laurence Dunbar Home, \$75,000 in each fiscal year for the Center for Holocaust and Humanity Education at the Hebrew Union College-Jewish Institute of Religion in Cincinnati, \$350,000 in each fiscal year for the Cincinnati Museum Center, and up to \$18,000 in FY 2008 for the Muskingum River Underground Railroad Historic Marker Project.

State Archives, Library, and Artifact Collections

Program Description: OHS is mandated to administer the archives program for the state of Ohio and its political subdivisions, provide historical information to state agencies, and collect, preserve, and make available historical objects, specimens, manuscripts, and artifacts. This program provides for the acquisition, appraisal, organization, and preservation of the over three million museum artifacts, books, historical manuscripts, photographs, and governmental archival records.

Funding Source: GRF

Implication of the Budget: Funding will allow for a moderate increase over FY 2007 funding levels for the State Archives, Library, and Artifact Collections program. Additional funds will be used for hiring up to four archivists specializing in the areas of electronic records, state government records, local government records, and processing. Funding will also go towards conducting a comprehensive review of storage space.

Historic Preservation and Local History Support

Program Description: The Historic Preservation and Local History Support program of the Ohio Historical Society encompasses two distinct programs.

The Ohio Historic Preservation Office (OHPO) is the official historic preservation office of Ohio under the National Historic Preservation Act of 1966 (16 USC 470 Title I, Section 101). The OHPO identifies, evaluates, registers, and protects Ohio's historic properties. In part, its activities are regulatory. The Office nominates properties to the National Register, certifies local governments, and reviews applications for federal rehabilitation tax credits.

The Local History Office assists over 400 local historical societies and nearly 400 other history-related organizations in the state. It also administers the Ohio Historical Markers program.

Funding Source: GRF

Implication of the Budget: Funding provides for continuing FY 2007 funding levels for the Historic Preservation and Local History Support program. The appropriation level will allow OHS to continue current operations but will restrict technical services and support. For instance, the current processing time for National Register nominations will continue to delay and hinder development projects. Staff retention may also become an issue.

New Historic Preservation Tax Credit Program. Funding increased to line item 360-504, Ohio Preservation Office, to administer the newly created Historic Preservation Tax Credit program. This increase will help OHS carry out the activities of the new tax credit program, in collaboration with the Department of Development. This program will require 1.5 additional FTEs.

Institutional Advancement

Program Description: The Ohio Historical Society's Institutional Advancement program manages activities to increase nonstate funding support for the Society and to promote the Society's program and services to its audiences (both current and potential). Development activities, including a marketing program and membership building serve to increase funding for the Society's programs. The Society hopes that a greater emphasis on this program will result in increased revenue, additional dues-paying members, and more funding from private and public sources.

Funding Source: GRF

Implication of the Budget: Funding will not allow the Society to devote any additional resources, such as new staff, to seeking new grants and gifts or to marketing projects that earn revenue for the Society. This may hinder the Society from meeting its increased membership and attendance goals, which would reduce its reliance on state funds.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

OHS Historical Society, Ohio

Agency	FY 2005	FY 2006	FY 2007 Adj.	FY 2008	% Change 2007 to 2008	FY 2009	% Change 2008 to 2009
GRF 360-403 Adena-Worthington Home	\$ 145,500	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF 360-501 Operating Subsidy	\$ 3,288,274	\$ 3,288,274	\$ 3,288,274	\$ 3,649,244	10.98%	\$ 3,649,252	0.00%
GRF 360-502 Site and Museum Operations	\$ 7,993,225	\$ 8,388,725	\$ 8,388,725	\$ 8,501,781	1.35%	\$ 8,501,788	0.00%
GRF 360-503 Ohio Bicentennial Commission	\$ 56,419	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF 360-504 Ohio Preservation Office	\$ 281,041	\$ 281,041	\$ 281,041	\$ 417,516	48.56%	\$ 415,381	-0.51%
GRF 360-505 National Afro-American Museum	\$ 754,884	\$ 754,884	\$ 754,884	\$ 754,884	0.00%	\$ 754,884	0.00%
GRF 360-506 Hayes Presidential Center	\$ 509,231	\$ 509,231	\$ 509,231	\$ 514,323	1.00%	\$ 514,323	0.00%
GRF 360-508 State Historical Grants	\$ 1,750,000	\$ 1,097,500	\$ 1,072,500	\$ 853,000	-20.47%	\$ 775,000	-9.14%
General Revenue Fund Total	\$ 14,778,574	\$ 14,319,655	\$ 14,294,655	\$ 14,690,748	2.77%	\$ 14,610,628	-0.55%
Historical Society, Ohio Total	\$ 14,778,574	\$ 14,319,655	\$ 14,294,655	\$ 14,690,748	2.77%	\$ 14,610,628	-0.55%

State Library Board

Brian Hoffmeister, Budget Analyst

- In FY 2007, genealogy services were permanently transferred to the Columbus Metropolitan Library
- During FYs 2008-2009, building rent for the State Library will represent 26% of the GRF budget

OVERVIEW

Duties and Responsibilities

The State Library Board was established in 1817 by the General Assembly to provide information and reading materials to legislators and state officials. Throughout the years, the mission of the State Library has expanded to include the following goals: collect, disseminate, and provide access to information for Ohio's state government; be an advocate for all libraries in Ohio; lead and partner in the development of library services throughout Ohio; promote resource sharing among libraries and library networks; and to provide specialized services to Ohio's citizens. A five-member board that is appointed by the State Board of Education for a five-year term governs the State Library.

The State Library is a reference library as well as the depository for the publications of state and federal agencies. At the same time that the State Library was moving into its new facility (thus enabling it to better house its collection, including state and federal publications), budget cuts forced it to close the branches in the Rhodes Tower and the Riffe Center. With the closing at the Riffe Center, the media program was eliminated as well. The Southwest Ohio Library Center in Fayetteville (Brown County) closed in FY 2005 to help meet mandated budget cuts; however, the State Library continues to operate the Southeast Ohio Library Center in Caldwell (Noble County). This satellite office provides reference services to area libraries, as well as a variety of other services to libraries throughout Ohio.

To carry out its mission, the State Library Board operates a service program with three major program series: State Library Services to Ohio Government, State Library Services to Ohio Library Communities, and Library Grants.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
81	\$24.51 million	\$24.51 million	\$13.11 million	\$13.11 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Program Series

1: Library Services to Ohio Government

Purpose: The mission of State Library Services to Ohio Government is to provide a variety of information and reference services to meet the needs of officers, departments, and agencies of state government. By maintaining a comprehensive collection of official documents and publications of this state, a library collection, and reference services, the State Library provides state employees with the information they need to do their jobs. The following table shows the line items that are used to fund State Library Services, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	350-321	Operating Expenses	\$4,227,232	\$4,300,702
General Revenue Fund Subtotal			\$4,227,232	\$4,300,702
General Services Fund				
139	350-602	Intra-Agency Service Charges	\$9,000	\$9,000
459	350-602	Library Service Charges	\$62,352	\$7,531
General Services Fund Subtotal			\$71,352	\$16,531
Total Funding: State Library Services			\$4,298,584	\$4,317,233

Funding for the Library Services to Ohio Government program series will support a total of 34 FTEs in FY 2008 and 33 FTEs in FY 2009. The series contains a single program:

■ **Program 1.01: State Library Services to Ohio Government**

State Library Services to Ohio Government

Program Description: The State Library provides books, journal articles, government documents, digital media, and other formats to support the research and training needs of Ohio's state government employees, including legislators and their staff. Requests may be submitted online or by email; materials are then delivered to the individual's office. Staff in the State Library Services to Ohio Government program answer reference questions, compile bibliographies, assist state agencies in developing materials for internal training programs, work with state agencies in researching background information for special projects, and assist state employees in their work-related research. Staff members also provide training on Internet/online database usage and provide meeting space for state agencies.

Additionally, the State Library makes meeting and training facilities available for state agency use. Facilities available include: two large conference rooms, three small meeting rooms, and an electronic classroom. Also, the State Library now has wireless capabilities in their main facility. Materials that are needed by state agencies but are not available in the State Library's collection are made available by interlibrary loan. Registered borrowers may request library materials from the OhioLINK Central Catalog. In addition to the central catalog of approximately ten million unique titles, OhioLINK offers more than 300 research databases, a multi-publisher electronic journal center, a digital media center, an e-book collection, and an electronic theses and dissertation center. The State Library also has access to and acquires materials from the collections of libraries worldwide via interlibrary loan. All of these loan services are available free of charge to state agencies for work-related research through the State Library.

Funding Source: GRF and GSF (fee revenue from state agencies that use state library services as well as funds from local libraries and other local units of government (Fund 459))

Implication of the Budget: Am. Sub. H.B. 119 provides funding of \$4,298,584 in FY 2008 and \$4,317,233 in FY 2009. This level of funding will allow the State Library to continue its core services for Ohio Government at current levels.

Program Series

2: State Library Services to Ohio Library Communities

Purpose: The State Library provides services to Ohio residents through whatever type of library a resident chooses to use – public, school, or academic. The State Library also offers direct assistance to libraries on a variety of topics. Additionally, this program provides Ohioans access to the Ohio Public Library Information Network (OPLIN), and makes available the resources at Ohioana by making their lease payments possible.

The following table shows the line items that are used to fund the State Library Services to Ohio Library Communities, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	350-321	Operating Expenses	\$2,071,445	\$1,997,975
GRF	350-400	Ohio Public Library Info Network	\$4,330,000	\$4,330,000
GRF	350-401	Ohioana Rental Payments	\$124,816	\$124,816
General Revenue Fund Subtotal			\$6,526,261	\$6,452,791
General Services Fund				
459	350-602	Library Service Charges	\$2,595,740	\$2,650,561
4S4	350-604	OPLIN Technology	\$3,000,000	\$3,000,000
General Services Fund Subtotal			\$5,595,740	\$5,650,561
Federal Special Revenue Fund				
313	350-601	LSTA Federal	\$2,246,494	\$2,389,116
Federal Special Revenue Fund Subtotal			\$2,246,494	\$2,389,116
Total Funding: State Library Services to Ohio Library Communities			\$14,368,495	\$14,492,468

Funding will support 55 FTEs for FY 2008 and FY 2009. The analysis provided focuses on the following specific programs within the State Library Services to Ohio Library Communities program series:

- **Program 2.01: State Library Services to Ohio Library Communities**
- **Program 2.02: Ohio Public Library Information Network (OPLIN)**
- **Program 2.03: Ohioana Library Lease**

State Library Services to Ohio Library Communities

Program Description: The State Library offers direct assistance to librarians by providing in-depth research and information, extending training, coordinating statewide projects, bringing together organizations and networks that might otherwise remain isolated, and collecting data and making it

accessible to all. The State Library serves all Ohio residents through a consortium purchase of e-Books both audio and text, a library automation consortium for 68 library systems at 150 locations across Ohio that is managed through the Southeast Ohio Consortium Library Center, a Talking Book Program which distributes and maintains talking book machines, and a statewide resource sharing network which allows residents to locate and request material from libraries across the state.

Southeast Ohio Consortium. The Southeast Ohio Consortium offers a cost-effective program that allows small libraries across the state, which may not otherwise have the technical expertise to automate card catalog and circulation functions, to automate and also join a resource sharing consortium, thus enabling small libraries to offer many of the same services offered in larger suburban and urban libraries. This program is housed at the State Library's Serving Every Ohioan (SEO) Library Center in Caldwell. From a consortium of 12 libraries in the early 1990s, the Consortium has grown to 68 library systems providing service to more than 150 library buildings throughout the state. The Consortium circulates over 12 million items annually with approximately 694,000 Ohio citizens listed as registered borrowers in the system. The Consortium also provides original cataloging and database maintenance services for its members.

Members of the Consortium borrow materials heavily from each other. If a customer is unable to find a desired item at the local library, a search of the collection of the other members of the Consortium often locates the needed item. There is a statewide delivery service in place that provides the customer with the item by the next business day. The Consortium's operating expenses and upgrades are supported by revenue received from consortium membership fees paid into the Interlibrary Service Charges Fund (Fund 459).

Within the State Library Services to Ohio Library Communities program area, the State Library will eliminate one full-time position by the end of FY 2007. That position is assigned to the Southeast Ohio Library Center in Caldwell and is currently vacant.

Statewide Resource Sharing. Implemented in 2001, the Statewide Resource Sharing program provides library patrons of participating school and public libraries with access to library materials throughout the state of Ohio. This program coordinates the technology and delivery components of the Ohio Libraries Share: More (OLS: MORE) system by enabling patrons to search and request materials from the online catalogs of one of the 130 participating public and school libraries in Ohio. It also provides the delivery mechanism to move library materials throughout Ohio. The technology costs are supported by a portion of the LSTA funds allocated to the State Library, while the libraries that receive the services pay for the delivery costs.

OLS: MORE software allows patrons to conduct a search of all participating libraries and request materials in one transaction. Participants range from very small libraries such as school media centers to large metropolitan libraries with many branch libraries. The State Library has continuously added libraries to the delivery system and it now reaches over 360 locations within the State of Ohio.

At the enacted funding level, the Statewide Resource Sharing program can continue to support the software, hardware, and staffing costs to provide a statewide requesting and delivery system throughout the state. It will allow the number of participants to grow until all public and school libraries have joined the system. The program will continue to implement upgrades to the software as they are released by the vendor, which will result in improvements in processing and reduced delivery time for the patrons.

The Talking Book Program. The Talking Book Program distributes and maintains talking book machines for all Ohioans who are unable to read a "traditional" or print book. The National Library

Service (NLS) for the Blind and Physically Handicapped Program provides free recorded and Braille books to eligible adults and children. The two regional libraries in Cincinnati and Cleveland (see Program 3.03) serve approximately 20,000 Ohioans with reading materials produced by NLS or locally. As of 2006, the State Library's Talking Book Program provides over 17,000 Ohio residents with the machines necessary to listen to materials. Over 2,000 new customers were loaned machines.

Funding Source: GRF; SEO consortium membership fees paid by member libraries and delivery fees paid by recipients (Fund 459); and LSTA federal funds (Fund 313)

Implication of the Budget: Final appropriations for State Library Services to Ohio Library Communities are \$6,913,679 for FY 2008 and \$7,037,652 for FY 2009. At this funding level, the State Library will be able to continue providing current levels of service, with 48 positions funded in both years.

Ohio Public Library Information Network (OPLIN)

Program Description: The Ohio Public Information Network (OPLIN) strives to provide fast, free network access to all Ohio residents through their local libraries at over 700 locations in all 88 counties. OPLIN provides network access to Ohio's 251 public libraries to ensure equity of access to the Internet and electronic information for all Ohio residents, provides in-library and remote access to subscription databases and access to Ohio government services, and provides tools to maintain effective use of the network and subscription databases. Ohio's libraries continue to develop statewide sharing of books and other materials through a variety of consortia and projects using OPLIN. OPLIN collaborates extensively with INFOhio and OhioLINK to strengthen services provided.

The largest portion of OPLIN's budget (just over 50%) is telecommunications. This part of the budget is more or less fixed, with GRF funds budgeted to meet monthly commitments for circuits, router support, Internet bandwidth, and other associated expenses. Commercial databases make up the second largest part of OPLIN's budget. The smallest portion of the budget is support and training.

In FY 2005, OPLIN's funding returned to GRF from the Library and Local Government Support Fund (LLGSF). According to the State Library, the return to GRF funding has been beneficial overall, enabling OPLIN to more effectively distribute services statewide without regard to the size of a library or its share in the LLGSF; however, on returning to GRF funding, OPLIN was subjected to mandatory budget reductions.

The other funding source for OPLIN, the OPLIN Technology Fund (Fund 4S4), consists largely of E-rate reimbursements. E-rate is a federal program that provides discounted telecommunications services to schools and libraries. Historically, revenue from this source has been unpredictable. In addition, timing of reimbursements does not closely match the state accounting cycle, making its availability for specific commitments problematic. However, this revenue appears to be becoming more predictable and dependable. During FY 2005, Fund 4S4 received approximately \$450,000 in E-rate reimbursements. In FY 2006, \$1,061,776 was received and it is expected that approximately \$2 million in E-rate reimbursements will be received during the FY 2008 - 2009 biennium. E-rate moneys are used primarily for telecommunications activities, such as responding to equipment failures and making upgrades and circuit moves.

Funding Source: GRF; E-rate reimbursements and funds from libraries that agree to participate in group contracts for databases managed by OPLIN (Fund 4S4)

Implication of the Budget: Final appropriations for OPLIN are \$7,330,000 for both FY 2008 and FY 2009. At this funding level, OPLIN should be able to maintain services at the current level, with seven FTEs both fiscal years.

Ohioana Library Lease

Program Description: The Ohioana Library Association and the State Library work closely together but have different missions and legal authority. In order for the Ohioana Library to administer its programs, serve its customers, and house its library collection, the State Library's budget provides for the payment of rental expenses for the Ohioana Library, which is located in the same building as the State Library. No other costs are associated with this line item.

Funding Source: GRF

Implication of the Budget: Final appropriations are \$124,816 for both FY 2008 and FY 2009. The funding will allow the State Library to cover Ohioana's rental payment obligations, which are expected to increase during the FY 2008 - 2009 biennium.

Program Series

3: Library Grants

Purpose: The mission of the Library Grants program series is to administer LSTA funds through competitive and special grants, to provide support for Ohio's Regional Libraries for the Blind and Physically Handicapped, to help coordinate resources and services for libraries within specific geographic areas by supporting Regional Library Systems, and to administer special grants the State Library has received.

The following table shows the line items that are used to fund the Library Grants program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	350-501	Library for the Blind -- Cincinnati	\$535,615	\$535,615
GRF	350-502	Regional Library Systems	\$1,010,441	\$1,010,441
GRF	350-503	Library for the Blind -- Cleveland	\$805,642	\$805,642
General Revenue Fund Subtotal			\$2,351,698	\$2,351,698
General Services Fund				
459	350-602	Library Service Charges	\$50,000	\$50,000
General Services Fund Subtotal			\$50,000	\$50,000
Federal Special Revenue Fund				
313	350-601	LSTA Federal	\$3,445,298	\$3,302,676
Federal Special Revenue Fund Subtotal			\$3,445,298	\$3,302,676
Total Funding: Library Grants			\$5,846,996	\$5,704,374

Funding will support the competitive grant program. There is no staff paid from this program. All necessary staff is funded within Program Series 2, State Library Services to Ohio Library Communities. Included within this program series are the following programs:

- **Program 3.01: Library Services and Technology Act (LSTA) Grants**
- **Program 3.02: Regional Library Systems**
- **Program 3.03: Regional Libraries for the Blind and Physically Handicapped**
- **Program 3.04: Special Grants**

Library Services and Technology (LSTA) Grants

Program Description: Under federal law there are two broad purposes to LSTA: technological innovation and electronic linkages and services to underserved populations. The State Library receives LSTA funds on an annual basis and reallocates these funds to eligible libraries throughout the state using a competitive grant process.

In order to receive federal funds, the State Library is subject to matching and maintenance-of-effort (MOE) requirements. For the competitive grant program, the State Library requires a 25% cash match of the total project amount. The State Library provides the remainder of the match through partial expenditures in programs that qualify under LSTA guidelines. The State Library accomplishes this through expenditures in a combination of line items used to fund State Library Services, OPLIN, Regional Libraries for the Blind and Physically Handicapped, and Regional Library Systems.

Aside from the competitive grant program, the State Library uses some federal LSTA funds for special statewide grants such as core electronic databases and 24/7 reference services. These programs have been identified by the State Library Board and the LSTA Advisory Council as primary needs that will benefit a majority of citizens in Ohio.

In FY 2006, a total of 38 grants were awarded at a total allotment of \$5.6 million. Grants were awarded in the following numbers to each of the following grant categories: automation (7), innovative technology (3), resource sharing (3), staff development and training (7), and services to targeted populations (9). In addition, the State Library uses some LSTA funds to support some of its internal programs (the equivalent of 9 grants).

There are no FTEs associated with this program, as staff within the State Library Services to Ohio Library Communities program is responsible for the administration and coordination of LSTA grant awards.

Funding Source: LSTA funds, (Fund 313)

Implication of the Budget: Funding is \$3,445,298 in FY 2008 and \$3,302,676 in FY 2009. At the current level of funding the described competitive grant programs will remain as they are. The State Library of Ohio will be submitting a new Five-Year Plan for federal fiscal years 2008-2012. Although the type of competitive grants may be revised based on targeted needs, commitment and funding to the competitive grant program will remain. It is anticipated the funding of LSTA by the federal government will remain steady over the biennium.

Regional Library Systems

Program Description: Ohio's Regional Library Systems (which are separate from both the Southeast Ohio Library Center and the Regional Libraries for the Blind and Physically Handicapped) were created in the early 1970s to assist libraries of all types to improve the quality of services delivered to library users by coordinating resources and services for libraries within a geographic area in the most cost-effective manner. Before FY 2007, only a portion of public, school, academic, and special libraries were members of regional library systems. Beginning in FY 2007, all types of Ohio libraries in all 88

counties are eligible to receive regional library system services. Some libraries elect to receive additional fee-based services from a regional library system. Each regional library system covers approximately one-fourth of the state of Ohio.

Regional Library Systems collaborate with each other to provide training programs with nationally recognized presenters and share expenses, expand regional programs to other portions of the state, and avoid duplication of service. The Regional Library Systems program also delivers continuing education and technology training opportunities for staff at all levels of the library. In FY 2006 over 5,800 library staff members attended 336 workshops sponsored by the Regional Library Systems. In addition, approximately 1,500 hours of technology support and consulting services were delivered to Ohio's libraries. The Regional Library Systems' funding is comprised primarily of state funding (approximately 50% of their budget) and member dues from the individual libraries.

Funding Source: GRF

Implication of the Budget: Funding is \$1,010,441 in both FY 2008 and FY 2009. The amounts distributed to the four regional library systems in FYs 2008 and 2009 are expected to remain the same as FY 2007.

Regional Libraries for the Blind and Physically Handicapped

Program Description: Regional Libraries for the Blind and Physically Handicapped in Cincinnati and Cleveland receive a subsidy from the State Library. This program provides the reading and information services (recorded and Braille books and magazines and audio-described videos) to blind, visually impaired, and physically handicapped Ohio citizens in the 55 northern counties via the Cleveland Public Library and the 33 southern counties via the Public Library of Cincinnati and Hamilton County. The State Library serves as the machine-lending agency for the Talking Book Program (within Program Series 2.01), working in conjunction with the Regional Libraries for the Blind and Physically Handicapped. No staff members are paid from this program via the State Library payroll system.

Funding Source: GRF

Implication of the Budget: These programs are flat funded at FY 2007 levels: \$1,341,257 in both FY 2008 and FY 2009. This will not allow the service to be maintained at its current level. Cincinnati's Regional Library for the Blind and Physically Handicapped has not been meeting the National Library Service (NLS) standards. According to the State Library, as a result of rising personnel and maintenance expenses, the Regional Libraries for the Blind and Physically Handicapped may have to restructure staff in order to continue offering core services. In July of 2006, the State Library began offering electronic downloadable audio books, but no statistics are available yet for this service.

Special Grants

Program Description: For the past five years, the State Library has received grants from the Bill and Melinda Gates Foundation. The overall purpose of the Gates Foundation Library Initiative has been to place public computing resources in libraries of low wealth so that economically disadvantaged people can access online resources. Currently, the State Library is administering two Gates grants that are training grants. One is aimed at helping libraries in rural settings sustain their efforts and the other is aimed at assisting libraries that have Spanish-speaking populations provide better information services.

Funding Source: Library service charges (Fund 459)

Implication of the Budget: Funding is \$50,000 for FYs 2008 and 2009. No new staff is required to coordinate the responsibilities of managing the grants. Existing staff provides administrative support for grants.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
LIB Library Board, State									
GRF	350-321	Operating Expenses	\$ 6,203,467	\$ 6,148,666	\$ 6,298,677	\$ 6,298,677	0.00%	\$ 6,298,677	0.00%
GRF	350-400	Ohio Public Library Information Network	\$ 4,255,797	\$ 4,107,784	\$ 4,330,000	\$ 4,330,000	0.00%	\$ 4,330,000	0.00%
GRF	350-401	Ohioana Rental Payments	\$ 120,972	\$ 122,617	\$ 124,816	\$ 124,816	0.00%	\$ 124,816	0.00%
GRF	350-501	Library for the Blind - Cincinnati	\$ 535,615	\$ 535,615	\$ 535,615	\$ 535,615	0.00%	\$ 535,615	0.00%
GRF	350-502	Regional Library Systems	\$ 1,122,712	\$ 1,010,441	\$ 1,010,441	\$ 1,010,441	0.00%	\$ 1,010,441	0.00%
GRF	350-503	Library for the Blind - Cleveland	\$ 805,642	\$ 805,642	\$ 805,642	\$ 805,642	0.00%	\$ 805,642	0.00%
General Revenue Fund Total			\$ 13,044,205	\$ 12,730,764	\$ 13,105,191	\$ 13,105,191	0.00%	\$ 13,105,191	0.00%
139	350-602	Intra-Agency Service Charges	\$ 1,068	\$ 8,710	\$ 9,000	\$ 9,000	0.00%	\$ 9,000	0.00%
459	350-602	Library Service Charges	\$ 2,428,165	\$ 2,089,155	\$ 2,708,092	\$ 2,708,092	0.00%	\$ 2,708,092	0.00%
4S4	350-604	Ohio Public Library Information Network Technology	\$ 1,123,445	\$ 1,131,548	\$ 1,883,597	\$ 3,000,000	59.27%	\$ 3,000,000	0.00%
General Services Fund Group Total			\$ 3,552,678	\$ 3,229,413	\$ 4,600,689	\$ 5,717,092	24.27%	\$ 5,717,092	0.00%
313	350-601	LSTA Federal	\$ 5,717,460	\$ 5,172,584	\$ 5,643,905	\$ 5,691,792	0.85%	\$ 5,691,792	0.00%
Federal Special Revenue Fund Group Total			\$ 5,717,460	\$ 5,172,584	\$ 5,643,905	\$ 5,691,792	0.85%	\$ 5,691,792	0.00%
Library Board, State Total			\$ 22,314,342	\$ 21,132,761	\$ 23,349,785	\$ 24,514,075	4.99%	\$ 24,514,075	0.00%

State Lottery Commission

Jean J. Botomogno, Senior Economist

- The Ohio Lottery is self-sustaining and funded through the State Lottery Fund
- The Ohio Lottery oversees charitable gaming
- Since its inception in 1974, the Ohio Lottery has provided more than \$15 billion in support of the public education system

OVERVIEW

Duties and Responsibilities

The Ohio Lottery operates primarily to create profits to be transferred to the Lottery Profits Education Fund (LPEF) for use in programs benefiting primary, secondary, vocational, and special education. The amount transferred comes primarily from operating net profits. In FY 2005, the Ohio Lottery started the oversight of charitable gaming, taking over certain duties previously performed by the Attorney General. The Ohio Lottery is self-sustaining and funded through the State Lottery Fund. Funds for the oversight of charitable gaming are transferred from appropriations of the Attorney General. Of the \$2.26 billion in total ticket sales generated in FY 2007, 59.5% was awarded to players as prizes, 29.6% was transferred to the Ohio Department of Education, 6.2% was paid to agents as commissions and bonuses, and 4.7% was spent on operations. The Lottery operates a variety of online and instant ticket games. The online games are Pick 3, Pick 4, Rolling Cash 5, Raffles-to-Riches, Classic Lotto, Kicker, and Mega Millions.⁴ These games generated approximately 40.1% of total sales revenue in FY 2007. The Lottery sells a wide variety of instant games, including special games that coincide with major holidays. Instant games receipts were approximately 59.9% of total sales revenue in FY 2007.

The Lottery is governed by a nine-member commission, appointed by the Governor, and confirmed by the Senate. No more than five members of the Commission may be from the same political party. Daily administration of the Lottery is the responsibility of an executive director who is appointed by the Governor to oversee staff and operations.

The enacted budget transfers to the LPEF \$1.33 billion in the next biennium (\$657.9 million in FY 2008 and \$667.9 million in FY 2009). The appropriation for all budget fund groups for FY 2008 is \$420,945,841. This amount is \$18,920,427 lower than FY 2007 adjusted appropriations, a 4.3% decrease. Recommended funding for FY 2009 is \$422,879,388. This amount is \$1,933,547 higher than FY 2008, a 0.5% increase.

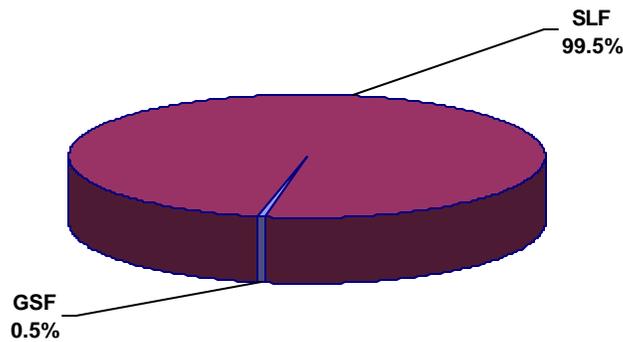
⁴ These online games are played via a terminal at a Lottery sales agent. Those terminals are linked to Ohio Lottery headquarters computers. Online games in this report do not refer to "Internet" lottery sales.

Agency in Brief

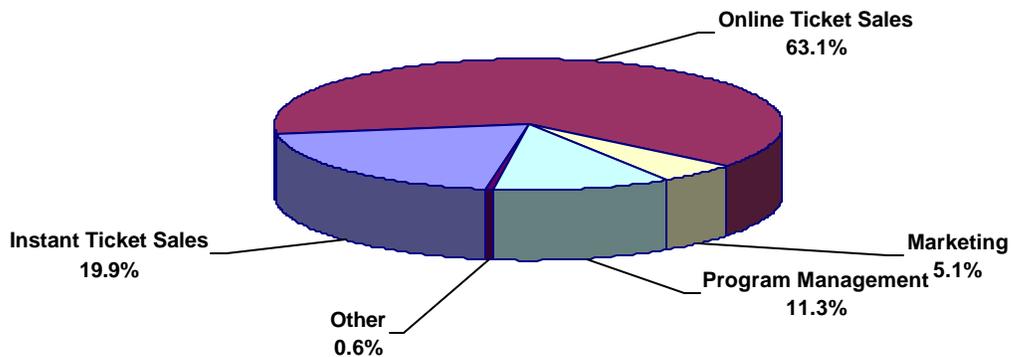
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
335	\$422	\$423	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Total Budget by Fund Group



Total Budget by Program Series



Vetoed Provisions

The enacted budget vetoed a provision that prohibited the State Lottery Commission from selling individual tickets that exceed \$20 in price and limited the State Lottery Commission from marketing new games. The Governor also vetoed a restriction imposed on the State Lottery Commission from authorizing Sunday drawings on any lottery game unless the game rule was approved by an executive order of the Governor.

ANALYSIS OF THE BUDGET

Program Series

1: Instant and Online Ticket Sales

Purpose: The purpose of this program series is to generate operating profits through the sale of Instant and online tickets to be transferred to the Lottery Profits Education Fund for use in programs benefiting Ohio's primary, secondary, vocational, and special education. Administrative costs for the implementation of Lottery programs as well as marketing activities to enhance ticket sales are found within this program series.

The following table shows the line items that are used to fund the Instant and Online Ticket Sales Programs.

Fund	ALI	Title	FY 2008	FY 2009
State Lottery Fund				
044	950-100	Personal Services	\$25,945,116	\$27,085,265
044	950-200	Maintenance	\$18,748,274	\$18,693,328
044	950-300	Equipment	\$2,554,500	\$2,446,500
044	950-402	Advertising Contracts	\$21,250,000	\$21,250,000
044	950-403	Gaming Contracts	\$50,419,360	\$51,250,704
044	950-601	Direct Prize Payments	\$147,716,286	\$147,716,286
044	950-602	Annuity Prizes	\$151,724,305	\$151,724,305
State Lottery Fund Subtotal			\$418,357,841	\$420,166,388
Total Funding: Instant and Online Ticket Sales			\$418,357,841	\$420,166,388

FY 2008 appropriations for the Instant and Online Ticket program series are about \$19.4 million (4.4%) below the adjusted appropriations for FY 2007. Decreases in appropriations in FY 2008 are due to the decline in anticipated spending for payments of annuity prizes. Amounts appropriated for FY 2009 are \$1.8 million (0.4%) higher than appropriations for FY 2008, due to higher personal services and gaming contract costs.

This analysis focuses on the following specific programs within the Instant and Online Ticket Sales program series:

- **Instant Ticket Sales**
- **Online Ticket Sales**
- **Marketing**
- **Program Management**

Instant Ticket Sales

Program Description: The primary goal of this program is to maximize Instant ticket sales and net profits. The Ohio Lottery provides Instant tickets, makes prize payments to winners, conducts ticket and machine testing, and warehouses and distributes the tickets. The program supports the purchase, warehousing, and distribution of Instant tickets, and includes the vendors' commissions that are based on a percentage of sales. The program also funds the cash and noncash prize (trips, cars, and merchandise) payouts to winners, and makes the annual payment for the annuity prize winnings for winners who have selected to be paid over a period of time rather than in one lump sum.

Fund	ALI	Title	FY 2008	FY 2009
State Lottery Fund				
SLF	950-403	Gaming Contracts	\$27,113,567	\$28,199,911
SLF	950-601	Direct Prize Payments	\$53,346,020	\$53,346,020
SLF	950-602	Annuity Prizes	\$3,128,627	\$3,128,627
Total Funding: Instant Ticket Sales			\$83,558,214	\$84,674,558

Funding Source: State Lottery Fund (044) – lottery ticket sales

Implication of the Budget: The funding for FY 2008 is \$1.9 million (2.4%) higher than the adjusted appropriations for FY 2007. Increased Instant ticket sales with higher payouts may require higher annuity prize payments in FY 2009. Appropriations for gaming contracts also increase \$1.1 million (1.3%) in FY 2009 because of expected higher sales of Instant games.

Online Ticket Sales

Program Description: As with Instant ticket sales, the primary goal of this program is to maximize online ticket sales and net profits. The Ohio Lottery enters into contracts for the ticket paper and for the gaming system. Additionally, the Ohio Lottery must make prize payments to winners. The program supports the purchase of online terminal supplies to produce lottery tickets, and also includes the contracted vendors' commission amounts. It also funds the cash payouts to winners, including winners of the Mega Millions game, and makes the annual payment for the annuity prize winnings for winners who have selected to be paid over a period of time rather than in one lump sum.

Fund	ALI	Title	FY 2008	FY 2009
State Lottery Fund				
SLF	950-403	Gaming Contracts	\$23,305,793	\$23,050,793
SLF	950-601	Direct Prize Payments	\$94,370,266	\$94,370,266
SLF	950-602	Annuity Prizes	\$148,595,678	\$148,595,678
Total Funding: Online Ticket Sales			\$266,271,737	\$266,016,737

Funding Source: State Lottery Fund (044) – lottery ticket sales

Implication of the Budget: Funding for the online ticket sales program for FY 2008 is \$13.8 million (5.5%) higher than FY 2007 adjusted appropriations. The Ohio Lottery anticipates higher online ticket sales from the introduction of new games and increased number of drawings for existing games. The FY 2009 appropriation is \$0.3 million (0.1%) lower than FY 2008 due to a projected reduction in spending on gaming contracts.

Marketing

Program Description: The goal of the marketing program is to increase sales through increased consumer awareness. This program supports the creation and placement of advertising (radio, television, signage, billboards, and promotional sponsorships), and provides the resources necessary to produce the Make Me Famous/Make Me Rich television game show and associated prizes. The program finances contracts with vendors that provide creative advertising, TV, radio, and print media placement. The program also supports the purchase of merchandise and promotional items, and provides resources for 11 staffing positions.

Fund	ALI	Title	FY 2008	FY 2009
State Lottery Fund				
SLF	950-100	Personal Services	\$866,896	\$912,312
SLF	950-200	Maintenance	\$2,519,940	\$2,519,940
SLF	950-402	Advertising Contracts	\$18,000,000	\$18,000,000
Total Funding: Marketing			\$21,386,836	\$21,432,252

Funding Source: State Lottery Fund (044) – Lottery ticket sales

Implication of the Budget: The funding for the marketing program in FY 2008 is \$0.7 million (3.3%) lower than the FY 2007 adjusted appropriations, from reduced spending on advertising contracts (\$1.3 million, 6.9% less than in FY 2007). The FY 2009 overall appropriation is slightly above the FY 2008 appropriation, because of a 5.2% increase in personal services costs.

Program Management

Program Description: This program implements the administrative, financial, information technology, sales support, and executive oversight functions of the Lottery Commission. The program funds approximately 326 full-time positions that implement and oversee the Lottery's other programs. This program also provides for the general operational costs that include telecommunications, data processing and systems maintenance, and facility rental and maintenance.

Fund	ALI	Title	FY 2008	FY 2009
State Lottery Fund				
SLF	950-100	Personal Services	\$25,078,200	\$26,172,953
SLF	950-200	Maintenance	\$16,228,334	\$16,173,388
SLF	950-300	Equipment	\$2,554,500	\$2,446,500
SLF	950-402	Advertising Contracts	\$3,250,000	\$3,250,000
Total Funding: Program Management			\$47,111,054	\$48,042,841

Funding Source: State Lottery Fund (044) – lottery ticket sales

Implication of the Budget: Nearly all of the personal services spending is included in this program. The funding for the program management program for FY 2008 is \$0.7 million (1.7%) higher than the adjusted appropriations for FY 2007. Increased costs for personal services (\$0.3 million, 1.4%) and maintenance (\$0.3 million, 2.2%) are expected. FY 2009 appropriations are \$0.9 million (2.0%) higher than FY 2008 appropriations, from increased personal services costs (\$1.1 million, 4.4%).

Program Series

2: Problem Gambling Subsidy

Purpose: The goals of this program are to establish outpatient gambling treatment programs in Ohio for lottery clients with an alcohol and/or drug addiction and to increase the identification and referral of problem gamblers to appropriate programs and services. The program seeks to increase awareness of available services for problem gamblers and their families. The following table shows the line item that is used to fund the problem gambling subsidy program.

Fund	ALI	Title	FY 2008	FY 2009
State Lottery Fund				
044	950-500	Problem Gambling Subsidy	\$335,000	\$335,000
Total Funding: Problem Gambling Subsidy			\$335,000	\$335,000

Program Description: This program funds the Ohio Department of Alcohol and Drug Addiction Services for the administration of problem gambling treatment programs.

Funding Source: State Lottery Fund (044) – lottery ticket sales

Implication of the Budget: The funding for the program each year of the biennium is the same as for FY 2007.

Program Series**3: Charitable Gambling**

Purpose: In accordance with an agreement (Memorandum of Understanding) with the Ohio Attorney General (AG), the Lottery performs specific duties delegated by the AG related to the oversight of Ohio's charitable gaming activities.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
231	950-604	Charitable Gaming Oversight	\$2,253,000	\$2,378,000
General Services Fund Subtotal			\$2,253,000	\$2,378,000
Total Funding: Charitable Gambling			\$2,253,000	\$2,378,000

Program Description: In July 2004, the AG and the Lottery entered into an agreement which requires the Lottery to perform the following duties: issue gambling licenses to charitable organizations; issue licenses to manufacturers and distributors of gambling products; and provide regulation, investigation, and audits of over 2,000 charitable organizations, manufacturers, and distributors. This program supports the requirements of this agreement. Performance of these duties requires the conversion of the previous manual application process to an online system to license applicants, conduct site visits, complete audits, and standardize reports.

Funding Source: General Services Fund (231)

Implication of the Budget: The funding for the program in FY 2008 is \$1.0 million (87.8%) higher than the FY 2007 adjusted appropriations. Appropriations for FY 2009 are \$0.1 million (5.5%) higher than FY 2008 amounts.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

LOT Lottery Commission, Ohio

231	950-604	Charitable Gaming Oversight	----	\$ 977,947	\$ 1,800,000	\$ 2,253,000	25.17%	\$ 2,378,000	5.55%
General Services Fund Group Total			----	\$ 977,947	\$ 1,800,000	\$ 2,253,000	25.17%	\$ 2,378,000	5.55%
044	950-100	Personal Services	\$ 23,371,631	\$ 23,626,293	\$ 25,457,016	\$ 25,945,116	1.92%	\$ 27,085,265	4.39%
044	950-200	Maintenance	\$ 16,303,587	\$ 17,282,680	\$ 17,954,156	\$ 18,748,274	4.42%	\$ 18,693,328	-0.29%
044	950-300	Equipment	\$ 1,251,140	\$ 2,433,784	\$ 2,494,718	\$ 2,554,500	2.40%	\$ 2,446,500	-4.23%
044	950-402	Advertising Contracts	\$ 58,089,746	\$ 65,176,541	\$ 70,024,000	\$ 21,250,000	-69.65%	\$ 21,250,000	0.00%
044	950-403	Gaming Contracts	----	----	\$ 0	\$ 50,419,360	N/A	\$ 51,250,704	1.65%
044	950-500	Problem Gambling Subsidy	\$ 329,500	\$ 324,500	\$ 335,000	\$ 335,000	0.00%	\$ 335,000	0.00%
044	950-601	Direct Prize Payments	\$ 138,244,505	\$ 149,543,296	\$ 147,716,286	\$ 147,716,286	0.00%	\$ 147,716,286	0.00%
871	950-602	Annuity Prizes	\$ 166,766,890	\$ 581,081,520	\$ 174,085,092	\$ 151,724,305	-12.84%	\$ 151,724,305	0.00%
State Lottery Fund Group Total			\$ 404,357,000	\$ 839,468,614	\$ 438,066,268	\$ 418,692,841	-4.42%	\$ 420,501,388	0.43%
Lottery Commission, Ohio Total			\$ 404,357,000	\$ 840,446,561	\$ 439,866,268	\$ 420,945,841	-4.30%	\$ 422,879,388	0.46%

Ohioana Library Association

Brian Hoffmeister, Budget Analyst

- Ohioana is supported through a combination of memberships, subscriptions, contributions, and a state GRF subsidy
- Ohioana uses more than 200 volunteers per year

OVERVIEW

Duties and Responsibilities

The Ohioana Library Association encourages and recognizes the creative accomplishments of Ohioans; maintains and preserves a permanent collection of books and music by Ohioans or about Ohio; and disseminates information about the work of Ohio writers, musicians, and other artists. These goals are accomplished through the Ohioana collection, the *Ohioana Quarterly* and other educational resources, and the Ohioana Awards. Each of these three services relies upon and is dependent upon the others. The collection is at the core of Ohioana but depends upon both the *Quarterly* and the Awards to generate visibility and support for writers and, subsequently, further monetary and in-kind donations and services to the Collection. A 28-member board, including the Governor's spouse and four members appointed by the Governor, is responsible for overseeing the library.

The Ohioana collection consists of approximately 45,000 books, including a wide range of literature, fiction, history, biography, poetry, humor, children's literature, county atlases, and local, church, and family histories; 10,000 pieces of sheet music; scrapbooks; and biographical files on more than 23,000 Ohio writers, artists, musicians, and other notable Ohioans. In FY 2006, the market value of books donated to the Ohioana collection was \$14,646. Either the author or publisher donates most books added to the collection. Approximately 909 titles were added in FY 2005, and 604 in FY 2006. This reduced number reflects Ohioana's new policy of not collecting author assisted (self-published) books, which was adopted in part to cut Ohioana's costs for handling cataloguing, and listing these items in the *Ohioana Quarterly*.

In January 2000, Ohioana's book holdings began to be added to the State Library of Ohio's electronic catalog, and in March 2002 they were released to the 90 OhioLINK institutions. This makes information about the collection easily accessible to anyone who has access to the Internet. The public access to the Ohioana electronic catalog and the facility has increased the use of the Ohioana collection in recent years.

The Ohioana Library also offers publications and educational resources for members and the public. It has published the *Ohioana Quarterly* four times a year since 1958, containing reviews of new books received by the library. In calendar year 2005, approximately 10,000 copies of the *Quarterly* were distributed to members, subscribers, and friends. Ohioana also provides nine educational resource lists that detail information about Ohio authors, musicians, artists, and books about Ohio. In addition, Ohioana has published the book *Ohio Authors and Their Books* and the Ohioana Ohio Literary Map, works in partnership with public media and the Ohio Humanities Council to produce the weekly Ohioana Authors radio series and accompanying web site, continues to sponsor the Ohioana Ruth Mount Internship, and helps students add to their academic credentials by working as volunteers in a number of areas.

The Ohioana Library also provides recognition to Ohio writers, musicians, and other artists for their creative accomplishments through the annual Ohioana Awards. The Awards recognize excellence in the areas of fiction, nonfiction, poetry, juvenile literature, and "About Ohio or an Ohioan" as well as distinguished service in music or in other areas of the arts and humanities. Awards are also given to high school students and young writers under the age of 30 who have not yet published a book. Designated grants or endowments provide the funds for all of Ohioana's monetary awards. Some costs of the awards program, such as printing costs for the invitations and programs and luncheon costs for award winners and a guest are underwritten or are provided as in-kind services by local businesses.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
6	\$200,000	\$200,000	\$200,000	\$200,000	Am. Sub. H.B. 119

* Employee count obtained from the Ohioana Library Association for FY 2007. Please note that state funds are used to pay employee salaries, but Ohioana employees are not considered state employees. Ohioana Library Board members are not paid and are not included in this table.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: The mission of the Ohioana Library Association is to recognize and encourage the creative accomplishments of Ohioans; preserve and expand a permanent archive of books, sheet music, manuscripts, and other materials by Ohioans and about Ohio; and disseminate information about the work of Ohio writers, musicians, and other artists to researchers, schools, and the general public.

Ohioana receives all of its state funding through one GRF line item. The table below shows the enacted state subsidy funding for the Association for FYs 2008 and 2009.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	355-501	Library Subsidy	\$200,000	\$200,000
General Revenue Fund Subtotal			\$200,000	\$200,000
Total Funding: Ohioana Library Association			\$200,000	\$200,000

This state subsidy Ohioana receives covers about 43% of the Association's operating costs and supports the following three programs:

- **Program 01.01: Ohioana Collection**
- **Program 01.02: Ohioana Quarterly/Education**
- **Program 01.03: Ohioana Awards**

Ohioana Collection

Program Description: The Ohioana Collection is the first service and the foundation upon which all of Ohioana's other services are built. This area includes the development, maintenance, and preservation of the collection, as well as the in-house use of the collection for responding to public inquiries and reference requests.

Implication of the Budget: Funding is \$64,000 for both FY 2008 and FY 2009 for the Ohioana Collection. Funding at this level will provide 52% of the cost of this program and give Ohioana the ability to retain its core staff, and to leverage additional funds and in-kind donations and services.

Ohioana Quarterly/Education

Program Description: The *Ohioana Quarterly* is the main source from which Ohioana generates its independent funding. Nearly 400 books are reviewed in the *Quarterly* each year, and all books are listed and annotated as they are received, with the Ohio connection noted for all books. Ohioana also provides educational resources for Ohio schools, libraries, and the general public.

Implication of the Budget: Funding is \$66,000 for both FY 2008 and FY 2009. Funding at this level will provide 45% of the cost of this program and will give Ohioana the ability to leverage additional funds and in-kind donations and services.

Ohioana Awards

Program Description: The Ohioana Awards program is a key factor in helping to recognize and promote Ohio's writers, artists, and musicians. The program honors Ohioans who have contributed to the literary and cultural life of the state and provides state and national recognition to these individuals, as well as for Ohio.

Implication of the Budget: Funding is \$70,000 for both FY 2008 and FY 2009. Funding at this level will provide 37% of the cost of this program and will give Ohioana the ability to secure additional funds and in-kind donations and services.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
<i>OLA Ohioana Library Association</i>							
GRF 355-501 Library Subsidy	\$ 202,134	\$ 200,000	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%
General Revenue Fund Total	\$ 202,134	\$ 200,000	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%
Ohioana Library Association Total	\$ 202,134	\$ 200,000	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%

Board of Regents

Wendy Zhan, Division Chief
Mary Morris, Budget Analyst

- Freeze in-state undergraduate tuition in both FY 2008 and FY 2009
- SSI increases by 5.6% in FY 2008 and 9.8% in FY 2009
- Total GRF increases by 8.7% in FY 2008 and 3.2% in FY 2009
- New Ohio Innovation Partnership, funded at \$150.0 million over the biennium, provides competitive grants for STEM² initiatives

OVERVIEW

Duties and Responsibilities

Created in 1963 by the General Assembly, the Ohio Board of Regents (BOR) is responsible for coordinating a higher education system that consists of 61 public and 63 independent colleges and universities. This system currently enrolls over 630,000 students and produces more than 104,000 degrees annually. Included in the 61 public institutions are 13 university main campuses, 24 university regional campuses, 1 free-standing medical college, 15 community colleges, and 8 technical colleges. These 61 public institutions enroll approximately three-quarters of the state's total post-secondary enrollment and produce approximately two-thirds of all degrees granted.

As a coordinating body, BOR has a direct, nongoverning relationship with all of Ohio's colleges and universities. Its main duties and responsibilities are: (a) to advise the Governor and the General Assembly on higher education policy, (b) to advocate for and manage state operating and capital funds for public colleges and universities and student financial aid programs for all students, (c) to authorize and approve new degree programs, (d) to approve new two-year community college charters and recommend the establishment of new public four-year universities, and (e) to develop a strategy involving Ohio's public and independent colleges and universities to maximize higher education's contribution to the state and its citizens.

Prior to Sub. H.B. 2 of the 127th General Assembly (effective May 15, 2007), BOR was governed by an 11-member board, which had the ultimate responsibility of coordinating higher education in Ohio; the board appointed a chancellor to supervise the day-to-day operations of BOR. Sub. H.B. 2 transferred the appointment of the Chancellor of BOR from the 11-member board to the Governor, with the advice and consent of the Senate. It also transfers all of the board's powers and responsibilities to the Chancellor. The 11-member board is now an advisory body to the Chancellor, who reports directly to the Governor and has the ultimate responsibility of coordinating higher education in Ohio. The current Chancellor was sworn in on May 24, 2007 and is a member of the Governor's cabinet.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
94	\$2.80 billion	\$2.89 billion	\$2.77 billion	\$2.86 billion	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The all-fund appropriations for BOR total \$2.80 billion in FY 2008, an increase of 6.9%, and \$2.89 billion in FY 2009, an increase of 3.2%. As seen in the table above, the General Revenue Fund (GRF) is the BOR's key funding source; it accounts for over 99% of the total biennial appropriations for BOR. The GRF appropriations for BOR total \$2.77 billion in FY 2008, an increase of 8.7%, and \$2.86 billion in FY 2009, an increase of 3.2%. Most of the non-GRF appropriations for BOR are supported by federal funds.

GRF appropriation item 235-501, State Share of Instruction, dominates the BOR budget. Of the total biennial appropriation of \$5.68 billion, 62.0% is appropriated to this item. The state share of instruction subsidies provide the core state support for public colleges and universities.

Summary of the Major Budget Initiatives

In-state Undergraduate Tuition Freeze. The budget freezes in-state undergraduate tuition in both FY 2008 and FY 2009. As a result, the in-state undergraduate tuition for each campus will remain at the FY 2007 level over the biennium. In FY 2007, four-year campuses charged an average of \$8,427 for a full-time Ohio resident undergraduate student and two-year campuses charged an average of \$3,521 per full-time student. For all campuses the average in-state undergraduate tuition was \$6,209 per full-time student in FY 2007.⁵

State Share of Instruction (SSI) and Challenges Subsidies. To help freeze in-state undergraduate tuition, the budget funds GRF appropriation item 235-501, State Share of Instruction, at \$1,678.9 million in FY 2008, an increase of 5.6%, and at \$1,843.0 million in FY 2009, an increase of 9.8%. Of these amounts, the budget earmarks \$58.0 million in FY 2008 and \$60.0 million in FY 2009 to be distributed based on each campus's proportional share of the total in-state undergraduate tuition in FY 2007. The remaining funds are first used to guarantee all campuses to receive the same amount of SSI (excluding the earmarked funding) they received in the prior year and then used to provide uniform increases (2.0% in FY 2008 and 10.0% in FY 2009) for the four-year universities and their branch campuses and varying increases for two-year community and technical colleges based on a formula developed by BOR that takes into account the enrollment growth at community and technical colleges. To receive these SSI subsidy increases, each campus must demonstrate, through increasing internal efficiencies, a 1.0% savings in FY 2008 and a 3.0% savings in FY 2009 as certified by BOR. While SSI provides unrestricted operating subsidies to campuses, the four Challenges (Jobs, Access, Success, and Economic Growth) provide additional subsidies to campuses for specific purposes. The total appropriations for these four items are \$164.8 million per year, an increase of 11.0% over FY 2007.

Ohio Innovation Partnership. The budget provides \$150.0 million over the biennium to fund the newly established Ohio Innovation Partnership, which consists of two competitive grant programs: the Choose Ohio First Scholarship Program and the Ohio Research Scholars Program. Funded at \$50.0 million per year, the Choose Ohio First Scholarships Program provides scholarships to Ohio residents who attend selected four-year institutions of higher education in science, technology, engineering, mathematics, and medicine (STEM²) fields or STEM² education. The Ohio Research Scholars Program, funded at \$30.0 million in FY 2008 and \$20.0 million in FY 2009, provides endowment grants to selected four-year institutions for initiatives that recruit scientists to their faculties.

⁵ Based on the data provided by BOR in May 2007.

James A. Rhodes Scholarship. The budget provides \$10.0 million in FY 2008 to match the funds raised by the James A. Rhodes Leadership Foundation for the purpose of providing scholarships to students attending community and technical colleges. The purpose of the scholarships is to establish a skilled workforce in the state.

Ohio College Opportunity Grant (OCOG). The budget appropriates \$140.0 million in FY 2008, an increase of 140.7%, and \$151.1 million in FY 2009, an increase of 8.0%, to continue the second and third-year phase-in of OCOG, a new need-based student financial aid program. OCOG uses the federally determined “Expected Family Contribution (EFC)” as the basis for determining the students’ grant awards. The EFC system is a more sophisticated measure of a family’s ability to pay for higher education than family income alone (used in the Ohio Instructional Grants – the state’s main need-based student financial aid program prior to FY 2007). Students from families with income levels less than \$75,000 are eligible for OCOG (\$39,000 for OIG). Compared to OIG, OCOG provides larger grants to more students, requiring approximately twice the amount of funding once it is fully implemented in order to meet intended grant levels for eligible students.

Vetoed Provisions

- The Governor vetoed a provision that would have created a Higher Education Statewide Purchasing Consortium to be administered by the Inter-University Council of Ohio. This provision would have required all state institutions of higher education to participate in the Consortium and enter into price agreements offered by the Consortium. It would have also required the Chancellor of BOR to certify any cost savings reported by members of the Consortium as savings achieved through internal efficiencies required for receiving SSI subsidy increases over what they received in the prior year.
- The Governor vetoed a provision that would have distributed the state matching funds for the Innovation Incentive Program as follows: (i) distribute through a competitive grant process if the total state matching funds equal or exceed the total amount of funds internally reallocated by all participating universities or (ii) distribute to each participating university the same amount of the state matching funds it received in FY 2007 and then distribute excess funds, if any, proportionally among all participating universities, if the total state matching funds are less than the total amount of funds internally reallocated by all participating universities.
- The Governor vetoed a provision that would have transferred and appropriated any unspent and unencumbered balance of GRF appropriation item 235-531, Student Choice Grants, from FY 2008 to FY 2009 for use under the same appropriation item.

ANALYSIS OF THE BUDGET

Program Series

1: College and University Instructional Operations

Purpose: This program series provides basic state support for instructional and general operations and activities at Ohio's 61 public colleges and universities.

The following table shows the line items that are used to fund the College and University Instructional Operations program series, as well as the levels of funding provided in the budget.

Appropriation Amounts for Program Series 1: College and University Instructional Operations				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-501	State Share of Instruction	\$ 1,678,877,952	\$ 1,842,965,747
		<i>Tuition Subsidy</i>	\$ 58,000,000	\$ 60,000,000
		<i>Remainder</i>	\$ 1,620,877,952	\$ 1,782,965,747
General Revenue Fund Subtotal			\$ 1,678,877,952	\$ 1,842,965,747
Total Funding: College and University Instructional Operations			\$ 1,678,877,952	\$ 1,842,965,747

The College and University Instructional Operations program series is funded by GRF appropriation item 235-501, State Share of Instruction. Details of this item and the provisions affecting the programs funded by this item are given below.

State Share of Instruction (Item 235-501). The budget provides increases of 5.6% in FY 2008 and 9.8% in FY 2009 for this GRF item. SSI serves as the state's primary financial support to public higher education in Ohio. It provides unrestricted operating subsidies to Ohio's 61 public colleges and universities and funds a portion of the operating costs of serving the approximately 352,000 full-time equivalent students (FTEs) enrolled in those colleges and universities. In FY 2007, it is estimated that the state pays approximately 41.5% of the institutions' instructional and operation modeled costs. SSI is disbursed to campuses in approximately equal monthly payments during a given fiscal year.

The budget freezes in-state undergraduate tuition in both FY 2008 and FY 2009. As a result, the in-state undergraduate tuition for each campus will remain at the FY 2007 level over the biennium. In FY 2007, four-year campuses charged an average of \$8,427 for a full-time Ohio resident undergraduate student and two-year campuses charged an average of \$3,521 per full-time student. For all campuses the average in-state undergraduate tuition was \$6,209 per full-time student in FY 2007.⁶ The budget requires each state-assisted campus to provide students with an itemized list of instructional and general fees and all other fees or charges owed by the student beginning in the 2008 - 2009 academic year. This list is aimed at achieving greater transparency and "truth in tuition."

⁶ Based on the data provided by BOR in May 2007.

To help freeze in-state undergraduate tuition, the budget distributes SSI funding as follows:

Tuition Subsidy. The budget earmarks \$58.0 million in FY 2008 and \$60.0 million in FY 2009 of GRF appropriation item 235-501, State Share of Instruction, to be distributed based on each campus's proportional share of the total in-state undergraduate tuition amount in FY 2007. For purposes of this subsidy, the in-state undergraduate tuition amounts for all campuses except for Miami University are determined by multiplying a campus's full-time equivalent in-state undergraduate students by the campus's full-time in-state undergraduate tuition, prior to deducting any scholarships and student financial aid grants. In the case of Miami University, the tuition amount is deemed to be the average in-state undergraduate tuition after taking into account Ohio Resident and Ohio Leader scholarships.

Remainder. The remaining SSI funding is first used to guarantee all campuses to receive the same amount of SSI (excluding the earmarked tuition subsidy) they received in the prior year and is then used to provide uniform increases (2.0% in FY 2008 and 10.0% in FY 2009) to all four-year universities and their branch campuses and varying increases to two-year community and technical colleges based on a formula developed by BOR that takes into account the enrollment growth in two-year community and technical colleges. In order to receive SSI increases over what they received the year before, all campuses have to demonstrate, through increasing internal efficiencies, a 1.0% savings in FY 2008 and a 3.0% savings in FY 2009 as certified by BOR.

The table below summarizes the estimated average SSI increases (including the earmarked tuition subsidy) for each of the five public institution sectors.

Average SSI Increases by Sector, FY 2008-FY 2009		
Sector	FY 2008	FY 2009
University Main Campuses	5.7%	9.8%
University Branch Campuses	6.7%	9.7%
State Community Colleges	4.9%	10.4%
Community Colleges	4.2%	8.7%
Technical Colleges	7.2%	10.8%
State	5.6%	9.8%

Higher Education Studies and Improvement Plans. The budget requires the Chancellor of BOR to conduct various studies and develop plans to improve higher education. First, it requires the Chancellor, in consultation with the Department of Development, to commission a study on the needs of the business community relative to higher education in the state. This study is to be completed by December 31, 2007. Second, the budget requires the Chancellor, in consultation with state-assisted institutions of higher education, to develop a plan that addresses five specific areas of higher education: access, success, affordability, research and development support, and higher education awareness. This plan is to be completed by March 31, 2008. One of the plan's goals is to increase the number of Ohioans enrolled in college by 230,000 by 2017. Third, the budget requires the Chancellor, in consultation with state-assisted institutions of higher education, to study the feasibility of establishing and implementing a tuition flexibility plan that may allow institutions to charge per-credit-hour-based tuition or differential tuition. This study is also to be completed by March 31, 2008. Finally, the budget postpones the due date for a report required in Sub. H.B. 2 of the 127th General Assembly from September 28, 2007 to March 31, 2008. In this report, the Chancellor is to make recommendations on making colleges more affordable and accessible, encouraging graduates to remain in the state after graduation, and maximizing higher education as a driver of the state's economy.

The Governor vetoed a provision that would have created a Higher Education Statewide Purchasing Consortium to be administered by the Inter-University Council of Ohio. This provision would have required all state institutions of higher education to participate in the Consortium and enter into price agreements offered by the Consortium. It would have also required the Chancellor of BOR to certify any cost savings reported by members of the Consortium as savings achieved through internal efficiencies required for receiving SSI subsidy increases over what they received in the prior year.

Program Series

2: Facilities and Debt Service

Purpose: This program series provides funds for the servicing of debt obligations incurred by the state and for the administration of capital-related activities.

The following table shows the line items that are used to fund the Facilities and Debt Service program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 2: Facilities and Debt Service				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-401	Lease Rental Payments	\$ 203,177,900	\$ 136,017,500
GRF	235-552	Capital Component	\$ 19,306,442	\$ 19,306,442
GRF	235-909	Higher Education General Obligation Debt Service	\$ 172,722,400	\$ 208,747,200
General Revenue Fund Subtotal			\$ 395,206,742	\$ 364,071,142
State Special Revenue Fund (SSR)				
4E8	235-602	Higher Educational Facility Commission Administration	\$ 50,000	\$ 45,000
State Special Revenue Fund Subtotal			\$ 50,000	\$ 45,000
Total Funding: Facilities and Debt Service			\$ 395,256,742	\$ 364,116,142

The Facilities and Debt Service program series is funded by four appropriation items. Of this series' biennial total appropriations of \$759.3 million, all but \$95,000 is funded through GRF. Details of each of the four items and the provisions affecting the programs funded by these items are given below.

Debt Service Funding (Items 235-401 and 235-909). Debt service funding for higher education is provided through GRF appropriation items 235-401, Lease Rental Payments, and 235-909, Higher Education General Obligation Debt Service. The budget provides an increase of 1.2% in FY 2008 and a decrease of 33.1% in FY 2009 for item 235-401 and increases of 3.5% in FY 2008 and 20.9% in FY 2009 for item 235-909. Ohio voters approved a constitutional amendment in November 1999 to authorize the state to issue general obligation (G.O.) bonds for financing capital needs of primary and secondary education and higher education. In contrast with special revenue bonds, which are paid for by a dedicated revenue source (in this case, GRF), G.O. bonds are backed by the full faith and credit of the state. Because of this additional backing, G.O. bonds generally can be issued at lower interest rates than special revenue bonds. Since 2000 the state has issued only G.O. bonds for higher education capital projects. Accordingly, debt service for G.O. bonds has been increasing, while debt service for special revenue bonds has been decreasing. Special obligation debt service will continue to decline over several biennia until 2014 when all of the special obligation debt will be retired. From FY 2006 to FY 2008, debt service for special obligation debt remains fairly constant; however, in FY 2009 it is to decline again. This debt service plateau ending in FY 2008 is a result of the dates of issuance, dates of maturity, and the interest rates of the special obligation bonds.

The budget establishes the Buckeye Tobacco Financing Authority to implement the securitization of up to 100% of the payments Ohio is expected to receive under the Tobacco Master Settlement Agreement over the next 40 or more years. The net proceeds are estimated to be approximately \$5.04 billion. Of this amount, about \$920 million will be used to finance the capital needs of higher education in the next three years. The budget authorizes the Director of Budget and Management to reduce the GRF appropriations for item 235-909 and use those excess funds to pay for the costs of the homestead exemption expansion.

The budget permits the Department of Administrative Services (DAS), upon request, to contract with the Office of Energy Efficiency of the Department of Development for analyses and recommendations pertaining to energy conservation measures for buildings owned by public institutions of higher education. Presumably, the costs of the studies will be paid by institutions requesting the studies. The implementation of the recommended energy conservation measures may lower the utility costs of those institutions.

Capital Component (Item 235-552). The budget provides an increase of 1.3% in FY 2008 and flat funding in FY 2009 for this GRF item. This funding is distributed to campuses that request and receive capital appropriations lower than their formula allocated capital appropriation amounts. In addition to these appropriations, five institutions are likely to have their SSI allocations in FY 2008 and FY 2009 reduced by a total of approximately \$255,700, which will be transferred to this appropriation item. These five institutions have requested and received capital appropriations above their formula allocated amounts. The transferred funds and the original appropriations will be distributed to the remaining eligible institutions. The funding for each eligible campus equals the difference between the campus's formula allocated debt service amount and the debt service amount actually received by the campus. Campuses can use these funds only for capital projects.

Higher Educational Facility Commission Administration (Item 235-602). These state special revenue funds support BOR's administration of the Higher Educational Facility Commission (HEFC), an agency of the state that provides for the issuance of tax-exempt revenue bonds for Ohio's independent nonprofit colleges and universities and nonprofit hospitals and health care systems. HEFC does not have separate staff or permanent offices; it relies on bond counsel (who is paid by the entities for which bonds are issued) and the support of BOR for its operations. The budget authorizes the transfer of up to \$50,000 in FY 2008 and \$45,000 in FY 2009 from the HEFC's Agency Fund (Fund 461) to the HEFC Administration Fund (Fund 4E8) of BOR, in order to enable BOR to maintain one staff person to perform HEFC's administrative duties.

Program Series 3: Pre-Kindergarten through Sixteen Preparation and Access

Purpose: This program series supports initiatives that facilitate access to college through improved readiness and initiatives that focus on improving the capability of the “Pre-K through 16” educational system to prepare students for success in college and in professional careers.

The following table shows the line items that are used to fund the Pre-K through 16 Preparation and Access program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 3: Pre-K through 16 Preparation and Access						
Fund	ALI	Title		FY 2008	FY 2009	
General Revenue Fund (GRF)						
GRF	235-434	College Readiness and Access	\$	12,655,425	\$ 12,655,425	
GRF	235-435	Teacher Improvement Initiatives	\$	4,797,506	\$ 11,297,506	
General Revenue Fund Subtotal			\$	17,452,931	\$ 23,952,931	
Federal Special Revenue Fund (FED)						
3BG	235-626	Star Schools	\$	2,980,865	\$ 2,990,746	
312	235-609	Tech Prep	\$	183,850	\$ 183,850	
312	235-611	Gear-up Grant	\$	3,300,000	\$ 3,300,000	
312	235-617	Improving Teacher Quality Grant	\$	3,200,000	\$ 3,200,000	
312	235-621	Science Education Network	\$	1,686,970	\$ 1,686,970	
Federal Special Revenue Fund Subtotal			\$	11,351,685	\$ 11,361,566	
State Special Revenue Fund (SSR)						
5DT	235-627	American Diploma Project	\$	250,000	\$ -	
State Special Revenue Fund Subtotal			\$	250,000	\$ -	
Total Funding: Pre-K through 16 Preparation and Access				\$	29,054,616	\$ 35,314,497

The Pre-K through 16 Preparation and Access program series is funded by eight appropriation items. Of this series' biennial total appropriations of \$64.4 million, 64.3% comes from the GRF, 35.3% from federal funds, and 0.4% from state special revenue funds. Details for each of these eight items and the provisions affecting the programs funded by these items are given below.

College Readiness and Access (Item 235-434). The budget provides an increase of 65.3% in FY 2008 and flat funding in FY 2009 for this GRF item. A portion of this appropriation provides the state's matching funds for the federal GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Program) program through the Ohio College Access Network funded in this item.

Fund	ALI	Title/Earmark		FY 2008	FY 2009
GRF	235-434	College Readiness and Access	\$	12,655,425	\$ 12,655,425
		Ohio Appalachian Center for Higher Education	\$	798,684	\$ 822,645
		Student Achievement in Research and Scholarship (STARS)	\$	169,553	\$ 174,640
		Early College High Schools	\$	3,503,985	\$ 3,503,985
		Remainder	\$	8,183,203	\$ 8,154,155

Ohio Appalachian Center for Higher Education. Created in 1993, the Ohio Appalachian Center for Higher Education (OACHE) is a consortium of ten public colleges and universities in the 29 Appalachian counties. It works with colleges, universities, K-12 schools, and private organizations to increase the region's college-going rate by awarding two-year "Access Project" competitive grants to K-12 schools in the region for activities that encourage students to aspire to and prepare for college. Since its inception, OACHE has awarded 80 "Access Project" grants to 49 schools or school consortia.

Early College High Schools. The early college high school initiative is funded by appropriations provided in both the BOR and Department of Education budgets. These funds are used to support current operations and expansions of early college high schools, which have been established in collaboration with the KnowledgeWorks Foundation. These schools are partnerships between school districts and universities that provide students from disadvantaged backgrounds opportunities to attend special high school programs that take place on college campuses. The students follow individualized learning plans in order to graduate from high school with an associate degree or up to two years of college credit. The current six early college high schools are located in Canton, Columbus, Dayton, Lorain, Toledo, and Youngstown public schools.

Student Achievement in Research and Scholarship (STARS). Administered by Miami University, STARS is a statewide program that is designed to help academically talented African-American, Hispanic, and Native American undergraduates pursue graduate studies in Ohio. The program offers those undergraduate students opportunities to conduct research with faculty mentors, paid research assistantships, travel scholarships to attend academic conferences, and participation in the campus-based STARS clubs. Students must have 3.0 cumulative grade point averages in order to participate in the program. Scholarship amounts vary between \$750 to \$1,200 per semester plus travel stipends of \$200.

Remainder – Ohio College Access Network (OCAN). OCAN was created in 1999 by the KnowledgeWorks Foundation, in collaboration with BOR and the Department of Education. It is a nonprofit statewide coordinating body for college access programs, which are nonprofit organizations aiming at increasing higher education participation by providing financial counseling, "last-dollar" scholarships (after all other financial aid resources have been tapped), college visits, career guidance, tutoring, and test preparation. Currently, OCAN's membership includes 35 college access programs in 46 counties. Services offered by OCAN include providing professional development, such as technical assistance, on-site visits, and annual conferences; securing and administering grants; and facilitating resource sharing among its member organizations. The budget provides an increase of \$4.25 million over the biennium for OCAN. This increased funding will be used to support current and new college access programs and to increase private contributions to college access programs.

Teacher Improvement Initiatives (Item 235-435). The budget provides increases of 77.9% in FY 2008 and 135.5% in FY 2009 for this GRF item. The majority of the funds provided under this line item are earmarked for various teacher improvement initiatives. The remainder is used to fund programs such as OSI-Discovery and centers of Excellence in Mathematics and Science.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-435	Teacher Improvement Initiatives	\$ 4,797,506	\$ 11,297,506
		<i>Ohio Mathematics and Science Coalition</i>	\$ 106,619	\$ 106,619
		<i>Teacher Quality Partnerships Study</i>	\$ 100,000	\$ 100,000
		<i>Ohio Resource Center for Mathematics, Science, and Reading</i>	\$ 874,871	\$ 874,871
		<i>Mathematics and Science Center in Lake County</i>	\$ 204,049	\$ 204,049
		<i>Sinclair Community College Distance STEM Partnership</i>	\$ 100,000	\$ 100,000
		<i>Regional Summer Academies</i>	\$ 2,000,000	\$ 2,000,000
		<i>Teacher Signing Bonuses</i>	\$ -	\$ 4,000,000
		<i>Teacher Loan Forgiveness</i>	\$ -	\$ 2,500,000
		<i>Remainder</i>	\$ 1,411,967	\$ 1,411,967

Ohio Mathematics and Science Coalition (OMSC). As a coordinating organization for all the entities associated with mathematics and science education in Ohio, OMSC is comprised of individuals from the education, business, and public sectors, working toward the goal of improving K-16 education in mathematics, science, and technology. Examples of services provided by OMSC include maintaining a web site to disseminate current information on improving K-16 mathematics and science education, developing and publishing evaluation tools for use by school districts in selecting standard-based mathematics and science textbooks and instructional materials, and distributing bookmarks to ninth grade students that focus on important reasons to study mathematics and science.

Teacher Quality Partnership Study. Launched in 2003, the Teacher Quality Partnership is a comprehensive, longitudinal study of the preparation, in-school support, and effectiveness of Ohio teachers. As a research consortium of Ohio's 50 colleges and universities providing teacher preparation programs, the partnership is identifying how the preparation and development of new teachers affect their success in the classroom as measured by the academic performance of their students.

Ohio Resource Center for Mathematics, Science, and Reading (ORC). Located in and administered through The Ohio State University, ORC operates primarily as a virtual best practice center, with working groups and research teams drawn from faculties in cooperation with schools and school districts across the state. ORC's resources are available primarily via the web and are coordinated with other state and regional efforts to improve student achievement and teacher effectiveness in K-12 mathematics, science, and reading.

Mathematics and Science Center in Lake County. A program of the Lake County Educational Service Center, the mission of the center is to instill in learners the ability to appreciate, discover, and apply scientific and mathematic concepts. Started in 1991, the center provides hands-on science experience for third, fourth, and fifth graders in Lake and Geauga counties. In 1997 the center changed its name from the Lakeland Area Center for Science and Mathematics to Dr. James H. Porter Center for Science and Mathematics.

Sinclair Community College Distance STEM Partnership. This funding supports the partnership between Sinclair Community College and Wright State University to increase the retention, transfer, and graduation rates of science, technology, engineering, and mathematics (STEM) majors. Started in FY 2005, the partnership has expanded to a Science, Technology, Engineering and Mathematics Talent Expansion Program (STEP) for which Wright State University has received National Science Foundation (NSF) funding through 2010.

Regional Summer Academies. This funding is used to support up to ten regional summer academies for 11th and 12th grade students to focus on learning foreign language and STEM. This initiative was first funded in FY 2007 as part of the funding for the Ohio Core, a set of minimum state graduation requirements that apply starting with students who enter 9th grade in FY 2011. The goal of the regional summer academies is to prepare 11th and 12th grade public and chartered nonpublic school students to pursue college-level foreign language and STEM courses, with a focus on secondary teaching in these disciplines.

Teacher Signing Bonuses and Loan Forgiveness. The budget provides funds in both the BOR and Department of Education budgets for various activities designed to increase the capacity of school districts in providing their students with opportunities to meet the Ohio Core requirements. Within the BOR budget, the budget establishes two new programs in FY 2009 to provide incentives for licensed foreign language, science, and mathematics teachers to teach in hard-to-staff schools as identified by the Department of Education. The signing bonus program is funded at \$4.0 million and the loan forgiveness program is funded at \$2.5 million in FY 2009. To qualify for either program, an individual must (a) be licensed to teach, (b) be assigned to teach in foreign language, science, or mathematics, and (c) agree to teach in a hard-to-staff traditional public school for a minimum of five years. An individual who has met all requirements will receive either \$20,000 in a signing bonus or \$20,000 in loan forgiveness funding.

Remainder – OSI-Discovery and Centers of Excellence in Mathematics and Science. Started in 2002 and located at Miami University, OSI-Discovery is a classroom and web-based initiative that supports professional development workshops and institutes and provides follow-up online support for educators as they implement inquiry-based and problem-solving-based instructional programs. It strives to create and sustain learning communities that support mathematics and science educators as they implement systemic reform-based curricula; to provide knowledge and skills for teachers and principals enabling their success in improving student achievement; and to increase teacher use of standards and web-based resources in classrooms.

BOR has funded six centers of Excellence in Mathematics and Science across the state. These centers are designed to contribute to the expanding statewide infrastructure constructed to improve K-16 mathematics and science teaching and learning through collaborations among higher education institutions and school districts. The main activities provided by these centers include providing professional development for mathematics and science teachers, increasing student access to quality mathematics and science learning opportunities, improving mathematics and science teacher preparation programs, conducting applied research and evaluation focused on mathematics and science areas, and increasing recruitment and retention of mathematics and science teachers and faculty dedicated to mathematics and science teacher education.

American Diploma Project (Item 235-627). These state special revenue funds support Ohio's participation in the American Diploma Project (ADP) network, an initiative designed to improve students' college and workplace readiness. Ohio's ADP works in alignment with its other access initiatives to develop college entry standards, create seamless transitions from high school to college, adopt high school assessments aligned with college entry examinations, and develop curriculum models linked to rigorous high school requirements. The project is funded by grants from the Bill and Melinda Gates Foundation, contingent upon matching funds from GRF appropriation item 235-434, College Readiness and Access.

Tech Prep (Item 235-609). These federal funds support a combined secondary and higher education program to facilitate a seamless transition from high school to college by reducing remediation rates and preparing students for high-technology jobs. The funds are used to support a professional staff member to work collaboratively with the Department of Education to administer the statewide Tech Prep program that enables either the direct entry into the workplace after high school, the continuation of study at a two-year college leading to an associate degree with advanced skills, or the completion of an appropriate baccalaureate degree.

GEAR UP Grant (Item 235-611). These federal funds support programs at the state and local partnership levels to encourage low-income middle and high school students to raise their academic expectations, stay in school, take challenging courses, and go to college. GEAR UP Ohio provides a comprehensive system of school and community-based services including academic preparation, after school and summer enrichment services, advising, tutoring, and mentoring in eight high-poverty communities in the state with low college participation and high remediation rates. In each year approximately 14,000 economically disadvantaged students receive comprehensive services from these eight "lighthouse" districts.

Improving Teacher Quality Grant (Item 235-617). These federal funds provide competitive grants to universities for research-based, content-rich professional development projects for pre-K-12 teachers.

Science Education Network (Item 235-621). These federal funds are used to connect colleges and universities to the OSCnet, formerly called the Third Frontier Network, to improve K-12 and undergraduate science education.

Star Schools (Item 235-626). These federal funds allow the state to participate in a five-state research partnership focused on the use of emerging mobile technologies to improve learning in mathematics and literacy.

Program Series

4: Student Access

Purpose: This program series supports efforts to increase college access and participation in higher education by providing a variety of student aid, from direct financial assistance to college students to institutional subsidies that help institutions maintain lower and more affordable tuitions.

The following table shows the line items that are used to fund the Student Access program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 4: Student Access				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-414	State Grants and Scholarship Administration	\$ 1,707,881	\$ 1,707,881
GRF	235-418	Access Challenge	\$ 66,585,769	\$ 66,585,769
GRF	235-502	Student Support Services	\$ 795,790	\$ 795,790
GRF	235-503	Ohio Instructional Grants	\$ 42,533,966	\$ 18,315,568
GRF	235-504	War Orphans Scholarships	\$ 4,812,321	\$ 4,812,321
GRF	235-514	Central State Supplement	\$ 11,756,414	\$ 12,109,106
GRF	235-520	Shawnee State Supplement	\$ 2,502,323	\$ 2,577,393
GRF	235-531	Student Choice Grants	\$ 38,485,376	\$ 38,485,376
GRF	235-563	Ohio College Opportunity Grant	\$ 139,974,954	\$ 151,113,781
GRF	235-567	Central State University Speed to Scale	\$ 4,400,000	\$ 3,800,000
GRF	235-571	James A. Rhodes Scholarship - New	\$ 10,000,000	\$ -
General Revenue Fund Subtotal			\$ 323,554,794	\$ 300,302,985
Federal Special Revenue Fund (FED)				
3N6	235-605	State Student Incentive Grants	\$ 2,196,680	\$ 2,196,680
Federal Special Revenue Fund Subtotal			\$ 2,196,680	\$ 2,196,680
Total Funding: Student Access			\$ 325,751,474	\$ 302,499,665

The Student Access program series is funded by 12 appropriation items. Of this series' biennial total appropriations of \$628.3 million, 99.3% comes from the GRF and 0.7% from federal funds. Details for each of the 12 items and the provisions affecting the programs funded by these items are given below.

Need-based Student Financial Aid. GRF appropriation items 235-503, Ohio Instructional Grants, and 235-563, Ohio College Opportunity Grant, provide state funding for the need-based student financial aid programs. FED appropriation item 235-605, State Student Incentive Grants, provides additional funding for the need-based student financial aid programs. These three items and statutory changes to the student financial aid programs are described below.

Ohio College Opportunity Grant (Item 235-563). The budget continues to phase in the Ohio College Opportunity Grant (OCOG), a new need-based student financial aid program that started in FY 2007. The budget provides increases of 140.7% in FY 2008 and 8.0% in FY 2009 for this GRF item. Students who had not received college credit (excluding post-secondary enrollment option and early college high school students) prior to the start of the 2006 - 2007 academic year are eligible to receive OCOG grants, which will be fully implemented by FY 2010; at that time the Ohio Instructional Grant (OIG) Program – the state's main financial aid program prior to FY 2007 – will be eliminated. OCOG uses the federally determined "Expected Family Contribution" (EFC) as the basis for determining the grant awards. EFC is calculated using the information that students provide when they fill out the Free

Application for Federal Student Aid (FAFSA) form, and is the same method that the federal government uses to determine eligibility for Pell Grants. The EFC system is a more sophisticated measure of a family's ability to pay for higher education than using family income only (used in OIG); it takes into account a number of other factors, including family assets, student income, number of family members in college, and the ages of the parents. Students from families with income levels less than \$75,000 are eligible for OCOG (\$39,000 for OIG). Compared to OIG, OCOG provides larger grants to more students, requiring approximately twice the amount of funding once it is fully implemented in order to meet intended grant levels for eligible students.

Ohio Instructional Grants (Item 235-503). The budget provides decreases of 54.0% in FY 2008 and 56.9% in FY 2009 for this GRF item. These decreases are related to the phase-out of OIG and the phase-in of OCOG. OIG awards are granted largely based on family income. The maximum family gross income levels to receive an award are \$39,000 for dependent students, and \$35,300 for independent students. Since FY 2007, OIG recipients must have received college credit (excluding post-secondary enrollment option and early college high school students) prior to the start of the 2006 - 2007 academic year.

Part of the funds provided under item 235-503, Ohio Instructional Grants, are used to provide tuition waivers for children and spouses of public service officers killed in the line of duty. H.B. 576 of the 126th General Assembly expanded this provision to include the spouses of individuals in the United States armed forces killed in the line of duty in a combat zone.

State Student Incentive Grants (Item 235-605). These federal funds support OIG and are awarded to low-income students on the same basis as OIG. Funds may also be used to support OCOG.

Statutory Provisions Affecting the Student Financial Aid Programs. The budget disqualifies from receiving OCOG grants those students entering for-profit proprietary schools and nonprofit technical education programs not authorized by BOR after the 2007-2008 academic year. The budget requires BOR to review applications from for-profit proprietary schools for certificates of authorization within 22 weeks. Once a for-profit proprietary school receives its certificate of authorization from BOR, its students will be eligible for OCOG grants again. As of March 2007, about 15,300 students attending for-profit proprietary schools had received approximately \$30.0 million in state need-based financial aid grants.

The budget requires the Chancellor of BOR to recommend, when necessary, the reallocation of unencumbered and unspent balances of GRF appropriation items within the BOR budget to appropriation items 235-503, Ohio Instructional Grants, and 235-563, Ohio College Opportunity Grant. It authorizes the Director of Budget and Management to transfer these unencumbered and unspent balances, when necessary, to these two items and appropriates the transfers. The budget further authorizes the Director of Budget and Management to increase the appropriations for these two items by a total of up to \$5.0 million in each fiscal year if those identified unencumbered and unspent balances are not sufficient to support the distribution of state need-based financial aid.

The budget includes a provision that permits the Director of Job and Family Services to enter into an interagency agreement to claim eligible OCOG expenditures each fiscal year to help meet the state's Temporary Assistance for Needy Families (TANF) maintenance of effort requirement.

OIG grants for part-time students were provided under GRF appropriation item 235-549, Part-time Student Instructional Grants (PSIG). PSIG is also being phased out as OCOG is being phased in. The budget eliminates this separate PSIG line item after FY 2007. The estimated expenditure for PSIG was \$10.5 million in FY 2007.

The budget also eliminates the Student Workforce Development Grants (235-534) program. This program provided financial support to eligible Ohio resident students attending for-profit private institutions registered with the State Board of Career Colleges and Schools. Awards under this program were not based on financial need. Rather, career colleges and schools that have job placement rates of at least 75% were eligible to make these grants available to qualifying students enrolled full-time and successfully pursuing two-year or four-year degrees. In FY 2007 \$2.1 million was provided for the program.

Access Challenge (Item 235-418). The budget provides a decrease of 10.9% in FY 2008 and flat funding in FY 2009 for this GRF item. The decrease in FY 2008 is due to the removal of the Central State earmark. In FY 2007, \$11.4 million of this item was earmarked for Central State. The budget provides this supplemental funding for Central State through its own line item (235-514, see below). Excluding the Central State earmark, Access Challenge subsidies actually increase by 5.1% in FY 2008.

The funds provided in this item are to enable designated “access” campuses to buy down or restrain tuition increases for in-state undergraduate students. Access campuses include all 47 two-year public colleges, as well as Central State University, Cleveland State University, Shawnee State University, and the two-year technical-community college components of the University of Akron, the University of Cincinnati, and Youngstown State University for a total of 53 campuses. The budget requires BOR to study the effectiveness and appropriateness of the programs funded by this item. It also requires the study to focus on student-based funding, current workforce development needs, and incentives for student success in the context of a knowledge-based economy.

These funds are allocated to eligible campuses in proportion to their shares of the statewide total General Studies FTEs. In FY 2008, an access campus will receive an amount equal to its proportion of the average statewide General Studies FTEs in FY 2005 and FY 2006. In FY 2009, an access campus will receive an amount equal to its proportion of the average statewide General Studies FTEs in FY 2006 and FY 2007. The budget requires access campuses to disclose, in their tuition billing statements to students, the amounts of tuitions subsidized by the access subsidies. According to BOR, approximately 70,000 undergraduate students enrolled at access campuses pay tuition that is approximately 30% to 40% lower than they would otherwise pay if this program had not been funded.

Central State Supplement (Item 235-514). The budget provides increases of 3.0% in each fiscal year for this supplement. In the FY 2006-FY 2007 biennium, this supplement was funded as an earmark of GRF appropriation item 235-418, Access Challenge. The budget funds this supplement through its own appropriation item. These funds are intended to allow Central State University to maintain lower tuition, fund scholarships, and increase access for minority students, mainly African Americans. In FY 2007, Central State University’s tuition was the lowest among the 13 university main campuses.

Central State University Speed to Scale (Item 235-567) – New. This new GRF item 235-567, Central State Speed to Scale, provides funds to implement the Central State University Speed to Scale Plan, which was developed jointly by Central State University, BOR, and five other public institutions. The ultimate goal is to increase Central State University’s student enrollments in order to improve its economy of scale. As the only state-supported historically black university in the state, 90% of Central State University’s student population is African American. With a current enrollment of approximately 1,760 students, Central State University is the smallest public university in the state, making it harder to achieve levels of efficiency similar to those of some other larger public institutions. Central State University has been receiving supplement funding, in addition to the SSI subsidy, to keep its undergraduate tuition below the state average.

The Speed to Scale Plan is designed to increase the student population by increasing traditional freshman enrollment, transfer student enrollment, and the first-to-second-year retention rate. The plan is also designed to increase the proportion of in-state students from the current 66% to 80% of the total enrollment. The budget creates a Speed to Scale Task Force to oversee the implementation of the plan. By June 30 of each fiscal year the task force must submit a report describing the progress of the Speed to Scale Plan. The plan calls for a total of \$9.9 million in additional operating funds over a three-year period and an additional \$23 million in capital funding (Central State University is to eventually repay approximately \$7.0 million to \$9.0 million to the state). It envisions that Central State University will more than triple its enrollment to 6,000 students by FY 2017 and that the supplemental funding will begin to phase down in FY 2011 and be completely eliminated beginning in FY 2017.

Shawnee State Supplement (Item 235-520). The budget provides increases of 21.7% in FY 2008 and 3.0% in FY 2009 for this GRF item. This supplement provides an additional subsidy to Shawnee State University to enable the university to maintain lower undergraduate fees and to fund scholarships that will increase access for populations that have been historically under-represented in educational attainment. Shawnee State University primarily serves students from the Appalachian region of the state and the funds may also be used to employ new faculty and develop new degree programs that meet the needs of Appalachians. In FY 2007, Shawnee State's tuition is the second lowest among the 13 university main campuses.

War Orphans Scholarship (Item 235-504). The budget provides an increase of 3.0% in FY 2008 and flat funding in FY 2009 for this GRF item. This provides funds for scholarships for the children of deceased or severely disabled Ohio veterans of wartime military service in the U.S. armed forces. Scholarship benefits cover all of the instructional and general fees charged at a state supported two-year or four-year institution. The scholarship can also be used at a private or career college and provides a grant equal to the average amount of the scholarship benefits received by those recipients attending state supported two-year or four-year institutions during the previous academic year. It is expected that the number of eligible students will remain essentially flat in each fiscal year of the FY 2008-FY 2009 biennium, serving an estimated 750 Ohio students.

Student Support Services (Item 235-502). The budget provides flat funding in both FY 2008 and FY 2009 for this item. This item provides funds for supplemental state support to Ohio's public colleges and universities that have high concentrations of disabled students and incur disproportionate costs in providing instructional and related services to these students. Examples of these services include tutoring, note-taking, counseling, and transportation services. BOR annually determines the qualified campuses and the statewide average costs for the provision of these services. The purpose of the program is to help Ohio's public colleges and universities conform to the Americans with Disabilities Act and to make their campuses more physically accessible for disabled students.

Student Choice Grants (Item 235-531). The budget provides a decrease of 27.4% in FY 2008 and flat funding in FY 2009 for this GRF item. This item provides funds to narrow the tuition gap between the state's public and independent nonprofit colleges and universities by providing a uniform amount of grants to full-time resident baccalaureate students attending independent nonprofit colleges or universities in Ohio. The maximum grant is revised every two years and is set to equal 25% of the average state subsidy paid for full-time in-state undergraduate enrollments at public university main campuses in the previous biennium. Approximately 57,000 Ohio students received grants of \$900 each in FY 2007. It is estimated that the grant will be approximately \$650 per student in the FY 2008-FY 2009 biennium. The Governor vetoed a provision that would otherwise have transferred and appropriated the unencumbered and unspent balance of GRF appropriation item 235-531, Student Choice Grants, from FY 2008 to FY 2009.

James A. Rhodes Scholarship (Item 235-571) – New. The budget provides \$10.0 million in FY 2008 for this new GRF item. These funds are used to match the funds raised by the James A. Rhodes Leadership Foundation for the purpose of providing scholarships to students who attend two-year community and technical colleges. To receive this funding, the James A. Rhodes Leadership Foundation has to raise at least \$10.0 million from nonstate sources and enter into an agreement with BOR. The purpose of the scholarships is to establish a skilled workforce in the state.

State Grants and Scholarships Administration (Item 235-414). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item provides funds to support the operating expenses of all of the student financial aid programs and a few other scholarship and loan programs administered by BOR.

Program Series

5: Academic Success

Purpose: This program series supports efforts to improve the successful completion of baccalaureate degree programs among Ohio's college students and to raise the state's educational attainment levels.

The following table shows the line items that are used to fund the Academic Success program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 5: Academic Success				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-420	Success Challenge	\$ 53,653,973	\$ 53,653,973
GRF	235-438	Choose Ohio First Scholarship - New	\$ 50,000,000	\$ 50,000,000
GRF	235-518	Capitol Scholarships Program	\$ 125,000	\$ 125,000
GRF	235-530	Academic Scholarships	\$ 7,800,000	\$ 7,800,000
General Revenue Fund Subtotal			\$ 111,578,973	\$ 111,578,973
Total Funding: Academic Success			\$ 111,578,973	\$ 111,578,973

The Academic Success program series is funded by four appropriation items. All of the funding for this program series comes from GRF. Details for each of the four items and the provisions affecting the programs funded by these four items are given below.

Success Challenge (Item 235-420). The budget provides an increase of 2.0% in FY 2008 and flat funding in FY 2009 for this GRF item. The funds provided in this item support and reward state-assisted four-year institutions in their efforts to promote successful degree completion by "at-risk" undergraduate students and timely degree completion by all undergraduate students. Institutions must submit plans to BOR describing their efforts to improve degree completion for at-risk students and timely degree completion for all students. These plans are then reviewed and made available to all institutions. The budget requires BOR to study the effectiveness and appropriateness of the programs funded by this item. It also requires the study to focus on student-based funding, current workforce development needs, and incentives for student success in the context of a knowledge-based economy.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-420	Success Challenge	\$ 53,653,973	\$ 53,653,973
		<i>"At-risk" baccalaureate student allocation</i>	\$ 35,771,104	\$ 35,771,104
		<i>All baccalaureate student allocation</i>	\$ 17,882,869	\$ 17,882,869

For the portion of the Success Challenge earmarked for at-risk students, the funds are allocated to a university by its proportion of the total statewide baccalaureate degrees awarded to at-risk students, who are defined as students who were eligible to receive Ohio Instructional Grants during the past ten years. This definition may be changed as OIG is phased out and the Ohio College Opportunity Grant is phased in. For the portion of the Success Challenge earmarked for timely degree completion, the funds are allocated to each university in proportion to its share of the total statewide number of timely degree

credits. A timely degree credit measures the completion of a bachelor's degree in a "timely manner" and only takes into account the courses taken at the university in which the student received the degree. Because of this, the total number of degree credits will differ from the total number of degrees granted by a campus. For the purpose of this appropriation, "timely manner" is generally meant to be four years.

Choose Ohio First Scholarship (Item 235-438) – New. The budget creates a new Ohio Innovation Partnership that consists of two competitive grant programs: the Choose Ohio First Scholarship Program and the Ohio Research Scholars Program. The goals of these two programs are to enhance regional educational and economic strengths and meet the needs of the state's regional economies. The budget provides \$150.0 million over the biennium to the Ohio Innovation Partnership to award competitive grants to selected public and private four-year institutions for programs and initiatives that recruit students and scientists in the fields of science, technology, engineering, mathematics, or medicine (STEM²) or STEM² education. BOR is to develop the rules for the implementation of these two programs. A brief description of the Choose Ohio First Scholarship Program is given below and details for the Ohio Research Scholars Program are provided in the analyses of the items included in Program Series 6.

The budget provides \$50 million in each fiscal year to GRF appropriation item 235-438, Choose Ohio First Scholarship Program. These funds are to be distributed through a competitive process for awarding scholarships to Ohio residents who study STEM² or STEM² education at the undergraduate or graduate level at public four-year institutions and private four-year institutions that collaborate with public institutions. The minimum scholarship amount is \$1,500 and the maximum scholarship amount will be 50% of the highest in-state undergraduate tuition charged by all state universities. For purposes of determining the maximum scholarship amount, the tuition amount for Miami University is deemed to be the average in-state undergraduate tuition after taking into account Ohio Resident and Ohio Leader scholarships. The budget requires scholarships to be awarded to eligible students as grants to institutions where the students are enrolled and reflected in the students' tuition bills. It transfers the unspent and unencumbered FY 2008 balance of this item to FY 2009 and appropriates the transferred funds for FY 2009.

Ohio Capitol Scholarships (Item 235-518). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item provides funds to award scholarships to full-time students at Ohio universities that participate in internships sponsored by the Washington Center for Internships and Academic Seminars. The scholarships assist with living expenses incurred while living in or around Washington, D.C. Funds provided in this item will be used to provide scholarships of \$2,300 each to approximately 54 students in FY 2008 and FY 2009. The budget includes a requirement for the Washington Center to provide a minimum of \$1,300 per student in matching scholarships. The budget also requires BOR, if sufficient GRF appropriations are available within the BOR budget, to allocate up to \$165,000 in each year to augment the appropriation made through this item. More students could potentially receive scholarships if additional funds are made available for the program.

Ohio Academic Scholarships (Item 235-530). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item provides competitive, merit-based financial assistance for up to four years for the state's most academically outstanding high school graduates who enroll for full-time undergraduate study at any public or private Ohio institution of higher education. Scholarship awards are based on a formula that funds at least 1,000 new scholarships of not less than \$2,000 each per year, and awards at least one scholarship to a student at every eligible high school in Ohio. In FY 2007, the scholarship amount is \$2,205. The value of the scholarship is expected to remain at the FY 2007 level over the FY 2008-FY 2009 biennium.

Program Series

6: Basic and Applied Research

Purpose: This program series supports efforts to improve the quality of research programs at Ohio's public universities and in Ohio's industries. These research programs are also aligned with the Third Frontier Project.

The following table shows the line items that are used to fund the Basic and Applied Research program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 6: Basic and Applied Research				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-433	Economic Growth Challenge	\$ 17,186,194	\$ 17,186,194
GRF	235-439	Ohio Research Scholars - New	\$ 30,000,000	\$ -
GRF	235-451	Eminent Scholars	\$ -	\$ 1,000,000
GRF	235-508	Air Force Institute of Technology	\$ 2,050,345	\$ 2,050,345
GRF	235-510	Ohio Supercomputer Center	\$ 4,271,195	\$ 4,271,195
GRF	235-527	Ohio Aerospace Institute	\$ 1,764,957	\$ 1,764,957
GRF	235-535	Ohio Agricultural Research and Development Center	\$ 37,174,292	\$ 37,174,292
GRF	235-553	Dayton Area Graduate Studies Institute	\$ 2,931,599	\$ 2,931,599
GRF	235-554	Priorities in Collaborative Graduate Education	\$ 2,355,548	\$ 2,355,548
General Revenue Fund Subtotal			\$ 97,734,130	\$ 68,734,130
State Special Revenue Fund (SSR)				
649	235-607	The OSU Highway/Transportation Research	\$ 760,000	\$ 760,000
State Special Revenue Fund Subtotal			\$ 760,000	\$ 760,000
Total Funding: Basic and Applied Research			\$ 98,494,130	\$ 69,494,130

The Basic and Applied Research program series is funded by 10 appropriation items. Of this series' biennial total appropriations of \$168.0 million, 99.1% comes from the GRF and 0.9% from state special revenue funds. Details for each of the ten items and the provisions affecting the programs funded by these items are given below.

Economic Growth Challenge (Item 234-433). The budget provides a decrease of 25.9% in FY 2008 and flat funding in FY 2009 for this GRF item. The significant decrease in FY 2008 is due to the decision to use the Third Frontier bond proceeds to supplement GRF funding for the Research Incentive Program, an earmark of the Economic Growth Challenge. The budget earmarks \$18 million in each fiscal year from Third Frontier bond proceeds through the Department of Development budget to supplement the \$12 million per year in GRF funding for the Research Incentive Program. The combined GRF and bond proceeds funding for the Economic Growth Challenge Program actually increases by 51.8% in FY 2008. The budget requires BOR to study the effectiveness and appropriateness of the programs funded by this item. It also requires the study to focus on student-based funding, current workforce development needs, and incentives for student success in the context of a knowledge-based economy.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-433	Economic Growth Challenge	\$ 17,186,194	\$ 17,186,194
		<i>Research Incentive Program</i>	\$ 12,000,000	\$ 12,000,000
		<i>Innovation Incentive Program</i>	\$ 4,686,194	\$ 4,686,194
		<i>Technology Commercialization Incentive Program</i>	\$ 500,000	\$ 500,000

Research Incentive Program. This program aims to enhance the basic research capabilities and promote new research strengths at Ohio's 13 public universities, one stand-alone public medical college, and two private universities (Case Western Reserve University and the University of Dayton). The program rewards institutions' successes in attracting external research funds by using the earmarked funds to fractionally match those external funds obtained during the previous year. Each institution must submit to BOR a plan that explains its use of the state matching funds. The Research Incentive Program had been funded for several years by its own appropriation item, 235-454, Research Challenge, before being consolidated into the Economic Growth Challenge by Am. Sub. H.B. 66 of the 126th General Assembly. The budget decreases GRF support for the Research Incentive Program by \$6 million per year; however, \$18 million in dedicated support from Third Frontier funding actually increases funding for this program to \$30 million in each year, an increase of \$12 million over the FY 2007 amount.

Innovation Incentive Program. Created by Am. Sub. H.B. 66 of the 126th General Assembly, the Innovation Incentive Program is to be phased in over a 10-year period. The program uses the funds reallocated by participating universities and this state matching fund earmark to support participating state-assisted universities and two private universities (Case Western Reserve University and the University of Dayton) in efforts to enhance their doctor of philosophy degree programs. Under the program, each participating university is required to reallocate an amount that equals to the sum of the funds it was required to reallocate in the prior year plus 1.5% of their doctoral reserve allocation for the current fiscal year as attributed by BOR. The budget allows the Controlling Board to increase the earmark for the Innovation Incentive Program if unspent and unencumbered GRF funds are identified within the BOR budget. The Governor vetoed a provision that would have distributed the earmarked state matching funds as follows: (i) distribute through a competitive grant process if the total state matching funds equal or exceed the total amount of funds internally reallocated by all participating universities or (ii) distribute to each participating university the same amount of the state matching funds it received in FY 2007 and then distribute excess funds, if any, proportionally among all participating universities, if the total state matching funds are less than the total amount of funds internally reallocated by all participating universities. Presumably, BOR will develop an alternative plan for the distribution of this earmark.

Technology Commercialization Incentive Program. This program, in league with the Third Frontier Project, competitively rewards public and private colleges and universities for successful transfers to Ohio-based business and industry of technologies that give rise to product/process/service commercialization, business start-ups, job creation, and industry expansion. To qualify for funds, colleges and universities must maintain significant investments in their own technology-transfer and commercialization operations and capabilities and must have a significant history of successful research partnerships with Ohio-based business and industry.

Ohio Research Scholars (Item 235-439) – New. The budget creates a new Ohio Innovation Partnership that consists of two competitive grant programs: the Choose Ohio First Scholarship Program and the Ohio Research Scholars Program. The goals of these two programs are to enhance regional educational and economic strengths and meet the needs of the state’s regional economies. The budget provides \$150.0 million over the biennium to the Ohio Innovation Partnership to award competitive grants to selected public and private four-year institutions for programs and initiatives that recruit students and scientists in STEM² or STEM² education. BOR is to develop the rules for the implementation of these two programs. A brief description of the Ohio Research Scholars Program is provided below and additional information for the Choose Ohio First Scholarship Program can be found in the analyses of the items included in Program Series 5.

The budget provides \$30 million of GRF money in FY 2008 through BOR and earmarks \$20 million in Third Frontier bond money in FY 2009 through the Department of Development for the Ohio Research Scholars Program. These funds will be used to award competitive grants to endow public four-year institutions and private four-year institutions that collaborate with public institutions for initiatives that recruit scientists to their faculties. The budget requires award recipients to use only the income generated from the award.

Ohio Agricultural Research and Development Center (OARDC) (Item 235-535). The budget provides an increase of 3.4% in FY 2008 and flat funding in FY 2009 for this GRF item. The funds are used to support a variety of activities at the Ohio Agricultural Research and Development Center (OARDC), which is the research arm of The Ohio State University’s (OSU) College of Food, Agricultural, and Environmental Sciences. To carry out its land-grant university mandate, OSU operates OARDC and various agricultural research and development initiatives to help Ohio’s agricultural industries improve their competitiveness and profitability.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-535	Ohio Agricultural Research and Development Center	\$ 37,174,292	\$ 37,174,292
		<i>Purchase of equipment</i>	\$ 467,578	\$ 467,578
		<i>Piketon ARE Center</i>	\$ 822,592	\$ 822,592
		<i>Ellagic acid research</i>	\$ 216,471	\$ 216,471
		<i>Berry administrator</i>	\$ 43,294	\$ 43,294
		<i>Crop development</i>	\$ 86,588	\$ 86,588
		<i>Remainder</i>	\$ 35,537,769	\$ 35,537,769

This item includes five earmarks (see table above) for specific activities related to agricultural research and development. The remainder is used to support the activities of OARDC. Located at 12 Ohio facilities in addition to OSU’s main campus, OARDC is active in various basic and applied research areas, including agricultural, environmental, and developmental economics; food, agricultural, and biological engineering; animal sciences; entomology; food-animal health; food science and technology;

horticulture and crop science; human and community resource development; human ecology; natural resources; and plant pathology. The funds provide technology and scientific infrastructure to attract the nation's top researchers and help leverage external research funding. OARDC serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers.

Ohio Supercomputer Center (Item 235-510). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports the operations of the Ohio Supercomputer Center (OSC), located at OSU. OSC, established in 1987, provides faculty, students, and researchers at Ohio's public and private colleges and universities access to a statewide high-performance computing resource. The center is also available to researchers in private industry on a cost-recovery basis. High-performance computing (HPC), including the center's modeling and simulation services and support, provides the most effective technological tools currently available for solving a range of engineering and scientific problems and enabling advanced research by Ohio's academic and business communities. In each fiscal year \$250,000 of this item is earmarked to support the OSC's activities in Beavercreek, OH.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-510	Ohio Supercomputer Center	\$ 4,271,195	\$ 4,271,195
		OSC Beavercreek	\$ 250,000	\$ 250,000
		Remainder	\$ 4,021,195	\$ 4,021,195

Eminent Scholars (Item 235-451). This GRF item is used to award endowment grants to public and certain private institutions of higher education. The budget requires all new Eminent Scholar awards to be associated with a Wright Center of Innovation, a Partnership Award from the Biomedical Research and Technology Transfer Trust Fund, or a Wright Capital Project. Normally grant proposals are solicited and reviewed during the first fiscal year of each biennium and the grants are awarded during the second fiscal year. The budget provides \$1.0 million in FY 2009 to this item, a decrease of 27.1% from FY 2007. The grants awarded under this item must be matched by equivalent amounts in nonstate endowment gifts in science and technology.

Dayton Area Graduate Studies Institute (DAGSI) (Item 235-553). The budget provides an increase of 4.5% in FY 2008 and flat funding in FY 2009 for this GRF item. DAGSI is a graduate engineering consortium of three universities in the Dayton area: the University of Dayton, Wright State University, and the Air Force Institute of Technology, with the participation of The Ohio State University and the University of Cincinnati. The funds provided in this item support a scholarship program for graduate-level engineering and logistics students at the five institutions. Currently, the program supports from 100 to 200 students.

Priorities in Collaborative Graduate Education (Item 235-554). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. These funds are used to support improvements in graduate fields of study at state-assisted universities identified by BOR and the Department of Job and Family Services, as vital to the state's economic strategy or related to an area of workforce shortage. The participating institutions must submit to BOR a plan describing how they will work collaboratively to improve quality of graduate programs and how the funds are to be used. The budget states that the collaborative effort for Ph.D. computer science programs is to be coordinated by the Ohio Supercomputer Center.

Air Force Institute of Technology (AFIT) (Item 235-508). The budget provides an increase of 6.5% in FY 2008 and flat funding in FY 2009 for this GRF item. This funding supports AFIT at Wright-Patterson Air Force Base. AFIT, the first joint research program between the state of Ohio and the U.S. Air Force, provides graduate-level education in logistics and engineering for Air Force personnel. The goal is to strengthen the research and educational linkages between the Wright-Patterson Air Force Base and institutions of higher education in Ohio and ensure that Air Force personnel have access to critical training and graduate-level education in logistics and engineering.

Fund	ALI	Title/Earmark		FY 2008	FY 2009
GRF	235-508	Air Force Institute of Technology	\$	2,050,345	\$ 2,050,345
		<i>Research projects connecting AFIT laboratories with university partners</i>	\$	1,358,588	\$ 1,358,588
		<i>Development Research Corporation</i>	\$	691,757	\$ 691,757

This appropriation is allocated between two earmarks (see table above). The larger is for research projects that connect the Air Force Research Laboratories with university partners. AFIT is to provide the Third Frontier Commission annual reports that discuss collaborations between programs and funding recipients. The smaller earmark provides funds for the Development Research Corporation to match federal dollars to support technology commercialization and job creation in areas that are priorities in Ohio's Third Frontier initiative among industry, academia, and government.

Ohio Aerospace Institute (Item 235-527). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. The item supports the Ohio Aerospace Institute (OAI), a nonprofit consortium of nine Ohio universities, the NASA Lewis Research Center in Cleveland, Wright-Patterson Air Force Base, and a number of private Ohio companies. The consortium supports research and graduate instruction in the engineering disciplines related to aeronautical and space studies and the commercialization of related technologies. The purpose of the consortium is to improve Ohio's economic position by promoting research and graduate instruction in these areas.

The Ohio State University Highway/Transportation Research (Item 235-607). These state special revenue funds are used to support a collaborative effort between the Honda Corporation and OSU to improve highway and automobile safety. This collaborative effort is supported by a \$6 million OSU endowment fund, created when Honda purchased the Transportation Research Center. The endowment's earnings support OSU's transportation research and engineering program and have been used primarily to purchase equipment.

Program Series

7: Workforce and Regional Economic Development

Purpose: This program series aims to improve Ohio's economic development and competitiveness by supporting services, activities, and partnerships to improve the skills of Ohioans already in the workforce, especially in underdeveloped areas.

The following table shows the line items that are used to fund the Workforce and Regional Economic Development program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 7: Workforce and Regional Economic Development				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-402	Sea Grants	\$ 300,000	\$ 300,000
GRF	235-415	Jobs Challenge	\$ 9,348,300	\$ 9,348,300
GRF	235-428	Appalachian New Economy Partnership	\$ 1,176,068	\$ 1,176,068
GRF	235-436	AccelerateOhio	\$ 1,250,000	\$ 2,500,000
GRF	235-455	EnterpriseOhio Network	\$ 1,373,941	\$ 1,373,941
GRF	235-511	Cooperative Extension Service	\$ 26,273,260	\$ 26,273,260
GRF	235-561	Bowling Green University Canadian Studies Center	\$ 100,015	\$ 100,015
General Revenue Fund Subtotal			\$ 39,821,584	\$ 41,071,584
Federal Special Revenue Fund (FED)				
312	235-612	Carl D. Perkins Grant/Plan Administration	\$ 112,960	\$ 112,960
Federal Special Revenue Fund Subtotal			\$ 112,960	\$ 112,960
Total Funding: Workforce and Regional Economic Development			\$ 39,934,544	\$ 41,184,544

The Workforce and Regional Economic Development program series is funded by eight appropriation items. Of this series' biennial total appropriations of \$81.1 million, 99.7% comes from GRF and 0.3% from federal funds. Details of each of the eight items and the provisions affecting the programs funded by these items are given below.

Cooperative Extension (Item 235-511). The budget provides an increase of 2.5% in FY 2008 and flat funding in FY 2009 for this GRF item. The Ohio State University operates the Extension program under its land-grant university mandate. Located in every one of Ohio's 88 counties, the OSU Extension conducts educational programs for eligible participants, including farmers, homemakers, food and fiber industries, community leaders, and young people.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-511	Cooperative Extension Service	\$ 26,273,260	\$ 26,273,260
		4-H activities	\$ 178,271	\$ 178,271
		Enterprise Center for Economic Development	\$ 178,271	\$ 178,271
		Farm labor mediation	\$ 55,179	\$ 55,179
		Marion Enterprise Center	\$ 182,515	\$ 182,515
		Ohio Watersheds Initiative	\$ 772,931	\$ 772,931
		Remainder	\$ 24,906,093	\$ 24,906,093

This item includes five earmarks for specific extension activities (see table above). The remainder is used by OSU to carry out various extension initiatives that are designed to help people improve their lives, businesses, and communities through research-based education using scientific knowledge focused on identified issues and needs. Current and near-term program areas include agriculture and natural resources, the environment, family and consumer sciences (including home economics and family living), 4-H youth development (serving nearly 400,000 young people annually), business and community assistance, and workforce development for youth and adults. The Extension supports more than 35,500 volunteers, who donate approximately six million hours of their time annually to help implement its programs.

Jobs Challenge (Item 235-415). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. These funds are used to address the workforce training needs and competitiveness of Ohio's businesses and employees by supporting a program to expand and improve noncredit job-related training provided by the 53 public two-year campuses that are members of the EnterpriseOhio Network. The funds are distributed to the 53 member campuses in order to make these training services affordable to students and employers.

Campus activities supported by Jobs Challenge include: (1) pre-employment training and development activities to provide skills necessary for entry positions, career changes, or skill upgrades, (2) career advancement and professional certification, and (3) employer-assistance services to improve their competitive abilities. The budget requires BOR to study the effectiveness and appropriateness of the programs funded by this item. It also requires the study to focus on student-based funding, current workforce development needs, and incentives for student success in the context of a knowledge-based economy. The budget allows technical colleges that are co-located with other state institutions of higher education to offer baccalaureate-oriented associate degree programs. It requires any new or expanded programs offered at co-located campuses to be approved by BOR.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-415	Jobs Challenge	\$ 9,348,300	\$ 9,348,300
		<i>Targeted Industries Training Grant Program</i>	\$ 2,819,345	\$ 2,819,345
		<i>Performance Grant Plan</i>	\$ 2,770,773	\$ 2,770,773
		<i>Higher Skills Incentives Program</i>	\$ 3,758,182	\$ 3,758,182

Targeted Industry Training Grants. This component assists the 53 EnterpriseOhio Network campuses in forming partnerships with Ohio businesses to accomplish their workforce training goals; the grants require campuses and businesses to collaborate since applications for the grants must be jointly submitted.

Performance Grant Plan. This component works to build the noncredit training capacity of the EnterpriseOhio Network campuses by offering grants of equal amounts that provide basic support for the operations of all 53 campuses.

Higher Skills Incentives Program. This component also works to build the noncredit training capacity of the EnterpriseOhio Network campuses. It rewards the EnterpriseOhio Network campuses by the proportion of each campus's share of total revenue that all of the campuses receive from third-party entities for noncredit job-related training.

EnterpriseOhio Network (Item 235-455). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. The EnterpriseOhio Network is a collaborative effort among Ohio's 53 community, technical, and regional campuses to meet the workforce development needs of Ohio's business and industry through non-credit job training, training-related services, and assessment services. This funding supports network coordination, resource sharing, and statewide outreach to private and public sector organizations that provide these services.

AccelerateOhio (Item 235-436) – New. This new GRF item receives \$1.25 million in FY 2008 and \$2.5 million in FY 2009.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-436	AccelerateOhio	\$ 1,250,000	\$ 2,500,000
		Health Information and Imaging Technology Workforce Development Pilot	\$ 500,000	\$ 500,000
		Remainder	\$ 750,000	\$ 2,000,000

Health Information and Imaging Technology Workforce Development Pilot. This three-year pilot project is to enhance P-16 education and workforce development in the field of health information and imaging technology. Participants of this pilot project include some school districts, community centers, and private employers in Clark, Greene, and Montgomery counties, as well as Clark State Community College, Central State University, Wright State University, Cedarville University, Wittenberg University, and the University of Dayton. The budget requires BOR to design and implement this pilot project.

Remainder – AccelerateOhio. The program is to consist of competency-based, low-cost, noncredit, and credit-bearing modules and courses with flexible points of entry in communications, mathematics, information technology, and other fields. These modules and courses will be designed to improve the education and skills of Ohio's workforce by assisting low-income working adults in Ohio to improve their education and training. The program is designed to culminate in a certificate and provide recipients with low-cost foundations for additional post-secondary education.

The budget requires BOR, in consultation with the Governor and the Department of Development, to develop a critical needs rapid response system to address critical workforce shortages in the state. BOR is to develop a response plan within 90 days after a critical need is identified. The budget also requires that adult career-technical education programs that are currently administered by the Department of Education to be transferred to BOR by January 1, 2009, according to a plan to be developed by BOR in collaboration with the Department of Education.

Appalachian New Economy Partnership (Item 235-428). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This funding promotes economic development in Appalachian Ohio through integrated investments designed to improve and target the region's information technology and knowledge infrastructure. Led by Ohio University, the funds support existing and new public-private technology partnerships among Ohio's public and private campuses, private industry, local government, and school districts within the 29-county Appalachia region.

Sea Grants (Item 235-402). The budget provides an increase of 29.4% in FY 2008 and flat funding in FY 2009 for this GRF item. The Ohio Sea Grant program is operated by the OSU Extension and located at OSU's Lake Erie research center. The program supports education, research, communication, extension, and outreach activities in multiple disciplines to enhance the use, development, and management of Lake Erie and the other Great Lakes and their coastal resources. The Ohio Sea Grant program is one of 32 Sea Grant programs in the National Oceanic and Atmospheric Administration's (NOAA) Sea Grant College Program, which includes every coastal and Great Lakes state.

Bowling Green State University Canadian Studies Center (Item 235-561). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports the Bowling Green State University's Canadian Studies Center, which works to strengthen business and trade relations between Ohio and Canada, Ohio's largest trading partner, through research, student education, and engagement with the business community.

Carl D. Perkins Grant/Plan Administration (Item 235-612). The federal Carl D. Perkins Career and Technical Education Improvement Act provides funding to develop the academic, career, and technical skills of secondary and post-secondary students who enroll in career and technical education programs to prepare themselves both for post-secondary education and for careers in high-skill, high-wage, or high-demand occupations. Perkins funds are provided to states that, in turn, allocate funds by formula to secondary and post-secondary schools. BOR receives a transfer of from 5% to 10% of the federal funds obtained under the Perkins Act by the Ohio Department of Education. BOR uses the funds provided in this line item to administer the transferred grant funds for community and technical colleges and some universities, as well as to provide technical assistance to Perkins campus coordinators.

Program Series

8: Higher Education Collaborations

Purpose: This program series serves the educational needs of Ohio's citizens through enhanced collaborations among institutions of higher education.

The following table shows the line items that are used to fund the Higher Education Collaborations program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 8: Higher Education Collaborations				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-406	Articulation and Transfer	\$ 2,900,000	\$ 2,900,000
GRF	235-408	Midwest Higher Education Compact	\$ 95,000	\$ 95,000
GRF	235-417	Ohio Learning Network	\$ 3,119,496	\$ 3,119,496
GRF	235-507	OhioLink	\$ 7,387,824	\$ 7,387,824
GRF	235-555	Library Depositories	\$ 1,696,458	\$ 1,696,458
GRF	235-556	Ohio Academic Resources Network (OARNet)	\$ 3,727,223	\$ 3,727,223
General Revenue Fund Subtotal			\$ 18,926,001	\$ 18,926,001
Total Funding: Higher Education Collaborations			\$ 18,926,001	\$ 18,926,001

The Higher Education Collaborations program series is funded by six GRF appropriation items. Details for each of the six items and the provisions affecting the programs funded by these items are given below.

OhioLink (Item 235-507). The budget provides an increase of 7.3% in FY 2008 and flat funding in FY 2009 for this GRF item. This item supports the operations of OhioLINK, a statewide cooperative electronic library and information retrieval system. Created by the higher education community in 1989, OhioLINK enables access to the shared library collections of Ohio's public and private colleges and universities and the State Library of Ohio, with a total of 45.5 million library items statewide. The goal is to provide easy access to information and rapid delivery of library materials throughout the state. OhioLINK offers six main electronic services: a library catalog, research databases, a multi-publisher electronic journal center, a digital media center, a growing collection of e-books, and an electronic theses and dissertations center. Over 60% of the funding provided in this item is used to support core statewide electronic content licenses, including electronic journals and research databases.

Ohio Learning Network (Item 235-417). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports the operations of the Ohio Learning Network (OLN), a statewide collaborative electronic education system. OLN supports colleges and universities in the use of advanced telecommunications and distance education initiatives to promote higher-education access and degree completion for students, workforce training for Ohio's employers, and professional development for faculty members. OLN works with colleges and universities to improve teaching and learning through technology, to test and provide advice on emerging learning-directed technologies, and to build cost-saving technology investments and partnerships among higher education campuses, schools, businesses, and communities.

Regional Library Depositories (Item 235-555). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports a collaborative effort among Ohio's public universities to provide high-density storage for rarely used and duplicative library materials, thereby

providing an economical alternative to additional traditional library space that would be needed to store such materials. This item provides funding for the storage operations at five regional depositories located at the campuses of Miami University, the Northeastern Ohio Universities College of Medicine, Ohio University, and The Ohio State University, and at the Northwestern Ohio Book Depository, which serves Bowling Green State University and the University of Toledo and its medical campus.

Ohio Academic Resources Network (Item 235-556). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports the operations of the Ohio Academic Resources Network (OARNet), a networking division of the Ohio Supercomputer Center. OARNet provides Internet access to millions of Ohioans, including students, researchers, and the general public. Established in 1987, OARNet provides high-quality fiber-optic backbone Internet services to help link Ohio's academics to global information resources, distance learning, and state library networks such as OhioLINK. In FY 2005 OARNet implemented the Third Frontier Network, giving Ohio one of the most advanced fiber optic networks in the country. This Third Frontier Network (TFN) is now called the OSCnet. It directly connects 87 higher education institutions, providing high-speed network services to almost one-half million users. In addition, two federal facilities, 23 information technology centers serving all of the state's K-12 school districts, and nine public broadcasting stations are also directly connected to the OSCnet in partnership with eTech Ohio and the Department of Education.

Articulation and Transfer (Item 235-406). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports BOR's efforts to achieve an effective statewide articulation and transfer system that addresses issues arising from the increasing student mobility throughout Ohio's higher education system, in particular those issues arising from the transfers of students and their course credits among state-assisted colleges and universities. BOR has been developing and implementing the articulation and transfer policy in three main modules: the Ohio Transfer Module and Transfer Assurance Guides, the Career Technical Credit Transfer initiative, and the Articulation and Transfer Clearinghouse. The Ohio Transfer Module and Transfer Assurance Guides create a set of beginning courses in a given major that are guaranteed to transfer from one school to another and apply directly to that major. The Career Technical Credit Transfer initiative enables students to transfer agreed-upon technical courses completed through a career technical institution to a state institution of higher education without unnecessary duplication or institutional barriers. The Articulation and Transfer Clearinghouse is being developed to support articulation and transfer policies and will facilitate the electronic exchange of student transcripts among Ohio's state-assisted institutions of higher education, including transcripts and other information needed for credit transfer.

All state articulation issues are overseen by the Articulation and Transfer Advisory Council, whose membership currently consists of 41 officials from Ohio's public colleges and universities and seven officials from state and private organizations in both K-12 and post-secondary education. The council conducts an annual survey to assess the degree of institutional compliance with statewide articulation and transfer policy. The budget earmarks \$200,000 in each fiscal year of GRF appropriation item 235-406, Articulation and Transfer, to support the activities of the council.

Midwest Higher Education Compact (Item 235-408). The budget provides an increase of 5.6% in FY 2008 and flat funding in FY 2009 for this GRF item. This item supports Ohio's membership dues to the Midwestern Higher Education Compact's (MHEC) commission. The compact is a nonprofit regional organization established in 1991 by an agreement among member states to advance higher education services and opportunities in the Midwest region. It is charged with promoting interstate cooperation and resource sharing in higher education through cost savings programs, student access (including reduced tuition), and policy research. The eleven member states of MHEC as of 2007 are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, and Wisconsin.

Program Series

9: General Public Service

Purpose: This program series supports several public service research and outreach activities that address a variety of statewide rural, urban, community, and governmental issues. The funds are provided to niche programs operated by universities on or off university campuses.

The following table shows the line items that are used to fund the General Public Service program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 9: General Public Service				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-513	Ohio University Voinovich Center	\$ 669,082	\$ 669,082
GRF	235-521	OSU John Glenn School of Public Affairs	\$ 619,082	\$ 619,082
GRF	235-547	School for International Business	\$ 450,000	\$ 650,000
GRF	235-573	Ohio Humanities Council	\$ 25,000	\$ 25,000
GRF	235-583	Urban University Programs	\$ 5,825,937	\$ 5,825,937
GRF	235-587	Rural University Projects	\$ 1,159,889	\$ 1,159,889
General Revenue Fund Subtotal			\$ 8,748,990	\$ 8,948,990
Total Funding: General Public Service			\$ 8,748,990	\$ 8,948,990

The General Public Service program series is funded by six GRF appropriation items. Details for each of the six items and the provisions affecting the programs funded by these items are given below.

Urban University Programs (Item 235-583). The budget provides an increase of 16.7% in FY 2008 and flat funding in FY 2009 for this GRF item. This appropriation is entirely allocated among 15 earmarks that support various research and outreach activities on urban issues (see table below).

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-583	Urban University Program	\$ 5,825,937	\$ 5,825,937
		<i>Cleveland State: Public communication outreach program</i>	\$ 247,453	\$ 247,453
		<i>Cleveland State: Study of education and urban child</i>	\$ 117,215	\$ 117,215
		<i>Cleveland State: Maxine Goodman Levin College of Urban Affairs</i>	\$ 1,433,037	\$ 1,433,037
		<i>Kent State: learning and technology</i>	\$ 169,310	\$ 169,310
		<i>Kent State: Center for Research</i>	\$ 65,119	\$ 65,119
		<i>Kent State: Cleveland Design Center</i>	\$ 32,560	\$ 32,560
		<i>University of Akron: Bliss Institute</i>	\$ 513,886	\$ 513,886
		<i>University of Akron: Advancing-up program</i>	\$ 10,851	\$ 10,851
		<i>University of Akron: Polymer Distance Learning</i>	\$ 723,547	\$ 723,547
		<i>University of Toledo: Strategic Economic Research Collaborative</i>	\$ 139,777	\$ 139,777
		<i>OSU: Institute for Collaborative Research and Public Humanities</i>	\$ 164,777	\$ 164,777
		<i>OSU: African American and African Studies Community Extension Center</i>	\$ 150,000	\$ 150,000
		<i>Medina County University Center</i>	\$ 425,368	\$ 425,368
		<i>Cleveland Institute of Art</i>	\$ 200,000	\$ 200,000
		<i>Three-entity consortium grant</i>	\$ 1,433,037	\$ 1,433,037

The main activities funded by this item include applied research, training, technical assistance, as well as programs that develop public policy and public administration initiatives related to the specific needs and issues of Ohio's urban communities. These activities serve state, county, and municipal governments, regional and nonprofit agencies, neighborhood groups, and business organizations. The Urban Center at Cleveland State University's Levin College of Urban Affairs was established to implement the Urban University Program.

The Bliss Institute of the University of Akron is to receive \$333,000 per year to develop a new leadership program that is to be jointly developed by the Bliss Institute, the John Glenn School of Public Affairs of The Ohio State University, and the Voinovich Center of Ohio University. The latter two are to receive the same amount of the funding for this new program.

Rural University Projects (Item 235-587). The budget provides an increase of 1.1% in FY 2008 and flat funding in FY 2009 for this GRF item. This appropriation is entirely allocated among five earmarks in support of specified research and outreach projects related to rural area issues.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-587	Rural University Projects	\$ 1,159,889	\$ 1,159,889
		<i>Bowling Green: Center for Public Analysis and Public Service</i>	\$ 263,783	\$ 263,783
		<i>Miami University: Center for Public Management and Regional Affairs</i>	\$ 245,320	\$ 245,320
		<i>Ohio University: ILGARD</i>	\$ 575,015	\$ 575,015
		<i>Washington State Community College: Day-care Center</i>	\$ 15,942	\$ 15,942
		<i>COAD/ILGARD/GOA Appalachian Leadership Initiative</i>	\$ 59,829	\$ 59,829

These projects help local and state elected and appointed officials improve rural program performance, undertake research, increase human resource capacity, and form cooperative partnerships to create environments that support private and public sector development. Funds also support projects that develop public policy and public administration initiatives related to the specific needs and issues of Ohio's rural communities. These projects target smaller communities, which often lack staff and financial resources for research, training, and development.

School of International Business (Item 235-547). The budget provides flat funding in FY 2008 and an increase of 44.4% in FY 2009 for this GRF item.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-547	School of International Business	\$ 450,000	\$ 650,000
		<i>University of Akron: School of International Business</i>	\$ 250,000	\$ 250,000
		<i>University of Toledo College of Business</i>	\$ 100,000	\$ 100,000
		<i>The Ohio State University BioMEMS Program</i>	\$ 100,000	\$ 100,000
		<i>Cleveland State: Supporting Education for the Returning Veterans (SERV)</i>	\$ -	\$ 100,000
		<i>Cuyahoga Community College: Veterans Upward Bound (VUB)</i>	\$ -	\$ 100,000

University of Akron School of International Business. This funding is used for the continued development and support of the School of International Business of the state universities of northeast Ohio. The school is located at the University of Akron, which receives this earmark and uses the funds to operate programs that focus on business development and

experience. The University of Akron may also confer with Kent State University, Youngstown State University, and Cleveland State University regarding the school's curriculum and other matters.

University of Toledo College of Business. This funding supports the University of Toledo College of Business for the expansion of its international business programs.

The Ohio State University BioMEMS Program. This funding supports OSU's Biomedical Microelectromechanical Systems (BioMEMS) program in its efforts to create tiny working machines through microtechnology and nanotechnology.

Supporting Education for the Returning Veterans (SERV). This new earmark funds a program that is designed to assist military veterans with their transitions to civilian life and ultimately to becoming students. Cleveland State University's SERV classes will be oriented to helping veterans adjust during their first year of college and only veterans are eligible to participate.

Veterans Upward Bound (VUB). This new earmark funds a program that helps veterans to successfully pursue and complete their education and training goals. Cuyahoga Community College's programs include academic advising, tutoring, career assistance, personal counseling, financial aid information, and college transfer assistance. The program also offers free basic skills courses in mathematics and English. Veterans who are low-income and/or first-generation college students are eligible to participate in VUB.

Ohio University Voinovich Center (Item 235-513). The budget provides an increase of 99.1% in FY 2008 and flat funding in FY 2009 for this GRF item. The item provides funds to support the Voinovich Center on the campus of Ohio University in Athens. Established in FY 2000, the center offers Ohio University students project-based learning experiences related to the provision of research, technical assistance, and training to local and state government agencies, businesses, nonprofit organizations, and communities. The significant funding increase in FY 2008 is to be used by the Voinovich Center to develop a new leadership program jointly with the OSU John Glenn School of Public Affairs and the Bliss Institute of the University of Akron. Each of these three entities is to receive \$333,000 per year in additional funding for purpose of this new program.

The Ohio State University John Glenn School of Public Affairs (Item 235-521). The budget provides an increase of 116.4% in FY 2008 and flat funding in FY 2009 for this GRF item. This item provides funds for the instructional activities and operations of the OSU John Glenn School of Public Affairs. Established in FY 2000, the school provides Ohio State students with course offerings and research opportunities in a wide range of public policy fields. The significant funding increase in FY 2008 is to be used by the OSU John Glenn School of Public Affairs to develop a new leadership program jointly with the Voinovich Center of Ohio University and the Bliss Institute of the University of Akron. Each of these three entities is to receive \$333,000 per year in additional funding for purpose of this new program.

Ohio Humanities Council (Item 235-573) – New. This new GRF item supports the Ohio Humanities Council (OHC), an independent, nonprofit organization also funded by the National Endowment for the Humanities and private contributions. OHC awards grants and presents cultural programs to encourage the exploration of the humanities, including K-12 initiatives, a summer local history institute for educators, and an oral history training institute.

Program Series

10: Public Safety

Purpose: This program series is designed to support and improve the safety of the general public.

The following table shows the line items that are used to fund the Public Safety program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 10: Public Safety				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-524	Police and Fire Protection	\$ 171,959	\$ 171,959
GRF	235-596	Hazardous Materials Program	\$ 360,435	\$ 360,435
GRF	235-599	National Guard Scholarship Program	\$ 16,611,063	\$ 16,611,063
General Revenue Fund Subtotal			\$ 17,143,457	\$ 17,143,457
Total Funding: Public Safety			\$ 17,143,457	\$ 17,143,457

The Public Safety program series is funded by three GRF appropriation items. Details for each of the three items and the provisions affecting the programs funded by these items are given below.

Police and Fire Protection (Item 235-524). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports the police and fire departments in small Ohio communities that are heavily affected by the influx of college students attending nearby state-assisted colleges and universities during the academic year. The funds assist local governments in providing police and fire services in the municipalities of Athens, Bowling Green, Fairborn, Kent, Nelsonville, Oxford, Portsmouth, Rootstown, and Xenia Township. The minimum grant for each municipality and township is \$5,000 per year.

Firefighter Hazardous Materials (Item 235-596). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-596	Hazardous Materials Program	\$ 360,435	\$ 360,435
		<i>Center for the Interdisciplinary Study of Education and Leadership in Public Service</i>	\$ 177,337	\$ 177,337
		<i>Remainder</i>	\$ 183,098	\$ 183,098

The Center for the Interdisciplinary Study of Education and Leadership in Public Service. The center is located at Cleveland State University. The funds are used to increase the role of special populations in public service and not-for-profit organizations. The primary purpose of the center is to guide strategies for attracting new communities into public service occupations by bringing together a cadre of researchers, scholars, and professionals representing the public administration, social behavioral, and education disciplines.

Remainder – Hazardous Materials Education. This funding supports training programs developed by the Cleveland State University's Center for Hazardous Materials Education. Created with the cooperation of the Ohio Professional Fire Fighters Association, the programs train firefighters, other emergency personnel, and relevant personnel in business and industry regarding the treatment, storage, disposal, and clean-up of hazardous materials.

National Guard Scholarship Program (Item 235-599). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. The National Guard Scholarship Program provides 100% tuition to Ohio National Guard members attending state colleges or universities. Guard members attending private universities are eligible for scholarships equal to average state tuition at public institutions. The scholarship is available for up to 12 full-time quarters or 8 full-time semesters and is available to participants committed to or who have already served a six-year enlistment in the Ohio National Guard. The scholarship needs to be applied for each quarter or semester, and each quarter or semester is counted as one scholarship. Therefore, depending on the academic calendar of a college or university, one student may need either three or four scholarships for a full-year of tuition assistance. The program serves as both recruitment and retention tools for the Guard and has proved to be an effective incentive for enlisting. The funds are disbursed at the direction of the Adjutant General. Approximately 6,750 National Guard Scholarships were awarded in FY 2007. The budget authorizes the transfer of any unused balance of this item to the National Guard Scholarship Reserve Fund (Fund 5BM) at the end of each fiscal year. Moneys in the Reserve Fund are used, if needed, to pay scholarship obligations above the GRF appropriation level. Upon the request of the Adjutant General, BOR is required to seek Controlling Board approval to establish appropriations from the Reserve Fund as necessary.

Program Series

11: Medical Support

Purpose: This program series supports several Ohio universities' medical, dental, and veterinary clinical programs and other medical-related programs that are of special interest to the state.

The following table shows the line items that are used to fund the Medical Support program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 11: Medical Support				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-474	Area Health Education Center Program Support	\$ 1,571,756	\$ 1,571,756
GRF	235-515	Case Western Reserve University School of Medicine	\$ 3,011,271	\$ 3,011,271
GRF	235-519	Family Practice	\$ 4,548,470	\$ 4,548,470
GRF	235-525	Geriatric Medicine	\$ 750,110	\$ 750,110
GRF	235-526	Primary Care Residencies	\$ 2,245,688	\$ 2,245,688
GRF	235-536	OSU Clinical Teaching	\$ 13,565,885	\$ 13,565,885
GRF	235-537	UCN Clinical Teaching	\$ 11,157,756	\$ 11,157,756
GRF	235-538	MCO Clinical Teaching	\$ 8,696,866	\$ 8,696,866
GRF	235-539	WSU Clinical Teaching	\$ 4,225,107	\$ 4,225,107
GRF	235-540	OHU Clinical Teaching	\$ 4,084,540	\$ 4,084,540
GRF	235-541	NEOUCOM Clinical Teaching	\$ 4,200,945	\$ 4,200,945
GRF	235-543	Ohio College of Podiatric Medicine Clinic Subsidy	\$ 100,000	\$ 100,000
GRF	235-558	Long-term Care Research	\$ 461,047	\$ 461,047
GRF	235-572	The Ohio State University Clinic Support	\$ 1,277,019	\$ 1,277,019
General Revenue Fund Subtotal			\$ 59,896,460	\$ 59,896,460
State Special Revenue Fund (SSR)				
4P4	235-604	Physician Loan Repayment	\$ 476,870	\$ 476,870
682	235-606	Nursing Loan Program	\$ 893,000	\$ 893,000
State Special Revenue Fund Subtotal			\$ 1,369,870	\$ 1,369,870
Federal Special Revenue Fund (FED)				
3H2	235-608	Human Services Project	\$ 3,000,000	\$ 3,000,000
3T0	235-610	National Health Service Corps–Ohio Loan Repayment	\$ 250,000	\$ 250,000
3H2	235-622	Medical Collaboration Network	\$ 3,346,144	\$ 3,346,144
Federal Special Revenue Fund Subtotal			\$ 6,596,144	\$ 6,596,144
Total Funding: Medical Support			\$ 67,862,474	\$ 67,862,474

The Medical Support program series is funded by 19 appropriation items. Of this series' biennial total appropriations of \$135.7 million, 88.2% comes from the GRF, 2.0% from state special revenue funds, and 9.8% from federal funds. Details for each of these 19 items and the provisions affecting the programs funded by these items are given below.

Clinical Teaching Support (Items 235-536, 235-537, 235-538, 235-539, 235-540, and 235-541). These six GRF appropriation items provide subsidies in support of laboratory and clinical teaching components of the medical and other health-related curricula at each of Ohio's six public medical colleges located at The Ohio State University (235-536), the University of Cincinnati (235-537), the University of Toledo (235-538), Wright State University (235-539), Ohio University (235-540), and the Northeastern Ohio Universities College of Medicine (235-541). These subsidies are intended to help

defray the costs of clinical training for Ohio's student health professionals; clinical training is regarded as a fundamental component in the education of physicians and other health care professionals. Areas of subsidized training include medicine, nursing, pharmacy, physical and occupational therapy, and medical technologies. All six items are flat funded in both FY 2008 and FY 2009.

Family Practice (Item 235-519). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item provides an incentive-based subsidy that rewards both public and private medical schools for the numbers of medical school graduates who: (a) go on to family practice residencies, (b) establish family medicine practices in Ohio, and (c) serve underserved populations and/or geographic areas of Ohio. Public medical schools are required to establish and maintain departments of family medicine.

Primary Care Residencies (Item 235-526). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item provides an incentive-based subsidy that rewards medical schools based on the numbers of medical school graduates who: (a) go on to primary care residencies in pediatrics, internal medicine, pediatric internal medicine, and osteopathic medicine, and (b) establish primary care practices in Ohio. Each institution must submit and gain approval of a plan for its primary care residency program in order to obtain its full allocation of the funds.

Case Western Reserve University School of Medicine (Item 235-515). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item provides supplemental state funding for the Case Western Reserve University School of Medicine. In return, the medical school agrees to use the funds to improve the clinical experiences of its medical students and to increase medical outreach to the residents of Cleveland and Cuyahoga County. The funds are used by CWRU to recruit students across the country and create a new curriculum that will focus on health issues in Ohio. Students learn to address critical public health issues that exist in Ohio's communities and provide medical services to underserved populations throughout Cuyahoga County, in part through early clinical experiences. CWRU submits an annual report to BOR providing descriptions and costs of the services provided during the preceding year.

Area Health Education Centers Program Support (Item 235-474). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-474	Area Health Education Centers Program Support	\$ 1,571,756	\$ 1,571,756
		OU College of Osteopathic Medicine Mobile Unit	\$ 159,158	\$ 159,158
		Ohio Valley Community Health Information Network	\$ 119,369	\$ 119,369
		Remainder	\$ 1,293,229	\$ 1,293,229

Ohio University College of Osteopathic Medicine Mobile Unit. This funding is used to help support the two mobile units operated by the Ohio University College of Osteopathic Medicine. The mobile units take health care on the road, providing childhood and adult immunizations, cancer screening clinics, diabetes testing and a number of other medical services throughout southeastern Ohio.

Ohio Valley Community Health Information Network. This funding is used to support the Ohio Valley Community Health Information Network, a community-based, consumer-defined grant program to determine the efficacy of delivering health information to the rural residents of southern Ohio and to the urban and suburban communities in the Greater Cincinnati tri-state region.

Remainder – Area Health Education Centers Program Support. The remainder of this item is used to support a program that coordinates the placement of students of medicine and the other health professions into community-based clinical training sites, especially those in regions of physician shortages such as rural and inner-city areas. The program also supports other health care workforce development efforts, including pipeline programs facilitating medical education and the support of practitioners already located in areas with shortages of health care professionals. The program's goal is to improve the geographic distribution and quality of health care personnel and health care delivery in the state. On average, approximately 2,300 students receive clinical training at 380 community-training sites annually.

The Ohio State University Clinic Support (Item 235-572). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports the clinical components of the instruction programs at the dental and veterinary medicine schools at OSU. The clinics provide practical education to dentistry and veterinary medicine students, as well as to dental hygiene students.

Geriatric Medicine (Item 235-525). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. It supports the offices of geriatric medicine within the public medical colleges in Ohio. The maintenance of these offices was mandated by section 3333.111 of the Ohio Revised Code in order to ensure that all Ohio medical students receive specific education and training within their medical school curricula concerning the care of older adults. To that end the offices are responsible for including geriatric medicine-related subject matter in existing courses, arranging the courses in sequence, and establishing courses in geriatric medicine wherever appropriate.

Long-term Care Research (Item 235-558). The budget provides an increase of 118.5% in FY 2008 and flat funding in FY 2009 for this GRF item.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-558	Long-term Care Research	\$ 461,047	\$ 461,047
		<i>Miami University Long-term Care</i>	\$ 311,047	\$ 311,047
		<i>Alois Alzheimer Center</i>	\$ 100,000	\$ 100,000
		<i>People Working Cooperatively, Inc.</i>	\$ 50,000	\$ 50,000

Miami University's Long-term Care Research. This funding supports basic and applied research and graduate studies at Miami University's Scripps Gerontology Center. The center provides expertise, education, and research concerning issues of state and federal policy about long-term care. The program's goal is to identify cost-effective alternatives for health care at reasonable levels of quality. Funding for the center increases by 47.4% in FY 2008 and is flat in FY 2009.

Alois Alzheimer Center. This new earmark provides funds for the Alois Alzheimer Center in Cincinnati. The center is a specialized facility dedicated to the care, treatment, and study of Alzheimer's disease and founded in the belief that individuals with Alzheimer's disease and dementia need special programs and environments to enhance function and experience a

good quality of life. The center develops treatment programs designed for those with physical impairments and progressive mental deterioration including creative care techniques, methods of management that significantly decrease problem behaviors, a special physical environment that promotes optimum functioning, and life enrichment programs.

People Working Cooperatively, Inc. This new earmark provides funds for the nonprofit organization People Working Cooperatively, Inc. (PWC). PWC performs critical home repairs for very low-income, elderly, and disabled homeowners, including free home weatherization and maintenance services. The organization leverages all funding to maximize donations and uses volunteers to perform maintenance work. Further, they attempt to help clients become more self-sufficient in the care and maintenance of their homes.

Ohio College of Podiatric Medicine Clinic Subsidy (Item 235-543). The budget provides a decrease of 60.0% in FY 2008 and flat funding in FY 2009 for this GRF item. This item provides the Ohio College of Podiatric Medicine, a privately operated medical school in Cleveland, with supplemental state funding for the clinical, educational, and patient-care needs of the college, which gives training in the treatment and prevention of foot disorders.

Physician Loan Repayment (Item 235-604). These state special revenue funds support the repayment of all or part of the student loans taken by physicians who agree to provide primary-care services in areas of Ohio that suffer shortages of quality health care resources. The program's objective is to encourage physicians to locate and work in underserved areas of the state. The program provides a maximum loan repayment of \$80,000 over four years; each year four to six physicians may be awarded funding. The funding is provided by surcharges on the license renewal fees paid by physicians.

Nurse Education Assistance Loan Program (Item 235-606). These state special revenue funds support the Nurse Education Assistance Loan Program (NEALP), which provides financial assistance to Ohio students enrolled in at least half-time study in approved Ohio nurse education programs, including post licensure programs. Awards are made on the basis of need for up to four years of study. After they have obtained the appropriate licensure and are employed in the field of nursing, students will be eligible to have 100% of their outstanding loans cancelled. Approximately 300 nursing students receive awards in this program each year. Half of the funds are used to support students intending to serve as nurses and half are used to support nurses intending to become nurse instructors. The purpose of NEALP is to encourage individuals to become students and instructors in the nursing profession and to provide affordable college access to nurses and nursing students. This appropriation item is funded by surcharges on the license renewal fees paid by registered nurses and licensed practical nurses.

National Health Service Corps – Ohio Loan Repayment (Item 235-610). These federal funds support the federal National Health Service Corps–Grants for State Loan Repayment program for the repayment of education loans taken out by eligible health service practitioners. Jointly administered by BOR and the Department of Health, the program provides educational loan repayment for certain health service practitioners (primary care physician assistants, nurse practitioners, and certified nurse midwives, in addition to primary care physicians) who agree to provide primary health care services in designated health care shortage areas of Ohio. Payments are made to the appropriate lending institutions on behalf of the practitioners. The goal of the program is to increase the number of health professionals who work in underserved areas of the state. The program supports maximum loan repayments of \$80,000 over four years for physicians who qualify; the number of qualifying physicians varies from year to year.

Medicaid Technical and Assistance Policy Program (Item 235-608). These federal funds support the Medicaid Technical Assistance Policy Program (MEDTAPP) and Workforce Development Initiatives. MEDTAPP is operated by an interagency consortium of BOR, the Ohio Department of Job and Family Services (ODJFS), and the Health Services Research Task Force of the Ohio Medical School Council of Deans to promote Medicaid-related applied-health services research at Ohio's medical colleges and other universities. Each year ODJFS estimates the number of research projects to be funded; the federal funds are then used to support those projects conducted by campus academics. The funds are distributed to the Ohio medical colleges and other universities through a competitive proposal process.

Workforce Development Initiatives support pilot projects to help the state determine the industry areas that will facilitate economic growth for Ohio (e.g., health care, manufacturing, and information technology). This funding is also made available to BOR through ODJFS. BOR, in turn, disburses the funds to campuses, which, in partnership with local businesses and industries, provide workforce development services to local and regional companies based on industry need and potential local and regional economic growth.

Medical Collaboration Network (Item 235-622). These federal funds are used to connect colleges, universities, and hospitals to the OSCnet with a goal of promoting and enhancing collaboration among university-affiliated hospitals in order to improve medical education, medical research, and health care. The collaborations take advantage of the information-carrying capability of the OSCnet to support programs in these areas.

Program Series

12: Planning and Coordination

Purpose: This program series supports BOR's administrative operations, including the maintenance and operation of the Higher Education Information (HEI) system.

The following table shows the line items that are used to fund the Planning and Coordination program series, as well as the funding levels provided in the budget.

Appropriation Amounts for Program Series 12: Planning and Coordination				
Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	235-321	Operating Expenses	\$ 3,141,351	\$ 3,141,351
GRF	235-409	Information System	\$ 1,175,172	\$ 1,175,172
General Revenue Fund Subtotal			\$ 4,316,523	\$ 4,316,523
General Services Fund (GSF)				
456	235-603	Sales and Services	\$ 700,000	\$ 700,000
220	235-614	Program Approval and Reauthorization	\$ 800,000	\$ 800,000
General Services Fund Subtotal			\$ 1,500,000	\$ 1,500,000
Total Funding: Planning and Coordination			\$ 5,816,523	\$ 5,816,523

The Planning and Coordination program series is funded by four appropriation items. Of this series' biennial total appropriations of \$11.6 million, 74.2% comes from GRF and the remaining 25.8% comes from general service funds. Details for each of the four items and the provisions affecting the programs funded by these items are given below.

Operating Expenses (Item 235-321). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item is not the only source of funds to support operating expenses of BOR. Other 400-series GRF appropriation items generally include funds for specific program administration. In addition, appropriation items supported by other special purpose state funds and federal funds also contain moneys for program administration.

Fund	ALI	Title/Earmark	FY 2008	FY 2009
GRF	235-321	Operating Expenses	\$ 3,141,351	\$ 3,141,351
		Partnership for Continued Learning	\$ 150,000	\$ 150,000
		Remainder	\$ 2,991,351	\$ 2,991,351

Partnership for Continued Learning. Chaired by the Governor, the Partnership for Continued Learning is a partnership between the Ohio Board of Regents and the State Board of Education charged with taking a comprehensive look at the preschool through college educational system in order to further academic achievement. This funding is combined with an earmark of \$150,000 each fiscal year in the Department of Education budget for a total funding of \$300,000 in each fiscal year.

Remainder – Operating Expenses. This funding is used to support the wage and fringe benefits of the BOR staff members who generally do not work directly with a specific program as well as the equipment and maintenance costs of BOR.

Information System (Item 235-409). The budget provides flat funding in both FY 2008 and FY 2009 for this GRF item. This item supports the continual development, expansion, and operations of the Higher Education Information (HEI) system, a comprehensive relational database containing a wide array of information about Ohio's colleges and universities. As inputs to HEI, public campuses report data on student enrollments and demographics, faculties, course offerings, facilities, physical plant inventories, and finances. Both public and private colleges and universities report financial aid data. All state-supported institutions are contributors to HEI's database and users of its data; private institutions report data as well.

Sales and Services (Item 235-603). These state general service funds are used to cover the costs of the production of official publications and the delivery of services associated with BOR's HEI system, as well as miscellaneous meeting expenses. This item is funded by fees deposited into Fund 456.

Program Approval and Reauthorization (Item 235-614). The item is funded by remittances from those institutions requesting reviews, evaluations, authorizations and reauthorizations; the institutions are responsible for all costs associated with the authorization process. These general service funds enable BOR to directly contract with and reimburse consultants who review and evaluate higher education institutions' degree program proposals, conduct institutional authorization and reauthorization reviews, and perform institutional oversight reviews for private, proprietary, and out-of-state institutions, pursuant to Chapter 1713. of the Ohio Revised Code. The total number of reviews per year can vary depending on the institutions' circumstances. BOR expects the number of requested reviews to double to 80-100 per year during the FY 2008-FY 2009 biennium.

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Line Item Detail by Agency

FY 2005: FY 2006: *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* % Change 2007 to 2008: *FY 2009 Appropriations:* % Change 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

BOR Regents, Ohio Board of

Agency	Line Item	Description	FY 2005	FY 2006	FY 2007 Adj. Appropriations	FY 2008 Appropriations	% Change 2007 to 2008	FY 2009 Appropriations	% Change 2008 to 2009
GRF	235-321	Operating Expenses	\$ 2,700,210	\$ 2,843,499	\$ 3,141,351	\$ 3,141,351	0.00%	\$ 3,141,351	0.00%
GRF	235-401	Lease Rental Payments	\$ 215,895,522	\$ 200,013,593	\$ 200,795,300	\$ 203,177,900	1.19%	\$ 136,017,500	-33.05%
GRF	235-402	Sea Grants	\$ 257,694	\$ 231,925	\$ 231,925	\$ 300,000	29.35%	\$ 300,000	0.00%
GRF	235-403	Mathematics and Science Teaching Improvement	\$ 1,608,159	\$ 36,390	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	235-404	College Readiness Initiatives	\$ 2,733,884	\$ 456,326	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	235-406	Articulation and Transfer	\$ 751,133	\$ 1,740,536	\$ 2,900,000	\$ 2,900,000	0.00%	\$ 2,900,000	0.00%
GRF	235-408	Midwest Higher Education Compact	\$ 82,500	\$ 90,000	\$ 90,000	\$ 95,000	5.56%	\$ 95,000	0.00%
GRF	235-409	Information System	\$ 1,221,313	\$ 1,111,302	\$ 1,175,172	\$ 1,175,172	0.00%	\$ 1,175,172	0.00%
GRF	235-414	State Grants and Scholarship Administration	\$ 1,171,760	\$ 1,794,575	\$ 1,707,881	\$ 1,707,881	0.00%	\$ 1,707,881	0.00%
GRF	235-415	Jobs Challenge	\$ 9,296,021	\$ 9,400,579	\$ 9,348,300	\$ 9,348,300	0.00%	\$ 9,348,300	0.00%
GRF	235-417	Ohio Learning Network	\$ 3,119,496	\$ 3,119,496	\$ 3,119,496	\$ 3,119,496	0.00%	\$ 3,119,496	0.00%
GRF	235-418	Access Challenge	\$ 63,336,673	\$ 73,496,070	\$ 74,754,671	\$ 66,585,769	-10.93%	\$ 66,585,769	0.00%
GRF	235-420	Success Challenge	\$ 52,598,671	\$ 52,558,447	\$ 52,601,934	\$ 53,653,973	2.00%	\$ 53,653,973	0.00%
GRF	235-428	Appalachian New Economy Partnership	\$ 1,076,068	\$ 1,176,068	\$ 1,176,068	\$ 1,176,068	0.00%	\$ 1,176,068	0.00%
GRF	235-433	Economic Growth Challenge	---	\$ 20,332,567	\$ 23,186,194	\$ 17,186,194	-25.88%	\$ 17,186,194	0.00%
GRF	235-434	College Readiness & Access	---	\$ 5,966,725	\$ 7,655,425	\$ 12,655,425	65.31%	\$ 12,655,425	0.00%
GRF	235-435	Teacher Improvement Initiatives	---	\$ 2,233,092	\$ 2,697,506	\$ 4,797,506	77.85%	\$ 11,297,506	135.49%
GRF	235-436	Accelerate Ohio	---	---	---	\$ 1,250,000	N/A	\$ 2,500,000	100.00%
GRF	235-438	Choose Ohio First Scholarship	---	---	---	\$ 50,000,000	N/A	\$ 50,000,000	0.00%
GRF	235-439	Ohio Research Scholars	---	---	---	\$ 30,000,000	N/A	\$ 0	-100.00%
GRF	235-451	Eminent Scholars	\$ 1,462,500	---	\$ 1,370,988	\$ 0	-100.00%	\$ 1,000,000	N/A
GRF	235-454	Research Challenge	\$ 16,992,799	\$ 95,512	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	235-455	EnterpriseOhio Network	\$ 1,367,877	\$ 1,373,322	\$ 1,373,941	\$ 1,373,941	0.00%	\$ 1,373,941	0.00%
GRF	235-474	Area Health Education Centers Program Support	\$ 1,571,756	\$ 1,571,756	\$ 1,571,756	\$ 1,571,756	0.00%	\$ 1,571,756	0.00%
GRF	235-477	Access Improvement Projects	\$ 1,011,494	\$ 1,044	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	235-501	State Share of Instruction	\$ 1,558,729,618	\$ 1,558,846,889	\$ 1,589,096,031	\$ 1,678,877,952	5.65%	\$ 1,842,965,747	9.77%
GRF	235-502	Student Support Services	\$ 1,631,638	\$ 795,790	\$ 795,790	\$ 795,790	0.00%	\$ 795,790	0.00%
GRF	235-503	Ohio Instructional Grants	\$ 114,861,803	\$ 138,030,470	\$ 92,496,969	\$ 42,533,966	-54.02%	\$ 18,315,568	-56.94%
GRF	235-504	War Orphans Scholarships	\$ 4,159,256	\$ 4,282,366	\$ 4,672,321	\$ 4,812,321	3.00%	\$ 4,812,321	0.00%

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Line Item Detail by Agency			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
BOR Regents, Ohio Board of									
GRF	235-507	OhioLINK	\$ 6,887,824	\$ 6,887,824	\$ 6,887,824	\$ 7,387,824	7.26%	\$ 7,387,824	0.00%
GRF	235-508	Air Force Institute of Technology	\$ 1,925,345	\$ 1,925,345	\$ 1,925,345	\$ 2,050,345	6.49%	\$ 2,050,345	0.00%
GRF	235-509	Women in Transition	\$ 187,245	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	235-510	Ohio Supercomputer Center	\$ 4,021,195	\$ 4,271,195	\$ 4,271,195	\$ 4,271,195	0.00%	\$ 4,271,195	0.00%
GRF	235-511	Cooperative Extension Service	\$ 25,644,863	\$ 25,644,863	\$ 25,644,863	\$ 26,273,260	2.45%	\$ 26,273,260	0.00%
GRF	235-513	Ohio University Voinovich Center	\$ 286,082	\$ 336,082	\$ 336,082	\$ 669,082	99.08%	\$ 669,082	0.00%
GRF	235-514	Central State Supplement	\$ 10,708,027	---	\$ 0	\$ 11,756,414	N/A	\$ 12,109,106	3.00%
GRF	235-515	Case Western Reserve University School of Medicine	\$ 3,011,271	\$ 3,011,271	\$ 3,011,271	\$ 3,011,271	0.00%	\$ 3,011,271	0.00%
GRF	235-518	Capitol Scholarship Program	\$ 268,600	\$ 122,400	\$ 125,000	\$ 125,000	0.00%	\$ 125,000	0.00%
GRF	235-519	Family Practice	\$ 5,053,855	\$ 4,548,470	\$ 4,548,470	\$ 4,548,470	0.00%	\$ 4,548,470	0.00%
GRF	235-520	Shawnee State Supplement	\$ 2,019,820	\$ 1,918,830	\$ 2,056,986	\$ 2,502,323	21.65%	\$ 2,577,393	3.00%
GRF	235-521	The Ohio State University John Glenn School of Public Affairs	\$ 286,082	\$ 286,082	\$ 286,082	\$ 619,082	116.40%	\$ 619,082	0.00%
GRF	235-524	Police and Fire Protection	\$ 191,066	\$ 171,959	\$ 171,959	\$ 171,959	0.00%	\$ 171,959	0.00%
GRF	235-525	Geriatric Medicine	\$ 750,110	\$ 750,110	\$ 750,110	\$ 750,110	0.00%	\$ 750,110	0.00%
GRF	235-526	Primary Care Residencies	\$ 2,495,209	\$ 2,245,688	\$ 2,245,688	\$ 2,245,688	0.00%	\$ 2,245,688	0.00%
GRF	235-527	Ohio Aerospace Institute	\$ 1,764,957	\$ 1,764,957	\$ 1,764,957	\$ 1,764,957	0.00%	\$ 1,764,957	0.00%
GRF	235-530	Academic Scholarships	\$ 7,800,000	\$ 7,800,000	\$ 7,800,000	\$ 7,800,000	0.00%	\$ 7,800,000	0.00%
GRF	235-531	Student Choice Grants	\$ 52,310,740	\$ 47,606,916	\$ 52,985,376	\$ 38,485,376	-27.37%	\$ 38,485,376	0.00%
GRF	235-534	Student Workforce Development Grants	\$ 1,333,657	\$ 3,041,352	\$ 2,137,500	\$ 0	-100.00%	\$ 0	N/A
GRF	235-535	Ohio Agricultural Research and Development Center	\$ 35,830,188	\$ 35,955,188	\$ 35,955,188	\$ 37,174,292	3.39%	\$ 37,174,292	0.00%
GRF	235-536	The Ohio State University Clinical Teaching	\$ 13,565,885	\$ 13,565,885	\$ 13,565,885	\$ 13,565,885	0.00%	\$ 13,565,885	0.00%
GRF	235-537	University of Cincinnati Clinical Teaching	\$ 11,157,756	\$ 11,157,756	\$ 11,157,756	\$ 11,157,756	0.00%	\$ 11,157,756	0.00%
GRF	235-538	University of Toledo Clinical Teaching	\$ 8,696,866	\$ 8,696,866	\$ 8,696,866	\$ 8,696,866	0.00%	\$ 8,696,866	0.00%
GRF	235-539	Wright State University Clinical Teaching	\$ 4,225,107	\$ 4,225,107	\$ 4,225,107	\$ 4,225,107	0.00%	\$ 4,225,107	0.00%
GRF	235-540	Ohio University Clinical Teaching	\$ 4,084,540	\$ 4,084,540	\$ 4,084,540	\$ 4,084,540	0.00%	\$ 4,084,540	0.00%
GRF	235-541	Northeastern Ohio Universities College of Medicine Clinical Teaching	\$ 4,200,945	\$ 4,200,945	\$ 4,200,945	\$ 4,200,945	0.00%	\$ 4,200,945	0.00%
GRF	235-543	Ohio College of Podiatric Medicine Clinic Subsidy	\$ 397,500	\$ 250,000	\$ 250,000	\$ 100,000	-60.00%	\$ 100,000	0.00%
GRF	235-547	School of International Business	\$ 1,155,844	\$ 450,000	\$ 450,000	\$ 450,000	0.00%	\$ 650,000	44.44%
GRF	235-549	Part-time Student Instructional Grants	\$ 13,857,852	\$ 12,730,872	\$ 10,534,617	\$ 0	-100.00%	\$ 0	N/A

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Line Item Detail by Agency

			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>	
BOR Regents, Ohio Board of										
GRF	235-552	Capital Component	\$ 19,078,349	\$ 19,309,008	\$ 19,059,866	\$ 19,306,442	1.29%	\$ 19,306,442	0.00%	
GRF	235-553	Dayton Area Graduate Studies Institute	\$ 2,806,598	\$ 2,806,599	\$ 2,806,599	\$ 2,931,599	4.45%	\$ 2,931,599	0.00%	
GRF	235-554	Priorities in Collaborative Graduate Education	\$ 2,355,548	\$ 2,355,548	\$ 2,355,548	\$ 2,355,548	0.00%	\$ 2,355,548	0.00%	
GRF	235-555	Library Depositories	\$ 1,696,458	\$ 1,696,458	\$ 1,696,458	\$ 1,696,458	0.00%	\$ 1,696,458	0.00%	
GRF	235-556	Ohio Academic Resources Network	\$ 3,727,223	\$ 3,727,223	\$ 3,727,223	\$ 3,727,223	0.00%	\$ 3,727,223	0.00%	
GRF	235-558	Long-term Care Research	\$ 211,047	\$ 211,047	\$ 211,047	\$ 461,047	118.46%	\$ 461,047	0.00%	
GRF	235-561	Bowling Green State University Canadian Studies Center	\$ 111,128	\$ 100,015	\$ 100,015	\$ 100,015	0.00%	\$ 100,015	0.00%	
GRF	235-563	Ohio College Opportunity Grant	---	---	\$ 58,144,139	\$ 139,974,954	140.74%	\$ 151,113,781	7.96%	
GRF	235-567	Central State Speed to Scale	---	---	---	\$ 4,400,000	N/A	\$ 3,800,000	-13.64%	
GRF	235-571	James A. Rhodes Scholarship	---	---	---	\$ 10,000,000	N/A	\$ 0	-100.00%	
GRF	235-572	The Ohio State University Clinic Support	\$ 1,277,019	\$ 1,277,019	\$ 1,277,019	\$ 1,277,019	0.00%	\$ 1,277,019	0.00%	
GRF	235-573	Ohio Humanities Council	---	---	---	\$ 25,000	N/A	\$ 25,000	0.00%	
GRF	235-583	Urban University Program	\$ 5,206,009	\$ 4,992,937	\$ 4,992,937	\$ 5,825,937	16.68%	\$ 5,825,937	0.00%	
GRF	235-585	Ohio University Innovation Center	\$ 38,018	---	\$ 0	\$ 0	N/A	\$ 0	N/A	
GRF	235-587	Rural University Projects	\$ 1,147,889	\$ 1,147,889	\$ 1,147,889	\$ 1,159,889	1.05%	\$ 1,159,889	0.00%	
GRF	235-588	Ohio Resource Center for Mathematics, Science, and Reading	\$ 399,935	\$ 399,936	\$ 0	\$ 0	N/A	\$ 0	N/A	
GRF	235-595	International Center for Water Resources Development	\$ 125,538	---	\$ 0	\$ 0	N/A	\$ 0	N/A	
GRF	235-596	Hazardous Materials Program	\$ 310,435	\$ 360,435	\$ 360,435	\$ 360,435	0.00%	\$ 360,435	0.00%	
GRF	235-599	National Guard Scholarship Program	\$ 13,497,128	\$ 16,351,109	\$ 16,611,063	\$ 16,611,063	0.00%	\$ 16,611,063	0.00%	
GRF	235-909	Higher Education General Obligation Debt Service	\$ 107,903,507	\$ 118,069,455	\$ 152,114,100	\$ 172,722,400	13.55%	\$ 208,747,200	20.86%	
General Revenue Fund Total			\$ 2,441,648,105	\$ 2,462,053,520	\$ 2,550,632,969	\$ 2,773,258,537	8.73%	\$ 2,861,908,923	3.20%	
220	235-614	Program Approval and Reauthorization	\$ 246,166	\$ 261,007	\$ 400,000	\$ 800,000	100.00%	\$ 800,000	0.00%	
456	235-603	Sales and Services	\$ 227,576	\$ 143,058	\$ 900,000	\$ 700,000	-22.22%	\$ 700,000	0.00%	
5X2	235-632	STEM and Foreign Language Academies	---	---	\$ 3,500,000	\$ 0	-100.00%	\$ 0	N/A	
5Y5	235-618	State Need-based Financial Aid Reconciliation	\$ 7,454,951	\$ 2,448,669	\$ 0	\$ 0	N/A	\$ 0	N/A	
General Services Fund Group Total			\$ 7,928,693	\$ 2,852,733	\$ 4,800,000	\$ 1,500,000	-68.75%	\$ 1,500,000	0.00%	
312	235-609	Tech Prep	\$ 167,176	\$ 184,872	\$ 183,850	\$ 183,850	0.00%	\$ 183,850	0.00%	
312	235-611	Gear-up Grant	\$ 2,446,003	\$ 3,332,990	\$ 4,670,691	\$ 3,300,000	-29.35%	\$ 3,300,000	0.00%	
312	235-612	Carl D. Perkins Grant/Plan Administration	\$ 85,491	\$ 101,819	\$ 112,960	\$ 112,960	0.00%	\$ 112,960	0.00%	

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:	
BOR Regents, Ohio Board of										
312	235-615	Professional Development	\$ 190,796	\$ 411,804	\$ 523,129	\$ 0	-100.00%	\$ 0	N/A	
312	235-616	Workforce Investment Act Administration	\$ 2,200	---	\$ 0	\$ 0	N/A	\$ 0	N/A	
312	235-617	Improving Teacher Quality Grant	\$ 806,102	\$ 2,153,451	\$ 2,900,000	\$ 3,200,000	10.34%	\$ 3,200,000	0.00%	
312	235-619	Ohio Supercomputer Center	---	\$ 10,000,000	\$ 6,000,000	\$ 0	-100.00%	\$ 0	N/A	
312	235-621	Science Education Network	\$ 93,070	\$ 673,939	\$ 1,686,970	\$ 1,686,970	0.00%	\$ 1,686,970	0.00%	
312	235-628	Temporary Assistance for Needy Families (TANF)	---	---	\$ 30,000,000	\$ 0	-100.00%	\$ 0	N/A	
312	235-629	High Growth Grant	---	---	\$ 589,212	\$ 0	-100.00%	\$ 0	N/A	
312	235-631	Federal Grants	\$ 2,014,583	\$ 769,284	\$ 250,590	\$ 0	-100.00%	\$ 0	N/A	
3BG	235-626	Star Schools	---	\$ 1,215,703	\$ 2,778,620	\$ 2,980,865	7.28%	\$ 2,990,746	0.33%	
3BW	235-630	Indirect Cost Recovery-Fed	---	---	\$ 600,000	\$ 0	-100.00%	\$ 0	N/A	
3H2	235-608	Human Services Project	\$ 280,567	\$ 1,139,037	\$ 1,500,000	\$ 3,000,000	100.00%	\$ 3,000,000	0.00%	
3H2	235-622	Medical Collaboration Network	\$ 169,426	\$ 2,023,859	\$ 3,346,143	\$ 3,346,144	0.00%	\$ 3,346,144	0.00%	
3N6	235-605	State Student Incentive Grants	\$ 3,096,158	\$ 3,197,971	\$ 2,196,680	\$ 2,196,680	0.00%	\$ 2,196,680	0.00%	
3T0	235-610	National Health Service Corps – Ohio Loan Repayment	\$ 245,147	\$ 297,131	\$ 546,001	\$ 250,000	-54.21%	\$ 250,000	0.00%	
Federal Special Revenue Fund Group Total			\$ 9,596,719	\$ 25,501,861	\$ 57,884,846	\$ 20,257,469	-65.00%	\$ 20,267,350	0.05%	
4E8	235-602	Higher Educational Facility Commission Administration	\$ 4,245	\$ 15,431	\$ 55,000	\$ 50,000	-9.09%	\$ 45,000	-10.00%	
4P4	235-604	Physician Loan Repayment	\$ 289,075	\$ 540,176	\$ 636,870	\$ 476,870	-25.12%	\$ 476,870	0.00%	
5DT	235-627	American Diploma Project	---	\$ 369	\$ 250,000	\$ 250,000	0.00%	\$ 0	-100.00%	
5Z7	235-624	Ohio Dentist Loan Repayment Program	\$ 37,604	---	\$ 201,121	\$ 0	-100.00%	\$ 0	N/A	
649	235-607	The Ohio State University Highway/Transportation Research	\$ 561,161	\$ 508,775	\$ 760,000	\$ 760,000	0.00%	\$ 760,000	0.00%	
682	235-606	Nursing Loan Program	\$ 705,883	\$ 408,613	\$ 893,000	\$ 893,000	0.00%	\$ 893,000	0.00%	
State Special Revenue Fund Group Total			\$ 1,597,967	\$ 1,473,363	\$ 2,795,991	\$ 2,429,870	-13.09%	\$ 2,174,870	-10.49%	
Regents, Ohio Board of Total			\$ 2,460,771,484	\$ 2,491,881,477	\$ 2,616,113,806	\$ 2,797,445,876	6.93%	\$ 2,885,851,143	3.16%	

Ohio State School for the Blind

Jenna Scheurman, Fiscal Intern

- GRF funding increases by 6.7% in FY 2008 and 5.4% in FY 2009
- Provides on-site services to 145 students and outreach services to many more blind or visually impaired children across the state
- About half of the students live on campus.

OVERVIEW

Duties and Responsibilities

Established in 1837, the Ohio State School for the Blind (OSB) is a state-supported educational and residential facility that provides free services to Ohio's school-aged children with visual, sensory, and developmental disabilities. Located in Columbus, OSB is under the control and supervision of the State Board of Education and the Department of Education. OSB's goal is to enable its students to become self-sufficient and contributing members of society. Accordingly, the school is committed to the intellectual, social, physical, and emotional growth of students with visual impairments, including those with multiple disabilities. OSB's mission is to work cooperatively with students, families, and the community to provide an effective, enjoyable educational experience through specialized curriculum, equipment, and material, and individualized, disability-specific instruction to develop each student's unique potential.

Of the over 1,500 school-aged visually impaired children in the state, about 145 are enrolled at OSB. The vast majority of visually impaired children are educated in their resident districts. OSB operates several outreach programs that provide technical assistance, professional development, materials, and resources to families with children who are visually impaired and to local school districts that serve these visually impaired children across the state. Students enrolled at OSB range in age from 5 to 22 years and represent a wide cross-section of ability and achievement levels and varying degrees of vision loss. Approximately 50 to 75 students live on campus during the school year. The remaining students are transported daily to the school.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
134	\$10.74 million	\$11.17 million	\$7.91 million	\$8.34 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) as of June 2007.

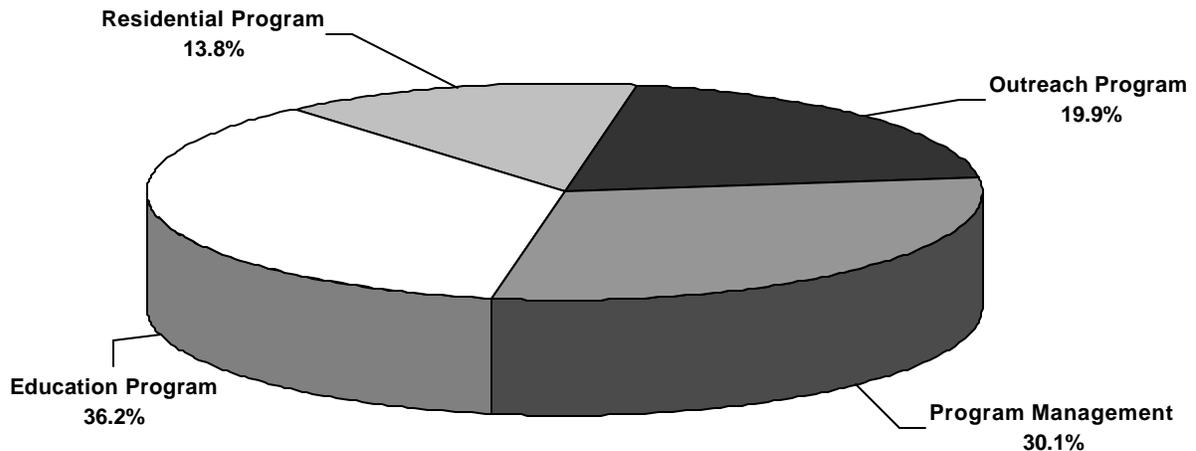
The appropriations for OSB total approximately \$10.74 million in FY 2008 and \$11.17 million in FY 2009. Of the \$21.9 million in total biennial funding, 74.2% comes from the General Revenue Fund (GRF), 25.3% from federal funds, 2.0% from the State Special Revenue Fund (SSR) group, and 0.3% from the General Services Fund (GSF) group. Table 1 below shows the appropriations by fund group. As seen from the table, while the overall budget increases by 3.2% in FY 2008 and 4.0% in FY 2009, GRF funding actually increases by 6.7% in FY 2008 and 5.4% in FY 2009. GRF increases occur entirely

in line item 221-100, Personal Services, which receives increases of 7.6% in FY 2008 and 6.0% in FY 2009. These increases are mainly used to pay for the contractual pay increase and health insurance cost increase of existing employees, the planned increase in outreach services to school districts, and the recruitment of experienced teachers. The much smaller overall budget increases in FY 2008 is mainly due to an anticipated 6% decrease in federal Medicaid reimbursements for services provided to Medicaid-eligible students.

Fund Group	FY 2007 (estimate)	FY 2008	% Change, FY 2007-FY 2008	FY 2009	% Change, FY 2008-FY 2009
General Revenue	\$7,411,713	\$7,910,569	6.7%	\$8,336,760	5.4%
General Services	\$37,514	\$37,514	0.0%	\$37,514	0.0%
State Special Revenue	\$217,396	\$217,397	0.0%	\$217,397	0.0%
Federal Special Revenue	\$2,741,892	\$2,577,105	-6.0%	\$2,577,105	0.0%
Total OSB	\$10,408,515	\$10,742,585	3.2%	\$11,168,776	4.0%

The appropriations for OSB are organized into four program series that include a total of five programs. Chart 3 presents the appropriations by program series. The details of each program series and program are provided in the Analysis of the Budget section. As seen from the chart, education and residential programs that directly serve students enrolled at OSB account for a combined 50.0% of the appropriations. The other 50.0% goes to outreach services (19.9%) and agency support (30.1%).

Chart 3: Biennial Appropriations by Program Series



ANALYSIS OF THE BUDGET

Program Series

1: Education Program

Purpose: This program series supports the educational needs of the specialized population of blind and visually impaired children at OSB, including those who are developmentally or multi-handicapped.

The following table shows the funding level for the Education Program program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	226-100	Personal Services	\$2,385,102	\$2,550,944
GRF	226-200	Maintenance	\$14,302	\$14,302
GRF	226-300	Equipment	\$1,228	\$1,228
General Revenue Fund Subtotal			\$2,400,632	\$2,566,474
General Services Fund (GSF)				
4H8	226-602	School Improvement Grants	\$37,514	\$37,514
General Services Fund Subtotal			\$37,514	\$37,514
State Special Revenue Fund (SSR)				
4M5	226-601	Work Study & Donations	\$119,775	\$119,775
State Special Revenue Fund Subtotal			\$119,775	\$119,775
Federal Special Revenue Fund (FED)				
310	226-626	Multi-handicapped Student Support	\$1,324,435	\$1,324,435
Federal Special Revenue Fund Subtotal			\$1,324,435	\$1,324,435
Total Funding: Education Program			\$3,882,356	\$4,048,198

The Education Program program series contains one program, the Visually Impaired Education Program. The budget provides increases of 4.4% in FY 2008 and 4.3% in FY 2009 for this program series. Of the \$7.9 million in total biennial funding for this program series, 62.6% comes from the GRF, 33.5% from federal funds, 3.0% from the SSR, and 0.9% from the GSF.

The Visually Impaired Education Program provides residential educational services to school-aged visually impaired students enrolled at OSB. The educational program provides instruction and support services to students with wide ranges of ability and achievement levels. Students are placed in one of three educational programs based on the needs identified by each student's Multi-Factored Evaluation (MFE) and Individual Education Program (IEP). These programs are: the regular education program, the modified curriculum program, and the multi-handicapped program. The funding for the Visually Impaired Education Program supports the wages and benefits of 56 education employees, including teachers, related service therapists, and classroom aides. It also supports the upgrade of instructional materials and technology, including Braille books, Braillelite note takers, Braille embossers, and various specialized computer programs.

Program Series**2: Residential Program**

Purpose: This program series provides the residential and support services for the students living on campus.

The following table shows the funding levels for the Residential Program program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	226-100	Personal Services	\$1,395,555	\$1,461,842
GRF	226-200	Maintenance	\$28,457	\$28,457
GRF	226-300	Equipment	\$7,000	\$7,000
General Revenue Fund Subtotal			\$1,431,012	\$1,497,299
State Special Revenue Fund (SSR)				
4M5	226-601	Work Study & Donations	\$10,666	\$10,666
State Special Revenue Fund Subtotal			\$10,666	\$10,666
Federal Special Revenue Fund (FED)				
310	226-626	Multi-handicapped Student Support	\$41,801	\$41,801
Federal Special Revenue Fund Subtotal			\$41,801	\$41,801
Total Funding: Residential Program			\$1,483,479	\$1,549,766

The Residential Program program series contains two programs. These programs and their shares of the funding for this program series are:

- **Program 2.01: Residential Program - 80.1%**
- **Program 2.02: Student Health Care Services - 19.9%**

The budget provides increases of 3.3% in FY 2008 and 4.5% in FY 2009 for this program series. Of the \$3.0 million in total biennial funding for this program series, 96.5% comes from the GRF, 0.7% from federal funds, and 2.8% from the SSR.

Program 2.01, the Residential Program, promotes the personal and social development of the students and intends to prepare the students to live independently in the community after graduation. The Residential Program provides three types of living and learning environments for the students which include group living, independent living, and apartment living. The funding for the program supports the wages and benefits of 29.5 employees maintaining residential services and supervision 24 hours a day. It also funds daily living necessities related to residential living, including housekeeping, cooking, and recreational supplies, and the general maintenance of the living cottages and student apartments.

Program 2.02, Student Health Care Services, provides direct nursing services and medical services, including eye examinations, to students enrolled at OSB. Nursing is provided on a 24-hour basis from Sunday afternoon until Friday afternoon when students leave for the weekend. The funding provided for this program supports the wages and benefits of four medical-related employees, including one registered nurse OSB shares with the Ohio School for the Deaf, and finances low-vision eye examinations that are required annually for students enrolled at OSB.

Program Series**3: Outreach Program**

Purpose: This program series provides outreach services available to local school districts statewide to assist in meeting the educational needs of the blind and visually impaired that are being served in their home communities.

The following table shows the funding levels for the Outreach Program program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	226-100	Personal Services	\$1,120,828	\$1,314,890
GRF	226-200	Maintenance	\$6,200	\$6,200
General Revenue Fund Subtotal			\$1,127,028	\$1,321,090
Federal Special Revenue Fund (FED)				
310	226-626	Multi-handicapped Student Support	\$950,531	\$950,531
Federal Special Revenue Subtotal			\$950,531	\$950,531
Total Funding: Outreach Program			\$2,077,559	\$2,271,621

The Outreach Program program series contains one program, the Outreach Program. The budget provides increases of 3.3% in FY 2008 and 9.3% in FY 2009 for this program series. Of the \$4.3 million in total biennial funding for this program series, 56.3% comes from the GRF and the other 43.7% comes from federal funds.

The Outreach Program provides outreach services to local school districts statewide to assist in meeting the educational needs of blind and visually impaired learners. OSB serves as the statewide resource center for the education of school-age blind and visually impaired learners. Major activities of the outreach program include: educator outreach support, student assessment services, parent mentoring, the Center for Instructional Supports and Materials (CISAM), Ohio Instructional Materials Access Center (OIMAC), orientation and mobility services, and summer camps.

Program Series**4: Program Management**

Purpose: This program series provides administrative support of the operation of the school and residential programs.

The following table shows the funding levels for the Program Management program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	226-100	Personal Services	\$2,191,642	\$2,191,642
GRF	226-200	Maintenance	\$655,195	\$655,195
GRF	226-300	Equipment	\$105,060	\$105,060
General Revenue Fund Subtotal			\$2,951,897	\$2,951,897
State Special Revenue Fund (SSR)				
4M5	226-601	Work Study & Donations	\$86,956	\$86,956
State Special Revenue Fund Subtotal			\$86,956	\$86,956
Federal Special Revenue Fund (FED)				
310	226-626	Multi-handicapped Student Support	\$210,338	\$210,338
3P5	226-643	Medicaid Services Reimbursement	\$50,000	\$50,000
Federal Special Revenue Subtotal			\$260,338	\$260,338
Total Funding: Program Management			\$3,299,191	\$3,299,191

The Program Management program series contains one program, Program Management and Support Services. The budget provides an increase of 1.9% in FY 2008 and flat funding in FY 2009 for this program series. Of the \$6.6 million in total biennial funding for this program series, 89.5% comes from the GRF and the remaining 10.5% comes from the SSR (2.6%) and federal funds (7.9%).

Program Management and Support Services provides administrative support services for all programs administered by OSB. Some of these support services include administration, business and fiscal operations, building and ground maintenance, security, food service, and technology infrastructure. The funding for this program supports the wages and benefits of 39 administrative and support staff members and the general operations of OSB.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

OSB School for the Blind, Ohio State

GRF	226-100	Personal Services	\$ 6,356,271	\$ 6,394,206	\$ 6,594,261	\$ 7,093,127	7.57%	\$ 7,519,318	6.01%
GRF	226-200	Maintenance	\$ 682,379	\$ 767,298	\$ 704,163	\$ 704,154	0.00%	\$ 704,154	0.00%
GRF	226-300	Equipment	\$ 143,946	\$ 45,954	\$ 113,289	\$ 113,288	0.00%	\$ 113,288	0.00%
General Revenue Fund Total			\$ 7,182,596	\$ 7,207,458	\$ 7,411,713	\$ 7,910,569	6.73%	\$ 8,336,760	5.39%
4H8	226-602	School Improvement Grants	\$ 30,467	\$ 21,410	\$ 37,514	\$ 37,514	0.00%	\$ 37,514	0.00%
General Services Fund Group Total			\$ 30,467	\$ 21,410	\$ 37,514	\$ 37,514	0.00%	\$ 37,514	0.00%
310	226-626	Multi-Handicapped Student Support	\$ 1,370,287	\$ 2,144,000	\$ 2,531,892	\$ 2,527,105	-0.19%	\$ 2,527,105	0.00%
3P5	226-643	Medicaid Services Reimbursement	\$ 98,251	\$ 26,830	\$ 210,000	\$ 50,000	-76.19%	\$ 50,000	0.00%
Federal Special Revenue Fund Group Total			\$ 1,468,538	\$ 2,170,830	\$ 2,741,892	\$ 2,577,105	-6.01%	\$ 2,577,105	0.00%
4M5	226-601	Work Study and Donations	\$ 27,637	\$ 99,456	\$ 217,396	\$ 217,397	0.00%	\$ 217,397	0.00%
State Special Revenue Fund Group Total			\$ 27,637	\$ 99,456	\$ 217,396	\$ 217,397	0.00%	\$ 217,397	0.00%
School for the Blind, Ohio State Total			\$ 8,709,238	\$ 9,499,153	\$ 10,408,515	\$ 10,742,585	3.21%	\$ 11,168,776	3.97%

Ohio School for the Deaf

Jenna Scheurman, Fiscal Intern

- GRF funding increases by 3.9% in FY 2008 and 4.9% in FY 2009
- Provides on-site services to 160 students and outreach services to many more deaf or hearing-impaired children across the state
- Serves children from preschool through high school

OVERVIEW

Duties and Responsibilities

The Ohio School for the Deaf (OSD), established in 1829, is a state-run public residential school and resource center for deaf and hearing-impaired children from all over Ohio. Located in Columbus, OSD is under the control and supervision of the State Board of Education and the Department of Education. It offers a comprehensive preschool through grade 12 education comparable to that of any other public school in the state as well as a variety of outreach services for students being educated in other public schools. OSD's mission is: (1) to provide comprehensive education for Ohio's deaf and hard-of-hearing learners that encourages independence and life-long learning, (2) to promote social development and cultural awareness, (3) to prepare students to attain their potential and become contributing members of their communities, and (4) to collaborate with schools and other educational programs serving deaf and hearing-impaired students and their families to meet the individual needs of each student.

Of the approximately 3,300 deaf and hearing-impaired children in the state, about 160 are enrolled at OSD. The vast majority of deaf and hearing-impaired children are educated by their resident districts. OSD serves as a resource center for these districts and provides a number of outreach services to schools and students throughout the state. Students enrolled at OSD range in age from 3 months to 22 years and come from over 70 school districts throughout Ohio. Approximately 70 to 100 students live on campus during the school week.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
149	\$13.07 million	\$13.56 million	\$10.03 million	\$10.52 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) as of June 2007.

The appropriations for OSD total approximately \$13.07 million in FY 2008 and \$13.56 million in FY 2009. Of the \$26.6 million in total biennial funding, 77.2% comes from the General Revenue Fund (GRF), 20.9% from federal funds, 1.6% from the State Special Revenue Fund (SSR) group, and 0.3% from the General Services Fund (GSF) group. Table 1 below shows the appropriations by fund group. As seen from the table, while the overall budget increases by 0.9% in FY 2008 and 3.7% in FY 2009, GRF funding actually increases by 3.9% in FY 2008 and 4.9% in FY 2009. GRF increases occur entirely in line item 221-100, Personal Services, which receives increases of 4.4% in FY 2008 and 5.6% in FY 2009. These increases are mainly used to pay for the contractual pay increase and health insurance

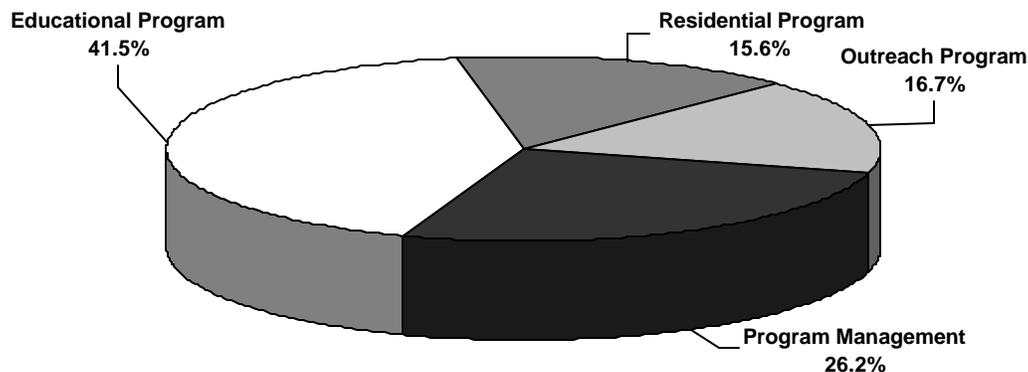
cost increase of existing employees, the planned increase in outreach services to school districts, and the recruitment of experienced teachers. The much smaller overall budget increase in FY 2008 is mainly due to a 64.5% decrease in SSR item 221-601, Work Study and Donations. Am. Sub. H.B. 66 of the 126th General Assembly moved private donations for individual students and student-raised funds that were previously held in private checking accounts outside the state treasury into this item within the state treasury. FY 2007 is the first year in which this change occurs and the program expenditure estimate is too high for that year. The appropriations for FY 2008 reflect more closely what the program expenditures are likely to be.

Table 1. OSD Budget by Fund Group, FY 2008-FY 2009

Fund Group	FY 2007 (estimate)	FY 2008	% Change, FY 2007-FY 2008	FY 2009	% Change, FY 2008-FY 2009
General Revenue	\$9,656,955	\$10,030,955	3.9%	\$10,519,454	4.9%
General Services	\$36,069	\$38,000	5.4%	\$38,000	0.0%
State Special Revenue	\$395,517	\$222,832	-43.7%	\$220,358	-1.1%
Federal Special Revenue	\$2,865,144	\$2,780,134	-3.0%	\$2,780,134	0.0%
Total OSD	\$12,953,685	\$13,071,921	0.9%	\$13,557,946	3.7%

The appropriations for OSD are organized into four program series that include a total of seven programs. Chart 3 presents the appropriations by program series. The details of each program series and program are provided in the Analysis of the Budget section. As seen from the chart, educational and residential programs that directly serve students enrolled at OSD account for a combined 57.1% of the biennial appropriations. The remaining 43.9% goes to outreach services (16.7%) and agency support (26.2%).

Chart 3: Biennial Appropriations by Program Series



ANALYSIS OF THE BUDGET

Program Series

1: Educational Program

Purpose: This program series supports the educational needs of the specialized population of deaf and hearing-impaired students enrolled at the Ohio School for the Deaf.

The following table shows the funding levels for the Educational Program program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	221-100	Personal Services	\$4,253,842	\$4,471,859
GRF	221-200	Maintenance	\$124,691	\$124,691
GRF	221-300	Equipment	\$5,000	\$5,000
General Revenue Fund Subtotal			\$4,383,533	\$4,601,550
State Special Revenue Fund (SSR)				
4M0	221-601	Work Study & Donations	\$47,508	\$47,508
5H6	221-609	Preschool Program Support	\$127,832	\$125,358
State Special Revenue Fund Subtotal			\$175,340	\$172,866
General Services Fund (GSF)				
4M1	221-602	School Improvement Grants	\$36,500	\$36,500
General Services Fund Subtotal			\$36,500	\$36,500
Federal Special Revenue Fund (FED)				
311	221-625	Statewide Outreach	\$570,849	\$570,849
3Y1	221-686	Federal Early Childhood Grants	\$250,000	\$250,000
Federal Special Revenue Fund Subtotal			\$820,849	\$820,849
Total Funding: Educational Program			\$5,416,222	\$5,631,765

The Educational Program program series contains two programs. These programs and their shares of the funding for this program series are:

- **Program 1.01: Hearing Impaired Education Program – 84.7%**
- **Program 1.02: Preschool Program – 15.3%**

The budget provides increases of 5.3% in FY 2008 and 4.0% in FY 2009 for this program series. Of the \$11.0 million total biennial funding for this program series, 81.3% comes from the GRF, 3.2% from the SSR, 0.7% from the GSF, and 14.8% from federal funds.

Program 1.01, the Hearing-Impaired Education Program, offers K-12 educational services to students enrolled at the school. The main goals associated with this program are to meet each student's Individualized Education Program (IEP) and the OSD's graduation requirements, which are generally the same as at other public schools. All graduates of OSD are required to have at least one credit of American Sign Language (ASL). ASL is the key way students learn to communicate with each other and with teachers and staff at OSD. OSD also provides transition services to students beginning at age 14 in order to prepare them for life after high school. Funding for this program supports wages and benefits of 50 full-time employees, including teachers, teacher aides, school administrators, support staff, ASL interpreters, and assessors of sign language proficiency skills. It also funds the renovation of seven

classrooms to accommodate technology requirements and one classroom to be fitted with interactive video distance learning equipment.

Program 1.02, the Preschool Program, funds the Alice Cogswell Child Development Center (ACC), which opened in 2000. The Center is an accredited preschool program that serves children from birth to five years of age. The program's goal is to accelerate language and literacy development for preschoolers who are deaf, with a key commitment to children who depend on access to ASL to fully participate in learning. In addition to its regular school year program, ACC provides a summer camp program that is funded through student tuition, which allows for further language enrichment for many deaf and hearing-impaired preschoolers. The appropriations for the program supports the wages and benefits of six full-time and two part-time employees, including teachers, teacher aides, and a coordinator. It also funds the replacement of books and other instructional supplies.

Program Series**2: Residential Program**

Purpose: This program series provides the residential and support services for the students living on campus.

The following table shows the funding levels for the Residential Program program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	221-100	Personal Services	\$1,828,755	\$1,886,855
GRF	221-200	Maintenance	\$189,405	\$189,405
GRF	221-300	Equipment	\$2,039	\$2,039
General Revenue Fund Subtotal			\$2,020,199	\$2,078,299
State Special Revenue Fund (SSR)				
4M0	221-601	Work Study & Donations	\$9,498	\$9,498
State Special Revenue Fund Subtotal			\$9,498	\$9,498
Federal Special Revenue Fund (FED)				
311	221-625	Statewide Outreach	\$20,000	\$20,000
Federal Special Revenue Fund Subtotal			\$20,000	\$20,000
Total Funding: Residential Program			\$2,049,697	\$2,107,797

The Residential Program program series contains two programs. These programs and their shares of the funding for this program series are:

- **Program 2.01: Residential Program – 81.5%**
- **Program 2.02: Student Health Care Services – 18.5%**

The budget provides increases of 3.3% in FY 2008 and 2.8% in FY 2009 for this program series. Of the \$4.2 million in total biennial funding for this program series, 98.6% comes from the GRF and the remaining 1.4% comes from federal funds and the SSR.

Program 2.01, the Residential Program, provides students with a “home-like” atmosphere staffed by youth leaders and recreation workers in on-site dormitories. Generally, approximately 70 to 100 students live at the school at any one time. These students live on campus from Sunday afternoon through Friday afternoon during the school year. In addition to allowing students from all parts of the state to live at the school, the program aims to teach students socialization skills, personal goal setting, intellectual development, communication skills, and emotional maturity. The funding for this program supports the wages and benefits of 32 full-time and 3 part-time employees, including youth leaders, youth leader supervisors, recreation specialists, and food services personnel. It also supports funding for five bus and van drivers and eight tutors to work with residential learners after school hours.

Program 2.02, Student Health Care Services, maintains the health and wellness of students enrolled at OSD. The program is staffed by registered nurses and a part-time psychologist, doctor, and dentist. The staff provides students with basic nursing care as well as participating in student evaluations. The bulk of funding for the program is used to support the wages and benefits of the full-time and part-time staff of the office. A small portion of funding for the program is used for medications and supplies.

Program Series

3: Outreach Program

Purpose: This program series provides outreach services to school districts to assist them in meeting the educational needs of their deaf and hearing-impaired students.

The following table shows the funding levels for the Outreach Program program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	221-100	Personal Service	\$270,794	\$357,418
GRF	221-200	Maintenance	\$5898	\$5898
GRF	221-300	Equipment	\$346	\$346
General Revenue Fund Subtotal			\$277,038	\$363,662
State Special Revenue Fund (SSR)				
4M0	221-601	Work Study & Donations	\$4,747	\$4,747
State Special Revenue Fund Subtotal			\$4,747	\$4,747
Federal Special Revenue Fund (FED)				
3AD	221-604	VREAL OHIO	\$25,000	\$25,000
311	221-625	Statewide Outreach	\$1,870,686	\$1,870,686
Federal Special Revenue Fund Subtotal			\$1,895,686	\$1,895,686
Total Funding: Outreach Program			\$2,177,471	\$2,264,095

The Outreach Program program series contains two programs. These programs and their shares of the funding for this program series are:

- **Program 3.01: Outreach Program – 98.9%**
- **Program 3.02: Virtual Reality Education for Assisted Learning – 1.1%**

The budget provides a decrease of 2.8% in FY 2008 and an increase of 4.0% in FY 2009 for this program series. Of the \$4.4 million in total biennial funding for this program series, 14.4% comes from the GRF, 85.4% from federal funds, and 0.2% from the SSR.

Program 3.01, the Outreach Program, offers a number of free services to public schools throughout the state. OSD's outreach services include: interpreting and sign language resources, educator outreach support, student assessment services, research, interactive video distance learning (IVDL), and parent mentoring. The funding for the program supports the wages and benefits of 19 full-time employees, including teachers and specialists, to work with approximately 100 school districts throughout the state. It also provides funding for three ASL interpreters and for the development and distribution of 35 tool kits on mathematics and reading to parents and professionals working with deaf and hearing-impaired children.

Program 3.02, Virtual Reality Education for Assisted Learning (VREAL), provides federally funded technology-based virtual reality educational enhancement and remediation instruction to deaf and hearing-impaired children.

Program Series

4: Program Management

Purpose: This program series provides administrative support for the operation of the educational, residential, and outreach programs.

The following table shows the funding levels for the Program Management program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	221-100	Personal Service	\$2,421,972	\$2,547,730
GRF	221-200	Maintenance	\$713,098	\$713,098
GRF	221-300	Equipment	\$215,115	\$215,115
General Revenue Fund Subtotal			\$3,350,185	\$3,475,943
General Services Fund (GSF)				
4M1	221-602	School Improvement Grants	\$1,500	\$1,500
General Services Fund Subtotal			\$1,500	\$1,500
State Special Revenue Fund (SSR)				
4M0	221-601	Work Study & Donations	\$33,247	\$33,247
State Special Revenue Fund Subtotal			\$33,247	\$33,247
Federal Special Revenue Fund (FED)				
311	221-625	Statewide Outreach	\$8,600	\$8,600
3R0	221-684	Medicaid Services Reimbursement	\$34,999	\$34,999
Federal Special Revenue Fund Subtotal			\$43,599	\$43,599
Total Funding: Program Management			\$3,428,531	\$3,554,289

The Program Management program series contains one program, Program Management and Support Services. The budget provides a decrease of 0.3% in FY 2008 and an increase of 3.7% in FY 2009 for this program series. Of the \$7.0 million in total biennial funding for this program series, 97.8% comes from the GRF, 1.2% from federal funds, and 1.0% from the SSR and GSF combined.

Program Management and Support Services provides administrative support services for all programs administered by OSD. Some of these support services include administration, business and fiscal operations, building and ground maintenance, security, food service, and technology infrastructure. The funding for this program supports the wages and benefits of 36 full-time and 6 part-time administrative and support staff members. It also supports the replacement of 15 computers and peripherals and 2 vehicles as well as the purchase of software to better track student attendance and other data. Furthermore, the funding provides for the continued maintenance of buildings, rooms, and the grounds.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

OSD School for the Deaf, Ohio

GRF	221-100	Personal Services	\$ 7,811,926	\$ 8,023,205	\$ 8,401,704	\$ 8,775,363	4.45%	\$ 9,263,862	5.57%
GRF	221-200	Maintenance	\$ 991,540	\$ 1,238,602	\$ 1,032,751	\$ 1,033,092	0.03%	\$ 1,033,092	0.00%
GRF	221-300	Equipment	\$ 138,548	\$ 442,029	\$ 222,500	\$ 222,500	0.00%	\$ 222,500	0.00%
General Revenue Fund Total			\$ 8,942,014	\$ 9,703,835	\$ 9,656,955	\$ 10,030,955	3.87%	\$ 10,519,454	4.87%
4M1	221-602	School Improvement Grants	\$ 34,790	\$ 35,248	\$ 36,069	\$ 38,000	5.35%	\$ 38,000	0.00%
General Services Fund Group Total			\$ 34,790	\$ 35,248	\$ 36,069	\$ 38,000	5.35%	\$ 38,000	0.00%
311	221-625	Statewide Outreach	\$ 978,381	\$ 1,508,354	\$ 2,480,144	\$ 2,470,135	-0.40%	\$ 2,470,135	0.00%
3AD	221-604	VREAL Ohio	\$ 686,106	\$ 134,188	\$ 100,000	\$ 25,000	-75.00%	\$ 25,000	0.00%
3R0	221-684	Medicaid Services Reimbursement	\$ 1,004	\$ 63,295	\$ 35,000	\$ 34,999	0.00%	\$ 34,999	0.00%
3Y1	221-686	Federal Early Childhood Grant	\$ 197,660	\$ 219,718	\$ 250,000	\$ 250,000	0.00%	\$ 250,000	0.00%
Federal Special Revenue Fund Group Total			\$ 1,863,152	\$ 1,925,555	\$ 2,865,144	\$ 2,780,134	-2.97%	\$ 2,780,134	0.00%
4M0	221-601	Work Study and Donations	\$ 6,912	\$ 43,504	\$ 267,688	\$ 95,000	-64.51%	\$ 95,000	0.00%
5H6	221-609	Preschool Program Support	\$ 34,949	\$ 41,155	\$ 127,829	\$ 127,832	0.00%	\$ 125,358	-1.94%
State Special Revenue Fund Group Total			\$ 41,860	\$ 84,659	\$ 395,517	\$ 222,832	-43.66%	\$ 220,358	-1.11%
School for the Deaf, Ohio Total			\$ 10,881,816	\$ 11,749,298	\$ 12,953,685	\$ 13,071,921	0.91%	\$ 13,557,946	3.72%

School Facilities Commission

Edward Millane, Budget Analyst

- Continuation operating budget
- 97.7% of the total funding is for debt service payments
- Receives \$4.12 billion from tobacco securitization proceeds for use in the next three years

OVERVIEW

Duties and Responsibilities

The Ohio School Facilities Commission (SFC) was created in 1997 by S.B. 102 of the 122nd General Assembly to implement a 12-year plan to rebuild all of Ohio's schools. SFC is responsible for providing funding, management oversight, and technical assistance to school districts for the construction and renovation of classroom facilities. Since its inception, SFC has received over \$7.0 billion in capital appropriations and disbursed more than \$5.5 billion. With these funds, SFC has assisted approximately 290 school districts and provided support for 480 new or renovated buildings in those districts.

SFC is governed by a seven-member commission, which consists of three voting members (the Director of Budget and Management, the Director of Administrative Services, and the Superintendent of Public Instruction) and four nonvoting legislative members. The executive director, who is appointed by the Commission, oversees SFC's daily operations.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
61	\$315.22 million	\$347.43 million	\$307.47 million	\$339.65 million	Am. Sub. H.B. 119

* Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The all-fund appropriations for SFC total \$315.2 million in FY 2008, an increase of 17.8%, and \$347.4 million in FY 2009, an increase of 10.2%. The vast majority of these appropriations are supported by the General Revenue Fund (GRF), which accounts for \$647.1 million (97.7%) of the \$662.7 million in total biennial appropriations. All of the GRF appropriations for SFC are for debt service on bonds issued for classroom facilities projects. The operating expense funding for SFC, which accounts for the remaining 2.3% of the total biennial appropriations, is supported entirely through investment earnings from its capital accounts. These funds allow SFC to maintain its current staffing level over the biennium.

Tobacco Securitization

The budget creates the Buckeye Tobacco Settlement Financing Authority for the securitization of up to 100% of Ohio payments to be received over the next 40 or more years under the Tobacco Master Settlement Agreement. The budget states that at least 75.0% of the aggregate net proceeds of the obligations issued with tobacco securitization moneys must be paid to the School Building Program

Assistance Fund (Fund 032) and limits the use of net proceeds to SFC and other capital facilities projects. It also provides that any net proceeds in excess of \$5.0 billion must be deposited into Fund 032 to assist SFC with additional support for school facilities projects.

The Office of Budget and Management (OBM) has estimated the net proceeds from the securitization to be \$5.04 billion. According to OBM, \$2.20 billion would cover all of the tobacco funding allocated by former section 183.02 of the Revised Code to the Education Facilities Trust Fund (Fund N87) and the Education Facilities Endowment Fund (Fund P87) for FY 2008 through FY 2025. The remaining \$2.84 billion would be used to pay for the capital costs of SFC (\$1.92 billion) and higher education (\$0.92 billion) over the next three years. Since these capital costs will not be financed with bonds serviced by GRF, the required GRF debt service payments for SFC and higher education will be lower in the next three years. Under the budget, GRF moneys that would otherwise be used to finance bonds issued for SFC and higher education projects in the next three years will be used to expand the Homestead Exemption Program.

In May 2007, SFC offered funding to 44 new districts. In anticipation of the additional funding provided through the tobacco securitization, in July 2007 SFC offered funding to another 57 districts. With these two rounds of funding, SFC has offered assistance to over half of all school districts in the state.

The budget requires the Director of Budget and Management to transfer \$40.0 million cash from the Education Facilities Endowment Fund (Fund P87) to the GRF. Fund P87 has received \$5.0 million in each fiscal year since FY 2000 through tobacco appropriation bills.

Vetoed Provision

The Governor vetoed a provision that would have prevented a school district's percentile wealth ranking from being raised higher for purposes of determining eligibility for the Classroom Facilities Assistance Program (CFAP) funding after the district had entered into an agreement with SFC under the Expedited Local Partnership Program and after the district's voters had approved a bond issue to pay the district's portion of the basic project cost.

ANALYSIS OF THE BUDGET

Single Program Series

School Facilities Commission

Purpose: To provide school facilities construction assistance to school districts, joint vocational school districts, and qualifying community schools throughout the state.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	230-428	Lease Rental Payments	\$22,702,000	\$0
GRF	230-908	Common Schools G.O. Debt Service	\$284,768,400	\$339,648,300
General Revenue Fund Subtotal			\$307,470,400	\$339,648,300
State Special Revenue Fund (SSR)				
5E3	230-644	Operating Expenses	\$7,749,813	\$7,786,197
State Special Revenue Fund Subtotal			\$7,749,813	\$7,786,197
Total Funding: School Facilities Commission			\$315,220,213	\$347,434,497

Operating Expense Funding

As indicated in the Overview section, SFC's operating expenses are entirely funded by investment earnings from its capital accounts. Investment earnings from the School Buildings Assistance Fund (Fund 032), the Public School Building Fund (Fund 021), and the Education Facilities Trust Fund (Fund N87) are transferred quarterly to Fund 5E3, a State Special Revenue Fund, to cover the projected disbursements for the quarter. SSR Fund 5E3 appropriation item 230-644, Operating Expenses, receives increases of 0.8% in FY 2008 and 0.5% in FY 2009. These funds are used to support wage and benefits of 61 employees, contract for technical support and consulting services with private construction management contractors who directly manage school district projects, and pay for other equipment and maintenance costs of SFC.

Debt Service Funding

Debt service funding for SFC is provided through two GRF appropriation items: 230-428, Lease Rental Payments, and 230-908, Common School General Obligation Debt Service. Ohio voters approved a constitutional amendment in November 1999 to authorize the state to issue general obligation (G.O.) bonds for financing capital needs of primary and secondary education and higher education. Both G.O. bonds and special revenue bonds are considered direct debt of the state; however, G.O. bonds are backed by the full faith and credit of the state while special revenue bonds are paid for by a dedicated revenue source (in this case, GRF). Because of the additional backing, G.O. bonds generally can be issued at lower interest rates than special revenue bonds. Since 2000 the state has issued only G.O. bonds for SFC projects. All existing special revenue bonds for SFC projects are expected to be retired in 2008. This is why item 230-428 receives no appropriation in FY 2009.

The costs of SFC projects over the next three years will primarily be paid for by the net proceeds of the tobacco securitization. The budget authorizes the Director of Budget and Management to reduce GRF appropriations for item 230-908 and use those excess funds to help pay for the costs of homestead exemption expansion.

Summary of Major Programs and Budget Provisions Affecting the Programs

SFC provides state funding and assistance through its four major programs: the Classroom Facilities Assistance Program, the Exceptional Needs Program, the Expedited Local Partnership Program, and the Vocational Facilities Assistance Program. These four major programs and the budget provisions affecting these programs are briefly discussed below.

Classroom Facilities Assistance Program (CFAP). Created by S.B. 102 of the 122nd General Assembly, CFAP is the key program of SFC that addresses a school district's entire facilities needs. The determination of eligibility in the program and of the state and local shares of project costs are based largely on an annually updated school district property wealth-ranking list ("the equity list"). A school district's wealth level is measured by its three-year average adjusted valuation per pupil. Lower wealth districts generally are served first and receive a greater state share of project costs. CFAP has served approximately 180 districts, including the six major urban districts (Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo) that were accepted into CFAP in FY 2003 under the Accelerated Urban Initiative. Of these 180 districts, 102 school districts have completed their district wide projects.

The budget adds a district's net gain in interdistrict open enrollment students to its formula ADM (average daily membership) for purposes of determining the district's adjusted valuation per pupil used in the equity list, if its open enrollment net gain (the difference between the number of students coming in from another district and the number of the district's own resident students going out to enroll in another district) is at least 10% of its formula ADM. For an eligible district, this provision will lower its adjusted valuation per pupil, which will then lower its percentile ranking in the equity list and subsequently allow the district to become eligible for CFAP funding sooner and to receive a greater share of the project cost from the state.

The budget permits a school district undertaking a state-assisted school facilities project to use the interest earned on school district moneys in the district's project construction fund (not the interest earned on the state moneys in the fund) to pay the costs of locally funded initiatives, which are items that do not qualify for state funding. If a district chooses to use the interest in this manner and, later, the state-assisted project costs exceed the amount in the project construction fund, the budget requires the district to restore the interest used for locally funded initiatives before the state will release any additional moneys for the project.

The budget also permits a school district, upon completion of its state-assisted school facilities project, to: (a) transfer the interest earned on school district moneys left over in the district's project construction fund to its permanent improvement fund, (b) leave the moneys in the project construction fund, or (c) transfer the moneys to the district's maintenance fund. Under previous law, the school district had to transfer all interest earned on school district moneys to its maintenance fund to help maintain the buildings assisted by the state.

Exceptional Needs Program (ENP). ENP was created by H.B. 850 of the 122nd General Assembly. In contrast to CFAP, where the entire district's facilities needs are addressed and eligibility is generally based on the equity list, ENP addresses special instances where a school district has significant health or safety needs associated with a specific building. Eligibility for ENP is open to any district at or below the 75th percentile in the equity list and to any district covering at least 300 square miles, regardless of wealth. State and local shares of an ENP project are the same as they would have been under CFAP. Since inception ENP has served 37 school districts.

The budget permits a school district, under certain circumstances, to exceed the statutory debt limits. Generally, a school district may not incur debt in net amount greater than 9.0% of its total taxable

value and may not submit to its voters the question of incurring debt in an amount that will make the district's net indebtedness exceed 4.0% of its total taxable value. Under the budget, a district can exceed these two limits in order to issue voter-approved bonds to pay for the cost of an ENP project, including the cost of locally funded initiatives, if the district has already undertaken an ENP project prior to July 1, 2007 and will construct another single building housing students in grades six to twelve (including locally funded initiatives) under ENP before June 30, 2009. The total net indebtedness after the issuance of those bonds for a district using this option cannot exceed 11.25% of the district's total taxable value.

Expedited Local Partnership Program (ELPP). Unlike the CFAP and ENP, which provide state funds to districts immediately after they participate in the program, ELPP does not directly provide state funding to its participating districts. ELPP, which was created by S.B. 272 of the 123rd General Assembly, permits a school district that is not yet eligible for CFAP to enter into an agreement with SFC that will allow the district to spend local resources to construct new or renovate existing classroom facilities. The local resources spent by the district will then be applied to the district's share of the basic project cost when it becomes eligible for assistance under CFAP. Since its establishment in 2000, ELPP has served about 90 school districts; these 90 districts have accumulated a total credit of \$1.9 billion against state funds. The Governor vetoed a provision that would have prevented a school district's percentile wealth ranking from being raised higher for purposes of determining eligibility for CFAP funding after the district had entered into an agreement with SFC under ELPP and after the district's voters had approved a bond issue to pay the district's portion of the basic project cost.

Joint Vocational Facilities Assistance Program (VFAP). VFAP, which was created by H.B. 675 of the 124th General Assembly, provides classroom facilities assistance to the state's 49 joint vocational school districts. Similar to CFAP, this program generally serves lower wealth joint vocational school districts first and provides them with greater state shares. SFC has the authority to spend up to 2% of its annual capital appropriations for joint vocational school district projects. Since its creation in 2003, VFAP has served eight joint vocational school districts. Joint vocational school districts are also served by a parallel expedited local partnership program; two districts have participated in this program and accumulated a combined credit of \$7.7 million against state funds.

The budget abolishes the former Career-Tech School Building Assistance program, which was transferred from the Department of Education to SFC by Am. Sub. H.B. 66 of the 126th General Assembly. This program provided interest-free loans to eligible school districts and joint vocational school districts for the construction and renovation of vocational classroom facilities and the purchase of vocational education equipment. According to SFC, only one or two loans were made annually as joint vocational school districts are now served by two comprehensive facilities assistance programs. The budget also requires that existing money in the Career-Technical School Building Assistance Fund (Fund 020) and any loan repayments be transferred into the Public School Building Fund (Fund 021).

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2007 Adj. FY 2006: Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>	
Report For: Main Operating Appropriations Bill			Version: Enacted						
SFC School Facilities Commission									
GRF	230-428	Lease Rental Payments	\$ 31,697,465	\$ 31,684,689	\$ 31,603,200	\$ 22,702,000	-28.17%	\$ 0	-100.00%
GRF	230-908	Common Schools General Obligation Debt Service	\$ 133,667,174	\$ 171,455,309	\$ 224,911,500	\$ 284,768,400	26.61%	\$ 339,648,300	19.27%
General Revenue Fund Total			\$ 165,364,639	\$ 203,139,998	\$ 256,514,700	\$ 307,470,400	19.86%	\$ 339,648,300	10.47%
3X9	230-601	Federal School Facilities Grant	\$ 4,976,397	\$ 889,532	\$ 1,460,663	\$ 0	-100.00%	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 4,976,397	\$ 889,532	\$ 1,460,663	\$ 0	-100.00%	\$ 0	N/A
5E3	230-644	Operating Expenses	\$ 6,243,681	\$ 6,458,322	\$ 7,691,485	\$ 7,749,813	0.76%	\$ 7,786,197	0.47%
State Special Revenue Fund Group Total			\$ 6,243,681	\$ 6,458,322	\$ 7,691,485	\$ 7,749,813	0.76%	\$ 7,786,197	0.47%
020	230-620	Career-Tech School Building Assistance	----	----	\$ 2,000,000	\$ 0	-100.00%	\$ 0	N/A
Lottery Profits/Education Fund Group Total			----	----	\$ 2,000,000	\$ 0	-100.00%	\$ 0	N/A
School Facilities Commission Total			\$ 176,584,718	\$ 210,487,852	\$ 267,666,848	\$ 315,220,213	17.77%	\$ 347,434,497	10.22%

Ohio Tuition Trust Authority

Mary Morris, Budget Analyst

- Non-GRF agency; funding is entirely provided by fee revenue
- Funding increases by 8.6% in FY 2008 and 1.5% in FY 2009
- Funding is provided to hire three new employees in FY 2008

OVERVIEW

Duties and Responsibilities

The Ohio Tuition Trust Authority (OTTA) was created in 1989 to provide a tax advantaged investment option for Ohio families to save for their children's college education. It is governed by an 11-member board, which appoints an executive director to oversee the daily operations of the agency. OTTA is responsible for two programs that promote private savings for the payment of college tuition: the Guaranteed Savings Plan (formerly known as the Prepaid Tuition Program), which is backed by the full faith and credit of the state, and the Variable Savings Plan, which is further divided into three investment options: Putnam, Vanguard, and Fifth Third Bank, none of which is backed by the state. Due to a large actuarial deficit, both new enrollments and contributions to the Guaranteed Savings Plan have been suspended since January 2004.

The Guaranteed Savings Plan and the Variable Savings Plan are collectively referred to as the College Advantage Savings Plan. Funds in both plans can be used at any college in the country, and both plans qualify as a 529 college savings program, which is a state-operated investment plan named after the section of the federal Internal Revenue Code that specifies the various tax advantages of participating in the program. Tax advantages under a 529 college savings program include tax-free growth while the value of the account accumulates, and withdrawals that are exempt from both federal and state income taxes if the distributions are used to pay for qualified higher educational expenses. These qualified expenses include tuition, room and board, and any other fees or costs that are required for enrollment or attendance at the college or university. In addition, Ohio residents can deduct up to \$2,000 per beneficiary per year from Ohio taxable income for contributions into the program. Contributions over \$2,000 per beneficiary can be deducted in future years.

Agency in Brief

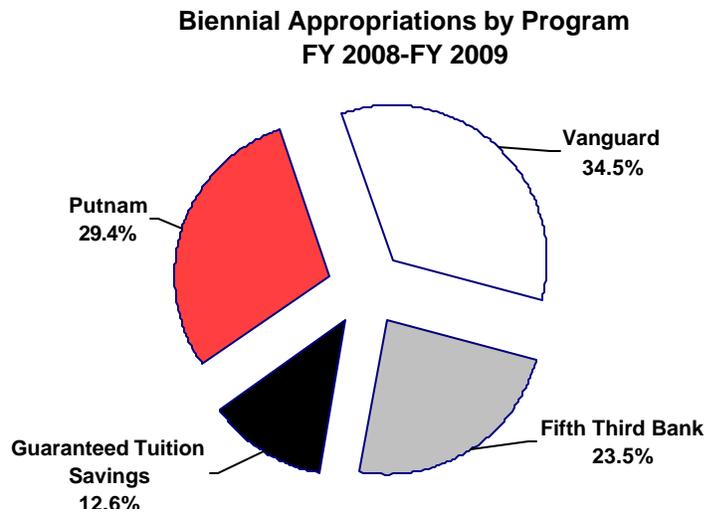
Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
41	\$6.91 million	\$7.02 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

As seen from the table above, OTTA receives no General Revenue Fund money; its operations are entirely funded by fees assessed to investment accounts. The budget fully funds the OTTA's funding request and provides increases of 8.6% in FY 2008 and 1.5% in FY 2009, which will enable OTTA to implement the plan of hiring three additional employees in FY 2008. Two of these employees will work

in information services, one as a network specialist and the other as support and database analyst. The third new employee will be an additional regional marketing representative for the northeastern region of Ohio, which is currently under-represented.

OTTA organizes its budgets into four programs: the Guaranteed College Tuition Savings Plan, Variable College Tuition Savings Plan (Putnam), Index College Tuition Savings Plan (Vanguard), and Banking Products (Fifth Third Bank). Essentially each investment option is its own program. The details of each program are provided in the Analysis of the Budget section. The Chart below shows OTTA's biennial appropriations by program. As seen from the Chart, due to the suspension of enrollments and contributions, the Guaranteed College Tuition Savings Plan has the smallest share of the biennial budget at 12.6%. The Vanguard Index College Tuition Savings Plan has the largest share at 34.5%, followed by the Putnam Variable College Tuition Savings Plan (29.4%) and the Fifth Third Bank Plan (23.5%).



ANALYSIS OF THE BUDGET

Ohio Tuition Trust Authority

Purpose: To administer savings programs that help provide financial assistance for college education

The following table shows the line items that are used to fund the agency, as well as the funding levels provided in the budget.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund (SSR)				
645	095-601	Guaranteed College Savings Plan	\$872,086	\$881,169
5P3	095-602	Variable College Savings Fund	\$2,031,354	\$2,063,596
5AM	095-603	Index Savings Plan	\$2,376,852	\$2,425,777
5DC	095-604	Banking Products	\$1,631,283	\$1,648,123
State Special Revenue Fund Subtotal			\$6,911,575	\$7,018,665
Total Funding: Ohio Tuition Trust Authority			\$6,911,575	\$7,018,665

OTTA is a single program series agency with four programs that are funded by four appropriation items. These appropriations are for OTTA's expenses of administering the four tax advantaged college savings options. OTTA is a non-GRF agency, and all of its appropriations are supported by fees that are deposited in several state special revenue funds.

Program 1: Guaranteed College Tuition Savings Plan

Funding for this program is provided in SSR appropriation item 095-601, Guaranteed College Savings Plan. These funds are used to pay for the administrative costs of operating the Guaranteed Savings Plan, which was established in October 1989. Backed by the full faith and credit of the state of Ohio, the program guarantees that approximately 100 tuition units will pay for one year of tuition at an average-priced Ohio public university. The budget provides a 2.1% decrease for FY 2008 and a 1.0% increase for FY 2009 for this program. The funding decrease in FY 2008 is a result of the ongoing suspension of the Guaranteed Savings Plan for new enrollees beginning on October 8, 2003, and the suspension of contributions to existing accounts beginning on January 1, 2004. No services or activities will be eliminated from this program over the FY 2008 - 2009 biennium. OTTA anticipates a lower demand for services as withdrawals continue. Due to its large deficit, this suspension will continue through December 31, 2007 and is likely to continue through the FY 2008 - 2009 biennium.

Even though enrollments and contributions to the program have been suspended, withdrawals from the program are permitted. OTTA has already paid out approximately \$365.2 million since the program's inception. The Ohio Constitution pledges the full faith and credit of the state behind the redemption value of the tuition units purchased under the Guaranteed Savings Plan. Thus, any actual shortfall would require an appropriation from the General Assembly in order to make the full payment on the value of the tuition units. The budget freezes in-state undergraduate tuition at all state-assisted colleges and universities in both FY 2008 and FY 2009. OTTA anticipates that this tuition freeze will significantly reduce the Guaranteed Savings Plan's actuarial deficit.

Since new enrollments and contributions to the program have been suspended, the main activities of the program have been processing withdrawals, answering questions from program participants, and

making program participants aware of investment options available under the Variable Savings Plan. The other priority of the program is to effectively manage the existing assets in the program to maximize the investment return while minimizing risk. As of December 31, 2006, the Guaranteed Savings Plan had about 100,025 accounts and \$875.7 million in assets.

Funding for this program comes from the reserve fund within the program, which was assessed on each sale (approximately \$5 per contract) when the program was open for new enrollments and contributions. As of January 31, 2007, the program had a total of \$70.8 million in its reserve fund.

Program 2: Variable College Tuition Savings Plan

Funding for this program is provided in SSR appropriation item 095-602, Variable College Savings Fund. These funds are used to pay for the costs of operating the Putnam investment options, which were added to Ohio's 529 college savings program in October 2000. The budget provides a 42.2% increase for FY 2008 and a 1.6% increase for FY 2009 for this program. These increases include funds for hiring additional employees and for information technology improvements.

The Variable College Tuition Savings Plan currently offers 15 investment options, including cash, bond, stock, and age-based basket options. This program's participants can open accounts directly with OTTA (direct-sold accounts) or with participating financial advisors (advisor-sold accounts). As of December 31, 2006, the program had 519,503 accounts with assets totaling \$4,436.1 million. OTTA anticipates that in each fiscal year of the FY 2008 - 2009 biennium, new accounts under this program will grow by approximately 3,000-4,000 and sales will increase by \$4-\$5 million.

Funding source for this program comes from the basis point revenue earned on the cumulative assets in the Putnam investment options. Putnam pays this revenue to OTTA on a quarterly basis. This revenue funds the entire cost of administering the Putnam program as well as some costs of administering Vanguard and Fifth Third Bank investment options. As the latter two are relatively new, they have not yet earned enough fee revenues to fully support their operations.

OTTA receives 0.05% of a participant's assets on an annualized basis for accounts opened directly through OTTA, while it receives 0.20% from non-Ohio residents and Ohio residents who enroll through a financial advisor. In early FY 2006, record keeping and administration of some 78,000 advisor-sold accounts were transferred from Putnam to OTTA. This change was to enhance efficiency and improve customer service by providing a single point of contact for customers with multiple accounts. OTTA receives an additional fee of \$3 per year for each Putnam investment option from those affected accounts, amounting to approximately \$240,000 in additional revenue per year.

Program 3: Index College Tuition Savings Plan

Funding for this program is provided in SSR appropriation item 095-603, Index Savings Plan. These funds are used to pay for the administrative cost of the Vanguard Group investment options, which were added in May 2004. The budget provides a 12.6% increase for FY 2008 and a 2.1% increase for FY 2009 for this program. These funds are to support the hiring of new employees and improvements in technological infrastructure, including web site development, automation of services, and additional backup and storage hardware. Funds will also support the production of additional customer statements and marketing efforts.

The Index College Tuition Savings Plan currently offers 15 investment options, including cash, bond, stock, and age-based basket options. Participants choosing one of the Vanguard Group options must open the account directly with OTTA. As of December 31, 2006, the program had 66,327 accounts

with assets totaling \$553 million. OTTA anticipates that in each fiscal year of the FY 2008 - 2009 biennium, new accounts under the Vanguard options will increase by approximately 3,500-4,500 and sales will increase by \$18-\$20 million.

OTTA receives 0.10% of a participant's assets, on an annualized basis, in the Vanguard 500 Index Fund and 0.20% of a participant's assets in all other Vanguard options. The higher fee on Vanguard accounts opened directly with OTTA as compared to the Putnam accounts (0.05%) opened directly with OTTA is due to OTTA's responsibility for the administration of the accounts opened through the Vanguard Group. The Vanguard Group is only responsible for investing the assets.

Currently the administration of this program is funded through fee revenues from both the Vanguard and Putnam options. The Vanguard program is approaching three years of age. Fee revenue earned from this program, which is paid by the Vanguard Group on a monthly basis, is not yet sufficient to pay the full cost of the program administration. OTTA predicts that the Vanguard program will be self-sufficient by the end of FY 2009.

Program 4: Banking Products

Funding for this program is provided in SSR appropriation item 095-604, Banking Products. These funds are used to pay for the cost of administering the Banking Products program, which was established in September 2005 when the Fifth Third Bank was added as a provider of tax advantaged investment options under the Variable Savings Plan. Participants choosing one of the two Fifth Third Bank options, savings accounts and certificates of deposit (CDs), can save money at fixed interest rates for a fixed amount of time. These two products are backed by FDIC insurance. As of December 31, 2006, this program had 5,326 accounts with assets totaling \$32.8 million. OTTA estimates that in each fiscal year of the FY 2008 - 2009 biennium, new accounts under this program will grow by approximately 6,000-7,000 and sales will increase by approximately \$30 million.

The budget provides a 15.7% decrease for FY 2008 and a 1.0% increase for FY 2009 for this program. The large decrease from FY 2007 to FY 2008 is due to a change in growth expectations since the program began. In initial estimates of Fifth Third Bank plan's growth, OTTA used historical growth trends for Putnam and Vanguard as a basis. Because of slow market penetration and the small number of the Fifth Third Bank options, these initial estimates were much higher than actual growth in FY 2006 and FY 2007. For FY 2008, OTTA has adjusted its estimates to more accurately reflect the program's expected growth.

OTTA receives revenue paid by Fifth Third Bank based on the basis points earned on the cumulative assets of the Banking Products program. Participants are not charged for these basis points. Currently, the administration of this program is funded through fee revenues from both the Banking Products and Variable Savings (Putnam) programs. The Banking Products program is less than two years old and fee revenue earned from this program is not yet sufficient to support the entire cost of the program. OTTA anticipates this program to be self-sufficient by the end of FY 2011.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
TTA Ohio Tuition Trust Authority									
5AM	095-603	Index Savings Plan	\$ 2,191,189	\$ 2,332,567	\$ 2,111,156	\$ 2,376,852	12.59%	\$ 2,425,777	2.06%
5DC	095-604	Banking Products	----	\$ 979,559	\$ 1,934,012	\$ 1,631,283	-15.65%	\$ 1,648,123	1.03%
5P3	095-602	Variable College Savings Fund	\$ 1,511,472	\$ 1,899,351	\$ 1,428,364	\$ 2,031,354	42.22%	\$ 2,063,596	1.59%
645	095-601	Operating Expenses	\$ 1,744,268	\$ 998,738	\$ 891,173	\$ 872,086	-2.14%	\$ 881,169	1.04%
State Special Revenue Fund Group Total			\$ 5,446,930	\$ 6,210,216	\$ 6,364,705	\$ 6,911,575	8.59%	\$ 7,018,665	1.55%
Ohio Tuition Trust Authority Total			\$ 5,446,930	\$ 6,210,216	\$ 6,364,705	\$ 6,911,575	8.59%	\$ 7,018,665	1.55%

Environmental Protection Agency

Jonathan Lee, Senior Budget Analyst

- GRF funding phased out last biennium
- Continuation of the E-Check Program
- Air Pollution Control and Environmental Laboratory Services face increasing compliance costs

OVERVIEW

Duties and Responsibilities

The mission of the Ohio Environmental Protection Agency (Ohio EPA) is to protect human health and the environment by establishing and enforcing standards for air quality, water, wastewater treatment, and solid and hazardous waste disposal and by providing comprehensive environmental education. This mission is carried out by means of the following activities: inspections and sampling; permitting; environmental education and technical assistance provided to industry, community, and the general public; assistance in compliance and pollution prevention; and enforcement actions against violators. Loan assistance is also provided for environmental infrastructure, such as sewage treatment plants.

Ohio EPA is a regulatory agency of approximately 1,379 funded positions. The Director is appointed by the Governor and serves on the Governor's cabinet. The agency's current annual operating budget is approximately \$203 million. Ohio EPA is organized into several program series designed to develop and implement distinct environmental programs. Staff are located in five district offices throughout the state, and in the central office located in Columbus. Generally, district staff is responsible for writing initial permits, conducting on-site inspections, monitoring, collecting samples, enforcing compliance with permit provisions, and other direct contact with the regulated community.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
1,328	\$202.55 million	\$207.68 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of FY 2008 - 2009 Appropriations

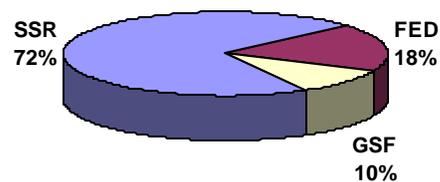
The budget provides \$202,554,045 in FY 2008, a 0.3% decrease compared to the FY 2007 adjusted appropriation. For FY 2009, the amount is \$207,689,173, 2.5% above the FY 2008 appropriation. Overall, it is a continuation budget.

The EPA receives no GRF, which was phased out during the last biennium and replaced with an "Environmental Protection Fee," a \$1.50 supplement to the existing solid waste tipping fee. Much of the Environmental Protection Fee revenue will be used to continue environmental programs at current service levels. Some of the revenue will provide additional funding for initiatives within the Division of Air

Pollution Control to comply with federal Clean Air Act requirements. The agency is also funded through a variety of licensing and permit fees, federal grants, and intra-agency charges.

The State Special Revenue Fund (SSR), a fund which consists of facility permitting and licensing fees, makes up the largest portion of the budget, at a total of \$293.05 million over the biennium, or about 72% of the total. Federal grants (FED) accounts for the next largest share, at \$74.23 million, or 18% of the biennial total. The General Services Fund (GSF), which consists of internal service assessments and revenues from service agreements with other state agencies, makes up \$42.55 million of the budget, or 9.9%. Finally, a very small share of the budget, just over \$416,000 over the biennium (about .1%), comes from excess investment earnings from the Clean Ohio Revitalization Fund (Fund 5S1).

FY 2008-2009 Budget by Fund Group



Vetoed Provisions

E-check Provisions (R.C. section 3704.14 and Section 281.10).

The budget continues the E-Check auto emissions testing program and pays for it via GRF transfers of \$14,817,105 in FY 2008 and \$15,057,814 in FY 2009 to the Auto Emissions Test Fund (Fund 5BY). However, the Governor vetoed some provisions that would have either set limits or ceased the e-Check program altogether, including statutory language that would have (1) repealed the law governing the e-Check program and declared the General Assembly's intent that it not be extended beyond December 31, 2007, unless by executive order; and (2) subjected the testing contract to public bidding and required that the testing process selected be cost effective, the least costly, consumer-accommodating, and decentralized available technology. In practice, this would seem to mean so-called onboard diagnostic tests instead of the tailpipe emissions tests now used.

Area-wide planning agencies (Section 281.10).

The Governor vetoed earmarks totaling \$450,000 each fiscal year for six area-wide planning agencies (up to \$75,000 per fiscal year per agency) for federally mandated water quality management and planning activities. The Governor was concerned that these earmarks would have made it difficult for the Division of Surface Water to fulfill other federal Clean Water Act requirements funded by this line item. These activities are funded through appropriation item 715-624, Surface Water (Fund 5BC), appropriated at \$8,797,413 each fiscal year.

ANALYSIS OF THE BUDGET

Program Series

1: Air Pollution Control

Purpose: The mission of the Division of Air Pollution Control (DAPC) is to attain and maintain the air quality at a level that will protect the environment for the benefit of all. The Division partners with nine local air agencies to carry out programs designed to attain and maintain ambient air quality and protect public health. The following table shows the line items that are used to fund this program series, as well as the appropriated funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
678	715-635	Air Toxic Release	\$210,622	\$210,622
5BY	715-681	Auto Emissions Test	\$14,817,105	\$15,057,814
602	715-626	Motor Vehicle Inspection & Maintenance	\$157,697	\$128,876
4T3	715-659	Clean Air – Title V Permit Program	\$18,616,045	\$18,506,778
5BC	715-622	Local Air Pollution Control	\$1,026,369	\$1,026,369
5BC	715-672	Air Pollution Control	\$5,199,290	\$5,199,290
542	715-671	Risk Management Reporting	\$146,188	\$146,188
4K2	715-648	Clean Air – Non-Title V	\$3,690,821	\$4,066,558
592	715-627	Anti-Tampering Settlement	\$9,707	\$9,707
696	715-643	Air Pollution Control Administration	\$750,000	\$750,000
679	715-636	Emergency Planning	\$2,628,647	\$2,628,647
State Special Revenue Fund Subtotal			\$47,252,491	\$47,730,849
Federal Special Revenue Fund				
357	715-619	Air Pollution Control – Federal	\$6,823,949	\$6,823,950
Federal Special Revenue Fund Subtotal			\$6,823,949	\$6,823,950
Total Funding: Air Pollution Control			\$54,076,440	\$54,554,799

Funding for DAPC supports the following programs:

- **Program 1.01: National Ambient Air Quality Standards**
- **Program 1.02: Air Emission Authorization and Evaluation**
- **Program 1.03: Right-to-Know**
- **Program 1.04: Air Toxics**
- **Program 1.05: Mobile Sources Control**

National Ambient Air Quality Standards

Program Description: The primary mission of the DAPC is to attain and maintain the National Ambient Air Quality Standards (NAAQS), as required by the 1990 Amendments to the Federal Clean Air Act. Within this program, DAPC creates plans to implement the requirements of the Clean Air Act and other programs adopted by the U.S. EPA, and operates an air quality monitoring network that provides DAPC with the information to determine whether the NAAQS are being achieved.

Funding Source: Federal grant money (Fund 357); Fee revenue from multiple DAPC fees (Fund 4K2); Title V fees (Fund 4T3); solid waste tipping fees (Fund 5BC); and penalty moneys (Fund 696)

Implication of the Budget: The budget will allow DAPC to continue existing service levels necessary to attain the national ambient air quality standards.

Air Emission Authorization and Evaluation

Program Description: The permitting program is an integral part of Ohio EPA's goal, and assists DAPC in achieving the outcome of maintaining clean air. DAPC regulates more than 73,000 individual sources of air pollution at 13,000 facilities. These facilities represent a broad spectrum of Ohio industrial and commercial entities, from dry cleaners to large refineries, chemical plants, and utility plants. DAPC's goal is to provide for the processing of all permit actions on a timely basis. DAPC also monitors facilities to determine if they are operating in compliance with their permits and operates an enforcement program to resolve violations when they are identified.

Funding Source: Federal grant money (Fund 357); non-Title V fees (Fund 4K2); Title V fees (Fund 4T3); solid waste tipping fees (Fund 5BC); and penalty moneys (Fund 696)

Implication of the Budget: The Department anticipates a decreased level of service as FTEs devoted to permitting are reduced from 128 FTEs in FY 2007 to 119 FTEs in FY 2009.

Right-to-Know

Program Description: The Right-to-Know program works to ensure the improvement of statewide preparedness and response to chemical emergencies and to increase the general public's awareness of potential chemical hazards. This program was established in 1987 under Chapter 3750. of the Revised Code to serve as the administrative support staff to the State Emergency Response Commission (SERC).

Funding Source: Solid waste tipping fees (Fund 5BC); and state grant moneys (Fund 679)

Implication of the Budget: The budget will support five FTEs and maintain current service levels. Specifically, the Right-to-Know program will be able to continue providing technical assistance to Local Emergency Planning Committees (LEPCs), participate in training activities directed to both LEPCs and the regulated industry, and participate in compliance inspections of nonreporting facilities.

Air Toxics

Program Description: The Air Toxics program is comprised of four key components: the identification and characterization of air toxics through monitoring and inventory activities, the implementation of source-specific and sector-based standards adopted by U.S. EPA, planning activities that focus on risk management plans, and education and outreach. In addition to toxics monitoring, DAPC also participates in U.S. EPA's homeland security initiative to monitor for the use of biological weapons throughout Ohio.

Funding Source: Federal grant money (Fund 357); non-Title V fees (Fund 4K2); Title V fees (Fund 4T3); solid waste tipping fees (Fund 5BC); risk management plan (112(r) program) fees (Fund 542); Toxic Release Inventory filing fees (Fund 678); and penalty moneys (Fund 696)

Implication of the Budget: Funding will maintain current service levels and allow for coordination with the U.S. EPA as it continues to issue additional requirements for air toxics that must be incorporated into the permits for air pollution sources. Most significantly, U.S. EPA adopted a rule to permanently cap and reduce mercury emissions from power plants. DAPC staff is needed to develop and implement an Ohio program, which meets U.S. EPA's requirements for reducing mercury and to assist Ohio facilities in complying with the mercury reduction requirements.

Mobile Sources Control

Program Description: DAPC oversees the contractor-operated emissions inspection program, known as E-check, for vehicles in the Cleveland/Akron area. The goal of the program is to encourage motorists to routinely maintain the emission control equipment on their vehicles, thereby reducing the release of pollutants that lead to the formation of ozone.

DAPC oversees the contractor's operation of the test stations and routinely certifies the equipment used by the contractor. In addition, DAPC provides assistance to the public by responding to requests for information and complaints regarding the program, issues exemptions and extensions, and coordinates the activities of the program with the Bureau of Motor Vehicles.

Funding Source: Emissions testing fees (Fund 602); tobacco moneys (Fund 5BY); and anti-tampering penalties (Fund 592)

Implication of the Budget: The budget continues the e-Check program over the biennium through a funding transfer from the GRF of \$14,817,105 in FY 2008 and \$15,057,814 in FY 2009.

Permanent Law Provision

e-Check Continuation (R.C. 3704.14 and 4503.10). Directs the Director of Ohio EPA to continue to implement an enhanced motor vehicle inspection and maintenance program for a period of two years beginning on January 1, 2008, and ending on December 31, 2009, in counties in which a motor vehicle inspection and maintenance program is federally mandated; and specifies that the General Assembly declares that the above provisions governing the implementation of the program in certain areas of the state represent a codification of the intended meaning of the law related to motor vehicle inspections as it existed after its re-enactment by Am. Sub. H.B. 66 of the 126th General Assembly.

Temporary Law Provisions

Automobile Emissions Testing Program Operation and Oversight (Section 281.10). Directs Ohio EPA to use line item 715-681, Auto Emissions Test, in the Auto Emissions Test Fund (Fund 5BY), for the operation, and Ohio EPA's costs for oversight, of the auto emissions testing program.

Auto Emissions Testing Program (Section 521.12). Transfers \$14,817,105 in FY 2008 and \$15,057,814 in FY 2009 to the Auto Emissions Test Fund (Fund 5BY) from the GRF for the operation and costs of oversight of the auto emissions testing program.

Program Series

2: Emergency Response and Remedial Response

Purpose: The mission of the Division of Emergency Response and Remedial Response (DERRR) is to prevent, identify, investigate, and remediate releases of hazardous waste, hazardous substances, and pollutants through compliance monitoring, enforcement, and voluntary actions.

The following table shows the line items that are used to fund this program series, as well as the appropriated funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4R9	715-658	Voluntary Action Program	\$1,032,098	\$1,032,098
5BC	715-617	Clean Ohio	\$741,646	\$741,646
5BC	715-678	Corrective Action	\$1,179,775	\$1,179,775
500	715-608	Immediate Removal Special Account	\$557,257	\$573,903
505	715-623	Hazardous Waste Cleanup	\$11,994,151	\$12,808,470
505	715-674	Clean Ohio Environmental Review	\$109,725	\$109,725
541	715-670	Site Specific Cleanup	\$34,650	\$34,650
644	715-631	ER Radiological Safety	\$286,114	\$286,114
State Special Revenue Fund Subtotal			\$15,935,416	\$16,766,381
Federal Special Revenue Fund				
3F3	715-632	Federally Supported Cleanup & Response	\$2,255,000	\$2,255,000
3K4	715-634	DOD Monitoring and Oversight	\$858,250	\$898,825
3N4	715-657	DOE Monitoring and Oversight	\$1,071,678	\$1,110,270
Federal Special Revenue Fund Subtotal			\$4,184,928	\$4,264,095
Clean Ohio Fund				
5S1	715-607	Clean Ohio Operating	\$208,174	\$208,174
Clean Ohio Fund Subtotal			\$208,174	\$208,174
Total Funding: Emergency Response and Remedial Response			\$20,328,518	\$21,238,651

- **Program 2.01: Emergency Response (ER)**
- **Program 2.02: Voluntary Action**
- **Program 2.03: Clean Ohio**
- **Program 2.04: Remedial Response**
- **Program 2.05: Office of Federal Facilities Oversight**
- **Program 2.06: Brownfields and Site Assessment**

Emergency Response (ER)

Program Description: The Emergency Response (ER) program provides 24-hour emergency response to sudden releases of hazardous material, petroleum, and radioactive material. Members of the ER program are prepared to assist in the response to biological, chemical, and radiological-based terrorist attacks. ER personnel staff the Emergency Operations Center (EOC) when it is activated. The ER program coordinates with local and state emergency management officials to share information in an effort to minimize and prevent harmful releases to the environment.

Funding Source: Solid waste tipping fees (Fund 5BC); cost recovery from spill responses (Fund 500); the Hazardous Waste Cleanup Fund (Fund 505); and nuclear utility assessment (Fund 644)

Implication of the Budget: The budget will allow for the continuation of Emergency Response activities at current service levels.

Voluntary Action

Program Description: The Voluntary Action Program (VAP) was created in 1994 (and fully implemented in 1997) to oversee voluntary cleanup efforts of contaminated sites in order to return the sites to productive use. This program allows companies to investigate possible environmental contamination, clean it up if necessary, and receive a promise from the state of Ohio that no more cleanup is needed. The majority of brownfield and Clean Ohio cleanups are completed using the VAP.

Funding Source: Federal grant moneys (Fund 3F3); VAP fees (Fund 4R9); solid waste tipping fees (Fund 5BC); and the Hazardous Waste Cleanup Fund (Fund 505)

Implication of the Budget: Funding levels will allow the program to continue to review voluntary clean up plans, audit completed projects, and certify the 20 laboratories and 110 professionals annually who provide cleanup and analysis services.

Clean Ohio

Program Description: The Clean Ohio initiative was established under Am. Sub. H.B. 3 of the 124th General Assembly. The program is funded through a \$400 million bond issuance and is administered by the Department of Development. The program provides grants and loans to local groups and communities for the redevelopment of urban brownfields, preservation of open spaces and farmland, and protection of state waterways.

Funding Source: Solid waste tipping fees (Fund 5BC); The Hazardous Waste Cleanup Fund (Fund 505); and investment earnings from the Clean Ohio Revitalization Fund (Fund 5S1)

Implication of the Budget: The budget provides for continuation of the program at current service levels.

Remedial Response

Program Description: The Remedial Response (RR) program was established in 1982 to investigate hazardous waste sites statewide, including federal Superfund sites, to assist and oversee in their cleanup, and to determine whether or not potentially contaminated sites are safe for their intended use. The goals of this program are to evaluate sites contaminated with hazardous substances, and when warranted, effectuate a cleanup (and often a beneficial reuse) of the site. The RR program also includes the Orphan Drum recovery program. The Orphan Drum recovery program evaluates, collects, and effectuates proper disposal of abandoned drums containing unknown and potentially hazardous materials.

Funding Source: Federal grant money (Fund 3F3); the Hazardous Waste Cleanup Fund (Fund 505); and enforcement orders (Fund 541)

Implication of the Budget: The budget will maintain current levels of service for the program.

Office of Federal Facilities Oversight

Program Description: The Office of Federal Facilities Oversight (OFFO) provides oversight to the investigation, cleanup, and reuse of U.S. Department of Energy (DOE) and Department of Defense (DOD) sites in Ohio. Components of this program include technical oversight; maintaining working relationships with DOE, DOD, and other regulators and stakeholders; active environmental monitoring; accelerating the cleanup process; public involvement; and cleanup levels based on future land uses. Through this program federal cleanup sites receive proper oversight and monitoring to ensure that they are safe for specific future use.

Funding Source: Federal grant moneys (Fund 3K4 and Fund 3N4)

Implication of the Budget: The budget will allow for current service levels to be maintained over the biennium, despite the elimination of ten positions since August 2006. This reduction in employees is a result of investigative and cleanup work being completed at the Fernald and Mound sites.

Brownfields and Site Assessment

Program Description: The Site Assessment and Brownfield Revitalization Program (SABR) performs site assessments as delegated by the U.S. EPA to determine if properties should be placed on the National Priorities List (NPL). It also performs Targeted Brownfield Assessments (TBAs) on behalf of local governments who want to redevelop property to determine if sites are contaminated. The SABR works to inventory all brownfields in the state and to provide financial assistance to local communities for site assessment and cleanup.

Funding Source: Federal grant money (Fund 3F3)

Implication of the Budget: The budget will maintain current levels of service.

Program Series**3: Hazardous Waste Management**

Purpose: The mission of the Division of Hazardous Waste Management (DHWM) is to improve the environment and therefore the health of Ohio's citizens by promoting pollution prevention and the proper management and cleanup of hazardous wastes.

The following table shows the line items that are used to fund the Hazardous Waste Management program, as well as the funding levels for FY 2008 and FY 2009.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4P5	715-654	Cozart Landfill	\$149,728	\$149,728
5BC	715-675	Hazardous Waste	\$100,847	\$100,847
503	715-621	Hazardous Waste Facility Management	\$11,711,473	\$12,200,240
State Special Revenue Fund Subtotal			\$11,962,048	\$12,450,815
Federal Special Revenue Fund				
354	715-614	Hazardous Waste Management - Federal	\$4,203,891	\$4,203,891
Federal Special Revenue Fund Subtotal			\$4,203,891	\$4,203,891
Total Funding: Hazardous Waste Management			\$16,165,939	\$16,654,706

The budget will support a total of 145 FTEs in the Division in both fiscal years, allowing for the continuation of FY 2007 service levels (FTEs). This represents a decrease of 11 FTEs. Funding for Hazardous Waste Management supports the following programs:

- **Program 3.01: Hazardous Waste Management**
- **Program 3.02: Cessation of Regulated Operations**

Hazardous Waste Management

Program Description: The Hazardous Waste Management program implements Ohio's delegated hazardous waste management regulatory program which regulates facilities that generate, transport, treat, store, or dispose of hazardous waste. The specific regulatory responsibilities of this program include: conducting compliance inspections, pursuing appropriate enforcement actions for noncompliance, responding to complaints, reviewing and approving closure/post-closure plans and corrective action plans and reports, and reviewing and issuing final action on renewal and modification permit applications.

Funding Source: Federal grant moneys (Fund 354); settlement moneys for the Cozart Landfill (Fund 4P5); and hazardous waste and solid waste fees (Fund 503)

Implication of the Budget: Funding levels will support 144 FTEs in both fiscal years, allowing for the continuation of current service levels.

Cessation of Regulated Operations

Program Description: The CRO regulatory program serves to protect public health and the environment from businesses who close or abandon their properties by insuring that their hazardous substances are properly removed from the site and managed in a safe manner, thus avoiding spills, releases, or exposures. To this end, the CRO program provides a variety of compliance assistance, oversight, inspection, and enforcement activities. Approximately 120 requests for technical assistance are responded to annually.

Funding Source: Solid waste tipping fees (Fund 5BC)

Implication of the Budget: The appropriated amounts will support one FTE in both fiscal years, allowing for existing service levels to continue. The allocation of staffing resources to administer this program is spread across numerous permanent staff in carrying out the program and is not dedicated to one staff person.

Program Series**4: Solid and Infectious Waste**

Purpose: The mission of the Division of Solid and Infectious Waste (DSIW) is to protect human health and the environment through responsible regulation of solid and infectious waste supported by sound science and effective management.

The following table shows the line items that are used to fund DSIW, as well as the appropriated funding levels for FY 2008 and FY 2009.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4K3	715-649	Solid Waste	\$13,582,012	\$13,918,578
660	715-629	Infectious Waste Management	\$100,000	\$100,000
4U7	715-660	Construction & Demolition Debris	\$881,561	\$881,561
4R5	715-656	Scrap Tire Management	\$6,000,000	\$6,000,000
5BT	715-679	C&DD Groundwater Monitoring	\$571,560	\$693,267
State Special Revenue Fund Subtotal			\$21,135,133	\$21,593,406
Total Funding: Solid & Infectious Waste			\$21,135,133	\$21,593,406

The budget will support a total of 119.5 FTEs in the Division in FY 2008 and 121.5 FTEs in FY 2009. The increase in staff is for the purposes of C&DD groundwater monitoring. Funding for Solid and Infectious Waste supports the following programs:

- **Program 4.01: Solid Waste Management**
- **Program 4.02: Infectious Waste Management**
- **Program 4.03: Construction & Demolition Debris**
- **Program 4.04: Scrap Tire Management**

Solid Waste Management

Program Description: The Solid Waste Management program was developed to ensure proper management of solid waste and involves the oversight of 57 operating landfills, 54 transfer facilities, and 431 composting facilities. Activities funded by the program include: solid waste planning; statutorily required review of permits, registrations, and licenses; inspections of different types of solid waste facilities; landfill siting and design plan approvals; illegal dumping investigations; statutorily required updates to the State Solid Waste Plan; review of local solid waste management district plans; review and oversight of the implementation of approved local plans; environmental monitoring; and enforcement of landfill operation, closure, and post-closure requirements.

Funding Source: Solid waste tipping fees (Fund 4K3)

Implication of the Budget: The budget will allow for the continuation of services at existing levels. The Division anticipates funding will allow for the complete development of the Operator Certification Program.

Infectious Waste Management

Program Description: The Infectious Waste Management program regulates the generation, treatment, packaging, storage, transportation, and disposal of infectious waste in the state. Its regulated community includes 3,343 infectious waste generators, 96 transporters, and 109 treatment facilities. The primary objective of the program is implementation of the statutory requirements for infectious waste generators' identification, segregation and labeling of infectious wastes, containment suitable to minimize potential human exposure, and the transportation and treatment of wastes to render them noninfectious prior to disposal with solid wastes. Specific activities include processing of registrations, reviewing requests for approval of infectious waste alternative treatment technologies, and providing technical assistance to regulated entities.

Funding Source: Solid waste tipping fees (Fund 4K3) and infectious waste registration fees (Fund 660)

Implication of the Budget: The funding levels will allow for the continuation of existing service levels.

Construction and Demolition Debris

Program Description: The Construction and Demolition Debris (C&DD) program regulates the disposal of debris from construction and demolition activities into licensed C&DD landfills. Approved local boards of health perform the licensing, inspection, and enforcement of C&DD facilities. These boards receive a portion of C&DD disposal fees to fund their activities. Ohio EPA provides ongoing technical assistance to approved local health districts and performs annual surveys to ensure programs are in compliance. In cases where no approved local board of health has jurisdiction, Ohio EPA performs all licensing, inspection, and enforcement activities associated with the C&DD program. There are currently 66 licensed C&DD facilities in Ohio, where approximately 14 million cubic yards of debris are disposed annually.

Funding Source: C&DD disposal fees (Fund 4U7) and C&DD Groundwater Monitoring (Fund 5BT)

Implication of the Budget: The Division intends to add three FTEs to this program by FY 2009 for the purpose of C&DD groundwater monitoring duties.

Scrap Tire Management

Program Description: The Scrap Tire Management program regulates scrap tire transportation, collection, storage, processing, and disposal. Local boards of health perform the licensing, inspection, and enforcement of scrap tire facilities and transporters. In cases where no approved local board of health has jurisdiction, Ohio EPA administers the Scrap Tire Management program. There are currently 41 scrap tire facilities, 7 mobile recovery facilities, and 67 scrap tire transporters in the state. The DSIW also manages contracts to abate scrap tire piles under the Scrap Tire Abatement and Removal program. The majority of funding for this program supports tire abatement projects.

Funding Source: \$1.00 fee on the sale of new tires and a portion of license and registration fees (Fund 4R5)

Implication of the Budget: Funding levels will allow for the continuation of existing service levels.

Program Series**5: Drinking and Groundwater Protection**

Purpose: The mission of the Division of Drinking and Groundwater Protection is to protect human health and the environment by characterizing and protecting ground water quality and ensuring Ohio's public water systems provide adequate supplies of safe drinking water.

The following table shows the line items that are used to fund the Division of Drinking and Groundwater Protection, as well as the appropriated funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4J0	715-638	Underground Injection Control	\$458,418	\$458,418
4K5	715-651	Drinking Water Protection	\$8,169,553	\$8,867,732
5BC	715-673	Drinking Water	\$2,550,250	\$2,550,250
5BC	715-667	Groundwater	\$1,093,741	\$1,093,741
5H4	715-664	Groundwater Support	\$2,503,933	\$2,715,340
State Special Revenue Fund Subtotal			\$14,775,895	\$15,685,481
Federal Special Revenue Fund				
3T3	715-669	Drinking Water SRF	\$2,843,923	\$2,977,998
353	715-612	Public Water Supply	\$3,388,619	\$3,388,618
362	715-605	Underground Injection Control - Federal	\$111,874	\$111,874
3BU	715-684	Water Quality Protection	\$650,000	\$650,000
Federal Special Revenue Fund Subtotal			\$6,994,416	\$7,128,490
Total Funding: Drinking and Groundwater Protection			\$21,770,311	\$22,813,971

The budget will support a total of 183 FTEs in the Division in both fiscal years, allowing for the continuation of FY 2007 service levels. This represents an increase of 2 FTEs, transferred from Emergency Response and Remedial Response. Funding for Drinking and Groundwater Protection supports the following programs:

- **Program 5.01: Public Drinking Water Supply Supervision**
- **Program 5.02: Public Drinking Water Systems Plan Review**
- **Program 5.03: Drinking and Wastewater Operator Certification**
- **Program 5.04: Public Drinking Water Laboratory Certification**
- **Program 5.05: Ground Water Characterization and Protection**
- **Program 5.06: Underground Injection Control**
- **Program 5.07: Drinking Water Source Protection**
- **Program 5.08: Drinking Water Assistance Fund**

Public Drinking Water Supply Supervision

Program Description: Ohio EPA has primary enforcement authority for implementing the federal Safe Drinking Water Act. The Division of Drinking and Ground Waters (DDAGW) is responsible for oversight of Ohio's public water systems to ensure they comply with the federal and state drinking water laws and provide adequate supplies of safe drinking water. There are approximately 5,400 public water systems in Ohio.

Activities completed as a part of this program include: ensuring compliance with drinking water quality standards, performing sanitary surveys/site inspections, providing operational technical assistance, and responding to emergency conditions. Division staff conducted a total of 1,429 sanitary surveys in FY 2006.

Funding Source: Federal grant moneys (Fund 353); public water system fees (Fund 4K5); and solid waste tipping fees (Fund 5BC)

Implication of the Budget: The budgeted amounts will allow the Division to work with public water systems to meet new regulatory standards for arsenic, surface water treatment, and disinfection byproducts and to make needed upgrades to the drinking water information management system.

Public Drinking Water Systems Plan Review

Program Description: This program assures the design and construction of new or substantially modified public water systems facilities are in compliance with state drinking water regulations. The Division reviews and approves engineering plans for new and upgraded public water systems to ensure systems are designed and constructed to provide adequate quantities of safe drinking water. All 5,400 of Ohio's public water systems are required to meet plan approval requirements. Projects covered by these plans include construction of new treatment plants, modernization or improvements to existing treatment plants, water storage and distribution systems, surface water intake structures, and water supply wells.

Funding Source: Public water system fees (Fund 4K5); and solid waste tipping fees (Fund 5BC)

Implication of the Budget: The budget will allow for the continuation of existing service levels.

Drinking and Wastewater Operator Certification

Program Description: The Division of Drinking and Ground Waters is responsible for administering Ohio's program for the certification and recertification of operators of water and wastewater facilities specified by the U.S. EPA under the Safe Drinking Water Act (SDWA). States that implement these guidelines receive more federal funding for their drinking water revolving loan programs. Ohio's current rules require that all community and nontransient, noncommunity public water systems and any transient noncommunity water system or a wastewater system serving 250 people or more be under the responsible charge of a certified operator of the appropriate class. Certified operators have to meet continuing education requirements to renew their certification. Approximately 1,500 current or prospective operators take an examination for certification each year. There are approximately 9,000 certified operators in Ohio with 4,300 operators certified in drinking water and 4,700 operators certified in wastewater.

Funding Source: Federal grant moneys (Fund 353); public water system fees (Fund 4K5); and solid waste tipping fees (Fund 5BC)

Implication of the Budget: The budget will allow for the continuation for existing service levels.

Public Drinking Water Laboratory Certification

Program Description: State and federal regulations require that laboratories certified by the state or by U.S. EPA perform all testing for compliance with public drinking water standards. To maintain primary enforcement authority for the federal Safe Drinking Water Act (SDWA), Ohio must have a program for certifying laboratories performing analyses of drinking water. The Laboratory Certification

program is carried out through a Memorandum of Agreement (MOA) with the Ohio EPA Division of Environmental Services (DES).

Specific activities conducted by DES for the Laboratory Certification program include: reviewing laboratory floor plans and survey applications, evaluating and certifying chemical and bacterial laboratories for the analysis of samples from public water systems, tracking public drinking water data, communicating with laboratory operators regarding new policies and procedures pertaining to drinking water analysis, preparing and submitting Quality Assurance Program Plans and Quality Management Plans to U.S. EPA, and developing and administering a microbiological and chemical Performance Evaluation program. DDAGW funds 5.5 FTEs in DES to perform the activities associated with the Laboratory Certification program.

Funding Source: Public water system fees (Fund 4K5); and Environmental Protection Fund (Fund 5BC)

Implication of the Budget: The budget will support 0.2 FTE in both fiscal years in the Division of Drinking and Groundwater Protection and 5.5 FTEs in both fiscal years in the Division of Environmental Laboratory Services, allowing for a continuation of existing service levels.

Ground Water Characterization and Protection

Program Description: The Division of Drinking and Ground Waters (DDAGW) is responsible for characterizing ground water quality conditions, providing technical support to other divisions in Ohio EPA, and coordinating ground water monitoring and protection efforts with other state programs. Under this program, the Ohio EPA carries out the following activities: collecting, studying, and interpreting all available information, statistics, and data pertaining to ground water and surface water in coordination with other agencies of the state; collecting ground water quality samples; conducting studies to characterize ground water quality; identifying areas of known ground water contamination; and disseminating water resource information to the public.

Funding Source: Federal grant moneys (Fund 3BU); solid waste tipping fees (Fund 5BC); and payments from other Ohio EPA divisions (Fund 5H4)

Implication of the Budget: Funding allows for the continuation of existing service levels.

Underground Injection Control

Program Description: This program regulates the injection of sewage, industrial waste, hazardous waste, and other wastes into wells. Ohio EPA has been delegated primary enforcement authority for the regulation of Class I, Class IV, and Class V Underground Injection Control (UIC) wells under the federal Safe Drinking Water Act (SDWA).

Funding Source: Federal grant moneys (Fund 362); various fees for Class I UIC wells (Fund 4J0); and solid waste tipping fees (Fund 5BC)

Implication of the Budget: Funding allows for the continuation of existing service levels.

Drinking Water Source Protection

Program Description: This program provides direct assistance to public water systems in taking steps to prevent contamination and protect source waters and works with other regulatory programs to promote preferential recognition of source water protection areas. It is also responsible for implementation of the Wellhead Protection Program (WHP), which is designed to safeguard public drinking water supplies by preventing, detecting, and remediating ground water contamination in a zone around public water supply wells or wellfields.

Funding Source: Set-asides from the Drinking Water Assistance Fund Capitalization grants from U.S. EPA (Fund 3T3) and public water system fees (Fund 4K5)

Implication of the Budget: Budgeted amounts will allow for the continuation of existing service levels. This program will also fund two FTEs in the Division of Surface Water Programs to assist public water systems using surface water sources in the development and implementation of drinking water source protection plans and integration with watershed action plans.

Drinking Water Assistance Fund

Program Description: The program provides below-market rate loans for the planning, design, and construction of new or improved community and nonprofit, noncommunity public water systems. DDAGW works in cooperation with the Division of Environmental and Financial Assistance (DEFA) and the Ohio Water Development Authority to implement this program through administration of the Water Supply Revolving Loan Account. Since 1998, DDAGW has made 140 loans to public water systems for over \$437 million for planning, design, and construction projects.

Funding Source: Set-asides from the Drinking Water Assistance Fund Capitalization grants from U.S. EPA (Fund 3T3). The Water Supply Revolving Loan Account (WSRLA) program is funded through grants from the U.S. EPA with a 20% state match. The match is provided through state bonds. As authorized by section 6109.22 of the Revised Code, Ohio EPA sets aside 4% of the federal capitalization grants to provide for administration of the WSRLA.

Implication of the Budget: The appropriated amounts will enable Ohio EPA to continue to provide service to public water systems with infrastructure funding needs at existing service levels.

Program Series

6: Surface Water Programs

Purpose: The mission of the Division of Surface Water Programs is to protect, improve, and restore the integrity of all waters of the state. Ohio has a statewide goal for 80% of Ohio's rivers and streams to meet clean water goals by 2010.

The following table shows the line items that are used to fund the Division of Surface Water Programs, as well as the appropriated funding levels appropriated for FY 2008 and FY 2009.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4K4	715-650	Surface Water Protection	\$10,623,002	\$11,683,000
5BC	715-624	Surface Water	\$8,797,413	\$8,797,413
5N2	715-613	Dredge and Fill	\$30,000	\$30,000
699	715-644	Water Pollution Control Administration	\$750,000	\$750,000
State Special Revenue Fund Subtotal			\$20,200,415	\$21,604,413
Federal Special Revenue Fund				
3F5	715-641	Nonpoint Source Pollution Management	\$7,550,000	\$7,595,000
3BU	715-684	Water Quality Protection	\$5,865,000	\$5,660,000
Federal Special Revenue Fund Subtotal			\$13,415,000	\$13,255,000
Total Funding: Surface Water Programs			\$33,615,415	\$34,515,413

Funding for the Division of Surface Water Programs (DSW) will support a total of 251 FTEs in FY 2008 and 244.5 in FY 2009. This represents a decrease from FY 2007 staffing levels of 254 FTEs. Ohio EPA is not able to continue watershed monitoring at the FY 2007 level; thus the decreased staff. Funding implications for programs within the Surface Water Programs program series are discussed in greater detail in the analyses that follow:

- **Program 6.01: Water Quality**
- **Program 6.02: Nonpoint Source Pollution Control**
- **Program 6.03: Storm Water Pollution Prevention**
- **Program 6.04: National Pollutant Discharge Elimination System (NPDES)**
- **Program 6.05: Section 401 Certification/Wetlands Permitting**
- **Program 6.06: Lake Erie Restoration and Resource Management**
- **Program 6.07: Wastewater Construction Plan Approvals**

Water Quality

Program Description: The Water Quality program includes the following major elements: establishing codified water quality standards into Ohio rules and regulations, monitoring and assessing the condition of Ohio's surface waters, Total Maximum Daily Load (TMDL) development, field response and investigation of pollution spills, performing data collection and risk assessment analysis for the issuance of Sport Fish Consumption Advisories, and addressing other complaints about surface water quality.

Funding Source: Federal grant moneys (Fund 3BU and Fund 3F5); various surface water permit fees (Fund 4K4); solid waste tipping fees (Fund 5BC); and penalty moneys (Fund 699)

Implication of the Budget: At the appropriated amounts, it may be that funding will not be sufficient to assess all of Ohio's rivers and streams due to decreased staffing levels as a result of the phase out of GRF for this program in the FY 2006 - 2007 biennium. Funding will be used to administer a new water quality monitoring program for the classification and repository of credible data collected by other state agencies and third parties.

Nonpoint Source Pollution Control

Program Description: The Nonpoint Source Pollution Control program is a subgrant program that passes federal funds (federal Section 319 funds) to local governments, universities, and environmental groups for the implementation of nonpoint source pollution management plans. These local entities match the funding and use it to control nonpoint source pollution and create watershed restoration plans in support of nonpoint source pollution management.

Funding Source: Federal grant moneys (Fund 3F5); various surface water permit fees (Fund 4K4); solid waste tipping fees (Fund 5BC)

Implication of the Budget: Budgeted amounts in this area will be used to monitor the condition of surface waters, determine the potential of waters to attain water quality goals, communicate findings to the public, and participate in restoration activities including TMDLs.

Storm Water Pollution Prevention

Program Description: The Storm Water Pollution Prevention program regulates the discharge of storm water into Ohio streams through permitting, compliance, enforcement, and technical assistance at sites. Discharges are controlled through the implementation of land management and treatment practices from municipalities, construction activities, and certain industrial facilities. This program is implemented under a two-phase approach. Phase I of the Storm Water program, initiated in 1992, requires storm water permits for the larger municipalities and construction sites. Phase II, implemented in 2003, extends regulatory requirements to smaller urban areas and construction sites.

Funding Source: Federal grant moneys (Fund 3BU); various surface permit fees (Fund 4K4); solid waste tipping fees (Fund 5BC)

Implication of the Budget: The budget will provide for a continuation of current service levels and allow staff to assist local governments in developing local construction and post-construction programs in accordance with U.S. EPA Phase II program requirements. This effort will enable Ohio EPA to delegate the construction plan review, inspection, and enforcement responsibility to local governments.

National Pollutant Discharge Elimination System (NPDES)

Program Description: The National Pollutant Discharge Elimination System (NPDES) is a broad, federally mandated permitting program that regulates point sources of pollution to waters of the state. The program applies to both direct dischargers (municipalities and industries) that discharge directly to surface waters, and to pretreatment dischargers that discharge to public sewer systems. For both programs, Ohio must issue permits and ensure compliance with those permits. Permit issuance involves detailed technical analyses, public participation, evaluation of self-monitoring reports, periodic facility inspections, and enforcement actions when necessary. Also included in the NPDES program is the Operator Assistance program, the Sewage Sludge program, and Wet Weather program.

The Wet Weather program regulates discharges from municipal sewer systems that result from storm flows surcharging and overflowing municipal sewer systems. Storm overflows are a major public health concern because they contain high levels of bacteria and other pollutants and are a major source of aquatic life impairment. Ohio has a large number of communities with overflows that need to be addressed, including 89 communities with combined sewers that were designed originally to overflow during storm events.

Funding Source: Federal grant moneys (Fund 3BU); various surface water permit fees (Fund 4K4); solid waste tipping fees (Fund 5BC)

Implication of the Budget: Budgeted amounts will allow for the continuation of current service levels. A challenge facing the NPDES program in the coming biennium is working with Ohio cities and industries to control discharges from Combined Sewer Overflows in the development and review of Long Term Control Plans. The Division of Surface Water will receive about 40 Long Term Control Plans for review and approval in the coming biennium. These plans are complex, span long time frames, and call for municipal infrastructure investment of several billion dollars statewide.

Section 401 Certification/Wetlands Permitting

Program Description: The 401 Certifications/Wetlands Permitting program regulates certain activities in wetlands and streams, such as dredging, relocation of streams, and the filling of wetlands. The waters addressed by this program include those that fall under the jurisdiction of the Clean Water Act (CWA) and are regulated through the 401 water quality certifications, as well as those wetlands that are isolated from waters of the United States and are regulated through the State of Ohio Isolated Wetlands Permits. The program also includes wetlands research, which provides technical development for the permitting program and the scientific basis for continuing improvements in wetlands monitoring and assessment procedures used by Ohio EPA.

Funding Source: Federal grant moneys (Fund 3BU); various surface water permit fees (Fund 4K4); solid waste tipping fees (Fund 5BC); and isolated wetland permit fees (Fund 5N2)

Implication of the Budget: The budget will maintain current service levels. The fee increase for 401 certifications, adopted in the previous budget act, has generated approximately \$440,000 for DSW to apply to FY 2008 and FY 2009.

Lake Erie Restoration and Resource Management

Program Description: The Lake Erie Restoration and Resource Management program implements the requirements of the bi-national Great Lakes Water Quality Agreement and the Great Lakes Critical Programs Act, an amendment to the Clean Water Act, with the overall goal of protecting and restoring Lake Erie and its watershed. The Ohio EPA component of these programs provides technical and coordination expertise to federal, state, and local partners on Lake Erie water quality protection efforts and restoration for near shore areas of significant environmental impairment.

Funding Source: Federal grant moneys (Fund 3BU); various surface water permit fees (Fund 4K4); solid waste tipping fees (Fund 5BC)

Implication of the Budget: Funding will allow for the continuation of current services.

Wastewater Construction Plan Approvals

Program Description: This program implements the Permit-to-Install (PTI) and Animal Feeding Operation requirements. The PTI program reviews and approves wastewater treatment and disposal systems for municipalities, industries, and commercial operations. Animal feeding operations are required by state and federal law to obtain NPDES permits if they are of a certain size or they have discharges to surface waters. DSW conducts inspections, fieldwork, permitting, and enforcement related to the regulation of these operations.

Funding Source: Various surface water permit fees (Fund 4K4) and solid waste tipping fees (Fund 5BC)

Implication of the Budget: The budget will allow for the continuation of current service levels. Pending federal approval, the Ohio Department of Agriculture is seeking NPDES permitting authority for animal feeding operations. When this happens, there will likely be a decrease in DSW staffing and funding.

Program Series

7: Environmental Education

Purpose: The mission of the Office of Environmental Education (OEE) is to provide accessible environmental education, support interdisciplinary environmental education in higher education, and maintain a credible and fair environmental grant program.

The following table shows the line items that are used to fund the Office of Environmental Education, as well as FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
6A1	715-645	Environmental Education	\$1,500,000	\$1,500,000
5CD	715-682	Clean Diesel School Buses	\$600,000	\$600,000
State Special Revenue Fund Subtotal			\$2,100,000	\$2,100,000
Total Funding: Environmental Education			\$2,100,000	\$2,100,000

The following programs are included with this series:

- **Program 7.01: Environmental Education Grants**
- **Program 7.02: Clean Diesel School Bus Grants**

Environmental Education Grants

Program Description: The Office of Environmental Education (OEE) was created to enhance Ohio EPA's efforts to educate students, the general public, and the regulated community on environmental issues through administration of the Ohio Environmental Education Fund (OEEF). The OEEF uses half the air and water pollution penalties collected by Ohio EPA to provide approximately \$1 million in grants each year for environmental education projects targeting three audiences: preschool through university students and teachers; the general public; and the regulated community, including small businesses and local government entities.

Funding Source: Air and water penalty moneys (Fund 6A1)

Implication of the Budget: The budget will support four FTEs, allowing for the continuation of existing service and staffing levels.

Clean Diesel School Bus Grants

Program Description: This program administers the Clean Diesel School Bus Fund (CDSBF) and makes grants to school districts for the purpose of adding air pollution control equipment to diesel-powered school buses, maintaining pollution control that is installed, and paying the additional costs incurred by a school district for using ultra-low sulfur diesel instead of conventional diesel fuel in its school buses.

Funding Source: Air and water penalty moneys (Fund 5CD)

Implication of the Budget: Funding at the enacted levels will allow for the continuation of current services.

Program Series

8: Compliance Assistance and Pollution Prevention

Purpose: The mission of Compliance Assistance and Pollution Prevention is to help Ohio businesses understand and comply with the environmental regulations that apply to them.

The following table shows the line items that are used to fund the Compliance Assistance and Pollution Prevention program series, as well as the appropriated funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4K3	715-649	Solid Waste	\$350,833	\$364,267
4T3	715-659	Clean Air – Title V Permit Program	\$308,053	\$326,806
5BC	715-676	Assistance and Prevention	\$700,302	\$700,302
5DW	715-683	Automotive Mercury Switch Program	\$60,000	\$60,000
State Special Revenue Fund Subtotal			\$1,419,188	\$1,451,375
Total Funding: Compliance Assistance and Pollution Prevention			\$1,419,188	\$1,451,375

This program series funds a single program.

■ Program 8:01: Compliance Assistance and Pollution Prevention

Compliance Assistance and Pollution Prevention

Program Description: The Pollution Prevention program provides free technical assistance to help Ohio businesses reduce pollution and/or return operations to compliance through on-site visits, telephone and e-mail consultations, and publications that explain environmental requirements to businesses that often cannot afford to hire environmental experts to interpret complex regulations.

Funding Source: Solid waste tipping fees (Funds 4K3 and 5BC); Title V fees (Fund 4T3); and enforcement case settlement moneys (Fund 5DW)

Implication of the Budget: Funding at these levels will support 11.5 FTEs in each fiscal year, allowing for the continuation of current service levels.

Program Series

9: Environmental Financial Assistance

Purpose: The mission of the Division of Environmental Financial Assistance (DEFA) is to provide technical and financial assistance for implementable solutions to environmental needs.

The following table shows the line items that are used to fund the Division of Environmental Financial Assistance, as well as the FY 2008 and FY 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
676	715-642	Water Pollution Control Loan Administration	\$4,964,625	\$4,964,625
State Special Revenue Fund Subtotal			\$4,964,625	\$4,964,625
Federal Special Revenue Fund				
3F2	715-630	Revolving Loan Fund – Operating	\$563,536	\$775,600
Federal Special Revenue Fund Subtotal			\$563,536	\$775,600
Total Funding: Environmental Financial Assistance			\$5,528,161	\$5,740,225

Funding will support 47 FTEs in the Division in both fiscal years, allowing for the continuation of FY 2007 service levels. The Division operates the following programs:

- **Program 9.01: Water Pollution Control Loan Fund (WPCLF)**
- **Program 9.02: Water Supply Revolving Loan Account (WSRLA)**
- **Program 9.03: Ohio Power Siting Board Reviews**

Water Pollution Control Loan Fund (WPCLF)

Program Description: The Water Pollution Control Loan Fund (WPCLF) provides below-market interest rate loans for publicly owned wastewater treatment improvements, and for nonpoint source pollution control activities that implement the state's nonpoint source management program.

Since its inception in 1989, this program has awarded over \$3.6 billion in loans. In FY 2006, the WPCLF made 80 new low interest rate loans for over \$274 million to assist municipalities with making improvements to their wastewater treatment systems. The WPCLF provides 50% of all financing for public treatment works projects in Ohio. Included within the WPCLF budget are activities that are not funded through WPCLF administrative funds, but instead through the Division of Surface Water budget. These activities do not support WPCLF administration, but provide assistance for some of the same types of entities that are assisted through WPCLF. These activities include the Village Capital Improvements Fund, Comprehensive Performance Evaluations of Wastewater Facilities, Small Community Environmental Infrastructure Group Staff Support, and Small Community Assistance. In addition, staff within this program provide engineering expertise to the Division of Surface Water for its program of assisting villages by providing comprehensive performance evaluations of their municipal wastewater treatment systems when requested.

Funding Source: Federal grant moneys (Fund 3F2) and annual interest on WPCLF loans (Fund 676)

Implication of the Budget: Funding at the appropriated levels will support 42 FTEs in both fiscal years, allowing for the continuation of current service levels. In the coming biennium, WPLCF will focus its administrative resources on encouraging targeted and other fundable projects to proceed through planning and construction. DEFA will continue to work with DSW to tackle nonpoint source pollution, which is still the primary source of impairments and threats to Ohio water quality.

Water Supply Revolving Loan Account (WSRLA)

Program Description: This program provides below-market interest rate loans to municipalities and community water supply systems for improvements to address public health risks and to meet Safe Drinking Water Act standards. It is very similar in its structure and operation to the WPCLF. There are a number of community water systems in Ohio, particularly smaller systems, that need to replace aging treatment and distribution components in order to maintain a reliable, safe supply of drinking water.

Funding Source: Annual interest on WPCLF loans (Fund 676)

Implication of the Budget: Funding levels will support 4.5 FTEs in both fiscal years, allowing for the continuation of existing service levels.

In the coming biennium, priorities will be set in concert with DDAGW staff, and will reflect the priorities of the Division's drinking water compliance program. Staff resources will be directed toward increased outreach and assistance to smaller communities.

Ohio Power Siting Board Reviews

Program Description: The Division of Environmental and Financial Assistance (DEFA) conducts and coordinates the field review and assessment of environmental impacts of projects submitted to the Ohio Power Siting Board (OPSB) for its approval. DEFA review of applications to the OPSB for construction of power utility facilities ensures that all relevant environmental factors are taken into account in OPSB's review of the applications, and that project modifications are recommended that will either reduce or avoid environmental impacts. In FY 2006, around 30 applications were reviewed, and the workload is expected to remain at that level for the coming biennium.

Funding Source: Annual interest on WPCLF loans (Fund 676)

Implication of the Budget: Funding levels will support one FTE in both fiscal years, allowing for the continuation of current service levels. DEFA cross-trains its program and project staff in the review process for the OPSB program. This allows the Division to draw upon the expertise of multiple staff members as needed according to the characteristics of the project under review. The OPSB program is billed for the number of hours spent on its project work.

Program Series**10: Special Investigations**

Purpose: The Office of Special Investigations conducts investigations into alleged environmental violations that potentially involve criminal activities.

The following table shows the line items that are used to fund Special Investigations, as well as appropriated funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
505	715-623	Hazardous Waste Cleanup	\$1,339,028	\$1,339,028
State Special Revenue Fund Subtotal			\$1,339,028	\$1,339,028
Federal Special Revenue Fund				
3F3	715-632	Federally Supported Cleanup and Response	\$295,000	\$295,000
Federal Special Revenue Fund Subtotal			\$295,000	\$295,000
Total Funding: Special Investigations			\$1,634,028	\$1,634,028

This is a new single program series supported by 10.25 FTEs. The Office of Special Investigations was originally located within the Emergency and Remedial Response Program (02.06).

Special Investigations

Program Description: The Office of Special Investigations performs services that include the burial of solid or hazardous waste, partial compliance (managing a portion of their wastes properly while illegally disposing of the remains), illegal bypassing of waste water treatment systems, open burning, illegal hazardous waste abandonment of facilities under cessation of regulated operations, and falsification of wastewater and drinking water documents. OSI is unique in that it is the only group within Ohio EPA expressly formed to handle complex environmental criminal investigations. These investigations often result in criminal sanctions against responsible individuals or companies.

Funding Source: Federal grant moneys (Fund 3F3) and the Hazardous Waste Facility Cleanup Fund (Fund 505)

Implication of the Budget: Funding will allow for the continuation of current service levels.

Program Series**11: Environmental Laboratory Services**

Purpose: Assists the divisions of Ohio EPA to fulfill their mission of protecting the environment and public health by providing scientific data so they can make appropriate, well informed decisions.

The following table shows the line items that are used to fund the Environmental Laboratory Services, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4K4	715-650	Surface Water Protection	\$2,061,998	\$2,132,000
5BC	715-677	Laboratory	\$1,217,099	\$1,216,333
State Special Revenue Fund Subtotal			\$3,279,097	\$3,348,333
General Services Fund				
199	715-602	Laboratory Services	\$1,158,574	\$1,173,574
General Services Fund Subtotal			\$1,158,574	\$1,173,574
Total Funding: Environmental Laboratory Services			\$4,436,905	\$4,521,907

The Environmental Laboratory Services program was previously located within the Division of Surface Water programs. A total of 35.7 FTEs are supported by funding provided in this series. The following specific programs are within the Environmental Services program series:

- **Program 11.01: Analytical Laboratory Services**
- **Program 11.02: Laboratory Certification and Assistance**

Analytical Laboratory Services

Program Description: The Analytical Laboratory Services program provides analyses of pollutants in matrices such as surface, drinking, and ground waters; wastewater effluents; sediment, soil, and sludge; manure; air filters and air canisters; and fish, plant, and turtle tissue. Analyses range from conventional pollutants such as metals and nutrients to tests for highly toxic organic chemicals, including herbicides, pesticides, and PCBs. The samples analyzed come from site-specific monitoring conducted by Ohio EPA field staff. Site-specific monitoring quantified by laboratory analyses identifies specific sources of known environmental problems and reveals problems that would otherwise go undetected.

Funding Source: Lab testing fees (Fund 199); various surface water permit fees (Fund 4K4); and solid waste tipping fees (Fund 5BC)

Implication of the Budget: Budget levels will allow for the continuation of current service levels. Specifically, proposed funding will allow the Division of Environmental Services to maintain its current sample capacity of 9,300 samples per year.

Laboratory Certification and Assistance

Program Description: This program conducts drinking water and Voluntary Action Program (VAP) laboratory certifications, performance audit inspections for the wastewater program, and training and technical assistance within and outside Ohio EPA. Under this program, drinking water laboratories are inspected and certified as having proper equipment, adequate facilities, and trained staff using proper analytical techniques.

Funding Source: Lab testing fees (Fund 199); and solid waste tipping fees (Fund 5BC)

Implication of the Budget: Funding will allow for the continuation of current service levels.

Program Series

12: Program Management

Purpose: The mission of Program Management is to provide customer service to Ohio EPA divisions and to assist those divisions in carrying out their missions.

The following table shows the line items that are used to fund Program Management, as well as the FY 2008 and FY 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
219	715-604	Central Support Indirect	\$16,474,276	\$17,000,962
4A1	715-640	Operating Expenses	\$3,369,731	\$3,369,731
General Services Fund Subtotal			\$19,844,007	\$20,370,693
Federal Special Revenue Fund				
3V7	715-606	Agency-wide Grants	\$500,000	\$500,000
Federal Special Revenue Fund Subtotal			\$500,000	\$500,000
Total Funding: Program Management			\$20,344,007	\$20,870,693

This program series includes funding for a single program, supporting 174.5 FTEs.

Program Management

Program Description: Program Management includes the Director's office, five district offices and seven central support offices. The central support offices include: Legal Services, the Equal Employment Opportunity Office, the Public Interest Center, Employee Services, Operations and Facilities, Information Technology, and Fiscal Administration. The district and central support offices provide services to external stakeholders and Ohio EPA program divisions and offices in support of Ohio EPA's mission. Management goals include enhancing and protecting the environment and public health, ensuring sound administration of agency resources, and providing high quality customer service.

Funding Source: Indirect charges to all Ohio EPA division payroll allocations (Fund 219); proceeds from the sale of goods and services (Fund 4A1); and federal grant moneys (Fund 3V7)

Implication of the Budget: Funding will support 174.5 FTEs and allow for the continuation of existing service levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

EPA Environmental Protection Agency

GRF	715-403	Clean Ohio	\$ 737,703	\$ 96,057	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	715-501	Local Air Pollution Control	\$ 1,026,369	\$ 128,297	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	717-321	Surface Water	\$ 8,803,685	\$ 1,130,222	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	718-321	Groundwater	\$ 1,070,600	\$ 161,106	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	719-321	Air Pollution Control	\$ 2,390,183	\$ 311,770	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	721-321	Drinking Water	\$ 2,518,693	\$ 350,413	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	723-321	Hazardous Waste	\$ 99,947	\$ 12,606	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	724-321	Pollution Prevention	\$ 691,423	\$ 88,032	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	725-321	Laboratory	\$ 1,207,756	\$ 153,463	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	726-321	Corrective Actions	\$ 1,191,230	\$ 149,688	\$ 0	\$ 0	N/A	\$ 0	N/A
General Revenue Fund Total			\$ 19,737,588	\$ 2,581,652	\$ 0	\$ 0	N/A	\$ 0	N/A
199	715-602	Laboratory Services	\$ 946,458	\$ 992,519	\$ 1,083,574	\$ 1,158,574	6.92%	\$ 1,173,574	1.29%
219	715-604	Central Support Indirect	\$ 14,567,087	\$ 14,761,673	\$ 16,345,806	\$ 16,474,276	0.79%	\$ 17,000,962	3.20%
4A1	715-640	Operating Expenses	\$ 2,902,893	\$ 2,873,070	\$ 3,369,731	\$ 3,369,731	0.00%	\$ 3,369,731	0.00%
General Services Fund Group Total			\$ 18,416,438	\$ 18,627,262	\$ 20,799,111	\$ 21,002,581	0.98%	\$ 21,544,267	2.58%
352	715-611	Wastewater Pollution	\$ 430,133	\$ 340,063	\$ 380,001	\$ 0	-100.00%	\$ 0	N/A
353	715-612	Public Water Supply	\$ 2,600,671	\$ 2,767,072	\$ 3,883,748	\$ 3,388,619	-12.75%	\$ 3,388,618	0.00%
354	715-614	Hazardous Waste Management-Federal	\$ 5,288,046	\$ 4,246,385	\$ 4,203,891	\$ 4,203,891	0.00%	\$ 4,203,891	0.00%
357	715-619	Air Pollution Control-Federal	\$ 4,695,992	\$ 7,440,234	\$ 7,243,950	\$ 6,823,949	-5.80%	\$ 6,823,950	0.00%
362	715-605	Underground Injection Control-Federal	\$ 101,663	\$ 107,028	\$ 111,874	\$ 111,874	0.00%	\$ 111,874	0.00%
3BU	715-684	Water Quality Protection	---	---	\$ 0	\$ 6,515,000	N/A	\$ 6,310,000	-3.15%
3F2	715-630	Revolving Loan Fund-Operating	\$ 30,552	\$ 30,703	\$ 293,129	\$ 563,536	92.25%	\$ 775,600	37.63%
3F3	715-632	Federally Supported Cleanup & Response	\$ 2,422,285	\$ 1,631,701	\$ 2,777,648	\$ 2,550,000	-8.20%	\$ 2,550,000	0.00%
3F4	715-633	Water Quality Management	\$ 758,514	\$ 580,608	\$ 455,000	\$ 0	-100.00%	\$ 0	N/A
3F5	715-641	Nonpoint Source Pollution Management	\$ 6,023,335	\$ 7,700,002	\$ 6,700,000	\$ 7,550,000	12.69%	\$ 7,595,000	0.60%
3J1	715-620	Urban Stormwater	\$ 384,418	\$ 218,580	\$ 404,999	\$ 0	-100.00%	\$ 0	N/A
3K2	715-628	Clean Water Act 106	\$ 4,331,951	\$ 4,652,836	\$ 4,331,001	\$ 0	-100.00%	\$ 0	N/A
3K4	715-634	DOD Monitoring and Oversight	\$ 626,578	\$ 629,796	\$ 1,450,333	\$ 858,250	-40.82%	\$ 898,825	4.73%
3K6	715-639	Remedial Action Plan	\$ 248,834	\$ 315,608	\$ 319,100	\$ 0	-100.00%	\$ 0	N/A

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>EPA Environmental Protection Agency</i>									
3N4	715-657	DOE Monitoring and Oversight	\$ 1,967,469	\$ 1,687,559	\$ 3,231,963	\$ 1,071,678	-66.84%	\$ 1,110,270	3.60%
3T3	715-669	Drinking Water SRF	\$ 1,975,130	\$ 2,185,565	\$ 2,482,910	\$ 2,843,923	14.54%	\$ 2,977,998	4.71%
3V7	715-606	Agencywide Grants	\$ 277,704	\$ 339,597	\$ 479,115	\$ 500,000	4.36%	\$ 500,000	0.00%
Federal Special Revenue Fund Group Total			\$ 32,163,274	\$ 34,873,337	\$ 38,748,662	\$ 36,980,720	-4.56%	\$ 37,246,026	0.72%
4J0	715-638	Underground Injection Control	\$ 386,813	\$ 355,685	\$ 458,418	\$ 458,418	0.00%	\$ 458,418	0.00%
4K2	715-648	Clean Air - Non Title V	\$ 2,634,025	\$ 2,117,793	\$ 2,528,062	\$ 3,690,821	45.99%	\$ 4,066,558	10.18%
4K3	715-649	Solid Waste	\$ 11,812,808	\$ 12,297,703	\$ 14,282,845	\$ 13,932,845	-2.45%	\$ 14,282,845	2.51%
4K4	715-650	Surface Water Protection	\$ 9,540,999	\$ 9,276,034	\$ 11,115,000	\$ 12,685,000	14.13%	\$ 13,815,000	8.91%
4K5	715-651	Drinking Water Protection	\$ 6,093,756	\$ 5,670,274	\$ 7,492,036	\$ 8,169,553	9.04%	\$ 8,867,732	8.55%
4P5	715-654	Cozart Landfill	\$ 45,720	\$ 42,094	\$ 149,728	\$ 149,728	0.00%	\$ 149,728	0.00%
4R5	715-656	Scrap Tire Management	\$ 5,648,749	\$ 4,641,634	\$ 8,500,000	\$ 6,000,000	-29.41%	\$ 6,000,000	0.00%
4R9	715-658	Voluntary Action Program	\$ 731,180	\$ 1,022,490	\$ 1,032,098	\$ 1,032,098	0.00%	\$ 1,032,098	0.00%
4T3	715-659	Clean Air - Title V Permit Program	\$ 15,888,221	\$ 15,725,148	\$ 16,180,980	\$ 18,924,098	16.95%	\$ 18,833,584	-0.48%
4U7	715-660	Construction & Demolition Debris	\$ 221,836	\$ 632,135	\$ 881,561	\$ 881,561	0.00%	\$ 881,561	0.00%
500	715-608	Immediate Removal Special Account	\$ 346,681	\$ 319,629	\$ 482,000	\$ 557,257	15.61%	\$ 573,903	2.99%
503	715-621	Hazardous Waste Facility Management	\$ 8,831,851	\$ 9,600,083	\$ 11,711,473	\$ 11,711,473	0.00%	\$ 12,200,240	4.17%
505	715-623	Hazardous Waste Cleanup	\$ 11,141,778	\$ 12,295,942	\$ 15,248,578	\$ 13,333,179	-12.56%	\$ 14,147,498	6.11%
505	715-674	Clean Ohio Environmental Review	----	----	\$ 109,725	\$ 109,725	0.00%	\$ 109,725	0.00%
541	715-670	Site Specific Cleanup	\$ 156,414	\$ 1,020,205	\$ 119,650	\$ 34,650	-71.04%	\$ 34,650	0.00%
542	715-671	Risk Management Reporting	\$ 134,136	\$ 124,378	\$ 146,188	\$ 146,188	0.00%	\$ 146,188	0.00%
592	715-627	Anti Tampering Settlement	----	\$ 1,477	\$ 9,707	\$ 9,707	0.00%	\$ 9,707	0.00%
5BC	715-617	Clean Ohio	----	\$ 646,378	\$ 741,646	\$ 741,646	0.00%	\$ 741,646	0.00%
5BC	715-622	Local Air Pollution Control	----	\$ 898,071	\$ 1,026,369	\$ 1,026,369	0.00%	\$ 1,026,369	0.00%
5BC	715-624	Surface Water	----	\$ 7,247,299	\$ 8,797,413	\$ 8,797,413	0.00%	\$ 8,797,413	0.00%
5BC	715-667	Groundwater	----	\$ 953,709	\$ 1,093,741	\$ 1,093,741	0.00%	\$ 1,093,741	0.00%
5BC	715-672	Air Pollution Control	----	\$ 4,026,801	\$ 5,199,290	\$ 5,199,290	0.00%	\$ 5,199,290	0.00%
5BC	715-673	Drinking Water	----	\$ 2,230,865	\$ 2,550,250	\$ 2,550,250	0.00%	\$ 2,550,250	0.00%
5BC	715-675	Hazardous Waste	----	\$ 88,240	\$ 100,847	\$ 100,847	0.00%	\$ 100,847	0.00%
5BC	715-676	Assistance and Prevention	----	\$ 585,336	\$ 700,302	\$ 700,302	0.00%	\$ 700,302	0.00%
5BC	715-677	Laboratory	----	\$ 1,053,159	\$ 1,216,333	\$ 1,216,333	0.00%	\$ 1,216,333	0.00%
5BC	715-678	Corrective Actions	----	\$ 1,028,721	\$ 1,179,775	\$ 1,179,775	0.00%	\$ 1,179,775	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>EPA Environmental Protection Agency</i>									
5BT	715-679	C&DD Groundwater Monitoring	----	----	\$ 0	\$ 571,560	N/A	\$ 693,267	21.29%
5BY	715-681	Auto Emissions Test	----	\$ 6,939,966	\$ 14,614,405	\$ 14,817,105	1.39%	\$ 15,057,814	1.62%
5CD	715-682	Clean Diesel School Buses	----	----	\$ 850,000	\$ 600,000	-29.41%	\$ 600,000	0.00%
5DW	715-683	Automotive Mercury Switch Program	----	----	\$ 60,000	\$ 60,000	0.00%	\$ 60,000	0.00%
5H4	715-664	Groundwater Support	\$ 1,786,826	\$ 1,844,077	\$ 2,408,871	\$ 2,503,933	3.95%	\$ 2,715,340	8.44%
5N2	715-613	Dredge and Fill	\$ 26,525	\$ 29,610	\$ 30,000	\$ 30,000	0.00%	\$ 30,000	0.00%
602	715-626	Motor Vehicle Inspection and Maintenance	\$ 1,428,521	\$ 1,182,496	\$ 118,861	\$ 157,697	32.67%	\$ 128,876	-18.28%
644	715-631	ER Radiological Safety	\$ 215,137	\$ 232,256	\$ 286,114	\$ 286,114	0.00%	\$ 286,114	0.00%
660	715-629	Infectious Waste Management	\$ 147,948	\$ 152,008	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
676	715-642	Water Pollution Control Loan Administration	\$ 4,462,549	\$ 4,561,679	\$ 4,964,625	\$ 4,964,625	0.00%	\$ 4,964,625	0.00%
678	715-635	Air Toxic Release	\$ 206,976	\$ 181,131	\$ 192,000	\$ 210,622	9.70%	\$ 210,622	0.00%
679	715-636	Emergency Planning	\$ 2,551,810	\$ 2,566,757	\$ 2,828,647	\$ 2,628,647	-7.07%	\$ 2,628,647	0.00%
696	715-643	Air Pollution Control Administration	\$ 974,019	\$ 679,592	\$ 1,637,764	\$ 750,000	-54.21%	\$ 750,000	0.00%
699	715-644	Water Pollution Control Administration	\$ 325,151	\$ 460,309	\$ 749,999	\$ 750,000	0.00%	\$ 750,000	0.00%
6A1	715-645	Environmental Education	\$ 1,386,774	\$ 1,403,032	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
State Special Revenue Fund Group Total			\$ 87,127,202	\$ 114,134,196	\$ 143,395,301	\$ 144,362,570	0.67%	\$ 148,690,706	3.00%
5S1	715-607	Clean Ohio - Operating	\$ 51,399	\$ 91,449	\$ 208,174	\$ 208,174	0.00%	\$ 208,174	0.00%
Clean Ohio Conservation Fund Total			\$ 51,399	\$ 91,449	\$ 208,174	\$ 208,174	0.00%	\$ 208,174	0.00%
<i>Environmental Protection Agency Total</i>			\$ 157,495,901	\$ 170,307,896	\$ 203,151,248	\$ 202,554,045	-0.29%	\$ 207,689,173	2.54%

Environmental Review Appeals Commission

Jonathan Lee, Senior Budget Analyst

- Due to newer state and federal regulations, EBR's caseload is becoming more complex and time-consuming
- Funding levels will not allow EBR to hire one additional attorney to assist with cases

OVERVIEW

Duties and Responsibilities

The Environmental Review Appeals Commission (EBR) is an appellate review board whose primary statutory duty is to hear and resolve appeals from certain legal actions taken by state and local governmental entities, including the Ohio Environmental Protection Agency (EPA), the State Fire Marshal, the State Emergency Response Commission, the Department of Agriculture, and county and local boards of health. The majority of cases heard by EBR relate to final actions of the Ohio EPA.

The Commission's office consists of five individuals: three Commission members appointed by the Governor, one administrative assistant, and one clerical support person. Board members serve staggered six-year terms and receive a salary that is set by the Governor. One Commission member's term expired in October 2006 and they were replaced in December 2006. The salary remains the same for the new member.

Recent environmental legislation expanded the jurisdiction of the Commission (e.g., the Environmental Protection Agency's Voluntary Action Program, the regulation of construction and demolition debris landfills, and the Ohio Department of Agriculture's regulation of animal feeding facilities). Additionally, a number of existing programs have been amended, such as Title V of the federal Clean Air Act. Overall, final actions stemming from these changes in regulations have resulted in a large number of appeals that take longer on average to resolve and that demand a greater portion of staff time.

The Environmental Review Appeals Commission is funded entirely by General Revenue Fund (GRF) dollars. The Environmental Review Appeals Commission conducts all hearings itself, and all decisions are researched and written by Commission members. Commission staff also process and handle all of the Commission's normal administrative functions.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
5	\$483,859	\$487,000	\$483,859	\$487,000	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: The Environmental Review Appeals Commission is an appellate review board whose primary statutory duty is to hear appeals of environmental legal actions taken by several state and local governmental entities.

The Commission is funded entirely by one GRF line item. The following table shows the enacted funding levels for the single program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	172-321	Operating Expenses	\$483,859	\$487,000
Total Funding: Environmental Review Appeals Commission			\$483,859	\$487,000

Program Description: The Environmental Review Appeals Commission was created in October 1972. Its purpose is to serve Ohio citizens, the regulated community, and governmental entities affected by environmental final actions, and to provide statewide legal precedent and expeditious review of environmental challenges. The Commission effectively sits in lieu of local courts of common pleas for environmental matters.

The Commission has statewide jurisdiction and is the highest level of administrative appeal from final actions of the Ohio EPA, the State Fire Marshal, the State Emergency Response Commission, the Department of Agriculture, and local boards of health.

All decisions of the Commission are subsequently appealable to the Franklin County Court of Appeals, or, if the appeal arose from an alleged violation of a law or regulation, to the court of appeals for the district in which the violation was alleged to have occurred. Appeals from the courts of appeals' decisions can then be sent to the Supreme Court of Ohio. At any one time the Commission has approximately 400 active cases pending on its docket. As of March 19, 2007, the Commission had 502 cases pending.

Funding Source: GRF and \$70 filing fee on appeals

Implication of the Budget: Enacted funding levels are \$483,859 in FY 2008 and \$487,000 in FY 2009. Funding at these levels will allow the Commission to continue to fulfill its statutory duties in hearing and resolving appeals from certain legal actions taken by state and local governmental entities. However, enacted funding will not allow the Commission to hire an additional Attorney that was planned for in the Commission's original budget submission, potentially delaying technical and legal research work.

Permanent Law Provision

Environmental Review Appeal Commission – EPA Jurisdiction (R.C. 3745.04). A new permanent law provision alters the process by which EPA orders can be appealed so that the Director of Environmental Protection retains jurisdiction to modify, amend, revise, renew, or revoke a permit, rule, order, or other action that is already the subject of an appeal to the Commission. It also sets out public participation and notification requirements in these situations. In sum, the new appeals procedures could increase EBR workload.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
<i>EBR Environmental Review Appeals Commission</i>							
GRF 172-321 Operating Expenses	\$ 437,472	\$ 455,655	\$ 483,859	\$ 483,859	0.00%	\$ 487,000	0.65%
General Revenue Fund Total	\$ 437,472	\$ 455,655	\$ 483,859	\$ 483,859	0.00%	\$ 487,000	0.65%
Environmental Review Appeals Commission Total	\$ 437,472	\$ 455,655	\$ 483,859	\$ 483,859	0.00%	\$ 487,000	0.65%

Lake Erie Commission

Jonathan Lee, Senior Budget Analyst

- Continued implementation of the Balanced Growth Program will be a major focus in the upcoming biennium
- Director and Secretary Webmaster to become full-time positions

OVERVIEW

Duties and Responsibilities

The Lake Erie Commission (LEC) is responsible for coordinating state policies and programs that are related to Lake Erie and its surrounding areas. The Lake Erie Commission's role is to preserve and protect Lake Erie's natural resources, protect the ecological quality of its watershed, and promote economic development of Ohio's North Coast. The Commission comprises the directors of the Ohio Environmental Protection Agency and the departments of Agriculture, Development, Health, Natural Resources, and Transportation.

Commission staff work from the Lake Erie Office in Toledo with the responsibilities of (1) awarding research and implementation grants through the Lake Erie Protection Fund, (2) providing public education programs, (3) representing the state of Ohio on many regional and international Great Lakes management organizations, and (4) implementing the Lake Erie Balanced Growth Program as called for in the Lake Erie Protection and Restoration Plan.

Agency in Brief

Agency In Brief					
Number of Employees	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
4	\$837,000	\$838,000	\$0	\$0	Am. Sub. H.B. 119

* Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Funding Overview

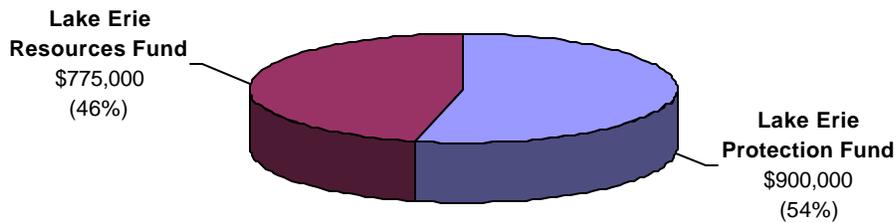
Over the biennium the Commission will continue to maintain two accounts, both in the State Special Revenue (SSR) Fund Group: the Lake Erie Protection Fund (Fund 4C0) and the Lake Erie Resources Fund (Fund 5D8).

The Lake Erie Protection Fund (Fund 4C0) receives individual donations from the Lake Erie license plate program (the Marblehead Lighthouse plate) and is used solely to award Lake Erie research grants and contracts through a competitive proposal process for projects in the areas of water quality, invasive species, coastal health, areas of concern, toxic pollutants, pollution sources, habitat, biology, coastal recreation, boating, fishing, beaches, tourism, and shipping. Grants are awarded to private organizations, nonprofit organizations, academic groups, and state/local government agencies. Grants are applicable for up to three years, and a 10% match is required.

The Lake Erie Resources Fund (Fund 5D8) receives Ohio’s share of the earnings from the Great Lakes Protection Fund (Fund 4C0). States contiguous to the Great Lakes deposit money into Fund 4C0 for projects and programs related to the Great Lakes. One-third of the annual earnings are transferred to the states. Ohio’s share of the earnings is transferred to Fund 5D8 and is used to support the operations of the Commission and its Office. The Commission and the Lake Erie Office receive no General Revenue Fund (GRF) funding.

Below is a pie chart displaying the allocation of enacted funding between the two funds over the biennium.

LEC Budget for FYs 2008-2009, by Fund



ANALYSIS OF THE BUDGET

Single Program Series

Lake Erie Resources and Protection

Purpose: The mission of the Ohio Lake Erie Commission is to preserve Lake Erie's natural resources, protect the ecological quality of its watershed, and promote economic development in the Great Lake region through policy direction and awarding of moneys for environmental projects concerning Lake Erie and its watershed.

The following table shows the line items that are used to fund the single program series in the Lake Erie Commission, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4C0	780-601	Lake Erie Protection Fund	\$450,000	\$450,000
5D8	780-602	Lake Erie Resources Fund	\$387,000	\$388,000
Total Funding: Lake Erie Commission			\$837,000	\$838,000

Lake Erie Resources Protection

Funding Source: The Lake Erie Protection Fund (Fund 4C0), consisting of revenue generated from the sale of Lake Erie license plates and other donations, gifts, and bequests; and the Lake Erie Resources Fund (Fund 5D8), consisting of Ohio's share of the earnings from the Great Lakes Protection Fund (an interstate trust fund), contributions from Commission member agencies, and grants received for specific work performed by LEC staff

Implication of the Budget: The budget includes funding levels of \$837,000 in FY 2008 and \$838,000 in FY 2009. Funding at this level will allow the Lake Erie Commission to continue implementing various strategic initiatives including updates to the Lake Erie Quality Index and the Lake Erie Protection and Restoration Plan; provide better integration of the Ohio Lake Erie Action List; continue its public outreach/education efforts; maintain its Lake Erie Protection Fund grants program; and continue implementation of the Balanced Growth Program.

The appropriations will also allow the Commission to cover cost-of-living and mandated state pay increases. Further, the Director and Secretary/Webmaster will move from part-time positions to full-time positions over the biennium. As in past biennia, incoming revenues to the Commission's funds will be contingent on sales of Lake Erie specialty license plates deposited in the Lake Erie Protection Fund (Fund 4C0), and interstate trust fund earnings deposited in the Lake Erie Resources Fund (Fund 5D8).

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
LEC Lake Erie Commission									
4C0	780-601	Lake Erie Protection Fund	\$ 600,704	\$ 576,263	\$ 300,000	\$ 450,000	50.00%	\$ 450,000	0.00%
5D8	780-602	Lake Erie Resources Fund	\$ 349,894	\$ 266,362	\$ 358,549	\$ 387,000	7.94%	\$ 388,000	0.26%
State Special Revenue Fund Group Total			\$ 950,598	\$ 842,626	\$ 658,549	\$ 837,000	27.10%	\$ 838,000	0.12%
Lake Erie Commission Total			\$ 950,598	\$ 842,626	\$ 658,549	\$ 837,000	27.10%	\$ 838,000	0.12%

Department of Natural Resources

Jonathan Lee, Senior Analyst

OVERVIEW

Duties and Responsibilities

The mission of the Ohio Department of Natural Resources (DNR) is to provide for the preservation, conservation, and use of the state's natural resources to ensure a balance between the wise use of these resources and their protection. The Department manages more than 590,000 acres of land, including 74 state parks, 20 state forests, 123 state nature preserves, and 100 wildlife areas. The Department also has jurisdiction over more than 124,000 acres of inland waters, 7,000 miles of streams, 481 miles of the Ohio River, and 23 million acres of Lake Erie.

The Department has 13 operating divisions, covering three broad areas of responsibility: recreational management, resource protection, and resource management. These areas of responsibility encompass: operating state parks; managing state forests; protecting designated scenic rivers, natural areas, and preserves; oversight of mining and natural gas operations; managing and providing technical assistance in water resource management; providing geological services; providing boating safety and law enforcement; and wildlife management and protection. The Department accomplishes its mission with a staff of over 2,500 full-time, part-time, and seasonal employees.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3,051	\$338.55 million	\$339.38 million	\$132.12 million	\$132.41 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The Enacted Budget

In the FY 2008 - 2009 biennium, the Department's total enacted budget is decreased by 1.45% in FY 2008 and increased slightly by .25% in FY 2009. This translates into total funding of approximately \$338.5 million in FY 2008 and \$339.4 million in FY 2009, for a total of \$677.9 million over the biennium. The spending decrease in FY 2008 is largely due to the one-time expense of land from Mead/Westvaco in FY 2007, at a cost of \$5.7 million, and a decline of \$2.5 million in federal grants projected in FY 2008. The slight increase in FY 2009 is due mainly to revenue growth that supports spending in the Wildlife and Waterways Safety Fund.

- Total budget of \$678 million over the biennium
- Wildlife-GRF Central Support appropriation item increased by \$1.3 million each fiscal year
- New Energy Initiatives focus on biofuel production and CO2 sequestration
- Soil and Water Conservation District matching grant funding increased by \$5.4 million
- Parks continue to have ongoing maintenance needs
- Increased responsibilities to implement Am. Sub. H.B. 443 of the 126th General Assembly

Budget by Fund Group

The majority of DNR's budget is supported by the GRF and fees credited to the State Special Revenue Fund Group (SSR) and Wildlife Fund Group (WLF). Table 1 below displays DNR's total budget by fund group for the biennium.

Table 1. Enacted Budget by Fund Group (\$ in millions)					
Fund Group	FY 2007	FY 2008	% Change	FY 2009	% Change
General Revenue Fund	\$129.4	\$132.1	.21%	\$132.4	(.2%)
State Special Revenue Fund Group	\$63.4	\$64.4	1.6%	\$63.4	(1.6%)
Wildlife Fund Group	\$66.8	\$61.4	(8.1%)	\$62.6	(1.9%)
Federal Special Revenue Fund Group	\$29.8	\$27.3	(8.4%)	\$26.4	(3.3%)
Waterways Safety Fund Group	\$26.01	\$25.6	(1.6%)	\$26.4	3.1%
General Services Fund Group	\$26.5	\$25.2	(4.9%)	\$25.6	1.6%
Holding Account Redistribution Fund Group	\$2.4	\$2.2	(8.3%)	\$2.3	4.5%
Clean Ohio Revitalization Fund Group	\$.16	\$.16	0%	\$.16	0%
Accrued Leave Liability Fund Group	\$.038	\$.028	(45%)	\$.21	0%
TOTAL	\$343.5	\$338.5		\$339.4	

Summary of FYs 2008 - 2009 Budget Issues

Central Support

The budget increases GRF appropriation 725-401, Wildlife Central Support by \$1.34 million in FY 2008 and by \$1.44 million in FY 2009 compared to FY 2007 levels. Funds in this line item are used to pay all of the Division of Wildlife's central support charges and a portion of other Divisions' central support costs. Each Division, except Wildlife, currently pays central support charges into appropriation item 725-651, Central Support Indirect (Fund 157). H.B. 167 of the 126th General Assembly exempted the Division of Wildlife from making direct and indirect cost payments into Fund 157 and instead required such payments to come out of GRF appropriation item 725-401, Wildlife-GRF Central Support. The budget increases in each fiscal year will not only cover Wildlife's central support charges over the biennium, but also provide savings to each of the Divisions relative to their own central support charges. DNR estimates the biggest savings will occur in the Divisions of Park and Recreation (\$587,048), Mineral Resources Management (\$160,934), Watercraft (\$137,788), and Forestry (\$116,617).

Am. Sub. H.B. 443 – DNR Omnibus

Am. Sub. H.B. 443 of the 126th General Assembly made various changes to the law governing the Department, the Coal Mining Law, and the Industrial Minerals Law. The bill became effective April 6, 2007. Some of the notable provisions of this legislation include: changes to the property forfeiture laws and crediting of proceeds of property to certain DNR divisions; changes to project engineering by increasing the bidding threshold and incorporating value engineering; changes to the structuring of the mining reclamation bond pool; and adjustments to severance tax rates.

The budget accounts for some of these changes, most notably in the Unreclaimed Lands Fund (Fund 529). Fund 529 was increased by \$2.26 million in FY 2008 and by \$1.39 million above FY 2007 levels. The budget language also includes a change in the coal mining law that would ensure that H.B. 443's severance tax changes apply to existing and future coal mining operations. DNR reports that if the changes did not apply to existing operations, the Department's Abandoned Land Mines program would lose approximately \$1.2 million annually.

Energy Production

The budget provides funding to support the new administration's goal of greater emphasis on energy production. One of the DNR's initiatives related to energy production over the biennium is to research and develop ways to offer optimal energy production in the state and seek new or under utilized energy resources. Several program series within the budget provide for this initiative. For instance, the Department plans to hire a Reservoir Specialist to assist the petroleum industry and evaluate the potential for CO₂ Sequestration (Program 2.01). The budget allows for a staff restructuring to emphasize Turnaround Ohio Clean Energy research and investigations (Program 2.02), and also provides funding for guidance for the Turnaround Ohio Clean Energy Initiative concerning agricultural practices for biofuel production (Program 6.05). Similarly, funding levels in Program 11.04 will allow DNR to provide guidance for the same initiative but for underground carbon sequestration and coal bed methane production.

Other New Initiatives

Some of the Department's other new initiatives over the biennium include more grant funding, better access to data, and more user friendly web-based applications. For example, regarding grant programs, DNR will administer four grant programs that make funds available to local governments to promote park development and recreational trail opportunities (Program 7.02).

In regard to ready access to data, maps, research, etc., the budget provides continued funding for the Heritage Database in the Natural Areas and Preserves Division – the database information is on rare and endangered plants and animals, outstanding natural communities, and special geological features in the state. Furthermore, Program Series 2.01 provides funding for the Division to continue converting geological data into digital format.

As far as better web-based applications and better customer responsiveness, the budget provides an additional \$1.15 million in funding to the Watercraft Division for imaging and electronic depositing of checks from individual "walk in" watercraft registration customers.

Vetoed Provisions

Waterways Improvement (Section 343.40). The Executive vetoed one provision in the Department's budget, eliminating an earmark of \$50,000 in each fiscal year from appropriation item 725-414, Waterways Improvement, for dredging operations at Fairport Harbor. This veto will allow \$100,000 over the biennium to continue to be used for other waterways improvements at the discretion of the Department.

ANALYSIS OF THE BUDGET

Program Series

1: Forestry

Purpose: The Forestry program protects and manages Ohio's forest resource through partnerships emphasizing stewardship to assure these resources will be available for future generations. The Division serves private woodland owners, municipalities, other state and local government agencies, the commercial logging industry, soil and water conservation districts, and farmers.

The following table shows the line items that are used to fund the Forestry program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	727-321	Division of Forestry	\$8,541,511	\$8,541,511
General Revenue Fund Subtotal			\$8,541,511	\$8,541,511
State Special Revenue Fund				
4M7	725-631	Wildfire Suppression	\$70,000	\$0
4M7	725-686	Wildfire Suppression	\$100,000	\$100,000
509	725-602	State Forest Fund	\$5,070,946	\$5,211,924
5K1	725-026	Urban Forestry Grant	\$10,000	\$12,000
State Special Revenue Fund Subtotal			\$5,250,946	\$5,323,924
General Services Fund				
510	725-631	Maintenance - State-owned Residences	\$75,000*	\$25,000*
General Services Fund Subtotal			\$75,000	\$25,000
Holding Account Redistribution Fund				
R43	725-624	Forestry	\$1,950,188	\$2,007,977
R17	725-659	Performance Cash Bond Refunds	\$120,000*	\$120,000*
Holding Account Redistribution Fund Subtotal			\$2,070,188	\$2,127,977
Total Funding: Forestry			\$15,937,645	\$16,018,412

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

Funding for the following programs is included within the Forestry program series:

- **Program 1.01: Forestry Assistance**
- **Program 1.02: State Forest Management**
- **Program 1.03: Forestry Program Support**

Forestry Assistance

Program Description: The Forestry Assistance program provides technical assistance for the management and protection of Ohio's 7.5 million acres of rural and urban forests. It manages 20 state forests and the Marietta Tree Nursery, which grows tree seedlings for public purchase. The program also monitors and assists in forest protection concerns such as wildfires, insects, and disease. Over the biennium this program will employ 29.75 FTEs in FY 2008 and 22.69 FTEs in FY 2009.

Funding Source: GRF, federal grants, and fees

Implication of the Budget: The budget will allow the program to continue at current service levels. The budget increases appropriations in the State Forest Fund (Fund 509) due to the consolidation of the Federal Grant Reimbursement Fund (Fund 328). The consolidation is expected to streamline budgeting and coding of expenditures.

State Forest Management

Program Description: The State Forest Management program protects and manages Ohio's state forests and associated resources. The services and activities supported by the program include: timber harvesting and sales, wildfire assistance (suppression and training), law enforcement, and maintaining forest recreational opportunities (trails, gun ranges, and APV recreation). The Division also administers federal Volunteer Fire Assistance Grants, which total approximately \$250,000 in awards annually. Annual revenue from timber harvesting totals approximately \$3 million, which is shared with school districts, counties, and townships. The program's cost drivers continue to be fuel usage, increased MARCS use, and ongoing expenses to maintain heavily used trails. Over each fiscal year of the biennium this program will employ 75.5 FTEs.

Funding Source: GRF, federal grants, and fees

Implication of the Budget: Funding levels are expected to maintain volunteer fire department assistance, wildfire investigations, and recreational opportunities. The Department will also complete the green certification of state forests through the State Forest Initiative and the Forest Stewardship Council in order to collect forest data to develop a baseline forest inventory.

Forestry Program Support

Program Description: This program provides general administrative support for all forestry programs. Support functions include: human resource activities, educational programs, and grant processing. This program supports 9.25 FTEs.

Funding Source: GRF and fees

Implication of the Budget: The budget will allow current support services to remain the same.

Program Series**2: Geological Survey**

Purpose: The Geological Survey program series is responsible for defining the geologic framework of the state in support of resource development, property protection, public safety, and environmental security. It produces maps and reports on geologic formations, mineral resources, fossil fuels, coastal processes, and geologic hazards. It also reviews applications and proposals where geology plays a role.

The following table shows the line items that are used to fund the Geological Survey program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	728-321	Division of Geological Survey	\$1,799,222	\$1,825,150
General Revenue Fund Subtotal			\$1,799,222	\$1,825,150
State Special Revenue Fund				
4J2	725-628	Injection Well Review	\$58,808*	\$60,063*
511	725-646	Ohio Geologic Mapping	\$815,179	\$724,310
State Special Revenue Fund Subtotal			\$873,987	\$784,373
General Services Fund				
155	725-601	Departmental Projects	\$0*	\$69,053*
508	725-684	Natural Resources Publications Center	\$82,280*	\$82,280*
General Services Fund Subtotal			\$82,280	\$151,333
Federal Special Revenue Fund				
3P1	725-632	Geological Survey - Federal	\$655,000	\$720,000
Federal Special Revenue Subtotal			\$655,000	\$720,000
Total Funding: Geological Survey			\$3,410,489	\$3,480,856

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

This analysis focuses on the following specific programs within the Geological Survey program series:

- **Program 2.01: Geological Mapping and Investigations**
- **Program 2.02: Geological Records and Publications**

Geological Mapping and Investigations

Program Description: This program maps and analyzes subsurface geologic resources and formations such as: oil, gas, and coal resources; abandoned underground mines; Lake Erie bottom sediments; various mineral deposits; glacial layers; and bedrock formations.

Funding Source: GRF (54%), minerals severance tax (22%), federal grants (22%), and fees received from permit applications for injection of liquid hazardous waste (2%)

Implication of the Budget: The budget will allow current service levels to be maintained. These levels will allow the Division to hire a new Reservoir Specialist to better assist the petroleum industry and evaluate potential for carbon dioxide sequestration and maintain existing support staff. The program will employ 22.5 FTEs over the biennium.

Geological Records and Publications

Program Description: This program provides cartographic preparation of geologic maps and reports for public distribution based on geologic information compiled by the Geological Investigations and Mapping program. The program also distributes U.S. Geological Survey (USGS) topographical maps and information for public use, operates the Geologic Records Center, and the H.R. Collins Laboratory. The program will continue to employ 6.5 FTEs.

Funding Source: GRF (87%), printing rotary (12%), and federal funds (1%)

Implication of the Budget: Over the biennium this program will continue to provide access to geologic databases, digital base maps, and updates to its web site.

Program Series**3: Parks and Recreation**

Purpose: The mission of the Division of Parks and Recreation is to produce the service of an outdoor recreation experience that meets or exceeds visitors' expectations.

The following table shows the line items that are used to fund the Parks and Recreation program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	730-321	Division of Parks and Recreation	\$39,874,841	\$39,874,841
General Revenue Fund Subtotal			\$39,874,841	\$39,874,841
State Special Revenue Fund				
512	725-605	State Parks Operations	\$27,314,288	\$27,314,288
512	725-680	Parks Facilities Maintenance	\$2,576,240	\$2,576,240
State Special Revenue Fund Subtotal			\$29,890,528	\$29,890,528
General Services Fund				
510	725-631	Maintenance - State-owned Residences	\$170,000*	\$170,000*
General Services Fund Subtotal			\$170,000	\$170,000
Waterways Safety Fund				
086	725-414	Waterways Improvement	\$3,925,075	\$4,062,452
Waterways Safety Fund Subtotal			\$3,925,075	\$4,062,452
Accrued Leave Liability Fund				
4M8	725-675	FOP Contract	\$12,406*	\$12,406*
Accrued Leave Liability Fund Subtotal			\$12,406	\$12,406
Total Funding: Parks and Recreation			\$73,872,850	\$74,010,227

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

There is one program within the Parks and Recreation program series:

■ **Program 3.01: Parks and Recreation**

Parks and Recreation

Program Description: This program administers, operates, and maintains a system of 74 state parks that provide outdoor recreational opportunities to visitors. Within these parks the Division maintains lodges, cottages, campgrounds, golf courses, boat ramps, beaches, nature centers, pools, picnic areas, trails, and buildings. The parks system is divided among large, medium, and small parks. Larger parks tend to generate large amounts of revenue compared to the others. In the past few fiscal years several parks have reduced certain services and maintenance functions due to limited funding. Over the biennium, the Division will continue to combine park operations, consolidate staff and resources, and seasonalize parks as cost saving measures. Personnel levels will remain unchanged compared to last biennium, funded at 873 FTEs.

Funding Source: GRF, state park rotary, waterways safety funds, rent payments, payments by FOP members

Implication of the Budget: The budget will maintain current staffing levels; however, maintenance functions and other services may be scaled back at certain parks. In order to address the maintenance backlog, the Department indicates it will seek federal funding. This will be the Department's first attempt at seeking federal funding for this purpose.

Program Series

4: Coastal Management

Purpose: This program series provides education, coordination, and assistance on a broad range of issues concerning the Lake Erie coastal resources including identifying coastal erosion and flood hazards, and protecting shipwrecks and underwater cultural resources. Additionally, the program manages federal grants for state and local participation.

The following table shows the line items that are used to fund the Coastal Management program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
514	725-606	Lake Erie Shoreline	\$892,113*	\$732,113*
State Special Revenue Fund Subtotal			\$892,113	\$732,113
General Services Fund				
697	725-670	Submerged Lands	\$751,342	\$772,011
General Services Fund Subtotal			\$751,342	\$772,011
Federal Special Revenue Fund				
3P3	725-650	Coastal Management - Federal	\$2,643,323	\$1,691,237
Federal Special Revenue Subtotal			\$2,643,323	\$1,691,237
Total Funding: Coastal Management			\$4,286,778	\$3,195,361

* Amount does not reflect total funding because line item is used to fund programs in other program series.

One program is funded by this program series:

■ **Program 4.01: Coastal Management**

Coastal Management

Program Description: This program implements the Ohio Coastal Management Program and provides assistance to local agencies and nonprofits through grants in the Lake Erie coastal area. The Ohio Coastal Management Program Document guides the activities of the Office of Coastal Management to protect, preserve, and improve Lake Erie and its coastal resources and deals specifically with coastal erosion and flooding, ports and shoreline development, and recreational and cultural resources. Over the biennium this program will support 21.23 FTEs.

Funding Source: National Oceanographic and Atmospheric Administration (NOAA) grants, royalties from the mining of mineral resources under the bed of Lake Erie, lease payments for structures occupying Lake Erie Public Trust Areas

Implication of the Budget: The budget will allow current service levels to be maintained and allow the Division to continue providing federal funding through the Ohio Coastal Management Program.

Furthermore, the Division will continue to provide disbursements to local communities for increased submerged land leases, file over 700 land leased plats that have not been filed, hire a temporary employee to ensure plats are filed appropriately, develop a coastal design manual, and develop a Lake Erie Shore Erosion Management Plan.

Program Series

5: Water Planning and Management

Purpose: This program series provides research, regulation, and planning services concerning all of the state's water resources. It collects hydraulic data; produces a water well log; develops ground water resources, pollution potential, and other maps; issues permits for the construction of dams, dikes and levees; inspects existing dams; administers the state's floodplain management program; and conducts water supply studies.

The following table shows the line items that are used to fund the Water Planning and Management program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	725-423	Stream & Ground Water Gauging	\$311,910	\$311,910
GRF	725-456	Canal Lands	\$332,859	\$332,859
GRF	733-321	Division of Water	\$3,221,084	\$3,252,029
General Revenue Fund Subtotal			\$3,865,853	\$3,896,798
State Special Revenue Fund				
4J2	725-628	Injection Well Review	6,000*	\$6,000*
514	725-606	Lake Erie Shoreline	\$25,000*	\$25,000*
615	725-661	Dam Safety	\$548,223	\$595,416
State Special Revenue Fund Subtotal			\$579,223	\$626,416
General Services Fund				
155	725-601	Departmental Projects	\$246,542*	\$321,809*
508	725-684	Natural Resources Publication Center	\$10,000*	\$10,000*
430	725-671	Canal Lands	\$932,472*	\$971,046*
4S9	725-622	NatureWorks Personnel	\$61,234*	\$61,234*
516	725-620	Water Management	\$2,913,618	\$2,931,513
General Services Fund Subtotal			\$4,163,866	\$4,295,602
Federal Special Revenue Fund				
3P4	725-660	Water - Federal	\$316,304	\$316,304
Federal Special Revenue Subtotal			\$316,304	\$316,304
Total Funding: Water Planning and Management			\$8,925,246	\$9,135,120

*Amounts do not reflect total funding because line items are used to fund programs in other program series.

The following three programs are within this program series:

- **Program 5.01: Water Management**
- **Program 5.02: Water Resources**
- **Program 5.03: Water Program Support**

Water Management

Program Description: This program includes three subprograms: Canal Land/Hydraulic Operations, Dam Safety, and Floodplain Management. The Canal Land/Hydraulic subprogram completes towpath improvement projects, develops and maintains an inventory of all Department-owned canals, and maintains all the watered sections of the canals. The Dam Safety subprogram responds to dam safety emergencies, permits the construction of new dams and levees, repairs deficient dams, provides periodic inspection of dams, and approves construction repair for existing dams. The Floodplain Management subprogram provides flood disaster recovery response and coordinates agencies and citizens to ensure compliance with state flood damage reduction laws. A secondary function of this subprogram is coordinating the National Flood Insurance Program (a national initiative to reduce flood loss and disaster assistance costs). The Water Management program will employ 32.5 FTEs over the biennium.

Funding Source: GRF, land and water sales, land leases, federal grants, and fees

Implication of the Budget: The budget may not allow the Division to restore two part-time seasonal staff to the Canals subprogram and one engineering staff member to the Dam Safety program. Also, the Floodplain Management subprogram may not be able to support one current Environmental Specialist FTE. However, with these staff reductions in mind, overall service levels are expected to remain the same.

Water Resources

Program Description: This program funds three subprograms: Ground Water Resources, Water Inventory and Cooperative Stream and Ground Water Gauging, and Water Planning. The Ground Water Resources program collects, maintains, interprets, and distributes information on ground water resources. Every year the Soil Inventory and Evaluation (SIE) program receives about 12,000 water well log records and compiles the data into an electronic repository. The Water Inventory and Cooperative Stream and Ground Water Gauging subprogram administers activities designed to characterize changing water supply conditions across the state. The program does this by monitoring and analyzing hydrologic data such as ground water levels, stream flow, precipitation, and reservoir and lake levels. The Water Planning subprogram compiles and evaluates water resource data, provides water resource information and education, and manages state-owned water supplies.

Funding Source: GRF, water sales, and federal grants

Implication of the Budget: The budget will support current subprogram activities and service levels. The budget also funds a portion of a college intern program, will allow for the purchase of additional stream gauges, and will pay a portion of the program's operating and maintenance costs through a cost-share agreement with the U.S. Army Corps of Engineers.

Water Program Support

Program Description: The Water Program Support program provides all the business functions, human resources functions, computer support, web development and maintenance functions, communications, and strategic planning for the program. This program will employ approximately 3.5 FTEs over the biennium.

Funding Source: GRF, permits and leases, water sales

Implication of the Budget: The budget will allow current staffing and service levels to remain the same.

Program Series

6: Soil and Water

Purpose: The Soil and Water program series provides technical, educational, and financial assistance to Ohio citizens throughout 88 county soil and water conservation districts (SWCDs). It works with other governmental agencies on programs of soil inventory and evaluation, nonpoint source pollution control, environmental education, storm water management, and erosion control.

The following table shows the line items that are used to fund the Soil and Water program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	725-407	Conservation Reserve Enhancement Program	\$1,000,000	\$1,000,000
GRF	725-502	Soil and Water Districts	\$12,237,420	\$12,895,791
GRF	737-321	Division of Soil and Water	\$4,074,788	\$4,074,788
General Revenue Fund Subtotal			\$17,312,208	\$17,970,579
State Special Revenue Fund				
5BV	725-683	Soil and Water Districts	\$1,850,000*	\$1,850,000*
State Special Revenue Fund Subtotal			\$1,850,000	\$1,850,000
General Services Fund				
155	725-601	Departmental Projects	\$1,705,676*	\$1,617,242*
General Services Fund Subtotal			\$1,705,676	\$1,617,242
Total Funding: Soil and Water			\$20,867,884	\$21,437,821

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

The program series includes the following:

- **Program 6.01: Resource Assistance**
- **Program 6.02: Environmental Education**
- **Program 6.03: Resource Management**
- **Program 6.04: Soil and Water Conservation Districts**
- **Program 6.05: Soil and Water Program Support**

Resource Assistance

Program Description: The Resource Assistance program is comprised of three service components: Conservation Engineering and Technical Assistance (CETA), Resource Management Specialists (RMS), and Soil Inventory and Evaluation (SIE). The CETA provides a broad range of support for SWCDs including conservation engineering assistance and training. The RMS implements statewide agricultural, urban, and nonpoint source pollution control programs for Ohio's 88 SWCDs. The SIE program collects and analyzes soil resources, and prepares related reports, maps, and other materials. The program also provides SWCDs with technical assistance including on-site soil investigations and soil interpretation reports.

Funding Source: GRF, service contract revenue, and fee from participants in training programs

Implication of the Budget: Overall funding levels will allow the Division to continue performing a variety of technical and support services for SWCDs.

Environmental Education

Program Description: This program supports the communications and environmental/conservation education needs of the Division and 88 SWCDs. Section staff play a key role in providing assistance to SWCDs in areas such as professional development, networking, collaboration, education program/planning evaluation, and public information. This program will fund 2 FTEs over the biennium.

Funding Source: GRF and federal grants

Implication of the Budget: Service and staffing levels will remain the same over the biennium.

Resource Management

Program Description: This program is composed of two components: watershed management and stormwater and stream restoration. Watershed management assists local officials and private citizens with development and implementation of watershed plans. The program also supports the development and implementation of Conservation Reserve Enhancement Program (CREP) programs that restores water quality, improves wildlife habitat, and develops riparian corridors. The stormwater and stream restoration component of the program strives to reduce construction site sediment pollution from entering surface waters, encourages land owners to adopt natural channel design principles, and assists local governments with proper stormwater and flood control. This program will fund 6.5 FTEs over the biennium.

Funding Source: GRF and federal grants

Implication of the Budget: The budget will maintain current service and staffing levels over the biennium.

Soil and Water Conservation Districts

Program Description: This program assists SWCDs to ensure that land users and other agencies properly manage soil, water, and related resources in each of the state's 88 counties. The program ensures that state funds match county, township, and municipal appropriations through the Division's grant program. The program also provides training to SWCD board members, provides administrative support to 43 local watershed groups, reviews watershed plans, and provides first responder services for pollution complaints. The program employs 10 FTEs.

Funding Source: GRF and 25-cent tipping fee on construction and demolition debris

Implication of the Budget: The budget increases GRF appropriations in appropriation item 725-502, Soil and Water Districts, by \$5.3 million over the biennium compared to FY 2007 levels. This increase will provide increased matching funds to SWCDs. The Department will also continue to work with local SWCDs to implement the state's three Conservation Reserve Enhancement Programs: Lake Erie, Big Walnut, and Scioto River.

Soil and Water Program Support

Program Description: This program provides and allocates the costs of executive leadership and administrative staffing services for the Division of Soil and Water Conservation. Activities include administration, business services, human resources, communications, and strategic planning.

Funding Source: GRF, federal grants, and service agreements

Implication of the Budget: The budget will allow current service and staff levels to be maintained over the biennium. The Division will work to expand the Soil and Water Information Management System (SWIS) to all 88 SWCDs, as well as provide guidance for the Turnaround Ohio Clean Energy Initiative concerning agricultural practices for biofuel production.

Program Series

7: Real Estate (REALM)

Purpose: This program series coordinates the Department's master planning and participates in capital improvements. The Division of Real Estate and Land Management (REALM) coordinates Department-wide environmental review and the state's trail network. It serves as the Department's agent in buying, selling, and trading real estate for recreation and conservation needs, and provides resource analysis mapping and administers various grant programs.

The following table shows the line items that are used to fund the REALM program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	738-321	Division of Real Estate & Land Management	\$2,291,874	\$2,291,874
General Revenue Fund Subtotal			\$2,291,874	\$2,291,874
State Special Revenue Fund				
521	725-627	Off-Road Vehicle Trails	\$198,490	\$143,490
532	725-644	Litter Control and Recycling	\$6,280,681	\$6,280,681
586	725-633	Scrap Tire Program	\$1,000,000	\$1,000,000
State Special Revenue Fund Subtotal			\$7,479,171	\$7,424,171
General Services Fund				
155	725-601	Departmental Projects	\$20,000*	\$40,000*
207	725-690	Real Estate Services	\$64,000	\$64,000
4D5	725-618	Recycled Materials	\$50,000	\$50,000
4S9	725-622	NatureWorks Personnel	\$62,740*	\$62,740*
430	725-671	Canal Lands	\$217,610*	\$217,610*
635	725-664	Fountain Square Facilities Maintenance	\$3,096,987*	\$3,086,987*
General Services Fund Subtotal			\$3,511,337	\$3,521,337
Clean Ohio Revitalization Fund				
061	725-405	Clean Ohio Operating	\$155,000	\$155,000
Clean Ohio Revitalization Fund Subtotal			\$155,000	\$155,000
Holding Account Redistribution Fund Group				
R17	725-659	Performance Cash Bond Refunds	\$10,000*	\$10,000*
Holding Account Redistribution Fund Subtotal			\$10,000	\$10,000
Federal Special Revenue Fund				
3B6	725-653	Federal Land & Conservation Grants	\$2,000,000	\$2,000,000
3Z5	725-657	REALM Federal	\$1,850,000	\$1,850,000
Federal Special Revenue Fund Subtotal			\$3,850,000	\$3,850,000
Total Funding: REALM			\$17,297,382	\$17,252,382

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

The REALM program series includes the following:

- **Program 7.01: Real Estate Services**
- **Program 7.02: Outdoor Recreation Services**
- **Program 7.03: Facilities Management Service**
- **Program 7.04: Environmental Review/Compliance**
- **Program 7.05: Recycling and Litter Prevention**
- **Program 7.06: REALM Program Support**

Real Estate Services

Program Description: This program provides real estate management services for the Department's landholding divisions. The land is bought, sold, and leased to promote wildlife management, outdoor recreation, forest management, and natural area protection. The program averages approximately 50 acquisitions or lease transactions per year that result in the addition of approximately 3,500 acres to DNR's land inventory. This program will fund 15 FTEs over the biennium.

Funding Source: GRF, bond revenues, fund transfers, and land sales

Implication of the Budget: The budget will allow the Division to continue current land acquisition levels and land management practices. One of the Division's objectives is to expand the Division's Real Estate Geographical Information System (REGIS) project. This system digitizes parcel information for departmental landholdings.

Outdoor Recreation Services

Program Description: This program administers four major grant programs: the federal Land and Water Conservation Grant, the federal Recreational Trails Program, the state NatureWorks Grants, and the state Clean Ohio Trails Grants. These programs provide approximately \$10 million annually to public agencies and nonprofits for acquisition and development of parks and trails and other recreational and natural resources-related projects. The program also passes through capital improvement funds that are legislatively directed for community recreation projects and administers the State Recreational Vehicle Fund that assists DNR agencies with acquisition and management of off-highway vehicle trails. Furthermore, the program creates and maintains the State Comprehensive Outdoor Recreation Plan and database. This program will fund 8.5 FTEs over the biennium.

Funding Source: GRF, land sales, federal funds, fees, interest earnings

Implication of the Budget: The budget will maintain current service levels and allow the Division to award \$10 million in grants to support local parks and trail projects.

Facilities Management Service

Program Description: This program maintains 9 buildings and 23 acres at DNR's Fountain Square complex as well as the buildings and grounds at the DNR area at the state fairgrounds. Facility Management also provides mail, fleet, records, warehouse, and housekeeping services for the 20 offices/divisions at Fountain Square. This program will fund 21.5 FTEs over the biennium.

Funding Source: Indirect central support charges assessed to each of DNR's offices and divisions

Implication of the Budget: The budget will maintain current service and staffing levels.

Environmental Review/Compliance

Program Description: This program coordinates environmental matters concerning the Department and state as necessary to comply with the National Environmental Policy Act, the Intergovernmental Cooperation Act, and the Water Pollution Control Act. Annually, the Division receives more than 300 such projects to review. Program staff also provide technical assistance, environmental review on various DNR projects, and participate in various work groups such as the Ohio Wind Working Group and the Wetland Mitigation Review Bank Team. This program employs a staff of two.

Funding Source: GRF

Implication of the Budget: The budget will maintain current service and staffing levels.

Recycling and Litter Prevention

Program Description: The Recycling and Litter Prevention Program provides grants to local governmental entities and solid waste management districts to reduce waste, increase recycling, and minimize litter throughout Ohio. The Division also administers special grants for cleaning up piles of dumped scrapped tires.

Am. Sub. H.B. 66 of the 126th General Assembly restructured the funding to the Litter Control and Recycling Program by moving its funding source from the Corporate Franchise Tax to a \$.75 per ton fee on construction and demolition debris. This change reduced the program funding from \$11.7 million to approximately \$7.1 million each fiscal year.

Funding Source: Tipping fees on construction and demolition debris, sale of recycled materials from state agencies, transfers from Ohio Environmental Protection Agency (EPA)

Implication of the Budget: Funding levels will maintain current service and staffing levels.

REALM Program Support

Program Description: This program provides and allocates the costs of executive leadership and administrative staffing services for REALM. Activities include: administration, business services, human resources, communications, and strategic planning. This program will fund seven positions each fiscal year of the biennium.

Funding Source: Tipping fees on construction and demolition debris, sale of recycled materials from state agencies, and transfers from EPA

Implication of the Budget: Current service and staffing levels will be maintained over the biennium.

Program Series**8: Watercraft**

Purpose: The Watercraft program series registers boats and administers grants for capital improvement projects such as launch ramps and marinas. The Division serves: boaters, anglers, water recreation enthusiasts, U.S. Coast Guard, and local governments.

The following table shows the line items that are used to fund the Watercraft program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
Waterways Safety Funds				
086	725-418	Buoy Placement	\$52,182	\$52,182
086	725-501	Waterway Safety Grants	\$137,867	\$137,867
086	725-506	Watercraft Marine Patrol	\$576,153	\$576,153
086	725-513	Watercraft Educational Grants	\$366,643	\$366,643
086	739-401	Division of Watercraft	\$19,626,681	\$20,166,681
5AW	725-682	Watercraft Revolving Loans	\$1,000,000	\$1,000,000
Total Funding: Watercraft			\$21,759,526	\$22, 299,526

Within the Watercraft program series are:

- **Program 8.01: Watercraft Registration**
- **Program 8.02: Watercraft Operations, Safety, Education and Enforcement**
- **Program 8.03: Watercraft Program Support**

Watercraft Registration

Program Description: This program seeks to ensure that all watercraft used in state waters are registered appropriately and enforces all laws relative to the identification, numbering, titling, and operation of vessels operated on Ohio's 120,000 acres of inland lakes, 481 miles of the Ohio River and 23 million acres of Lake Erie. This program will employ 22.5 FTEs in FY 2008 and 20.5 FTEs in FY 2009.

Funding Source: A portion of registration and titling fees charged to boaters in the state, state motor fuel excise tax, fines, and the U.S. Coast Guard Boating Safety Grants

Implication of the Budget: The budget will maintain current service levels and allow the Division to provide continual titling services to recreational boaters. The program will continue with the hull identification process (as required by the U.S. Coast Guard) as well as web-based registration. Furthermore, the budget provides funding for imaging and electronic depositing of checks from individual "walk in" watercraft registration customers.

Watercraft Operations, Safety, Education, and Enforcement

Program Description: This program seeks to enhance the safe use of Ohio's waterways for the boating public, and to ensure, through education and enforcement that watercraft operators abide by the laws, rules, and regulations governing the proper use and operation of watercraft. Some of the services or activities provided by this program include: performing on-the-water law enforcement patrol; conducting vessel safety inspections; administering state grants dealing with safety, education, and navigation; and

conducting boater education courses. The Division annually awards \$5-\$6 million in grants, primarily for dredging, but also for enforcement patrol, safety education, equipment loans, and navigational aids. Recently, the Division has expanded by adding two watercraft field offices, one in Ashtabula and one in Wapakoneta. This program employs 136.5 FTEs.

Funding Source: A portion of registration and titling fees, motor fuel excise tax, U.S. Coast Guard Boating Safety Grants, fines and penalties, interest earnings, and refunds

Implication of the Budget: The budget will continue normal operations and allow for grant funding to continue at current levels. The Watercraft Revolving Loan Fund (Fund 5AW) is expected to provide several loans through the use of \$1 million in appropriations in each fiscal year. The budget also provides funding for imaging and electronic depositing of checks from individual “walk in” watercraft registration customers. Finally, the budget earmarks \$200,000 in each fiscal year from appropriation item 739-401, Division of Watercraft, to purchase equipment for qualified marine patrols.

Watercraft Program Support

Program Description: This program provides and allocates costs of executive leadership and administrative staffing services for the Division of Watercraft. Activities include administration, business services, human resources, communications, and strategic planning. This program employs 24 FTEs.

Funding Source: A portion of registration and titling fees charged to boaters in the state, motor fuel excise tax, U.S. Coast Guard Boating Safety Grant, fines and penalties, interest earnings, and refunds

Implication of the Budget: The enacted funding levels will continue normal operations and staffing levels, and provides an additional \$300,000 over the biennium to cover increased fuel and increased maintenance costs.

Program Series**9: Wildlife**

Purpose: This program series manages and maintains over 376,000 acres for wildlife habitat and public access at 120 wildlife areas and lands under agreement. These lands provide opportunities for hunting, fishing, and wildlife viewing. Programs within this series are responsible for wildlife and fish management, information, education, and law enforcement. Special emphasis is placed on endangered species, wetlands, and other critical habitats for wildlife diversity. The Division operates seven district offices, four fish and wildlife research stations, six fish hatcheries, and several wildlife areas for public hunting and fishing.

The following table shows the line items that are used to fund the Wildlife program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	725-401	Wildlife-GRF Central Support	\$2,705,950	\$2,800,930
GRF	725-425	Wildlife License Reimbursement	\$500,000	\$400,000
General Revenue Fund Subtotal			\$3,205,950	\$3,200,930
State Special Revenue Fund				
5P2	725-634	Wildlife Boater Angler Administration	\$3,500,000	\$3,500,000
State Special Revenue Fund Subtotal			\$3,500,000	\$3,500,000
General Services Fund				
508	725-684	Natural Resources Publication Center	\$6,000*	\$6,000*
510	725-631	Wildlife Management/Research	\$78,611*	\$78,611*
General Services Fund Subtotal			\$84,611	\$84,611
Wildlife Fund Group				
015	740-401	Division of Wildlife	\$53,706,000	\$54,906,000
815	725-636	Cooperative Management Projects	\$120,449	\$120,449
816	725-649	Wetlands Habitat	\$966,885	\$966,885
817	725-655	Wildlife Conservation Checkoff Fund	\$5,000,000	\$5,000,000
818	725-629	Cooperative Fisheries Research	\$1,500,000	\$1,500,000
819	725-685	Ohio River Management	\$128,584	\$128,584
Wildlife Fund Subtotal			\$61,421,918	\$62,621,918
Accrued Leave Liability Fund				
4M8	725-675	FOP Contract	\$8,438*	\$8,438*
Accrued Leave Liability Fund Subtotal			\$8,438	\$8,438
Total Funding: Wildlife			\$68,220,917	\$69,415,897

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

The following programs are funded within the program series:

- **Program 9.1: Fish Management and Research**
- **Program 9.2: Wildlife Management and Research**
- **Program 9.3: Wildlife Education, Law, and Support**

Fish Management and Research

Program Description: This program works to preserve, protect, promote and enhance Ohio's aquatic wildlife and their habitats through the operation of fish hatcheries, maintaining boating and fishing access and maintaining aquatic resources on lakes, rivers, and streams. This program will fund 99 FTEs in FY 2008 and 95 FTEs in FY 2009.

Funding Source: Fishing and hunting licenses, federal excise tax on hunting equipment, tax check-off revenue, license plate dollars, federal grants, donations, mitigation settlements, 1/8 of 1% of the gas tax, and GRF

Implication of the Budget: The budget will allow the Division to maintain current staffing and service levels.

Wildlife Management and Research

Program Description: The Wildlife Management and Research program is responsible for managing all wildlife, assisting landowners with habitat improvements, managing land for wildlife and wildlife-oriented recreation, and conducting research to be used in improving wildlife populations.

Funding Source: Fishing and hunting licenses, federal excise tax on hunting equipment, timber sales, wetland habitat stamp sales, wetland mitigations, donations, tax check-off, license plate dollars, and grants

Implication of the Budget: The budget will allow current programs, services, and staff levels to remain the same and allow the Department to cover contractual pay increases, meet existing grant obligations, and purchase land.

Wildlife Education, Law, and Support

Program Description: This program enforces wildlife laws statewide to protect Ohio's fish and wildlife resources. The program issues hunting and fishing licenses, inspects licensing agents and vendors, provides hunter education courses and media releases. Over the biennium, 252 FTEs will be funded in FY 2008 and 241 FTEs will be funded in FY 2009.

Funding Source: Fishing and hunting licenses, federal excise tax on hunting equipment, timber sales, wetland habitat stamp sales, wetland mitigations, donations, tax check-off, license plate dollars, and grants

Implication of the Budget: The budget will maintain existing service and staffing levels as well as fund contractual pay increases, pay the Division's share of the Department's central support charges, and make necessary repairs to Division residences.

Program Series**10: Natural Areas and Preserves**

Purpose: This program series is responsible for the management, acquisition, and protection of Ohio's most pristine natural areas and endangered species.

The following table shows the line items that are used to fund the Natural Areas and Preserves program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	741-321	Division of Natural Areas and Preserves	\$3,220,000	\$3,050,000
General Revenue Fund Subtotal			\$3,220,000	\$3,050,000
State Special Revenue Fund				
522	725-656	Natural Areas Check-Off Funds	\$1,550,670	\$1,550,670
4U6	725-668	Scenic Rivers Protection	\$407,100	\$407,100
State Special Revenue Fund Subtotal			\$1,957,770	\$1,957,770
General Services Fund				
155	725-601	Departmental Projects	\$222,184*	\$222,184*
508	725-684	Natural Resources Publication Center	\$10,000*	\$10,000*
510	725-631	Maintenance-State Owned Residences	\$30,000*	\$30,000*
General Services Fund Subtotal			\$262,184	\$262,184
Federal Special Revenue Fund				
3P0	725-630	Natural Areas & Preserves -Fed	\$215,000	\$215,000
Federal Special Revenue Subtotal			\$215,000	\$215,000
Total Funding: Natural Areas and Preserves			\$5,654,954	\$5,484,954

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

This analysis focuses on the following specific programs within the Natural Areas and Preserves program series:

- **Program 10.01: Natural Areas and Preserves**
- **Program 10.02: Ohio Scenic Rivers**
- **Program 10.03: Ohio Natural Heritage**
- **Program 10.04: Natural Areas Program Support**

Natural Areas and Preserves

Program Description: This program administers a statewide system of nature preserves and acquires, dedicates and accepts donations of public and privately owned lands as nature preserves. The program will employ 26.5 FTEs in FY 2008 and 26.5 FTEs in FY 2009.

Funding Source: GRF, grants, publications, housing leases, and tax check-off funds

Implication of the Budget: The budget will allow the Division to continue developing management plans for new preserves, develop and maintain eco-management plans, work with landowners to provide technical assistance, conduct prescribed burns, and partner with other agencies for assistance with site management.

Ohio Scenic Rivers

Program Description: This program is responsible for administering Ohio's Scenic Rivers Program. The program works with local communities, landowners, conservation organizations, business and industry to protect Ohio's remaining high quality and biological diverse stream systems. This program will fund 9 FTEs in FY 2008 and 8 FTEs in FY 2009.

Funding Source: GRF and other funds

Implication of the Budget: The budget will allow the Division to continue to conserve local river resources, improve watershed protection, complete restoration work along streams, and implement the Ohio Stream Quality Monitoring Program.

Ohio Natural Heritage

Program Description: This program provides a comprehensive database of information on rare and endangered plants and animals, outstanding natural communities, and special geological features in the state. This database is known as the Heritage database. Additionally, the program prepares and maintains surveys and inventories of both natural areas and rare species and adopts criteria for listing and compiles the official list of plants that are threatened or endangered in Ohio. Over the biennium, this program will fund approximately 7 FTEs.

Funding Source: GRF, income from external data requests, tax check-off funds

Implication of the Budget: The budget will maintain current service and staffing levels and allow for the production of the Ohio Rare Plants Status List, sponsorship of the annual Botanical Symposium, updates to database records, and continued education presentations and publications on invasive plant species.

Natural Areas Program Support

Program Description: This program provides the program guidance and leadership for the Division. Support functions include real estate transactions, publications, media contacts, human resources, purchasing, fiscal managements, labor relations, public inquiries, etc.

Funding Source: GRF, grant funding

Implication of the Budget: The budget will maintain current service and staffing levels for the Natural Areas Program Support program as well as allow for the implementation of the Ohio Cave Program to preserve and protect unique cave geologic formations.

Program Series**11: Mineral Resource Management**

Purpose: The mission of the Division of Mineral Resources Management is to protect public health, safety, and the environment from the effects of present mining, remedy the adverse effects of past mining, and provide for the orderly development of oil and gas resources.

The following table shows the line items that are used to fund the Mineral Resource Management program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	744-321	Division of Mineral Resources Management	\$3,068,167	\$3,068,167
General Revenue Fund Subtotal			\$3,068,167	\$3,068,167
State Special Revenue Fund				
4J2	725-628	Injection Well Review	2,770*	\$2,870*
5B3	725-674	Mining Regulation	\$28,850	\$28,850
518	725-643	Oil and Gas Permit Fees	\$2,574,378	\$2,586,568
518	725-677	Oil and Gas Well Plugging	\$800,000	\$800,000
526	725-610	Strip Mining Administrative Fees	\$1,932,491	\$1,903,871
527	725-637	Surface Mining Administration	\$1,852,842	\$1,916,591
529	725-639	Un-reclaimed Land Fund	\$2,892,516	\$2,024,257
531	725-648	Reclamation Forfeiture	\$2,062,234	\$2,062,237
State Special Revenue Fund Subtotal			\$12,146,081	\$11,325,244
General Services Fund				
508	725-684	Natural Resources Publication Center	\$247*	\$0*
General Services Fund Subtotal			\$247	\$0
Holding Account Redistribution Fund				
R17	725-659	Performance Cash Bond Refunds	\$149,263*	\$149,263*
Holding Account Redistribution Fund Subtotal			\$149,263	\$149,263
Federal Special Revenue Fund				
3B5	725-645	Federal Abandoned Mine Lands	\$14,307,664	\$14,307,667
3B7	725-654	Reclamation - Regulatory	\$2,107,291	\$2,107,292
3P2	725-642	Oil and Gas - Federal	\$226,961	\$234,509
3R5	725-673	Acid Mine Drainage Abatement/Treatment	\$1,999,998	\$2,025,001
332	725-669	Federal Mine Safety Grant	\$258,102	\$258,102
Federal Special Revenue Fund Subtotal			\$18,900,016	\$18,932,571
Total Funding: Mineral Resource Management			\$34,263,774	\$33,475,245

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

The following specific programs are included within the program series:

- **Program 11.1: Minerals Regulatory**
- **Program 11.2: Industrial Minerals Regulatory Program**
- **Program 11.3: Oil and Gas Well Regulation and Plugging Program**
- **Program 11.4: Mineral Resource Program Support**

Minerals Regulatory

Program Description: This program provides for enforcement, inspection, regulation, permitting and application review regarding the extraction of coal, industrial minerals, and oil and gas. Specifically, this program assists in the plugging of orphan wells, reviews applications for permits to surface mine and underground mine; conducts field inspections; and coordinates efforts with several state and federal agencies. In FY 2008, this program will fund 74.38 FTEs and 78.20 FTEs in FY 2009

Funding Source: Mineral and coal mining severance tax revenue, fees, fines and penalties, GRF (to plug orphan wells), grants, permit fees, and bond refund revenue

Implication of the Budget: The budget will allow the Division to conduct timely review of permits, verify the accurate deposit and release of bonds, respond to complaints and information requests, provide field inspections and field training, and maintain online services.

Mine Safety (Rescue, Training, Enforcements)

Program Description: The Mine Safety Program works to promote safe mining practices by: inspecting surface and underground mines to provide safety consultations and enforce work safety laws; providing federally mandated mine safety training; providing emergency rescuer services; testing and certifying mine foremen and blasters; and providing air quality analyses of mines.

Funding Source: GRF, federal grants, and cross fund utilization

Implication of the Budget: The budget will provide the necessary funding for adequate training, testing, and mine rescue services. It is uncertain whether budgeted funds will allow for the purchase of hand held air quality monitors, new communications equipment, and oxygen pumps desired by the Department.

Abandoned Mine Lands

Program Description: This program works to develop, design, and oversee reclamation projects to reclaim mine impacted lands and restore aquatic ecosystems in mining impaired streams. Programs are focused on engineering, geotechnical, environmental, wildlife enhancement, reforestation, and archeological aspects of reclamation. This program will support 48.38 FTEs in FY 2008 and 49.38 FTEs in FY 2009.

Funding Source: Federal funds and severance tax revenues

Implication of the Budget: The budget provides an additional \$2.26 million in FY 2008 and \$1.3 million in FY 2009 in appropriation item 725-639, Unreclaimed Land Fund, due to severance tax changes and mining law changes enacted in Am. Sub. H.B. 443 from the 126th General Assembly. Enacted funding levels will also allow for ongoing support for engineering services, developing plans to reclaim high priority sites, ensuring full expenditure of federal grant money, and responding to citizen complaints.

Mineral Resources Program Support

Program Description: This program provides administrative, fiscal, human resources, information technology, fleet, asset management, facilities, and general operations support for the all the

sections in the Division of Mineral Resources Management. These support services will be provided with approximately 19 FTEs in each fiscal year of the biennium.

Funding Source: GRF (to plug orphan wells), federal grant funds, permit fees, severance tax revenues, acreage fees, and bond refund revenue

Implication of the Budget: The budget will maintain existing service levels and allow the Division to provide guidance for the Turnaround Ohio Clean Energy Initiative for underground carbon sequestration and coal bed methane production.

Program Series**12: Program Management**

Purpose: This program series provides the administrative direction of the agency and provides centralized support functions and services for coordinated operations and ultimately program success.

The following table shows the line items that are used to fund the Program Management program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	725-404	Fountain Square Rental Payments-OBA	\$1,094,900	\$1,081,200
GRF	725-413	OPFC Rental Payments	\$19,589,400	\$18,316,200
GRF	725-903	Natural Resources G.O. Debt Service	\$24,713,800	\$25,723,000
GRF	729-321	Office of Information Technology	\$440,895	\$440,895
GRF	736-321	Division of Engineering	\$3,118,703	\$3,118,703
General Revenue Fund Subtotal			\$48,957,698	\$48,679,998
General Services Fund				
155	725-601	Departmental Projects	\$65,000*	\$65,000*
508	725-684	Natural Resources Publication Center	\$40,000*	\$40,000*
157	725-651	Central Support Indirect	\$6,228,950	\$6,528,675
204	725-687	Information Services	\$4,676,627	\$4,676,627
4X8	725-662	Water Resources Council	\$125,000	\$125,000
227	725-406	Parks Projects Personnel	\$110,000	\$110,000
4S9	725-622	NatureWorks Personnel	\$401,026*	\$401,026*
223	725-665	Law Enforcement Administration	\$2,230,485	\$2,358,307
635	725-664	Fountain Square Facilities Maintenance	\$532,848*	\$553,411*
General Services Fund Subtotal			\$14,409,936	\$14,858,046
Federal Special Revenue Fund				
3B3	725-640	Federal Forest Pass-Thru	\$225,000	\$225,000
3B4	725-641	Federal Flood Pass-Thru	\$490,000	\$490,000
Federal Special Revenue Subtotal			\$715,000	\$715,000
Total Funding: Program Management			\$64,082,634	\$64,253,044

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

The following are parts of the Program Management series:

- **Program 12.01: Natural Resources Program Support**
- **Program 12.02: Engineering**
- **Program 12.03: Law Enforcement**

Natural Resources Program Support

Program Description: This program series provides the administrative leadership of the agency and provides centralized support functions for the central office. The goals of the program are to ensure the goals of the Governor, the legislature and the Ohio Revised Code are carried out in all divisions and activities of the Department. In both FY 2008 and FY 2009, 91 FTEs will be funded under this program.

Funding Source: Direct and indirect charge backs to the divisions that are served.

Implication of the Budget: The amount appropriated in FY 2009 is about \$200,000 below the needed amount to cover payroll increases, collective bargaining agreements, and fringe benefit agreements in that year. This may result in fewer funds being allocated for equipment and IT services.

Engineering

Program Description: The Engineering program provides all aspects of the Department's construction projects and capital improvements program. The Office of Engineering has the lead role in preparing and managing the Department's six-year capital improvements plan and biennial capital budget request. It also provides technical support for facility and water/wastewater system operations. The program's staffing levels in FY 2008 will be 30.5 FTEs and 29.5 FTEs in FY 2009.

Funding Source: GRF and fund transfers; capital dollars provided in the capital appropriations budget

Implication of the Budget: The budget will provide the funding to hire an entry level project manager position that would oversee capital improvement projects and support completion of minor new construction and maintenance projects. The Division will continue to manage roughly 20-25 capital improvement projects totaling \$15 to \$20 million, as well as respond to numerous work requests, land surveying requests, and make various site visits to water and wastewater facilities operated by DNR.

Law Enforcement

Program Description: This program coordinates all aspects of the Department's law enforcement responsibilities including the security of the Fountain Square Complex. The program is also responsible for the agency's management and operation of the Multi-Agency Radio and Communications System (MARCS) and manages the agency's response to disasters and homeland security activities. In FY 2008 and FY 2009, 35 FTEs and 34 FTEs will be funded, respectively.

Funding Source: Direct charge back systems for MARCS radio units, rental rates for Fountain Square offices, and federal grants

Implication of the Budget: The budget will maintain current service levels and allow the Department to upgrade security at DNR Headquarters and provide 24-7 security operations. The budget will also support current MARCS dispatchers.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency **FY 2007 Adj.**
FY 2008
% Change
FY 2009
% Change
FY 2005: **FY 2006: Appropriations:** **Appropriations:** **2007 to 2008:** **Appropriations:** **2008 to 2009:**

Report For: Main Operating Appropriations Bill

Version: Enacted

DNR Natural Resources, Department of

Agency	Line Item	Description	FY 2005	FY 2006	FY 2007 Adj.	FY 2008	% Change	FY 2009	% Change
GRF	725-401	Wildlife-GRF Central Support	----	\$ 1,315,000	\$ 1,365,000	\$ 2,705,950	98.24%	\$ 2,800,930	3.51%
GRF	725-404	Fountain Square Rental Payments - OBA	\$ 1,018,864	\$ 1,018,945	\$ 1,092,000	\$ 1,094,900	0.27%	\$ 1,081,200	-1.25%
GRF	725-407	Conservation Reserve Enhancement Program	\$ 1,145,625	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
GRF	725-412	Reclamation Commission	\$ 54,472	----	\$ 0	----	N/A	----	N/A
GRF	725-413	Lease Rental Payments	\$ 16,533,053	\$ 18,521,462	\$ 20,962,800	\$ 19,589,400	-6.55%	\$ 18,316,200	-6.50%
GRF	725-423	Stream & Groundwater Gauging	\$ 311,910	\$ 311,134	\$ 311,910	\$ 311,910	0.00%	\$ 311,910	0.00%
GRF	725-425	Wildlife License Reimbursement	\$ 646,319	\$ 646,319	\$ 646,319	\$ 500,000	-22.64%	\$ 400,000	-20.00%
GRF	725-456	Canal Lands	\$ 332,859	\$ 332,859	\$ 332,859	\$ 332,859	0.00%	\$ 332,859	0.00%
GRF	725-502	Soil and Water Districts	\$ 10,654,572	\$ 9,836,436	\$ 9,836,436	\$ 12,237,420	24.41%	\$ 12,895,791	5.38%
GRF	725-903	Natural Resources General Obligation Debt Service	\$ 23,399,025	\$ 25,359,756	\$ 24,359,100	\$ 24,713,800	1.46%	\$ 25,723,000	4.08%
GRF	727-321	Division of Forestry	\$ 8,596,825	\$ 8,241,511	\$ 8,541,511	\$ 8,541,511	0.00%	\$ 8,541,511	0.00%
GRF	728-321	Division of Geological Survey	\$ 1,552,209	\$ 1,729,222	\$ 1,630,000	\$ 1,799,222	10.38%	\$ 1,825,150	1.44%
GRF	729-321	Office of Information Technology	\$ 397,119	\$ 378,365	\$ 440,895	\$ 440,895	0.00%	\$ 440,895	0.00%
GRF	730-321	Division of Parks and Recreation	\$ 35,850,223	\$ 37,858,103	\$ 39,874,841	\$ 39,874,841	0.00%	\$ 39,874,841	0.00%
GRF	731-321	Office of Coastal Management	\$ 291,073	\$ 259,312	\$ 259,707	----	N/A	----	N/A
GRF	733-321	Division of Water	\$ 3,206,699	\$ 3,257,095	\$ 3,207,619	\$ 3,207,619	0.00%	\$ 3,257,619	1.56%
GRF	736-321	Division of Engineering	\$ 3,307,038	\$ 2,842,333	\$ 3,118,703	\$ 3,118,703	0.00%	\$ 3,118,703	0.00%
GRF	737-321	Division of Soil and Water	\$ 4,227,994	\$ 4,087,941	\$ 4,074,788	\$ 4,074,788	0.00%	\$ 4,074,788	0.00%
GRF	738-321	Division of Real Estate and Land Management	\$ 2,323,455	\$ 2,336,312	\$ 2,291,873	\$ 2,291,874	0.00%	\$ 2,291,874	0.00%
GRF	741-321	Division of Natural Areas and Preserves	\$ 2,994,722	\$ 2,909,287	\$ 3,009,505	\$ 3,220,000	6.99%	\$ 3,050,000	-5.28%
GRF	744-321	Division of Mineral Resources Management	\$ 3,118,258	\$ 2,773,014	\$ 3,068,167	\$ 3,068,167	0.00%	\$ 3,068,167	0.00%
General Revenue Fund Total			\$ 119,962,312	\$ 125,014,405	\$ 129,424,033	\$ 132,123,859	2.09%	\$ 132,405,438	0.21%
155	725-601	Departmental Projects	\$ 3,876,900	\$ 2,599,444	\$ 3,011,726	\$ 2,259,402	-24.98%	\$ 2,260,021	0.03%
157	725-651	Central Support Indirect	\$ 7,724,430	\$ 5,710,811	\$ 6,528,675	\$ 6,228,950	-4.59%	\$ 6,528,675	4.81%
161	725-635	Parks Facilities Maintenance	\$ 1,574,747	\$ 410,747	\$ 0	\$ 0	N/A	\$ 0	N/A
204	725-687	Information Services	\$ 3,082,349	\$ 4,224,877	\$ 4,676,627	\$ 4,676,627	0.00%	\$ 4,676,627	0.00%
206	725-689	REALM Support Services	\$ 334,055	\$ 364,907	\$ 350,000	\$ 0	-100.00%	\$ 0	N/A
207	725-690	Real Estate Services	\$ 37,707	\$ 23,144	\$ 64,000	\$ 64,000	0.00%	\$ 64,000	0.00%
223	725-665	Law Enforcement Administration	\$ 1,186,444	\$ 3,821,967	\$ 3,101,184	\$ 2,230,485	-28.08%	\$ 2,358,307	5.73%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
DNR Natural Resources, Department of									
227	725-406	Parks Projects Personnel	---	\$ 143,227	\$ 110,000	\$ 110,000	0.00%	\$ 110,000	0.00%
430	725-671	Canal Lands	\$ 887,361	\$ 900,047	\$ 950,082	\$ 1,150,082	21.05%	\$ 1,150,082	0.00%
4D5	725-618	Recycled Materials	\$ 59,215	\$ 58,182	\$ 50,000	\$ 50,000	0.00%	\$ 50,000	0.00%
4S9	725-622	NatureWorks Personnel	\$ 564,496	\$ 398,814	\$ 307,648	\$ 525,000	70.65%	\$ 525,000	0.00%
4X8	725-662	Water Resources Council	\$ 78,227	\$ 107,814	\$ 251,000	\$ 125,000	-50.20%	\$ 125,000	0.00%
508	725-684	Natural Resources Publications	\$ 131,825	\$ 221,713	\$ 157,792	\$ 148,527	-5.87%	\$ 148,280	-0.17%
510	725-631	Maintenance - State-owned Residences	\$ 256,928	\$ 218,711	\$ 442,238	\$ 353,611	-20.04%	\$ 303,611	-14.14%
516	725-620	Water Management	\$ 2,310,399	\$ 2,410,647	\$ 2,459,120	\$ 2,913,618	18.48%	\$ 2,931,513	0.61%
635	725-664	Fountain Square Facilities Management	\$ 3,342,586	\$ 3,311,184	\$ 3,340,223	\$ 3,609,835	8.07%	\$ 3,640,398	0.85%
697	725-670	Submerged Lands	\$ 406,829	\$ 712,380	\$ 732,010	\$ 751,342	2.64%	\$ 772,011	2.75%
General Services Fund Group Total			\$ 25,854,500	\$ 25,638,617	\$ 26,532,325	\$ 25,196,479	-5.03%	\$ 25,643,525	1.77%
328	725-603	Forestry Federal	\$ 2,529,201	\$ 2,125,276	\$ 2,928,098	\$ 0	-100.00%	\$ 0	N/A
332	725-669	Federal Mine Safety Grant	\$ 263,607	\$ 252,687	\$ 258,102	\$ 258,102	0.00%	\$ 258,102	0.00%
3B3	725-640	Federal Forest Pass-Thru	\$ 106,710	\$ 140,242	\$ 150,000	\$ 225,000	50.00%	\$ 225,000	0.00%
3B4	725-641	Federal Flood Pass-Thru	\$ 334,454	\$ 346,568	\$ 350,000	\$ 490,000	40.00%	\$ 490,000	0.00%
3B5	725-645	Federal Abandoned Mine Lands	\$ 9,672,619	\$ 11,056,649	\$ 14,307,666	\$ 14,307,664	0.00%	\$ 14,307,667	0.00%
3B6	725-653	Federal Land and Water Conservation Grants	\$ 2,132,305	\$ 892,860	\$ 2,000,000	\$ 2,000,000	0.00%	\$ 2,000,000	0.00%
3B7	725-654	Reclamation - Regulatory	\$ 2,093,503	\$ 2,036,367	\$ 2,107,291	\$ 2,107,291	0.00%	\$ 2,107,292	0.00%
3P0	725-630	Natural Areas and Preserves- Federal	\$ 357,072	\$ 14,012	\$ 30,000	\$ 215,000	616.67%	\$ 215,000	0.00%
3P1	725-632	Geological Survey-Federal	\$ 895,125	\$ 593,290	\$ 602,773	\$ 655,000	8.66%	\$ 720,000	9.92%
3P2	725-642	Oil and Gas-Federal	\$ 232,667	\$ 258,116	\$ 252,000	\$ 226,961	-9.94%	\$ 234,509	3.33%
3P3	725-650	Coastal Management Federal	\$ 1,540,275	\$ 2,415,115	\$ 2,602,949	\$ 2,643,323	1.55%	\$ 1,691,237	-36.02%
3P4	725-660	Water-Federal	\$ 371,862	\$ 317,313	\$ 420,525	\$ 316,304	-24.78%	\$ 316,734	0.14%
3R5	725-673	Acid Mine Drainage Abatement/Treatment	\$ 1,644,082	\$ 1,174,223	\$ 2,225,000	\$ 1,999,998	-10.11%	\$ 2,025,001	1.25%
3Z5	725-657	REALM - Federal	\$ 1,273,092	\$ 652,762	\$ 1,578,871	\$ 1,850,000	17.17%	\$ 1,850,000	0.00%
Federal Special Revenue Fund Group Total			\$ 23,446,573	\$ 22,275,481	\$ 29,813,275	\$ 27,294,643	-8.45%	\$ 26,440,542	-3.13%
4J2	725-628	Injection Well Review	\$ 34,726	\$ 29,688	\$ 79,957	\$ 67,578	-15.48%	\$ 68,933	2.01%
4M7	725-631	Wildfire Suppression	\$ 45,526	\$ 92,972	\$ 0	\$ 70,000	N/A	\$ 0	-100.00%
4M7	725-686	Wildfire Suppression	---	---	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
4U6	725-668	Scenic Rivers Protection	\$ 125,453	\$ 212,739	\$ 407,100	\$ 407,100	0.00%	\$ 407,100	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>DNR Natural Resources, Department of</i>									
509	725-602	State Forest	\$ 1,679,102	\$ 739,588	\$ 4,046,172	\$ 5,070,946	25.33%	\$ 5,211,924	2.78%
511	725-646	Ohio Geological Mapping	\$ 417,215	\$ 303,469	\$ 549,310	\$ 815,179	48.40%	\$ 724,310	-11.15%
512	725-605	State Parks Operations	\$ 28,360,104	\$ 24,516,532	\$ 26,814,288	\$ 27,314,288	1.86%	\$ 27,314,288	0.00%
512	725-680	Parks Facilities Maintenance	----	\$ 1,738,864	\$ 2,576,240	\$ 2,576,240	0.00%	\$ 2,576,240	0.00%
514	725-606	Lake Erie Shoreline	\$ 775,173	\$ 611,669	\$ 941,663	\$ 917,113	-2.61%	\$ 757,113	-17.45%
518	725-643	Oil & Gas Permit Fees	\$ 2,381,163	\$ 3,013,321	\$ 2,432,053	\$ 2,574,378	5.85%	\$ 2,586,568	0.47%
518	725-677	Oil & Gas Well Plugging	\$ 860,737	\$ 782,348	\$ 902,325	\$ 800,000	-11.34%	\$ 800,000	0.00%
521	725-627	Off-Road Vehicle Trails	\$ 189,180	\$ 41,911	\$ 143,490	\$ 198,490	38.33%	\$ 143,490	-27.71%
522	725-656	Natural Areas and Preserves	\$ 826,170	\$ 604,670	\$ 1,550,670	\$ 1,550,670	0.00%	\$ 1,550,670	0.00%
526	725-610	Strip Mining Administration Fee	\$ 5,130,663	\$ 1,924,453	\$ 1,932,492	\$ 1,932,491	0.00%	\$ 1,903,871	-1.48%
527	725-637	Surface Mining Administration	\$ 2,376,581	\$ 863,330	\$ 2,322,702	\$ 1,852,842	-20.23%	\$ 1,946,591	5.06%
529	725-639	Unreclaimed Land Fund	\$ 713,732	\$ 740,566	\$ 631,257	\$ 2,892,516	358.22%	\$ 2,024,257	-30.02%
531	725-648	Reclamation Forfeiture	\$ 2,217,481	\$ 1,554,241	\$ 2,062,237	\$ 2,062,234	0.00%	\$ 2,062,237	0.00%
532	725-644	Litter Control and Recycling	\$ 11,539,906	\$ 2,805,047	\$ 7,099,999	\$ 6,280,681	-11.54%	\$ 6,280,681	0.00%
586	725-633	Scrap Tire Program	\$ 1,254,978	\$ 286,173	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
5B3	725-674	Mining Regulation	\$ 14,505	\$ 6,514	\$ 28,850	\$ 28,850	0.00%	\$ 28,850	0.00%
5BV	725-683	Soil and Water Districts	----	\$ 1,276,591	\$ 1,850,000	\$ 1,850,000	0.00%	\$ 1,850,000	0.00%
5K1	725-626	Urban Forestry Grant	\$ 206,447	\$ 121,403	\$ 10,000	\$ 10,000	0.00%	\$ 12,000	20.00%
5P2	725-634	Wildlife Boater Angler Administration	\$ 889,504	\$ 3,356,008	\$ 4,350,000	\$ 3,500,000	-19.54%	\$ 3,500,000	0.00%
615	725-661	Dam Safety	\$ 427,886	\$ 337,574	\$ 548,223	\$ 548,223	0.00%	\$ 595,416	8.61%
655	725-667	Lake Katherine Management	----	\$ 72,702	\$ 0	----	N/A	----	N/A
State Special Revenue Fund Group Total			\$ 60,466,231	\$ 46,032,374	\$ 62,379,028	\$ 64,419,819	3.27%	\$ 63,444,539	-1.51%
086	725-414	Waterways Improvement	\$ 3,747,141	\$ 3,715,655	\$ 3,792,343	\$ 3,925,075	3.50%	\$ 4,062,452	3.50%
086	725-418	Buoy Placement	\$ 52,647	\$ 49,655	\$ 52,182	\$ 52,182	0.00%	\$ 52,182	0.00%
086	725-501	Waterway Safety Grants	\$ 65,580	\$ 65,580	\$ 137,867	\$ 137,867	0.00%	\$ 137,867	0.00%
086	725-506	Watercraft Marine Patrol	\$ 541,453	\$ 575,244	\$ 576,153	\$ 576,153	0.00%	\$ 576,153	0.00%
086	725-513	Watercraft Educational Grants	\$ 373,257	\$ 345,674	\$ 366,643	\$ 366,643	0.00%	\$ 366,643	0.00%
086	739-401	Division of Watercraft	\$ 16,008,975	\$ 15,549,755	\$ 20,086,681	\$ 19,626,681	-2.29%	\$ 20,166,681	2.75%
5AW	725-682	Watercraft Revolving Loans	----	----	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
Waterways Safety Fund Group Total			\$ 20,789,053	\$ 20,301,563	\$ 26,011,869	\$ 25,684,601	-1.26%	\$ 26,361,978	2.64%
4M8	725-675	FOP Contract	\$ 9,756	\$ 19,895	\$ 37,844	\$ 20,844	-44.92%	\$ 20,844	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>DNR Natural Resources, Department of</i>									
Accrued Leave Liability Fund Group Total			\$ 9,756	\$ 19,895	\$ 37,844	\$ 20,844	-44.92%	\$ 20,844	0.00%
015	740-401	Division of Wildlife Conservation	\$ 47,410,426	\$ 47,354,516	\$ 58,025,549	\$ 53,706,000	-7.44%	\$ 54,906,000	2.23%
815	725-636	Cooperative Management Projects	\$ 100,082	\$ 128,193	\$ 120,449	\$ 120,449	0.00%	\$ 120,449	0.00%
816	725-649	Wetlands Habitat	\$ 1,299,187	\$ 904,812	\$ 966,886	\$ 966,885	0.00%	\$ 966,885	0.00%
817	725-655	Wildlife Conservation Checkoff Fund	\$ 3,606,495	\$ 3,056,235	\$ 5,000,000	\$ 5,000,000	0.00%	\$ 5,000,000	0.00%
818	725-629	Cooperative Fisheries Research	\$ 996,852	\$ 1,178,565	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
819	725-685	Ohio River Management	\$ 38,112	\$ 50,272	\$ 128,584	\$ 128,584	0.00%	\$ 128,584	0.00%
81B	725-688	Wildlife Habitat Fund	----	----	\$ 1,065,308	\$ 0	-100.00%	\$ 0	N/A
Wildlife Fund Group Total			\$ 53,451,155	\$ 52,672,592	\$ 66,806,776	\$ 61,421,918	-8.06%	\$ 62,621,918	1.95%
R17	725-659	Performance Cash Bond Refunds	\$ 217,398	\$ 155,047	\$ 374,263	\$ 279,263	-25.38%	\$ 279,263	0.00%
R43	725-624	Forestry	\$ 1,809,745	\$ 966,593	\$ 2,000,000	\$ 1,950,188	-2.49%	\$ 2,007,977	2.96%
Holding Account Redistribution Fund Group Total			\$ 2,027,142	\$ 1,121,639	\$ 2,374,263	\$ 2,229,451	-6.10%	\$ 2,287,240	2.59%
061	725-405	Clean Ohio Operating	\$ 133,835	\$ 100,250	\$ 155,000	\$ 155,000	0.00%	\$ 155,000	0.00%
Clean Ohio Conservation Fund Total			\$ 133,835	\$ 100,250	\$ 155,000	\$ 155,000	0.00%	\$ 155,000	0.00%
<i>Natural Resources, Department of Total</i>			\$ 306,140,557	\$ 293,176,815	\$ 343,534,413	\$ 338,546,614	-1.45%	\$ 339,381,024	0.25%

Petroleum Underground Storage Tank Release Compensation Board

Jonathan Lee, Senior Budget Analyst

- No GRF funding
- To date, more than \$165 million has been disbursed for the reimbursement of corrective action costs

OVERVIEW

Duties and Responsibilities

The Petroleum Underground Storage Tank Release Compensation Board (PUSTRCB) was established in July 1989 in response to the 1984 federally mandated requirements established in Subtitle I of the Resource Conservation and Recovery Act (RCRA).

The Board consists of nine members appointed by the Governor, with the State Treasurer and the directors of the Department of Commerce and the Ohio Environmental Protection Agency serving as ex-officio members. The Board has an administrative staff of 16 full-time employees.

The Board serves Ohio's underground storage tank (UST) owners and operators through administration of the Financial Assurance Fund (Fund 691). The fund provides a mechanism for all UST owners and operators to meet United States Environmental Protection Agency (USEPA) regulations requiring them to demonstrate financial responsibility to pay for costs of corrective actions and/or third-party liability for property damage or bodily injury caused by an accidental release of petroleum from regulated USTs. The Fund assures UST owners reimbursement of up to \$1 million, minus a deductible, for necessary corrective actions. Effective in FY 2007, UST owners are charged an annual per-tank fee of \$600 for a standard \$55,000 deductible. Owners of six or fewer USTs pay an additional \$200 per tank for a reduced \$11,000 deductible. These fees are estimated to generate approximately \$14.6 million in annual revenue to Fund 691.

To date, the FAF assures approximately 3,500 UST owners and 22,200 USTs. Also, UST owners have been reimbursed over \$165 million for costs related to clean-up of petroleum contamination at more than 2,400 facilities located across Ohio.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
26	\$1,116,658	\$1,169,181	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. Total includes all full-time employees (16), part-time employees (1), and board members (9).

The budget provides funding of \$1,116,658 in FY 2008, the same as the FY 2007 adjusted appropriation. The budgeted amount for FY 2009 is \$1,169,181, or 4.7% above FY 2008 levels.

ANALYSIS OF THE BUDGET

Single Program Series Petroleum Underground Storage Tank Release Compensation Board

Purpose: The Petroleum Underground Storage Tank Release Compensation Board provides a low cost mechanism for owners of Ohio's underground storage tanks (UST) to comply with the United States Environmental Protection Agency's regulations.

The following table shows the line item that is used to fund the Petroleum Underground Storage Tank Release Compensation Board, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
Agency Fund Group				
691	810-632	PUSTRCB Staff	\$1,116,658	\$1,169,181
Agency Fund Group Subtotal			\$1,116,658	\$1,169,181
Total Funding: Petroleum Underground Storage Tank Release Compensation Board			\$1,116,658	\$1,169,181

Funding for the Petroleum Underground Storage Tank Release Compensation Board supports the following two programs:

- **Program 1.01: Reporting and Compliance**
- **Program 1.02: Eligibility and Reimbursement Determination**

Reporting and Compliance

Program Description: This program handles all the administrative responsibilities to ensure Ohio's UST owners are well informed and in compliance with federal financial responsibility requirements and the rules of the Board and the State Fire Marshal. Staff members in this program determine UST owners' rights to a Certificate of Financial Assurance Coverage and provide valid Certificates of Coverage for those owners demonstrating compliance with regulations. Only holders of a valid Certificate of Coverage can be granted eligibility to receive reimbursement of corrective action costs in the event of an accidental petroleum release at an assured site. This program annually issues Certificates of Coverage to more than 3200 owners of about 23,000 petroleum USTs in Ohio.

Funding Source: Fund 691 (a portion of UST fee revenue transferred from the Financial Assurance Fund to Fund 691 for the Board's personnel costs)

Implication of the Budget: The appropriations will cover personnel costs only and allow staff to continue reporting and compliance functions at current levels.

Eligibility and Reimbursement Determination

Program Description: The primary function of the Eligibility and Reimbursement Determination program is to determine who is eligible for reimbursement costs and how much money to grant in the event of an accidental release. For owners to seek reimbursement from the FAF, they must first submit an eligibility application to the Board for review. If an owner is deemed eligible for reimbursement, that owner may then submit a claim reimbursement application. Once the application is reviewed, the Board may reimburse tank owners for the costs of corrective action through two methods: an installment payment and a settlement payment. To date, the Board has received approximately 9,350 applications for reimbursement. About 8,000 of these have been settled or are below the deductible amount and, therefore, review is not required at this time. Applications for reimbursement are at an average of 65 per month.

Funding Source: Fund 691 (a portion of UST fee revenue transferred from the FAF to Fund 691 for the Board's personnel costs)

Implication of the Budget: The appropriations will allow the Board to cover mandated pay increases and increasing health insurance costs while continuing to provide service at the current levels. It will also permit staff to continue to work towards reducing the backlog of applications waiting review, thereby decreasing response times while continuing to manage incoming reimbursement requests.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
UST Petroleum Underground Storage Tank									
691	810-632	PUSTRCB Staff	\$ 971,730	\$ 1,011,189	\$ 1,116,658	\$ 1,116,658	0.00%	\$ 1,169,181	4.70%
Agency Fund Group Total			\$ 971,730	\$ 1,011,189	\$ 1,116,658	\$ 1,116,658	0.00%	\$ 1,169,181	4.70%
Petroleum Underground Storage Tank Total			\$ 971,730	\$ 1,011,189	\$ 1,116,658	\$ 1,116,658	0.00%	\$ 1,169,181	4.70%

Department of Administrative Services

Terry Steele, Budget Analyst

- Consolidation of state printing function in downtown Columbus
- \$20 million transfer from Development for the NextGen broadband network
- State employee payroll deductions no longer part of DAS budget

OVERVIEW

Duties and Responsibilities

The Department of Administrative Services (DAS) is responsible for providing state agencies services pertaining to personnel, equal opportunity, collective bargaining, real estate, information systems, and the procurement of goods and services. A large portion of the agency's operating budget comes from charges that state agencies pay for these services. These fees are deposited into and disbursed from the General Services Fund groups. Rates for DAS services are calculated using a cost pool that includes approved allotments for a fiscal year, adjustment for prior year gains and losses, and operating cash needs.

DAS consists of four divisions, and also the Office of Collective Bargaining, and the Office of Information Technology (OIT). OIT, previously the Computer Services Division, was created by executive order in January 2004. The executive order created the position of State Chief Information Officer, a cabinet level position that oversees OIT. Nevertheless, OIT is housed within DAS and is not a separate state agency.

The **General Services Division** administers the state's procurement system. The Division also houses the State Architect's Office, which oversees the construction, renovation, and management of state facilities. Other responsibilities include printing, mail, fleet management, and records management services for state agencies.

The **Human Resources Division** handles matters related to personnel administration, benefits administration, accounting for accrued leave liability funds, and payroll for agencies. One of its chief concerns is finding ways to manage rising health care costs on behalf of state agencies.

The **Equal Opportunity Division** ensures that minorities and underrepresented populations are fairly considered in the economic and employment opportunities of the state.

The **Administrative Support Division** includes the Director's Office, Quality Services, Legislative Affairs, Employee Services, Communications, Finance, the Central Services Agency, and the Centralized MIS unit.

The **Office of Collective Bargaining** provides for the central administration and negotiation of labor contracts. The office is also responsible for training state agencies in the administration of the collective bargaining contracts.

Lastly, there is the **Office of Information Technology**, which consists of two divisions, the Investment & Governance Division and the Service Delivery Division. Its mission is to optimize the state's information technology infrastructure and provide statewide oversight activities related to information technologies.

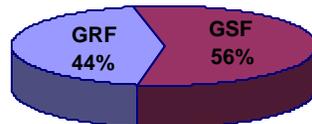
Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
870	\$409.78 million	\$390.02 million	\$177.43 million	\$172.80 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

As the following pie chart shows, DAS's funding comes from two sources: General Services Funds (GSF) and the GRF. The GSF, representing 56% of DAS's total funding, consists of various service charges that DAS assesses state agencies for various centralized human resources, procurement, IT service delivery, and other services. The GRF accounts for 44% of the DAS budget for the biennium. This simplified funding structure is different from past years, when DAS budgets contained payroll

Total FY 2008-2009 Budget by Fund Group



deductions for items such as retirement contributions, health benefits, taxes, and other items for all state employees. These are now budgeted under the Employee Benefits Funds. Also, the current budget reduces from 14 to 7 the number of program series and from 48 to 35 the number of programs supported within those series.

Highlights of the Budget

- Continued integration of the Ohio Administrative Knowledge System (OAKS) system. With this integration, a number of related or interfacing DAS systems must be updated or replaced. DAS received funding for these upgrades as well as a number of other projects to maintain or improve DAS's ability to analyze and control costs.
- Consolidation and move of DAS State Printing to the renovated Lazarus Building in downtown Columbus. Also, DAS is to take over mail and fulfillment services currently within the Department of Job and Family Services.

- Transfer of \$20 million from the Department of Development to DAS for equipment related to the creation of the NextGen broadband network. According to the Governor's July 27, 2007 Executive Order, NextGen will be part of an overall strategy called the Broadband Ohio Network, the goal of which is to expand broadband access to Ohio and reduce costs by consolidating the delivery of electronic data from state agencies to county governments. Once developed, the NextGen component will provide broadband services to state agencies, boards, and commissions.

Vetoed Provisions

The Governor partially vetoed several portions of a provision dealing with the duties and responsibilities of the School Employees Health Care Board. For a detailed discussion of these provisions and how the vetoes affect them, see Program Series 6: State Support Services, under the "Public School Employee Benefits" program, or consult the LSC bill analysis.

ANALYSIS OF THE BUDGET

Program Series

1: General Services

Purpose: The General Services program series consists of seven programs that provide architectural, engineering, construction management services, and project oversight for public improvement projects.

The following table shows the line items that are used to fund the General Services program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	130-321*	State Agency Support Services	\$4,957,707	\$5,289,403
GRF	100-421	OAKS Project Implementation	\$402,005	\$402,005
GRF	100-404	CRP Procurement Program	\$255,000	\$255,000
GRF	100-734	Major Maintenance-State Buildings	\$42,000	\$42,000
General Revenue Fund Subtotal			\$5,656,712	\$5,988,408
General Services Fund				
117	100-644	General Services Division-Operating	\$8,295,772	\$8,540,772
122	100-637	Fleet Management	\$2,182,968	\$2,032,968
130	100-606	Risk Management Reserve	\$2,568,548**	\$2,568,548**
131	100-639	State Architect's Office	\$7,348,483	\$7,544,164
132	100-631	DAS Building Management	\$9,716,228	\$10,166,228
201	100-653	General Services Resale Merchandise	\$1,553,000	\$1,553,000
210	100-612	State Printing	\$5,681,421	\$5,436,421
427	100-602	Investment Recovery	\$5,683,564	\$5,683,564
5C3	100-608	Skilled Trades	\$934,982	\$934,982
General Services Fund Subtotal			\$43,964,966	\$44,460,647
Total Funding: General Services			\$49,621,678	\$50,449,055

* Amount does not reflect total funding because line item is used to fund programs in other program series.

** 100-606, Risk Management Reserve includes funding that was previously appropriated to 100-627, Vehicle Liability Insurance.

The following programs are in the General Services program series:

- **Program 1.01: State Architect**
- **Program 1.02: Procurement Services**
- **Program 1.03: Printing and Document Management Services**
- **Program 1.04: Fleet Management Services**
- **Program 1.05: Risk Management Services**
- **Program 1.06: Property and Facility Management**
- **Program 1.07: General Services Program Management**

State Architect

Program Description: The Office of the State Architect (SAO) provides for the proper management of capital facility development for a large portion of state agencies' capital projects. In addition, the SAO develops and maintains the master contractual requirements for the professional services design contracts, construction management contracts, and the construction contracts used in the development of most state agency's facilities, serves state agencies with guidance and support in the competitive selection of architects, engineers and construction managers, and subsequently negotiates contracts and amendments for their services. The SAO also establishes procedures and policies for effective project management of the state's capital project design and construction management, and maintains a list of pre-approved consultants who are available on short notice to submit proposals for services required by agency customers.

Funding Source: Charges paid by state agencies and universities for assistance with completion of their capital improvement projects and administrative assessments, and General Revenue Funds

Implication of the Budget: Recent budget constraints have caused the State Architect's Office to reduce its staff by 16 positions. During the FY 2006 - 2007 biennium, DAS was able to refill some of these positions. With funding in this budget, DAS is making it a priority to refill an additional four positions. While the budget does not provide funding for all four positions to be filled, it will help alleviate some of the project management overload.

Procurement Services

Program Description: The Procurement Services program, a part of the General Services Division, serves as the central procurement office for the state of Ohio. It establishes contracts for supplies and services required by state agencies for the daily operation of their facilities. Local governments, political subdivisions, and institutions of higher education may also make purchases from these contracts through the Cooperative Purchasing program. The office canvasses all users to these contracts to ascertain the types of supplies and services that will be required and then combines requirements into contracts to take advantage of volume discounts offered by the business community.

Funding Source: General Revenue Fund and administrative assessments

Implication of the Budget: The budget for this program was \$5,586,211 in FY 2008 and \$5,684,540 in FY 2009. This funding level will not allow DAS to add four additional staff to the State Term Schedule (STS) unit to handle an increasing workload in this program area, as the agency had hoped. Although this may cause delays in processing, DAS feels that no other reduction of services will occur.

Printing and Document Management Services

Program Description: The Printing and Document Management Services program seeks to provide state agencies efficient solutions to document needs such as design, creation, duplication, distribution, and archival. The program provides state agencies a procurement program for large printing projects and six print production facilities in the Columbus area. Each procurement action is measured in terms of cost savings using the average of all bids on a project against the awarded bid price. The difference in the two amounts represents the savings from the DAS procurement process. DAS states that the agency's pricing is consistently 30%-50% lower than commercial services for quick copy services. For FYs 2008 - 2009, there is a proposed consolidation of printing services. See below for details.

Funding Source: General Revenue Fund, fees charged to customers for various printing projects

Implication of the Budget: The budget authorizes the relocation of the main operations of the Printing and Document Management Services offices to the renovated Lazarus Building in downtown Columbus. DAS feels this move will provide greater efficiency in the future, as most of the program's clients are located in the downtown Columbus area. Secondly, the budget provides for the consolidation of the Office of Information Technology printing operations to the state printing program. According to DAS this will also lead to greater efficiencies and cost reductions, as DAS can provide this service at a lower cost than if it were performed by the Office of Information Technology. Finally, the budget provides for the consolidation of the Department of Job and Family Services' mail and fulfillment office within DAS. The budget will provide funding for the start-up costs of this transfer. However, DAS has indicated that it will need to go before the Controlling Board in the future for non-GRF State Printing appropriations to cover ongoing costs that were not appropriated in the budget.

Temporary Law Provision

Transfer of Printing Services from the Office of Information Technology (Section 515.06). Merges the printing function of this office with the Department of Administrative Services' main printing operation, beginning in FY 2008. The functions, assets, and liabilities of this office are also transferred to the Department of Administrative Services.

Transfer of Mail and Fulfillment Services from the Department of Job and Family Services to the Department of Administrative Services (Section 515.09). Merges the mail and fulfillment functions of the Department of Job and Family Services to the Department of Administrative Services, beginning in FY 2008. The functions, assets, and liabilities of this office are also transferred to the Department of Administrative Services.

Fleet Management Services

Program Description: The Office of Fleet Management serves almost all state agencies by providing an online fleet program (FleetOhio) that provides vehicle management reports and vehicle inventory data, a review of all requests for the purchase or lease of motor vehicles, and the fleet fuel card system. The FY 2004 - 2005 budget bill increased the authority and scope of the Fleet Management program by charging DAS with the reduction of the number of passenger vehicles by 10%, or 693 vehicles by June 30, 2005. In February 2003, the size of the overall state fleet was 12,563. The office has since successfully reduced the overall fleet by 900 vehicles. This reduction also includes consolidations with agencies utilize small fleets.

Funding Source: Fees charged to customer agencies based upon the number of vehicles for which service is provided, administrative assessment

Implication of the Budget: The FY 2006 - 2007 biennium budget placed several mandates on this program (Fleet Master Lease, Fleet Consolidation, Certified Fleet Manager, University Certification, Alternative Fuel Resource Reporting, and State Rental Vehicle Program). With a budget of \$2,182,968 in FY 2008 and \$2,032,968 in FY 2009, DAS feels that the recommended levels will adequately fund this program.

Risk Management Services

Program Description: The Office of Risk Management is responsible for the administration of the state's self-insured vehicle liability program, the blanket bonding program and the statewide property insurance program. The program seeks to reduce the long-term cost of risk and the uncertainty of potential accidental losses, which may reduce the state's revenue or interrupt services. The program covers over \$5 billion of state-owned building values, encompassing more than 47 million square feet. Over 14,000 state motor vehicles are self-insured. All state employees are served under this program and covered under the public employee dishonesty/crime policy.

Funding Source: Fees charged to customer agencies based on coverage provided

Implication of the Budget: The budget for this program is \$2,568,548 in both FY 2008 and FY 2009, amounts that will adequately fund this program over the next biennium.

Temporary Law Provision

Elimination of the Vehicle Liability Fund Assets (Section 207.10.70). Requires the abolishment of the Vehicle Liability Fund (Fund 127), and the transfer of its functions, assets, and liabilities to the Risk Management Reserve Fund (Fund 130), effective July 1, 2007.

Transfer of Vehicle Liability Fund Assets (Section 207.10.80). Authorizes the Director of Budget and Management, on or after July 1, 2007, to take all actions needed to transfer the assets of the Vehicle Liability Fund (Fund 127), to the Risk Management Reserve Fund (Fund 130).

Property and Facilities Management

Program Description: The Office of Property and Facilities Management consists of four integrated program sections: Real Estate, State and Federal Surplus, Facilities Management (which also includes services provided by the Skilled Trades Unit), and Safety and Security. The office provides agencies with centralized property management services that include site selection, real estate purchase and sales, and oversight of state owned and leased properties. The office also provides facility management and minor construction services, as well as security services for various state building assets. In addition, the office operates the State and Federal Surplus program, where property that is declared as surplus is made available to governmental entities, and the remaining property is sold at public auctions.

Funding Source: General Revenue Fund, fees charged to customers for various property and facility management services

Implication of the Budget: The budgeted amounts will allow DAS to maintain the current level of service for this program. Efficiencies in building management as well as capital improvements in the form of energy automation have lowered the overall administrative costs of property and facility management making it possible for this program to be funded at the budgeted level.

General Services Program Management

Program Description: The General Services Program Management program provides all necessary and required division management, fiscal, HR, and MIS services to General Services Division (GSD) program units. The division administration is made up of four sub-units: Deputy Director's Office, Business Office, Employee Relations and Management Information Systems. The Deputy

Director's Office provides leadership and oversight for the entire Division. The Business Office handles all fiscal functions, budget development and oversight, procurement, contracting accounts payable, billing and accounts receivable. Employee Relations provides human resources, payroll, labor relations, and personnel action services to the division. The MIS unit is a separate cost pool to pay division-wide MIS costs; no personnel are included.

Funding Source: General Revenue Fund, fees assessed to all GSD program units based upon the level of service provided

Implication of the Budget: The budget will allow DAS to maintain current service levels within this program.

Program Series

2: Human Resources

Purpose: The Human Resources program series consists of five programs that provide human resources needs to state government.

The following table shows the line items that are used to fund the Human Resources program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	100-406	County/University Human Resources	\$875,000	\$875,000
General Revenue Fund Subtotal			\$875,000	\$875,000
General Services Fund				
125	100-622	Human Resources Division-Operating	\$19,890,614	\$20,560,614
5D7	100-621	Workforce Development	\$70,000	\$0
5L7	100-610	Professional Development	\$3,900,000	\$3,900,000
5V6	100-619	Employee Education Development	\$936,129	\$936,129
General Services Fund Subtotal			\$24,796,743	\$25,396,743
Total Funding: Human Resources			\$25,671,743	\$26,271,743

The following programs are in the Procurement Services program series:

- **Program 2.01: State Personnel**
- **Program 2.02: Benefits Administration**
- **Program 2.03: Exempt Employee Educational Program**
- **Program 2.04: Non-Exempt Employee Educational Program**
- **Program 2.05: Human Resources Program Management**

State Personnel

Program Description: State Personnel provides services and information to help state agencies conduct their personnel functions such as HR roundtables, developing and maintaining classification plans, testing, maintaining test certification listings, providing tailored recruitment, processing state payroll, approving position descriptions, and maintaining personnel records. There are five primary units

in this program: Payroll Administration, Human Resources Support Center, Classification and Compensation Plan, Training and Development, and the Information Resource Center.

Funding Source: General Revenue Fund and payroll and administrative assessments

Implication of the Budget: The budget provides \$13,799,811 in FY 2008 and \$14,480,736 in FY 2009. This funding enables DAS to fund the 3.5% increase in salaries for bargaining unit employees as well as integrate several online application, certification and testing systems.

Benefits Administration

Program Description: The goals of the Benefits Administration Services program are to maximize the state's employee benefits package, to effectively manage healthcare, disability, and workers' compensation costs, and to educate state employees regarding healthcare costs and benefit options. It also manages contracts with all health vendors and provides support to the open enrollment process.

Funding Source: Payroll assessments from state employees

Implication of the Budget: The budget of \$5,603,332 in each fiscal year will make it difficult to handle the 3.5% increase in salaries for bargaining unit employees. The funding level also will not permit DAS to upgrade the Automated Call Distribution System and Case Management System. Additionally, DAS estimates that the costs for Workers' Compensation Third Party Administrators, which represent state employers during injured employees' workers' compensation claims, will increase by roughly 6% over the next biennium. Offsetting this new expense, however, beginning in FY 2008, DAS will switch to a single pharmacy benefit management firm to handle the oversight of some benefits administration. The agency anticipates this will result in future savings in terms of DAS oversight, as well as benefits costs for other agencies. If so, this may allow DAS to fund the above projects at the budgeted level.

Exempt Employee Educational Programs

Program Description: The Exempt Employee Educational Program is a statewide program offered to provide opportunities for continuing education and professional development of exempt employees. The program provides tuition reimbursement, professional development education and training, and computer purchase loans for exempt employees.

Funding Source: Check-off rates of \$.06 per hour worked and approved leave for full-time and part-time permanent exempt employees

Implication of the Budget: The budget fully funds this program.

Non-Exempt Employee Educational Program

Program Description: This program is a group of five tuition reimbursement plans managed and processed by the Human Resources Division Business Office. The reimbursement plans are the result of collective bargaining agreements with the state of Ohio and (1) the Health Care and Social Union District 1199, (2) State Council of Professional Educators, (3) Ohio State Troopers Association Unit 1 and Unit 15, and (4) Fraternal Order of Police. Also, the Workforce Development program within this program was intended to enhance the job skills and provide educational opportunities for bargaining unit

employees. However, this program is being eliminated due to current collective bargaining language in effect.

Funding Source: Check-offs for each of the five reimbursement programs

Implication of the Budget: The budget fully funds this program at \$1,006,129 in FY 2008 and \$936,129 in FY 2009. This funding level will allow the program to offer services at the same level through the next biennium.

Human Resources Program Management

Program Description: This program provides services, guidance, and oversight to programs in the Human Resources program series. These functions include personnel services, fiscal support services, and coordination of quality initiatives, performance measures, and workplace mediation services.

Funding Source: Administrative assessments

Implication of the Budget: The budget funds this program at \$1,292,471 in FY 2008 and \$1,351,546 in FY 2009, allowing for continuation of current service levels over the next biennium.

Program Series

3: Collective Bargaining

Purpose: The Collective Bargaining program series consists of three programs that support the collective bargaining process with union-represented state employees.

The following table shows the line items that are used to fund the Collective Bargaining program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
128	100-620	Collective Bargaining	\$3,464,533	\$3,662,534
General Services Fund Subtotal			\$3,464,533	\$3,662,534
Total Funding: Collective Bargaining			\$3,464,533	\$3,662,534

The following programs are in the Collective Bargaining program series:

- **Program 3.01: Contract Administration**
- **Program 3.02: Conflict Resolution Services**
- **Program 3.03: Contract Negotiations**

Contract Administration

Program Description: The Contract Administration program is responsible for interpreting collective bargaining language, providing guidance for statewide consistency in contract administration matters, and providing guidance when contract language may conflict with provisions of the Revised Code or other law. This service is provided for all agencies with unionized employees under the appointing authority of the Governor.

Funding Source: Payroll check-off charges

Implication of the Budget: The budget provides \$1,741,797 in FY 2008 and \$1,939,798 in FY 2009, allowing this program to maintain current service levels.

Conflict Resolution Services

Program Description: The Conflict Resolution Services program assists state agencies in resolving conflicts through the selection and scheduling of mediation and arbitration services. Additionally, the program provides representation in issues before the State Employment Relations Board. This service is provided for all unionized employees under the appointing authority of the Governor.

Funding Source: Payroll check-off charges and intrastate transfer vouchers for dispute resolution proceedings

Implication of the Budget: The budget provides \$1,180,589 in both FY 2008 and FY 2009 for this program. This will allow for continuation of current service levels over the next biennium.

Contract Negotiations

Program Description: This program provides representation to state agencies in contract negotiations. It develops cost estimates of proposed changes to collective bargaining agreements, statistical analysis of labor market trends, labor costs for dispute resolution and contract negotiations, and statewide or agency payroll cost analysis when requested by the Governor, the legislature, or state agencies.

Funding Source: Payroll check-off charges

Implication of the Budget: The budget of \$542,147 in both FY 2008 and FY 2009 provides full funding for this program to maintain its current level of service through the next biennium.

Program Series**4: Equal Opportunity Programs**

Purpose: The Equal Opportunity Programs program series consists of five programs that assist state agencies with the promotion of equal access to state employment and contracting opportunities.

The following table shows the line items that are used to fund the Equal Opportunity Programs program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	102-321	Construction Compliance	\$1,167,099	\$1,167,099
GRF	100-439	Equal Opportunity Certification Programs	\$750,236	\$750,236
GRF	100-451	Minority Affairs	\$52,927	\$52,927
General Revenue Fund Subtotal			\$1,970,262	\$1,970,262
General Services Fund				
188	100-649	Equal Opportunity Division-Operating	\$847,409	\$884,650
General Services Fund Subtotal			\$847,409	\$884,650
Total Funding: Equal Opportunity Programs			\$2,817,671	\$2,854,912

The following programs are in the Equal Opportunity Programs program series:

- **Program 4.01: AA/EEO Compliance**
- **Program 4.02: Dr. Martin Luther King Jr. Holiday Commission**
- **Program 4.03: Construction Compliance**
- **Program 4.04: Equal Opportunity Certification**
- **Program 4.05: Equal Opportunity Program Management**

AA/EEO Compliance

Program Description: This program directs and manages the state employee discrimination program. The discrimination complaint procedure provides a vehicle for any state employee to address and resolve perceived employment discrimination issues and ensure that complaints are processed in compliance with state and federal laws or regulations governing those activities. The program provides guidelines, procedures, and expertise to state agencies, boards, and commissions in the development and implementation of strategic planning for equal employment opportunity programming within their departments.

Funding Source: Payroll assessments to agency payroll on a per person basis

Implication of the Budget: The budget provides \$360,339 in FY 2008 and \$374,558 in FY 2009 for this program. At this funding level it may take longer to process complaints of workplace discrimination, or to respond to agencies requesting guidance on these issues. However, DAS feels that through some internal administrative cost savings, there will be little to no reduction of services in this program at the budgeted funding level.

Dr. Martin Luther King Jr. Holiday Commission

Program Description: The MLK Commission provides liaison services to the Ohio Dr. Martin Luther King Jr. Holiday Commission. The Ohio commission has three major programming initiatives: sponsorship of the Ohio Dr. Martin Luther King Jr. Commemorative Celebration; publication of a yearly calendar to educate and enlighten Ohioans about equality-related topics and the legacy of Dr. King; and sponsorship of a statewide oratorical contest for Ohio youth that promotes awareness of the importance of providing opportunities for equal employment.

Funding Source: GRF

Implication of the Budget: The budget provides \$52,927 in each fiscal year to continue this program.

Construction Compliance

Program Description: The Construction Compliance program is responsible to ensure that construction contractors on state or state-assisted construction projects comply with laws and regulations pertinent to equal opportunity employment. A major responsibility of the program is issuing certificates of compliance that permit contractors to conduct business on state or state-assisted projects. These certificates indicate that contractors have not violated any affirmative action program requirements during the last five years.

Funding Source: GRF

Implication of the Budget: The budget provides \$1,167,099 in both FY 2008 and FY 2009 for this program. This amount will allow for the continuation of services at the same level.

Equal Opportunity Certification

Program Description: The Equal Opportunity Certification program facilitates access to state government contracts and business services for underrepresented Ohio businesses. This program provides certification for Ohio businesses interested in participating in the Minority Business Enterprise and Encouraging Diversity, Growth, and Equity programs.

Funding Source: GRF

Implication of the Budget: The budget of \$750,236 in both FY 2008 and FY 2009 fully funds this program to maintain its current level of services.

Equal Opportunity Program Management

Program Description: This program provides centralized management to DAS programs in the Equal Opportunity Program program series.

Funding Source: Administrative assessments

Implication of the Budget: The budget provides \$487,070 in FY 2008 and \$510,092 in FY 2009 for this program, which will allow this program to maintain its current level of services.

Program Series**5: Information Technology**

Purpose: The Information Technology program series consists of seven programs that is the direction-setting body for the state of Ohio on information technology issues. The program series consists of an enterprise-wide structure for managing technology acquisition, policy, planning, and project management to support agencies, boards, and commissions in their acquisition and use of information technology. The bill calls for the Office of Information Technology (OIT) to be moved under the Office of Budget and Management beginning in FY 2008. The responsibilities of OIT do not change under the bill.

The following table shows the line items that are used to fund the Information Technology program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	100-418	Web Site and Business Gateway	\$3,270,473	\$3,270,083
GRF	100-419	IT Security Infrastructure	\$1,500,000	\$1,500,000
General Revenue Fund Subtotal			\$4,770,473	\$4,770,083
General Services Fund				
133	100-607	IT Service Delivery	\$92,539,887	\$75,847,949
229	100-630	IT Governance	\$17,108,846	\$17,108,546
4N6	100-617	Major IT Purchases	\$7,495,719	\$7,495,719
5C2	100-605	MARCS Administration	\$11,069,291	\$11,069,291
5EB	100-635	OAKS Support Organization	\$19,132,671	\$19,132,671
5X3	100-634	Centralized Gateway Enhancement	\$974,023	\$974,023
General Services Fund Subtotal			\$148,320,437	\$131,628,199
Total Funding: Information Technology			\$153,090,910	\$136,398,280

The following programs are in the Information Technology program series:

- **Program 5.01: Enterprise IT Leadership**
- **Program 5.02: Digital Government**
- **Program 5.03: IT Governance, Research & Advisory Services**
- **Program 5.04: Enterprise Computing**
- **Program 5.05: Unified Network Services**
- **Program 5.06: Enterprise Shared Services**
- **Program 5.07: IT Services Program Management**

Enterprise IT Leadership

Program Description: The state chief information officer is responsible for the strategic direction and efficient use of Internet technology (IT) across the state and for oversight of state activities related to information technologies. This program supports planning, research, communication, and collaboration among government entities.

Funding Source: GRF, administrative billing to all program areas of OIT

Implication of the Budget: The budget provides \$1,527,430 in FY 2008 and \$1,780,886 in FY 2009. This program can be fully administered over the biennium given the budgeted funding levels.

Digital Government

Program Description: This program is responsible for coordinating the state's efforts for delivery of online services to the public. Digital Government manages the state's primary web site, Ohio.gov, and provides web site hosting to state agencies. This program is also responsible for the oversight of the development and operation of the Ohio Business Gateway (OBG). This is an online service that allows businesses to file paperwork, register with government agencies, and make payments. Agencies involved are the Department of Job and Family Services, the Department of Commerce, and the Department of Taxation.

Funding Source: GRF, payroll check-off charges, charges to agencies

Implication of the Budget: The budget for this program is \$5,341,448 in FY 2008 and \$5,442,077 in FY 2009. This fully funds this program over the next biennium.

IT Governance, Research & Advisory Services

Program Description: This program provides enterprise-wide management and oversight in the areas of statewide technology policy, acquisition, planning, and project management to support all state agencies, boards, and commissions in their acquisition and use of IT.

Funding Source: Payroll check-offs, billing of acquisition fees, administrative assessments

Implication of the Budget: The budget provides \$14,484,164 in FY 2008 and \$14,129,689 in FY 2009, allowing the program to be adequately funded.

Enterprise Computing

Program Description: The Enterprise Computing program offers a wide complement of data center services across various mainframes and open platforms. The program provides computing platforms, associated technology, computer operations, data storage options, technical assistance, and database administration services. Additionally, the program offers support and tools enabling customers to develop systems that seamlessly cross platform boundaries.

Funding Source: General Services Fund

Implication of the Budget: The budget provides \$38,936,047 in FY 2008 and \$41,790,330 in FY 2009, amounts sufficient to adequately fund this program over the next biennium.

Unified Network Services

Program Description: The Unified Network Services program has two major components: Network Administration and the Multi-Agency Radio Communications System (MARCS). Network Administration provides network connectivity, network infrastructure management for wide area and local area network connectivity, video connectivity, and network security. The program also provides local, long distance, and other associated telephone services. MARCS is a computer and communications network that provides voice and data communication statewide across a secure, interference-free radio

system to support mobile voice, data, vehicle location services and computer-aided dispatching for public safety and service entities.

Funding Source: GRF, General Services Fund

Implication of the Budget: The budget provides \$34,836,748 in FY 2008 and \$36,111,456 in FY 2009. At these levels, MARCS tower maintenance could be a challenge. The first towers were constructed in 1999. Those and the other newer towers have required maintenance as well as hardware upgrades, some of which has reached its life expectancy. Under the budgeted funding levels, DAS will likely have to defer maintenance on some towers, and defer hardware replacement.

Additionally, the budget provides for a transfer of \$20 million from the Department of Development to DAS for equipment related to the creation of the NextGen broadband network. According to the Governor's July 27, 2007 Executive Order, NextGen will be part of an overall strategy called the Broadband Ohio Network, the goal of which is to expand broadband access to Ohio and reduce costs by consolidating the delivery of electronic data from state agencies to county governments. Once developed, the NextGen component will provide broadband services to state agencies, boards, and commissions.

Enterprise Shared Services

Program Description: The Enterprise Shared Services (ESS) supports multi-agency functions and services, including electronic commerce, electronic filing, and geographic information services. This program is the service provider for the Ohio Business Gateway, web hosting services, and the Ohio Portal for the Digital Government program. ESS also manages the state's central e-Payment Engine, hosts and manages the Enterprise Cognos Business Intelligence and Reporting platform and houses the state's GIS coordinating body, the Ohio Geographically Referenced Information Program (OGRIP). These programs support numerous state agencies' applications associated with homeland security, homeland defense, public safety, and economic development.

Funding Source: GRF, General Services Fund

Implication of the Budget: The budget provides \$10,862,018 in FY 2008 and \$10,704,393 in FY 2009.

IT Services Program Management

Program Description: This program provides centralized management of DAS/OIT programs in the Information Technology program series.

Funding Source: General Services Fund recovered through cost allocation to all programs within the program series.

Implication of the Budget: The budget provides \$27,157,190 in FY 2008 and \$26,493,886 in FY 2009. This program is responsible for the support of all operating costs associated with implementation and maintenance of the OAKS system. This OAKS support portion of the budget is fully funded. Barring the OAKS component of \$19,132,671 in FY 2008 and FY 2009, DAS feels as though the remaining areas of the program can be successfully administered given these funding levels.

Program Series**6: State Support Services**

Purpose: The State Support Services program series consists of five programs that support the activities of state government by providing accommodations for state agencies' space needs and building management services.

The following table shows the line items that are used to fund the State Support Services program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	100-403	Public School Employee Benefits	\$1,425,000	\$1,425,000
GRF	100-405	Agency Audit Expenses	\$400,000	\$400,000
GRF	100-410	Veterans Records Conversion	\$46,170	\$46,171
GRF	100-415	OAKS Rental Payments	\$14,162,000	\$14,162,000
GRF	100-433	State of Ohio Computer Center	\$5,092,502	\$5,007,502
GRF	100-447	OBA Building Rent Payments	\$112,294,800	\$106,476,400
GRF	100-448	OBA Building Operating Payments	\$26,457,000	\$27,303,000
GRF	100-449	DAS Building Operating Payments	\$3,769,510	\$3,834,871
General Revenue Fund Subtotal			\$163,646,982	\$158,654,944
General Services Fund				
115	100-632	Central Service Agency	\$860,878	\$928,403
General Services Fund Subtotal			\$860,878	\$928,403
Total Funding: State Support Services			\$164,507,860	\$159,583,347

The following programs are in the State Support Services program series:

- **Program 6.01: Central Service Agency**
- **Program 6.02: State-Owned Buildings – Rent/Operation**
- **Program 6.03: Agency Audit Expenses**
- **Program 6.04: Veterans' Records System**
- **Program 6.05: Public School Employee Benefits**

Central Service Agency

Program Description: The Central Service Agency (CSA) provides accounting, budgeting, personnel and payroll services for 32 boards and commissions. CSA provides these services to smaller boards and commissions that would otherwise have to develop their own resources to provide these services. CSA also provides extensive technical assistance support to new agencies and newly appointed agency directors in their first year of operation.

Funding Source: Full cost billing to customer agencies

Implication of the Budget: The budget of \$860,878 in FY 2008 and \$928,403 in FY 2009 provides full funding for this program.

State-Owned Buildings – Rent/Operations

Program Description: The State-Owned Buildings – Rent and Operations program provides the centralized financial infrastructure to finance and maintain state buildings that house state employees. The program provides for the payment of building debt service, operating, and maintenance costs for the Rhodes Tower, Riffe Center, and State of Ohio Computer Center (SOCC) in Columbus, Lausche Building in Cleveland, DiSalle Center in Toledo, and Ocasek Building in Akron. Additionally, this program supports rent for GRF-funded state agencies, veterans groups that occupy space in DAS-owned buildings, vacant space and space undergoing renovation, and tenants relocated due to building renovations, as well as the cost of appraisals and other evaluations.

Funding Source: GRF

Implication of the Budget: The budget of \$161,775,812 in FY 2008 and \$156,786,773 in FY 2009, will allow DAS to fund requested maintenance repairs to the SOCC as well as pay any pending unpaid utility bills that resulted from adding additional users to the building. This funding level also accounts for increases in the rates of natural gas and electricity that may be experienced by all state-owned buildings. The budget also will be used to pay for leases and agreements that deal with the acquisition, development, installation, and implementation of the Ohio Administrative Knowledge System (OAKS).

Agency Audit Expenses

Program Description: The Agency Audit Expenses program provides funding for DAS to pay the Auditor of State for state agency audits conducted on a biennial basis. The Revised Code requires that the Auditor of State bill for all audits conducted and specifies who is to be billed for each audit. State agencies audited on an annual basis, including all major executive branch agencies, are required to pay for these annual audits from agency operating budgets. State agencies that are audited on a biennial basis, including state boards, commissions, statewide elected officials, Ohio House of Representatives, and Ohio Senate, do not pay for their audits. DAS is statutorily responsible for the payments, which this program funds.

Funding Source: GRF

Implication of the Budget: The budget provides \$400,000 in both FY 2008 and FY 2009.

Veterans' Records System

Program Description: This program supports the Governor's Office of Veterans' Affairs efforts to digitize copies of original certificates of discharge and separation for Ohio veterans. Copies of these military records may be provided to the 88 Ohio county veterans service offices as well as federal agencies such as the Social Security Administration, Department of Veterans' Affairs, and National Records Center, as required documentation to re-enlist or to claim benefits including retirement, disability, pension, health care, and burial.

Funding Source: GRF

Implication of the Budget: The budget provides funding at \$46,170 in FY 2008 and \$46,171 in FY 2009.

Public School Employee Benefits

Program Description: The Public School Employee Benefits program supports the activities of the School Employees Health Care Board and the Public Schools Health Care Advisory Committee, which is comprised of interested parties to advise the board. These entities were created in Am. Sub. H.B. 66 of the 126th General Assembly, to analyze the health care environment for nonteaching public school employees, make recommendations for pooling this group for centralized health plan administration to save money for school districts, and implement and administer such a program if approved by the legislature.

Funding Source: GRF

Implication of the Budget: The budget provides \$1,425,000 in both FY 2008 and FY 2009, an amount that will allow for the ongoing support of the School Employees Health Care Board and the Public Schools Health Care Advisory Committee.

Temporary and Permanent Law

School Employees Health Care Board (Sec. 901, 9.833, 9.90, 3311.19, 3313.12, 3313.202, 3313.33, 4117.03, 4117.08; Section 209.10.10). The budget act made several changes to the mission and scope of both the Board and the Advisory Committee. First, the School Employees Health Care Board is required to adopt a set of standards to be termed “best practices” to which all of the employee health care plans of a public school district and any combinations of public school districts must adhere. All policies or contracts for health care benefits provided to public school district employees that are issued or renewed after the expiration of any applicable collective bargaining agreements are required to contain the Board’s best practices 12 months after the release of those best practices. Also, the Board is required to oversee school districts’ implementation of each district’s health care plans including monitoring the district’s adherence to best practices standards, providing educational outlets and consultation, and requiring that the cost and design elements of the plans be transparent and available to the public.

A vetoed provision would have specified that the best practices standards developed by the Board must not duplicate or conflict with existing requirements with which health insuring corporations and sickness and accident insurers must comply pursuant to Chapters 1751. and 3923. of the Revised Code. Further, the act would have eliminated from the program the Board’s responsibility to determine what strategies are used by the existing medical plans to manage health care costs and study the potential benefits of state or regional consortiums of public schools offering multiple health care plans, but those provisions were reinserted by the Governor’s veto. Another item affected by veto was a provision that would have eliminated the Board’s responsibility to include disease management and consumer education programs, which must include wellness programs and other measures, designed to encourage the wise use of medical plan coverage and specified that these programs are not services or treatments for purposes of section 3901.71 of the Revised Code. The Governor’s veto reinserts both the responsibility of the Board to include such information and the specification concerning those programs.

Finally, the act allows the Board to contract with independent consultants to analyze current health care plans offered by public school districts and make recommendations to the Board for the development and implementation of the Board’s best practices and other programs for improving school districts’ health care plans.

Language in the budget also changes the membership of the 18-person Public Schools Health Care Advisory Board, by specifying the appointments to be made by the Governor, the Speaker of the House of Representatives, and the President of the Senate.

Program Series

7: DAS Program Management

Purpose: The Program Management program series provides centralized shared services, guidance, and oversight to DAS's operating divisions and offices.

The following table shows the line items that are used to fund the DAS Program Management program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	130-321	State Agency Support Services	\$537,456	\$565,760
General Revenue Fund Subtotal			\$537,456	\$565,760
General Services Fund				
112	100-616	DAS Administration	\$5,299,427*	\$5,299,427*
4P3	100-603	DAS Information Services	\$4,793,190	\$4,958,218
General Services Fund Subtotal			\$10,630,073	\$10,257,645
Total Funding: DAS Program Management Program Series			\$11,167,529	\$10,823,405

The DAS Program Management program series has a single program:

- **Program 7.01: DAS Program Management**

DAS Program Management

Program Description: This program provides services, guidance, and oversight to all of DAS's operating divisions and offices. These services include legal counsel, finance, human resources, communications, legislative relations, and IT support.

Funding Source: Allocated costs billed quarterly to DAS programs, GRF

Implication of the Budget: The budget provides \$10,630,073 in FY 2008 and \$10,823,405 in FY 2009 for this program. DAS believes that the program can still be fully administered given these amounts.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

DAS Administrative Services, Department of

Agency	Line Item	Description	FY 2005	FY 2006	FY 2007 Adj.	FY 2008	% Change 2007 to 2008	FY 2009	% Change 2008 to 2009
GRF 100-402	Unemployment Compensation	\$ 9,720	---	\$ 0	---	N/A	---	N/A	
GRF 100-403	Public School Employee Benefits	---	\$ 74,071	\$ 1,500,000	\$ 1,425,000	-5.00%	\$ 1,425,000	0.00%	
GRF 100-404	CRP Procurement Program	---	\$ 251,618	\$ 268,040	\$ 255,000	-4.86%	\$ 255,000	0.00%	
GRF 100-405	Agency Audit Expenses	\$ 162,374	\$ 186,857	\$ 329,000	\$ 400,000	21.58%	\$ 400,000	0.00%	
GRF 100-406	County/University Human Resources	\$ 458,762	\$ 181,281	\$ 940,000	\$ 875,000	-6.91%	\$ 875,000	0.00%	
GRF 100-410	Veterans' Records Conversion	\$ 21,456	\$ 58,680	\$ 48,600	\$ 46,170	-5.00%	\$ 46,171	0.00%	
GRF 100-415	OAKS Rental Payments	---	---	---	\$ 14,162,000	N/A	\$ 14,165,000	0.02%	
GRF 100-417	MARCS	\$ 564,108	\$ 198,061	\$ 0	---	N/A	---	N/A	
GRF 100-418	Web Site and Business Gateway	\$ 2,217,925	\$ 3,978,081	\$ 3,275,280	\$ 3,270,473	-0.15%	\$ 3,270,083	-0.01%	
GRF 100-419	IT Security Infrastructure	\$ 1,650,116	\$ 993,637	\$ 1,636,247	\$ 1,500,000	-8.33%	\$ 1,500,000	0.00%	
GRF 100-421	OAKS Project Implementation	\$ 353,539	\$ 476,796	\$ 410,839	\$ 375,000	-8.72%	\$ 375,000	0.00%	
GRF 100-433	State of Ohio Computer Center	\$ 5,131,422	\$ 5,190,443	\$ 4,991,719	\$ 5,092,502	2.02%	\$ 5,007,502	-1.67%	
GRF 100-439	Equal Opportunity Certification Programs	\$ 582,551	\$ 619,033	\$ 728,384	\$ 750,236	3.00%	\$ 750,236	0.00%	
GRF 100-447	OBA-Building Rent Payments	\$ 97,148,564	\$ 107,241,389	\$ 116,091,300	\$ 112,294,800	-3.27%	\$ 106,476,400	-5.18%	
GRF 100-448	OBA-Building Operating Payments	\$ 27,318,351	\$ 21,440,485	\$ 25,647,183	\$ 26,457,000	3.16%	\$ 27,303,000	3.20%	
GRF 100-449	DAS-Building Operating Payments	\$ 4,176,511	\$ 3,055,002	\$ 4,170,623	\$ 3,769,510	-9.62%	\$ 3,834,871	1.73%	
GRF 100-451	Minority Affairs	\$ 33,805	\$ 50,086	\$ 47,000	\$ 52,927	12.61%	\$ 52,927	0.00%	
GRF 100-734	Major Maintenance-State Bldgs	\$ 40,433	\$ 88,713	\$ 50,000	\$ 42,000	-16.00%	\$ 42,000	0.00%	
GRF 102-321	Construction Compliance	\$ 957,142	\$ 1,005,415	\$ 1,206,779	\$ 1,167,099	-3.29%	\$ 1,167,099	0.00%	
GRF 130-321	State Agency Support Services	\$ 2,589,188	\$ 2,484,003	\$ 2,668,985	\$ 5,495,163	105.89%	\$ 5,855,163	6.55%	
General Revenue Fund Total			\$ 143,415,968	\$ 147,573,651	\$ 164,009,979	\$ 177,429,880	8.18%	\$ 172,800,452	-2.61%
112	100-616	DAS Administration	\$ 4,566,120	\$ 4,375,966	\$ 5,299,427	\$ 5,299,427	0.00%	\$ 5,299,427	0.00%
115	100-632	Central Service Agency	\$ 929,473	\$ 740,132	\$ 860,878	\$ 860,878	0.00%	\$ 928,403	7.84%
117	100-644	General Services Division - Operating	\$ 5,114,723	\$ 6,902,794	\$ 8,145,773	\$ 8,295,772	1.84%	\$ 8,540,772	2.95%
122	100-637	Fleet Management	\$ 1,469,633	\$ 2,222,037	\$ 4,032,968	\$ 2,182,968	-45.87%	\$ 2,032,968	-6.87%
125	100-622	Human Resources Division - Operating	\$ 15,721,790	\$ 15,795,254	\$ 19,220,614	\$ 19,890,614	3.49%	\$ 20,560,614	3.37%
127	100-627	Vehicle Liability Insurance	\$ 1,701,329	\$ 1,770,237	\$ 3,344,644	\$ 0	-100.00%	\$ 0	N/A
128	100-620	Collective Bargaining	\$ 2,901,219	\$ 2,946,866	\$ 3,410,952	\$ 3,464,533	1.57%	\$ 3,662,534	5.72%
130	100-606	Risk Management Reserve	\$ 191,699	\$ 205,031	\$ 223,904	\$ 2,568,548	1,047.16%	\$ 2,568,548	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
DAS Administrative Services, Department of									
131	100-639	State Architect's Office	\$ 4,767,251	\$ 5,093,670	\$ 7,047,427	\$ 7,348,483	4.27%	\$ 7,544,164	2.66%
132	100-631	DAS Building Management	\$ 8,819,666	\$ 8,822,695	\$ 11,066,228	\$ 9,716,228	-12.20%	\$ 10,166,228	4.63%
133	100-607	IT Services Delivery	\$ 81,949,006	\$ 65,507,431	\$ 80,345,563	\$ 92,539,887	15.18%	\$ 75,847,949	-18.04%
188	100-649	Equal Opportunity Division-Operating	\$ 800,402	\$ 695,536	\$ 1,010,255	\$ 847,409	-16.12%	\$ 884,650	4.39%
201	100-653	General Services Resale Merchandise	\$ 942,184	\$ 1,523,421	\$ 1,553,000	\$ 1,553,000	0.00%	\$ 1,553,000	0.00%
210	100-612	State Printing	\$ 5,166,287	\$ 4,907,618	\$ 5,931,421	\$ 5,681,421	-4.21%	\$ 5,436,421	-4.31%
229	100-630	IT Governance	---	\$ 13,705,158	\$ 20,117,555	\$ 17,108,546	-14.96%	\$ 17,108,546	0.00%
427	100-602	Investment Recovery	\$ 5,037,088	\$ 5,092,615	\$ 5,683,564	\$ 5,683,564	0.00%	\$ 5,683,564	0.00%
4N6	100-617	Major IT Purchases	\$ 3,423,457	\$ 1,914,378	\$ 10,617,166	\$ 7,495,719	-29.40%	\$ 7,495,719	0.00%
4P3	100-603	DAS Information Services	\$ 3,828,891	\$ 3,803,695	\$ 6,117,004	\$ 4,793,190	-21.64%	\$ 4,958,218	3.44%
5AB	100-624	Non-Federal Info Technology Grants	\$ 17,442	\$ 241	\$ 0	\$ 0	N/A	\$ 0	N/A
5C2	100-605	MARCS Administration	\$ 9,000,187	\$ 8,313,206	\$ 11,069,291	\$ 11,069,291	0.00%	\$ 11,069,291	0.00%
5C3	100-608	Skilled Trades	\$ 863,314	\$ 723,129	\$ 1,434,982	\$ 934,982	-34.84%	\$ 934,982	0.00%
5D7	100-621	Workforce Development	\$ 14,274,239	\$ 13,510,855	\$ 5,397,619	\$ 70,000	-98.70%	\$ 0	-100.00%
5EB	100-635	OAKS Support Organization	---	---	---	\$ 19,132,671	N/A	\$ 19,132,671	0.00%
5L7	100-610	Professional Development	\$ 3,403,208	\$ 3,553,288	\$ 2,700,000	\$ 3,900,000	44.44%	\$ 3,900,000	0.00%
5V6	100-619	Employee Educational Development	\$ 596,360	\$ 733,971	\$ 936,129	\$ 936,129	0.00%	\$ 936,129	0.00%
5X3	100-634	Centralized Gateway Enhancement	---	---	\$ 0	\$ 974,023	N/A	\$ 974,023	0.00%
General Services Fund Group Total			\$ 175,484,969	\$ 172,859,223	\$ 215,566,364	\$ 232,347,283	7.78%	\$ 217,218,821	-6.51%
3AJ	100-623	Information Technology Grants	\$ 1,299	\$ 448,183	\$ 82,048	\$ 0	-100.00%	\$ 0	N/A
3AL	100-625	MARCS Grants	\$ 87,252	\$ 154,327	\$ 308,000	\$ 0	-100.00%	\$ 0	N/A
3AM	100-626	Homeland Security Grants	\$ 83,280	\$ 95,992	\$ 0	\$ 0	N/A	\$ 0	N/A
3H6	100-609	Federal Grants OGRIP	---	---	\$ 1,000,000	\$ 0	-100.00%	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 171,831	\$ 698,502	\$ 1,390,048	\$ 0	-100.00%	\$ 0	N/A
124	100-629	Payroll Deductions	\$ 2,006,912,680	\$ 2,061,318,876	\$ 0	\$ 0	N/A	\$ 0	N/A
Agency Fund Group Total			\$ 2,006,912,680	\$ 2,061,318,876	\$ 0	\$ 0	N/A	\$ 0	N/A
R08	100-646	General Services Refunds	\$ 5,580	\$ 100	\$ 20,000	\$ 0	-100.00%	\$ 0	N/A
Holding Account Redistribution Fund Group Total			\$ 5,580	\$ 100	\$ 20,000	\$ 0	-100.00%	\$ 0	N/A
Administrative Services, Department of Total			\$ 2,325,991,027	\$ 2,382,450,351	\$ 380,986,391	\$ 409,777,163	7.56%	\$ 390,019,273	-4.82%

Joint Committee on Agency Rule Review

Stephanie Suer, Budget Analyst

- The Committee reviews all proposed new, amended, and rescinded rules from the state agencies
- The Joint Committee on Agency Rule Review is composed of five state representatives and five state senators

OVERVIEW

Duties and Responsibilities

The Joint Committee on Agency Rule Review (JCARR) is responsible for the review of proposed new, amended, and rescinded rules from state agencies that have rule-making authority. This review is to ensure that the change in rule does not exceed the scope of an agency's statutory authority, that the rules do not conflict with an existing rule of that agency or another rule-making agency, and that the rules do not conflict with legislative intent. The Joint Committee on Agency Rule Review also makes sure that agencies complete a rule summary and fiscal analysis of all proposed rule changes. The Joint Committee on Agency Rule Review will recommend to the General Assembly that a rule be invalidated if the preceding criteria are not met.

The Joint Committee on Agency Rule Review is entirely supported through General Revenue Fund dollars. The agency received its first individual budget under the 122nd General Assembly. Prior to that, the agency received funding through the General Assembly.

For the upcoming biennium, JCARR received \$409,856 in FYs 2008 and 2009 for operating expenses. The FY 2008 appropriation is approximately 8% less than FY 2007 expenditures. Payroll expenses are estimated at \$384,000 in FYs 2008 and 2009 (94% of appropriation for each year). Payroll moneys are used toward agency staff salaries and to reimburse JCARR members for meeting and travel expenses. The remaining \$26,000 per year will be used to fund the agency's maintenance costs.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
19	\$397,000	\$403,000	\$397,000	\$403,000	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The Joint Committee on Agency Rule Review has ten members: five state representatives and five state senators. In odd-numbered years, the chairperson is a House member and in even-numbered years, the chairperson is a Senate member. Members are reimbursed for meetings and travel expenses.

The Committee is served by a five-member staff consisting of an executive director, an assistant director, two rules analysts, and an administrative assistant.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: This program series provides for the review of agency rules.

The following table shows the line items that are used to fund the single program series, Agency Rule Review.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	029-321	Operating Expenses	\$397,000	\$403,000
General Revenue Fund Subtotal			\$397,000	\$403,000
Total Funding: Agency Rule Review			\$397,000	\$403,000

Program Description: The Agency Rule Review program supports the review of approximately 12,000 rules annually and supports the five staff positions responsible for agency rule review. The program also compensates committee members for meetings and travel expenses.

Implication of the Budget: The budget will allow the Joint Committee on Agency Rule Review and the committee staff to continue rule review at current levels.

Temporary Law Provisions

Operating (Section 211.10 of the bill). Temporary law specifies that the Chief Administrative Officer of the House of Representatives and the Senate Clerk shall determine, by mutual agreement, which of them shall act as the fiscal agent for JCARR. Also specifies Joint Committee on Agency Rule Review members are to be compensated in accordance with section 101.35 of the Revised Code.

Operating Expenses (Section 211.10 of the bill). Temporary law transfers any unencumbered balance from appropriation item 029-321, Operating Expenses, at the end of FY 2007 to FY 2008. Any unencumbered balance from appropriation item 029-321, Operating Expenses, at the end of FY 2008 is transferred to FY 2009.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
JCR Agency Rule Review, Joint Committee on							
GRF 029-321 Operating Expenses	\$ 352,473	\$ 329,615	\$ 387,364	\$ 397,000	2.49%	\$ 403,000	1.51%
General Revenue Fund Total	\$ 352,473	\$ 329,615	\$ 387,364	\$ 397,000	2.49%	\$ 403,000	1.51%
Agency Rule Review, Joint Committee on Total	\$ 352,473	\$ 329,615	\$ 387,364	\$ 397,000	2.49%	\$ 403,000	1.51%

Department of Agriculture

Jason Phillips, Budget Analyst

- GRF funding of approximately \$19.5 million in each fiscal year
- Significant increase in funding for Plant Industry program to increase nursery stock inspections
- County agricultural society reimbursement funding increased by \$250,000 over the biennium

OVERVIEW

Duties and Responsibilities

Ohio’s Department of Agriculture (ODA) is primarily a regulatory agency responsible for the safety of the state’s food supply, animal and plant health, proper pesticide use, consumer protection, and creation of economic activity through promotion of agricultural products in domestic and international markets. The Department maintains state-of-the-art laboratories that provide important surveillance testing for the agricultural industry and the public at large. These various activities are housed in 13 separate program areas.

Agency in Brief

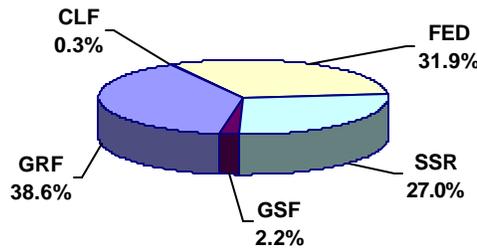
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
512	\$50.40 million	\$50.39 million	\$19.46 million	\$19.46 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. The count includes 437 full and part-time employees and 75 seasonal employees.

The budget appropriates \$50,401,040 for the Department of Agriculture for FY 2008, a 1.0% decrease over FY 2007 adjusted appropriations of \$50,926,155. FY 2009 appropriations are \$50,391,040, or 0.02% lower than those for FY 2008.

The pie chart below displays how the Department’s funding is split among the General Revenue Fund (GRF), the Federal Special Revenue Fund Group (FED), the State Special Revenue Fund Group (SSR), the General Services Fund Group (GSF), and the Clean Ohio (CLF) Fund. As the pie chart shows, GRF is the Department’s largest source of funding at 38.6%. The balance of the Department’s resources come largely from federal dollars (31.9%) for such programs as meat inspections, plant industry regulation, and agricultural easement purchases and from the Department’s rotary funds (27.0%), which generally receive fee revenue from the industries the Department regulates.

Total FYs 2008-2009 Budget by Fund Group



Another way to analyze the Department’s funding is to do so by program series. As the table below shows, the Plant Industry, Meat Inspection, and Program Management program series account for nearly 56% of the Department’s total recommended funding for the FY 2008 - 2009 biennium.

Department of Agriculture Budget by Program Series for FY 2008-2009 Biennium				
Program Series	FY 2008 Appropriations	FY 2009 Appropriations	Biennium Total	Percent of Total Budget
PS 1: General Agriculture	\$3,054,037	\$3,054,037	\$6,108,074	6.1%
PS 2: Amusement Ride Safety	\$1,000,000	\$1,000,001	\$2,000,001	2.0%
PS 3: Dairy Inspection	\$2,804,504	\$2,804,504	\$5,609,008	5.6%
PS 4: Food Safety	\$1,723,196	\$1,723,196	\$3,446,392	3.4%
PS 5: Agriculture Market Development	\$1,929,419	\$1,929,418	\$3,858,837	3.8%
PS 6: Plant Industry	\$10,500,000	\$10,500,000	\$21,000,000	20.8%
PS 7: Weights and Measures	\$1,727,526	\$1,727,526	\$3,455,052	3.4%
PS 8: Animal Industry	\$4,804,170	\$4,804,170	\$9,608,340	9.5%
PS 9: Meat Inspection	\$9,704,183	\$9,694,183	\$19,398,366	19.2%
PS 10: Consumer Analytical Laboratory	\$3,300,188	\$3,300,188	\$6,600,376	6.5%
PS 11: Large Livestock Regulation	\$1,458,496	\$1,458,496	\$2,916,992	2.9%
PS 12: Auctioneers Licensing	\$389,991	\$389,991	\$779,982	0.8%
PS 13: Program Management	\$8,005,330	\$8,005,330	\$16,010,660	15.9%
Program Series Total	\$50,401,040	\$50,391,040	\$100,792,080	100%

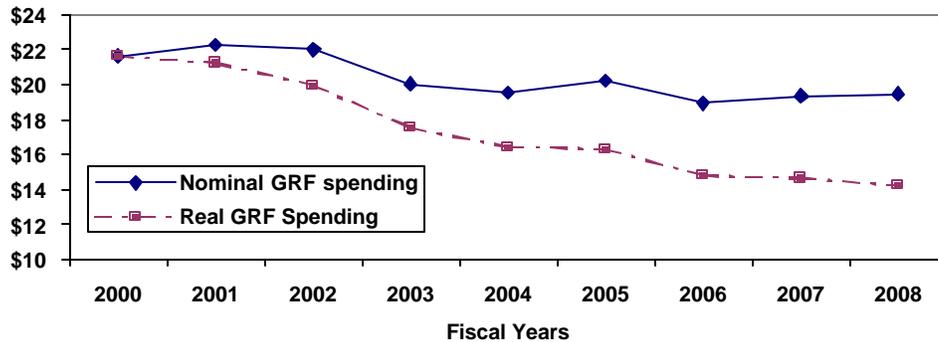
Note: Percentage figures may not add to 100% due to rounding

Issues of Interest

Reduction in GRF Buying Power

The budget provides GRF funding of \$19,456,395 for each fiscal year. Since FY 2001, when GRF spending by ODA reached \$22.3 million, the Department’s GRF allocation has not only decreased nominally, but also substantially in real dollars when controlled for inflation. The chart below illustrates ODA’s historical GRF spending from FY 2000 to FY 2006 as well as FY 2007 and FY 2008 GRF appropriations. It also controls the spending for inflation according to a chained price index focusing on state and local government personnel costs. While the nominal appropriation for FY 2008 is approximately \$19.46 million, that amount can only buy approximately \$14.23 million worth of goods and services in FY 2000 dollars, a reduction in buying power of over 25% as a result of the Department’s GRF funding not keeping pace with inflation over the past four biennia.

**Department of Agriculture GRF Spending (in Millions),
FY 2000 to FY 2008**



GRF Funding Increases

Although total GRF resources for the Department of Agriculture have declined overall in the current decade, the current budget increased GRF funding for some programs. For instance, the Plant Industry program’s GRF funding increased by \$300,000 each fiscal year, allowing the Department to increase the number of inspections of nursery stock to accommodate the growth of the nursery stock and landscape services industry.

The budget also increased the funding available for the reimbursement of Junior Fair expenses to the 94 county and independent agricultural societies by a total of \$125,000 in each fiscal year. Most, if not all, county agricultural societies should receive an increase in their reimbursement amounts as a result. The budget also reestablished appropriation item 700-503, renamed Livestock Exhibition Fund, at \$62,500 in each fiscal year to be used for cash assistance for facility rental costs and premium awards for livestock associations. GRF funding was also increased by \$75,000 each fiscal year for the poultry inspection program.

Law Changes

The budget act made three changes to statutes affecting the Department of Agriculture. First, the budget authorized the Director of Agriculture, in conducting investigations, inquiries, or hearings, to assess certain investigation and legal costs on persons involved in Chapter 119. administrative hearings if it is determined that the party has failed to comply with Ohio law or if there was frivolous conduct by the party. The assessment of costs may be appealed to a court of competent jurisdiction. This provision enables the Department to recoup some of the costs it incurs in carrying out administrative hearings conducted under Chapter 119. of the Revised Code. Previously, the Department did not collect any such assessments.

Second, the budget act modified the Ohio Proud Program to allow natural spring water to be included in the list of agricultural goods that the Department of Agriculture may promote in the program. There is a \$100 annual product registration fee required for inclusion into the Ohio Proud Program. Finally, the budget act extended a temporary two-cent excise tax on wine through the end of FY 2009. This temporary, renewable excise tax helps fund the Ohio Grape Industries program, which provides marketing and promotion efforts for Ohio grapes and grape products.

ANALYSIS OF THE BUDGET

Program Series

1: General Agriculture

Purpose: The General Agriculture program is designed to preserve the state’s agricultural heritage. The programs within this division include support for county agricultural societies across the state, breeder awards, and the Ohio Farm Loan program.

The following table shows the line items that are used to fund the General Agriculture program series, as well as funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-501	County Agricultural Societies	\$483,226	\$483,226
GRF	700-409	Farmland Preservation	\$241,573	\$241,573
GRF	700-503	Livestock Exhibition Fund	\$62,500	\$62,500
General Revenue Fund Subtotal			\$787,299	\$787,299
State Special Revenue Fund Group				
4E4	700-606	Utility Radiological Safety	\$73,059	\$73,059
State Special Revenue Fund Group Subtotal			\$73,059	\$73,059
Federal Special Revenue Fund Group				
3AB	700-641	Agricultural Easement	\$2,000,000	\$2,000,000
336	700-617	Ohio Farm Loan Revolving Fund	\$44,679	\$44,679
Federal Special Revenue Fund Group Subtotal			\$2,044,679	\$2,044,679
Clean Ohio Fund Group				
057	700-632	Clean Ohio Agricultural Easement	\$149,000	\$149,000
Clean Ohio Fund Group Subtotal			\$149,000	\$149,000
Total Funding: General Agriculture			\$3,054,037	\$3,054,037

The General Agriculture program series contains the following programs:

- **Program 1.01: County Agriculture Society**
- **Program 1.02: Ohio Farm Loan**
- **Program 1.03: Farmland Preservation**
- **Program 1.04: Utility Radiological Safety and Agricultural Terrorism Security**
- **Program 1.05: Livestock Exhibition Fund**

County Agriculture Society

Program Description: Agricultural societies provide educational opportunities for junior fair participants, in addition to providing premiums and cash awards at the annual county and independent fairs. There are approximately 100,000 junior fair participants in Ohio. The County Agriculture Society program reimburses junior fair expenditures at the state’s 94 county and independent agricultural societies throughout Ohio. This program disburses funds each January, after the agricultural societies provide a report on the magnitude of junior fair expenses.

Funding Source: General Revenue Fund

Implication of the Budget: The budget funds the County Agricultural Society program at \$483,226 in each fiscal year, which increases funding for reimbursements to county and independent agricultural societies over levels in the FY 2006 - 2007 biennium. Most, if not all, county agricultural societies should receive an increase in their reimbursement amounts as a result.

Ohio Farm Loan

Program Description: Under an agreement with the USDA, the Ohio Farm Loan program solicits and reviews, with its advisory board, loan applications for high credit risk farmers that would have difficulty obtaining conventional credit without a loan guarantee. This first-time loan program provides low rate financing for high credit risk farmers.

Funding Source: Interest received from \$3 million deposited in Ohio Farm Loan Revolving Fund

Implication of the Budget: The budget appropriates \$44,679 in each fiscal year, which fully funds the Ohio Farm Loan program and allows current activities to be maintained.

Farmland Preservation

Program Description: The program facilitates the preservation of farmland and also educates the public on protecting farmland from conversion to nonagricultural use. The program's Clean Ohio Fund Agricultural Easement Purchase program was established in 2001. The program initiates purchases of agricultural easements from volunteer landowners. In addition, legislation signed in 2002 permits landowners to donate development rights of their land to the state or local governments for the purpose of protecting productive farmland from converting to nonagricultural use. The U.S. Department of Agriculture reimburses ODA 50% of the moneys spent out of the Clean Ohio Fund up to a predetermined cap. The Department receives approximately \$1.5 million to \$2 million per year depending on the cap and the amount spent. Since 2002, approximately \$15.6 million in Clean Ohio Funds and \$5.47 million in matching funds received from the federal government have been spent to preserve over 15,000 acres of Ohio's most productive farmland. The program has protected over 5,000 additional acres through the agricultural easement donation program.

Funding Source: General Revenue Fund, federal grants and interest earned on the Clean Ohio Revitalization Fund

Implication of the Budget: The budget appropriates \$2,390,573 in each fiscal year for this program. The budget holds funding for the program's GRF and Clean Ohio Funds at FY 2007 appropriations and includes \$2,000,000 in each fiscal year from federal funding. The amount appropriated will likely continue to preserve an additional 4,000 to 6,000 acres of productive farmland per year through all of the agricultural easement acquisition programs.

Utility Radiological Safety and Agricultural Terrorism Security

Program Description: The Utility Radiological Safety and Agricultural Terrorism Security program coordinates and provides recommendations to Department divisions and local, state, federal, and industry partners concerning matters of homeland security, food supply defense, bio-security, agro-terrorism, and radiological events. The Agro Bio-Security Office develops, coordinates, and implements

agency-wide continuity of operations plans, infrastructure protection, emergency preparedness, and response, planning, and training exercises. This office represents and advises the Director in matters concerning the Utility Radiological Safety Board (URSB), Ohio Homeland Security Advisory Council (OHSAC), State of Ohio Security Task Force (SOSTF), State Emergency Operations Center (EOC), and the Strategic Analysis and Information Center (SAIC).

The program is also responsible for performing sampling on food grown or processed within allowable distances from nuclear plants in Ohio to assure a safe food supply for the Ohio consumer in the event of a nuclear power plant release. Every six years, the state agencies involved are evaluated by federal government agencies such as the Federal Emergency Management Agency (FEMA) and the Nuclear Regulatory Commission (NRC) on how they perform during a graded dry-run exercise.

Funding Source: Assessments on power plants

Implication of the Budget: The budget appropriated \$73,059 in each fiscal year to continue the Utility Radiological Safety program. The budget allows current activities to be maintained, focusing on continuing preparedness efforts to protect Ohio's food chain in the case of a release at a nuclear power plant or acts of agro-terrorism.

Livestock Exhibition Fund

Program Description: This program allows the Director of Agriculture to provide financial assistance to statewide, multi-state, or national nonprofit livestock associations to defray up to 50% of the rental costs at the Ohio Expositions Center for the purposes of conducting a livestock exhibition there. The program can also provide financial assistance to the above livestock associations to offset the cost of premium awards (money, ribbons, banners, medals, trophies, and so on) for national multi-species exhibitions held at the Ohio Expositions Center.

Funding Source: General Revenue Fund

Implication of the Budget: The budget appropriates \$62,500 in each fiscal year, which reestablishes funding to allow cash assistance for facility rental costs at the Ohio Expositions Center and premium award payments to eligible livestock associations. New appropriations had not been provided for this program since FY 2003.

Program Series

2: Amusement Ride Safety

The following table shows the line items that are used to fund the Amusement Ride Safety program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund Group				
578	700-620	Ride Inspection Fees	\$1,000,000	\$1,000,001
Total Funding: Amusement Ride Safety			\$1,000,000	\$1,000,001

Amusement Ride Safety

Program Description: The Amusement Ride Safety program deals with the inspection of permanent and portable amusement rides throughout the state on an annual basis. In addition to site inspection, division personnel review safety records with ride operators, ensure that operators are informed of any maintenance updates or safety bulletins that may apply to certain rides, and monitors ride accidents and helps determine their cause. The Department inspects, licenses, and maintains records on more than 2,500 amusement rides in the state. The division is also responsible for licensing and regulating approximately 750 games and sideshows at the 94 county and independent fairs and the state fair.

Funding Source: Fees and fines associated with the regulation of amusement rides

Implication of the Budget: The budget appropriates \$1,000,000 in FY 2008 and \$1,000,001 in FY 2009 for the Amusement Ride Safety program. Within the funding levels appropriated, the Department indicated that it would be able to maintain current service levels.

Program Series

3: Dairy Inspection

The following table shows the line items that are used to fund the Dairy Inspection program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-403	Dairy Division	\$1,304,504	\$1,304,504
General Revenue Fund Subtotal			\$1,304,504	\$1,304,504
State Special Revenue Fund Group				
4R2	700-637	Dairy Industry Inspection	\$1,500,000	\$1,500,000
State Special Revenue Fund Group Subtotal			\$1,500,000	\$1,500,000
Total Funding: Dairy Inspection			\$2,804,504	\$2,804,504

Dairy Inspection

Program Description: This regulatory and licensure program ensures that all milk and milk products emanating from Ohio dairies are safe for human consumption. This involves the licensure and inspection of dairies, milk haulers, and dealers in Ohio to ensure the sanitary production, processing, and transportation of milk-based products. Inspection standards are set to meet or exceed standards of the U.S. Department of Health and Human Services, the FDA and USDA. The program licenses and inspects over 3,600 milk producers, including tank trucks and other transporters, processors, and transfer and receiving stations.

Funding Source: General Revenue Fund and licensing and milk inspection fees

Implication of the Budget: The budget funds the Dairy Inspection program at \$2,804,504 in each fiscal year. The Department indicated that the program would be able to continue current service levels.

Program Series

4: Food Safety

The following table shows the line items that are used to fund the Food Safety program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-407	Food Safety	\$865,100	\$865,100
General Revenue Fund Subtotal			\$865,100	\$865,100
State Special Revenue Fund Group				
4P7	700-610	Food Safety Inspection	\$858,096	\$858,096
State Special Revenue Fund Group Subtotal			\$858,096	\$858,096
Total Funding: Food Safety			\$1,723,196	\$1,723,196

Food and Drug Inspection

Program Description: The Food and Drug Inspection program ensures a safe food supply through surveillance, sampling, inspection, consultation, technical assistance, and training. The Division of Food Safety regulates food processing plants, wholesale storage, and distribution sites, and retail facilities that produce, process, label, store, distribute, and sell food products in the state. The Division also inspects over-the-counter drugs, dietary supplements, and cosmetics and receives and investigates consumer complaints regarding food safety. The program also evaluates and audits the administrative controls of the 137 local health departments approved to inspect retail food establishments. The Division’s partnership with the local health departments provides an additional outlet to transmit consumer notices regarding food safety recalls of food and drug products.

Funding Source: General Revenue Fund and fees collected from local health departments and license fees collected from retail and wholesale sectors

Implication of the Budget: The budget appropriates \$1,723,196 in each fiscal year to continue the Food Safety program, which fully funds the program and will likely allow it to maintain current service levels.

Program Series**5: Agriculture Market Development**

Purpose: The activities and programs funded in this program series are directed toward boosting the sales of Ohio's agricultural products in domestic and international markets.

The following table shows the line items that are used to fund the Agriculture Market Development program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-404	Ohio Proud	\$196,895	\$196,895
GRF	700-411	International Trade and Market Development	\$617,524	\$617,524
General Revenue Fund Subtotal			\$814,419	\$814,419
State Special Revenue Fund Group				
494	700-612	Agricultural Commodity Marketing Program	\$250,000	\$250,000
496	700-626	Ohio Grape Industries	\$850,000	\$849,999
4T7	700-613	International Trade and Market Development	\$15,000	\$15,000
State Special Revenue Fund Group Subtotal			\$1,115,000	\$1,114,999
Total Funding: Agriculture Market Development			\$1,929,419	\$1,929,418

The Agriculture Market Development program series contains the following programs:

- **Program 5.01: International and Domestic Marketing**
- **Program 5.02: Commodity Marketing**
- **Program 5.03: Ohio Proud Marketing**
- **Program 5.04: Grape Industries Research and Marketing**
- **Program 5.05: Non-food and Bio-fuel Promotion**

International and Domestic Marketing

Program Description: The International and Domestic Marketing program provides marketing services to Ohio's food and agricultural industry to promote and provide a competitive advantage for Ohio-based products that are marketed internationally and nationally. The International Market Development program participates in trade shows, coordinates trade missions, conducts training seminars on exporting, and provides market research information to help promote international development of Ohio-based products. In 2005, Ohio food companies participated in 20 export promotion activities available through the Division of Markets that resulted in reported sales of approximately \$2.2 million. These activities resulted in an additional 100 foreign buyer contacts and 47 new international distributors established for Ohio companies.

Funding Source: General Revenue Fund and reimbursements from participants of trade missions

Implication of the Budget: The budget appropriates \$632,524 in each fiscal year for the International and Domestic Marketing program. The budget includes \$100,000 that is earmarked for the Ohio - Israel Agricultural Initiative in each fiscal year. The budget fully funds the International and Domestic Marketing program.

Commodity Marketing

Program Description: The Commodity Marketing program currently provides oversight for six commodity marketing programs including: apple, beef, corn, eggs, small fruit and vegetable, and sheep and wool. These marketing committees promote their products, provide research and conduct educational programs for the betterment of their commodities. Commodity committees are either appointed by the Director of Agriculture or elected by the producers for that commodity group. The commodity committees collect check-off fees from producers that fund their activities. Depending on the committee, the Department either provides financial oversight, or collects the fees from the committee and returns the fee to the committee through a pass-through procedure. Currently, three of the six commodity groups utilize the pass-through procedures.

Funding Source: Assessments from producers collected by commodity committees for the promotion of their product

Implication of the Budget: The budget provides \$250,000 in each fiscal year for the Commodity Marketing program, which will continue to allow the program to perform its pass-through function based on expected assessments.

Ohio Proud Marketing

Program Description: The Department developed this marketing program in 1993 in an effort to increase sales of agricultural goods grown or processed in the state. One of the most prominent features of the marketing program is the "Ohio Proud" shelf tags and labels affixed to products displayed in grocery stores. Consumer awareness is one of the principle methods used to promote the products. The Department licenses 204 companies from 61 counties that represent more than 1,200 products. Program employees travel to approximately 80 events each year in an Ohio Proud vehicle that is used to display information to consumers. The program also funds advertising through newspaper ads and billboards.

Funding Source: General Revenue Fund

Implication of the Budget: The budget appropriates \$196,895 in each fiscal year in GRF funding to continue the Ohio Proud Marketing program and restructured the program's funding by eliminating funding for the program's rotary fund, Fund 4R0, in an effort to consolidate program activities. With the appropriated amounts, ODA would be able to maintain current service levels.

Grape Industries Research and Marketing

Program Description: The Ohio Grape Industry program was established in 1982 to serve the Ohio grape and wine producers through research that focuses on expanded production and improved quality. The program seeks to expand Ohio's wine and grape-growing industry with marketing and promotion in order to create income-producing agribusiness. To this end, the Ohio Grape Industries Committee underwrites the cost of a state viticulturist position at The Ohio State University who provides leadership to the research efforts. The research is made available to Ohio grape growers and the general population. There are approximately 80 licensed and bonded Ohio wineries.

Funding Source: A portion of the tax revenues collected from wine and liquor sales throughout the state

Implication of the Budget: The budget provides \$850,000 in FY 2008 and \$849,999 in FY 2009 for the Grape Industries Research and Marketing program. In the FY 2006 - 2007 biennium, the program used various marketing initiatives such as television advertising, purchases for which can be costly. While the marketing initiatives are still being formulated, the Department indicated that the marketing strategy of the program will change significantly, shifting the focus away from such initiatives. The budget reflects the shift in focus and fully funds the program's planned marketing strategies.

Non-food and Bio-fuel Promotion

Program Description: Alternative bio-fuel development has become very important to the agricultural industry in recent years and the Department of Agriculture has been involved in many different aspects of the issue. For instance, Ohio participates in the Governor's Bio-fuel Task Force, the 25 x '25 Steering Committee, and the Governor's Ethanol Coalition, which is a group of 35 states with an interest in ethanol and bio-fuel development, legislation, and regulation. The Department also maintains an informational web site on the development of the ethanol and bio-diesel industry in the state and issues tax credit certification of bio-fuels facilities. This certification qualifies bio-fuel facilities as farmer-owned, enabling farmer investors to receive a tax credit on a portion of their investment.

Funding Source: N/A

Implication of the Budget: The budget does not grant any specific funding for the Non-food and Bio-fuel Promotion program in FY 2008 or FY 2009 because the program activities described above are now funded out of current expenses, such as salary for existing staff who participate in the various bio-fuel development task forces and steering committees noted above.

Program Series

6: Plant Industry

Purpose: This program series is intended to assure consumers of accurate product labeling, minimize plant loss caused by pests and diseases, protect against the misuse of chemicals on agricultural products, and protect farmers in case of grain elevator failures.

The following table shows the line items that are used to fund the Plant Industry program series, as well as the funding level for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-410	Plant Industry	\$350,000	\$350,000
GRF	700-413	Gypsy Moth Prevention	\$200,000	\$200,000
General Revenue Fund Subtotal			\$550,000	\$550,000
Federal Special Revenue Fund Group				
3R2	700-614	Federal Plant Industry	\$4,800,000	\$4,800,000
Federal Special Revenue Fund Group Subtotal			\$4,800,000	\$4,800,000
State Special Revenue Fund Group				
497	700-627	Commodity Handlers Regulatory Program	\$500,000	\$500,000
4C9	700-605	Feed, Fertilizer, Seed, and Lime Inspection	\$1,850,000	\$1,850,000
669	700-635	Pesticide Program	\$2,800,000	\$2,800,000
State Special Revenue Fund Group Subtotal			\$5,150,000	\$5,150,000
Total Funding: Plant Industry			\$10,500,000	\$10,500,000

The following programs are contained within the Plant Industry program series:

- **Program 6.01: Plant Pest Control, Apiary, and Seed**
- **Program 6.02: Invasive Species**
- **Program 6.03: Feed, Fertilizer, and Lime Inspection**
- **Program 6.04: Grain Warehouse Oversight and Indemnity Fund**
- **Program 6.05: Pesticide Regulation**

Plant Pest Control, Apiary, and Seed

Program Description: This program contains four subprograms: Plant Pest Control, Apiary, Seed and a component that administers federal grants. The Plant Pest Control Program inspects and certifies/licenses nursery stock producers and dealers, examines agricultural and forest products for harmful pests, and issues state and federal phytosanitary certificates. The program also administers federal and state plant pest quarantines; quarantines and eradicates harmful plant pest infestations, performs laboratory analysis of samples, and conducts pest containment inspections. The Apiary Section is a joint state and county program regulating where colonies of bees are kept. Boards of county commissioners appoint inspectors with the approval of the Director of Agriculture. County inspectors then work with and are supervised and trained by the Department. Annually, over 5,000 apiary locations are registered and over 20,000 colonies are inspected to determine their health. The Seed program is responsible for the inspection of seed labeling procedures and records, and the sampling and testing of seed lots for quality assurance.

Funding Source: General Revenue Fund

Implication of the Budget: The budget appropriates \$350,000 in each fiscal year to continue the Plant Pest Control, Apiary, and Seed program. The amounts appropriated will provide additional funds to enable the Department to conduct additional nursery stock inspections as a result of the growing nursery stock and landscape services industry. The personnel that administer this program are funded through two of the Plant Industry Division's rotary funds, Fund 4C9 and Fund 669.

Invasive Species

Program Description: Two of the largest federally funded programs within the Plant Industry program series are the Gypsy Moth and Emerald Ash Borer programs. The goal of the Invasive Species program is to minimize the impact of such species on the natural resources and citizens of Ohio. The Gypsy Moth is a destructive insect pest that currently threatens the forest, woodland, and ornamental trees in Ohio. It is an introduced pest and as such has few natural enemies. Currently, the pest has invaded 47 of Ohio's 88 counties. The Department has three programs aimed at controlling the Gypsy Moth: Suppression, which attempts to lessen the impacts of the moth on Ohio's people and ash tree resources; Slow-the-Spread, which orchestrates detection, monitoring, and eradication activities in infested areas; and Eradication, which orchestrates the detection and eradication activities in noninfested areas.

The Emerald Ash Borer (EAB) is an exotic foreign pest of ash trees in the United States. The pest was initially discovered in North America during the summer of 2002 in a southeast county of Michigan and in an adjacent area in Canada. The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) and the Ohio Department of Agriculture have cooperated in a regional project to detect, monitor, and eradicate infestations in Ohio as well as enforce quarantine boundaries to slow the artificial movement of the Emerald Ash Borer.

The Division of Plant Industry has cooperative agreements and grants with USDA-APHIS, USDA-Forest Service, U.S. Department of Health and Human Services (HHS), and the U.S. Environmental Protection Agency (USEPA) to survey and monitor invasive species. Each grant activity is directly related to activities of the Division in addition to the Consumer Analytical Laboratory (CAL), which conducts the testing for USEPA and HHS grants.

Funding Source: General Revenue Fund and federal grants

Implication of the Budget: The budget appropriates \$5,000,000 in each fiscal year for the Invasive Species program. At the appropriated funding levels, the program will only conduct surveillance or monitoring activities in regard to Emerald Ash Borer infestations as a result of federal guidelines, meaning that no cutting of trees will occur. Regarding the Gypsy Moth, the Department indicated that it would be able to continue the Slow-the-Spread program, which orchestrates detection, monitoring, and eradication activities in infested areas.

Feed, Fertilizer, and Lime Inspection

Program Description: The Feed, Fertilizer, and Lime Inspection program provides a level of protection to the purchasing consumer of feeds, fertilizers, and liming material products to assure that the products purchased contain the amount of nutrients and/or minerals as claimed on the label by obtaining samples of different animal feeds, agricultural fertilizers, lawn fertilizers, and lime products. Inspectors also conduct safety checks on anhydrous ammonia equipment and feed mills. The ammonia equipment inspections ensure safe storage and handling of ammonia fertilizer products and feed mill inspections help

prevent BSE (or Mad Cow Disease). This program analyzes approximately 2,500 animal feed samples per year and licenses over 1,700 commercial feed registrants.

Funding Source: Fees charged to feed dealers for inspections at a rate of \$0.25 per ton

Implication of the Budget: The budget appropriates \$1,850,000 in each fiscal year for the Feed, Fertilizer, and Lime Inspection program. The Department stated that it could maintain current service levels at the amounts appropriated in the budget.

Grain Warehouse Oversight and Indemnity Fund

Program Description: This program consists of three subprograms: grain, seed, and feed. These programs license and regulate grain elevators and dealers, assure the accuracy of labels on all agricultural, vegetable, flower, and lawn seeds; and monitor animal feed and pet food content claims concerning protein, fat, vitamins, minerals, and antibiotics. This program supports the Grain Indemnity Fund (Fund 498), which protects grain depositor interest in the event that a licensed facility is declared financially insolvent. The cash for the indemnity fund is generated with a one-half cent per bushel deduction from grain delivered to licensed elevators. Currently, there are 245 licensed grain warehouse companies. The feed program registers all commercial feed manufacturers to ensure that feed products are safe and that content label claims are accurate.

Funding Source: License and examination fees paid by commodity handlers

Implication of the Budget: The budget provides \$500,000 in each fiscal year for the Grain Warehouse Oversight and Indemnity Fund program. The Department will be able to continue operating at current service levels with the amount of funding appropriated in the budget.

Pesticide Regulation

Program Description: The Pesticide Regulation program oversees the application of pesticides, the labeling of pesticide products, and the testing and licensing of pesticide applicators in the state. The Department licenses commercial pesticide operators, dealers of restricted-use pesticides, and certification of private applicators desiring to purchase restricted-use products. In addition, the Department also investigates complaints of misuse of pesticides and of improper storage or disposal of products. On average, the Department receives over 300 complaints each year. The Department administers the Clean Sweep program, a regional pesticide disposal program to protect consumers and the environment. This program is free of charge to the public.

Funding Source: Fees charged to pesticide dealers and applicators

Implication of the Budget: The budget appropriates \$2,800,000 in each fiscal year for the Pesticide Regulation program. With the appropriated amounts, the program will have to prioritize spending and human resource allocations in order to continue to carry out the activities of the program. However, the Department indicated that it would likely be able to maintain current service levels.

Program Series

7: Weights and Measures

The following table shows the line items that are used to fund the Weights and Measures program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-412	Weights and Measures	\$1,300,000	\$1,300,000
General Revenue Fund Subtotal			\$1,300,000	\$1,300,000
State Special Revenue Fund Group				
5H2	700-608	Metrology Lab and Scale Certification	\$427,526	\$427,526
State Special Revenue Fund Group Subtotal			\$427,526	\$427,526
Total Funding: Weights and Measures			\$1,727,526	\$1,727,526

Weights and Measures

Program Description: The Weights and Measures Division regulates the state’s weighing and measuring devices and inspects commodities packaged and sold by the state’s wholesale and retail marketers. The types of devices inspected range from livestock scales to grocery store price scanners. Packaged goods that are subject to inspection range from breakfast cereals to bagged manure. Since there are thousands of such devices statewide which require frequent inspection, the division trains and certifies over 140 state, county and municipal inspectors and provides local jurisdiction support for 91 county and city weights and measures programs throughout the state. Within the program there are two laboratories.

The Division maintains a National Type Evaluation Program (NTEP) laboratory, one of only four in the country. This is a self-funded program. Scale and measuring device manufacturers may bring their new equipment to this lab for testing and approval. If the NTEP lab approves the device, the manufacturer can sell the device nationally. The lab works with others in California, Maryland, and New York to develop acceptable and uniform weight and measurement standards. The NTEP laboratory is funded through fees charged to manufacturers who submit their devices to the laboratory for certification.

The metrology lab houses standards of mass, length, and volume for the state of Ohio. The standards are traceable to U.S. standards and the world standards house in Paris, France. The Department’s laboratory is the only U.S. Department of Commerce authorized metrology laboratory in the state. The workload for this program has doubled within the past ten years.

Funding Source: GRF and fees charged to manufacturers for inspection of large meters and large scales

Implication of the Budget: The Weights and Measures program is funded with \$1,727,526 in each fiscal year. The appropriated amounts will enable the Department to maintain current service levels and to replace equipment.

Program Series

8: Animal Industry

Purpose: Programs within this series are aimed at detecting and controlling livestock and poultry diseases, as well as licensing dealers and others involved in bringing livestock and poultry to market. The division is also concerned with protecting consumers from tissue and milk drug residue, as well as protecting livestock and poultry production interests.

The following table shows the line items that are used to fund the Animal Disease Control program series, as well as funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-401	Animal Disease Control	\$3,574,506	\$3,574,506
GRF	700-415	Poultry Inspection	\$400,000	\$400,000
GRF	700-424	Livestock Testing and Inspections	\$115,946	\$115,946
GRF	700-405	Animal Damage Control	\$60,000	\$60,000
General Revenue Fund Subtotal			\$4,150,452	\$4,150,452
State Special Revenue Fund Group				
652	700-634	Animal and Consumer Analytical Laboratory	\$653,718	\$653,718
State Special Revenue Fund Group Subtotal			\$653,718	\$653,718
Total Funding: Animal Industry			\$4,804,170	\$4,804,170

The following specific programs are within the Animal Industry program series:

- **Program 8.01: Animal Disease Control**
- **Program 8.02: Poultry Inspection**
- **Program 8.03: Livestock Testing and Inspection**
- **Program 8.04: Animal Damage Control**

Animal Disease Control

Program Description: The mission of the Animal Disease Control program is to protect and promote the health of Ohio’s livestock and poultry by maintaining disease-free status for Ohio’s flock and herd; protecting livestock and poultry from emerging, foreign, and reemerging diseases; protecting consumers from tissue and milk residues; protecting livestock and poultry interests; and providing high caliber animal disease diagnostic laboratory services. Due to the outbreak of foreign animal disease such as Foot and Mouth Disease and Mad Cow Disease, the Animal Disease Control program substantially increased staff time and resources to prepare and assure Ohio’s ability to respond to emergency situations and disease outbreaks. The Animal Disease Diagnostic Lab (ADDL), a full-service veterinary diagnostic laboratory, is a significant aspect of this program, conducting a variety of testing procedures on samples from livestock producers. The program enforces, inspects, and monitors livestock dealers, auction markets, concentration yards, weighers, renderers, collectors, and garbage feeders.

Funding Source: General Revenue Fund and fees charged for laboratory services

Implication of the Budget: The budget appropriates \$4,228,224 in each fiscal year for the Animal Disease Control program. The budget holds GRF funding for the program flat in comparison to FY 2007 appropriation levels. The funding provided will allow the program to maintain current service levels.

Poultry Inspection

Program Description: This program develops testing and disease control initiatives involving Ohio's poultry industry. Ohio ranks second in the nation in table egg production. ADDL conducts over 200,000 tests per year on poultry and conducts all analytical testing on eggs. A relatively new initiative is the Ohio Egg Quality Assurance Program. This program is a major effort to assess, control, and reduce the threat of *Salmonella enteritidis* in Ohio table eggs.

Funding Source: General Revenue Fund

Implication of the Budget: The budget appropriates \$400,000 in each fiscal year for the Poultry Inspection program. The amounts appropriated will allow the program to maintain current service levels.

Livestock Testing and Inspection

Program Description: The Livestock Testing and Inspection program supports the testing of exhibition livestock at 94 county and independent fairs, the Ohio State Fair, and testing at other exhibitions, such as preview shows, the Dairy Expo and Beef Expo.

Funding Source: General Revenue Fund

Implication of the Budget: The budget appropriates \$115,946 in each fiscal year for the Livestock Testing and Inspection program, which fully funds the program and allows current service levels to be maintained.

Animal Damage Control

Program Description: This program supports efforts to address wildlife depredation on domestic animals through a coordinated approach with the U.S. Department of Agriculture – Animal and Plant Health Inspection Service (APHIS), and the Ohio Department of Natural Resources. The agency maintains and manages an indemnity fund for producers' injury or loss to livestock or poultry due to coyotes or black vultures. The program goal is to prevent and/or minimize damage or nuisance effects caused by mammals and birds to agricultural production, with emphasis placed on coyote and black vulture depredation.

Funding Source: General Revenue Fund

Implication of the Budget: The budget appropriates \$60,000 in each fiscal year and allows the Animal Damage Control program to continue paying indemnity claims.

Program Series**9: Meat Inspection**

The following table shows the line items that are used to fund the Meat Inspection program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-499	Meat Inspection Program-State Share	\$4,696,889	\$4,696,889
General Revenue Fund Subtotal			\$4,696,889	\$4,696,889
Federal Special Revenue Fund Group				
326	700-618	Meat Inspection Program-Federal Share	\$4,960,000	\$4,950,000
Federal Special Revenue Fund Group Subtotal			\$4,960,000	\$4,950,000
State Special Revenue Fund Group				
4T6	700-611	Poultry and Meat Inspection	\$47,294	\$47,294
State Special Revenue Fund Group Subtotal			\$47,294	\$47,294
Total Funding: Meat Inspection			\$9,704,183	\$9,694,183

Meat Inspection

Program Description: The Meat Inspection program ensures the safety of meat and poultry products produced and processed in Ohio. Inspection verification activities provide assurance that only wholesome and truthfully labeled meat and poultry products are sold to the citizens of Ohio. Passing inspection means eliminating diseases that are directly transmissible from animals to humans, eliminating carcasses with residues/chemicals that are harmful to humans, processing raw products in a sanitary manner, and overseeing the science-based Hazard Analysis Critical Control Points pathogen elimination system in meat and poultry plants. The Division of Meat Inspection also regulates the labeling of meat and poultry products that allows consumers to make informed decisions about ingredients and nutrition values. Fifty percent of the division's funding is derived from federal grants while the other half is from the GRF. The Division also maintains a rotary fund (Fund 4T6) that collects the licensing fees for each slaughtering and processing plant.

Funding Source: General Revenue Fund, federal grants, and license fees, fines and penalties from meat and poultry establishments

Implication of the Budget: The budget appropriates \$9,704,183 in FY 2008 and \$9,694,183 in FY 2009 for the Meat Inspection program, which will allow the program to maintain current service levels.

Program Series

10: Consumer Analytical Laboratory

The following table shows the line items that are used to fund the Consumer Analytical Laboratory program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-406	Consumer Analytical Lab	\$953,906	\$953,906
General Revenue Fund Subtotal			\$953,906	\$953,906
State Special Revenue Fund Group				
652	700-634	Animal and Consumer Analytical Laboratory	\$2,346,282	\$2,346,282
State Special Revenue Fund Group Subtotal			\$2,346,282	\$2,346,282
Total Funding: Consumer Analytical Laboratory			\$3,300,188	\$3,300,188

Food and Product Testing

Program Description: The Food and Product Testing program, through the Consumer Analytical Laboratory (CAL), provides chemical analysis and microbiological surveillance testing for food, livestock and poultry feed, and fertilizer to assure product safety for human consumption of food products and verify the accuracy of product labeling of feed and fertilizer to protect consumers and agricultural users. For example, the tests performed by CAL include testing for food-borne pathogens such as Salmonella, Listeria, and E-coli; analyzing agricultural liming and fertilizers; determining pesticide residue levels in food and milk; testing water for metals, volatile organic compounds and other contaminants; and determining the cause of livestock and poultry death. Highly pathogenic samples can be processed in a Bio-Level 3 Laboratory facility, which is certified by the Center for Disease Control (CDC) to process dangerous samples. CAL annually completes approximately 26,000 general chemistry tests, 35,000 microbiological analyses, and 110,000 pesticide analyses on 23,000 samples of food, feeds, water, fertilizers and plant materials. In addition, the Analytical Toxicology Lab (ATL) annually tests 19,000 samples from horses competing at Ohio’s seven commercial racetracks through a contract with the Ohio State Racing Commission.

Funding Source: General Revenue Fund and fees charged for performing laboratory tests

Implication of the Budget: The budget provides \$3,300,188 in each fiscal year for the Food and Product Testing program. The budget will enable CAL to purchase lab supplies needed to maintain current activities. At the appropriated amounts, the Department indicated it would be able to maintain current service levels.

Program Series

11: Large Livestock Regulation

The following table shows the line items that are used to fund the Large Livestock Regulation program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-418	Livestock Regulation Program	\$1,428,496	\$1,428,496
General Revenue Fund Subtotal			\$1,428,496	\$1,428,496
State Special Revenue Fund Group				
5L8	700-604	Livestock Management Program	\$30,000	\$30,000
State Special Revenue Fund Group Subtotal			\$30,000	\$30,000
Total Funding: Large Livestock Regulation			\$1,458,496	\$1,458,496

Large Livestock Regulation

Program Description: The Large Livestock Regulation program monitors large livestock operations, including all aspects of manure storage, handling, transportation, and land-application by these farms, and the farm’s insect and rodent control plans. This program also provides permits and certifications for the large livestock facilities and establishes building standards for new facilities. In addition, funding in this program provides the administrative costs for the Concentrated Animal Feeding Facility Advisory Committee.

Funding Source: General Revenue Fund and fees charged for livestock facilities permits

Implication of the Budget: The budget appropriates \$1,458,496 in each fiscal year for the Large Livestock Regulation program, which will enable current service levels to be maintained.

Program Series

12: Auctioneers Licensing

The following table shows the line items that are used to fund the Auctioneers Licensing program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund Group				
4D2	700-609	Auction Education	\$24,601	\$24,601
5B8	700-629	Auctioneers	\$365,390	\$365,390
State Special Revenue Fund Group Subtotal			\$389,991	\$389,991
Total Funding: Auctioneers Licensing			\$389,991	\$389,991

Auctioneers Licensing and Indemnity Fund

Program Description: The Auctioneer Licensing program oversees auctions in Ohio by conducting investigations and administering the licensing of auctioneers, apprentice auctioneers, special auction companies, and auction firms. The program also maintains an auction recovery fund for consumer protection if a licensee causes actual and direct financial loss. The Controlling Board appropriates moneys from that fund, as needed, to make payments to those who have been awarded a final adjustment against a licensed auctioneer. In FY 2006, ODA handled the administrative work of almost 3,200 auctioneers and auction firms. In addition, the program sponsors continuing education and professional development programs for auctioneers and the public through its Auction Education Fund (Fund 4D2).

Funding Source: Fees charged to license and train auctioneers

Implication of the Budget: The budget appropriates \$389,991 in each fiscal year for the Auctioneers Licensing program, which allows the program to maintain current service levels.

Program Series**13: Program Management**

The following table shows the line items that are used to fund the Program Management program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	700-321	Operating Expenses	\$2,605,330	\$2,605,330
General Revenue Fund Subtotal			\$2,605,330	\$2,605,330
General Services Fund Group				
5DA	700-644	Laboratory Administration Support	\$1,100,000	\$1,100,000
General Services Fund Group Subtotal			\$1,100,000	\$1,100,000
Federal Special Revenue Fund Group				
3J4	700-607	Indirect Cost	\$600,000	\$600,000
382	700-601	Cooperative Contracts	\$3,700,000	\$3,700,000
Federal Special Revenue Fund Group Subtotal			\$4,300,000	\$4,300,000
Total Funding: Program Management			\$8,005,330	\$8,005,330

Program Management

Program Description: The Program Management program includes the Director's Office and the following offices: business management, human resources, enforcement, laboratory and building maintenance, data processing, legal, and general agricultural functions including rural development partnership programs.

With the recent addition of the Ohio Department of Health/Ohio Environmental Protection Agency (ODH/EPA) laboratories at the Department's Reynoldsburg campus, this program also monitors the Laboratory Service Fund (Fund 5DA) that acts as a pass-through for utility and maintenance related expenses for those two agencies. The Indirect Cost Fund (Fund 3J4) is used to combine the indirect funding that is received from all federal grants eligible for indirect expense allocations. This fund pays the costs of the agency that are associated with spending functions of federal grant activities, such as payment of utility and overhead expenses. The Cooperative Contracts Fund (Fund 382) combines revenue from federal agencies from various grant agreements as a matter of convenience and to aid cash flow where revenue is received intermittently.

Funding Source: GRF, federal grants, and quarterly payments from ODH and EPA for their share of utility, supply and repair costs for the new laboratory building

Implication of the Budget: The budget appropriates \$8,005,330 in each fiscal year for Program Management, which allows the program to maintain current service levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

AGR Agriculture, Department of

GRF	700-321	Operating Expenses	\$ 2,605,056	\$ 2,612,981	\$ 2,605,330	\$ 2,605,330	0.00%	\$ 2,605,330	0.00%
GRF	700-401	Animal Disease Control	\$ 3,932,354	\$ 3,585,523	\$ 3,574,506	\$ 3,574,506	0.00%	\$ 3,574,506	0.00%
GRF	700-402	Amusement Ride Safety	\$ 294,373	----	\$ 0	----	N/A	----	N/A
GRF	700-403	Dairy Division	\$ 1,438,502	\$ 1,305,560	\$ 1,304,504	\$ 1,304,504	0.00%	\$ 1,304,504	0.00%
GRF	700-404	Ohio Proud	\$ 190,890	\$ 163,217	\$ 185,395	\$ 196,895	6.20%	\$ 196,895	0.00%
GRF	700-405	Animal Damage Control	\$ 72,826	\$ 75,559	\$ 60,000	\$ 60,000	0.00%	\$ 60,000	0.00%
GRF	700-406	Consumer Analytical Lab	\$ 851,187	\$ 817,596	\$ 819,907	\$ 953,906	16.34%	\$ 953,906	0.00%
GRF	700-407	Food Safety	\$ 946,835	\$ 938,190	\$ 939,099	\$ 865,100	-7.88%	\$ 865,100	0.00%
GRF	700-409	Farmland Preservation	\$ 226,578	\$ 239,227	\$ 241,573	\$ 241,573	0.00%	\$ 241,573	0.00%
GRF	700-410	Plant Industry	\$ 1,055,845	\$ 298,031	\$ 50,000	\$ 350,000	600.00%	\$ 350,000	0.00%
GRF	700-411	International Trade and Market Development	\$ 544,682	\$ 610,778	\$ 517,524	\$ 617,524	19.32%	\$ 617,524	0.00%
GRF	700-412	Weights and Measures	\$ 877,074	\$ 1,095,707	\$ 1,300,000	\$ 1,300,000	0.00%	\$ 1,300,000	0.00%
GRF	700-413	Gypsy Moth Prevention	\$ 609,546	\$ 187,325	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%
GRF	700-414	Concentrated Animal Feeding Facilities Advisory Committee	\$ 2,199	\$ 12,922	\$ 0	----	N/A	----	N/A
GRF	700-415	Poultry Inspection	\$ 249,494	\$ 333,879	\$ 325,000	\$ 400,000	23.08%	\$ 400,000	0.00%
GRF	700-418	Livestock Regulation Program	\$ 1,238,234	\$ 1,412,231	\$ 1,428,496	\$ 1,428,496	0.00%	\$ 1,428,496	0.00%
GRF	700-422	Emergency Prepare Supply and Equipment	----	----	\$ 644,000	\$ 0	-100.00%	\$ 0	N/A
GRF	700-424	Livestock Testing & Inspections	\$ 116,249	\$ 122,008	\$ 115,947	\$ 115,946	0.00%	\$ 115,946	0.00%
GRF	700-499	Meat Inspection Program - State Share	\$ 4,625,244	\$ 4,766,963	\$ 4,696,889	\$ 4,696,889	0.00%	\$ 4,696,889	0.00%
GRF	700-501	County Agricultural Societies	\$ 354,374	\$ 354,379	\$ 358,226	\$ 483,226	34.89%	\$ 483,226	0.00%
GRF	700-503	Livestock Exhibition Fund	----	----	----	\$ 62,500	N/A	\$ 62,500	0.00%
General Revenue Fund Total			\$ 20,231,542	\$ 18,932,075	\$ 19,366,396	\$ 19,456,395	0.46%	\$ 19,456,395	0.00%
5DA	700-644	Laboratory Administration Support	----	\$ 174,598	\$ 1,100,000	\$ 1,100,000	0.00%	\$ 1,100,000	0.00%
General Services Fund Group Total			----	\$ 174,598	\$ 1,100,000	\$ 1,100,000	0.00%	\$ 1,100,000	0.00%
326	700-618	Meat Inspection Program- Federal Share	\$ 4,331,940	\$ 5,274,140	\$ 5,201,291	\$ 4,960,000	-4.64%	\$ 4,950,000	-0.20%
336	700-617	Ohio Farm Loan Revolving Fund	\$ 72,531	\$ 69,402	\$ 130,979	\$ 44,679	-65.89%	\$ 44,679	0.00%
382	700-601	Cooperative Contracts	\$ 3,094,654	\$ 3,656,487	\$ 4,300,000	\$ 3,700,000	-13.95%	\$ 3,700,000	0.00%
3AB	700-641	Agricultural Easement	\$ 1,413,591	\$ 1,511,510	\$ 0	\$ 2,000,000	N/A	\$ 2,000,000	0.00%
3J4	700-607	Indirect Cost	\$ 1,755,636	\$ 1,632,698	\$ 800,000	\$ 600,000	-25.00%	\$ 600,000	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
AGR Agriculture, Department of									
3R2	700-614	Federal Plant Industry	\$ 10,649,869	\$ 10,705,258	\$ 4,800,000	\$ 4,800,000	0.00%	\$ 4,800,000	0.00%
3X6	700-639	Federal Grants	\$ 3,497	----	\$ 0	\$ 0	N/A	\$ 0	N/A
3X7	700-640	Specialty Crops Support	\$ 54,420	----	\$ 0	\$ 0	N/A	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 21,376,138	\$ 22,849,495	\$ 15,232,270	\$ 16,104,679	5.73%	\$ 16,094,679	-0.06%
490	700-623	Agro Ohio Fund	\$ 1,268	\$ 26,352	\$ 0	\$ 0	N/A	\$ 0	N/A
494	700-612	Agricultural Commodity Marketing Program	\$ 220,300	\$ 221,434	\$ 270,220	\$ 250,000	-7.48%	\$ 250,000	0.00%
496	700-626	Ohio Grape Industries	\$ 831,146	\$ 1,304,093	\$ 1,071,055	\$ 850,000	-20.64%	\$ 849,999	0.00%
497	700-627	Commodity Handlers Regulatory Program	\$ 418,130	\$ 283,819	\$ 529,978	\$ 500,000	-5.66%	\$ 500,000	0.00%
498	700-628	Commodity Indemnity Fund	\$ 36,774	----	\$ 0	\$ 0	N/A	\$ 0	N/A
4C9	700-605	Feed, Fertilizer, Seed, & Lime Inspection	\$ 890,943	\$ 1,647,465	\$ 1,891,395	\$ 1,850,000	-2.19%	\$ 1,850,000	0.00%
4D2	700-609	Auction Education	\$ 28,040	\$ 20,406	\$ 24,601	\$ 24,601	0.00%	\$ 24,601	0.00%
4E4	700-606	Utility Radiological Safety	\$ 69,858	\$ 69,191	\$ 73,059	\$ 73,059	0.00%	\$ 73,059	0.00%
4P7	700-610	Food Safety Inspection	\$ 795,023	\$ 954,727	\$ 858,096	\$ 858,096	0.00%	\$ 858,096	0.00%
4R0	700-636	Ohio Proud Marketing	\$ 19,007	\$ 10,054	\$ 38,300	\$ 0	-100.00%	\$ 0	N/A
4R2	700-637	Dairy Industry Inspection	\$ 1,251,299	\$ 1,457,578	\$ 1,621,460	\$ 1,500,000	-7.49%	\$ 1,500,000	0.00%
4T6	700-611	Poultry and Meat Inspection	\$ 13,112	----	\$ 137,294	\$ 47,294	-65.55%	\$ 47,294	0.00%
4T7	700-613	International Trade and Market Development	\$ 18,201	\$ 18,471	\$ 54,000	\$ 15,000	-72.22%	\$ 15,000	0.00%
4V5	700-615	Animal Industry Lab Fees	\$ 653,366	\$ 30,499	\$ 0	\$ 0	N/A	\$ 0	N/A
578	700-620	Ride Inspection Fees	\$ 492,206	\$ 805,846	\$ 1,115,435	\$ 1,000,000	-10.35%	\$ 1,000,001	0.00%
579	700-630	Scale Certification	\$ 169,981	----	\$ 0	\$ 0	N/A	\$ 0	N/A
588	700-633	Brand Registration	----	\$ 3,955	\$ 0	----	N/A	----	N/A
5B8	700-629	Auctioneers	\$ 275,488	\$ 246,353	\$ 365,390	\$ 365,390	0.00%	\$ 365,390	0.00%
5H2	700-608	Metrology Lab and Scale Certification	\$ 128,355	\$ 177,104	\$ 362,526	\$ 427,526	17.93%	\$ 427,526	0.00%
5L8	700-604	Livestock Management Program	----	----	\$ 30,000	\$ 30,000	0.00%	\$ 30,000	0.00%
5U1	700-624	Auction Recovery Fund	\$ 847	\$ 12,774	\$ 0	\$ 0	N/A	\$ 0	N/A
5Z4	700-642	Seed Program	\$ 178,499	----	\$ 0	\$ 0	N/A	\$ 0	N/A
652	700-634	Animal and Consumer Analytical Laboratory	\$ 872,963	\$ 2,488,224	\$ 3,281,232	\$ 3,000,000	-8.57%	\$ 3,000,000	0.00%
669	700-635	Pesticide Program	\$ 1,752,629	\$ 2,782,426	\$ 3,354,448	\$ 2,800,000	-16.53%	\$ 2,800,000	0.00%
State Special Revenue Fund Group Total			\$ 9,117,434	\$ 12,560,771	\$ 15,078,489	\$ 13,590,966	-9.87%	\$ 13,590,966	0.00%
057	700-632	Clean Ohio Agricultural Easement	\$ 62,424	\$ 56,587	\$ 149,000	\$ 149,000	0.00%	\$ 149,000	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency	FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
AGR Agriculture, Department of							
Clean Ohio Conservation Fund Total	\$ 62,424	\$ 56,587	\$ 149,000	\$ 149,000	0.00%	\$ 149,000	0.00%
Agriculture, Department of Total	\$ 50,787,537	\$ 54,573,526	\$ 50,926,155	\$ 50,401,040	-1.03%	\$ 50,391,040	-0.02%

Auditor of State

Terry Steele, Budget Analyst

- Total budget of \$161,438,206 in FY 2008 and FY 2009
- Warrant issuance function transferred to OBM
- Increasing staffing levels to conduct audits

OVERVIEW

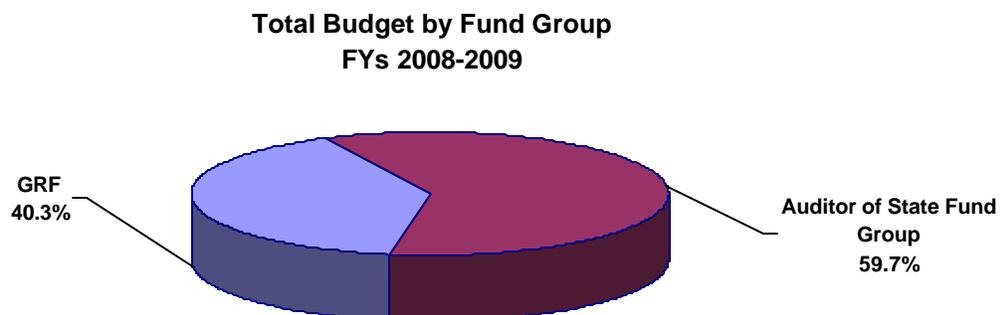
Duties and Responsibilities

The current Auditor of State, an elected constitutional officer, is serving a four-year term beginning with the FY 2008 - 2009 biennial period. The officer is responsible for auditing all public offices in Ohio including: cities and villages, schools and universities, counties and townships, libraries, as well as the many departments, agencies, and commissions of state government. The Auditor also provides consulting services to local entities, and training for public officers. Under this budget, the Auditor's warrant-drafting responsibilities (state payroll, vendor payments, income tax refunds) are transferred to the Office of Budget and Management.

The Auditor of State employs approximately 925 full-time employees and is currently operating with an annual budget of approximately \$78.8 million (based on current estimated spending), an increase of approximately 5% from FY 2006. The majority of the Auditor's employees are auditors who work from the state office or one of the eight regional offices: Canton/Akron, Cincinnati, Cleveland, Columbus, Dayton, Southeast, Toledo, and Youngstown. Each regional office is staffed by a Chief Auditor and an Assistant Chief Auditor.

The office is organized in three divisions of operation: audit, administration, and legal.

As the chart below shows, the Auditor relies heavily on fees collected from local governments for services provided by the Auditor's office. This revenue is contained in the "Auditor of State" fund category. Since this fund group comprises nearly 60% of the Auditor's funding, the ability of local governments to pay the Auditor for services has a significant impact on the Auditor's budget.



FYs 2008 - 2009 Budget Issues

Local Government Services Funding Concerns

Approximately 60% of the Auditor's budget is funded through fees charged to local governments for various services. An increasing inability to pay for services by local governments could create budgetary pressures for the Auditor of State. Indeed, the previous two biennia have seen reductions in payments from local governments. If the number of local governments that fall into the category of fiscal watch or emergency increases, there could be continued reductions in payments received. Currently, there are 21 local governments in fiscal watch or emergency.

Increased Staffing Levels

Since 2003, the Auditor's staff has been reduced by approximately 130 full-time employees. As such, it has become increasingly difficult for the agency to complete these audits given the current staffing levels. The budget contains additional GRF funding to replenish some of the previously eliminated staffing positions to fill 49 vacancies within the Auditor's office. As illustrated in the staffing level table (see Staffing Levels section), 45 of these positions will be contained within the Financial Audit Division, while the remaining 4 positions will be in the Local Government Services Division. The budget also eliminates line item 070-406 (UAN/Technology Improvements), and transfers that appropriation to appropriation item 070-321, Operating Expenses. Line item 070-406, UAN/Technology Improvements is no longer necessary because the UAN is now fully funded from user fees.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
897	\$79.57 million	\$81.87 million	\$32.07 million	\$33.37 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The Auditor's budget is \$79,568,138 in FY 2008, a 1.1% increase over the adjusted appropriation of \$78,702,708 in FY 2007. The FY 2009 appropriation is \$81,870,068, an increase of 2.9% over FY 2008.

ANALYSIS OF THE BUDGET

Program Series

1: Financial Audit Services

Purpose: This program is responsible for conducting financial audits of all public entities as required by Chapter 117. of the Ohio Revised Code.

The following table shows the line items that are used to fund the Financial Audit Services program, as well as the FYs 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	070-321	Operating Expenses	\$17,099,021	\$18,012,353
General Revenue Fund Subtotal			\$17,099,021	\$18,012,353
Auditor of State Fund Group				
109	070-601	Public Audit Expense Intra-State	\$5,841,425	\$5,953,174
422	070-601	Public Audit Expense Local Government	\$28,704,246	\$29,805,618
Auditor of State Fund Group Subtotal			\$34,545,671	\$35,758,792
Total Funding: Financial Audit Services			\$51,644,692	\$53,771,145

The Financial Audit Services program series contains a single program:

■ **Program 1.01: Financial Audit**

Financial Audits

Program Description: This program performs financial audits of over 5,100 public entities in Ohio at least once every two fiscal years, or every year for those entities that fall within Federal Schedule guidelines for Single Audits. These audits entail a review of the methods, accuracy, and equality of accounts, financial reports, records, and files of public entities. These audits also include a compliance component to ascertain the entity's compliance with the laws, rules, ordinances, and orders pertaining to the office.

Funding Source: GRF; fees

Implication of the Budget: Funded through fees charged directly to clients as well as GRF moneys, this program is funded at a level of \$51,664,692 in FY 2008 and \$53,771,145 in FY 2009. These appropriations will allow the Auditor of State to add an additional 45 employees to the Financial Audit Division. These additional employees will be used to handle state-mandated auditing of various state agencies, a task previously contracted to auditing firms.

Program Series**2: Fraud and Investigative Audit Services**

Purpose: This program series identifies fraud, waste, and abuse of public funds by public and private entities that receive public funds in an effort to protect scarce public resources and minimize the incidence of fraud, waste, and abuse of public funds.

The following table shows the line items that are used to fund the Fraud and Investigative Services program series, as well as the FYs 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	070-321	Operating Expenses	\$691,424	\$705,565
General Revenue Fund Subtotal			\$691,424	\$705,565
Auditor of State Fund Group				
109	070-601	Public Audit Expense Intra-State	\$2,085,832	\$2,069,007
422	070-601	Public Audit Expense Local Government	\$300,291	\$294,100
Auditor of State Fund Group Subtotal			\$2,386,123	\$2,363,107
Total Funding: Fraud and Investigative Audit Services			\$3,077,547	\$3,068,672

There are two programs funded within this program series:

- **Program 2.01: Health Care Contract Audit**
- **Program 2.02: Special Audits**

Health Care Contract Audit

Program Description: This program provides audit services that identify and report instances of noncompliance with federal and state rules and regulations. The Auditor's services include audits of reimbursement claims submitted by doctors, hospitals, long-term care facilities, and other Medicaid providers; audits of county agencies that expend public assistance, child support enforcement, and children services funds administered by the Ohio Department of Job and Family Services (ODJFS); audits of costs reports used to set payment rates for providers of Medicaid services; and assessments of controls employed by state agencies to minimize fraud, waste, and abuse. In the past four fiscal years, the program has identified \$22.4 million in misspent dollars, which resulted in \$5.6 million in recovery for the state.

Funding Source: GRF; fees

Implication of the Budget: This program is funded at a level of \$2,170,003 in FY 2008 and \$2,189,530 in FY 2009. It should be noted that approximately 80% of this program's funding comes directly from state agencies with which the Auditor of State enters into interagency agreements.

Special Audits

Program Description: This program conducts special audits to investigate allegations of fraud, theft, and misappropriation of public funds by public and private entities that receive public funds. Special audits are initiated based on evaluations of requests from public officials or initiated at the discretion of the Auditor of State.

Funding Source: GRF; fees

Implication of the Budget: The budget funds this program at \$1,119,375 in FY 2008 and \$1,113,884 in FY 2009. The Special Audits program is funded through the GRF, in addition to fees charged to the entity that is being audited. For state agencies, this is determined by the Statewide Cost Allocation Plan (SWCAP), which allows for an hourly rate of \$58.36 in FY 2008. Local governments are charged the hourly wage of the employee performing the audit in addition to an add-on fee. The budgeted amounts will allow the Auditor's office to continue this program at current levels, and on those occasions in which the entity being audited cannot pay, potentially subsidize the costs of the special audit.

Program Series

3: Performance Audit Services

Purpose: This program series conducts performance audits of public entities to help identify and correct inefficient managerial operations and waste of taxpayer dollars, in addition to general oversight and advice to ensure greater operational efficiencies of public offices and the maximization of taxpayer dollars.

The following table shows the line items that are used to fund the Performance Audit Services program series, as well as the FYs 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	070-321	Operating Expenses	\$1,218,637	\$1,310,282
GRF	070-403	Fiscal Watch/Emergency Tech Assistance	\$223,316	\$229,294
General Revenue Fund Subtotal			\$1,441,953	\$1,539,576
Auditor of State Fund Group				
109	070-601	Public Audit Expense Intra-State	\$1,951,486	\$1,965,696
422	070-601	Public Audit Expense Local Government	\$467,493	\$465,308
Auditor of State Fund Group Subtotal			\$2,418,979	\$2,431,004
Total Funding: Performance Audit Services			\$3,860,932	\$3,970,580

The Performance Audit Services series funds one program:

■ **Program 3.01: Performance Audit**

Performance Audit

Program Description: This program conducts operational audits, which entail a comprehensive review of any programs or areas of operation in which the Auditor of State believes that greater operational efficiencies can be achieved. Typically, performance audits identify and help correct inefficient managerial operations and the waste of taxpayer dollars, in addition to providing general oversight and advice to ensure efficient operation of public offices and maximization of taxpayer dollars. The Auditor may conduct performance audits on any school districts or local government entities, which have been designated as being in a state of fiscal caution (school districts only), watch, or emergency. The Auditor is also authorized to conduct performance audits of any other public entity upon request.

Funding Source: GRF; fees

Implication of the Budget: The Performance Audit program is funded primarily through GRF and client fees and is funded at \$3,860,932 in FY 2008 and \$3,970,580 in FY 2009. This funding level will allow the Auditor of State to conduct performance audits on local entities, including supporting travel and equipment costs, which will permit these audits to be performed on site.

Program Series

4: Local Government Services

Purpose: This program series offers a series of consulting services, which include accounting and technical assistance, training for local elected officials and financial and accounting expertise to local governments in fiscal watch, caution, or emergency.

The following table shows the line items that are used to fund the Local Government Services (LGS) program series, as well as the FYs 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	070-321	Operating Expenses	\$2,252,256	\$2,406,331
GRF	070-403	Fiscal Watch/Emergency Tech Assistance	\$376,684	\$370,706
General Revenue Fund Subtotal			\$2,628,940	\$2,777,037
Auditor of State Fund Group				
422	070-601	Public Audit Expense Local Government	\$2,733,982	\$2,813,417
584	070-603	Training Program	\$181,250	\$181,250
675	070-605	Uniform Accounting Network	\$3,179,170	\$3,180,998
Auditor of State Fund Group Subtotal			\$6,094,402	\$6,175,6652
Total Funding: Local Government Services			\$8,723,342	\$8,952,702

This analysis includes a discussion of the following two programs within the program series:

- **Program 4.01: Local Government Services**
- **Program 4.02: Uniform Accounting Network**

Local Government Services

Program Description: This program provides consulting services and technical assistance to local governments throughout Ohio. In addition to providing financial and accounting expertise to local governments requesting assistance, LGS fulfills the Auditor of State's role as financial supervisor to financial planning and supervision commissions established whenever a local government is declared to be in a state of fiscal emergency. LGS also provides a variety of training services to local and state officials, which include accounting and financial reporting to newly elected township clerks, city auditors, and village clerks and continuing education for village clerks.

Funding Source: GRF; fees

Implication of the Budget: This program is funded through client fees, training fees, and GRF. This program is funded at \$5,544,172 in FY 2008 and \$5,771,704 in FY 2009. There continues to be a demand for services needed by local governments and school districts that find themselves in a state of fiscal watch, caution, or emergency. At the end of FY 2007, there were 21 local governments and 23 school districts that were in fiscal watch or emergency, and another 6-10 that may potentially fall into this category over the next biennium. This funding level will allow the Auditor to continue to provide consulting services to local governments and add an additional four employees to the program series.

Uniform Accounting Network

Program Description: The Uniform Accounting Network (UAN) offers an electronic data processing accounting system for townships, villages, libraries, and other local governments. Designed to help political subdivisions properly record and maintain accurate accounting records, the system includes hardware, software, training, and technical support. Approximately 1,600 political subdivisions and public offices currently participate in the UAN program.

Funding Source: Auditor of State Fund Group; user fees from local governments

Implication of the Budget: This program is funded at a level of \$3,179,170 in FY 2008 and \$3,180,998 in FY 2009. This will allow the Auditor of State to continue providing hardware, software, support, and training to political subdivisions across Ohio. The Auditor anticipates that with the replacement of the operating system, and expected growth in new users, that the demand for training to use UAN will grow over the biennium. The Auditor's office is also invoking several cost-saving measures for this program as well. For example, the office will be dispensing information on CD instead of mailing hard copies, eliminating UAN provided e-mail, and conducting centralized training in Columbus in lieu of regional training modules.

Program Series**5: Program Management**

Purpose: This program series provides administrative support functions needed to support all other program areas within the Auditor of State's office.

The following table shows the line items that are used to fund the Program Management program series, as well as the FYs 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	070-321	Operating Expenses	\$10,191,763	\$10,289,320
General Revenue Fund Subtotal			\$10,191,763	\$10,289,320
Auditor of State Fund Group				
109	070-601	Public Audit Expense Intra-state	\$925,877	\$825,0127
422	070-601	Public Audit Expense Local Government	\$793,988	\$621,557
675	070-605	Uniform Accounting Network	\$138,166	\$136,338
Auditor of State Fund Group Subtotal			\$1,858,130	\$1,582,907
Total Funding: Program Management			\$12,049,893	\$11,872,227

The Program Management program series contains a single program:

■ **Program 5.01: Administration**

Administration

Program Description: This program includes human resources, information technology, finance, general services, records, graphics, legal, and public affairs functions not already allocated to other programs. The primary purpose of this program area is to provide administrative support function necessary to support all other program areas.

Funding Source: GRF; Auditor of State Fund Group

Implication of the Budget: This program is funded at a level of \$12,049,794 in FY 2008 and \$11,872,227 in FY 2009. This allows the Auditor of State to continue to provide administrative support to the other programs within the Auditor's office.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

AUD Auditor of State

GRF	070-321	Operating Expenses	\$ 27,882,634	\$ 30,220,355	\$ 29,144,425	\$ 31,469,552	7.98%	\$ 32,771,482	4.14%
GRF	070-403	Fiscal Watch/Emergency Technical Assistance	\$ 500,000	\$ 497,843	\$ 502,157	\$ 600,000	19.48%	\$ 600,000	0.00%
GRF	070-405	Electronic Data Processing Administration	\$ 797,434	\$ 795,926	\$ 857,156	----	N/A	----	N/A
GRF	070-406	Uniform Accounting Network/Technology Improvements Fund	\$ 1,450,837	\$ 1,696,716	\$ 1,595,544	----	N/A	----	N/A
General Revenue Fund Total			\$ 30,630,905	\$ 33,210,839	\$ 32,099,282	\$ 32,069,552	-0.09%	\$ 33,371,482	4.06%
109	070-601	Public Audit Expense-Intrastate	\$ 8,198,809	\$ 9,637,966	\$ 12,000,000	\$ 11,000,000	-8.33%	\$ 11,000,000	0.00%
422	070-601	Public Audit Expense-Local Government	\$ 29,723,379	\$ 28,756,359	\$ 31,104,840	\$ 33,000,000	6.09%	\$ 34,000,000	3.03%
584	070-603	Training Program	\$ 129,978	\$ 182,560	\$ 181,250	\$ 181,250	0.00%	\$ 181,250	0.00%
675	070-605	Uniform Accounting Network	\$ 2,001,697	\$ 3,104,119	\$ 3,317,336	\$ 3,317,336	0.00%	\$ 3,317,336	0.00%
R06	070-604	Continuous Receipts	\$ 105,577	\$ 13,306	\$ 0	\$ 0	N/A	\$ 0	N/A
Auditor of State Fund Group Total			\$ 40,159,440	\$ 41,694,310	\$ 46,603,426	\$ 47,498,586	1.92%	\$ 48,498,586	2.11%
Auditor of State Total			\$ 70,790,346	\$ 74,905,149	\$ 78,702,708	\$ 79,568,138	1.10%	\$ 81,870,068	2.89%

Office of Budget and Management

Jason Phillips, Budget Analyst

- Implementation of the Ohio Administrative Knowledge System (OAKS) will continue in CY 2008, with ongoing revenue from payroll check-offs
- New audit responsibilities have increased agency workload

OVERVIEW

Duties and Responsibilities

The Ohio Office of Budget and Management (OBM) is a cabinet-level agency within the executive branch of state government. The primary mission of OBM is to provide financial management and policy analysis to help ensure the responsible use of state resources. OBM provides fiscal accounting and budgeting services to state government to ensure that Ohio's fiscal resources are used in a manner consistent with state laws and policies. OBM advises the Governor on budget concerns and helps state agencies to coordinate their financial activities. OBM also provides financial information to the Governor, state agencies, the General Assembly, and other interested parties, including local government units. The Director of OBM sits on the Governor's cabinet as the Governor's chief financial officer.

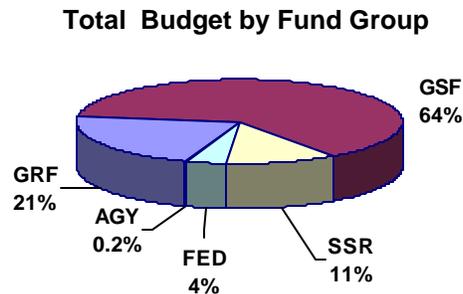
The Office is organized into three program series: Budget Development and Implementation Services, Financial Accounting Services, and Governmental Services. Financial Accounting Services maintains, manages, and supports the accounting and financial reporting activities of state government and the state's financial relations with the federal and local governments. It is also responsible for the pre-auditing of state expenditures. Budget Development and Implementation Services prepares and implements the operating and capital budgets of all state agencies. Governmental Services is responsible primarily for the implementation of the Ohio Administrative Knowledge System (OAKS) and for assisting Financial Planning and Supervision Commissions upon declaration of a fiscal emergency in a municipality or in a school district.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
120	\$17.66 million	\$21.28 million	\$3.31 million	\$4.87 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

As the pie chart below shows, GSF funding through the State Accounting and Budgeting Fund (Fund 105), which consists of charges to agencies for budget services, makes up 64% of OBM's funding. GRF funding accounts for 21% of the agency's budget while State Special Revenue (SSR) funding, all for OAKS Project Implementation, accounts for 11%. Federal funds (FED) tabbed for Medicaid ongoing transition costs in FY 2009 and a small amount set aside for the reissuance of warrants that were fraudulently redeemed (AGY) make up the remaining 4% of the budget.



Summary of FY 2008 - 2009 Budget Issues

Ohio Administrative Knowledge System (OAKS)

Along with the Department of Administrative Services, the Auditor of State, and the Treasurer of State, OBM continues to move forward with the implementation of OAKS, which integrates the functions of five major statewide business functions: capital improvements, financials, fixed assets, human resources, and procurement. The component that replaces the Central Accounting System (CAS) began operation in July 2007. Other human resources and financials functionality is scheduled for implementation throughout CY 2008. After the FY 2008 - 2009 biennium, once OAKS is fully operational, user fees will support the program, and OBM will no longer require project development funding.

OAKS Project Development Funding

The OAKS Project Implementation Fund (Fund 5N4) consists of GRF transfers of up to \$2.20 million in FYs 2008 and up to \$2.09 million in FY 2009. To assist with the funding of OAKS implementation, state payment card rebates were directed to this fund in FY 2006 - 2007. For FY 2008 - 2009, these rebates have been redirected to the State Accounting and Budgeting Fund (Fund 105). As various phases are completed, OBM will require less funding for implementation, but will require ongoing appropriations for management, funded through chargebacks to user agencies.

To this end, the budget creates the OAKS Support Organization Fund (Fund 5EB), within the Department of Administrative Services. OBM is required, starting July 1, 2007, to include the recovery of costs to administer the financial module of the OAKS System in the Accounting and Budgeting Services payroll rate. These revenues are to be deposited in the State Accounting and Budgeting Fund (Fund 105). OBM is then required to process quarterly transfers of the amounts designated for OAKS administration to the OAKS Support Organization Fund.

Audit Responsibilities

The budget authorizes OBM to review and audit vouchers, documentation accompanying those vouchers, and any other documentation related to transactions to determine if they are in accordance with the law. OBM is also empowered to maintain and periodically audit the financial records of and submission of vouchers by state agencies and to provide assistance in the analysis of the financial position of state agencies. This change is expected to increase OBM's workload, as the agency shifts from the pre-auditing of select transactions to the post-auditing of a sampling of all transactions. An anticipated increase in payment card purchases due to an increase in the per transaction limit (to \$2,500 for a single transaction and to \$15,000 in monthly transactions) is also likely to increase workload. OBM is currently evaluating the positions that will be needed to perform the additional work.

Executive Medicaid Management Agency

The budget provides \$3 million in FY 2009 to support the newly created Executive Medicaid Management Agency (EMMA), which is to manage all Medicaid policies and functions and promote the efficient and effective delivery of health care. This body is charged with implementing the recommendations of the Ohio Medicaid Administrative Study Council and setting up a governance structure that includes information technology, strategy and planning, program integrity, resource organization, local government relations, and unified budgeting. Funding in GRF line item 042-416, Medicaid Agency Transition, (\$1.5 million) is matched with \$1.5 million in federal reimbursement funding for Medicaid administration in Federal Special Revenue line item 042-606, Medicaid Agency Transition. The funds will likely be used to support the administrative structure of EMMA.

Vetoed Provisions

The Governor vetoed provisions requiring the Director of Budget and Management (1) to report to the Controlling Board program subsidy encumbrances between \$1 million and \$50 million and (2) to submit GRF program subsidy encumbrances of \$50 million or more to the Controlling Board for approval.

ANALYSIS OF THE BUDGET

Program Series **1: Budget Development and Implementation Services**

Purpose: Budget Development and Implementation Services strives to promote the effective and efficient use of state resources and to facilitate the operations of state agencies consistent with the priorities of the Governor and the General Assembly and in accordance with state law.

The following table shows the line items that are used to fund this program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	042-321	Budget Development and Implementation	\$1,916,579	\$2,015,876
GRF	042-410	National Association Dues	\$28,700	\$29,561
GRF	042-416	Medicaid Agency Transition	\$0	\$1,500,000
General Revenue Fund Subtotal			\$1,945,279	\$3,545,437
General Services Fund Group				
105	042-603	State Accounting and Budgeting	\$1,056,220	\$1,156,211
General Services Fund Group Subtotal			\$1,056,220	\$1,156,211
Federal Special Revenue Fund Group				
3CM	042-606	Medicaid Agency Transition	\$0	\$1,500,000
Federal Special Revenue Fund Group Subtotal			\$0	\$1,500,000
Total Funding: Budget Development and Implementation Services			\$3,001,499	\$6,201,648

Funding for Budget Development and Implementation supports the following specific programs:

- **Program 1.01: Budget Development**
- **Program 1.02: Controlling Board**
- **Program 1.03: Debt Management**

Budget Development

Program Description: The Budget Development program evaluates agencies' budget requests and prepares the state operating, tobacco, and capital budget recommendations for submission to the General Assembly every two years in accordance with sections 126.02 and 126.03 of the Revised Code. Biennial economic forecasts and revenue estimates are prepared as part of the budgeting process, to include estimates of future values of key economic variables such as gross domestic product, employment, unemployment, and inflation. Updates of these forecasts and estimates are prepared periodically during a biennium, and a monthly report is issued to the Governor that analyzes current economic trends, year-to-date state revenues and spending, and the GRF balance. The Budget Development program also oversees the preparation of annual allotment plans by agencies, and prepares estimates and monitors agencies' spending during the fiscal year to ensure it is done in accordance with state law and does not exceed appropriations.

The Budget Development program provides policy, program, and technical assistance as needed to state agencies, including assistance on emerging management issues both within individual agencies and extending across multiple agencies.

The Budget Development and Implementation program also funds the National Association of State Budget Officers' (NASBO) annual membership dues and helps support the internal administration functions.

Funding Source: GRF, GSF Fund 105 (fees charged to state agencies), and FED Fund 3CM (for the Executive Medicaid Management Agency)

Implication of the Budget: The budget provides \$2,587,569 in FY 2008 and \$5,761,254 in FY 2009 for the Budget Development program. With the supplementary funding from payroll check-offs (Fund 105) and state payment card rebates, this program will be able to continue the National Association membership, maintain internal administration, fund preparation of the operating and capital budget recommendations, and support the new Executive Medicaid Management Agency.

Controlling Board

Program Description: The Controlling Board provides legislative oversight over certain capital and operating expenditures by state agencies and has approval authority over various other state fiscal activities. The Board meets approximately every two weeks to consider and vote on requests for action that are submitted to the Board by state agencies, boards, and/or commissions. OBM staff act as President and Executive Secretary to the Controlling Board, and provide administrative support and oversight. Also, an "E-Controlling Board" application was launched in February 2005.

Although GRF and other state funds are appropriated to the Board, it disburses none of these funds. Instead, the Board approves the transfer of these amounts to other state agencies as specified in temporary law. Among various other such actions, this involves state funds available to assist state agencies and local governments with disaster recovery and other emergency situations, as well as statewide ballot advertising expenses. The Board also approves the release of funds to help local governments defray the cost of specified unfunded mandates.

Funding Source: GRF

Implication of the Budget: The budget provides funding of \$199,638 in FY 2008 and \$209,968 in FY 2009. The appropriations support the payroll and maintenance costs of two OBM staff members (a President and Secretary) who provide administrative support and oversight to the Controlling Board. Funding at these levels will allow OBM to continue to offer current services.

Debt Management

Program Description: The Debt Management program coordinates the bond sales of all state bond issuers, reviews certain bond documents to ensure they are complete and accurate, keeps track of all debt service payments, projects future state debt service needs, and informs bond rating agencies of the state's debt and overall financial situation. This program also provides administrative support to the Ohio Public Facilities Commission, one of the state agencies authorized to issue debt.

Funding Source: GRF

Implication of the Budget: The budget provides \$214,292 in FY 2008 and \$230,426 for these purposes in FY 2009. Funding at these levels will allow the Debt Management program to continue its current services.

Program Series

2: Financial Accounting Services

Purpose: Financial Accounting Services maintains, manages, and supports the accounting and financial reporting activities of state government and the state's financial relations with the federal and local governments.

The following table shows the line items that are used to fund this program series, as well as the funding levels for the FY 2008 - 2009 by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	042-412	Auditor of State	\$60,460	\$60,460
GRF	042-413	Payment Issuance	\$1,191,802	\$1,150,192
General Revenue Fund Subtotal			\$1,252,262	\$1,210,652
General Services Fund Group				
105	042-603	State Accounting and Budgeting	\$11,058,914	\$11,586,340
General Services Fund Group Subtotal			\$11,058,914	\$11,586,340
Agency Fund Group				
5EH	042-604	Forgery Recovery	\$35,000	\$35,000
Agency Fund Group Subtotal			\$35,000	\$35,000
Total Funding: Financial Accounting Services			\$12,346,176	\$12,831,992

Funding for Financial Accounting Services supports the following specific programs:

- **Program 2.01: Accounting Operations and Processing**
- **Program 2.02: Electronic Commerce**
- **Program 2.03: Financial Reporting**
- **Program 2.04: Internal Accounting Control Program Oversight**

Accounting Operations and Processing

Program Description: The largest program within OBM with approximately 72 FTEs, Accounting Operations and Processing (AOP) monitors and controls both the spending and revenue collection activities of state agencies. The activities of this program are divided between two sections – State Accounting Operations (SAO) and Management Information Systems (MIS).

SAO enters all appropriations and exercises control over spending to ensure that legally established appropriations are not exceeded. This section reviews in excess of 5,000 encumbering documents and payment requests per day from state agencies and audits over 400 petty cash accounts annually. SAO also completes a monthly reconciliation between OAKS, the Auditor of State, and the Treasurer of State.

The MIS section is responsible for network administration, database management, programming, and production. This section supports all the information needs of OBM. MIS is also responsible for OBM's Internet and Intranet web sites.

Beginning in FY 2008, OBM will support the costs associated with the issuance of warrants and electronic funds transfers to state employees, vendors, taxpayers, and other recipients of state payments.

Funding Source: GRF, GSF Fund 105 (fees charged to state agencies and state payment card rebates), and Fund 5EH (moneys collected by the Attorney General's office from cases of fraudulent state warrants)

Implication of the Budget: The budget provides funding of \$10,132,290 in FY 2008 and \$10,515,042 in FY 2009 for this program. Funding at these levels will allow the Accounting Operations and Processing program to continue its activities at current levels and to add 9 additional FTEs (7 of whom are to be transferred from the Auditor of State's office) to manage state warrant issuance.

Electronic Commerce

Program Description: The Electronic Commerce program manages the state payment card, financial electronic data interchange (EDI), electronic revenue, and the Statewide Cost Allocation Plan (SWCAP) functions.

The state payment card program provides state agencies with credit cards with enhanced controls and tracking for the purchases of small dollar goods and services. Electronic revenue facilitates the receipt and processing of electronic payments from the state's constituents. The SWCAP is filed annually with the federal government. This plan distributes costs like rent and utilities across state government in order to fairly allocate those costs to federally funded programs for reimbursement.

Funding Source: GSF Fund 105 (fees charged to state agencies)

Implication of the Budget: The budget provides funding of \$600,285 in FY 2008 and \$628,568 in FY 2009. Funding at these levels will allow the Electronic Commerce program to continue its activities at current levels.

Financial Reporting

Program Description: The Financial Reporting program compiles and publishes the Ohio Comprehensive Annual Financial Report (CAFR), the state's official annual financial report, which is prepared in conformity with Generally Accepted Accounting Principles as required under section 126.21 of the Revised Code. The CAFR officially documents the state's financial activity and financial position for Ohio citizens, taxpayers, elected officials, bond investors, the federal government, and other constituencies. The Financial Reporting program also provides several other financial reporting services. Finally, GRF expenditures in this program fund the separate annual financial audit of the Auditor of State's Office, as required by section 117.14 of the Revised Code.

Funding Source: GRF; GSF Fund 105 (fees charged to state agencies)

Implication of the Budget: The budget provides a total of \$1,373,423 in funding for FY 2008 and \$1,434,951 for FY 2009. The bulk of the funding comes from the State Accounting and Budgeting Fund (Fund 105): \$1,312,963 in FY 2008 and \$1,374,491 in FY 2009 to support payroll, maintenance,

and equipment expenses in this program. The GRF funding component of \$60,460 in FY 2008 and FY 2009 will cover the cost of an independent accounting firm to conduct the annual financial audit of the Auditor of State's Office. Funding at these levels will allow the Financial Reporting program to continue its activities at current levels.

Internal Accounting Control Program Oversight

Program Description: The Internal Accounting Control Program (IACP) requires each cabinet agency to establish, maintain, and annually evaluate internal accounting control systems sufficient to provide reasonable assurance of accountable government. After agency management conducts self-assessments of the internal control environment, the respective agencies annually certify the results of their in-house reviews to OBM. When agencies identify "material" internal control weaknesses, agency management must draft improvement plans, and OBM reviews and monitors progress made on those plans. OBM provides ongoing training to agencies on internal control procedures, and provides more specific technical guidance on an as-needed basis for agencies through on-site consultations. OBM also conducts an Agency Review Evaluation Subprogram (ARES) assessment annually to review each agency's approach and methodology to completing their IACP review and to offer suggestions for improvement.

The IACP staff also provides technical and administrative support to the Ohio Internal Audit Committee (OIAC), comprised of internal audit staff members from the various state agencies.

Funding Source: GSF Fund 105 (fees charged to state agencies)

Implication of the Budget: The budget provides funding of \$240,178 in FY 2008 and \$253,431 in FY 2009 for this program. Funding at these levels will allow the Internal Accounting Control Program Oversight program to continue its activities at current levels.

Program Series**3: Governmental Services**

Purpose: This program series provides financial management services to other governmental entities, coordinates the state's Enterprise Resource Planning System initiative with other governmental units.

The following table shows the line items that are used to fund this program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	042-321	Budget Development and Implementation	\$109,432	\$112,408
General Revenue Fund Subtotal			\$109,432	\$112,408
State Special Revenue Fund Group				
5N4	042-602	OAKS Project Implementation	\$2,200,725	\$2,132,168
State Special Revenue Fund Group Subtotal			\$2,200,725	\$2,132,168
Total Funding: Governmental Services			\$2,310,157	\$2,244,576

Funding for Governmental Services supports the following specific programs:

- **Program 3.01: Financial Planning and Supervision Commissions**
- **Program 3.02: Ohio Administrative Knowledge System (OAKS)**

Financial Planning and Supervision Commissions

Program Description: A Financial Planning and Supervision Commission is established upon the occurrence or declaration of a fiscal emergency in any municipality or school district for the purpose of overseeing the finances of and helping the municipality or school district overcome financial difficulties. The Director of OBM or a designee of the Director serves as a member of each Financial Planning and Supervision Commission.

Funding Source: GRF

Implication of the Budget: The budget provides funding of \$109,432 in FY 2008 and \$112,408 in FY 2009 for Financial Planning and Supervision Commissions. Recent experience has been that municipalities and school districts are getting out of fiscal emergency quicker, requiring OBM to retain just over one FTE for this program. As of September 2007, OBM was assisting 16 local governments and 10 school districts. OBM anticipates three local governments and five school districts to be released from fiscal emergency in the next six months. In addition to the full-time employee, OBM is exploring bringing on contract or intermittent employees to help with commission supervision.

Ohio Administrative Knowledge System (OAKS)

Program Description: The OAKS program will integrate five major statewide business functions into an Enterprise Resource Planning (ERP) system. The business functions include capital improvements, financials, fixed assets, human resources, and procurement.

OBM purchased the ERP system from PeopleSoft in October 2004, the design and development of which began in spring 2005. The financial module was implemented in July 2006. The human resources module went live in December 2006 and the component that replaces the Central Accounting System (CAS) became operational in July 2007. Other functionality related to procurement, fixed assets, capital improvement projects are scheduled for implementation in FY 2008 and FY 2009.

Funding Source: SSR Oaks Project Implementation Fund (Fund 5N4: GRF transfers in FYs 2008 and 2009). After the FY 2008 - 2009 biennium, once OAKS is fully operational, charges to state agencies for their use of the system will support the program, and OBM will no longer require project development funding.

Implication of the Budget: The budget appropriates \$2,200,725 in FY 2008 and \$2,132,168 in FY 2009 for this program. Funding at these levels will support state employees, project management consultants, supplies, and equipment needed to maintain the OAKS project management office. The capital equipment costs of the software and systems integration will be funded through a financing mechanism called Certificates of Participation (COPs).

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

OBM Budget and Management, Office of

GRF	042-321	Budget Development and Implementation	\$ 2,383,772	\$ 1,578,990	\$ 2,143,886	\$ 2,026,011	-5.50%	\$ 2,128,284	5.05%
GRF	042-410	National Association Dues	\$ 26,300	\$ 27,089	\$ 28,173	\$ 28,700	1.87%	\$ 29,561	3.00%
GRF	042-412	Audit of Auditor of State	\$ 55,760	\$ 55,900	\$ 58,700	\$ 60,460	3.00%	\$ 60,460	0.00%
GRF	042-413	Payment Issuance	---	---	\$ 0	\$ 1,191,802	N/A	\$ 1,150,192	-3.49%
GRF	042-416	Medicaid Agency Transition	---	---	\$ 1,000,000	\$ 0	-100.00%	\$ 1,500,000	N/A
GRF	042-435	Gubernatorial Transition	---	---	\$ 250,000	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 2,465,832	\$ 1,661,979	\$ 3,480,759	\$ 3,306,973	-4.99%	\$ 4,868,497	47.22%
105	042-603	State Accounting and Budgeting	\$ 7,751,975	\$ 8,845,315	\$ 9,976,689	\$ 12,115,134	21.43%	\$ 12,742,551	5.18%
General Services Fund Group Total			\$ 7,751,975	\$ 8,845,315	\$ 9,976,689	\$ 12,115,134	21.43%	\$ 12,742,551	5.18%
3CM	042-606	Medicaid Agency Transition	---	---	---	\$ 0	N/A	\$ 1,500,000	N/A
Federal Special Revenue Fund Group Total			---	---	---	\$ 0	N/A	\$ 1,500,000	N/A
5N4	042-602	OAKS Project Implementation	\$ 2,591,932	\$ 3,119,113	\$ 2,272,595	\$ 2,200,725	-3.16%	\$ 2,132,168	-3.12%
State Special Revenue Fund Group Total			\$ 2,591,932	\$ 3,119,113	\$ 2,272,595	\$ 2,200,725	-3.16%	\$ 2,132,168	-3.12%
5EH	042-604	Forgery Recovery	---	---	---	\$ 35,000	N/A	\$ 35,000	0.00%
Agency Fund Group Total			---	---	---	\$ 35,000	N/A	\$ 35,000	0.00%
Budget and Management, Office of Total			\$ 12,809,739	\$ 13,626,407	\$ 15,730,043	\$ 17,657,832	12.26%	\$ 21,278,216	20.50%

Capitol Square Review and Advisory Board

- The total appropriation for the agency is \$6.52 million in FY2008 and \$6.51 million in FY 2009
- The final appropriations fully fund CSRAB's GRF line items for FYs 2008 and 2009

Brian Hoffmeister, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Capitol Square Review and Advisory Board (CSRAB) provides all educational, maintenance, support, and security services for the Capitol Square Complex, the Statehouse, and its grounds. The agency also operates a museum shop, maintains the underground public parking garage, and provides public tours of the Statehouse through a cooperative agreement with the Ohio Historical Society.

There are 13 board members, including two from the House, two from the Senate, a former Speaker of the House appointed by the current Speaker, a former Senate President appointed by the current President, the clerks of the Senate and the House of Representatives, and five persons appointed by the Governor representing the State Architect, the Ohio Building Authority, the Ohio Arts Council, the Ohio Historical Society, and the public at large. An executive director handles the day-to-day operations of the agency.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
76	\$6.52 million	\$6.51 million	\$3.14 million	\$3.14 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Capitol Square Buildings and Grounds Oversight

Purpose: This program series supports the educational, security, and maintenance services for Capitol Square buildings and grounds.

The following table shows the line items that are used to fund the Capitol Square Buildings and Grounds Oversight program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	874-100	Personal Services	\$2,057,000	\$2,057,000
GRF	874-320	Maintenance and Equipment	\$1,085,837	\$1,080,837
General Revenue Fund Subtotal			\$3,142,837	\$3,137,837
General Services Fund				
4G5	874-603	Capitol Square Education Center and Arts	\$15,000	\$15,000
4S7	874-602	Statehouse Gift Shop / Events	\$650,484	\$650,484
General Services Fund Subtotal			\$665,484	\$665,484
Underground Parking Garage Fund				
208	874-601	Underground Parking Garage Operating	\$2,706,993	\$2,706,993
Underground Parking Garage Fund Subtotal			\$2,706,993	\$2,706,993
Total Funding: Capitol Square Buildings and Grounds Oversight			\$6,515,314	\$6,510,314

The Capitol Square Buildings and Grounds Oversight series includes the following:

- **Program 01.01: Primary Oversight Function and Maintenance**
- **Program 01.02: Statehouse Underground Parking Garage**
- **Program 01.03: Statehouse Goods and Services**

Primary Oversight Function and Maintenance

Program Description: The program provides funding to maintain the Statehouse buildings and grounds as a workplace for the Ohio state government and a museum and educational center for Ohio's citizens. This includes the operation of the Statehouse Café and providing informational, educational, and marketing materials to the public. The Board's GRF funding is primarily directed toward payroll expenses, grounds maintenance and custodial services, utility costs, and communications and supplies.

Funding Source: General Revenue Fund

Implication of the Budget: Funds will support wages and benefits for 35 administrative and custodial employees; fund printed informational, educational, and marketing materials for visitors to Capitol Square; allow for the operation of the Statehouse Café; and provide maintenance for the Statehouse, Atrium, Senate Building, and the public grounds on Capitol Square. Additionally, a portion of the GRF funds in the FY 2008 - 2009 biennium will be used as a partial offset to the decrease in parking garage spending.

Statehouse Underground Parking Garage

Program Description: This program is responsible for the care and maintenance of the 1,200-space Statehouse underground parking garage. The garage is funded entirely by its own parking fee revenue, which in turn supports wages and benefits for cashiers, fiscal staff, and maintenance workers, as well as utility costs and general maintenance and upkeep for the garage. Funds from the garage are also used for an annual bond payment of approximately \$750,000 used for debt service on a portion of the Statehouse restoration costs.

Funding Source: Revenues from parking fees in the Statehouse underground garage

Implication of the Budget: The final appropriation for each fiscal year is \$2,706,993. This will fund approximately 27 employees associated with garage operations, the annual bond payment, and maintenance and upkeep expenditures. In recent years as GRF appropriations to the agency have decreased, revenue from the garage has been directed toward operating expenses for the Capitol Square and grounds, in addition to supporting garage employees, maintenance expenses, and an annual bond payment. In FY 2006, for example, \$700,000 from the garage fund has been used for other operating expenses of the agency. Since FY 2003, approximately \$1,707,000 has been redirected to Statehouse operating funds. As a result, priority projects for the garage that would be funded out of its normal operating dollars have been delayed.

Statehouse Goods and Services

Program Description: This program is responsible for the operation of the Statehouse Museum Shop and the coordination of special events, such as legislative receptions held at the Statehouse. The program also provides for the purchase of art and artifacts, special room dedications, and educational projects in conjunction with the Statehouse Education Center, which is operated jointly with the Ohio Historical Society.

The Statehouse Museum Shop offers a selection of merchandise relevant to Ohio heritage and the history of the Statehouse, including exclusive items such as the McCoy Collection Statehouse Bank. CSRAB anticipates that if it meets its goal of selling 10,000 banks, it will increase income by \$125,000 in the next two years.

Capitol Square also hosts some 600 special events annually, roughly half of which involve catered food service. Permits are required of every person or group who gathers (or demonstrates) on Statehouse grounds. (Governmental entities do not pay for these permits as a standard courtesy.) By design, all charges assessed to a permit holder are intended to cover only what it costs the Board to host an event. Recently CSRAB announced that the Statehouse will begin hosting weddings. Current income from hosting special events is approximately \$200,000 to \$225,000 annually.

Funding Source: Merchandise sales revenue from the Statehouse Museum Shop, rental and permit fees associated with Statehouse special events, and gifts and donations

Implication of the Budget: The final appropriations for Statehouse Goods and Services is \$665,484 in each fiscal year. Funds will support the wages and benefits of up to five employees of the Statehouse Museum Shop and nine employees on the Museum and Events staff, allow for renovations of specified rooms and educational programs through donations, and the purchasing of items for resale in the Museum Shop. At the time of this writing, it is not known how the reduction in funding will specifically affect other operations associated with this program.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
CSR Capitol Square Review and Advisory Board									
GRF	874-100	Personal Services	\$ 1,902,800	\$ 1,881,326	\$ 1,900,000	\$ 2,057,000	8.26%	\$ 2,057,000	0.00%
GRF	874-320	Maintenance and Equipment	\$ 966,286	\$ 956,860	\$ 952,269	\$ 1,085,837	14.03%	\$ 1,080,837	-0.46%
General Revenue Fund Total			\$ 2,869,086	\$ 2,838,186	\$ 2,852,269	\$ 3,142,837	10.19%	\$ 3,137,837	-0.16%
4G5	874-603	Capitol Square Education Center and Arts	\$ 6,075	\$ 17,556	\$ 10,000	\$ 15,000	50.00%	\$ 15,000	0.00%
4S7	874-602	Statehouse Gift Shop/Events	\$ 601,300	\$ 706,308	\$ 622,522	\$ 650,484	4.49%	\$ 650,484	0.00%
General Services Fund Group Total			\$ 607,375	\$ 723,864	\$ 632,522	\$ 665,484	5.21%	\$ 665,484	0.00%
208	874-601	Underground Parking Garage Operations	\$ 2,916,563	\$ 3,317,101	\$ 2,959,721	\$ 2,706,993	-8.54%	\$ 2,706,993	0.00%
Underground Parking Garage Fund Total			\$ 2,916,563	\$ 3,317,101	\$ 2,959,721	\$ 2,706,993	-8.54%	\$ 2,706,993	0.00%
Capitol Square Review and Advisory Board Total			\$ 6,393,024	\$ 6,879,151	\$ 6,444,512	\$ 6,515,314	1.10%	\$ 6,510,314	-0.08%

Department of Commerce

Jason Phillips, Budget Analyst

- Planned GRF transfers from liquor profits in the range of \$157 million in FY 2008 and \$144 million in FY 2009
- Funding of \$667.1 million in FY 2008 and \$706.0 million in FY 2009

OVERVIEW

Duties and Responsibilities

The Department of Commerce is a multi-functional regulatory agency that emphasizes economic development, public safety, and customer service. Commerce operates with the use of little General Revenue Funds (GRF), funding most programs by assessing fees and charges on the industries that it regulates. However, the Department transfers profits and excess cash balances from these programs regularly to the GRF and other state agencies.

Commerce is organized into eight operating divisions and one administrative division. Each division is charged with carrying out specific sections of the Ohio Revised Code. The divisions are Financial Institutions, Industrial Compliance, Liquor Control, Real Estate and Professional License, Securities, State Fire Marshal, Unclaimed Funds, Labor and Worker Safety, and Administration.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
1,005	\$667.09 million	\$705.97 million	\$2.13 million	\$2.13 million	Am. Sub. H.B. 119

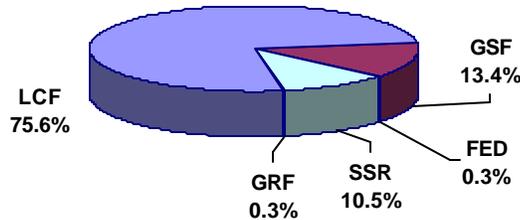
*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of FYs 2008 - 2009 Appropriations

The budget appropriates \$667,091,150 in FY 2008, an increase of approximately 6.3% over FY 2007 adjusted appropriations of \$627,819,517. FY 2009 appropriations are \$705,967,858, or 5.8% above FY 2008 appropriations. Much of the increase in the Department's appropriations in FY 2008 and FY 2009 are due to increases in funding for the Division of Liquor Control to purchase additional spirituous liquor, which is sold through more than 400 private liquor agencies under contract with the Division. These additional amounts enable the Division to meet projected increases in spirituous liquor sales in the FY 2008 - 2009 biennium. Also contributing to the increased appropriations are additional funding for the consolidation of the Department's IT operations and additional amounts appropriated to pay unclaimed funds claims in FY 2009.

As the first chart below illustrates, less than 1% of the Department's budget comes from GRF funds. The Liquor Control Fund comprises over 75% of the agency's budget. The State Special Revenue Fund Group makes up most of the remainder of Commerce's budget. This is fee revenue that finances some or all of five of the Department's nine divisions.

FYs 2008-2009 Budget by Fund Group



Another way to look at funding is how it is spread among program series. As the table below also indicates, Liquor Control, through the administration of the sale of spirituous liquor in Ohio, is the program series with the greatest amount of funding, followed by Unclaimed Funds.

Department of Commerce Biennium Funding by Program Series		
Program Series	Biennium Total Funding	Percentage of Total
Liquor Control	\$1,037,442,101	75.6%
Unclaimed Funds	\$160,930,405	11.7%
Industrial Compliance	\$50,603,919	3.7%
Financial Institutions	\$50,283,942	3.7%
State Fire Marshal	\$37,667,511	2.7%
Program Management	\$22,167,187	1.6%
Real Estate	\$9,599,151	0.7%
Labor and Worker Safety	\$4,364,792	0.3%
Total	\$1,373,059,008	100%

Issues of Interest

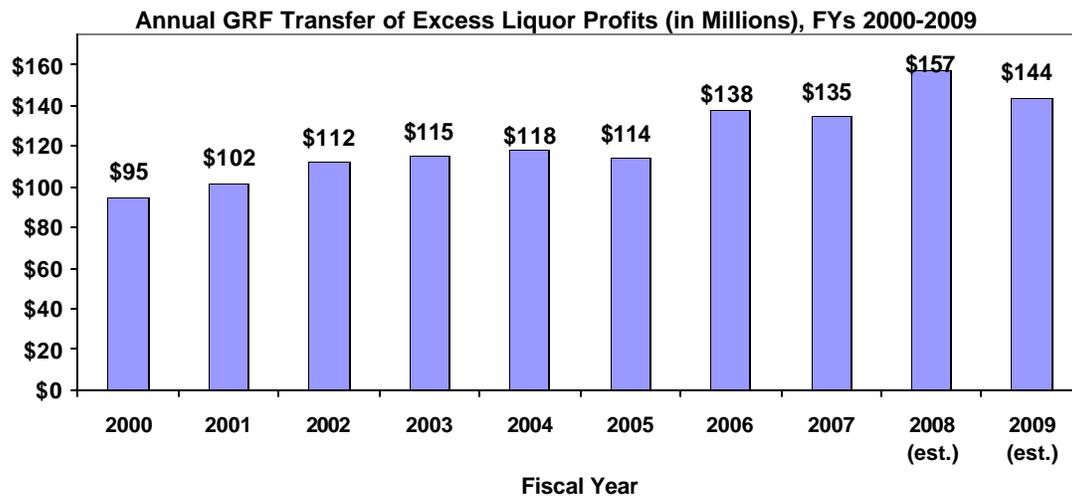
Liquor Law Changes

The budget act created the S and B-2a liquor permits to allow the direct shipping of wine from manufacturers to consumers and retail liquor permit holders, respectively. Each permit carries an annual fee of \$25, but may only be issued to small domestic producers (those qualifying for a particular federal tax credit and making less than 150,000 gallons of wine per year). S permit holders must keep certain records to be sent to the Tax Commissioner and the Division of Liquor Control. There would likely be little impact on alcoholic beverage tax revenue in the short-term resulting from the authorization of direct shipping. However, there could be a potential gain in such tax revenue if the option were to increase consumption in the long-term.

The budget also included a provision clarifying that the Liquor Control and Liquor Permit Laws do not prevent the manufacture, sale, and transport of ethanol or ethyl alcohol for use as fuel. This is a technical change ensuring that ethanol producers are not required to obtain liquor permits.

Liquor Profit GRF Transfers

A portion of the proceeds from the sale of spirituous liquor is transferred to the GRF. The chart below illustrates the Division of Liquor Control's annual GRF transfers from FY 2000 to FY 2009. The transfer of liquor sales proceeds to the GRF has been estimated at \$157 million in FY 2008 and \$144 million in FY 2009.



Transfers of Funds

In addition to the transfer of excess liquor profits to the GRF, the budget contains provisions that make various fund transfers that could total as much as \$105.45 million over the course of the biennium. The provisions include:

- Transfers of up to \$58.55 million over the course of the biennium of unclaimed funds to the GRF.
- Transfers of up to \$5 million in FY 2008 and up to \$24.4 million in FY 2009 of unclaimed funds to the Job Development Initiatives Fund (Fund 5AD) in the Department of Development.
- Transfers of up to \$5.7 million in FY 2008 and up to \$5.8 million in FY 2009 from the State Fire Marshal's Fund (Fund 546) to the GRF.
- Transfers of up to \$2.5 million each fiscal year of unclaimed funds to the State Special Projects Fund (Fund 4F2) in the Department of Development.

- Transfers of up to \$100,000 from the Real Estate Recovery Fund (Fund 548) and up to \$350,000 from the Real Estate Appraisers Recovery Fund (Fund 549) during the biennium to the Real Estate Operating Fund (Fund 549). This provision replenishes the cash balance of the Real Estate Operating Fund by up to \$450,000, which has been depleted in recent years due to revenue shortfalls.
- Transfers of \$150,000 each fiscal year from the State Fire Marshal's Fund to the Poison Control Fund (Fund 5CB) in the Department of Health for poison control centers. Poison control centers in Cleveland, Cincinnati and Columbus are allocated \$50,000 each fiscal year.
- Transfers of \$125,000 each fiscal year from the State Fire Marshal's Fund to the Public Safety Services Fund (Fund 5CC) in the Department of Public Safety for the Southern Ohio Drug Task Force.

Vetoed Provisions

The Governor vetoed a provision that removes one of the requirements for the transfer of a fireworks wholesaler license (that the licensee requests the transfer because an existing facility poses an immediate hazard to the public) and a provision that exempted a licensed fireworks manufacturer, wholesaler, or exhibitor who conducts sales only on the basis of defused samples in closed and covered displays within a fireworks showroom from the requirement of having an interlinked fire detection, fire suppression, smoke exhaust, and smoke evaluation system.

ANALYSIS OF THE BUDGET

Program Series

1: Financial Institutions and Services

Purpose: The Financial Institutions and Services program series ensures the overall safety and soundness of the banks, credit unions, savings institutions, securities, securities professionals, and various consumer finance organizations. This program series also provides education regarding home mortgage lending practices to reduce the number of consumers falling victim to abusive lending practices.

The following table shows the line items that are used to fund the Financial Institutions program series, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund Group				
4X2	800-619	Financial Institutions	\$2,474,414	\$2,523,918
544	800-612	Banks	\$6,516,507	\$6,703,253
545	800-613	Savings Institutions	\$2,244,370	\$2,286,616
552	800-604	Credit Union	\$3,521,037	\$3,627,390
553	800-607	Consumer Finance	\$5,800,445	\$5,800,445
550	800-617	Securities	\$4,312,453	\$4,473,094
Total Funding: Financial Institutions			\$24,869,226	\$25,414,716

The Financial Institutions program series contains the following programs:

- **Program 1.01: Banks**
- **Program 1.02: Consumer Affairs**
- **Program 1.03: Consumer Finance**
- **Program 1.04: Credit Unions**
- **Program 1.05: Money Transmitters**
- **Program 1.06: Savings Institutions**
- **Program 1.07: Securities**

Banks

Program Description: The Banks program regulates state-chartered banks and trust companies. In FY 2006, the Banks program supervised 98 state-chartered commercial banks and 2 trust-only banks with over \$91.31 billion in assets. The section does not have jurisdiction over federal thrifts or national banks. The program is responsible for approving new bank charters, mergers, branch ventures, and other activities. The program also determines the safety and soundness of each bank and monitors the institution's adherence to applicable laws and regulations. Examinations vary in frequency from six months to two years and are dependent upon each institution's size and/or overall conditions.

Funding Source: Application, examination, and investigation fees paid by banks, and an assessment charged to all banks and money transmitter fees

Implication of the Budget: The budget funds the Banks program at \$6,955,944 in FY 2008 and \$7,159,172 in FY 2009, allowing for current service levels to be maintained and for an increase in joint training sessions for examination staff that are held with federal regulators.

Consumer Affairs

Program Description: The Consumer Affairs section, through the Office of Consumer Affairs, educates Ohioans on how to protect themselves in the mortgage lending process, receives complaints from those who have been victimized, and acts as a referral service to organizations that can assist the borrower. If lending laws have been violated, the Office initiates enforcement actions and refers criminal cases for prosecution. In FY 2006, this program received nearly 2,200 telephone inquiries and over 1,460 formal complaints. The program also produced and distributed educational materials and conducted 30 educational programs that reached 750 citizens.

Funding Source: Annual license fees for all consumer finance licensees, investigatory fees for new consumer finance licenses, and related examination fees

Implication of the Budget: The budget fully funds the Consumer Affairs program with \$1,885,272 in FY 2008 and \$1,784,403 in FY 2009 and allows the Consumer Finance Education Board to distribute financial assistance to address increasing foreclosure rates.

Consumer Finance

Program Description: The Consumer Finance section is responsible for licensing, regulating, and ensuring the safety and soundness of consumer finance organizations including check cashing services, check casher lenders, credit service organizations, insurance premium finance companies, mortgage brokers, mortgage broker loan officers, pawnbrokers, precious metals dealers, second mortgage businesses, and small loan businesses. In FY 2006, the Consumer Finance section regulated 16,095 organizations and individuals.

Funding Source: Investigation and annual license or registration fees charged to consumer loan companies, pawnbrokers, precious metals dealers, check cashing businesses, mortgage brokers, loan officers, and credit service organizations. One-half of the fees collected from pawnbrokers and precious metals dealers are returned to the local government in which these operators reside.

Implication of the Budget: The budget fully funds the Consumer Finance program with \$4,817,096 in FY 2008 and \$4,936,011 in FY 2009. The budget allows the program to conduct over 1,800 examinations of licensees, issue settlement agreements for continuing education noncompliance, deny or revoke over 300 license applications if necessary, and resolve cases on enforcement issues.

Credit Unions

Program Description: The Credit Unions section monitors the financial safety and soundness of Ohio's state-chartered credit unions. The supervision and regulation of state-chartered credit unions includes on-site field examinations, off-site surveillance and monitoring, and coordination of supervisory activities with the appropriate federal agency, the National Credit Union Administration. The program supervises and regulates 203 state-chartered credit unions with total aggregated assets of \$9 billion.

Funding Source: A semiannual assessment on the gross assets of credit unions

Implication of the Budget: The budget funds the Credit Unions program with \$3,916,293 in FY 2008 and \$4,030,555 in FY 2009 for the Credit Unions program. While vacancies may not be filled, the program should be able to maintain current service levels while funding mandated salary increases and special counsel related to the United Telephone Credit Union (UTCU) litigation.

Money Transmitters

Program Description: The Money Transmitters program provides for the licensing, supervision, and regulation of 55 domestic and foreign money transmitters in Ohio, including financing networks that may be potential threats to Homeland Security.

Funding Source: Annual license fees and related examination fees

Implication of the Budget: The budget fully funds the Money Transmitters program and allows it to maintain current service levels with funding of \$442,605 in FY 2008 and \$443,766 in FY 2009.

Savings Institutions

Program Description: The Savings Institution program is responsible for the supervision and regulation of 29 state-chartered savings and loan associations and 27 state-chartered savings banks with combined assets of approximately \$9.5 billion. The section ensures the safety and soundness of these institutions and compliance with the law through regular examinations, surveillance, and monitoring along with coordination and enforcement of supervisory actions.

Funding Source: Annual assessments based upon total assets of savings banks and savings and loans

Implication of the Budget: The budget provides \$2,539,563 in FY 2008 and \$2,587,715 in FY 2009 for the Savings Institutions program. While vacancies may not be filled, the Savings Institution program can maintain current service levels at the appropriated amounts by prioritizing spending for the program.

Securities

Program Description: The Securities program promotes investor education, regulates the sale of securities in Ohio, and licenses securities professionals in Ohio who sell securities and give advice about investing in securities. It engages in administrative sanctions against those persons and entities violating the securities laws in Ohio and makes referrals for criminal prosecution. In FY 2006, the Division of Securities reviewed over 7,000 securities registration and exemption filings and licensed over 133,000 securities salespersons. The cash in excess of that needed to defray Division expenses as determined by the Director of OBM and the Director of Commerce is transferred to the GRF. The Division estimates these transfers to be \$8 million each year of the upcoming biennium.

Funding Source: Fees; income from securities registration and licensing amounted to about \$12.97 million in total fee income in FY 2006

Implication of the Budget: The budget provides \$4,312,453 in FY 2008 and \$4,473,094 in FY 2009 for the Securities program. It is likely that the program can maintain current service levels, but vacancies may not be able to be filled and spending for the program may need to be prioritized.

Program Series**2: Industrial Compliance**

Purpose: The Industrial Compliance program series is responsible for code development, inspection, plan review, licensing, and permit services related to the commercial building and construction industry.

The following table shows the line items that are used to fund Industrial Compliance as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund Group				
556	800-615	Industrial Compliance	\$25,033,908	\$25,570,011
Total Funding: Industrial Compliance			\$25,033,908	\$25,570,011

The Industrial Compliance program series contains the following programs:

- **Program 2.01: Building Code Compliance**
- **Program 2.02: Operations and Maintenance**
- **Program 2.03: Building Code**
- **Program 2.04: Ohio Construction Industry Licensing Board**
- **Program 2.05: Program Administration**

Building Code Compliance

Program Description: This program, through the Bureau of Construction Compliance, inspects construction plans for all state buildings, commercial buildings, and residential dwellings of four or more units not falling under the jurisdiction of a local certified building department to ensure that the structural design, electrical, and plumbing systems meet standards established by the Ohio Basic Building Code. The program is responsible for inspecting buildings, plumbing, electrical wiring, pressure vessels, and pressure piping throughout the state. The Bureau reviews nearly 5,000 sets of architectural plans and provides over 40,000 electrical, structural, and plumbing inspections.

Funding Source: Application fees

Implication of the Budget: The budget funds the Building Code Compliance program at \$6,766,506 in FY 2008 and \$7,040,595 in FY 2009, which allows for the implementation of information technology initiatives such as a database project to automate scheduling and dispatching for field operations; an e-commerce initiative for plans, inspections, and reporting processes; and a mobile office initiative, all of which will likely produce operating efficiencies for the program.

Operations and Maintenance

Program Description: The Operations and Maintenance program is responsible for the proper operation and maintenance of critical systems including boilers, elevators, and escalators. The program also performs inspections of bedding and upholstered furniture, licenses and certifies steam engineers and boiler operators, and conducts ski lift inspections and roller rink registrations. This program provides for the inspection of over 14,200 boilers, 51,000 elevators and escalators, and approximately 6,700 pieces of bedding and upholstered furniture articles.

Funding Source: License and permit fees

Implication of the Budget: The budget provides \$8,719,717 in FY 2008 and \$9,329,855 in FY 2009 for the Operations and Maintenance program, allowing service levels to be sustained. The budget provides funds for the implementation of information technology initiatives such as a database project to automate scheduling and dispatching for field operations; an e-commerce initiative for plans, inspections, and reporting processes; and a mobile office initiative, all of which will likely produce operating efficiencies for the program.

Building Code

Program Description: The Building Code program supports the Board of Building Standards (BBS), which formulates and adopts rules governing building construction and maintenance to ensure building safety. The Board also certifies local building code enforcement departments. This section also supports the Board of Building Appeals, which reviews appeals of orders issued by the Department's Bureau of Construction Compliance or a certified city or county building department. The Board of Building Appeals may reverse or modify an order of the enforcing agency if it is found contrary to a fair interpretation or application of the governing regulations. This program certifies over 3,300 building department personnel, design professionals and contractors, and reviews more than 660 appeals.

Funding Source: The Board of Building Appeals receives funding through a \$200 fee for each building appeal. The Board of Building Standards receives funding through various fees.

Implication of the Budget: The budget provides \$2,361,885 in FY 2008 and \$2,439,894 in FY 2009 for the Building Code program. With the funding available, the Building Code program will be able to maintain current service levels.

Ohio Construction Industry Licensing Board

Program Description: This program provides for the testing, licensing, and continuing education of electrical, heating, ventilation, and air conditioning (HVAC), hydronic, plumbing, and refrigeration contractors. The program issues over 19,000 licenses to individuals in the above trades.

Funding Source: License, examination, and continuing education fees

Implication of the Budget: The budget provides \$1,094,903 in FY 2008 and \$1,163,772 in FY 2009 for the Ohio Construction Industry Licensing Board program. It is likely that the Construction Industry Licensing Board will be able to maintain current service levels.

Program Administration

Program Description: Program administration oversees the general management and direction of the Division of Industrial Compliance activities on a daily basis. The program also is responsible for the planning and future direction of the Division. The program provides the Division with administrative support through fiscal management, legal counsel, inspector dispatching operations and communications, automated computer programs for task management, and reporting and performance management. Division administration is responsible for these services to over 250 staff members.

Funding Source: Administrative charge based on cumulative annual payroll assessed to all boards and sections within the Division of Industrial Compliance

Implication of the Budget: The budget funds Program Administration with \$6,090,897 in FY 2008 and \$5,595,895 in FY 2009 and allows it to maintain current service levels. The budget enables the implementation of information technology initiatives such as a database project to automate scheduling and dispatching for field operations; an e-commerce initiative for plans, inspections, and reporting processes; and a mobile office initiative, all of which will likely produce operating efficiencies.

Program Series

3: Liquor Control

Purpose: The Liquor Control program series is responsible for controlling the manufacture, distribution, and sale of all alcoholic beverages in Ohio. The Division of Liquor Control is the state's sole purchaser and distributor of spirituous liquor (intoxicating liquor containing more than 21% alcohol by volume).

The following table shows the line items that are used to fund Liquor Control as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
Liquor Control Fund				
043	800-601	Merchandising	\$440,499,979	\$464,027,015
043	800-627	Liquor Control Operating	\$15,980,724	\$16,334,583
043	800-633	Development Assistance Debt Service	\$33,678,800	\$38,616,800
043	800-636	Revitalization Debt Service	\$12,620,900	\$15,683,300
Total Funding: Liquor Control			\$502,780,403	\$534,661,698

The Liquor Control program series contains the following programs:

- **Program 3.01: Liquor Agency Operations**
- **Program 3.02: Liquor Permit Licensing and Compliance**
- **Program 3.03: Debt Service Payments**
- **Program 3.04: Liquor Control Program Administration**

Liquor Agency Operations

Program Description: The Liquor Agency Operations program regulates the sale of spirituous liquor through private businesses, known as liquor agencies. The Division contracts with these businesses to serve as its sales agents. This program funds all of the spirituous liquor purchased for resale in the state, expenses for agency commissions, auditing, and trucking liquor to the liquor agencies. Agents are paid a commission based on their amount of sales, and the state retains ownership of the inventory. Current commission rates are 6% of sales for retail establishments and 4% of sales for wholesale operations.

Spirituous liquor sales generate a large amount of revenue, which is used by several other state agencies to fund certain programs. The revenues are used to pay for the operating expenses of the Liquor Control Commission, an alcohol treatment program operated by the Department of Drug and Alcohol Addiction Services, the Department of Public Safety's Liquor Enforcement Division, the Department of

Health's alcohol-testing unit, and the debt service on economic development and urban revitalization bonds. Excess liquor profits are transferred to the GRF, which received \$138 million from this source in FY 2007.

Funding Source: Liquor sales profits

Implication of the Budget: The budget provides \$443,699,740 in FY 2008 and \$467,326,426 in FY 2009 for the Liquor Agency Operations program. While the budget provides necessary funding to purchase enough merchandise to meet expected increases in consumption, the Division will look for ways to increase operating efficiencies to allow the program to maintain current service levels at the appropriated amounts for operating expenses.

Liquor Permit Licensing and Compliance

Program Description: The Liquor Permit Licensing program administers the state's liquor permitting and compliance system. The program reviews applications for permits to sell, manufacture, or distribute alcoholic beverages. The decision to grant or deny a permit is based on various factors including: (1) the wet or dry status of the location, (2) the number of permits allowed in a geographic area based on population density and the amount of existing permits or "quotas," (3) prior compliance record with legal requirements by the applicant, and (4) findings of the Division's investigations. All licenses are renewable on an annual basis. The fee is divided between the GRF (45%), local taxing districts for liquor law enforcement (35%), and the Department of Alcohol and Drug Addiction Services to fund treatment and education efforts statewide (20%). In FY 2006, the Division collected \$36.6 million in permit fees as a result of the issuance of 9,203 new, transferred, or temporary permits and the renewal of 23,038 existing permits. The program also oversees compliance in the manufacture and distribution of beer, wine, and low-proof mixed beverages.

Funding Source: License fees paid by all liquor permit holders including manufacturers, distributors, retailers, and importers of alcoholic beverages

Implication of the Budget: The budget provides \$6,064,594 in FY 2008 and \$6,316,579 in FY 2009 for the Liquor Permit Licensing and Compliance program. At these funding levels, the program will prioritize spending for the program and not fill vacancies. However, it is likely that the program can maintain current service levels.

Debt Service Payments

Program Description: The Debt Service Payments program provides debt service payments on bonds issued under the authority of the Ohio Revised Code Chapters 151. and 166. to support various economic development initiatives and environmental clean-up initiatives that are appropriated in the Department of Development. In FY 2006, \$28.9 million in liquor profits was pledged to retire economic development bonds and \$5.3 million was devoted to retire Clean Ohio revitalization bonds. For FYs 2008 - 2009, a share of liquor profits will again be pledged against bonds issued to support urban revitalization initiatives and development assistance. The costs of debt service are controlled by the bond market and managed by OBM and the Treasurer's Office. The executive budget provides for \$33,678,800 in FY 2008 and \$38,616,800 in FY 2009 for development assistance debt service and \$12,620,900 in FY 2008 and \$15,683,300 in FY 2009 for revitalization debt service.

Funding Source: Revenue from the sale of spirituous liquor

Implication of the Budget: The budget provides required payments on bonds issued to support economic development and environmental revitalization initiatives with appropriations of \$46,299,700 in FY 2008 and \$54,300,100 in FY 2009.

Liquor Control Program Administration

Program Description: This program provides administrative support for the other Division of Liquor Control programs. In addition to Division administration functions, the program also provides communications and information technology and pays for equipment costs, building rent and utilities, workers' compensation costs, and divisional assessment costs.

Funding Source: Revenue from the sale of spirituous liquor

Implication of the Budget: The budget funds Liquor Control Program Administration at \$6,716,369 in FY 2008 and \$6,718,593 in FY 2009, which will allow the program to maintain current service levels.

Program Series

4: Real Estate and Professional Licensing

Purpose: The Real Estate and Professional Licensing program series licenses and regulates real estate brokers, salespersons, appraisers, and registers foreign real estate property. It also registers and investigates complaints involving Ohio cemeteries while supporting the Ohio Cemetery Dispute Resolution Commission.

The following table shows the line items that are used to fund Real Estate and Professional Licensing as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund Group				
4B2	800-631	Real Estate Appraisal Recovery	\$35,000	\$35,000
4H9	800-608	Cemeteries	\$273,465	\$273,465
547	800-603	Real Estate Education/Research	\$250,000	\$250,000
548	800-611	Real Estate Recovery	\$50,000	\$50,000
549	800-614	Real Estate	\$3,480,038	\$3,574,171
6A4	800-630	Real Estate Appraiser Operating	\$664,006	\$664,006
Total Funding: Real Estate and Professional Licensing			\$4,752,509	\$4,846,642

The Real Estate and Professional Licensing program series contains the following programs:

- **Program 4.01: Real Estate**
- **Program 4.02: Real Estate Appraisers**
- **Program 4.03: Cemetery Registration**

Real Estate

Program Description: The Real Estate program licenses and regulates real estate brokers and salespersons across the state as well as foreign real estate brokers and salespersons (dealing in properties

located outside of Ohio but marketed to Ohio residents). The program also registers foreign real estate property and enforces the continuing education requirements for real estate brokers, real estate salespersons, and certified and licensed appraisers. In cases of documented and proven real estate fraud, consumers may apply for compensation from the Real Estate Recovery Fund. The Real Estate Education and Research Fund finances the activities of the Education and Research Committee, a committee of the Ohio Real Estate Commission that recommends funding of research and other educational projects aimed at the advancement of the real estate profession. Triennial renewal for real estate brokers and salespersons licenses began on January 1, 2007. In FY 2006, the Real Estate program licensed and regulated 35,317 real estate salespersons and 5,626 real estate brokers.

Funding Source: License and other fees charged. The Real Estate Education and Research Fund (Fund 547) receives \$4 from each real estate broker and salesperson application fee. The Real Estate Recovery Fund (Fund 548) receives fines and civil penalties against persons participating in unlicensed activity. Prior to FY 2006, the Real Estate Recovery Fund received interest earnings, but those earnings are now directed into the GRF.

Implication of the Budget: The budget provides \$3,780,038 in FY 2008 and \$3,874,171 in FY 2009 for the Real Estate program. At these levels, the program will prioritize spending for the program and not fill vacancies. While the Department stated that it should be able to maintain current service levels with the funding available, there is little room in the Real Estate program to reduce spending.

Real Estate Appraisers

Program Description: The Real Estate Appraisers program licenses and certifies all general and residential appraisers in the state. In addition, the program monitors applicant compliance with education, experience and testing requirements for each level of registration, license or certification, and oversees the continuing education requirements of the industry. The program also investigates complaints against licensees, and initiates disciplinary hearings as required. The program protects consumers who have been harmed during a real estate transaction by a licensee through the Real Estate Appraiser Recovery Fund. In FY 2006, the program regulated 3,588 real estate appraisers and 757 real estate appraiser assistants.

The program has experienced a significant increase in the number of complaints filed against appraisers from 69 in FY 2003 to an estimated 290 in FY 2006. The rise in complaints is attributed to the focus on the number of foreclosures and predatory loans occurring in Ohio through faulty or fraudulent appraisals. To handle the increase in cases, the program has reallocated its resources from licensing to enforcement and added an investigator to its staff in FY 2006.

Funding Source: License and permit fees. The Real Estate Appraiser Recovery Fund (Fund 4B2) is funded through a \$100 assessment on new real estate appraiser license/certification applications. Prior to FY 2006, the Real Estate Appraiser Recovery Fund received interest earnings, but those earnings are now directed to the GRF.

Implication of the Budget: The budget allows the Real Estate Appraiser program to maintain current service levels with a funding of \$699,006 in FY 2008 and \$699,006 in FY 2009.

Cemetery Registration

Program Description: The Cemeteries section registers all active cemeteries in Ohio, and investigates complaints or disputes involving registered cemeteries. Complaints against cemeteries are

investigated and referred to the Ohio Cemetery Dispute Resolution Committee. There are nearly 3,400 cemeteries registered. The main source of funding for this program is from burial permit fees issued in Ohio. During FY 2006, revenue from burial permits was nearly \$265,000.

Funding Source: Fees generated from registering and renewing registrations of cemeteries (\$25 each) and from burial permit fees (\$2.50 each)

Implication of the Budget: The budget allows the Cemetery Registration program to maintain current service levels with appropriations of \$273,465 in each fiscal year of the biennium.

Program Series

5: State Fire Marshal

Purpose: The State Fire Marshal program series protects the citizens of Ohio from the dangers of fire and explosions and protects the environment from releases of petroleum from underground storage tanks. The program accomplishes this goal by: (1) analyzing fire-related criminal evidence, (2) modernizing and enforcing the Ohio Fire Code, (3) investigating the cause and origin of fires and explosions, (4) regulating underground storage tanks, and (5) training firefighters and providing fire safety education to business, industry, and the public.

The following table shows the line items that are used to fund the State Fire Marshal as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund Group				
546	800-610	Fire Marshal	\$13,104,393	\$13,579,150
546	800-639	Fire Department Grants	\$1,647,140	\$1,647,140
546	800-640	Homeland Security Grants	\$10,000	\$10,000
653	800-629	UST Registration/Permit Fee	\$1,512,512	\$1,467,160
State Special Revenue Fund Group Subtotal			\$16,274,045	\$16,703,450
General Services Fund Group				
5F1	800-635	Small Government Fire Departments	\$300,000	\$300,000
General Services Fund Group Subtotal			\$300,000	\$300,000
Federal Special Revenue Fund Group				
348	800-622	Underground Storage Tanks	\$195,008	\$195,008
348	800-624	Leaking Underground Storage Tanks	\$1,850,000	\$1,850,000
Federal Special Revenue Fund Group Subtotal			\$2,045,008	\$2,045,008
Total Funding: State Fire Marshal			\$18,619,053	\$19,048,458

The State Fire Marshal program series contains the following programs:

- **Program 5.01: Ohio Fire Academy**
- **Program 5.02: Code Enforcement**
- **Program 5.03: Investigations**
- **Program 5.04: Fire Prevention**
- **Program 5.05: Forensic Lab**

- **Program 5.06: Bureau of Underground Storage Tanks**
- **Program 5.07: Fire Department Assistance**
- **Program 5.08: State Fire Marshal Program Administration**

Ohio Fire Academy

Program Description: The Ohio Fire Academy program conducts fire-related training courses for more than 15,000 emergency responders annually. The program also funds replacement of vehicles and specialized firefighting equipment. Training, which is conducted at the Academy facilities and on-site throughout the state, includes firefighting, anti-terrorism response, and urban search and rescue.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes on out-of-state insurance companies, and fees from fireworks licenses and building inspections. The program is also funded through course fees and federal and state grants.

Implication of the Budget: The budget provides \$2,752,085 in FY 2008 and \$2,834,274 in FY 2009 for the Ohio Fire Academy program. Of this amount, \$10,000 is slated for each fiscal year to provide specialized weapons of mass destruction courses made possible through Homeland Security Grants. Within the funding available, it is likely that current service levels can be maintained, but it may be that some equipment will not be purchased and/or empty positions remain vacant.

Code Enforcement

Program Description: The Code Enforcement section performs fire safety inspections at hotels, motels, hospitals, schools, nursing homes, new construction, and other buildings and events. It also enforces the Ohio Fire Code at fireworks facilities, manufacturers, and exhibitions and conducts plan review and inspections for flammable and combustible liquid storage tanks not regulated by the Bureau of Underground Storage Tanks Regulations or the local fire department. This program conducts approximately 9,500 fire safety inspections and 5,500 re-inspections annually.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes, and fees from fire safety inspections and flammable and combustible liquid permits

Implication of the Budget: The budget provides \$3,119,981 in FY 2008 and \$3,259,542 in FY 2009 for the Code Enforcement program, which enables the Code Enforcement program to handle increasing caseloads by retaining essential staff through the granting of funds to pay for contractual salary and fringe benefit cost increases.

Investigations

Program Description: The Investigations program is responsible for investigating the cause, origin, and circumstances of fires, explosives, and fireworks incidents in Ohio. It is also responsible for the prosecution of persons believed to be guilty of arson or a similar crime. This program provides these services to any fire department or law enforcement agency in the state, as many small municipalities and townships do not have trained arson investigators to conduct such highly specialized investigations. In addition to routine investigations, the Fire and Explosion Investigation Bureau (FEIB) has three accelerant detection canine teams to assist in recovering evidence at arson crime scenes and operates the Major Incident Response Vehicle (MIRV), which has sensitive and specialized communications equipment to be used in any type of disaster or fire, arson, or bombing incident. This program conducts

approximately 1,000 fire and explosion investigations annually. In FY 2006, the Investigations program determined that 405 of the 1,159 incidents investigated were a result of arson.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes on out-of-state insurance companies, and fees from fireworks licenses and building inspections. The program is also funded through course fees and federal and state grants.

Implication of the Budget: The budget provides \$2,319,814 in FY 2008 and \$2,426,184 in FY 2009 for the Investigations program, which covers most of the additional cost of (1) increases in contractually mandated salary and fringe benefit costs, (2) services provided by four additional arson investigator positions approved by the Controlling Board in FY 2007, and (3) vehicles for the new inspectors. While there may be a reduction in spending for other equipment, the program will be able to sustain current activities.

Fire Prevention

Program Description: The Fire Prevention program creates fire safety publications and conducts fire safety education outreach at schools, senior centers, health care facilities, and other locations as requested. The program compiles and analyzes statistical data collected through the Ohio Fire Information Reporting System regarding the nature and causes of fire. The Fire Prevention program also operates the Public Fire Safety Decal program for volunteer firefighters, provides fire safety courses for health care facility certification, smoke alarms to high-risk families, support for special public recognition events, support of fire safety fairs, and trains local fire department personnel. The Fire Prevention program conducts approximately 3,600 fire safety programs for 80,000 Ohioans and distributes about 600,000 pieces of fire safety literature annually.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes on out-of-state insurance companies, and fees from fireworks licenses and building inspections. The program is also funded through course fees and federal and state grants.

Implication of the Budget: The budget provides \$1,001,444 in FY 2008 and \$1,045,380 in FY 2009 for the Fire Prevention program. While the Department noted that there would likely be a reduction in the number of publications printed, it is exploring different, more cost-effective options to expand outreach in an effort to cut costs for the program.

Forensic Lab

Program Description: The Forensic Lab program provides scientific examination of ignitable liquids, fire debris, explosives, latent fingerprints, and general examination of any physical evidence involved in a suspected arson, fire explosive incident, or hazardous situation. The laboratory issues a written report including findings and opinions as to the nature of the situation. Laboratory examiners may be asked to testify in court about laboratory findings. During FY 2006, the laboratory examined nearly 692 cases consisting of over 2,300 pieces of evidence.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes on out-of-state insurance companies, and fees from fireworks licenses and building inspections. The program is also funded through course fees and federal and state grants.

Implication of the Budget: The budget provides \$665,030 in FY 2008 and \$695,138 in FY 2009 for the Forensic Lab program, which allows the program to maintain current service levels by supporting increases in contractually mandated salary and fringe benefit costs.

Bureau of Underground Storage Tanks

Program Description: The Bureau of Underground Storage Tanks program regulates the safe installation, operation, maintenance, and removal of underground storage tank (UST) systems as well as the investigation and cleanup of petroleum products released from UST systems into the environment. This program has been delegated the authority to administer and enforce the UST program by the U.S. EPA. Recent changes in federal law will require an on-site inspection of registered UST systems at least once every three years beginning August 2007. Prior to this change, there was no required time frame for inspecting these systems, only requirements consisting of “periodic” inspections as well as reporting of compliance rates with inspected systems. This program regulates 23,562 registered UST systems at 8,188 facilities in the state. Five field inspectors inspect approximately 1,200 facilities with registered UST systems each year.

Funding Source: Tank registration fees, permit and licensing fees, enforcement penalties, and federal grants

Implication of the Budget: The budget provides \$3,387,070 in FY 2008 and \$3,341,718 in FY 2009 for the Bureau of Underground Storage Tanks program, which will likely provide sufficient funds for an additional five inspectors to allow for an increase in the number of inspections to meet the new federal requirements mentioned above.

Fire Department Assistance

Program Description: The Fire Department Assistance program provides grants and no-interest loans to local fire departments to offset the cost of training and equipment. The grants and loans are for small government fire departments with population service areas under 25,000. This program also makes grants available to fire departments to assist with the conversion to the National Fire Incident Reporting System (NFIRS). In FY 2006, the Fire Department Assistance program awarded 103 equipment grants with the average grant being \$7,871. There were also 529 training reimbursement grants awarded averaging \$1,167.

Funding Source: Loan repayments and cash transfers from Fund 546

Implication of the Budget: The budget funds the Fire Department Assistance program with appropriations of \$1,947,140 in FY 2008 and \$1,947,140 in FY 2009. The budget increases the number of loans for fire departments from two to three by providing an additional \$50,000 in loans to expedite purchases of major equipment for firefighting, ambulance, emergency medical, or rescue services along with construction or repairs to an existing building.

State Fire Marshal Program Administration

Program Description: This program provides for the administration of the Division of State Fire Marshal and its eight operating bureaus. The program funds salaries and fringe benefits of administration, which consists of senior staff, administrative and facility operations staff, and the Explosive and Pyrotechnics unit. The Explosives and Pyrotechnics unit provides training and annual licensing for Ohio’s fire and law enforcement communities, shippers, manufacturers, and retailers.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes on out-of-state insurance companies, and fees from fireworks licenses and building inspections. The program is also funded through course fees and federal and state grants.

Implication of the Budget: The budget provides \$3,426,489 in FY 2008 and \$3,499,082 in FY 2009 for State Fire Marshal Program Administration. With the funding available, the Department noted that current levels of service could be maintained, but the program would likely prioritize equipment purchases, not fill vacancies, and/or consolidate empty positions to reduce payroll costs.

Program Series

6: Unclaimed Funds

Purpose: The Unclaimed Funds program series is responsible for the safekeeping and return of moneys designated as “unclaimed.” In the meantime, the Division of Unclaimed Funds uses a portion of reported unclaimed funds to support housing loan guarantees in the Department of Development.

The following table shows the line items that are used to fund Unclaimed Funds as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
543	800-602	Unclaimed Funds - Operating	\$7,880,468	\$8,049,937
543	800-625	Unclaimed Funds - Claims	\$70,000,000	\$75,000,000
Total Funding: Unclaimed Funds			\$77,880,468	\$83,049,937

Unclaimed Funds

Program Description: The Unclaimed Funds program is responsible for the safekeeping and return of moneys designated as “unclaimed.” Each year, due to death, inadvertence, or forgetfulness, more than 200,000 people and organizations lose track of moneys and intangible property in Ohio. State law requires that these funds be reported to the state for safekeeping after the owners have left the funds unclaimed for a specific period of time, usually five years. The state acts as a custodian for the funds until the rightful owners or their heirs claim them. Common sources of unclaimed funds include: dormant checking and savings accounts, insurance proceeds, unclaimed wages and employment benefits, uncashed checks and money orders, undelivered stock and dividends, forgotten rent or utility deposits, and intangible contents of safe deposit boxes. Until the rightful owner is located, unclaimed funds support economic development throughout Ohio. The Ohio Department of Development and the Ohio Housing Finance Agency use these resources to guarantee and fund low and moderate- income housing programs. Unclaimed Funds also guarantee performance bonds for the Minority Business Bonding Fund. In FY 2006, the program set records regarding the amount collected and the number and amount of claims paid. Specifically, the program collected \$210.2 million, paid 43,714 claims, and returned \$64.3 million to current or former Ohio residents.

Funding Source: Funds from the unclaimed funds custodial account under the Treasurer of State, which receives at least 10% of the aggregate amount of unclaimed funds of financial and business institutions, as well as the interest earned on these funds. A 5% administrative fee is assessed to each claimed account to help offset the expenses of the Division.

Implication of the Budget: The budget appropriates \$77,880,468 in FY 2008 and \$83,049,937 in FY 2009 for the Unclaimed Funds program. The budget accounts for expected increases in unclaimed funds claims, and increases the number of audits of businesses for reporting of unclaimed funds, which the Department notes will help to continue the record increases in collections and pay outs of unclaimed funds.

Program Series

7: Labor and Worker Safety

Purpose: The Labor and Worker Safety program series promotes the safety of minors in the workplace and overall compliance with wage laws.

The following table shows the line items that are used to fund the Labor and Worker Safety program as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	800-410	Labor and Worker Safety	\$2,132,396	\$2,132,396
General Revenue Fund Subtotal			\$2,132,396	\$2,132,396
State Special Revenue Fund Group				
5K7	800-621	Penalty Enforcement	\$50,000	\$50,000
State Special Revenue Fund Group Subtotal			\$50,000	\$50,000
Total Funding: Labor and Worker Safety			\$2,182,396	\$2,182,396

Wage, Hour, and Minor Law Enforcement

Program Description: The Wage, Hour, and Minor Law Enforcement program enforces minimum wage and minor labor laws. The program also enforces Ohio's prevailing wage, which is the wage rate that must be paid to employees who are working on any type of public works or public improvement construction project. The program investigates complaints and, upon making determinations, collects back wages and penalties owed to workers. In FY 2006, this program collected approximately \$942,281 in prevailing wage back wages, \$98,799 in minimum and overtime back wages, and \$13,863 in prevailing wage penalties.

Section 34a of Article II in the Ohio Constitution, which was approved in the general election held November 7, 2006, increased the minimum wage to \$6.85 per hour beginning January 1, 2007 and required that the minimum wage be indexed to inflation every September 30th, thereafter. Since the constitutional amendment has taken effect, the Department has experienced a significant increase in the number of minimum wage complaints received.

Funding Source: General Revenue Funds; statutory penalties assessed against companies that have violated the prevailing wage laws

Implication of the Budget: The budget appropriates \$2,182,396 in each fiscal year of the biennium for the Wage, Hour, and Minor Law Enforcement program, which funds two additional investigator positions to enforce wage and hour laws due to an increasing number of complaints received.

Program Series**8: Program Management**

Purpose: The Program Management program series directs, administers, supports, and coordinates the activities of the Department's operating divisions and serves as a liaison to other government, corporate, and public entities.

The following table shows the line items that are used to fund Program Management as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
163	800-620	Division of Administration	\$4,323,037	\$4,413,037
163	800-637	Information Technology	\$6,650,150	\$6,780,963
Total Funding: Program Management			\$10,973,187	\$11,194,000

The Program Management program series contains the following programs:

- **Program 8.01: Program Management**
- **Program 8.02: Information Technology Group**

Program Management

Program Description: Program Management provides communications, fiscal administration, human resources, legal, legislative affairs, quality control, training, employee development, and support services for the Department's employees.

Funding Source: Special assessment levied on the Department's various operating funds. The assessment is a percentage of the actual payroll costs incurred by each of the individual funds within the Department and is collected on a monthly basis (a month in arrears). The percentage is established annually.

Implication of the Budget: The budget appropriates \$4,323,037 in FY 2008 and \$4,413,037 in FY 2009 for Program Management. The Department indicated that a restructuring plan consolidating fiscal, information technology, and support staff could continue while those positions are funded in the same manner as they are currently, which is through division operating funds. It is likely that current service levels can be maintained with the funding for this program.

Information Technology Group

Program Description: The Information Technology Group (ITG) program provides information technology support to all of the Department's employees. Currently, the ITG program plans, coordinates and submits the agency IT plan to the Department of Administrative Services' Office of Information Technology (OIT), provides technical support via the Department of Commerce Help Desk, provides direction to Division staff on industry standards regarding the purchase of hardware and software, provides infrastructure support for the many agency-wide IT databases and systems, develops and maintains the existing Commerce web site and provides efficient internal support for the creation and implementation of systems using new technology. Structural consolidation of IT staff within the Department has been an ongoing project.

Funding Source: Special assessment levied on the Department's various operating funds. The assessment is a percentage of the actual payroll costs incurred by each of the individual funds within the Department and is collected on a monthly basis (a month in arrears). The percentage is established annually and has steadily increased as a result of the expansion of Commerce's services provided to each of the operating divisions.

Implication of the Budget: The budget appropriates \$6,650,150 in FY 2008 and \$6,780,963 in FY 2009 for the Information Technology Group program, which funds five additional IT positions and provides the final component in a departmental initiative to consolidate IT staff in the Division of Administration, which is the centralized funding of these positions through appropriation item 800-637, Information Technology.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2006: *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* % Change 2007 to 2008: *FY 2009 Appropriations:* % Change 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

COM Commerce, Department of

GRF	800-402	Grants-Volunteer Fire Departments	\$ 609,076	----	\$ 0	----	N/A	----	N/A
GRF	800-410	Labor and Worker Safety	\$ 3,402,076	\$ 1,978,124	\$ 2,032,396	\$ 2,132,396	4.92%	\$ 2,132,396	0.00%
General Revenue Fund Total			\$ 4,011,152	\$ 1,978,124	\$ 2,032,396	\$ 2,132,396	4.92%	\$ 2,132,396	0.00%
163	800-620	Division of Administration	\$ 4,051,319	\$ 4,056,336	\$ 4,368,037	\$ 4,323,037	-1.03%	\$ 4,413,037	2.08%
163	800-637	Information Technology	\$ 2,401,469	\$ 2,831,759	\$ 2,785,045	\$ 6,650,150	138.78%	\$ 6,780,963	1.97%
543	800-602	Unclaimed Funds-Operating	\$ 11,152,976	\$ 14,379,499	\$ 7,351,051	\$ 7,880,468	7.20%	\$ 8,049,937	2.15%
543	800-625	Unclaimed Funds-Claims	\$ 53,867,433	\$ 64,281,118	\$ 70,000,000	\$ 70,000,000	0.00%	\$ 75,000,000	7.14%
5F1	800-635	Small Government Fire Departments	\$ 310,500	\$ 84,000	\$ 250,000	\$ 300,000	20.00%	\$ 300,000	0.00%
General Services Fund Group Total			\$ 71,783,697	\$ 85,632,712	\$ 84,754,133	\$ 89,153,655	5.19%	\$ 94,543,937	6.05%
348	800-622	Underground Storage Tanks	\$ 192,244	\$ 190,210	\$ 196,800	\$ 195,008	-0.91%	\$ 195,008	0.00%
348	800-624	Leaking Underground Storage Tanks	\$ 1,592,879	\$ 1,491,032	\$ 1,850,000	\$ 1,850,000	0.00%	\$ 1,850,000	0.00%
349	800-626	OSHA Enforcement	\$ 1,423,415	----	\$ 0	\$ 0	N/A	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 3,208,538	\$ 1,681,242	\$ 2,046,800	\$ 2,045,008	-0.09%	\$ 2,045,008	0.00%
4B2	800-631	Real Estate Appraisal Recovery	----	----	\$ 35,000	\$ 35,000	0.00%	\$ 35,000	0.00%
4H9	800-608	Cemeteries	\$ 252,343	\$ 260,608	\$ 273,465	\$ 273,465	0.00%	\$ 273,465	0.00%
4L5	800-609	Fireworks Training & Education	\$ 4,800	----	\$ 0	\$ 0	N/A	\$ 0	N/A
4X2	800-619	Financial Institutions	\$ 1,490,049	\$ 2,816,087	\$ 2,913,343	\$ 2,474,414	-15.07%	\$ 2,523,918	2.00%
544	800-612	Banks	\$ 6,335,750	\$ 5,940,081	\$ 6,759,197	\$ 6,516,507	-3.59%	\$ 6,703,253	2.87%
545	800-613	Savings Institutions	\$ 2,304,021	\$ 1,740,773	\$ 2,669,774	\$ 2,244,370	-15.93%	\$ 2,286,616	1.88%
546	800-610	Fire Marshal	\$ 13,532,662	\$ 12,702,275	\$ 13,332,397	\$ 13,104,393	-1.71%	\$ 13,579,150	3.62%
546	800-639	Fire Department Grants	----	\$ 1,644,640	\$ 1,647,140	\$ 1,647,140	0.00%	\$ 1,647,140	0.00%
546	800-640	Homeland Security Grants	----	----	----	\$ 10,000	N/A	\$ 10,000	0.00%
547	800-603	Real Estate Education/Research	\$ 90,778	\$ 48,581	\$ 250,000	\$ 250,000	0.00%	\$ 250,000	0.00%
548	800-611	Real Estate Recovery	\$ 1,750	\$ 40,000	\$ 100,000	\$ 50,000	-50.00%	\$ 50,000	0.00%
549	800-614	Real Estate	\$ 3,226,964	\$ 3,226,127	\$ 3,605,892	\$ 3,480,038	-3.49%	\$ 3,574,171	2.70%
550	800-617	Securities	\$ 3,810,911	\$ 3,934,455	\$ 4,400,000	\$ 4,312,453	-1.99%	\$ 4,473,094	3.73%
552	800-604	Credit Union	\$ 2,374,025	\$ 2,795,907	\$ 3,654,352	\$ 3,521,037	-3.65%	\$ 3,627,390	3.02%
553	800-607	Consumer Finance	\$ 3,504,192	\$ 3,624,365	\$ 5,800,445	\$ 5,800,445	0.00%	\$ 5,800,445	0.00%
556	800-615	Industrial Compliance	\$ 22,542,263	\$ 22,065,058	\$ 25,037,257	\$ 25,033,908	-0.01%	\$ 25,570,011	2.14%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
COM Commerce, Department of									
5B9	800-632	PI & Security Guard Provider	\$ 10	---	\$ 0	\$ 0	N/A	\$ 0	N/A
5K7	800-621	Penalty Enforcement	\$ 28,350	\$ 34,475	\$ 50,000	\$ 50,000	0.00%	\$ 50,000	0.00%
653	800-629	UST Registration/Permit Fee	\$ 1,216,279	\$ 1,191,688	\$ 1,249,633	\$ 1,512,512	21.04%	\$ 1,467,160	-3.00%
6A4	800-630	Real Estate Appraiser-Operating	\$ 607,274	\$ 660,972	\$ 664,006	\$ 664,006	0.00%	\$ 664,006	0.00%
State Special Revenue Fund Group Total			\$ 61,322,421	\$ 62,726,091	\$ 72,441,901	\$ 70,979,688	-2.02%	\$ 72,584,819	2.26%
043	800-601	Merchandising	\$ 371,747,445	\$ 401,268,248	\$ 397,847,141	\$ 440,499,979	10.72%	\$ 464,027,015	5.34%
043	800-627	Liquor Control Operating	\$ 15,177,420	\$ 15,990,581	\$ 15,981,346	\$ 15,980,724	0.00%	\$ 16,334,583	2.21%
043	800-633	Development Assistance Debt Service	\$ 25,429,817	\$ 28,876,375	\$ 39,230,000	\$ 33,678,800	-14.15%	\$ 38,616,800	14.66%
043	800-636	Revitalization Debt Service	\$ 4,854,885	\$ 5,288,108	\$ 13,485,800	\$ 12,620,900	-6.41%	\$ 15,683,300	24.26%
Liquor Control Fund Group Total			\$ 417,209,568	\$ 451,423,312	\$ 466,544,287	\$ 502,780,403	7.77%	\$ 534,661,698	6.34%
Commerce, Department of Total			\$ 557,535,376	\$ 603,441,480	\$ 627,819,517	\$ 667,091,150	6.26%	\$ 705,967,858	5.83%

Office of Consumers' Counsel

Ross Miller, Senior Economist

- The Office of Consumers' Counsel is funded by annual assessments on utility companies; no GRF funding
- The enacted budget increases the appropriations by 9.4% for the biennium

OVERVIEW

Duties and Responsibilities

The Office of Consumers' Counsel (OCC), established in 1976, is the statutory advocate for residential utility customers. OCC has the statutory responsibility to represent the interests of 4.5 million residential customers of Ohio's investor-owned electric, natural gas, telecommunications, and water companies. OCC represents consumers in cases before the Public Utilities Commission of Ohio, federal regulatory agencies, and state and federal courts. Additionally OCC educates consumers and organizations about utility issues; during the past two fiscal years OCC has distributed over 800,000 educational materials to utility consumers.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
66	\$8.50 million	\$8.50 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Funding for the agency is derived solely from an assessment on utilities operating in Ohio. The amount appropriated in the main operating budget is apportioned between those utilities based on their intrastate gross revenues. OCC receives no funding from the General Revenue Fund.

Summary of FYs 2008 - 2009 Budget Issues

All operations and programs of OCC are funded through a single appropriation line item. The budget appropriates \$8,498,070 to that line item in FY 2008 (a 9.4% increase compared with the FY 2007 adjusted appropriation) and the same amount in FY 2009. Any funds appropriated but not spent during a fiscal year are returned to the utilities that fund the agency's budget.

The increase in funding will provide resources needed for OCC to handle the increased workload that is expected to result from several anticipated industry developments. First, electric companies in Ohio are currently operating under rate stabilization plans (RSPs). With the exception of the Dayton Power and Light RSP, all RSPs will expire by the end of calendar year 2008. Second, natural gas companies are exiting the merchant function, i.e., they are getting out of the business of procuring natural gas supplies in favor of distributing gas purchased by others. OCC officials believe that much analysis

will be required to effectively advocate for electric and natural gas customers in light of these developments. In light of these developments and others, the increased funding is intended to allow hiring several additional full-time equivalent (FTE) staff members: two staff attorneys, one natural gas regulatory analyst, one economist, one economist/analyst, a senior energy policy analyst, and a consumer services specialist. These positions represent the Office's priorities in filling positions that have become vacant in recent years and that have not yet been filled.

The budget reversed a change made in Am. Sub. H.B. 66 of the 126th General Assembly, which enacted a prohibition against OCC operating a telephone call center for consumer complaints. The budget repeals that prohibition. The increase in the FY 2008 appropriation is intended in part to allow staffing sufficient for the call center to begin handling consumer complaints again.

ANALYSIS OF THE BUDGET

Single Program Series

Consumer Advocacy

Purpose: The Consumer Advocacy program series advocates for and educates Ohio's residential utility consumers.

The following table shows the line item that is used to fund the Consumer Advocacy program series, as well as the funding levels provided in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
5F5	053-601	Operating Expenses	\$8,498,070	\$8,498,070
General Services Fund Subtotal			\$8,498,070	\$8,498,070
Total Funding: Consumer Advocacy			\$8,498,070	\$8,498,070

Program Description: The Office of Consumers' Counsel advocates for residential utility customers in proceedings before the Public Utilities Commission (PUCO), federal regulatory agencies, and in state and federal courts. During 2006 OCC staff participated in around 100 state proceedings and numerous federal proceedings. It monitors utility service performance, receiving data from the PUCO regarding complaints individual customers may have with utilities. OCC operates a call center to provide information to consumers about utility matters. OCC actively disseminates information to utility customers about utility issues. OCC distributed over 800,000 educational materials during the FY 2006-FY 2007 biennium, and OCC officials visited 215 Ohio cities and 76 counties, meeting with 57,000 consumers through their outreach program.

With energy prices at historically high levels, utility issues remain as important as ever. One of the Strickland Administration's Turnaround Ohio initiatives with which OCC will be involved is developing a statewide energy policy that provides for price stability and diversity of resources. One looming issue is the expiration of rate stabilization plans for most of the electric utilities operating in Ohio before the end of 2008. OCC will advocate for consumers as this deadline approaches. S.B. 3 of the 123rd General Assembly, often referred to as the electric restructuring law, defined "market development periods" during which PUCO would retain authority over electric rates. The market development periods expired on December 31, 2005, meaning that PUCO does not have authority over electric rates but does have authority to approve standard service offers by the electric utilities. It is not clear at this time what will replace the rate stabilization plans when they expire, but hearings continue in committees in both the Ohio House and the Ohio Senate exploring this (and related) questions.

A second current issue has to do with high natural gas prices and the changing roles of industry participants in this industry. Natural gas utilities anticipate exiting the merchant function they currently perform, meaning they will no longer procure gas supplies themselves, but will simply distribute gas procured by others. This process has begun with Dominion East Ohio, which has completed Phase I of a two-phase process. In Phase I, Dominion held a wholesale auction, which OCC officials describe as having been a success. The second phase involves assigning customers to retail gas suppliers. OCC officials indicate that they are concerned about this second phase, and anticipate that it will require significant analysis to advocate effectively for consumers. A third issue relates to local telephone service. OCC officials report concerns with the way in which H.B. 218 of the 126th General Assembly is being implemented. That bill authorized PUCO to allow alternative regulation of basic local exchange

telephone service by incumbent local telephone companies if the market offered sufficient competition to these companies. OCC officials indicate that alternative regulation has in some cases been granted when there is not sufficient competition in the market, leading to higher prices for consumers. All these issues have the potential to affect Ohio utility consumers, indicating a need for analysis of the effects of the various developments, and a need to develop adequate responses to these developments in proceedings before PUCO, the Federal Energy Regulatory Commission, and other federal agencies.

Funding Source: GSF: assessments on utilities

Implication of the Budget: The appropriation in the budget for FY 2008 is \$728,000, or 9.4%, greater than the FY 2007 adjusted appropriation, and the total increase for the biennium is \$1.46 million compared with appropriations for the preceding biennium. The increase in funding will allow an increase in staffing to provide more effective advocacy services during a period of expected increase in demand for those services. The current staffing level is well below the authorized staffing level (of 81.5 FTE positions) and the budget is not intended to support an increase in the authorized staffing level. It will also support an increase in call volume in the telephone call center to handle consumer complaints, which the Office has been prohibited from handling for the last two years.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
OCC Consumers' Counsel, Office of							
5F5 053-601 Operating Expenses	\$ 8,239,754	\$ 7,007,426	\$ 7,770,070	\$ 8,498,070	9.37%	\$ 8,498,070	0.00%
General Services Fund Group Total	\$ 8,239,754	\$ 7,007,426	\$ 7,770,070	\$ 8,498,070	9.37%	\$ 8,498,070	0.00%
Consumers' Counsel, Office of Total	\$ 8,239,754	\$ 7,007,426	\$ 7,770,070	\$ 8,498,070	9.37%	\$ 8,498,070	0.00%

Controlling Board

Joseph Rogers, Senior Budget Analyst

- Up to \$8.0 million in funding for the unexpected
- \$1.9 million to assist with local costs of certain state mandates

OVERVIEW

Duties and Responsibilities

The Controlling Board consists of seven members: six legislators (three from the House of Representatives and three from the Senate) and the Director of Budget and Management, or the Director's designee, who serves as the President of the Board.

The Board meets every two or three weeks to consider requests for action that are submitted to it by various state agencies. Although the Board has numerous duties, it most commonly takes action on matters related to: (1) the waiver of competitive selection for the purchase of goods and services, including real estate leases, (2) the transfer and release of capital appropriations, (3) the transfer of operating appropriations, (4) the increase or establishment of operating appropriations, (5) the creation of a new fund, and (6) the acquisition of real estate.

Unlike other state agencies, the Controlling Board does not spend any of the funds appropriated to it. Instead, the appropriations are transferred to other state agencies, carried forward to the next fiscal year, or allowed to lapse back into the available cash balance of the General Revenue Fund (GRF). In general, Controlling Board appropriations are used to cover costs related to unexpected events such as natural disasters, and to reimburse political subdivisions for the cost of carrying out certain state mandates.

Agency in Brief

The following table summarizes the Controlling Board's FYs 2008 and 2009 appropriations.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
NA	\$950,000	\$950,000	\$950,000	\$950,000	Am. Sub. H.B. 119

*The Controlling Board staff consists of the President and the Secretary, who are employed by the Office of Budget and Management (OBM) and thus included in the OBM employee count.

ANALYSIS OF THE BUDGET

For budget purposes, as detailed below, the Controlling Board is considered a single program series agency and its activities are not subdivided into separate programs.

Single Program Series

Appropriations and Spending Oversight

Purpose: To provide appropriation authority and/or funding to state agencies and to oversee certain state agency expenditure decisions

The following table shows the three GRF line items typically used by the Controlling Board to assist various state agencies and political subdivisions, as well as their enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	911-401	Emergency Purposes/Contingencies*	\$0	\$0
GRF	911-404	Mandate Assistance	\$650,000	\$650,000
GRF	911-441	Ballot Advertising Costs	\$300,000	\$300,000
General Revenue Fund Subtotal			\$950,000	\$950,000
Total Funding: Appropriations and Spending Oversight			\$950,000	\$950,000

*Up to \$4.0 million in cash in each fiscal year may be transferred and appropriated from Disaster Services Fund (Fund 5E2).

Program Description: This program provides: (1) appropriation authority and funding to state agencies for the costs of emergencies and unplanned contingencies, and (2) reimbursement funding to certain political subdivisions for all or a portion of their costs incurred in complying with certain state mandates.

Funding Source: GRF

Implication of the Budget: Most importantly, the enacted budget: (1) contains a temporary law provision specifying the circumstances under which up to \$4.0 million in cash would be transferred in each fiscal year from the Controlling Board's Disaster Services Fund (Fund 5E2) and appropriated to GRF line item 911-401, Emergency Purposes/Contingencies, for the purpose of providing assistance made necessary by disasters and emergency situations, and (2) appropriates nearly \$1 million in GRF funding over the biennium to provide certain political subdivisions with funding related to the costs of statewide ballot initiative advertising, child abuse detection training, and certain felony prosecutions.

Temporary Law Provisions: The Controlling Board's budget contains the following notable temporary law provisions.

Emergency Purposes/Contingencies (Section 249.10). Temporary law: (1) permits the Director of Budget and Management (OBM) to transfer up to \$4.0 million cash in each of FYs 2008 and 2009 from the Disaster Services Fund (Fund 5E2) to the GRF, and (2) permits the Controlling Board, at the request of the Director of Budget and Management or any state agency to transfer these funds for the purpose of providing disaster and emergency situation aid to state agencies and political subdivisions in the event of disasters and emergency situations or for other specified purposes.

Disaster Assistance (Section 249.10). Temporary law related to GRF line item 911-401, Emergency Purposes/Contingencies, permits the Department of Public Safety to request transfers from line item 911-401 to provide funding for assistance to political subdivisions and individuals made necessary by natural disasters or emergencies.

Disaster Services (Section 249.10). Temporary law: (1) permits the Department of Public Safety to request, and the Controlling Board to approve, transfers from the Disaster Services Fund (Fund 5E2) to a Department of Public Safety fund and appropriation item to provide assistance to political subdivisions made necessary by natural disasters or emergencies, (2) allows such transfers to be requested and approved prior to or following the occurrence of any specific natural disasters or emergencies in order to facilitate the provision of timely assistance, (3) requires the Emergency Management Agency (EMA) to use the funding for the State Disaster Relief Program for disasters declared by the Governor, and the State Individual Assistance Program for disasters declared by the Governor and the federal Small Business Administration, and requires the EMA to publish and make available application packets for those two programs, (4) requires the Controlling Board, if the Director of Budget and Management determines that sufficient funds exist, to approve requests submitted by state agencies to transfer cash and appropriation authority to any fund and appropriation item for the payment of state agency disaster relief program expenses for disasters declared by the Governor, and (5) transfers the unencumbered balance of the Disaster Services Fund at the end of FY 2008 to FY 2009 for use for the same purposes.

Southern Ohio Correctional Facility Cost (Section 249.10). Temporary law related to GRF line item 911-401, Emergency Purposes/Contingencies, permits the Division of Criminal Justice Services in the Department of Public Safety and the Public Defender Commission, upon approval of the Director of OBM, to request appropriations from line item 911-401 for costs related to the disturbance that occurred on April 11, 1993, at the Southern Ohio Correctional Facility in Lucasville, Ohio.

Mandate Assistance (Section 249.10). The enacted budget contains funding of \$650,000 in each of FYs 2008 and 2009 for GRF line item 911-404, Mandate Assistance. Related temporary law requires that these appropriations be used to provide financial assistance to: (1) county prosecutors for the cost of prosecuting certain felonies that occur on the grounds of state institutions operated by the Department of Rehabilitation and Correction and the Department of Youth Services, and (2) school districts for the cost of in-service training related to child abuse detection. Any moneys allocated within line item 911-411 not fully utilized may, upon application of the Ohio Public Defender Commission, be disbursed to county commissioners to provide additional reimbursement for the costs incurred by counties in providing defense to indigent defendants in criminal matters.

Ballot Advertising Costs (Section 249.10). The enacted budget includes funding of \$300,000 in each of FYs 2008 and 2009 for GRF line item 911-441, Ballot Advertising Costs. Related temporary law authorizes the Controlling Board to transfer appropriations from line item 911-411 to the Ohio Ballot Board in order to reimburse county boards of elections for the cost of providing public notices associated with statewide ballot initiatives.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted				
CEB Controlling Board							
GRF 911-404 Mandate Assistance	----	----	\$ 5,253,045	\$ 650,000	-87.63%	\$ 650,000	0.00%
GRF 911-441 Ballot Advertising Costs	----	----	\$ 300,000	\$ 300,000	0.00%	\$ 300,000	0.00%
General Revenue Fund Total	----	----	\$ 5,553,045	\$ 950,000	-82.89%	\$ 950,000	0.00%
Controlling Board Total	----	----	\$ 5,553,045	\$ 950,000	-82.89%	\$ 950,000	0.00%

Board of Deposit

Ruhaiza Ridzwan, Economist

OVERVIEW

Duties and Responsibilities

The State Board of Deposit was created in 1904 and operates under the authority of Ohio Revised Code Chapter 135, the Uniform Depository Act. The Board is composed of three elected officials or designees of these officials: the Treasurer of State, the Auditor of State, and the Attorney General. The Treasurer serves as the Board's chairperson. The cashier of the state treasury serves as the secretary of the Board.

The Board's major functions are to designate qualified financial institutions and banks to function as public depositories, to regulate the deposits of state money into these institutions, to approve bank service charges, and to confirm the designation and investment of interim moneys of the state.

The Board is also required to hold a regular monthly meeting to monitor compliance of the designated public depositories with its contracts, to ensure efficient and prudent management of state cash, and to review the state's investment portfolio. The Monthly Portfolio Review reports are prepared by the staff of the Treasurer of State's investment department. The investment information included in the report and reviewed by the Board includes summaries of current portfolio holdings, market value of portfolio assets, securities purchased and sold, and yield analyses.

The Board of Deposit uses no GRF moneys. The Board of Deposit Expenses Fund receives transfers of cash from the Investment Earnings Distribution Fund (Fund 608) after certification of the Board's expenses by the Director of Budget and Management. The Board's funding is used to pay for banking charges and fees required for the operation of the state treasurer's regular bank account and two auxiliary accounts: the Consolidated Check Clearing Account and the Treasurer's Custodial Contingency Account.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
0	\$1.68 million	\$1.68 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) employee count report as of June 2007.

The Board of Deposit received appropriations of \$1,676,000 for both FY 2008 and FY 2009. This amount is the same as the FY 2007 adjusted appropriations. The appropriations provide the necessary funding to maintain the Board of Deposit's banking charges and fees at current levels and to enable the Board to designate financial institutions to serve as public depositories and to regulate the deposits of state funds in designated financial institutions.

- The Board is required to hold a regular monthly meeting to provide oversight and implement the Uniform Depository Act
- The Board of Deposit designates which financial institutions serve as public depositories
- The Board of Deposit uses no GRF moneys

ANALYSIS OF THE BUDGET

Single Program Series

State Treasury Account Management

Purpose: The Board of Deposit designates which financial institutions serve as public depositories and implements the Uniform Depository Act as it applies to the state.

The following table shows the line item used to fund State Treasury Account Management.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF	974-601	Board of Deposit	\$1,676,000	\$1,676,000
General Services Fund Subtotal			\$1,676,000	\$1,676,000
Total Funding: State Treasury Account Management			\$1,676,000	\$1,676,000

Program Description: The Board of Deposit designates which financial institutions serve as public depositories and implements the Uniform Depository Act as it applies to the state. The Board also approves bank service charges and confirms the designation and investment of interim moneys of the state.

Funding Source: The Board of Deposit Expenses Fund receives transfers of cash from the Investment Earnings Distribution Fund (Fund 608) after certification of the Board's expenses by the Director of Budget and Management.

Implication of the Budget: The Board's funding is used to pay for banking charges and fees required for the operation of the state treasurer's regular bank account and two auxiliary accounts: the Consolidated Check Clearing Account and the Treasurer's Custodial Contingency Account.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
BDP Board of Deposit							
4M2 974-601 Board of Deposit	\$ 1,151,820	\$ 718,406	\$ 1,676,000	\$ 1,676,000	0.00%	\$ 1,676,000	0.00%
General Services Fund Group Total	\$ 1,151,820	\$ 718,406	\$ 1,676,000	\$ 1,676,000	0.00%	\$ 1,676,000	0.00%
Board of Deposit Total	\$ 1,151,820	\$ 718,406	\$ 1,676,000	\$ 1,676,000	0.00%	\$ 1,676,000	0.00%

Commission on Dispute Resolution and Conflict Management

- No growth GRF budget
- Commission's dilemma: How to contain costs while maintaining services?

Matthew L. Stiffler, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Commission on Dispute Resolution and Conflict Management's mission is to provide Ohioans with constructive, nonviolent forums, processes, and techniques for resolving disputes. The Commission focuses on three program areas – schools, community and court connections, and state and local government – providing dispute resolution and conflict management training, facilitation and mediation services, consultation, and technical program assistance.

With a current staffing level of six full-time equivalent (FTE) positions, the Commission pursues this broad mandate, partnering with other institutions to leverage resources and to develop a statewide conflict resolution capacity. The Commission, established in November 1989, is guided by 12 volunteer commissioners – four appointed by the Governor, four by the Chief Justice of the Supreme Court, and two each by the President of the Senate and the Speaker of the House – who serve staggered three-year terms.

Agency in Brief

The following table selectively summarizes Commission appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
6	\$595,123	\$600,000	\$455,123	\$460,000	Am. Sub. H.B. 119

*Full-time permanent employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007.

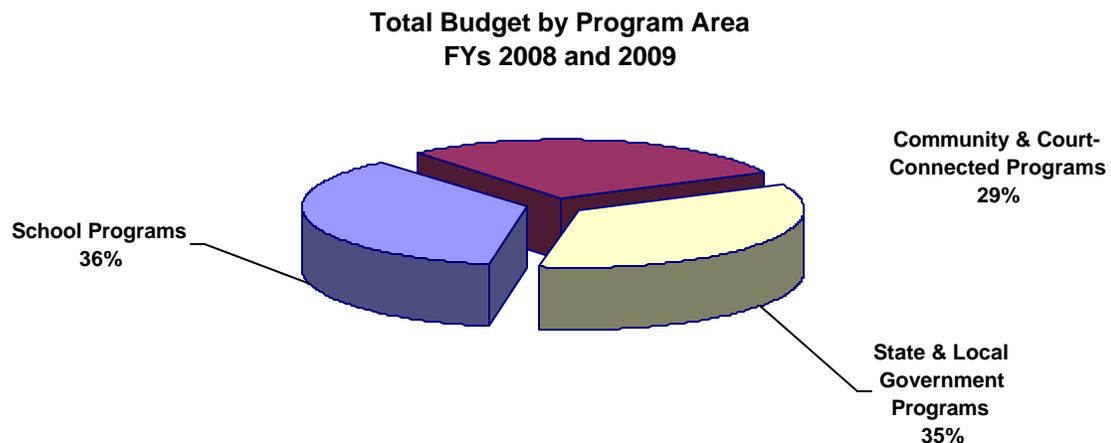
Notable Fiscal Matters

From a fiscal perspective, the Commission most notably:

- Experienced, in FY 2005, the loss of the GRF-funded school conflict management grant program, which was jointly administered by the Department of Education and the Commission, as the funding was eliminated under Am. Sub. H.B. 95, the main operating appropriations act of the 125th General Assembly.
- Expects a significant future increase in the cost of fiscal and payroll services provided by the Department of Administrative Services (DAS) given the pending implementation of the Ohio Administrative Knowledge System (OAKS), for which OBM instructed the agency to make no specific budgetary allowance. OAKS is a project involving the integration of five major state business functions – capital improvements, financials, fixed assets, human resources, and procurement – into one single computer system for performing some of the state’s primary administrative tasks.

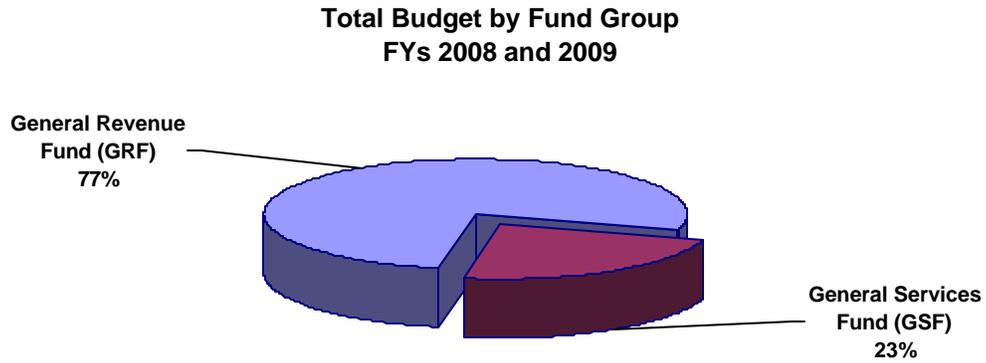
Expense by Program Area Summary

The pie chart immediately below provides a rough approximation of the manner in which the Commission will disburse its FYs 2008 and 2009 appropriations by program area.



Expense by Fund Group Summary

The pie chart immediately below shows the Commission's total appropriations (FYs 2008 and 2009) by fund group.



ANALYSIS OF THE BUDGET

For the purposes of this analysis of the budget for the Commission on Dispute Resolution and Conflict Management, it is considered a single program series agency, whose services and activities can be generally divided into three distinct programs.

Single Program Series

Conflict Management and Dispute Resolution

Purpose: To provide dispute resolution and conflict management resources, training, and direct services to Ohio schools, communities, courts, and state and local government.

The following table shows the line items that are used to fund the Commission's conflict management and dispute resolution services, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	145-401	Commission Operations	\$455,123	\$460,000
General Services Fund				
GSF	146-601	Dispute Resolution Programs	\$140,000	\$140,000
Total Funding: Conflict Management and Dispute Resolution			\$595,123	\$600,000

This analysis focuses on the following specific programs within the Conflict Management and Dispute Resolution program series:

- **Program 1.01: School Programs**
- **Program 1.02: Community and Court-Connected Programs**
- **Program 1.03: State and Local Government Programs**

Program 1.01: School Programs

Program Description: This set of Commission services and activities involves: (1) providing public elementary, middle, and high schools training, resource materials, and technical assistance to implement building and district-wide conflict management programs, and (2) working with Ohio colleges and universities to integrate conflict management into undergraduate and graduate education curricula.

Funding Source: (1) GRF, (2) nonfederal grants, and (3) reimbursement for the cost of printing publications and resource materials

Implication of the Budget: With the amount of funding appropriated in the budget, the Commission anticipates being able to maintain current school program service levels due to its recent success at leveraging GRF dollars with federal and private grants funds and its focus on collaborative programming and service delivery.

Program 1.02: Community and Court-Connected Programs

Program Description: Under the area known as Community and Court-Connected Programs, the Commission: (1) works to improve elementary, middle, and high schools attendance by using mediation to address issues that can cause repeated unexcused absences and lead to juvenile court involvement (Truancy Prevention Through Mediation Program), and (2) provides consultation and technical assistance to initiate and expand community-based dispute resolution programs and services.

Funding Source: (1) GRF, (2) nonfederal grants, and (3) reimbursement for the cost of printing publications and resource materials

Implication of the Budget: With the amount of funding appropriated in the budget, the Commission anticipates that it will be able to maintain current community and court-connected program service levels due to its recent success at leveraging GRF dollars with federal and private grant funds and its focus on collaborative programming and service delivery.

Program 1.03: State and Local Government Programs

Program Description: This program area includes the following services and activities: (1) workplace mediation, a service that provides state employees access to mediation services to informally resolve workplace conflict, (2) conflict resolution services for government officials, a program that provides a referral network of local officials who assist with the assessment and resolution of a variety of government disputes, and (3) public disputes, a program that provides impartial third-party dispute resolution assistance to elected and appointed government officials, community leaders, and the public.

Funding Source: (1) GRF, (2) nonfederal grants, and (3) reimbursement for the cost of printing publications and resource materials

Implication of the Budget: With the amount of funding appropriated in the budget, the Commission anticipates that it will be able to maintain current state and local government program service levels due to its recent success at leveraging GRF dollars with federal and private grant funds and its focus on collaborative programming and service delivery.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
<i>CDR Dispute Resolution and Conflict Management, Commission on</i>									
GRF	145-401	Commission Operations	\$ 429,270	\$ 462,511	\$ 470,000	\$ 455,123	-3.17%	\$ 460,000	1.07%
General Revenue Fund Total			\$ 429,270	\$ 462,511	\$ 470,000	\$ 455,123	-3.17%	\$ 460,000	1.07%
4B6	145-601	Dispute Resolution Programs	\$ 46,810	\$ 55,925	\$ 140,000	\$ 140,000	0.00%	\$ 140,000	0.00%
General Services Fund Group Total			\$ 46,810	\$ 55,925	\$ 140,000	\$ 140,000	0.00%	\$ 140,000	0.00%
3S6	145-602	Dispute Resolution: Federal	\$ 141,306	\$ 41,385	\$ 0	\$ 0	N/A	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 141,306	\$ 41,385	\$ 0	\$ 0	N/A	\$ 0	N/A
<i>Dispute Resolution and Conflict Management, Commis</i>			\$ 617,386	\$ 559,821	\$ 610,000	\$ 595,123	-2.44%	\$ 600,000	0.82%

Ohio Elections Commission

- Total recommended budget of \$1,345,598 for FYs 2008-2009
- The Elections Commission receives 62% of its funding from the General Revenue Fund; the majority of which is for personal services

Terry Steele, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Elections Commission (ELC) oversees political party spending, campaign finance, and corporate political contributions to ensure compliance with the Ohio Elections Law set forth in Chapter 3517. of the Revised Code. The Commission issues advisory opinions on campaign finance questions, responds to questions about campaign activities, and acts as an enforcement body and customer service center for the policing of campaign activities.

The Commission is comprised of seven members including three Republicans, three Democrats, and one Independent. The Commission employs a staff of three people, including an executive director and two administrative assistants.

The enacted funding levels for ELC are \$666,623 in FY 2008, a 4.7% increase over projected FY 2007 spending of \$636,623, and \$678,975 in FY 2009, a 1.8% increase over FY 2008 appropriations.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
10	\$666,623	\$678,975	\$411,623	\$423,975	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Regulation

Purpose: This program series ensures and enforces compliance with Ohio's elections law by candidates for public office. The Commission hears, considers, and makes determinations regarding complaints filed by individuals or organizations and employees at the state and local levels of government. The program series consists of one program, Compliance, Investigation, and Enforcement.

The following table shows the line items that are used to fund the Regulation program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	051-321	Operating Expenses	\$411,623	\$423,975
General Revenue Fund Subtotal			\$411,623	\$423,975
General Services Fund				
4P2	051-601	Ohio Elections Commission	\$255,000	\$255,000
General Services Fund Subtotal			\$255,000	\$255,000
Total Funding: Regulation			\$666,623	\$678,975

Compliance, Investigation, and Enforcement

Program Description: The Commission issues advisory opinions on campaign finance and related subjects and hears complaints of wrongdoing filed. The majority of complaints deal with candidates, campaign committees, political action committees, or corporations that are either late in filing or fail to file the required campaign finance reports. Other cases heard and considered by the Commission concern the inclusion or exclusion of disclaimers on political literature, corporate activities in the political arena, or the inclusion of allegedly false statements in campaign materials. As a part of this program, ELC will investigate, review, and determine approximately 800 to 1,000 cases involving unlawful campaign practices and false statements.

Funding Source: GRF, election filing fees

Implication of the Budget: The appropriations listed above will allow ELC to meet its statutory obligations at current service levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
ELC Elections Commission, Ohio									
GRF	051-321	Operating Expenses	\$ 295,941	\$ 411,177	\$ 411,623	\$ 411,623	0.00%	\$ 423,975	3.00%
General Revenue Fund Total			\$ 295,941	\$ 411,177	\$ 411,623	\$ 411,623	0.00%	\$ 423,975	3.00%
4P2	051-601	Ohio Elections Commission Fund	\$ 348,648	\$ 220,498	\$ 225,000	\$ 255,000	13.33%	\$ 255,000	0.00%
General Services Fund Group Total			\$ 348,648	\$ 220,498	\$ 225,000	\$ 255,000	13.33%	\$ 255,000	0.00%
Elections Commission, Ohio Total			\$ 644,590	\$ 631,675	\$ 636,623	\$ 666,623	4.71%	\$ 678,975	1.85%

State Employment Relations Board

Terry Steele, Budget Analyst

- Appropriation of \$3,294,344 in FY 2008 and \$3,431,143 in FY 2009
- SERB had 2,309 cases filed in 2006, a 2% increase

OVERVIEW

Duties and Responsibilities

The State Employment Relations Board (SERB) acts as a neutral in carrying out Ohio's Public Employees' Collective Bargaining Law, overseeing representation elections, and certifying exclusive bargaining representatives. Other important responsibilities include monitoring and enforcing statutory dispute resolution procedures, mediating collective bargaining negotiations, adjudicating unfair labor practice (ULP) charges, determining unauthorized strike claims, and providing information and training to parties in contract negotiations. SERB has 3 board members and 30 employees, 27 full-time and 3 part-time.

There are six main divisions and an administrative section that is responsible for fiscal and administrative services. The divisions and their responsibilities are as follows:

The **Hearings Section** consists of Administrative Law Judges (ALJs) whose role is to make factual findings and legal recommendations to the Board on unfair labor practice charges where the Board found probable cause to believe the law has been violated and on representation petitions. ALJs are also used to mediate cases, as needed.

The **Representation Section** investigates petitions concerning union representation, negotiates election arrangements between parties, and makes recommendations to the Board on matters such as whether an election should be directed, a hearing ordered, or an employee organization certified as the exclusive bargaining representation. This section oversees the election process and conducts representation elections.

The **Investigations Section** investigates facts within ULP charges, mediates disputes underlying ULP charges, and makes recommendations to the Board on whether there is a probable cause to believe the law has been violated and the case should be directed to the hearing. This section also assists with conducting elections.

The **Bureau of Mediation** oversees aspects of the collective bargaining impasse resolution procedures established under the Collective Bargaining Law. SERB mediators resolve impasses in contract negotiations and prevent or shorten the duration of costly public sector strikes. SERB mediators also encourage and train public employee organizations and public employers to use more cooperative methods for resolving collective bargaining problems before they escalate into full-fledged grievance filings or ULP investigations.

The **Research and Training Section** is statutorily responsible for managing Clearinghouse database of wage and benefit information from public employers across the state to assist parties in the collective bargaining process. The staff also trains employers and bargaining unit representatives on the accepted practices in the collective bargaining process.

The **Clerk’s Office** handles the scheduling of cases before the Board and maintains the automated docketing system.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
31	\$3,294,344	\$3,431,143	\$3,218,803	\$3,355,602	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The budget appropriates \$3,294,344 in FY 2008 and increases by 4.15% to \$3,431,143 in FY 2009. The FY 2008 amount is 4.2% below adjusted FY 2007 appropriations of \$3,438,900. The majority of SERB’s expenses are for payroll and employee benefits.

ANALYSIS OF THE BUDGET

Single Program Series

Collective Bargaining Act Administration

Purpose: The State Employment Relations Board (SERB) monitors public employer compliance with the Ohio’s Collective Bargaining Act.

The following table shows the line items that are used to fund the State Employment Relations Board, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	125-321	Operating Expenses	\$3,218,803	\$3,355,602
General Revenue Fund Subtotal			\$3,218,803	\$3,355,602
General Services Fund				
572	125-603	Training and Publications	\$75,541	\$75,541
General Services Fund Subtotal			\$75,541	\$75,541
Total Funding: Collective Bargaining Act Administration			\$3,294,344	\$3,431,143

The following programs are within the State Employment Relations Board:

- **1.01 Labor Disputes**
- **1.02 Research and Training**

Labor Disputes

Program Description: The State Employment Relations Board (SERB) acts as a quasi-judicial body in monitoring compliance of Ohio’s Collective Bargaining Law. The four major functions that the Labor Disputes program performs are: reviewing employees’ petitions, investigating, hearing unfair labor practice cases, and mediating to help prevent labor disputes, including strikes.

According to data provided in the agency’s annual report for FY 2007, there were a total of 3,078 collective bargaining agreements, representing 1,457 out of 2,747 public employers statewide. These agreements covered 351,378 public employees. Issues stemming from these collective bargaining issues resulted in 2,309 cases that were filed over the FY 2006 period. The following table illustrates the total number of cases filed and the total number of SERB employees over the past ten years.

Funding Source: GRF for operating expenses

Implication of the Budget: The budget will not allow SERB to fill a currently vacant mediator position, but will permit SERB to absorb the increased payroll costs due to wage increases and health care cost increases in FY 2008. It may be difficult to do so with the appropriation level for FY 2009.

Research and Training

Program Description: The Research and Training program provides statutorily required wage and benefit information for parties in bargaining negotiations and trains public employers and employee organizations in acceptable bargaining practices. SERB also publishes reports, such as the SERB Quarterly and the Quarterly Supplement. SERB charges \$18 for a subscription to the SERB Quarterly

and \$30 for the SERB Quarterly and the Quarterly Supplement. In addition, SERB provides seminars each year. These conferences have historically included two sessions of the SERB Academy each year for labor and management practitioners who are new to Ohio public sector collective bargaining and agency practices. Applicants pay a \$275 registration fee to attend this seminar. There is also an annual Developing Labor Law conference and a bi-annual fact-finding conference to train members of the Roster of Neutrals. However, SERB requires all fact finders to attend this conference and, therefore, does not charge a fee for fact finders. All other attendees are charged a \$135 fee.

Funding Source: GRF for operating expenses, GSF revenue includes proceeds from training programs

Implication of the Budget: The budget may result in the loss of a position in FY 2009. It may require SERB to reduce the number of mediation and other training programs that the board could offer to constituents.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
ERB Employment Relations Board, State							
GRF 125-321 Operating Expenses	\$ 3,031,994	\$ 3,002,699	\$ 3,363,359	\$ 3,218,803	-4.30%	\$ 3,355,602	4.25%
General Revenue Fund Total	\$ 3,031,994	\$ 3,002,699	\$ 3,363,359	\$ 3,218,803	-4.30%	\$ 3,355,602	4.25%
572 125-603 Training and Publications	\$ 32,419	\$ 51,975	\$ 75,541	\$ 75,541	0.00%	\$ 75,541	0.00%
General Services Fund Group Total	\$ 32,419	\$ 51,975	\$ 75,541	\$ 75,541	0.00%	\$ 75,541	0.00%
Employment Relations Board, State Total	\$ 3,064,413	\$ 3,054,674	\$ 3,438,900	\$ 3,294,344	-4.20%	\$ 3,431,143	4.15%

Office of the Governor

Terry Steele, Budget Analyst

- Total budget of \$9,694,274 for the biennium
- Office of Veterans' Affairs provides training, certification, and accreditation of more than 600 county veteran service officers, commissioners, and staff

OVERVIEW

Duties and Responsibilities

The Office of the Governor (GOV) oversees the operations of state government. Under the Ohio Constitution, the Governor is the chief executive officer of the state and is elected to four-year terms. The major duties of the Governor include:

- Formulating and implementing administrative policy for state agencies;
- Ensuring the faithful execution of Ohio's laws;
- Submitting biennial capital and operating budgets;
- Appointing judges, certain agency officials, and board and commission members; and
- Serving as commander-in-chief of the Ohio National Guard.

The Office has a total staff of approximately 60 employees. This reflects those employees paid directly from the budget of the Office of the Governor. One change under the Strickland Administration is that the Governor's staff now works from offices inside the statehouse. As there has been in the past there is also an office in Washington D.C.

Beginning in FY 1996, the budget for the Office of the Lieutenant Governor was incorporated within the Governor's budget. The Lieutenant Governor oversees select departments and serves as state deputy commander-in-chief, and a cabinet member. The current Lieutenant Governor serves as the Director of the Department of Development. The Governor's office also funds the Office of Veterans' Affairs, which assists veterans in receiving services and benefits, and maintains burial records of Ohio's veterans.

The Governor's Office of Faith-Based Community Initiatives is funded through the Department of Job and Family Services. The office receives approximately \$125,000 a year in GRF funding, and over \$10 million in TANF funding. This office seeks to improve the capacity of small faith-based and community organizations to compete for grants; encourage effective partnerships among public agencies and Faith-Based Community organization's with a shared mission; and measure the impact of these partnerships to assist Ohio's most vulnerable citizens. The budget bill contains a provision that requires this office to study and make recommendations concerning the feasibility and advisability of the office becoming a private nonprofit entity rather than a part of the Governor's office.

Finally, the Governor's Office also funds Ohio's participation in national and regional associations, such as the National Governor's Association and the National Lieutenant Governor's Association.

The enacted budget provides \$4.84 million in FY 2008, a 3.7% decrease from FY 2007 spending, and \$4.85 million in FY 2009, a .2% increase from the FY 2008 appropriation.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
56	\$4,841,637	\$4,852,637	\$4,476,488	\$4,487,488	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Office of the Governor

Purpose: This program series encompasses the activities of the chief executive officer of the state of Ohio. The following table shows the line items that are used to fund this agency, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	040-321	Operating Expenses	\$3,754,045	\$3,754,045
GRF	040-403	Federal Relations	\$433,443	\$435,443
GRF	040-408	Office of Veterans' Affairs	\$287,000	\$298,000
General Revenue Fund Subtotal			\$4,476,488	\$4,487,488
General Services Fund				
5AK	040-607	Federal Relations	\$365,149	\$365,149
General Services Fund Subtotal			\$365,149	\$365,149
Total Funding: Office of the Governor			\$4,841,637	\$4,852,637

There are two budgeted programs within the Governor's Office:

- **Program 01.01: Office of the Governor**
- **Program 01.02: Office of Veterans' Affairs**

Office of the Governor

Program Description: The Office of the Governor oversees cabinet agencies, formulates administrative policy, recommends legislation, proposes operating and capital budgets, and considers and acts upon legislation approved by the General Assembly. The program also includes the costs to operate the Office of the Lieutenant Governor.

Funding Source: GRF, GSF

Implication of the Budget: The enacted funding level will enable the Office of the Governor to fulfill his Constitutional and statutory duties.

Office of Veterans' Affairs

Program Description: This program provides operational oversight of the 88 county Veterans' Service offices and provides training, certification, and accreditation of more than 600 county veteran service officers, commissioners, and staff. This office also serves as the custodian of approximately 2.0 million veterans' records and provides oversight of the Ohio Veterans' Plaza, and the Ohio Veterans' Hall of Fame.

Funding Source: GRF

Implication of the Budget: The appropriations will enable the Office to address the concerns and needs of Ohio's veterans and active military duty personnel.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
GOV Governor, Office of the									
GRF	040-321	Operating Expenses	\$ 3,540,593	\$ 3,678,791	\$ 3,981,582	\$ 3,754,045	-5.71%	\$ 3,754,045	0.00%
GRF	040-403	Federal Relations	\$ 422,618	\$ 420,951	\$ 422,760	\$ 435,443	3.00%	\$ 435,443	0.00%
GRF	040-408	Office of Veterans' Affairs	\$ 245,036	\$ 260,237	\$ 267,923	\$ 287,000	7.12%	\$ 298,000	3.83%
General Revenue Fund Total			\$ 4,208,246	\$ 4,359,978	\$ 4,672,265	\$ 4,476,488	-4.19%	\$ 4,487,488	0.25%
5AK	040-607	Federal Relations	\$ 154,490	\$ 209,590	\$ 354,514	\$ 365,149	3.00%	\$ 365,149	0.00%
General Services Fund Group Total			\$ 154,490	\$ 209,590	\$ 354,514	\$ 365,149	3.00%	\$ 365,149	0.00%
Governor, Office of the Total			\$ 4,362,736	\$ 4,569,568	\$ 5,026,779	\$ 4,841,637	-3.68%	\$ 4,852,637	0.23%

House of Representatives

Ross Miller, Senior Economist

- Primarily GRF-driven budget
- Virtually no growth GRF budget request
- Member and staff compensation by far largest expense

OVERVIEW

Duties and Responsibilities

The role of the House of Representatives, in conjunction with the Senate, is to represent the people of the state of Ohio and provide for their protection and well being as established in Article II of the Ohio Constitution. The specific duties and powers of the House of Representatives are essentially as follows:

- To introduce, consider, and enact bills affecting the laws and public policies of the state of Ohio;
- To consider and pass, as is deemed necessary, resolutions, which are nonbinding formal expressions of the opinions and wishes of the General Assembly. The formal approval of resolutions does not require a gubernatorial signature; and
- To be the judge of the elections, returns, and qualifications of its own members.

Representatives are elected from 99 legislative districts, each serving a population of approximately 115,000 persons. The elections to the House of Representatives occur every two years. All members are subject to term limits prescribing no more than four consecutive two-year terms. Each Representative retains his or her own personal staff, typically consisting of an administrative aide, and for certain members, an additional legislative aide.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
312	\$22.05 million	\$22.05 million	\$20.57 million	\$20.57 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

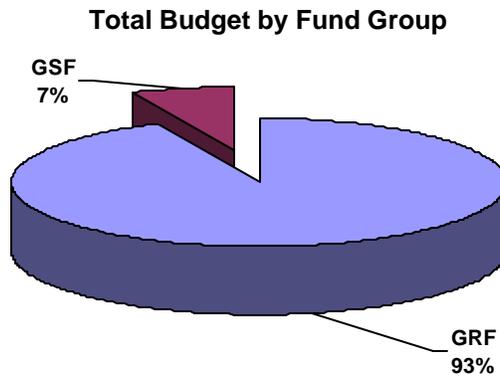
Highlights of FYs 2008 - 2009 Budget Issues

The budget for the House of Representatives contains three line items as follows: a GRF line item providing funding for approximately 93% of the House's total budget, the majority of which is directed toward payroll and benefit expenses for legislators and their staffs, and two General Service Fund line items, one of which collects reimbursement payments for various expenses, and one of which collects revenue from the sale of flags, insignia, seals, and other similar items. The appropriation amounts are

sufficient to fund ongoing activities of House members and staff. No new programs or program expansions were funded.

Expense by Fund Group

The pie chart immediately below shows the total appropriations (FYs 2008 and 2009) for the House of Representatives by fund group: General Revenue Fund (GRF) and General Services Fund (GSF).



ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: To support the efforts of state representatives and related staff in representing their respective districts, developing legislation, and overseeing the administration of state activities and the state budget

The following table shows the line items that are used to fund the House of Representatives, as well as the appropriations that fund its activities.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	025-321	Operating Expenses	\$20,574,568	\$20,574,568
General Revenue Fund Subtotal			\$20,574,568	\$20,574,568
General Services Fund				
103	025-601	House Reimbursement	\$1,433,664	\$1,433,664
4A4	025-602	Miscellaneous Sales	\$37,849	\$37,849
General Services Fund Subtotal			\$1,471,513	\$1,471,513
Total Funding: House of Representatives			\$22,046,081	\$22,046,081

Program Description: This program serves to promote the role and responsibilities of the House of Representatives. Each member of the House of Representatives is elected to a two-year term from one of the state's 99 House districts. Each member is assigned to serve on at least one standing committee or subcommittee.

Funding Source: (1) GRF; (2) sale of flags and other items to the general public; (3) moneys from salvage and recycling of equipment, materials, and supplies; and (4) miscellaneous reimbursements, such as those received for overpayment of medical insurance

Implication of the Budget: The budget provides total appropriations of \$22,046,081 each year of the biennium, including \$20,574,568 each year from the GRF. The FY 2008 appropriation amounts represent a 1% increase in GRF funding as compared with FY 2007, or a total gain of slightly under \$204,000 in each of FYs 2008 and 2009. With that amount of GRF funding, it would appear that the House will be able to maintain current service levels, including covering the payroll costs associated with 99 House members and approximately 176 full-time and part-time staff. It would also be sufficient to provide funding for up to 3% pay increases for legislators on January 1, 2008, the final pay increase for legislators provided for currently in statute.

Temporary Law

Operating Expenses (Section 301.10). The budget contains a temporary law provision requiring the Director of Budget and Management, at the direction of the Chief Administrative Officer of the House of Representatives, to transfer: (1) any unencumbered appropriations from FY 2007 to FY 2008 for use within line item 025-321, Operating Expenses, and (2) any unencumbered appropriations from FY 2008 to FY 2009 for use within line item 025-321, Operating Expenses.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
REP House of Representatives									
GRF	025-321	Operating Expenses	\$ 18,359,466	\$ 18,937,078	\$ 20,370,859	\$ 20,574,568	1.00%	\$ 20,574,568	0.00%
General Revenue Fund Total			\$ 18,359,466	\$ 18,937,078	\$ 20,370,859	\$ 20,574,568	1.00%	\$ 20,574,568	0.00%
103	025-601	House Reimbursement	\$ 8,833	\$ 161,480	\$ 1,419,469	\$ 1,433,664	1.00%	\$ 1,433,664	0.00%
4A4	025-602	Miscellaneous Sales	\$ 22,195	\$ 16,386	\$ 37,474	\$ 37,849	1.00%	\$ 37,849	0.00%
General Services Fund Group Total			\$ 31,028	\$ 177,865	\$ 1,456,943	\$ 1,471,513	1.00%	\$ 1,471,513	0.00%
House of Representatives Total			\$ 18,390,494	\$ 19,114,943	\$ 21,827,802	\$ 22,046,081	1.00%	\$ 22,046,081	0.00%

Office of Inspector General

Terry Steele, Budget Analyst

- A maximum of \$375,000 per fiscal year is set aside for special investigations
- Total biennium budget of \$3,655,273
- An average of 60 investigations opened each year as a result of complaints

OVERVIEW

Duties and Responsibilities

The Office of Inspector General (IGO) investigates fraud, waste, abuse, and corruption within the executive branch of state government. Complaints received by the office are reviewed and evaluated to determine whether there is reasonable cause to believe the underlying allegations, if true, would constitute a “wrongful act or omission” on the part of a state officer, agency, or employee. The jurisdiction of this office extends to the Governor, his staff, state agencies, departments, boards, commissions, and any other entities appointed, employed, controlled, directed, or subject to the authority of the Governor.

At the conclusion of an IGO investigation, a report of investigation is completed and provided to the Governor and the agency subject to investigation. The report may include recommendations for the board to consider in addressing and avoiding the recurrence of fraud, waste, abuse, or corruption uncovered by the investigation. When appropriate, a report of investigation may also be forwarded to a prosecutor for review to determine whether the underlying facts give rise to a criminal prosecution.

The IGO is currently coordinating the task force that is investigating the BWC, and has been involved in preparing for trials and civil litigation as a result of these investigations. The agency also is in possession of approximately one million scanned documents from these investigations that must be redacted, processed, and prepared for public records requests. Another factor affecting IGO workload is an increase in computer related complaints. As a result, the office is planning on purchasing Encase, a computer analysis system. In the past, IGO used a computer forensics expert for this type of work. However, anticipating that this service may not be available in the future, the office has chosen to buy this program and train its current staff to do this work. The cost for the equipment and training is anticipated to be \$15,000.

The Bureau of Workers’ Compensation budget bill for FYs 2008 - 2009, Am. Sub. H.B. 100 of the 127th General Assembly, creates the position of Deputy Inspector General for BWC. This position will be responsible for investigating all claims or cases of criminal violations, abuse of office, or misconduct on the part of employees of BWC or the Industrial Commission (IC). While the Deputy Inspector General would be considered an employee of IGO, all the costs incurred by the Deputy Inspector General, including salaries of that position and any other additional positions deemed necessary, would be the responsibility of BWC.

Additionally, the Transportation budget bill for FYs 2008 - 2009, Am. Sub. H.B. 67 of the 127th General Assembly, creates a position of Deputy Inspector General for ODOT. This position will be responsible for investigating all claims or cases of criminal violations, abuse of office, or misconduct on the part of employees of ODOT. While the Deputy Inspector General would be considered an employee of IGO, all the costs incurred by the Deputy Inspector General, including salaries of that position and any

other additional positions deemed necessary, would be the responsibility of ODOT, paid for by transfers from the Highway Operating Fund, to the Inspector General for ODOT Fund.

The agency appropriation for FY 2008 is \$1,792,372, a 4.1% decrease from FY 2007 levels. However, the FY 2007 amount included a one time \$500,000 appropriation for the investigation and prosecution of individuals involved with Ohio Bureau of Workers' Compensation (BWC) investment scandal. Setting this aside, the FY 2008 recommendation is a 23.6% increase from FY 2007 spending. The FY 2009 recommendation of \$1,862,901 is a 3.9% increase from FY 2008 appropriations.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
10	\$1,792,372	\$1,862,901	\$1,367,372	\$1,437,901	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The IGO has contracted with anywhere from one to five investigators to assist with cases involving special skills and expertise.

ANALYSIS OF THE BUDGET

Single Program Series

Investigations

Purpose: This program series investigates complaints of fraud, waste, and abuse in the executive branch of government.

The following table shows the line items that are used to fund the Investigations program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	965-321	Operating Expenses	\$1,367,372	\$1,437,901
4Z3	965-602	Special Investigations	\$425,000	\$425,000
Total Funding: Investigations			\$1,792,372	\$1,862,901

Program Description: This program extends to the Governor, the Governor’s cabinet and staff, state agencies, departments, boards and commissions, state universities, and state medical colleges. Outside of the jurisdiction of the office are community colleges, the courts, the legislature, and the offices of the Secretary of State, Auditor, Treasurer, Attorney General, and their staff and employees.

Funding Source: GRF and up to \$375,000 each fiscal year from a Controlling Board transfer for special investigations

Implication of the Budget: The budget amount meets the request for funding submitted by IGO. The funding will permit the office to maintain its levels of staffing and services. Additionally, while the positions of Deputy Inspector Generals are funded by the Bureau of Workers’ Compensation and the Department of Transportation, the position resides within the Office of the Inspector General. It is unknown at this time as to whether there will be any fiscal impact within the IGO due to the creation of these positions.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
IGO Inspector General, Office of the									
GRF	965-321	Operating Expenses	\$ 746,718	\$ 1,298,810	\$ 1,269,085	\$ 1,367,372	7.74%	\$ 1,437,901	5.16%
GRF	965-403	BWC Investigation and Prosecution	----	----	\$ 500,000	----	N/A	----	N/A
General Revenue Fund Total			\$ 746,718	\$ 1,298,810	\$ 1,769,085	\$ 1,367,372	-22.71%	\$ 1,437,901	5.16%
4Z3	965-602	Special Investigations	\$ 100,158	\$ 63,284	\$ 100,000	\$ 425,000	325.00%	\$ 425,000	0.00%
General Services Fund Group Total			\$ 100,158	\$ 63,284	\$ 100,000	\$ 425,000	325.00%	\$ 425,000	0.00%
Inspector General, Office of the Total			\$ 846,875	\$ 1,362,094	\$ 1,869,085	\$ 1,792,372	-4.10%	\$ 1,862,901	3.93%

Department of Insurance

Ross Miller, Senior Economist

OVERVIEW

Duties and Responsibilities

The Ohio Department of Insurance (ODI) regulates the business of insurance in Ohio. Its mission is to protect Ohio consumers through financial solvency regulation, market conduct regulation, policy form and rate review, and consumer education. To carry out this mission it licenses insurance agents and agencies, investigates allegations of misconduct by insurance agents or agencies, investigates allegations of consumer and provider fraud, investigates consumer complaints, and monitors the financial solvency and market conduct of insurance companies. The Department reviews insurance policies and forms used by insurance companies and the premiums they charge customers in the life, accident, health, managed care, and property and casualty insurance lines. It also administers the domestic and foreign insurance taxes, which in FY 2007 raised over \$425 million (combined) for the General Revenue Fund (GRF).

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
269	\$32.64 million	\$33.34 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The Department of Insurance is a cabinet-level agency. Its activities are organized into six distinct program series, which are: Investigation and Licensing, Financial Regulation, Policy and Rate Filing Regulation Services, Consumer Services, Medical Malpractice, and Program Management. The smallest and newest of these program series, Medical Malpractice, is not funded for the current biennium, but its functions are continued under the Office of Property and Casualty Services.⁷ In particular, the Department will still collect and publish data on medical malpractice claims closed in Ohio as required by

⁷ The new Superintendent of Insurance, who took office on January 8, 2007, is consolidating the six offices of the Department into three. In the process, the functions performed by this program series would be located within the new Office of Product Regulation, which incorporates both the old Office of Property and Casualty Services and the old Office of Life, Health, and Managed Care Services. OBM indicates that there will still be six program series in the Department, in anticipation of the possibility that the Medical Malpractice program series may be reactivated if market conditions change so as to warrant it.

- The agency receives no GRF funding
- The budget provides \$1 million for the biennium for an initiative to decrease the number of Ohioans without health insurance
- The budget requires \$5 million transfers each year of the biennium from Fund 554 to the GRF

H.B. 215 of the 125th General Assembly. The Department published its first report on medical malpractice claims in November 2006, for claims closed during 2005.⁸

The Department receives no budgetary resources from the GRF. Funding for the Department is derived primarily from the fees that accompany appointments of insurance agents by insurance companies. The Department receives up to \$15 of this \$20 fee with the remaining revenue deposited into the GRF. This primary revenue source is supplemented by company filing fees, various smaller fees, and a federal grant that funds the Ohio Senior Health Insurance Information Program (OSHIIP).

In 2006, the Department licensed and regulated approximately 1,740 insurance companies operating in the state, of which approximately 275 are “domestic” insurance companies, *i.e.*, companies based and licensed to do business in Ohio. The other nearly 1,500 insurance companies regulated by the Department, those based in another state but licensed to do business in Ohio, are referred to as “foreign” insurance companies. The Department also annually licenses and regulates over 200,000 insurance agents and approximately 15,000 agencies.

Vetoed Provisions

The Governor vetoed a provision that would have required the Superintendent of Insurance to conduct an annual evaluation of the performance of the school employee health care board based on best practices, and to submit the results of the evaluation in writing to the Governor and the General Assembly. The veto message indicated that the required duty was outside of the scope of the Department’s work and mission, and that the Department would not have the resources necessary to conduct such analyses.

Summary of FYs 2008 - 2009 Budget Issues

The enacted budget provides total appropriations of \$32,643,567 for FY 2008 and \$33,340,834 for FY 2009. These amounts represent an increase of 1.6% in FY 2008 as compared to the FY 2007 estimated spending level and an increase of 2.1% in FY 2009.

The budget includes funding for cost-of-living increases in the Financial Regulation Program Series and anticipated expenses related to employing special counsel services in connection with ongoing litigation jointly handled by department personnel and the Attorney General’s office. It is worth noting in connection with the cost-of-living adjustments that section 3901.07 of the Revised Code requires that financial examiners employed under this program series be compensated at levels at least as highly as is provided in the Examiners’ Handbook published by the National Association of Insurance Commissioners (NAIC), and that funding to compensate such personnel is paid by the company that is examined.

The budget includes a \$500,000 increase in each year of the biennium compared to the original budget request to fund an effort to increase health insurance coverage in Ohio. The most recent estimate of the number of Ohioans without health insurance coverage from statehealthfacts.org (an affiliate of the Kaiser Family Foundation) is that approximately 1.24 million Ohioans lacked insurance during 2004 and 2005. The funding increase is intended to fund consumer education efforts regarding health insurance and managed care coverage, monitor market practices of the health insurance and managed care industry,

⁸ The report is available on the Department’s web site, and contains the most complete data yet available on medical malpractice claims in Ohio. Due to the lack of comparable history, data on trends will emerge as additional reports are issued.

and to launch the Ohio Healthcare Exchange. Consumer education efforts may be helpful, in that many analyses find that approximately one-fifth of the uninsured are eligible for Medicaid or SCHIP but are not enrolled.⁹ The Ohio Healthcare Exchange has not been implemented, but department officials envision it to be a public/private partnership that would leverage federal funding where possible to provide subsidies to Ohioans to obtain health insurance. The \$500,000 increase is intended to fund two new positions for this initiative and to fund related actuarial and expert consultants, and is located in the Program Management Program Series.

The act extends an existing requirement imposed on group health insurance policies to individual policies. Am. Sub. S.B. 116 of the 126th General Assembly required group health care policies and contracts to provide benefits for the diagnosis and treatment of biologically based mental illness according to the same terms and conditions that such benefits are provided for other physical diseases and disorders. The budget extends this requirement to individual health policies. This provision has no fiscal effect, since it is unlikely that the state or any political subdivision provides health benefits to workers using an individual policy rather than a group policy.

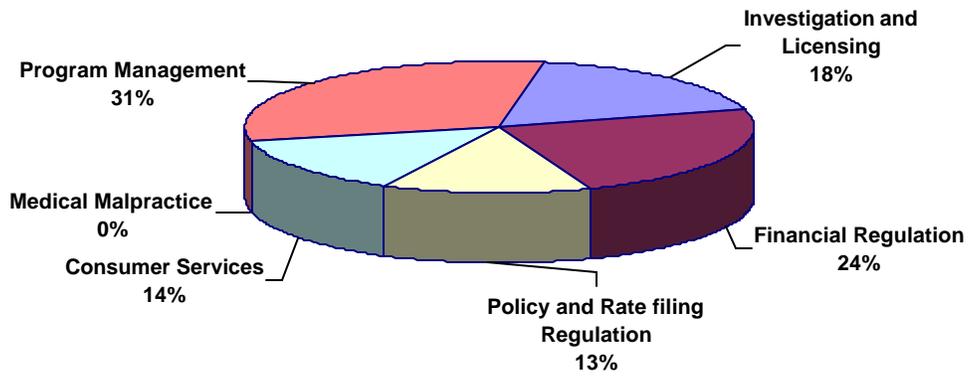
The budget clarifies an exemption to the foreign insurers' tax originally established by Am. Sub. H.B. 699 of the 126th General Assembly. The foreign insurers' tax is imposed at a rate of 5% of premiums paid for insurance that is issued by a company or association that is not authorized to do business in Ohio. H.B. 699 specified that professional and medical liability insurance purchased by businesses that manufacture, package, and sell pharmaceutical products that are subject to regulation by an agency of the United States would not be subject to the tax. The budget specifies that any insurance purchased by such a business is exempt from the tax, and includes language explaining that this was the intent of the 126th General Assembly. Because this provision simply clarifies legislative intent, it has no fiscal effect.

The Department of Insurance Operating Fund (Fund 554) is the source for over 73% of the proposed appropriations for the coming biennium. The budget requires the Director of Budget and Management to transfer \$5 million in both FY 2008 and FY 2009 from Fund 554 to the GRF to help fund other state programs. Receipts to Fund 554 during FY 2006 were approximately \$27.7 million, and the Department estimates receipts in each year of the biennium will be approximately \$28.6 million. Subtracting the transfers from expected receipts leaves receipts approximately \$304,000 less than the appropriations from the fund in FY 2008, and approximately \$772,000 less than the FY 2009 appropriations. The amount of annual receipts does fluctuate from year to year depending heavily on the number of applications for insurance agent licenses, and historically expenditures have been less than appropriations. However, it is possible that the balance in Fund 554 will be used to meet departmental expenses given the appropriation amounts and amount of the transfers. The balance in the fund is projected to be approximately \$24.3 million at the beginning of FY 2008, so Fund 554 appears to have sufficient resources to support the appropriations from the fund for the biennium.

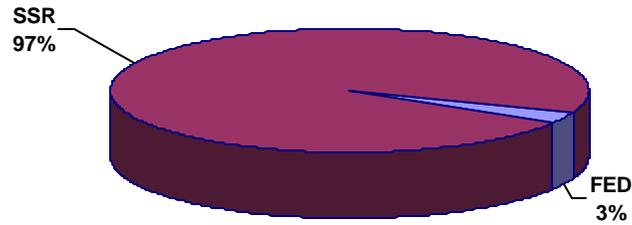
⁹ A figure of 22% was cited by John Sheils of the Lewin Group in testimony before the House Healthcare Access and Affordability Committee on March 8, 2007.

The following charts present breakdowns of the budget for the biennium by program series and fund group.

Total Budget by Program Series



Total Budget by Fund Group



ANALYSIS OF THE BUDGET

Program Series

1: Investigation and Licensing

Purpose: This program series investigates inappropriate market conduct by insurance companies and agents, licenses insurance agents, and investigates insurance-related fraud.

The following table shows the line item that is used to fund the Investigation and Licensing program series, as well as the appropriations that fund that series.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
554	820-606	Operating Expenses	\$5,751,108	\$6,124,468
State Special Revenue Fund Subtotal			\$5,751,108	\$6,124,468
Total Funding: Investigation and Licensing			\$5,751,108	\$6,124,468

This analysis focuses on the following specific programs within the Investigation and Licensing program series:

- **Program 1: Market Conduct**
- **Program 2: Licensing**
- **Program 3: Fraud and Enforcement**

Market Conduct

Program Description: The Market Conduct Division identifies inappropriate market practices by insurance companies, imposes penalties, and takes corrective actions. The division analyzes market data, consumer complaints, and electronic data, and conducts on-site compliance examinations to identify such practices. The division also uses, and provides input into, the NAIC Examination Tracking System. This division also houses the Department's provider complaint and prompt payment program for healthcare claims.

Funding Source: SSR: fees and fines

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service.

Licensing

Program Description: The Licensing Division licenses individuals and organizations other than insurance companies to sell, distribute, and service insurance products. This division administers the professional education program required for obtaining a license from the Department. It also takes regulatory action against applicants and licensees that are not compliant with licensure requirements. In 2006 the division began to mandate that insurers process appointments and terminations electronically.

Funding Source: SSR: fees and fines

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service.

Fraud and Enforcement

Program Description: This division investigates insurance-related fraud committed by consumers, medical providers, or others, and investigates allegations of misconduct by insurance agents and other licensees. During 2006 the division opened 149 insurance fraud cases, referring 77 of those for prosecution (of which 64 resulted in convictions).

Funding Source: SSR: fees and fines

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service, and permits hiring two additional staff people in the division.

Program Series

2: Financial Regulation

Purpose: This program series monitors the financial solvency of insurance companies operating in Ohio.

The following table shows the line item that is used to fund the Financial Regulation program series, as well as the appropriations that fund that series.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
555	820-605	Examination	\$7,639,581	\$7,868,768
State Special Revenue Fund Subtotal			\$7,639,581	\$7,868,768
Total Funding: Financial Regulation			\$7,639,581	\$7,868,768

This analysis focuses on the following specific program within the Financial Regulation program series:

■ Program 1: Financial Regulation Services

Financial Regulation Services

Program Description: The Financial Regulation program monitors the financial solvency of the approximately 265 insurance companies headquartered in Ohio to ensure they are able to pay claims when due. This program also monitors approximately 1,600 insurance companies headquartered in other states, in cooperation with other state insurance departments and the NAIC.

The program monitors domestic insurers by reviewing financial statements, supplemental filings, and the NAIC database. It conducts on-site examinations on a risk-focused examination schedule. And it reviews proposed mergers and acquisitions, redomestications, and reinsurance transactions. As noted in the Overview, section 3901.07 of the Revised Code requires that financial examiners employed under this program series be compensated at levels at least as high as those provided in the Examiners' Handbook published by the NAIC, and funding to compensate such personnel is paid by the company that is examined.

Funding Source: SSR: insurance company fees

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service.

Program Series

3: Policy and Rate Filing Regulation

Purpose: The Policy and Rate Filing Regulation program series reviews all rates and policies issued by property and casualty insurers and by life and health insurers operating in Ohio. It also licenses and monitors the activities of all health insuring corporations operating in Ohio.

The following table shows the line item that is used to fund the Policy and Rate Filing Regulation program series, as well as the appropriations that fund that series.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
554	820-606	Operating Expenses	\$4,244,470	\$4,439,008
State Special Revenue Fund Subtotal			\$4,244,470	\$4,439,008
Total Funding: Policy and Rate Filing Regulation			\$4,244,470	\$4,439,008

This analysis focuses on the following specific programs within the Policy and Rate Filing Regulation program series:

- **Program 1: Property and Casualty**
- **Program 2: Life and Health**

Property and Casualty

Program Description: This program reviews documents related to the sale of property and casualty insurance products to Ohio consumers for compliance with Ohio laws. Such documents include policy forms, endorsements, manual rules, and rates. This program received 9,042 product filings for review in 2005. Through the first eight months of 2006, 68% of filings were submitted in electronic form, saving space and staff time. This program also collects and annually publishes data on medical malpractice claims. The first annual report on this new initiative, required by H.B. 215 of the 125th General Assembly, was published in November of 2006. More generally, the activities conducted by Program Series 5: Medical Malpractice, are being conducted in this program until such time as that program series may require reactivation.

Funding Source: SSR: fees and fines

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service. Turnaround time for review of documents filed was 32 days as of the time the budget was submitted, and the budget submission reports that 15 days is viewed as optimal; the funded level would make it difficult to reduce turnaround time to that optimal level.

Life and Health

Program Description: This program reviews documents related to the sale of life and health insurance products to Ohio consumers for compliance with Ohio laws. All life, health, and accident policy forms and contracts are now maintained on a digital imaging system, saving space and staff time.

The actuarial staff analyzes over 800 accident and health premium adjustments each year. The managed care staff within this program licenses and monitors the activities of health insuring corporations that operate in Ohio, and monitors their financial solvency.

Funding Source: SSR: fees and fines

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service and may permit the establishment of a more efficient method of collecting valuation fees. Such fees raised approximately \$5 million in 2005 and are deposited into the GRF.

Program Series

4: Consumer Services

Purpose: The Office of Consumer Services responds to consumer inquiries, investigates consumer complaints, and conducts educational outreach activities. It also administers the Ohio Senior Health Insurance Information Program (OSHIIP), which assists seniors in making informed decisions about health insurance issues.

The following table shows the line items that are used to fund the Consumer Services program series, as well as the appropriations that fund that series.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
554	820-601	Operating Expenses--OSHIIP	\$553,750	\$569,269
554	820-606	Operating Expenses	\$2,848,331	\$3,027,629
State Special Revenue Fund Subtotal			\$3,402,081	\$3,596,898
Federal Special Revenue Fund				
3U5	820-602	OSHIIP Operating Grant	\$1,100,000	\$1,100,000
Federal Special Revenue Fund Subtotal			\$1,100,000	\$1,100,000
Total Funding: Consumer Services			\$4,502,081	\$4,696,898

This analysis focuses on the following specific programs within the Consumer Services program series:

- **Program 1: Consumer Services**
- **Program 2: Ohio Senior Health Insurance Information Program**

Consumer Services

Program Description: This program responds to insurance-related inquiries from insurance customers, investigates consumer complaints related to insurance, and educates Ohio consumers about insurance issues. During FY 2006, the program responded to over 107,000 telephone calls and 6,841 written complaints from consumers. As a result of departmental efforts, Ohio consumers recovered approximately \$7.5 million.

Funding Source: SSR: fees and fines

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service, assuming no significant increase in consumer demands for assistance.

OSHIIP

Program Description: This program educates Ohio Medicare beneficiaries and their families about health insurance-related issues for seniors. In addition to distributing free brochures and other written educational material, the program operates a toll-free hotline. Since its inception in 1992, this program has counseled more than 175,000 people, handled over 192,000 telephone calls on general Medicare and senior health insurance questions, and established over 200 local senior health insurance information sites, in cooperation with hospitals, medical professionals, area-wide aging agencies, and other organizations. In connection with the establishment of Medicare Part D, this program handled over 82,000 telephone calls and counseled over 74,000 consumers. In part as a result of this program's work, Ohio was the first state to enroll at least 70% of its eligible beneficiaries under Medicare Part D.

The federal grant that provides approximately two-thirds of the funding for this program was \$1.1 million in FY 2007, down slightly from \$1.4 million in FY 2006. Department officials expect the grant amount to remain approximately \$1.1 million each year of the biennium.

Funding Source: SSR: fees and fines, federal grant

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service.

Program Series**5: Medical Malpractice**

Purpose: This program series is the Department's response to provisions of Sub. H.B. 282 of the 125th General Assembly. The program series was not funded for the current biennium, but program activities are maintained and conducted by the Office of Property and Casualty Services (see Program Series 3). The program series number is being retained to allow for the possibility that the Medical Liability Underwriting Association (see below) might be established in response to a change in market conditions.

The following table shows the line item that is used to fund the Medical Malpractice program series, as well as the appropriations that fund that series.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
554	820-606	Operating Expenses	\$0	\$0
State Special Revenue Fund Subtotal			\$0	\$0
Total Funding: Medical Malpractice			\$0	\$0

This analysis focuses on the following specific program within the Medical Malpractice program series:

■ **Program 1: Medical Malpractice**

Medical Malpractice

Program Description: In response to growing concerns about the stability of the market for medical malpractice insurance in Ohio, the 125th General Assembly passed Sub. H.B. 282. H.B. 282 permitted the Superintendent of Insurance to create a Medical Liability Underwriting Association (MLUA) to support the market under conditions specified in the bill.¹⁰ The MLUA would essentially be an insurance company created by action of the state for the specific purpose of ensuring access to medical malpractice insurance coverage for Ohio medical providers. The Superintendent has not determined that establishment of the MLUA is necessary as of March 2007.

If it were to be established, the MLUA would be required to produce a plan of operation within 45 days. This program will engage in activities preparatory to creation of the MLUA, including drafting a potential plan of operation. If the MLUA is established, it will be funded by the Medical Liability Fund that was also established by H.B. 282 for the purpose of "funding the medical liability underwriting association that is created in accordance with sections 3929.62 to 3929.70 of the Revised Code or for funding another medical malpractice initiative with the approval of the general assembly." The fund received one-time funding, which was the balance of custodial funds that funded the Joint Underwriting Association (JUA). Like the MLUA, the JUA was essentially an insurance company, created by the state in 1975, to ensure that medical providers would have access to medical malpractice insurance coverage. The JUA was dissolved in 1997 by the Superintendent of Insurance with the authorization of the General Assembly, because the Superintendent determined that malpractice insurance was generally available to

¹⁰ Before establishing the MLUA the Superintendent must determine both that a "substantial number" of medical providers have been unable to obtain medical malpractice coverage from an existing insurer, and that the lack of insurance coverage threatens the availability of health care for "any group of individuals in this state."

providers in the market. The money in the Medical Liability Fund derives from premiums paid to the JUA when it was operating.

The money in the Medical Liability Fund can be spent only if (1) the Superintendent of Insurance establishes the MLUA by rule or (2) with the approval of the General Assembly. The budget effectively would require the Department to go before the Controlling Board to establish an appropriation from the fund after FY 2007. The preparatory work conducted by this program is therefore funded by Fund 554 until such time as it may legally be possible to fund it from the Medical Liability Fund.

Funding Source: SSR: fees and fines

Implication of the Budget: The budget provides no funding for this program series, but moves its activities to Program Series 3.

Program Series

6: Program Management

Purpose: This program series supports the Department's mission by supporting the activities of all department divisions and employees.

The following table shows the line item that is used to fund the Program Management program series, as well as the appropriations that fund that series.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
554	820-606	Operating Expenses	\$10,506,327	\$10,211,692
State Special Revenue Fund Subtotal			\$10,506,327	\$10,211,692
Total Funding: Program Management			\$10,506,327	\$10,211,692

This analysis focuses on the following specific program within the Program Management program series:

■ Program 1: Program Management

Program Management

Program Description: This program supports the Department's mission by providing management and support services to the other programs. It includes the offices of General Services, Legal Services, Executive Services, and Information and Technology Services. The Office of General Services includes the divisions of Fiscal Operations and Human Resources.

This program received funding in the budget for a Turnaround Ohio initiative intended to increase health insurance coverage for Ohioans. According to current estimates, the number of Ohioans without health insurance coverage may be over 1.2 million. This program will conduct consumer education efforts regarding health insurance and managed care coverage, monitor market practices in health insurance and managed care, and launch the Ohio Healthcare Exchange. Some of the activities connected with this initiative will be conducted in-house, some by new staff members, and some by hiring consultant services. At this time, Department officials are still in the process of determining how much of the initiative can be performed in-house.

Funding Source: SSR: fees and fines

Implication of the Budget: The budget provides sufficient funding to continue the program at its current level of service. In particular, it includes \$468,081 in FY 2009 that was requested for special counsel in connection with an increase in the number of cases brought against the Department. The increase may have resulted from an Ohio Supreme Court decision that concluded that Ohio's state agencies could be held liable for "negligent regulation." As described in the budget submission, the typical negligent regulation case arises after an insurance company is placed into liquidation (i.e., bankruptcy, which in the case of insurers is administered by the Superintendent in her role as the state's Liquidator).

The budget also provides \$500,000 in each fiscal year for the initiative to increase health insurance coverage for Ohioans. As described above, Department officials are currently unsure how much of the work for the new initiative can be performed in-house. Of the \$500,000 provided in each year, \$200,000 is coded to pay for personal services and \$300,000 is coded to pay for purchased services.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

INS Insurance, Department of									
3AV	820-604	Federal Grant - Special Project	\$ 71,063	\$ 32,625	\$ 0	\$ 0	N/A	\$ 0	N/A
3U5	820-602	OSHIIP Operating Grant	\$ 554,822	\$ 1,253,256	\$ 1,080,000	\$ 1,100,000	1.85%	\$ 1,100,000	0.00%
Federal Special Revenue Fund Group Total			\$ 625,885	\$ 1,285,881	\$ 1,080,000	\$ 1,100,000	1.85%	\$ 1,100,000	0.00%
554	820-601	Operating Expenses-OSHIIP	\$ 448,198	\$ 498,362	\$ 571,772	\$ 553,750	-3.15%	\$ 569,269	2.80%
554	820-606	Operating Expenses	\$ 18,459,077	\$ 19,411,752	\$ 22,832,214	\$ 23,350,236	2.27%	\$ 23,802,797	1.94%
555	820-605	Examination	\$ 6,816,475	\$ 6,856,463	\$ 7,639,581	\$ 7,639,581	0.00%	\$ 7,868,768	3.00%
State Special Revenue Fund Group Total			\$ 25,723,750	\$ 26,766,576	\$ 31,043,567	\$ 31,543,567	1.61%	\$ 32,240,834	2.21%
Insurance, Department of Total			\$ 26,349,635	\$ 28,052,458	\$ 32,123,567	\$ 32,643,567	1.62%	\$ 33,340,834	2.14%

Joint Legislative Ethics Committee

Matthew L. Stiffler, Budget Analyst

- Monitors ethics compliance; investigates complaints; sanctions as appropriate
- Administers mandatory lobbyist registrations and filings
- Handles annual legislative financial disclosure statement filings

OVERVIEW

Duties and Responsibilities

The duties and responsibilities of the Joint Legislative Ethics Committee, which was created to serve the General Assembly, include, but are not limited to, the following:

- Establishing and enforcing a standard code of ethics.
- Receiving and hearing complaints alleging breaches of privilege, misconduct, or ethics violations.
- Obtaining information with respect to any complaint.
- Recommending appropriate sanctions.
- Acting as an advisory body on questions relating to ethics, conflicts of interest, and financial disclosure.
- Administering the annual financial disclosure forms of legislative officials and staff.
- Administering legislative, retirement system, and executive agency lobbyist registrations and filings.

This legislative agency consists of two components: (1) a 12-member legislative committee, and (2) the Office of the Legislative Inspector General, which employs an executive director and a staff of five for the purpose of assisting the legislative committee in exercising its powers and duties. The Speaker of the House of Representatives and the President of the Senate appoint six of the legislative committee members each, and not more than three can be from the same political party.

Agency In Brief

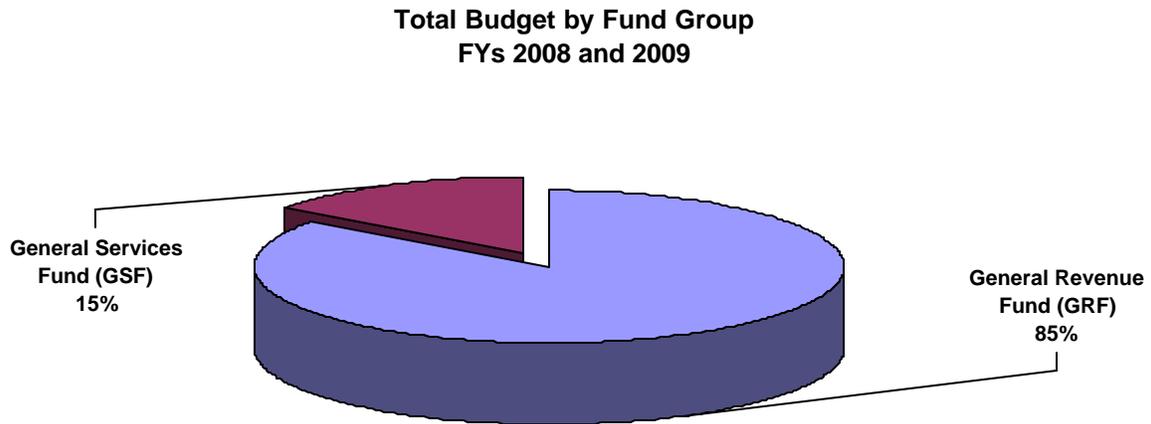
The following table selectively summarizes Joint Legislative Ethics Committee appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
6	\$650,000	\$650,000	\$550,000	\$550,000	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007.

Expense by Fund Group Summary

The pie chart immediately below shows the Joint Legislative Ethics Committee's total enacted appropriations (FYs 2008 and 2009) by fund group. This information includes moneys appropriated from the General Revenue Fund (GRF) and the General Services Fund (GSF) Group.



ANALYSIS OF THE BUDGET

For budget purposes, as detailed below, the Joint Legislative Ethics Committee is considered a single program series agency and its activities are not subdivided into separate programs.

Single Program Series

Legislative Inspector General

Purpose: To enable the Office of the Legislative Inspector General to assist the Joint Legislative Ethics Committee in exercising its powers and duties

The following table shows the two line items that are used to fund the Legislative Inspector General, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	028-321	Legislative Ethics Committee	\$550,000	\$550,000
General Services Fund				
4G7	028-601	Joint Legislative Ethics Committee	\$100,000	\$100,000
Total Funding: Legislative Inspector General			\$650,000	\$650,000

Program Description: The program supports the Joint Legislative Ethics Committee and the Office of the Legislative Inspector General in performing various duties and responsibilities, including, but not limited to: (1) establishing and enforcing a standard code of ethics to govern all members, employees, and candidates seeking election to the state legislature, (2) receiving and hearing complaints alleging breaches of privilege, misconduct, or ethics violations, (3) acting as an advisory body on questions relating to ethics, conflicts of interest, and financial disclosure, (4) administering the annual financial disclosure forms of legislative officials and staff, and (5) administering legislative, retirement system, and executive agency lobbyist registrations and filings.

Funding Source: (1) GRF, and (2) initial, update, and late registration fees paid by lobbyists and their employers

Implication of the Budget: The enacted budget appropriates an amount of money in each of FYs 2008 and 2009 that should be sufficient enough to permit the Joint Legislative Ethics Committee and the Office of the Inspector General to carry out statutorily mandated duties and responsibilities.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
JLE Legislative Ethics Committee, Joint									
GRF	028-321	Legislative Ethics Committee	\$ 448,773	\$ 516,244	\$ 550,000	\$ 550,000	0.00%	\$ 550,000	0.00%
General Revenue Fund Total			\$ 448,773	\$ 516,244	\$ 550,000	\$ 550,000	0.00%	\$ 550,000	0.00%
4G7	028-601	Joint Legislative Ethics Committee	----	----	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
General Services Fund Group Total			----	----	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
Legislative Ethics Committee, Joint Total			\$ 448,773	\$ 516,244	\$ 650,000	\$ 650,000	0.00%	\$ 650,000	0.00%

Legislative Service Commission

Matthew L. Stiffler, Budget Analyst

- Current staffing and service levels to be maintained
- S.B. 30 report repealed
- HCAP termination delayed
- Historical sites to be studied

OVERVIEW

Duties and Responsibilities

The Legislative Service Commission (LSC) is a nonpartisan agency providing drafting, fiscal, research, training, and other technical services to the Ohio General Assembly. Fourteen members of the General Assembly, including the Speaker of the House and the President of the Senate, govern LSC. The Speaker and the President each appoint six additional members, with no more than four from each chamber belonging to the same political party. Some of the specific services provided by LSC include:

- Drafting bills, amendments, and resolutions.
- Preparing bill analyses, local impact statements, and fiscal notes.
- Providing legal and fiscal staff persons for each of the standing committees and subcommittees of the General Assembly, and for various joint, select, and ad hoc committees.
- Preparing analyses of state operating and capital budgets.
- Conducting tax revenue and welfare caseload forecasts.
- Performing long-term research studies and spot research services in both legal and fiscal areas.
- Assisting the state Controlling Board in analyzing spending requests.
- Operating an extensive legislative research library.
- Distributing legislative documents to the public.
- Providing continuous technical and revisory review of the Ohio Revised Code.
- Publishing various resource documents, such as the Register of Ohio, Digest of Enactments, Members Only briefs, Ohio Facts, and Budget Footnotes.
- Training interns and legislative staff for both the House of Representatives and the Senate.

Two additional legislative agencies are funded from appropriations to LSC as follows:

- Legislative Information Systems (LIS), which serves the General Assembly and related legislative agencies by providing computer network services, help desk support, computer education and training services, and assistance with the development of computer applications.
- Correctional Institution Inspection Committee (CIIC), which is statutorily required to inspect and evaluate Ohio's prisons, and is statutorily permitted to inspect and evaluate state juvenile correctional facilities and local correctional facilities (jails).

Agency in Brief

The following table selectively summarizes LSC appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
202	\$20.71 million	\$20.71 million	\$20.50 million	\$20.50 million	Am. Sub. H.B. 119

*Full-time permanent employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007.

Notable Provisions

Relative to the operations of LSC, the enacted budget contains the following notable permanent and temporary law provisions.

Senate Bill 30 Report Repealed (R.C. 103.141). The enacted budget repeals the requirement that LSC submit to the General Assembly, in each even-numbered year, a report (commonly know as the S.B. 30 report) estimating the costs to school districts of each education law and administrative rule that became effective during the preceding two years.

Delay of Termination of Hospital Care Assurance Program (Sections 621.05 and 621.06). Under the Hospital Care Assurance Program (HCAP), the Ohio Department of Job and Family Services distributes to hospitals money generated by assessments, intergovernmental transfers, and federal matching funds. A portion of the money generated by the assessments is deposited biennially into the state treasury to the credit of LSC's Legislative Budget Services Fund (Fund 4F6) to support certain fiscal services. HCAP is scheduled to terminate on October 16, 2007; however, a provision contained in the enacted budget delays the termination date of the program until October 16, 2009.

State Historical Sites Study (Section 753.20). Temporary law requires the staff of LSC to study the feasibility and potential results of establishing state incentives for local entities to assume control of state historical sites and to report the findings to the Commission not later than six months after the provision's effective date.

Joint Legislative Committee on Medicaid Technology and Reform (Section 321.10). Temporary law earmarks \$100,000 in each year from GRF line item 035-321, Operating Expenses, to be used for costs associated with employing an executive director for the Joint Legislative Committee on Medicaid Technology and Reform.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Legislative Service Commission is considered a single program series agency and its activities are not subdivided into separate programs.

Single Program Series

Legislative Services

Purpose: To provide nonpartisan drafting, fiscal, research, training, and other technical and legislative services to the Ohio General Assembly

The following table shows the line items that are used to fund the Legislative Service Commission and certain related legislative agencies, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	035-321	Operating Expenses	\$14,917,700	\$14,917,700
GRF	035-402	Legislative Interns	\$1,022,120	\$1,022,120
GRF	035-405	Correctional Institution Inspection Committee	\$438,900	\$438,900
GRF	035-409	National Associations	\$460,560	\$460,560
GRF	035-410	Legislative Information Systems	\$3,661,250	\$3,661,250
General Revenue Fund Subtotal			\$20,500,530	\$20,500,530
General Services Fund (GSF)				
4F6	035-603	Legislative Budget Services	\$154,025	\$154,025
410	035-601	Sale of Publications	\$25,250	\$25,250
5EF	035-607	House and Senate Telephone Usage	\$30,000	\$30,000
General Services Fund Subtotal			\$209,275	\$209,275
Total Funding: Legislative Services			\$20,709,805	\$20,709,805

Program Description: The Legislative Service Commission is a statutory agency created in 1953 to provide technical and research services to members of the General Assembly. Among its duties, the LSC is responsible for providing bill drafting, bill analysis, research, training, and other technical services to the General Assembly. It also maintains the *Register of Ohio* – an Internet means of public access to proposed agency rules. The LSC fiscal staff provides members of the General Assembly with state revenue and expenditure estimates, drafting of appropriation bills and amendments, fiscal notes and local impact statements, and general information about governmental fiscal issues.

Funding Sources (in order of magnitude): (1) GRF, (2) cash transferred from the Hospital Care Assurance Program, (3) reimbursements for House of Representatives and Senate telephone bills that are paid by LIS, and (4) sale of publications

Implication of the Budget: Under the enacted budget, LSC received an amount of funding that should be sufficient to maintain current service levels and cover the payroll costs associated with 200-plus full-time permanent staff positions.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: **FY 2007 Adj.** **FY 2008** **% Change** **FY 2009** **% Change**
FY 2006: Appropriations: **Appropriations:** **2007 to 2008:** **Appropriations:** **2008 to 2009:**

Report For: Main Operating Appropriations Bill

Version: Enacted

LSC Legislative Service Commission

GRF	035-321	Operating Expenses	\$ 12,763,323	\$ 12,443,709	\$ 16,026,427	\$ 14,917,700	-6.92%	\$ 14,917,700	0.00%
GRF	035-402	Legislative Interns	\$ 818,747	\$ 848,683	\$ 1,012,000	\$ 1,022,120	1.00%	\$ 1,022,120	0.00%
GRF	035-404	Legislative Office of Education Oversight	\$ 971,310	\$ 315,266	\$ 0	----	N/A	----	N/A
GRF	035-405	Correctional Institution Inspection Committee	\$ 250,289	\$ 317,699	\$ 390,000	\$ 438,900	12.54%	\$ 438,900	0.00%
GRF	035-409	National Associations	\$ 423,025	\$ 433,070	\$ 456,000	\$ 460,560	1.00%	\$ 460,560	0.00%
GRF	035-410	Legislative Information Systems	\$ 2,934,708	\$ 3,864,851	\$ 3,625,000	\$ 3,661,250	1.00%	\$ 3,661,250	0.00%
General Revenue Fund Total			\$ 18,161,403	\$ 18,223,278	\$ 21,509,427	\$ 20,500,530	-4.69%	\$ 20,500,530	0.00%
410	035-601	Sale of Publications	----	----	\$ 25,000	\$ 25,250	1.00%	\$ 25,250	0.00%
4F6	035-603	Legislative Budget Services	\$ 117,290	\$ 91,051	\$ 152,500	\$ 154,025	1.00%	\$ 154,025	0.00%
5EF	035-607	House and Senate Telephone Usage	----	----	\$ 30,000	\$ 30,000	0.00%	\$ 30,000	0.00%
General Services Fund Group Total			\$ 117,290	\$ 91,051	\$ 207,500	\$ 209,275	0.86%	\$ 209,275	0.00%
Legislative Service Commission Total			\$ 18,278,693	\$ 18,314,330	\$ 21,716,927	\$ 20,709,805	-4.64%	\$ 20,709,805	0.00%

Liquor Control Commission

- Docketed and heard over 2,500 hearings in FY 2006
- \$729,900 in forfeitures collected in FY 2006, with proceeds deposited in the GRF

Jason Phillips, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Liquor Control Commission (LCO) is the rule-making and adjudication agency that oversees the alcohol beverage industry in Ohio. The Commission is comprised of three members appointed by the Governor for six-year terms and five full-time staff, including an executive director. The LCO was originally established as a part of the Department of Liquor Control, becoming an independent agency in 1985. Drawing its authority from Chapter 4301. of the Revised Code, its mission is to ensure compliance with Ohio's liquor laws and regulations. LCO works jointly with the Division of Liquor Control in the Department of Commerce, the Attorney General's office and the Department of Public Safety. The Division of Liquor Control issues and renews all types of liquor permits and maintains the spirituous liquor warehouse. The Department of Public Safety is the enforcement agency that issues citations for any liquor permit violations.

The Commission's activities include: (1) making and interpreting rules regarding liquor production, sales, advertising, etc., (2) hearing and ruling on cases regarding violations of liquor laws that could result in the suspension or revocation of a liquor permit, (3) hearing and ruling on appeals of decisions of the Division of Liquor Control concerning liquor permit renewals and distribution, and (4) hearing and ruling on appeals of liquor permit revocations and of permit nonrenewals due to tax delinquency. The Liquor Control Commission receives its funding from the Liquor Control Fund (Fund 043), which is administered by the Division of Liquor Control within the Ohio Department of Commerce and supported through the sale of spirituous liquor. Less than 1% of the revenues received from the sale of spirituous liquor went to fund Liquor Control Commission operations in FY 2006.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
5	\$743,093	\$772,524	\$0	\$0	Am. Sub. H.B. 119

* Employee count obtained from Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of Budget Issues

Adjudication Hearings

The bulk of Commission activities are adjudication hearings. Commission staff prepares paperwork prior to hearings and then produces decisions, collateral correspondence, and reports. During FY 2006, over 2,500 cases were docketed and heard. Beginning in calendar year (CY) 2006, the Commission added three hearing days to its docket for the year, increasing the number of hearing days from 45 to 48 in order to better clear caseload backlog. The number of violations issued by law enforcement authorities primarily drives the Commission's caseload. The Commission has consistently been able to exceed its goal to issue decisions within 45 days, issuing the vast majority of decisions within two weeks.

Forfeiture Collections

Forfeitures, which are collected as a result of Commission orders and deposited in the General Revenue Fund (GRF), amounted to \$729,900 in FY 2006. Forfeitures collected have declined since FY 2002, when \$2.06 million was collected and deposited into the GRF. This can partly be explained by a change in philosophy toward smaller penalty amounts, even though the overall number of forfeitures has remained stable. Additionally, a larger portion of offenders are opting to have their licenses suspended rather than pay the forfeiture, thus also contributing to the overall decline.

Lower Number of Certified Records

In addition to lower amounts of forfeitures resulting from better adherence to the law, the Commission has provided fewer numbers of certified records to courts of common pleas. In FY 2006, the Commission provided certified records for 42 appeals. This compares to 57 in FY 2005, 66 in FY 2004, and 138 in FY 2003. This decrease reflects a reduction in the number of revocations ordered by the Commissioners and increased compliance with Ohio's liquor laws by permit holders and their employees.

Additional Issues

The Commission states that its foremost challenge is to continue improving efficiency with limited resources as large increases in employee fringe benefit costs as well as higher Department of Administrative Services (DAS) charges for central support services will require the Commission to do more with less in other spending areas. Two other items are noteworthy.

First, as stated previously, adjudication hearings account for most of the Commission's activities. The Commission staff prepares extensive amounts of paperwork prior to hearings to assist the Commissioners in conducting the hearings and issues decisions upon completion of the hearing. One of the Commission's two newest dockets, workers' compensation, has seen a marked increase in the number of cases between FY 2005 and FY 2006. This docket involves cases where permit holders owe BWC premium payments. The Commission heard 131 cases in its BWC docket in FY 2006 compared with just 46 in FY 2005. These cases, along with an increase in sales tax appeal cases, accounted for much of the growth in the Commission's caseload in FY 2006.

Second, a continuing goal in enhancing the efficiency of the Commission is to share information via computer technology with its partner agencies: the Division of Liquor Control within the Department of Commerce, the Attorney General's Liquor Unit, and the Department of Public Safety's Investigative Unit. The Commission is already using the Liquor Law Enforcement (OLLE) database, which is hosted and supported by the Department of Public Safety, for citation cases as well as for printing citation case

dockets and witness lists. The Commission's annual share of the fees for OLLE is estimated to be approximately \$8,333 per fiscal year in the FY 2008 - 2009 biennium. Offsetting this cost, however, is the fact that the database will reduce paperwork and staff down time and dramatically enhance the efficiency of the respective agencies since it allows Commission staff to search for information without the need to contact staff from one of the other agencies. In addition, other agencies will be able to access information from the Commission's databases without Commission assistance, reducing Commission staff time devoted to researching such matters.

ANALYSIS OF THE BUDGET

Single Program Series

State Liquor Law Hearings

Purpose: The mission of the Liquor Control Commission is to provide fair and impartial hearings for the protection of the public and permit holders, and to ensure compliance with the liquor laws and regulations of the Revised Code.

The following table shows the line items that are used to fund the Liquor Control Commission, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
Liquor Control Fund				
043	970-321	Operating Expenses	\$743,093	\$772,524
Liquor Control Fund Subtotal			\$743,093	\$772,524
Total Funding: Liquor Control Commission			\$743,093	\$772,524

Program Description: The Commission hears cases related to violations of state liquor laws that could result in fines or the suspension or revocation of liquor permits. The Commission also hears appeals from either permit holders or communities that object to decisions made by the Department of Commerce's Division of Liquor Control concerning the renewal and/or distribution of liquor permits. In addition, the Commission hears appeals on the revocation of liquor permits and nonrenewals based on failure to pay taxes or workers' compensation premiums.

Funding Source: Fund 043, Liquor Control — primary sources of revenue include retail and wholesale spirituous liquor sales

Implication of the Budget: The budget appropriates \$743,093 in FY 2008 and \$772,524 in FY 2009. The Commission reports that it will be able to maintain current service levels at the appropriated amounts.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
LCO Liquor Control Commission							
043 970-321 Operating Expenses	\$ 683,353	\$ 668,006	\$ 700,533	\$ 743,093	6.08%	\$ 772,524	3.96%
Liquor Control Fund Group Total	\$ 683,353	\$ 668,006	\$ 700,533	\$ 743,093	6.08%	\$ 772,524	3.96%
Liquor Control Commission Total	\$ 683,353	\$ 668,006	\$ 700,533	\$ 743,093	6.08%	\$ 772,524	3.96%

State Personnel Board of Review

Terry Steele, Budget Analyst

- Recent upgrades to case docketing system
- Total funding of \$2,379,824 during the FY 2008 - 2009 biennium

OVERVIEW

Duties and Responsibilities

The State Personnel Board of Review (PBR) reviews appeals filed by classified exempt employees in the civil service at the state and local levels. PBR's jurisdiction also includes university and general health districts. Appeals typically involve disputed layoffs, abolishments, displacements, removals, reductions, and reclassifications, but PBR also hears appeals filed by nonexempt classified employees who have not organized, and nonexempt employees whose bargaining agreement specifies a right to appeal to the Board. The Board has jurisdiction over investigations, whistle blower cases, and Occupational Safety and Health Administration (OSHA) violations as well.

PBR's core mission is to provide all parties appearing before the Board with a fair, comprehensive, and impartial review of their respective claims. A second mission is to monitor and assist Ohio's 220 municipal civil service commissions and personnel boards to ensure that Ohio's civil service laws are being uniformly interpreted. These goals are advanced through a customer service program that provides education about civil service law and issues to individuals who work in the personnel area across the state. In the past, PBR was able to provide seminars and to travel across the state to present information to 109 civil service commissioners, staff, attorneys, and human resources professionals. However, recent budget constraints have reduced PBR's ability to provide this service.

CMDS System Upgrades

During the FY 2001-2002 biennium, PBR developed and implemented an automated Case Management Docketing System (CMDS). CMDS integrates PBR's case docketing, case tracking, and court appeals functions into one management system. As well as scheduling hearings more efficiently, the system allows the Board to gather and analyze case statistics that the Board could use to make operational improvements. By way of customer service, appellants are able to review the disposition of their case files on the PBR web site. PBR purchased a new blade server and Sequel operating system and support for the CMDS as well as software, during the last biennium, the first upgrade purchased for this system since its implementation in FY 2002.

FY 2008 appropriations of \$1,163,181 are 0.8% higher than the FY 2007 adjusted appropriation of \$1,153,900. FY 2009 appropriations of \$1,216,643 are 4.6% above FY 2008 levels. The majority will go toward personnel and IT expenses.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
11	\$1,163,181	\$1,216,643	\$1,148,181	\$1,201,643	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Classified Employees Administrative Appeals

Purpose: The State Personnel Board of Review (PBR) reviews appeals filed by classified exempt employees in the civil service. PBR also provides outreach programs to educate personnel officers at the state and local levels about employee laws.

The following table shows the line items that are used to fund PBR, as well as funding levels for FYs 2008 - 2009.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	124-321	Operating Expenses	\$1,148,181	\$1,201,643
General Revenue Fund Subtotal			\$1,148,181	\$1,201,643
General Services Fund				
636	124-601	Transcript and Other	\$15,000	\$15,000
General Services Fund Subtotal			\$15,000	\$15,000
Total Funding: Personnel Board of Review			\$1,163,181	\$1,216,643

Administrative Appeals

Program Description: PBR reviews appeals filed by classified exempt employees in the civil service. Appeals involve contested layoffs, abolishments, displacements, removals, reductions, reclassifications, and other related matters. Data compiled by the Board show that the Board received 529 new appeals in calendar year 2006, an increase of 6% over the 497 received in 2005. State and county agencies account for the majority of matters brought before the Board. The Board anticipates an increase in caseload over the next biennium due to increased layoffs and other personnel adjustments occurring across the state.

Funding Source: GRF, security deposits, and other payments made by appellants

Implication of the Budget: The budget provides \$1,163,181 in FY 2008 and \$1,216,643 in FY 2009 for this program. This level of funding could limit the agency's ability to conduct outreach activities and conduct staff education and training. It may also limit the ability to pay for basic administrative functions.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
<i>PBR State Personnel Board of Review</i>									
GRF	124-321	Operating	\$ 1,073,432	\$ 1,091,975	\$ 1,148,000	\$ 1,148,181	0.02%	\$ 1,201,643	4.66%
General Revenue Fund Total			\$ 1,073,432	\$ 1,091,975	\$ 1,148,000	\$ 1,148,181	0.02%	\$ 1,201,643	4.66%
636	124-601	Records and Reporting Support	\$ 6,299	\$ 5,038	\$ 5,900	\$ 15,000	154.24%	\$ 15,000	0.00%
General Services Fund Group Total			\$ 6,299	\$ 5,038	\$ 5,900	\$ 15,000	154.24%	\$ 15,000	0.00%
State Personnel Board of Review Total			\$ 1,079,731	\$ 1,097,013	\$ 1,153,900	\$ 1,163,181	0.80%	\$ 1,216,643	4.60%

Public Utilities Commission of Ohio

Ross Miller, Senior Economist

- Funded primarily by assessments on regulated companies; no GRF funding
- The budget requires a transfer out of Fund 5F6 in FY 2009 that would reduce funds available to support Commission operations by 18% that year

OVERVIEW

Duties and Responsibilities

The Public Utilities Commission of Ohio (PUCO) regulates investor-owned public utilities and commercial carriers in Ohio. The public utilities regulated by PUCO today include electric, natural gas, and pipeline utilities, heating and cooling companies, local and long-distance telephone companies, and waterworks and wastewater companies.¹¹ The commercial carriers regulated by PUCO include railroad companies, commercial trucking companies, household moving companies, bus companies, towing companies, and ferryboat operators. Despite significant changes in PUCO’s role in recent years, its mission continues to be “to assure all residential and business customers access to adequate, safe, and reliable utility services at fair prices, while facilitating an environment that provides competitive choices.” PUCO is governed by five commissioners, including the chairman, who are appointed by the Governor for five-year terms.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
407	\$78.63 million	\$64.47 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Many changes have come about in the utility industries in the past few years. Many aspects of the telephone, natural gas, and electric industries have been opened up to competition in a process known as restructuring; one might consider this concept synonymous with deregulation. Despite these changes, PUCO retains a role in setting rates that some utilities may charge their customers, and must approve the standard service offer that electric utilities provide since restructuring. The Commission monitors the actions of utility companies to ensure that they provide customer service of at least the required level of quality, and to ensure that monopoly owners of pipeline, electric, and telephone networks truly provide access to their networks as required by law. The budget of the Power Siting Board (PSB), which must approve any (sufficiently large) investment in electric generation or transmission facilities or natural gas

¹¹ PUCO regulates the quality of long-distance services, but does not regulate long-distance rates. Also, although PUCO certifies cellular companies to operate in Ohio, it does not regulate cellular rates. PUCO does not regulate utilities owned and operated by municipalities, cooperatives, or nonprofit entities.

transmission pipelines, is housed in PUCO, with the Chairman of PUCO serving as the Chairman of the PSB.

The transportation regulation program has attained a higher profile since homeland security has emerged as an important concern of governments at both the state and federal levels. The Federal Motor Carrier Safety Administration (FMCSA) has recognized PUCO as operating one of the best and most comprehensive transportation audit, compliance review, and enforcement programs in the United States.

Summary of FYs 2008 - 2009 Budget Issues

The budget provides total funding of \$78,632,617 in FY 2008, a decrease of 3.2% compared to estimated FY 2007 expenditures, and of \$64,468,698 in FY 2009, a decrease of 18.0% compared to FY 2008 appropriations. The budget fully funds the agency's budget request except for a reduction in two appropriations that relate to the Single State Registration Program, and it increases the appropriation funding for PSB.

Although PUCO officials report that the appropriations provide sufficient funding to maintain effective operations, the act requires a transfer out of the Public Utilities Fund (Fund 5F6) no later than February 28, 2009 to provide funding for telecommunications relay service for hearing impaired Ohioans. The transfer amount depends on the costs incurred during 2008 by the vendor who provides the service, so the exact transfer amount is not known at this time. Based on historical experience with the costs of providing the service, though, it is expected that the transfer amount will be approximately \$7 million, which would leave a balance in Fund 5F6 that is insufficient to support the appropriations from that fund in the budget. Appropriations from Fund 5F6 support basic PUCO operations, and account for 53.4% of the Commission's biennial budget. A transfer of \$7 million would represent slightly over 18% of the FY 2009 appropriations from Fund 5F6. PUCO officials report that no final decisions have been made, as of this writing, regarding how the Commission will respond to the effective reduction in funding. However, over 87% of the appropriations from the fund were earmarked to pay for personal services, so it appears that the transfer is likely to result in some, perhaps many, layoffs. Given the timing of the transfer, the layoffs would not be necessary until the latter half of FY 2009.

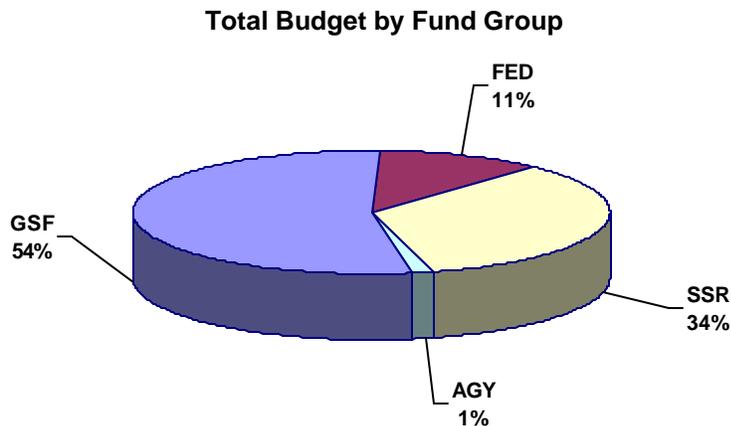
For the most part, the Commission's budget request sought funding for the continuation of current programs and operations. The federal Single State Registration Program (SSRP) was phased out effective January 1, 2007, and is to be replaced by the Unified Carrier Registration (UCR) Program. The Federal Motor Carrier Safety Administration (FMCSA) has not provided final guidance as to how the UCR Program is to work, and it is not known at this time, for example, what fee schedules will be. But PUCO officials are working with FMCSA officials in working out final details, and will promulgate rules to implement the UCR Program when the final federal requirements are published. The phasing out of the SSRP is the reason for the \$3.6 million decline for FY 2008 in the amount in appropriation line 870-616, Base State Registration Program, and the \$2 million decline (to zero) in the appropriation for FY 2009. The remaining appropriation for FY 2008 was requested to accommodate any payments of registration fees to other states that may remain outstanding after the end of FY 2007. The phasing out of this program is also the reason for the cuts to two other line items: 870-625, Motor Transportation Regulation, and 870-620, Civil Forfeitures.

Easily the largest change in the budget over the last few years is in line item 870-623, Wireless 9-1-1 Administration. This line item was established in H.B. 66 to implement the funding provisions of H.B. 361 of the 125th General Assembly. Funding for the biennium of \$40.25 million is almost entirely (over 98%) for the purpose of distributing to counties to support the operation of enhanced 9-1-1 service for wireless communications customers. The appropriation decreases by \$13.5 million from FY 2008 to

FY 2009, reflecting that the fee that H.B. 361 imposed on wireless communications customers to provide funding for this line item was temporary and is scheduled to expire on December 31, 2008.

As noted above, the operating expenses of PUCO are primarily paid from Fund 5F6, and in particular out of two appropriations from that fund. The amount appropriated for the main appropriation item, 870-622, Utility and Railroad Regulation, is 4.9% higher in FY 2008 than was appropriated for FY 2007. The amount appropriated for FY 2009 is 3.0% higher than the amount appropriated for FY 2008. These increases are partially offset by decreases to the second major appropriation from the fund, 870-625, Motor Transportation Regulation. The budget decreases that latter appropriation amount by 13.5% in FY 2008 followed by a 3.0% increase. Due to the fact that the amounts appropriated in 870-622, Utility and Railroad Regulation are much larger than the amounts appropriated in the second line item, the combined total appropriations from this fund (including a third, relatively small line item) are 2.2% higher for FY 2008 than for FY 2007, and 3.0% higher in FY 2009 than for FY 2008. As noted above, a required transfer will mean that Fund 5F6 does not have sufficient funds to support these appropriation amounts in FY 2009.

PUCO has only one program series, the Utility Regulation program series. The following chart represents the breakdown of the budget for the biennium by Fund Group.



ANALYSIS OF THE BUDGET

Single Program Series

Utility Regulation

Purpose: To ensure Ohio residential and business customers access to adequate, safe, secure, and reliable utility services at fair prices, while facilitating an environment that provides competitive choices, and to achieve safe commercial transportation on public highways, on railroads, and at transportation facilities.

The following table shows the line items that are used to fund the Utility Regulation program series, as well as the appropriations in the enacted budget.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4A3	870-614	Grade Crossing Protection Devices - State	\$1,349,757	\$1,349,757
4L8	870-617	Pipeline Safety - State	\$187,621	\$187,621
4S6	870-618	Hazardous Material Registration	\$464,325	\$464,325
4S6	870-621	Hazardous Materials Base State Registration	\$373,346	\$373,346
4U8	870-620	Civil Forfeitures	\$284,986	\$284,986
5BP	870-623	Wireless 9-1-1 Administration	\$26,875,000	\$13,375,000
559	870-605	Public Utilities Territorial Administration	\$4,000	\$4,000
560	870-607	Public Utilities Investigations	\$100,000	\$100,000
561	870-606	Power Siting Board	\$404,651	\$404,652
638	870-611	Biomass Energy Program	\$40,000	\$40,000
661	870-612	Hazardous Materials Transportation	\$900,000	\$900,000
State Special Revenue Fund Subtotal			\$30,983,686	\$17,483,687
General Services Fund				
5F6	870-622	Utility and Railroad Regulation	\$32,820,027	\$33,804,627
5F6	870-624	NARUC/NRRI Subsidy	\$158,000	\$158,000
5F6	870-625	Motor Transportation Regulation	\$4,635,413	\$4,772,765
General Services Fund Subtotal			\$37,613,440	\$38,735,392
Federal Special Revenue Fund				
3V3	870-604	Commercial Vehicle Information Systems/Networks	\$300,000	\$300,000
333	870-601	Gas Pipeline Safety	\$597,957	\$597,959
350	870-608	Motor Carrier Safety	\$7,137,534	\$7,351,660
Federal Special Revenue Fund Subtotal			\$8,035,491	\$8,249,619
Agency Fund				
4G4	870-616	Base State Registration Program	\$2,000,000	\$0
Agency Fund Subtotal			\$2,000,000	\$0
Total Funding: Utility Regulation			\$78,632,617	\$64,468,698

This analysis focuses on the following specific programs within the Utility Regulation program series:

- **Program 1: Safety and Service Quality Oversight**
- **Program 2: Registration and Certification**
- **Program 3: Tariff and Economic Oversight**

Program 1: Safety and Service Quality Oversight

Program Description: This program enforces service quality and safety standards on utilities and investigates consumer complaints against utilities, including natural gas, electric, telecommunications, and water utilities. The program enforces safety standards on railroads and motor carriers, and provides funding for training emergency responders in handling accidents involving hazardous materials (HAZMAT). Enforcement efforts yielded \$4.1 million during the biennium in forfeitures and penalties assessed against utilities that were not in compliance with Ohio statutes or rules, with the resulting funds deposited into the GRF. The program also houses the 91-1 Service Program, which collects and disseminates revenues from the temporary fee that funds county provision of enhanced 91-1 wireless service. As of October 2006, 49 counties had been authorized to receive funding through this program.

PUCO operates a call center for consumer complaints about utilities, which serves as the primary source for more than half a million contacts with consumers each year. PUCO tracks the status of each contact with its Contact Management System database. The information gathered via such consumer contacts serves to alert PUCO to patterns in customer service problems, and thus to situations that may require investigation of utilities. These contacts led to PUCO helping consumers save over \$1 million in 2005. H.B. 66 of the 126th General Assembly required PUCO to operate this call center for the first time, and prohibited the Office of Consumers' Counsel (OCC) from operating one for purposes of collecting consumer complaints. The budget reversed the latter action, permitting OCC to operate a call center for this purpose. This change could lead to a gradual decrease in call volume to the PUCO call center.

The program conducted over 100 safety inspections of natural gas pipelines in FY 2006. PUCO officials inspect each shipment of high-level radioactive material that is transported from, to, or through Ohio, whether by truck or by train. Fines imposed on transporters of HAZMAT are used to fund training grants for emergency responder training for incidents involving HAZMAT. The program distributed over \$1 million in such training grants during the biennium to governmental entities located in several Ohio counties; about half of the total amount goes to an established training program at Cleveland State University. The program ordered more than 100 rail crossing safety upgrades during 2005. Rail-related fatalities have fallen by 65% over the last four years, due in part to the cumulative effect of such upgrades.

Monitoring service quality takes on a broader meaning in the partially deregulated environment of some Ohio utilities. While a number of companies are able to compete in providing utility services at the retail level, that ability to compete depends on comparable access to the distribution network owned, in most cases, by an incumbent utility. For example, electric generation was deregulated by S.B. 3, but the ability of a new entrant to provide electricity to customers depends on the ability of the new entrant to deliver the electricity generated to the customer. That requires access to the electric transmission and distribution network. New competitors in supplying natural gas and telephone services are similarly dependent on access to the relevant distribution networks. PUCO monitors the markets for evidence that incumbent utilities are not providing the access that the law requires them to provide to competitors, at an acceptable quality.

PUCO personnel employed in this program cooperate with other state and federal agencies in protecting Ohio's citizens from unsafe practices by motor carriers and railroads. Personnel inspect vehicles employed by motor carriers and conduct audits of their records on drivers and vehicles. A significant portion of motor carrier auditing and inspecting activities is funded by a federal grant from the Federal Highway Safety Administration. Total expenditures funded by federal grants in this program were over \$6.6 million in fiscal year 2006. Personnel conduct inspections of rail industry structures and operational practices, and monitor railroad worker safety issues.

Funding Source: GSF, SSR, and FED: assessments on utilities and railroads, fees paid by motor carriers, filing and processing fees paid by electric and natural gas companies, state motor vehicle fuel taxes, temporary fee imposed on wireless communications customers, and federal grants

Implication of the Budget: The budget provides sufficient appropriations to continue the program at its current level of service, and provides increased funding for the Power Siting Board in anticipation of an increase in workload. A transfer out of Fund 5F6 in FY 2009 that is required by the budget, however, will leave insufficient funds available to support appropriations from that fund. This may require staffing reductions and thus a reduction in the effectiveness of this program.

Temporary and Permanent Law Provisions

Enforcement of Federal Laws with Respect to Transportation of Household Goods in Interstate Commerce (R.C. section 4921.40). Authorizes PUCO to adopt rules providing for the enforcement of the consumer protection provisions of Title 49 of the United States Code related to the delivery and transportation of household goods in interstate commerce. Any fine or penalty imposed as a result of this enforcement is deposited into the GRF. The amount of revenue raised due to this provision would depend on the degree of compliance with the rules adopted on the part of the regulated companies. PUCO officials expect any revenue resulting from this provision to be minimal, based in part on historical compliance among household moving companies engaged in intrastate transportation, which are already regulated by PUCO.

Enhanced and Wireless Enhanced 911-1 (section 369.10). Specifies that appropriation item 870-623, Wireless 911 Administration shall be used as provided by section 4931.63 of the Revised Code.

Program 2: Registration and Certification

Program Description: PUCO registers and certifies utilities to operate in Ohio. The Power Siting Board, supported by the activities of this program, issues permits for the construction of major electric generation, electric transmission, and natural gas transmission facilities in Ohio. Since 1998, 15 new facilities have become operational adding 7,200 megawatts of generating capacity in Ohio, and three more facilities are currently under construction. This program has certified 651 telecommunication companies (e.g., local telephone companies, long-distance companies, cellular companies), 121 electric utilities (including brokers/aggregators and marketers), 168 natural gas companies, 26 water and sewer companies, 15 heating and cooling companies, and 5 gas pipeline companies.

Similarly, PUCO registers and certifies motor carriers, HAZMAT haulers, and rail companies to operate in the state. This program certifies more than 58,000 general freight motor carriers, more than 2,500 HAZMAT carriers, more than 1,000 towing companies, and more than 300 household goods movers each year. The commission certifies over 7,000 rail cars, 3,000 HAZMAT rail cars, 37 rail companies, and 5 water transportation carriers to operate in Ohio. PUCO is the lead agency in implementing the federally mandated Commercial Vehicle Information Systems and Networks (CVISN) project. CVISN streamlines the licensing, registration, regulation, and taxation of commercial motor

carriers. For motor carriers, CVISN represents a single contact point for all interactions with the state of Ohio, as opposed to contacting four separate agencies (PUCO and the departments of Public Safety, Transportation, and Taxation).

This program also administers Ohio's participation in the Single State Registration Program (SSRP, formerly known as the Base State Registration Program), which was phased out effective January 1, 2007. The SSRP allowed trucking companies that operate on an interstate basis to register in one state only, their base state, rather than in every SSRP-participating state in which they operate. The budget includes a \$2 million appropriation in FY 2008 in the line that permits Ohio to distribute fee revenue to other states. This will allow any funds that may lag in payment to be distributed appropriately.

H.B. 218 of the 126th General Assembly authorized PUCO to allow alternative regulation of basic local exchange telephone service if it finds that there is sufficient competition in providing that service in a company's territory. Such alternative regulation plans give companies greater pricing flexibility for services other than basic local exchange service. As of October 2006, ten companies had adopted alternative regulation plans. Some consumer groups and the Ohio Consumers' Counsel charge that in some cases alternative regulation plans have been approved when there is not sufficient competition in the market, leading to increased prices for basic local exchange service. PUCO officials indicate that the rules adopted to implement the alternative regulation plans have been approved by JCARR, indicating that they are in compliance with the provisions of H.B. 218.

Funding Source: GSF, SSR, FED, and AGY: assessments on utilities and railroads, filing and processing fees paid by electric and natural gas companies, fees paid by motor carriers, and federal grants

Implication of the Budget: The budget provides sufficient appropriations to continue the program at its current level of service, and provides increased funding for the Power Siting Board in anticipation of an increase in workload. A transfer out of Fund 5F6 in FY 2009 that is required by the budget, however, will leave insufficient funds available to support appropriations from that fund. This may require staffing reductions and thus a reduction in the effectiveness of this program.

Temporary and Permanent Law Provisions

Federal Commercial Vehicle Transportation Systems Fund (R.C. section 4923.26). Codifies the Commercial Vehicle Information Systems and Networks Fund and renames it the Federal Commercial Vehicle Transportation Systems Fund. There is no fiscal effect from this provision since the fund has been in existence for several years (under its old name), recreated each biennium in the main operating budget bill.

Commercial Vehicle Information Systems and Networks Project (Section 369.10). Specifies that the new fund created in section 4923.26 (see above) is the same as the Commercial Vehicle Information Systems and Networks Fund, Fund 3V3, previously established by temporary law in the State Treasury.

Program 3: Tariff and Economic Oversight

Program Description: This program continues the traditional business of PUCO of setting the rates (i.e., tariffs) that utilities are able to charge customers in those markets that remain noncompetitive. It settles disputes between utilities through mediation, arbitration, and adjudication. The program also monitors markets that are considered to have become competitive to prevent the possibility of market manipulation of the type that the Federal Energy Regulatory Commission determined that California experienced in 2000 and 2001. Due to the emerging need to monitor the financial activities of regulated utilities and their affiliated companies, PUCO established a Financial Analysis and Auditing Division. This division will work to prevent the financial stability of a regulated utility being undermined by resources being diverted from that regulated utility to an unregulated affiliate.

This program conducts analysis of proposed mergers involving utilities. For example, the program reviewed facts related to the merger between Duke Energy and Cinergy in 2006 and the 2005 mergers of SBC Ohio with AT&T and Verizon with MCI. PUCO review and analysis may result in unconditional approval of the merger, disapproval of the merger, or an approval subject to specified conditions. For example, PUCO approved the merger between Duke Energy and Cinergy subject to the merged company providing \$35 million in rate credits to customers, and to the company agreeing to penalties if there were to be a decline in service quality.

The electric restructuring law, S.B. 3, ended PUCO authority over electric generation tariffs effective December 31, 2005, but permitted continuing authority over the standard service offer that incumbent electric companies are required to maintain. Electric generation rates are currently subject to transitional rate stabilization plans (RSPs), that were adopted according to rules PUCO promulgated for utilities to determine a market-based standard service offer, as required by S.B. 3. The RSPs expire by December 31, 2008 for all the incumbent electric distribution companies except Dayton Power and Light. PUCO officials expect an increase in workload in this program in connection with analyzing standard service offers by these companies during the period leading up to expiration of the current RSPs.

Funding Source: GSF and SSR: assessments on utilities and railroads, filing and processing fees paid by electric and natural gas companies, fees paid by motor carriers, special assessments on utilities, a grant from the Council of Great Lakes Governors, Inc.

Implication of the Budget: The budget provides sufficient appropriations to continue the program at its current level of service. A transfer out of Fund 5F6 in FY 2009 that is required by the budget, however, will leave insufficient funds available to support appropriations from that fund. This may require staffing reductions and thus a reduction in the effectiveness of this program.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2006: *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* % Change 2007 to 2008: *FY 2009 Appropriations:* % Change 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

PUC Public Utilities Commission of Ohio

558	870-602	Salvage & Exchange	\$ 18,749	----	\$ 0	\$ 0	N/A	\$ 0	N/A
5F6	870-622	Utility & Railroad Regulation	\$ 29,801,600	\$ 31,456,553	\$ 31,272,223	\$ 32,820,027	4.95%	\$ 33,804,627	3.00%
5F6	870-624	NARUC/NRRI Subsidy	\$ 147,165	\$ 147,163	\$ 167,233	\$ 158,000	-5.52%	\$ 158,000	0.00%
5F6	870-625	Motor Transportation Regulation	\$ 4,651,438	\$ 4,971,196	\$ 5,361,238	\$ 4,635,413	-13.54%	\$ 4,772,765	2.96%
General Services Fund Group Total			\$ 34,618,951	\$ 36,574,912	\$ 36,800,694	\$ 37,613,440	2.21%	\$ 38,735,392	2.98%
333	870-601	Gas Pipeline Safety	\$ 454,859	\$ 659,857	\$ 597,957	\$ 597,957	0.00%	\$ 597,959	0.00%
350	870-608	Motor Carrier Safety	\$ 6,764,837	\$ 6,007,990	\$ 7,027,712	\$ 7,137,534	1.56%	\$ 7,351,660	3.00%
3V3	870-604	Commercial Vehicle Information Systems/Networks	\$ 308,609	\$ 45,489	\$ 300,000	\$ 300,000	0.00%	\$ 300,000	0.00%
Federal Special Revenue Fund Group Total			\$ 7,528,305	\$ 6,713,336	\$ 7,925,669	\$ 8,035,491	1.39%	\$ 8,249,619	2.66%
4A3	870-614	Grade Crossing Protection Devices-State	\$ 1,222,318	\$ 903,948	\$ 1,349,757	\$ 1,349,757	0.00%	\$ 1,349,757	0.00%
4L8	870-617	Pipeline Safety-State	\$ 161,388	\$ 151,088	\$ 187,621	\$ 187,621	0.00%	\$ 187,621	0.00%
4S6	870-618	Hazardous Material Registration	\$ 529,264	\$ 518,442	\$ 464,325	\$ 464,325	0.00%	\$ 464,325	0.00%
4S6	870-621	Hazardous Materials Base State Registration	\$ 315,615	\$ 302,755	\$ 373,346	\$ 373,346	0.00%	\$ 373,346	0.00%
4U8	870-620	Civil Forfeitures	\$ 344,143	\$ 292,515	\$ 284,986	\$ 284,986	0.00%	\$ 284,986	0.00%
559	870-605	Public Utilities Territorial Administration	----	----	\$ 4,000	\$ 4,000	0.00%	\$ 4,000	0.00%
560	870-607	Public Utilities Investigations	----	\$ 59,467	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
561	870-606	Power Siting Board	\$ 400,955	\$ 396,781	\$ 337,210	\$ 404,651	20.00%	\$ 404,652	0.00%
5BP	870-623	Wireless 911 Administration	----	\$ 3,372,649	\$ 26,875,000	\$ 26,875,000	0.00%	\$ 13,375,000	-50.23%
638	870-611	Biomass Energy Program	\$ 36,925	\$ 38,926	\$ 40,000	\$ 40,000	0.00%	\$ 40,000	0.00%
661	870-612	Hazardous Materials Transportation	\$ 598,986	\$ 861,304	\$ 900,000	\$ 900,000	0.00%	\$ 900,000	0.00%
State Special Revenue Fund Group Total			\$ 3,609,595	\$ 6,897,875	\$ 30,916,245	\$ 30,983,686	0.22%	\$ 17,483,687	-43.57%
4G4	870-616	Base State Registration Program	\$ 4,923,573	\$ 5,130,520	\$ 5,600,000	\$ 2,000,000	-64.29%	\$ 0	-100.00%
Agency Fund Group Total			\$ 4,923,573	\$ 5,130,520	\$ 5,600,000	\$ 2,000,000	-64.29%	\$ 0	-100.00%
Public Utilities Commission of Ohio Total			\$ 50,680,425	\$ 55,316,642	\$ 81,242,608	\$ 78,632,617	-3.21%	\$ 64,468,698	-18.01%

Ohio State Racing Commission

Phil Cummins, Economist

- The Commission promotes and regulates Ohio horse racing on which pari-mutuel betting is allowed
- This agency's budget, all non-GRF, is funded mainly with a tax on wagering on races and with fees. The amount of wagers on which this tax is imposed has fallen since 1998

OVERVIEW

The Ohio State Racing Commission (RAC) promotes and regulates horse racing in Ohio. Its five members are appointed to four-year terms by the Governor. The Racing Commission prescribes rules under which horse racing with pari-mutuel wagering may be conducted, licenses participants, and oversees races at seven commercial tracks and most of Ohio's county fairs. To promote horse racing, RAC provides purse subsidies and supplements that encourage breeding and racing. It also pays the laboratory at the Ohio Department of Agriculture for testing. The Racing Commission employs administrators at its Columbus headquarters and investigators at tracks, and contracts with officials and veterinarians at the tracks.

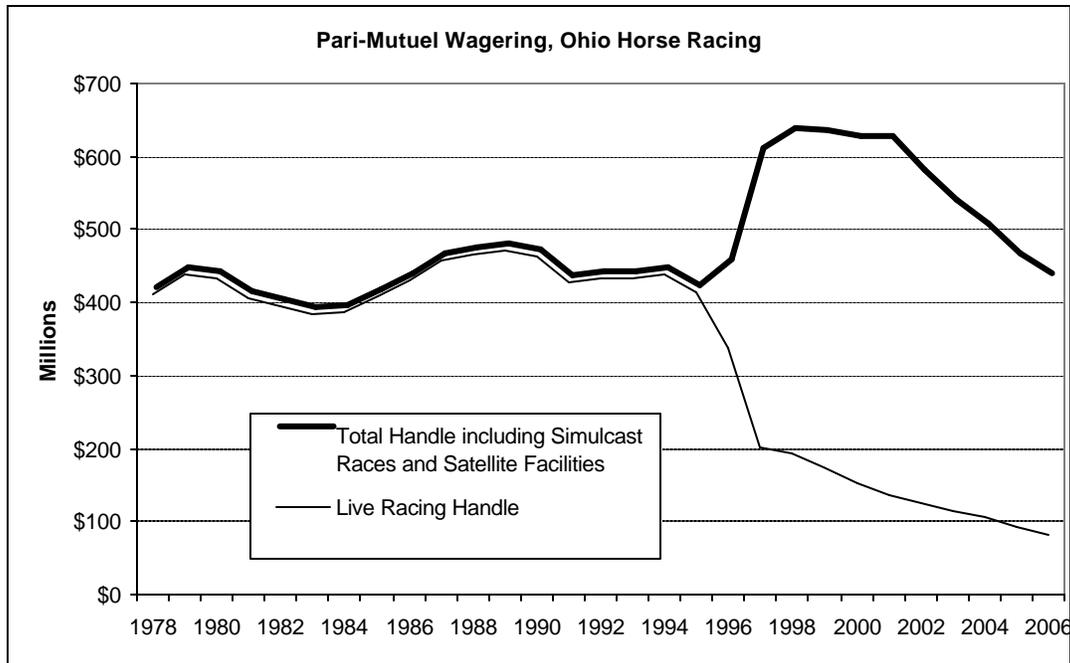
The Commission's budget consists of five state special revenue funds and one holding account redistribution fund, totaling about \$26.4 million in each of FY 2008 and FY 2009. Commissions on wagers on simulcast horse races account for almost two-thirds of RAC's receipts. Simulcast wagering, on live races elsewhere, takes place at Ohio's commercial tracks. Other receipts are mainly from taxes on betting at the tracks where live horse racing is taking place. In addition, wagers may be placed at a satellite wagering facility in the state. A second satellite wagering location is currently closed. The Racing Commission also receives funds from fees imposed on various racing industry participants and from fines and penalties. Two of the six funds of the Racing Commission have in the past received investment earnings on the balances in those funds, and H.B. 546 of the 126th General Assembly, effective April 4 of this year, included a provision for a third Racing Commission fund to retain the earnings on its balances. However, under the terms of the main operating appropriations acts for the current and previous bienniums, these interest earnings have instead been diverted to the GRF. Amounts involved are small. The holding account redistribution fund receives performance bonds from commercial permit holders and county fairs as well as bonds from license holders appealing commission rulings.

Duties and Responsibilities

The majority of RAC's expenditures are for subsidies, mostly additions to purses at live horse races. Part supports the Ohio horse racing industry in other ways, including awards to Ohio breeders of winning race horses, supplements to purses for Ohio horses that win races at Ohio tracks against horses from other states, and other promotional activities. Most outlays other than subsidies are for regulation, including oversight of horse races and enforcement of rules; drug testing, mainly of horses but also of licensees; expenses related to licensing; and investigation.

Pari-mutuel wagering at Ohio horse racing tracks and satellite wagering facilities, the source of most of RAC's funding, has been declining. Such betting at live horse races in the state peaked in 1989 and declined gradually in the first half of the 1990s, before betting at simulcast race meets was introduced in the state in 1996 to compete with gambling programs in surrounding states. Total pari-mutuel betting

at live horse races in Ohio as well as simulcast and satellite wagering peaked in 1998, as shown in the accompanying chart. The amount bet is referred to as the handle. Declines in wagering at Ohio commercial tracks plus off-track betting have continued in CY 2007; the total handle through August 25 was down 12% from a year earlier. The decline since 1998 appears to be partly due to increased competition from out-of-state gambling venues and Internet betting. The state’s racing industry is having difficulty competing with tracks in other states that offer larger horse racing purses, which gives them an edge in attracting faster horses. Better horses in turn attract gambling dollars. A prospering racing program helps to support horse breeders. The Racing Commission does not currently receive revenues from bets placed through the Internet.



The ability of tracks in other states to offer larger purses is in part a result of allowing video lottery terminals (VLTs) at tracks, with a portion of the gambling proceeds added to horse racing purses. West Virginia, for example, has VLTs at racetracks as well as other locations, and uses part of the proceeds to increase horse race purses. Horses and breeders are enticed out of Ohio by the larger purses available elsewhere.

In response to the shrinking of the pari-mutuel wagering tax base that is the Racing Commission’s principal source of funding, the agency downsized two years ago. In FY 2007, two additional investigators were hired so that an investigator could be present at each track when live horse racing is taking place. The Commission wants to increase drug testing by 25% in the upcoming biennium, and has purchased equipment that can be used to test horses before they race to protect against and deter cheating. Full-time in-house legal counsel was added to help with legal issues facing the Commission.

A temporary source of increased funding to the Racing Commission in FY 2007 was made permanent beginning in FY 2008. H.B. 530 of the 126th General Assembly directed an additional one-quarter of one percent of wagers other than win, place, or show, referred to as exotic wagers, to the Racing Commission for FY 2007. This provision had previously been enacted in temporary law for earlier fiscal years but had been allowed to lapse in FY 2006. The budget act, H.B. 119, made this source of Racing Commission funding permanent.

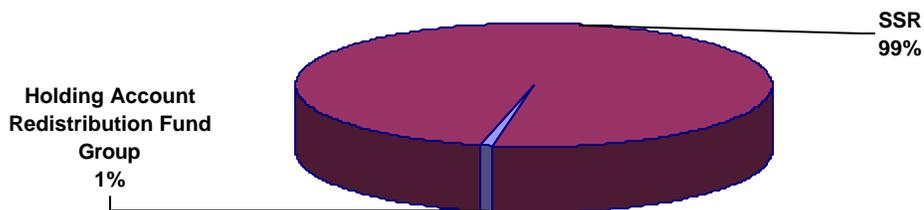
Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
21	\$26.40 million	\$26.40 million	\$0	\$0	Am. Sub. H.B. 119

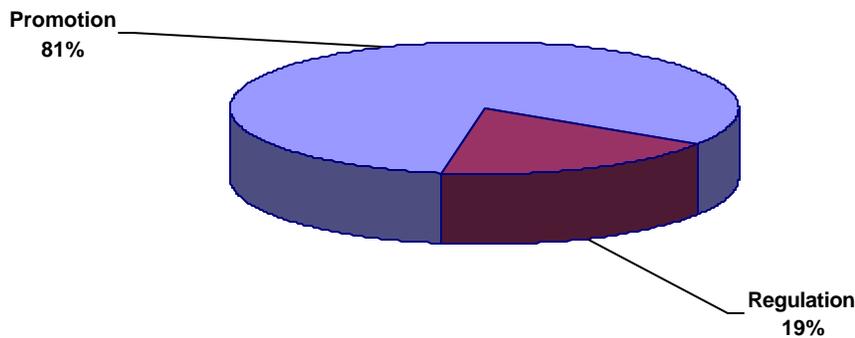
*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The number of employees shown above includes 15 full-time and 6 part-time employees. In addition, the Racing Commission contracts with 11 stewards, judges, and veterinarians. The five Commission members are not included in these numbers.

Total Budget by Fund Group



Total Budget by Program Series



ANALYSIS OF THE BUDGET

Program Series

1: Promotion

Purpose: To promote horse racing in Ohio

The following table shows the line items that are used to fund the Promotion program. Note that parts of two of these line items are shown in this program, with the balance included in the regulation program.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
SSR 5C4	875-607	Simulcast Horse Racing Purse	\$16,000,000	\$16,000,000
SSR 562	875-601	Thoroughbred Race Fund	\$2,983,220	\$2,979,132
SSR 563	875-602	Standardbred Development Fund	\$2,518,935	\$2,516,098
SSR 564	875-603	Quarterhorse Development Fund	\$1,000	\$1,000
State Special Revenue Fund Subtotal			\$21,503,155	\$21,496,230
Total Funding: Promotion			\$21,503,155	\$21,496,230

This analysis focuses on the following specific programs within the Promotion program series:

- **Simulcast Horse Racing Purse**
- **Thoroughbred Race Fund**
- **Standardbred Development Fund**
- **Quarterhorse Development Fund**

Simulcast Horse Racing Purse

Program Description: Simulcasting is a process of presenting horse races from tracks other than the one where live racing is occurring. By simulcasting races, a track can present more races on which fans can wager, increasing revenues for track and horse owners. A portion of every wager on a simulcast race is returned to the track, to horsemen's associations, race purses, and the state. Monthly distributions to purse accounts are made according to a formula based on average amounts wagered at all tracks on live racing days.

Funding Source: The Simulcast Horse Racing Purse Fund receives revenues from a portion of the wagers placed at commercial tracks when there are no live races scheduled. The Ohio State Racing Commission collects the funds and then redistributes them to permit holders to be used for horsemen's purse accounts. Thus this Fund acts as a pass-through account. Interest earned on money in this account would be credited to the account, except for a provision of the FY 2008 - 2009 main operating appropriations act that permits the Director of Budget and Management to transfer these interest earnings to the General Revenue Fund.

Implication of the Budget: The amount appropriated for this subsidy account for each of FY 2008 and FY 2009 is \$16,000,000. This continues the downtrend underway for a number of years.

Thoroughbred Race Fund

Program Description: The Thoroughbred Program provides purse subsidies for various races, supplements purses for registered thoroughbreds that win races, and provides broodmare and stallion awards to breeders of winning registered horses.

Funding Source: 1.125% of pari-mutuel special account wagering on thoroughbred racing and 0.54% (in 2007) of pari-mutuel wagering on commercial harness racing plus one-twelfth of 3% of exotic wagering on thoroughbred racing. Interest earned on money in this account, under a provision of H.B. 546 of the 126th General Assembly, effective April 4, would be credited to the account. However, the FY 2006 - 2007 main operating appropriations act permitted the Director of Budget and Management to transfer these interest earnings to the General Revenue Fund. The budget bill for FY 2008 - 2009 continues this transfer.

Implication of the Budget: The amounts appropriated for this subsidy account for each of FY 2008 and FY 2009 are \$2,983,220 and \$2,979,132, respectively. These amounts are less than the adjusted appropriation for FY 2007 but higher than actual outlays in FY 2005 and FY 2006.

Standardbred Development Fund

Program Description: By providing purse subsidies for the Ohio Sires Stakes series of races, the Fund encourages breeding and racing in the state. The Standardbred Program also provides funds for research and testing.

Funding Source: 1.125% of pari-mutuel wagering on harness racing plus one-twelfth of 3% of exotic wagering on harness racing. Interest earned on money in this account would be credited to the account, except for a provision of the FY 2008 - 2009 main operating appropriations act that permits the Director of Budget and Management to transfer these interest earnings to the General Revenue Fund.

Implication of the Budget: The amounts appropriated for FY 2008 and FY 2009 are \$2,518,935 and \$2,516,098, respectively. These amounts are less than the adjusted appropriation for FY 2007 but about even with actual outlays in FY 2006.

Quarterhorse Development Fund

Program Description: The Quarterhorse Program provides quarterhorse racing purse subsidies. Few quarterhorse races are run in Ohio.

Funding Source: This program is funded completely by the Quarterhorse Development Fund. The Fund receives 0.625% of pari-mutuel wagering on quarterhorse racing plus one-twelfth of 3% of exotic wagering on quarterhorse racing.

Implication of the Budget: The amount appropriated for this subsidy account for each of FY 2008 and FY 2009 is \$1,000. Little quarterhorse racing takes place in Ohio.

Program Series**2: Regulation**

Purpose: To regulate horse racing in Ohio

The following table shows the line items that are used to fund the regulation program. Amounts shown for the thoroughbred and standardbred funds pay the costs for RAC staff members who regulate those activities.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
SSR 562	875-601	Thoroughbred Race Fund	\$116,780	\$120,868
SSR 563	875-602	Standardbred Development Fund	81,065	83,902
SSR 565	875-604	Racing Commission Operating	\$4,487,599	\$4,487,599
State Special Revenue Fund Subtotal			\$4,685,444	\$4,692,369
Holding Account Redistribution Fund Group				
R21	875-605	Bond Reimbursements	\$212,900	\$212,900
Holding Account Redistribution Fund Subtotal			\$212,900	\$212,900
Total Funding: Regulation			\$4,898,344	\$4,905,269

This analysis focuses on the following specific programs within the program series:

- **Racing Commission Operating**
- **Bond Reimbursements**

Racing Commission Operating

Program Description: The majority of the Commission's funding for administration is used for regulation of the horse racing industry in Ohio. Licensing is a large part of this responsibility. The licensing program requires potential licensees to submit to fingerprinting sanctioned by the Ohio Bureau of Criminal Identification and Investigation and the FBI. Licenses are approved by state stewards and presiding judges and issued by inspectors.

The Commission also employs investigators to police the commercial tracks. They work closely with stewards and judges. Investigators examine computer printouts that detail betting patterns, investigate public complaints related to the outcomes of races, and search stable areas when they suspect that illegal activity is occurring. They complete investigations ranging from routine inquiries to full-scale operations.

The Commission also tracks the flow of dollars wagered in the state to ensure that Ohio tracks comply with wagering laws. It conducts an annual audit of the bank account records, receipts, and payments of the permit holder selected as Ohio's collection and settlement agent and investigates when a track or the collection and settlement agent fails to collect, pay, disburse, or account for money and fees. If necessary, the Commission must enforce payment to or by the collection and settlement agent.

The Racing Commission Operating Fund provides funding for most of RAC's employees. Purchased services also make up a significant portion of the Racing Commission's budget. This money funds the stewards, judges, and veterinarians who help regulate the racing industry. Stewards and judges represent the Racing Commission at racetracks, acting essentially as "referees." Stewards oversee

thoroughbred tracks and judges oversee standardbred tracks. Veterinarians are responsible for drug testing horses at all commercial tracks. Human samples are sometimes also collected. The samples are processed by the Racing Commission's laboratory at the Ohio Department of Agriculture.

Funding Source: Fees collected (license, fingerprinting, registration, permit, etc.) and a share of the horse racing wager tax

Implication of the Budget: The amount appropriated for this account for each of FY 2008 and FY 2009 is \$4,487,599. This is 12% higher than the adjusted appropriation for FY 2007.

Bond Reimbursements

Program Description: Permit holders are required to post performance bonds. In addition, if a licensee is found to have violated one of the Commission's rules, the individual is entitled to appeal the decision. Individuals who appeal rulings must deposit a bond with the Commission. The Bond Reimbursement Fund receives these bond deposits. This fund was established on January 1, 1986, replacing an earlier fund used for the same purpose.

Funding Source: Performance bonds collected from permit holders, and bonds posted by appellants

Implication of the Budget: The amount appropriated for this account for each of FY 2008 and FY 2009, \$212,900, matches the adjusted appropriation for FY 2007.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
RAC Racing Commission, Ohio State									
562	875-601	Thoroughbred Race Fund	\$ 2,884,194	\$ 2,678,733	\$ 3,216,622	\$ 3,100,000	-3.63%	\$ 3,100,000	0.00%
563	875-602	Standardbred Development Fund	\$ 2,539,509	\$ 2,585,460	\$ 3,161,675	\$ 2,600,000	-17.77%	\$ 2,600,000	0.00%
564	875-603	Quarter Horse Development Fund	----	\$ 2,000	\$ 2,000	\$ 1,000	-50.00%	\$ 1,000	0.00%
565	875-604	Racing Commission Operating	\$ 3,922,589	\$ 3,721,951	\$ 4,000,000	\$ 4,487,599	12.19%	\$ 4,487,599	0.00%
5C4	875-607	Simulcast Horse Racing Purse	\$ 16,569,596	\$ 16,139,334	\$ 16,563,948	\$ 16,000,000	-3.40%	\$ 16,000,000	0.00%
State Special Revenue Fund Group Total			\$ 25,915,888	\$ 25,127,479	\$ 26,944,245	\$ 26,188,599	-2.80%	\$ 26,188,599	0.00%
R21	875-605	Bond Reimbursements	\$ 162,400	\$ 164,200	\$ 212,900	\$ 212,900	0.00%	\$ 212,900	0.00%
Holding Account Redistribution Fund Group Total			\$ 162,400	\$ 164,200	\$ 212,900	\$ 212,900	0.00%	\$ 212,900	0.00%
Racing Commission, Ohio State Total			\$ 26,078,288	\$ 25,291,679	\$ 27,157,145	\$ 26,401,499	-2.78%	\$ 26,401,499	0.00%

Secretary of State

Terry Steele, Budget Analyst

- Implementation and oversight of the Help America Vote Act (HAVA) remains a top priority
- Except for large decrease in HAVA funding, budget is flat funded in FYs 2008 and 2009

OVERVIEW

Duties and Responsibilities

The Office of Secretary of State (SOS) has four program areas: Elections, Business Services, Notary Services, and Law Related Education. In the FY 2008 - 2009 biennium, about 136 of all SOS staff will work in the Business Services program series, and about 27 employees will work in the Elections program series. While the central administration and technology support positions support both program series, they primarily service the Business Services program series. Therefore, they have been included in the staffing level for that program series.

Elections

SOS oversees Ohio elections and supervises the 88 county boards of elections in their duties related to conducting elections. As Ohio's chief election officer, SOS supervises the administration of election laws, approves ballot language, and reviews statewide initiative and referendum petitions.

The Elections Division compiles and maintains election statistics, political party records, and other election-related records. The Elections Division also licenses ministers to perform marriage ceremonies and maintains certain other public records related to state and local governments. SOS chairs the Ohio Ballot Board, which approves ballot language for statewide issues, canvasses votes for all elected state offices and election issues, investigates election fraud, and trains election officials.

Business Services

The Business Services Division receives and approves articles of incorporation for Ohio corporations and grants licenses to out-of-state corporations seeking to do business in Ohio. Limited partnerships and limited liability companies also must file. The Corporations section approves amendments to existing entities, mergers, consolidations, and dissolutions; as well as registering trademarks/service marks, trade names, and fictitious names. Additionally, the Corporations section keeps a registry of information about each corporation in Ohio. In order to claim an interest in collateral used for a loan and to have the claim indexed for public notice, secured parties must file financing statements with the Uniform Commercial Code section of the Business Services Division.

Notary Services

SOS incorporated the Notary Commission into its budget; it was previously housed in the Governor's Office. The Notary Commission is responsible for processing applications and issuing commissions for notaries public, attorney notaries public, special police officers, and Department of Natural Resources Reserve Officers.

Law Related Education

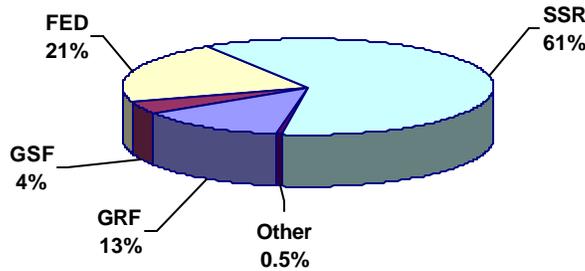
This program provides a subsidy to the Ohio Center for Law Related Education in support of the national Youth for Justice Anti-Violence initiative to Ohio middle schools. Since 1995, thousands of Ohio students in grades five through eight have participated in this initiative to address issues of bullying, peer pressure, discrimination, and violence prevention. Each year, 250-350 students are selected to participate in the state’s Youth Summit in Columbus, Ohio.

FY 2008 - 2009 Appropriations

The adjusted FY 2007 appropriation was \$48,531,394, over 60% of which was federal dollars for Help America Vote Act (HAVA) implementation. By comparison, the FY 2008 appropriation for the Secretary of State is just less than half of the FY 2007 amount – \$23,637,000, and is explained by a discontinuation in federal HAVA funding. The appropriation for FY 2009 is slightly less at \$21,637,000, again a decrease in federal HAVA accounting for this decrease. In all other respects, the SOS budget is flat funded over the biennium. The budget for SOS is \$23,637,000 in FY 2008 and \$21,637,000 in FY 2009.

The pie chart below shows the FYs 2008 - 2009 funding levels by the source of funds. Approximately 61% of SOS’s budget is comprised of State Special Revenue that is generated from the Uniform Commercial Code (UCC) and corporate filing fees. In contrast to the last biennium when it accounted for the lion’s share of funding, federal grants account for 21% of SOS’s FY 2008 - 2009 budget. The federal funding is for implementation and oversight of HAVA and voting facility accessibility mandates.

Budget by Fund Group, FYs 2008-2009



Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
162	\$23,637,000	\$21,637,000	\$2,971,585	\$2,971,585	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Program Series

1: Elections

Purpose: The Elections program series is responsible for overseeing, administering, and upholding Ohio's election laws. Through this program series, SOS also maintains certain required records on elections and other public documents.

The following table shows the line items that are used to fund the Elections program series and accompanying appropriations for FYs 2008 - 2009.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	050-321	Operating Expenses	\$2,585,000	\$2,585,000
GRF	050-403	Election Statistics	\$103,936	\$103,936
GRF	050-407	Pollworkers Training	\$277,997	\$277,997
GRF	050-409	Litigation Expenditures	\$4,652	\$4,652
General Revenue Fund Subtotal			\$2,971,585	\$2,971,585
Federal Special Revenue Fund				
3AH	050-614	Election Reform/HHS	\$1,000,000	\$1,000,000
3AS	050-616	2005 HAVA Voting Machines	\$3,750,000	\$3,750,000
Federal Special Revenue Fund Subtotal			\$4,750,000	\$4,750,000
General Services Fund				
414	050-602	Citizen Education Fund	\$55,712	\$55,712
4S8	050-610	Voting Machine Examiners	\$7,200	\$7,200
General Services Fund Subtotal			\$62,912	\$69,912
Total Funding: Elections			\$7,784,497	\$7,784,497

Funding for this program will support 27 FTEs assigned to the following programs within the Elections program series:

- **Program 1.01: Elections Program Management**
- **Program 1.02: Pollworker Training**
- **Program 1.03: Election Statistics**
- **Program 1.04: Litigation**
- **Program 1.05: Board of Voting Machine Examiners**
- **Program 1.06: Election Reform**
- **Program 1.07: Citizen Education**

Elections Program Management

Program Description: This program is used to handle public requests for information, oversee publications of the Ohio Municipal Roster, Federal Roster, Ohio Session Laws, and voter registration forms for the state tax booklet. These are statutorily mandated requirements. This program also issues monthly reports geared towards the 88 county boards of elections, and pamphlets such as the *Voter Information Guide*, *Candidate Requirement Guide*, and the *Citizen Digest*.

Funding Source: GRF

Implication of the Budget: The budget is \$2,585,000 in both FY 2008 and FY 2009. This level of funding will maintain current service levels, a staff of 19 FTEs, and information technology upgrades.

Pollworker Training

Program Description: Section 3501.27 of the Ohio Revised Code requires that each board of elections establish a program as prescribed by SOS for the instruction of election officers in the rules, procedures, and laws relating to elections. The statute also mandates that SOS reimburse each county for the cost of these training programs once a statement of expenses is received.

Funding Source: GRF

Implication of the Budget: The budget is \$277,997 for both FY 2008 and FY 2009. This level of funding will maintain current training of pollworkers at each of the state's county boards of election as well as initial training for new pollworkers.

Election Statistics

Program Description: As required by section 3503.27 of the Ohio Revised Code, SOS must maintain a master file of all registered voters in Ohio. This program also is used to provide electronically compiled election results from legislative, statewide, presidential and congressional races, and statewide ballot issues.

Funding Source: GRF

Implication of the Budget: The budget is \$103,936 for both FY 2008 and FY 2009. This level of funding will maintain current staff levels of two FTEs to maintain the master file of the state's registered voters, as well as enable the electronic delivery of data to eliminate the need for manual data entry.

Litigation

Program Description: This program is used to cover the legal expenses incurred by SOS's office in defending cases involving disputes over election of judges from at-large districts, and minority voting rights.

Funding Source: GRF

Implication of the Budget: Funding is \$4,652 for both FY 2008 and FY 2009. Funding at this level will maintain current service levels and continue to provide support for potential legal expenses. SOS foresees a necessary increase in this fund to cover the potential costs incurred as a result of settlements remaining from the previous biennium. Three such cases have been settled, with an additional 20-30 pending. The unsettled cases are lawsuits filed against the previous Secretary of State for elections related issues, with one case relating to UCC code documents that contained individual social security numbers that were posted to the Secretary of State's web site.

Board of Voting Machine Examiners

Program Description: This program is used to certify voting equipment that is to be used in Ohio elections. Compensation and expenses incurred by the board members in the certification process is paid from this program.

Funding Source: GSF

Implication of the Budget: The budget is \$7,200 for both FY 2008 and FY 2009. Funding at this level will maintain current service levels.

Election Reform

Program Description: This program supports the purchase of new voting equipment, upgrades to the voter registration system, voter education, administration of the federal grant programs, and compliance with facility accessibility requirements. This program is fully supported by federal funds provided to ensure compliance with the Help America Vote Act (HAVA).

Funding Source: Federal Special Revenue funding

Implication of the Budget: The budget is \$4,750,000 for both FY 2008 and FY 2009. Funding at this level will maintain current service levels. This program will support the SOS's continued implementation and oversight of HAVA.

Citizen Education

Program Description: This program is used to provide for the preparation, printing, and distributing of educational materials. This program also conducts voter registration, educational workshops, and conferences for schools and other public groups. This non-GRF program is fully funded through contributions from private groups and individuals.

Funding Source: GSF

Implication of the Budget: The budget is \$55,712 for both FY 2008 and FY 2009. SOS's office accepts contributions from private groups and individuals in order to fund the various programs for citizens' education.

Program Series**2: Business Services**

Purpose: This program series is responsible for licensing and record keeping regarding corporations and commercial transactions in Ohio.

The table below shows the line items that support the program series as well as the accompanying FY 2008 - 2009 appropriations.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
599	050-603	Business Services Operating Expenses	\$13,761,734	\$13,761,734
5N9	050-607	Technology Improvements	\$129,565	\$129,565
State Special Revenue Fund Subtotal			\$13,891,299	\$13,891,299
General Services Fund				
413	050-601	Information Systems	\$119,955	\$119,955
General Services Fund Subtotal			\$119,955	\$119,955
Holding Account Redistribution Fund				
R01	050-605	Uniform Commercial Code Refund	\$30,000	\$30,000
R02	050-606	Corporate/Business Filings Refunds	\$85,000	\$85,000
Holding Account Redistribution Fund Subtotal			\$115,000	\$115,000
Total Funding: Business Services			\$14,126,254	\$14,126,254

Funding at the recommended level will support 136 FTEs working in the following areas:

- **Program 2.01: Business Services Program Management**
- **Program 2.02: Uniform Commercial Code Refund**
- **Program 2.03: Corporation Filing Fee Refund**
- **Program 2.04: Technology Improvements**

Business Services Program Management

Program Description: SOS is required to file and maintain records relating to Ohio corporations, foreign corporations, and other business entities. This program is also used to process and maintain citizen's corporation and UCC filings in a timely fashion.

Funding Source: SSR – filing fees for each UCC document that is filed

Implication of the Budget: The budget is \$13,761,734 for both FY 2008 and FY 2009. Funding at this level will allow continuation of current service levels. It should be noted, however, that this is a decline over the adjusted FY 2007 appropriation of \$16,261,734, which was needed to cover unanticipated costs related to (1) a document imaging project, (2) redaction of Social Security numbers listed on documents posted on the SOS web site, and (3) elections litigation incurred under the previous Secretary of State.

Uniform Commercial Code Refund

Program Description: This program is used for the purpose of refunding fees to senders in correlation with UCC filings that are not accepted by SOS or refunds made due to overpayment of filing fees.

Funding Source: Holding Account Redistribution Fund

Implication of the Budget: The budget is \$30,000 for both FY 2008 and FY 2009. With funding at this level, SOS will be able to repay any individuals that have overpaid or have had a UCC filing rejected.

Corporate Filing Fee Refund

Program Description: This program is used to refund filing fees to senders in correlation with Corporation filings that are not accepted by SOS or refunds made due to overpayment of filing fees.

Funding Source: Holding Account Redistribution Fund

Implication of the Budget: The budget is \$85,000 for both FY 2008 and FY 2009. At this funding level, SOS can refund filing fees to senders in correlation with Corporation filings that are not accepted by SOS or refunds made due to overpayment of filing fees.

Technology Improvements

Program Description: This program is used for the storage and retrieval of all public data maintained in the SOS's office. This program also seeks to increase capabilities by providing online transactions, downloadable forms, and access to public records including corporate and UCC information.

Funding Source: SSR (Fund 5N9) and GSF (Fund 413)

Implication of the Budget: The budget is \$249,520 for both FY 2008 and FY 2009. This funding will allow for replacement of existing information technology hardware, enhancements to the agency's web capabilities, and upgrades to the current operating system. Approximately 1% of the revenue collected from filing fees is kept for the purpose of supporting this fund.

Program Series**3: Notary Services**

Purpose: The Notary Services program series is responsible for processing applications and issuing commissions for notaries public, attorney notaries public, special police officers, and ODNR Reserve Officers.

The following table shows the line items that are used to support the Notary Services program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
412	050-609	Notary Commission	\$685,249	\$685,249
General Services Fund Subtotal			\$685,249	\$685,249
Total Funding: Notary Services			\$685,249	\$685,249

Funding at the recommended level will support 3 FTEs. The following is an analysis of the single program in the Notary Services program series:

Notary Services

Program Description: The Notary Services program series is responsible for processing applications and issuing commissions for notaries public, attorney notaries public, special police officers, and Ohio Department of Natural Resources Reserve Officers. This program is also used for the issuance of new commissions and renewals, public inquiries regarding the status of applications, and processing duplicate commissions, which have been lost, or have had a legal name change.

Funding Source: GSF

Implication of the Budget: The budget is \$685,249 for both FY 2008 and FY 2009. SOS charges fees for the issuance of Notary Commissions. The fees collected are used to support the fund.

Program Series**4: Law Related Education**

Purpose: This program series is used to support a youth-for-justice anti-violence program in middle schools across Ohio. SOS serves as the sub-grantee for the federal grant awarded to the Ohio Center for Law Related Education.

The following table shows the line items that are used to fund the Law Related Education program series, as well as the FY 2008 - 2009 appropriations.

Fund	ALI	Title	FY 2008	FY 2009
Federal Special Services Fund				
3X4	050-612	Ohio Cntrl/Law Related Educ Grant	\$41,000	\$41,000
Federal Special Services Fund Subtotal			\$41,000	\$41,000
Total Funding: Law Related Education			\$41,000	\$41,000

There are no staff funded by this program. The following is an analysis of the single program in the Law Related Education program series:

Law Related Education

Program Description: This program series is used to support a youth-for-justice anti-violence program in middle schools across Ohio. SOS serves as the sub-grantee for the federal grant awarded to the Ohio Center for Law Related Education. This program also provides training for team advisors who teach students critical thinking skills to create safe, peaceful schools, and communities.

Funding Source: GSF

Implication of the Budget: The budget is \$41,000 for both FY 2008 and FY 2009. This program is funded through the federal Byrne Memorial Grant Program. The remainder is funded by the Office of Criminal Justice Services.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

SOS Secretary of State

GRF	050-321	Operating Expenses	\$ 2,594,084	\$ 2,493,876	\$ 3,784,726	\$ 2,585,000	-31.70%	\$ 2,585,000	0.00%
GRF	050-403	Election Statistics	\$ 106,072	\$ 101,800	\$ 103,936	\$ 103,936	0.00%	\$ 103,936	0.00%
GRF	050-407	Poll Workers Training	\$ 277,997	\$ 113,683	\$ 277,997	\$ 277,997	0.00%	\$ 277,997	0.00%
GRF	050-409	Litigation Expenditures	\$ 4,652	\$ 4,429	\$ 4,652	\$ 4,652	0.00%	\$ 4,652	0.00%
General Revenue Fund Total			\$ 2,982,805	\$ 2,713,788	\$ 4,171,311	\$ 2,971,585	-28.76%	\$ 2,971,585	0.00%
412	050-609	Notary Commission	\$ 189,249	\$ 671,753	\$ 685,249	\$ 685,249	0.00%	\$ 685,249	0.00%
413	050-601	Information Systems	\$ 95,624	\$ 246,286	\$ 169,955	\$ 119,955	-29.42%	\$ 119,955	0.00%
414	050-602	Citizen Education Fund	\$ 91,403	\$ 79,675	\$ 55,712	\$ 55,712	0.00%	\$ 55,712	0.00%
4S8	050-610	Board of Voting Machine Examiners	\$ 7,119	\$ 13,168	\$ 7,200	\$ 7,200	0.00%	\$ 7,200	0.00%
General Services Fund Group Total			\$ 383,395	\$ 1,010,882	\$ 918,116	\$ 868,116	-5.45%	\$ 868,116	0.00%
3AA	050-613	Federal Election Reform	\$ 266,936	---	\$ 0	\$ 0	N/A	\$ 0	N/A
3AH	050-614	Election Reform/Health and Human Services	---	\$ 187,956	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
3AR	050-615	2004 HAVA Voting Machines	\$ 2,753,385	\$ 20,352,450	\$ 0	\$ 0	N/A	\$ 0	N/A
3AS	050-616	2005 HAVA Voting Machines	\$ 61,037	\$ 75,447,514	\$ 28,344,668	\$ 4,750,000	-83.24%	\$ 2,750,000	-42.11%
3AT	050-617	Voter/Poll Worker Training	\$ 4,551,794	\$ 448,206	\$ 0	\$ 0	N/A	\$ 0	N/A
3X4	050-612	Ohio Center/Law Related Educational Grant	\$ 12,831	\$ 5,531	\$ 41,000	\$ 41,000	0.00%	\$ 41,000	0.00%
Federal Special Revenue Fund Group Total			\$ 7,645,984	\$ 96,441,656	\$ 29,385,668	\$ 5,791,000	-80.29%	\$ 3,791,000	-34.54%
599	050-603	Business Services Operating Expenses	\$ 13,815,685	\$ 13,686,996	\$ 13,761,734	\$ 13,761,734	0.00%	\$ 13,761,734	0.00%
5N9	050-607	Technology Improvements	\$ 129,197	\$ 139,549	\$ 129,565	\$ 129,565	0.00%	\$ 129,565	0.00%
State Special Revenue Fund Group Total			\$ 13,944,882	\$ 13,826,544	\$ 13,891,299	\$ 13,891,299	0.00%	\$ 13,891,299	0.00%
R01	050-605	Uniform Commercial Code Refunds	\$ 20,719	\$ 8,740	\$ 65,000	\$ 30,000	-53.85%	\$ 30,000	0.00%
R02	050-606	Corporate/Business Filing Refunds	\$ 77,004	\$ 39,960	\$ 100,000	\$ 85,000	-15.00%	\$ 85,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 97,723	\$ 48,699	\$ 165,000	\$ 115,000	-30.30%	\$ 115,000	0.00%
Secretary of State Total			\$ 25,054,789	\$ 114,041,570	\$ 48,531,394	\$ 23,637,000	-51.30%	\$ 21,637,000	-8.46%

Senate

Joseph Rogers, Senior Budget Analyst

- Primarily GRF-driven budget
- Language carries unencumbered GRF forward
- Largest expense: payroll

OVERVIEW

Duties and Responsibilities

The legislative branch of the state of Ohio includes the General Assembly, which is composed of two chambers: the Senate and the House of Representatives. Based on Article II of the Ohio Constitution, the General Assembly can be viewed as having three fundamental legislative powers: (1) the power to enact laws providing for the establishment, organization, and operation of government in Ohio, (2) the power to enact all manner of laws that promote the public peace, health, safety, and welfare, and (3) the power to levy and collect taxes for certain purposes. In terms of more specific legislative duties and responsibilities, the Senate:

- Enacts, in conjunction with the House of Representatives, new laws or amends or repeals existing laws;
- Adopts, in conjunction with the House of Representatives, joint, concurrent, and simple resolutions that generally are formal expressions of the opinions and wishes of the General Assembly and do not require approval of the Governor;
- Confirms members of state boards and commissions appointed by the Governor, the Attorney General, the Director of the Bureau of Workers' Compensation, and certain other agency heads who the Governor is authorized to appoint;
- Judges the election, returns, and qualifications of its members; and
- Conducts the trial should any impeachment proceedings be brought forth by the House of Representatives against the Governor, other executive officers, and state judges.

Members of the Ohio Senate are elected to four-year terms, and represent 33 separate districts, the boundaries of which are determined according to equal distributions of population. The elections in the Senate are staggered such that approximately half of the members are elected in each two-year election cycle. All members are subject to term limits prescribing no more than two consecutive four-year terms.

Agency in Brief

The following table selectively summarizes Senate appropriations and staffing information. Moneys appropriated from the GRF finance the Senate's annual operating expenses almost entirely. By far, its major cost component is personal service-related payroll expenses, in particular payments of salaries and wages, supplements, and fringe benefits.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
189	\$12.26 million	\$12.26 million	\$11.78 million	\$11.78 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007. For the Senate, this count includes the following number and category of employees: 33 Senators, 109 full-time permanent, 44 intermittent, and 3 part-time temporary.

ANALYSIS OF THE BUDGET

For budget purposes, as detailed below, the Senate is considered a single program series agency and its activities are not subdivided into separate programs.

Single Program Series

Operating Expenses

Purpose: To support the efforts of state senators, and their staffs, in the representation of their districts

The following table shows the line items that are used to fund the Senate, as well as the enacted appropriation levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	020-321	Operating Expenses	\$11,778,439	\$11,778,439
General Revenue Fund Subtotal			\$11,778,439	\$11,778,439
General Services Fund				
102	020-602	Senate Reimbursement	\$448,465	\$448,465
409	020-601	Miscellaneous Sales	\$34,497	\$34,497
General Services Fund Subtotal			\$482,962	\$482,962
Total Funding: Senate			\$12,261,401	\$12,261,401

Program Description: The Senate was established in 1802 and derives its authority from both Article II of the Ohio Constitution and Chapter 101. of the Revised Code. The primary role of the Senate is to consider bills, which may alter existing law or create new law, and resolutions, which are formal expressions of the wishes and opinions of the Senate. The Senate also provides advice and consent on gubernatorial appointments to various state boards and commissions.

Funding Source: (1) GRF, (2) sale of flags and other items to the general public, (3) moneys from salvage and recycling of equipment, materials, and supplies, and (4) miscellaneous reimbursements, such as those received for overpayment of medical insurance

Implication of the Budget: The enacted budget provides a level of funding that should be sufficient for the Senate to maintain its FY 2007 staffing and service levels for the FY 2008 - 2009 biennium, including covering the payroll costs and obligations associated with 33 Senators and around 120 full-time and 40 part-time staff.

Temporary Law

Section 395.10 of the enacted budget contains a temporary law provision requiring the Director of the Office of Budget and Management, at the direction of the Clerk of the Senate, to transfer any of the Senate's unencumbered GRF appropriations from FY 2007 to FY 2008, and similarly, from FY 2008 to FY 2009. The main appropriations act of the 126th General Assembly, Am. Sub. H.B. 66, contained a similar provision relative to the transfer of the line item's unencumbered appropriations from FY 2005 to FY 2006, and from FY 2006 to FY 2007.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2007 Adj. *FY 2008* *% Change* *FY 2009* *% Change*
FY 2005: *FY 2006: Appropriations:* *Appropriations:* *2007 to 2008:* *Appropriations:* *2008 to 2009:*

Report For: Main Operating Appropriations Bill

Version: Enacted

SEN Senate

Agency	Description	FY 2005	FY 2006	FY 2007 Adj.	FY 2008	% Change 2007 to 2008	FY 2009	% Change 2008 to 2009
GRF 020-321	Operating Expenses	\$ 10,342,417	\$ 10,811,089	\$ 11,661,821	\$ 11,778,439	1.00%	\$ 11,778,439	0.00%
General Revenue Fund Total		\$ 10,342,417	\$ 10,811,089	\$ 11,661,821	\$ 11,778,439	1.00%	\$ 11,778,439	0.00%
102 020-602	Senate Reimbursement	\$ 5,673	\$ 48,765	\$ 444,025	\$ 448,465	1.00%	\$ 448,465	0.00%
409 020-601	Miscellaneous Sales	\$ 4,307	\$ 15,116	\$ 15,000	\$ 34,497	129.98%	\$ 34,497	0.00%
General Services Fund Group Total		\$ 9,980	\$ 63,881	\$ 459,025	\$ 482,962	5.21%	\$ 482,962	0.00%
Senate Total		\$ 10,352,397	\$ 10,874,970	\$ 12,120,846	\$ 12,261,401	1.16%	\$ 12,261,401	0.00%

Commissioners of the Sinking Fund

Ruhaiza Ridzwan, Economist

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

OVERVIEW

Duties and Responsibilities

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 operating budget (ALI 090-401).

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, and highways.

The Sinking Fund is also required under the Ohio Constitution and Revised Code to prepare and publish a semiannual report, which includes financial statements of the state's general obligation bonds, debt service requirements, and funding sources.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
0	\$915.2 million	\$1.03 billion	\$0	\$0	Am. Sub. H. B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Appropriations

In FY 2008 and FY 2009, the appropriations for the Sinking Fund are \$915,151,600 and \$1,033,906,900, respectively. Appropriations in FY 2008 are \$95,061,095 more than FY 2007 adjusted appropriations, an 11.59% increase. Appropriations for FY 2009 are \$118,755,300 higher than FY 2008 appropriations, a 12.98% increase. The appropriations will provide continuing funding for debt service payments and administrative expenses related to state general obligations administered by the Commissioners of the Sinking Fund.

Summary of FYs 2008 - 2009 Budget Issues

Bond Trustees Place of Business

The enacted Am. Sub. H.B. 119 modifies the requirement regarding trust agreements between the state and a corporate trustee to secure obligations for various state-issued bonds by replacing the requirement that the trustee's principal place of business must be in Ohio with a requirement that the trustee have a place of business in Ohio.

ANALYSIS OF THE BUDGET

Single Program Series

General Obligations Debt Retirement

Purpose: The General Obligations Debt Retirement program series provides for debt service payments related to certain state general obligation bonds.

The following table shows the line items that are used to fund General Obligations Debt Retirement.

Fund	ALI	Title	FY 2008	FY 2009
Debt Service Fund				
DSF	155-902	Highway Capital Improvements Bond Retirement Fund	\$202,694,900	\$205,139,500
DSF	155-903	Natural Resources Bond Retirement Fund	\$24,713,800	\$25,723,000
DSF	155-904	Conservation Projects Bond Service Fund	\$14,847,200	\$19,779,200
DSF	155-905	Third Frontier Research and Development Retirement Fund	\$14,349,500	\$25,023,400
DSF	155-906	Coal Research/Development Bond Retirement Fund	\$7,232,400	\$8,192,500
DSF	155-907	State Capital Improvement Bond Retirement Fund	\$178,713,600	\$189,296,300
DSF	155-908	Common Schools Bond Retirement Fund	\$292,268,400	\$342,148,300
DSF	155-909	Higher Education Bond Retirement Fund	\$175,972,400	\$210,372,200
DSF	155-912	Job Ready Site Development Bond Retirement Fund	\$4,359,400	\$8,232,500
Debt Service Fund Subtotal			\$915,151,600	\$1,033,906,900
Total Funding: General Obligations Debt Retirement			\$915,151,600	\$1,033,906,900

General Obligations Debt Retirement

Program Description: The Commissioners of the Sinking Fund manage and pay debt service and other associated costs on certain general obligation bonds that are authorized by the state constitution and the legislature for specific purposes.

Highway Capital Improvements Bond Retirement Fund

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, approved by voters on November 7, 1995. 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. The issue has "rollover" authority, so additional bonds may be issued as other bonds are retired.

Funding Source: Gasoline Excise Tax

Implication of the Budget: The appropriations will allow for the continued payment of debt service on bonds.

Natural Resources Bond Retirement Fund

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 21, Article VIII of the Ohio Constitution, approved by voters on November 2, 1993. 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 the GRF.

Funding Source: GRF

Implication of the Budget: The appropriations will allow for the continued payment of debt service on bonds.

Conservation Projects Bond Service Fund

This line item pays debt service on bonds issued to provide moneys for conservation purposes. The bonds are issued under the authority of Section 20, Article VIII of the Ohio Constitution, approved by voters on November 7, 2000. It was implemented under Am. Sub. H.B. 3 of the 124th General Assembly. Funds to pay the debt service are transferred to this non-GRF account from the GRF.

Funding Source: GRF

Implication of the Budget: The appropriations will allow for the continued payment of debt service on bonds.

Third Frontier Research and Development Retirement Fund

This line item pays debt service on bonds issued to provide moneys for Third Frontier Research and Development purposes. The bonds are issued under the authority of Section 2p of Article VIII of the Ohio Constitution, approved by voters on November 8, 2005. It was implemented under S.B. 236 of the 126th General Assembly. Funds to pay the debt service are transferred to this non-GRF account from the GRF. The corresponding GRF line item, 195-905 Third Frontier Research & Development General Obligation Debt Service is in the Department of Development's budget.

Funding Source: GRF

Implication of the Budget: The appropriations will allow for the continued payment of debt service on bonds.

Coal Research and Development Bond Retirement Fund

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 of Article VIII of the Ohio Constitution, approved by voters on November 5, 1985. 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 the GRF.

Funding Source: GRF

Implication of the Budget: The appropriations will allow for the continued payment of debt service on bonds.

State Capital Improvements Bond Retirement Fund

This line item pays debt service on bonds issued to provide moneys for local infrastructure projects financed by the Public Works Commission. Formerly, this money has come from a line item in the Treasurer of State's budget. Now funding comes from GRF line item 150-907 under the budget for the Public Works Commission.

Funding Source: GRF

Implication of the Budget: The appropriations will allow for the payment of debt service on bonds.

Common Schools Bond Retirement Fund

This line item pays debt service on bonds issued to provide moneys for common schools. The corresponding GRF line item 230-908 is in the School Facilities Commission's budget.

Funding Source: GRF

Implication of the Budget: The appropriations will allow for the payment of debt service on bonds.

Higher Education Bond Retirement Fund

This line item pays debt service on bonds issued to provide moneys for higher education. The corresponding GRF line item 235-909 is in the budget for the Board of Regents.

Funding Source: GRF and proceeds from the issuance of debt

Implication of the Budget: The appropriations will allow for the payment of debt service on bonds.

Job Ready Site Development Bond Retirement Fund

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 of Article VIII of the Ohio Constitution, approved by voters on November 8, 2005. It was implemented under S.B. 236 of the 126th General Assembly. Funds to pay the debt service are transferred to this non-GRF account from the GRF. This line item pays debt service on bonds issued to provide moneys to improve local government infrastructure, support research and development applicable to high-tech business, and enhance business site development. The corresponding GRF line item 195-912, Job Ready Site Development General Obligation Debt Service is in the Department of Development's budget.

Funding Source: GRF

Implication of the Budget: The appropriations will allow for the payment of debt service on bonds.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill					Version: Enacted				
CSF	<i>Sinking Fund, Commissioners of</i>								
070	155-905	Third Frontier Research and Development Bond Retirement Fund	----	----	\$ 14,127,655	\$ 14,349,500	1.57%	\$ 25,023,400	74.39%
071	155-901	Highway Obligation Bond Retirement Fund	\$ 10,511,935	----	\$ 0	\$ 0	N/A	\$ 0	N/A
072	155-902	Highway Capital Improvement Bond Retirement Fund	\$ 168,409,198	\$ 181,163,642	\$ 198,718,747	\$ 202,694,900	2.00%	\$ 205,139,500	1.21%
073	155-903	Natural Resources Bond Retirement Fund	\$ 23,406,932	\$ 25,373,565	\$ 21,728,300	\$ 24,713,800	13.74%	\$ 25,723,000	4.08%
074	155-904	Conservation Projects Bond Service Fund	\$ 10,160,257	\$ 9,916,551	\$ 14,127,655	\$ 14,847,200	5.09%	\$ 19,779,200	33.22%
076	155-906	Coal Research and Development Bond Retirement Fund	\$ 9,031,125	\$ 7,053,193	\$ 6,975,701	\$ 7,232,400	3.68%	\$ 8,192,500	13.27%
077	155-907	State Capital Improvement Bond Retirement Fund	\$ 151,887,149	\$ 157,571,484	\$ 174,921,265	\$ 178,713,600	2.17%	\$ 189,296,300	5.92%
078	155-908	Common Schools Bond Retirement Fund	\$ 163,216,965	\$ 188,885,689	\$ 231,683,865	\$ 292,268,400	26.15%	\$ 342,148,300	17.07%
079	155-909	Higher Education Bond Retirement Fund	\$ 124,796,702	\$ 134,230,210	\$ 154,365,312	\$ 175,972,400	14.00%	\$ 210,372,200	19.55%
090	155-912	Job Ready Site Development Bond Retirement Fund	----	----	\$ 3,442,005	\$ 4,359,400	26.65%	\$ 8,232,500	88.84%
Debt Service Fund Group Total			\$ 661,420,263	\$ 704,194,334	\$ 820,090,505	\$ 915,151,600	11.59%	\$ 1,033,906,900	12.98%
<i>Sinking Fund, Commissioners of Total</i>			\$ 661,420,263	\$ 704,194,334	\$ 820,090,505	\$ 915,151,600	11.59%	\$ 1,033,906,900	12.98%

Board of Tax Appeals

Phil Cummins, Economist

- Caseload is growing and further rise appears likely
- Delays in terminating cases may result, as staffing was cut by one-third a few years ago

OVERVIEW

The Board of Tax Appeals (BTA) provides an expert forum outside the court system to resolve controversies between taxpayers and taxing authorities in a timely and cost-effective way while still satisfying due process requirements. With a budget of about \$2.3 million and 22 employees including the three board members, BTA renders decisions on the 1,600 to 1,900 appeals filed with it in most years. The agency aims to terminate cases within 12 months of filing, though some take longer than this. BTA is an independent, quasi-judicial, single-purpose body, established in 1939 within the Department of Taxation. The Board has operated as a separate agency since 1976. It is comprised of three members appointed by the Governor for six-year terms. The staff includes attorney examiners who manage cases and preside at evidentiary hearings to determine the facts of these cases as the basis for decisions taken by vote of the Board members. Attorney examiners also conduct mediation sessions.

Duties and Responsibilities

BTA's three board members are authorized to determine all appeals regarding questions arising under Ohio tax laws, other than estate taxes. Most appeals to BTA arise from real estate valuations by county boards of revision. Cases also arise from appeals of determinations or of rules adopted by the Tax Commissioner, including the Division of Tax Equalization. Another source of cases is appeals of allocations by county budget commissioners of tax receipts to political subdivisions. Decisions by the Director of the Department of Development that enterprises are not qualified for tax incentive qualification certificates may be appealed to BTA. Beginning with tax year 2004, appeals of decisions of municipal boards of appeal regarding municipal income tax obligations were added to BTA's responsibilities. Decisions of the Board of Tax Appeals may themselves be appealed to either the appropriate Ohio Court of Appeals or directly to the Ohio Supreme Court.

BTA is funded entirely from the GRF. More than 90% of the agency's budget is for payroll costs. Tight budgets in the first half of this decade led to reduction in the Board's staff by one-third. BTA's ongoing challenge is to provide high quality decisions in a timely manner on appeals filed with the agency. BTA was able to realize efficiencies in its operations and continue to terminate cases in a timely manner following staffing cuts. However, continued timely termination of cases may be increasingly problematic.

In FY 2007, 2,031 appeals were filed with BTA, one of the highest levels in recent years at the agency except for FY 2003 when an Ohio Supreme Court procedural decision resulted in 1,100 cases being dismissed and refiled. The total number of decisions issued in the latest year, 1,917, was the fewest in more than a decade. However, the total number of appeals terminated increased, but remained below case termination rates in FY 2000 through FY 2005. Appeals pending at year-end, 2,320, was the highest since FY 2000.

A number of developments make likely further increases in BTA's caseload. The agency's responsibility for municipal income tax cases is resulting in appeals both by city tax directors and by individuals and businesses. The new commercial activity tax is likely to result in appeals to BTA, though that had not yet occurred as of early August 2007. The absence of a well-established body of case law implies more gray areas and a longer decision process. The phaseout of taxation of most tangible personal property in the state may result in additional efforts to have business property classified as personal rather than real. Property tax exemptions may continue to be contested. The agency can be expected to continue to receive filings of public utility and personal income tax cases. Property tax reappraisals in some larger counties in tax years 2005 and 2006 will likely tend to result in an upturn in caseload in CY 2007 and CY 2008.

Total staffing on June 30 was 22 including one part-time attorney examiner. The number of employees shown in the table below, 21, was as of June 15. In addition, BTA has an open position to replace another attorney examiner. The three Board members are full-time employees of the agency and are included in these numbers.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
21	\$2,247,476	\$2,281,188	\$2,247,476	\$2,281,188	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Tax Dispute Resolution

Purpose: To hear and determine all appeals regarding questions of law and fact arising under the tax laws of the state of Ohio

The following table shows the line item that is used to fund the tax dispute resolution program, including the funding levels for the current biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	116-321	Operating Expenses	\$2,247,476	\$2,281,188
General Revenue Fund Subtotal			\$2,247,476	\$2,281,188
Total Funding: Tax Dispute Resolution			\$2,247,476	\$2,281,188

Program Description: The Board of Tax Appeals conducts evidentiary hearings on appeals of tax cases from county boards of revision, determinations by the Tax Commissioner, and other sources. These hearings serve as the basis for decisions by Board members. BTA also conducts voluntary mediation sessions, which often save money for appellants and make more efficient use of BTA resources.

Funding Source: GRF

Implication of the Budget: The budget provides for a 1.6% increase in BTA funding for FY 2008 from the adjusted appropriation for FY 2007, and a 1.5% increase for FY 2009. The agency testified in May 2007 that BTA's FY 2009 total appropriation would require the agency to lay off staff in that year, and that the average time to terminate cases would likely increase because of the rise in appeals filed in FY 2007.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
BTA Tax Appeals, Board of							
GRF 116-321 Operating Expenses	\$ 2,035,288	\$ 1,976,715	\$ 2,211,035	\$ 2,247,476	1.65%	\$ 2,281,188	1.50%
General Revenue Fund Total	\$ 2,035,288	\$ 1,976,715	\$ 2,211,035	\$ 2,247,476	1.65%	\$ 2,281,188	1.50%
Tax Appeals, Board of Total	\$ 2,035,288	\$ 1,976,715	\$ 2,211,035	\$ 2,247,476	1.65%	\$ 2,281,188	1.50%

Department of Taxation

Ruhaiza Ridzwan, Economist

- The Department will continue to implement the tax reforms enacted in the last General Assembly
- The enacted budget appropriates a modest increase in administrative funding of 0.7% for FY 2008 and 0.4% for FY 2009

OVERVIEW

The Ohio Department of Taxation is responsible for the administration and enforcement of most state and locally levied taxes. The Tax Commissioner administers all state taxes except the insurance taxes and the motor vehicle license tax. Under the categories of administration and enforcement, the Department performs such duties as registering taxpayers, processing tax returns, determining tax liabilities, issuing refunds and assessments, conducting audits, and enforcing Ohio tax laws. In addition, the Department of Taxation oversees the administration of the real property tax by local governments. The Department employs 1,795 employees.

The Department of Taxation is also responsible for determining the amounts of various revenue distributions to local governments, including motor fuel tax distributions, reimbursement of local governments for property tax relief, permissive sales and use tax distributions, and allocations to counties from the Library and Local Government Support Fund (LLGSF), Local Government Fund (LGF), and Local Government Revenue Assistance Fund (LGRAF) and the proposed Local Communities Fund (LCF) and Local Libraries Fund (LLF) in H.B. 119 of the 127th General Assembly.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
1,795	\$2.19 billion	\$2.20 billion	\$548.24 million	\$576.04 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.¹²

Appropriations

The budget provides the Department of Taxation with GRF administrative appropriations of \$92,111,742 for FY 2008. This amount is \$600,000 or 0.7% higher than adjusted FY 2007 appropriations. Administrative GRF appropriations for FY 2009 are \$92,511,742. This amount is \$400,000 or 0.4% higher than FY 2008 appropriations. The two line items that account for GRF administrative funding are 110-321, Operating Expenses and 110-412, Child Support Administration. This does not include GRF moneys (such as property tax relief) that are simply distributed by the Department of Taxation.

¹² Total employees include full-time, part-time, and intermittent employees. The intermittent employees are employed to process tax documents during peak tax returns season.

The budget provides the Department with total administrative appropriations of \$141,428,597 for FY 2008. This amount is \$344,435 higher than adjusted 2007 appropriations, an increase of 0.2%. Administrative appropriations for FY 2009 are \$142,491,631. This amount is \$1,063,034 greater than FY 2008, an increase of 0.8%. These amounts do not include funds that are simply distributed by the Department of Taxation.

Total appropriations for the Department of Taxation are \$1,730,028,597 for FY 2008 and \$1,711,991,631 for FY 2009. The FY 2008 appropriations represent a decrease of \$16,455,565 (0.9%) from the previous year. Total appropriations for FY 2009 are decreased by \$18,036,966 (1%) from FY 2008. (These amounts do not include Property Tax Relief funds that are distributed by the Department of Taxation, \$456,131,127 in FY 2008 and \$483,202,599 in FY 2009.)

Summary of FYs 2008 - 2009 Budget Issues

State Tax Accounting Revenue System

The Office of Information Technology (OIT) is authorized to acquire the State Taxation Accounting and Revenue System (STARS), an integrated tax collection and audit system that will replace all of the current tax software and administration systems used to collect state taxes for the Department of Taxation. If OIT uses a lease-purchase arrangement to acquire STARS, the arrangement must provide that STARS becomes the property of the state at the end of the lease period.

Prompt Deposit of Tax Payments

The Tax Commissioner and Treasurer of State are required to adopt policies and procedures enabling tax payments to be deposited or credited within 30 days of initial receipt.

Public Disclosure Of Cigarette and Other Tobacco Product Entities

The Tax Commissioner is authorized to disclose a list of cigarette manufacturers and importers, licensed cigarette wholesalers, and registered manufacturers, importers, and brokers of other tobacco products on the Department of Taxation web site.

Utility Property Tax Administrative Fee Compensation

Administrative fee compensation payments are limited in 2007 and thereafter, not to exceed the compensation paid in 2006, due to the reductions in public utility property taxes to counties.

Property Tax Administration Fund

The fee collected by the state for administration of property taxes based upon taxes charged and payable for the preceding tax year against public utility personal property and tangible personal property is raised from 0.6% to 0.725% for FY 2009 and thereafter. The fee is excised from property tax distributions to local taxing units.

Table 1, shows the Department of Taxation's total appropriations by program series in FY 2008 and FY 2009.

Table 1: Total Budget By Program Series		
Program Series	FY 2008	FY 2009
Program 1.1: Taxpayer Services Total	\$25,614,999	\$23,057,826
Program 1.2: Tax Processing Total	\$16,604,437	\$14,769,371
Program 1.3: Tax Compliance Total	\$54,889,147	\$59,562,092
Program 1.4: Tax Policy and Analysis Total	\$8,538,334	\$9,485,662
Program 1.5: Local Government Services Total	\$35,781,680	\$35,616,680
Subtotal Program 1: Tax Administration	\$141,428,597	\$142,491,631
Program 2.1: Revenue Accounting Total	\$1,588,600,000	\$1,569,500,000
Subtotal Program 2: Revenue Distribution	\$1,588,600,000	\$1,569,500,000
Program 3.1: Property Tax Relief	\$456,131,127	\$483,202,599
Subtotal Program 3: Property Tax Relief	\$456,131,127	\$483,202,599
Grand Total	\$2,186,159,724	\$2,195,194,230

The following charts show total appropriations by fund group and program series for the Department of Taxation in FY 2008 - 2009 biennium. Total appropriations do not include \$939,333,726 in Property Tax Relief Distributions (Program Series 3). These appropriations are distributed by the Department of Taxation to local governments.

Chart 1: Total Appropriations by Fund Group

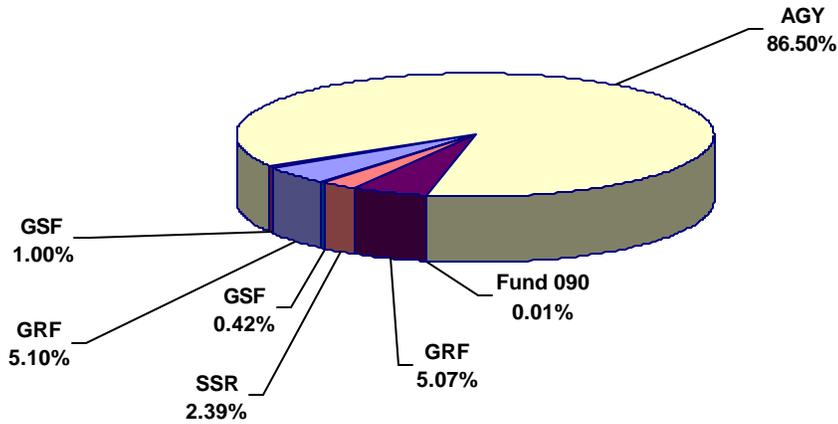
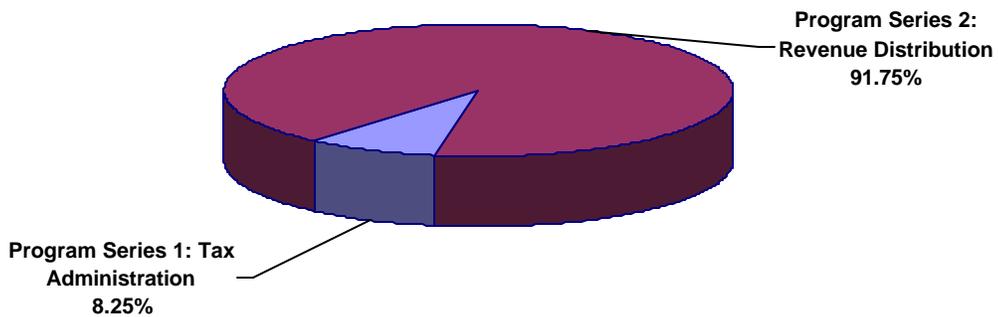


Chart 2: Total Appropriations by Program Series



ANALYSIS OF THE BUDGET

Program Series

1: Tax Administration

Purpose: Administer the state's tax laws to ensure compliance in filing and payment of taxes and to determine tax liabilities.

The following table shows the line items that are used to fund the Tax Administration program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	110-321	Operating Expenses	\$92,040,062	\$92,440,062
GRF	110-412	Child Support Administration	\$71,680	\$71,680
GRF	110-404	Tobacco Settlement Enforcement ¹³	\$0	\$328,034
General Revenue Fund Subtotal			\$92,111,742	\$92,839,776
State Special Revenue Fund				
SSR	110-605	Municipal Income Administration	\$500,000	\$500,000
SSR	110-606	Litter Tax and Natural Resources Administration	\$675,000	\$800,000
SSR	110-607	Local Tax Administration	\$17,250,000	\$17,250,000
SSR	110-608	Motor Vehicle Audit	\$1,200,000	\$1,200,000
SSR	110-609	School District Income Tax	\$3,600,000	\$3,600,000
SSR	110-610	Tire Tax Administration	\$125,000	\$150,000
SSR	110-614	Cigarette Tax Enforcement	\$600,000	\$600,000
SSR	110-615	Local Excise Tax Administration	\$100,000	\$100,000
SSR	110-616	International Registration Plan	\$210,000	\$180,000
SSR	110-618	Kilowatt Hour Tax Administration	\$706,855	\$706,855
SSR	110-622	Motor Fuel Tax Administration	\$125,000	\$175,000
SSR	110-623	Property Tax Administration	\$4,700,000	\$5,000,000
State Special Revenue Fund Subtotal			\$42,691,855	\$43,161,855
General Services Fund				
GSF	110-602	Tape File Account	\$125,000	\$140,000
GSF	110-625	Centralized Tax Filing & Payment	\$400,000	\$200,000
GSF	110-627	Exempt Facility Administration	\$100,000	\$150,000
GSF	110-629	Commercial Activity Tax Administration	\$6,000,000	\$6,000,000
General Services Fund Subtotal			\$6,625,000	\$6,490,000
Total Funding: Tax Administration			\$141,428,597	\$141,491,631

¹³ Before FY 2009, a similar line item was funded from the Tobacco Budget. Sub. S.B. 231 appropriated \$328,034 for FY 2007 and \$328,034 for FY 2008.

This analysis focuses on the following specific programs within the Tax Administration program series:

- **Program 1.1: Taxpayer Services**
- **Program 1.2: Tax Processing**
- **Program 1.3: Tax Compliance**
- **Program 1.4: Tax Policy And Analysis**
- **Program 1.5: Local Government Services**

Program 1.1: Taxpayer Services

Program Description: To administer Ohio's tax laws, efficiently and cost effectively, administration involves registering taxpayers, processing tax returns, determining tax liabilities, issuing refunds and assessments, and enforcing Ohio tax laws. The Taxpayer Services program provides the delivery of services to the taxpayers as a means of increasing tax compliance.

Funding Source: GRF

Implication of the Budget: The budget provides the Taxpayer Services program with total GRF appropriations of \$25,614,999 in FY 2008 and \$23,057,826 in FY 2009.

Program 1.2: Tax Processing

Program Description: This program provides for all processing services of tax returns and related documents.

Funding Source: GRF and Litter Tax and Natural Resources Administration Fund (Fund 437).

Implication of the Budget: The budget provides the Tax Processing program with total appropriations of \$16,604,437 for FY 2008. Appropriations for FY 2009 are \$14,769,371.

Program 1.3: Tax Compliance

Program Description: This program conducts audits of taxpayers' returns and records for mathematical accuracy, evaluates the substantial correctness (which identifies areas of underpayment or overpayment of tax), and issues notices and assessments to taxpayers who have not paid tax liabilities. This program also provides for the matching of persons delinquent in child support payments with taxpayers due an Ohio income tax refund. This program also reviews appeals of Tax Commissioner findings in tax disputes. The Department provides the first level of appeal. Determinations of the Department may then be appealed to the Board of Tax Appeals. Tax compliance also includes enforcement and investigation activities associated with the investigation of fraud, coordinated efforts with other enforcement agencies, tracking of evidence, and testimony for trial cases.

Funding Source: State GRF; percentages of Commercial Activity Tax, federal grants for fuel tax collection and enforcement, tire tax, and cigarette license taxes; exempt facility fees, International Registration Plan (IRP) fees, and motor vehicle title fees and portions of the receipts from the motor fuel taxes

Implication of the Budget: The budget provides the Tax Compliance program with total appropriations of \$54,889,147 for FY 2008. Appropriations for FY 2009 are \$59,562,092. This amount

is \$4,672,945 greater than FY 2008, an increase of 8.5%. The appropriations include funding of \$328,034 in FY 2009 for tobacco settlement enforcement.

Program 1.4: Tax Policy and Analysis

Program Description: This program provides administrative, advisory, and technical assistance to the legislative and executive branches, while working closely with industry, trade groups, professional organizations, and the media. The program also facilitates tax policy, monitors and analyzes tax legislation, and provides legal counsel necessary for the management of tax-related legal issues and bankruptcy cases.

Funding Source: GRF

Implication of the Budget: The budget provides the Tax Policy and Analysis program with total GRF appropriations of \$8,538,334 in FY 2008 and \$9,485,662 in FY 2009. This program is fully funded by the GRF.

Program 1.5: Local Government Services

Program Description: This program provides information and assistance to local governments and school districts. This program also provides for the administration of some local taxes.

Funding Source: GRF, GSF, and SSR

Implication of the Budget: The budget provides the Local Government Services program with total appropriations of \$35,781,680 for FY 2008. Appropriations for FY 2009 are \$35,616,680. This amount is \$165,000 or 0.5% lower than FY 2008. The appropriations provide the offset costs associated with various local government tax and fee administration and the funding needed to modernize the computer systems, methods of filing, and taxpayer services.

Program Series

2: Revenue Distribution

Purpose: Distribute revenue by law to the intended parties

The following table shows the line items that are used to fund the Revenue Distribution program series.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF	110-631	Vendor's License Application	\$1,000,000	\$1,000,000
General Services Revenue Fund Subtotal			\$1,000,000	\$1,000,000
State Special Revenue Fund				
SSR	110-613	Ohio Political Party Distribution	\$600,000	\$600,000
State Special Revenue Fund Subtotal			\$600,000	\$600,000
Agency Fund				
AGY	110-901	Municipal Income Tax	\$21,000,000	\$21,000,000
AGY	110-635	Tax Refunds	\$1,565,900,000	\$1,546,800,000
Agency Fund Subtotal			\$1,586,900,000	\$1,567,800,000
Holding Account Redistribution Fund				
R10	110-611	Tax Distributions	\$50,000	\$50,000
R11	110-612	Miscellaneous Income Tax Receipts	\$50,000	\$50,000
Holding Account Redistribution Fund Subtotal			\$100,000	\$100,000
Total Funding: Revenue Distribution			\$1,588,600,000	\$1,569,500,000

This analysis focuses on the following specific program within the program series:

■ **Program 2.1: Refunds and Distributions**

Program 2.1: Refunds and Distributions

Program Description: There are six line items under this program series: Vendor's License Application, Ohio Political Party Distributions, Municipal Income Tax, Tax Refunds, Tax Distributions, and Miscellaneous Income Tax Receipts.

Line item 110-631, Vendor's License Application, holds the fees from vendors license registration collected by the Department of Taxation on behalf of county auditors and distributed to applicable counties.

Line item 110-613, Ohio Political Party Distributions, provides qualifying political parties quarterly payments based upon check-offs made by taxpayers on their state income tax returns. For each qualifying party, one-half of the receipts go to the treasurer of the state executive committee of the party, and one-half goes to the treasurers of the county executive committees. The Department of Taxation determines each county committee's share by the ratio of the number of checkoffs in that county to the statewide number of checkoffs.

Line item 110-995, Municipal Income Tax, holds the receipts from the municipal income tax on electric companies collected by the Department of Taxation and wholly distributed to applicable

municipalities that impose the city income tax after the deduction of an administrative fee paid to the Department.

Line item 110-635, Tax Refunds, is used to pay refunds for taxes or fees that have been overpaid or illegally or erroneously assessed and collected. The refunds are paid from amounts from current receipts of the same tax or fee for which the refund arose.

Line items 110-611 and 110-612, Tax Distributions and Miscellaneous Income Tax Receipts, are holding accounts for the Department of Taxation. They are used to temporarily hold checks for sales tax or personal income tax when there is uncertainty as to the proper disposition of the tax payment. The distributions from these funds vary greatly from year to year.

Funding Source: GSF, SSR, AGY, and Fund 090 (Holding Account Redistribution Fund)

Implication of the Budget: The budget provides the Refunds and Distributions program with total appropriations of \$1,588,600,000 for FY 2008. Appropriations for FY 2009 are \$1,569,500,000. This amount is \$19,100,000 or 1.2% lower than FY 2008. All of the funds are nonoperating funds and only used for the distribution of refunds, local revenue, local fees, payments to political parties, and misdirected payments.

Program Series**3: Property Tax Relief**

Purpose: Reimburse local governments (other than schools) for state property tax relief programs.

The following table shows the line items that are used to fund the Property Tax Relief program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	110-901	Property Tax Allocation – TAX	\$446,953,165	\$478,613,618
GRF	110-906	Tangible Tax Exemption – TAX	\$9,177,962	\$4,588,981
General Revenue Fund Subtotal			\$456,131,127	\$483,202,599
Total Funding: Property Tax Relief			\$456,131,127	\$483,202,599

This analysis focuses on the following specific program within the program series:

■ **Program 3.1: Property Tax Relief**

Program Description: The two line items under this program series provide for the reimbursement of local governments other than school districts for the revenues lost due to property tax relief programs.

Funding Source: GRF

Implication of the Budget: All of the funding is used for the distribution of property tax relief to local governments.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2007 Adj. **FY 2008** % Change **FY 2009** % Change
 FY 2005: FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

TAX Taxation, Department of

Agency	Line Item	Description	FY 2005	FY 2006	FY 2007 Adj.	FY 2008	% Change 2007 to 2008	FY 2009	% Change 2008 to 2009
GRF	110-321	Operating Expenses	\$ 84,416,330	\$ 93,557,151	\$ 91,439,754	\$ 92,040,062	0.66%	\$ 92,440,062	0.43%
GRF	110-404	Tobacco Settlement Enforcement	----	----	----	\$ 0	N/A	\$ 328,034	N/A
GRF	110-412	Child Support Administration	\$ 66,334	\$ 34,775	\$ 71,988	\$ 71,680	-0.43%	\$ 71,680	0.00%
GRF	110-901	Property Tax Allocation - Taxation	\$ 474,166,507	\$ 451,904,945	\$ 431,230,935	\$ 446,953,165	3.65%	\$ 478,613,618	7.08%
GRF	110-906	Tangible Tax Exemption - Taxation	\$ 22,412,510	\$ 17,930,008	\$ 13,766,942	\$ 9,177,962	-33.33%	\$ 4,588,981	-50.00%
General Revenue Fund Total			\$ 581,061,681	\$ 563,426,879	\$ 536,509,619	\$ 548,242,869	2.19%	\$ 576,042,375	5.07%
228	110-628	Tax Reform System Implementation	----	----	\$ 7,000,000	\$ 0	-100.00%	\$ 0	N/A
433	110-602	Tape File Account	\$ 69,302	\$ 79,202	\$ 96,165	\$ 125,000	29.98%	\$ 140,000	12.00%
5BQ	110-629	Commercial Activity Tax Administration	----	\$ 3,899,356	\$ 500,000	\$ 6,000,000	1,100.00%	\$ 6,000,000	0.00%
5BW	110-630	Tax Amnesty Promotion and Administration	----	\$ 1,044,871	\$ 0	\$ 0	N/A	\$ 0	N/A
5CZ	110-631	Vendor's License Application	----	\$ 93,925	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
5W4	110-625	Centralized Tax Filing and Payment	\$ 1,233,320	\$ 1,102,193	\$ 2,000,000	\$ 400,000	-80.00%	\$ 200,000	-50.00%
5W7	110-627	Exempt Facility Administration	----	\$ 25,000	\$ 36,000	\$ 100,000	177.78%	\$ 150,000	50.00%
General Services Fund Group Total			\$ 1,302,622	\$ 6,244,548	\$ 10,632,165	\$ 7,625,000	-28.28%	\$ 7,490,000	-1.77%
3J6	110-601	Motor Fuel Compliance	\$ 18,715	\$ 105	\$ 25,000	\$ 0	-100.00%	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 18,715	\$ 105	\$ 25,000	\$ 0	-100.00%	\$ 0	N/A
435	110-607	Local Tax Administration	\$ 13,801,402	\$ 16,121,773	\$ 16,394,879	\$ 17,250,000	5.22%	\$ 17,250,000	0.00%
436	110-608	Motor Vehicle Audit	\$ 1,224,147	\$ 1,255,728	\$ 1,350,000	\$ 1,200,000	-11.11%	\$ 1,200,000	0.00%
437	110-606	Litter Tax and Natural Resource Tax Administration	\$ 422,835	\$ 592,026	\$ 625,232	\$ 675,000	7.96%	\$ 800,000	18.52%
438	110-609	School District Income Tax	\$ 2,598,340	\$ 2,588,788	\$ 2,599,999	\$ 3,600,000	38.46%	\$ 3,600,000	0.00%
4C6	110-616	International Registration Plan	\$ 644,625	\$ 693,398	\$ 706,855	\$ 706,855	0.00%	\$ 706,855	0.00%
4R6	110-610	Tire Tax Administration	\$ 60,972	\$ 56,887	\$ 65,000	\$ 125,000	92.31%	\$ 150,000	20.00%
5N5	110-605	Municipal Income Tax Administration	\$ 393,691	\$ 299,100	\$ 265,000	\$ 500,000	88.68%	\$ 500,000	0.00%
5N6	110-618	Kilowatt Hour Tax Administration	\$ 85,000	\$ 72,543	\$ 85,000	\$ 125,000	47.06%	\$ 175,000	40.00%
5V7	110-622	Motor Fuel Tax Administration	\$ 3,570,506	\$ 4,299,239	\$ 4,397,263	\$ 4,700,000	6.88%	\$ 5,000,000	6.38%
5V8	110-623	Property Tax Administration	\$ 12,232,812	\$ 12,052,460	\$ 12,967,102	\$ 13,500,000	4.11%	\$ 13,500,000	0.00%
639	110-614	Cigarette Tax Enforcement	\$ 121,150	\$ 161,071	\$ 158,925	\$ 100,000	-37.08%	\$ 100,000	0.00%
642	110-613	Ohio Political Party Distributions	\$ 422,236	\$ 390,766	\$ 600,000	\$ 600,000	0.00%	\$ 600,000	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
TAX Taxation, Department of									
688	110-615	Local Excise Tax Administration	\$ 218,049	\$ 276,309	\$ 300,000	\$ 210,000	-30.00%	\$ 180,000	-14.29%
State Special Revenue Fund Group Total			\$ 35,795,768	\$ 38,860,089	\$ 40,515,255	\$ 43,291,855	6.85%	\$ 43,761,855	1.09%
095	110-995	Municipal Income Tax	\$ 35,006,925	\$ 36,783,212	\$ 21,000,000	\$ 21,000,000	0.00%	\$ 21,000,000	0.00%
425	110-635	Tax Refunds	\$ 1,322,792,612	\$ 1,590,579,291	\$ 1,582,700,000	\$ 1,565,900,000	-1.06%	\$ 1,546,800,000	-1.22%
Agency Fund Group Total			\$ 1,357,799,537	\$ 1,627,362,502	\$ 1,603,700,000	\$ 1,586,900,000	-1.05%	\$ 1,567,800,000	-1.20%
R10	110-611	Tax Distributions	----	----	\$ 50,000	\$ 50,000	0.00%	\$ 50,000	0.00%
R11	110-612	Miscellaneous Income Tax Receipts	----	----	\$ 50,000	\$ 50,000	0.00%	\$ 50,000	0.00%
Holding Account Redistribution Fund Group Total			----	----	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
Taxation, Department of Total			\$ 1,975,978,323	\$ 2,235,894,124	\$ 2,191,482,039	\$ 2,186,159,724	-0.24%	\$ 2,195,194,230	0.41%

Treasurer of State

Ruhaiza Ridzwan, Economist

- The Treasurer of State collects, invests, and protects state funds
- The Treasurer of State uses GRF money, fees, interest earnings, and other funds

OVERVIEW

Duties and Responsibilities

The Treasurer of State collects, invests, and protects state funds. The Treasurer's Office functions as a custodian of the public's money, manager of the state's investment portfolio, and collector of taxes and fees. The Treasurer of State is a constitutional officer elected to a four-year term. The Treasurer of State also serves as chairman of the State Board of Deposits and member of the Commissioners of the Sinking Fund. Currently, the Treasurer of State employs approximately 145 full-time equivalent employees and six interns. The major responsibilities of the Treasurer of State can be summarized in the following areas.

Collections and Banking Services

The Treasurer of State manages banking services for all state agencies, clearing and reconciling transactions, and collects various state taxes, court fees, and fines on behalf of certain state entities. Annually, the Treasurer of State collects over \$17.4 billion of various state taxes, court fees, and fines. Currently, most of these collections are paid electronically through electronic funds transfer (EFT). The Treasurer's Office also handles automated clearinghouse (ACH) and credit card transactions on behalf of state entities.

Investment Services

The Treasurer of State manages and invests over \$13.2 billion in total assets¹⁴ of the three state's investment portfolios – Regular Account, Ohio Lottery Deferred Prizes Trust Fund, and STAR Ohio. The types of financial instruments that the State Treasurer may invest in are statutorily defined in the Ohio Revised Code.

The Regular Account contains money from the General Revenue Fund and other moneys held on behalf of various state agencies.

The Ohio Subdivision's Fund, commonly referred to as STAR Ohio, is a Standard and Poor's AAA rated investment alternative created for eligible governmental subdivisions as defined in section 135.45 (E)(2) of the Ohio Revised Code. The investment pool is managed by the Treasurer's investment staff. It is similar in concept to money market mutual funds. This alternative investment pool allows its participants to invest in an affordable, convenient, and diversified pool of high quality short-term assets. On February 28, 2007, the fund had a total of over \$5.1 billion in assets with a monthly average yield of 5.16%. In February 2007, over 1,600 local subdivisions, statewide, participated in the fund with 3,166

¹⁴ Market value as of February 28, 2007 ~ Regular Account, \$7.4 billion; Ohio Lottery DPTF, \$0.72 billion; and STAR Ohio, \$5.1 billion.

accounts¹⁵ (school districts have the highest number of accounts, 1,027 or 37% of the total, while the remaining accounts belong to state custodial funds, cities, counties, townships, villages, libraries, and some public hospitals). Currently, the portfolio is invested in U.S. government obligations, U.S. government agency securities, fully collateralized certificates of deposit, repurchase agreements, eligible bankers' acceptances, and commercial paper. While the fund is not insured, it is backed by the underlying securities of the portfolio.

The Treasurer also manages the Bid Ohio program, which competitively auctions off about \$50 million of interim money on a monthly basis. The program allows the state to receive higher yields and competitive six-month Certificate of Deposit (CD) rates from participating Ohio public depositories. The program allows the Treasurer to reinvest public funds in more communities and keeps Ohio's investment dollars in Ohio.

The Treasurer also manages the Securities Lending program, which generates income by loaning securities on a short-term basis to selected brokerage firms and financial institutions for a fee.

Custodian of Funds

The Treasurer serves as custodian of both moneys in the state treasury and certain moneys that are held, by law, in the custody of the Treasurer outside the state treasury. The Treasurer also safeguards the funds of the state's five public pension systems.

Other Duties

The Treasurer issues debt for parks and recreation, mental health and mental retardation, Clean Ohio Revitalization projects, and cultural and sports facilities buildings.

The Treasurer administers the Small Business Linked Deposit Program that helps small Ohio businesses create or retain jobs in Ohio. This program provides about \$100 million annually in reduced rate loans. The Treasurer's Office also administers the Agricultural Linked Deposit program (Agri-Link), which provides \$125 million annually in reduced rate loans to Ohio's farmers and small agricultural businesses. In addition, the Treasurer's Office also administers the Access for Individuals linked deposit program.

As required by the Ohio Revised Code, the Treasurer administers a continuing education training program for all public funds managers with investing authority through the Center for Public Investment Management (CPIM). This program ensures that local tax dollars are invested wisely and safely.

The Treasurer's Office also provides the Women & Money program to improve the financial literacy of women in Ohio. This program offers finance, budgeting, and investment workshops throughout the state.

¹⁵ Participants may have more than one account in STAR Ohio at a particular time.

Summary of FYs 2008 - 2009 Budget Issues

Am. Sub. H.B. 119 moves three custodial funds – the Attorney General Education Fund, the Secretary of State Alternative Payment Program Fund, and the Ohio’s Best Rx Program Fund – into the state treasury. The enacted bill allows the Director of Budget and Management, in collaboration with the Treasurer of State, to take any necessary action to establish these funds in the state treasury, including, but not limited to, the transfer of cash from the custodial funds to the state treasury and the establishment of appropriations and encumbrances to support outstanding obligations. However, any requests for additional appropriation authority in regard to those funds are subject to Controlling Board approval.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
145	\$66.6 million	\$66.6 million	\$31.4 million	\$31.3 million	Am. Sub. H. B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Appropriations

The appropriations provide the necessary funding to maintain the Treasurer of State’s operations at current levels and to work toward the goal of protecting state funds, administering state and local government pool investments, and collecting state taxes. The appropriations also include subsidies for the Police and Fire Pension Fund and money to pay tax refunds.

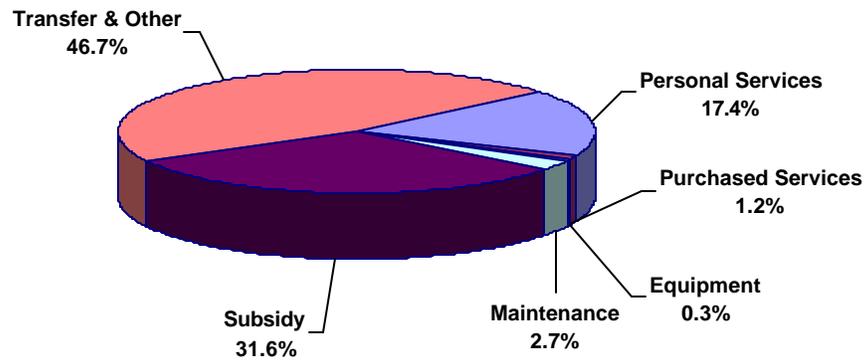
The budget’s total appropriations for FY 2008 are \$66,562,261. The amounts are \$193,978 higher than FY 2007, a 0.3% increase. Appropriations for FY 2009 are \$66,655,261. The amounts are \$93,000 higher than FY 2008, a 0.1% increase.

The GRF appropriations for FY 2008 are \$31,363,261. The amounts are \$193,978 higher than FY 2007 adjusted appropriations, an increase of 0.6%. The GRF appropriations for FY 2009 are \$31,306,261. That amount is \$57,000 lower than FY 2008, a 0.2% decrease. Of the total GRF appropriations, \$10,299,261 is appropriated for operating expenses in FY 2008. That amount is \$299,978, or 3%, higher than FY 2007 adjusted appropriations. The GRF operating line items’ appropriations for FY 2009 are the same as FY 2008. The remaining GRF appropriations of \$21,170,000 for FY 2008 are for subsidies to the Police and Fire Pension Fund. That amount is \$106,000, or 0.5%, lower than FY 2007 estimated subsidies.

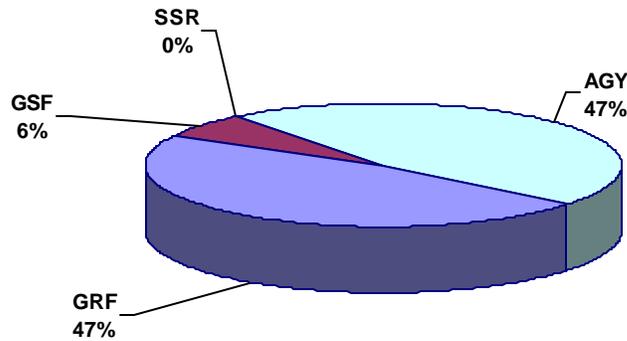
The appropriated amounts also increase the Treasurer of State's appropriation from Securities Lending income in FY 2008 and FY 2009. The appropriations are needed to provide sufficient resources to cover operating expenses.

The following charts present the appropriations by object code and by fund group.

Total Appropriations by Object Code



Total Appropriations by Fund Group



ANALYSIS OF THE BUDGET

Program Series

1: Investment of Assets

Purpose: This program series provides funding for Treasurer operations. The Treasurer of State collects, invests, and protects state funds. The Treasurer's Office functions as a custodian of the public's money, manager of the state's investment portfolio, and collector of taxes and fees.

The following table shows the line items that are used to fund Program Management.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	090-321	Operating Expenses	\$9,313,195	\$9,313,195
General Revenue Fund Subtotal			\$9,313,195	\$9,313,195
General Services Fund				
GSF	090-603	Securities Lending Income	\$3,164,000	\$3,314,000
GSF	090-605	Investment Pool Reimbursement	\$550,000	\$550,000
GSF	090-609	Treasurer of State Administrative Fund	\$350,000	\$350,000
General Services Fund Subtotal			\$4,064,000	\$4,214,000
Total Funding: Program Management			\$13,377,195	\$13,527,195

This analysis focuses on the following specific programs within the Program Management program series:

- **Program 1.1: Treasury Management**
- **Program 1.2: Custodial Funds**
- **Program 1.3: STAR Ohio Investment and Management**

Program 1.1: Treasury Management

Program Description: This program provides funds for payroll, fringe benefits, maintenance, and equipment for the Treasurer of State.

Funding Source: GRF

Implication of the Budget: The appropriation for FY 2008 is \$9,313,195. This amount is a \$271,258, or a 3% increase from the adjusted appropriation for FY 2007. The appropriation for FY 2009 is the same as the appropriation for FY 2008.

Program 1.2: Custodial Funds

Program Description: This line item pays for custodial services provided by the Treasurer's Office. These services include safekeeping, disbursing, and administering custodial moneys and assets such as the retirement systems funds and various other agency funds.

This program also administers the Securities Lending program. It loans securities on a short-term basis to selected brokerage firms and financial institutions.

Funding Source: GSF – fees charged to the entities receiving custodial services

Implication of the Budget: The appropriation for FY 2008 of \$3,514,000 is same as the adjusted appropriation for FY 2007. The appropriation for FY 2009 is \$3,664,000, or 4.3%, higher than the appropriation for FY 2008. The total appropriation for FYs 2008 - 2009 is \$7.2 million. Spending for FYs 2006 - 2007 is estimated at \$6.2 million.

Program 1.3: STAR Ohio Investment and Management

Program Description: The Ohio Subdivision's Fund is commonly referred to as STAR Ohio. It is an AAA rated investment alternative created for eligible governmental subdivisions as defined in section 135.45 of the Revised Code. The investment pool is managed by a full-time investment staff with the Treasurer of State and is similar in concept to a money market mutual fund. STAR Ohio affords the participants a convenient tool for investing in a diversified pool of high quality short-term assets. Most of the portfolio is invested in U.S. government obligations and U.S. government agency securities. The remainder of the portfolio is invested in fully collateralized certificates of deposit, repurchase agreements, eligible bankers' acceptances, and commercial paper. While the fund is not insured, it is backed by the underlying securities of the portfolio.

Funding Source: GSF – investment pool administration fee paid by local governments who participate in the program

Implication of the Budget: The appropriation for FY 2008 is unchanged from estimated spending for FY 2007. The appropriation for FY 2009 is the same as the appropriation for FY 2008.

Program Series**2: Sinking Fund Management**

Purpose: The role of the Commissioners of the Sinking Fund is to issue and pay the debt service on certain general obligation bonds that are authorized by the state constitution and the legislature for specific purposes.

The following table shows the line item used to fund Sinking Fund Management.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	090-401	Office of the Sinking Fund	\$537,223	\$537,223
General Revenue Fund Subtotal			\$537,223	\$537,223
Total Funding: Sinking Fund Management			\$537,223	\$537,223

This analysis focuses on the following specific program within the program series:

■ **Program 2.1: Sinking Fund Management**

Program 2.1: Sinking Fund Management

Program Description: This line item covers costs incurred by order of or on behalf of the Commissioners of the Sinking Fund relative to the issuance and sale of bonds or other obligations. The GRF is reimbursed from the affected issuance's bond retirement fund.

Funding Source: GRF

Implication of the Budget: The appropriation for FY 2008 is \$15,647, or 3%, higher than estimated spending for FY 2007. The appropriation for FY 2009 is the same as the appropriation for FY 2008.

Program Series**3: Refunds and Subsidies Oversight**

Purpose: This program series provides funding for certain tax refunds, permissive tax distributions, and subsidies to Ohio Police and Fire Pension Fund.

The following table shows the line items that are used to fund the Refunds and Subsidies Oversight.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	090-524	Police & Fire Disability Pension Fund	\$14,000	\$12,000
GRF	090-534	Police and Fire Ad Hoc Cost of Living	\$140,000	\$130,000
GRF	090-554	Police and Fire Survivor Benefits	\$910,000	\$865,000
GRF	090-575	Police and Fire Death Benefits	\$20,000,000	\$20,000,000
General Revenue Fund Subtotal			\$21,064,000	\$21,007,000
Agency Fund				
AGY	090-635	Tax Refunds	\$31,000,000	\$31,000,000
General Services Fund Subtotal			\$31,000,000	\$31,000,000
Total Funding: Refunds and Subsidies Oversight			\$52,064,000	\$52,007,000

This analysis focuses on the following specific programs within the Refunds and Subsidies Oversight program series:

- **Program 3.1: Police and Fire Subsidies**
- **Program 3.2: Tax Refunds**

Program 3.1: Police and Fire Subsidies

Program Description: These subsidies provide supplemental moneys to specified members of Ohio's retirement systems and to surviving spouses and children of law enforcement officers, firefighters, and corrections officers who die in the line of duty or who die from injuries sustained in the line of duty.

Funding Source: GRF

Implication of the Budget: The appropriations for FY 2008 are \$106,000, or 0.5%, below estimated subsidies for FY 2007. The appropriations subsidies for FY 2009 are \$57,000, or 0.3%, lower than for FY 2008. Funding for subsidies decreases each year for certain accounts, as the number of members covered by the particular benefit declines. These subsidies provide benefits to the surviving spouses and children of law enforcement officers, firefighters, and corrections officers who die in the line of duty or who die from injuries sustained in the line of duty.

Program 3.2: Tax Refunds

Program Description: Moneys from this line item are used to pay refunds to Ohio taxpayers and to pay permissive tax distributions that are not refunds. Taxes included are county permissive sales and use, transit authority permissive sales and use, cigarette excise tax (Cuyahoga County), alcoholic beverage tax (Cuyahoga County), and liquor gallonage tax (Cuyahoga County).

Funding Source: AGY

Implication of the Budget: The appropriation for FY 2008 is the same as the estimated FY 2007 spending, and the appropriation for FY 2009 is unchanged from that of FY 2008.

Program Series

4: County Treasurer Education

Purpose: The Treasurer administers a continuing education training program for all public funds managers with investing authority through the Center for Public Investment Management (CPIM). This program ensures that local tax dollars are invested wisely and safely.

The following table shows the line items that are used to fund County Treasurer Education.

Fund	ALI	Title	FY 2004	FY 2005
General Revenue Fund				
GRF	090-402	Continuing Education	\$448,843	\$448,843
General Revenue Fund Subtotal			\$448,843	\$448,843
State Special Revenue Fund				
SSR	090-602	County Treasurer Education	\$135,000	\$135,000
State Special Revenue Fund Subtotal			\$135,000	\$135,000
Total Funding: County Treasurer Education			\$583,843	\$583,843

This analysis focuses on the following specific program within the program series:

■ Program 4.1: Continuing Education

Program 4.1: Continuing Education

Program Description: This line item provides funding for the Center for Public Investment Management (CPIM). It provides education programs for Ohio's public fund managers who have investment authority.

Funding Source: GRF and SSR

Implication of the Budget: The appropriation for FY 2008 is \$13,073, or 2.3%, higher than the adjusted appropriation for FY 2007. The appropriation for FY 2009 is the same as FY 2008.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: **FY 2007 Adj.** **FY 2008** **% Change** **FY 2009** **% Change**
FY 2006: Appropriations: **Appropriations:** **2007 to 2008:** **Appropriations:** **2008 to 2009:**

Report For: Main Operating Appropriations Bill

Version: Enacted

TOS Treasurer of State

GRF	090-321	Operating Expenses	\$ 8,845,881	\$ 9,292,805	\$ 9,041,937	\$ 9,313,195	3.00%	\$ 9,313,195	0.00%
GRF	090-401	Office of the Sinking Fund	\$ 375,143	\$ 412,902	\$ 521,576	\$ 537,223	3.00%	\$ 537,223	0.00%
GRF	090-402	Continuing Education	\$ 438,569	\$ 387,029	\$ 435,770	\$ 448,843	3.00%	\$ 448,843	0.00%
GRF	090-524	Police and Fire Disability Pension Fund	\$ 23,250	\$ 18,568	\$ 20,000	\$ 14,000	-30.00%	\$ 12,000	-14.29%
GRF	090-534	Police & Fire Ad Hoc Cost of Living	\$ 176,971	\$ 156,671	\$ 150,000	\$ 140,000	-6.67%	\$ 130,000	-7.14%
GRF	090-544	Police and Fire State Contribution	\$ 1,200,000	---	\$ 0	---	N/A	---	N/A
GRF	090-554	Police and Fire Survivor Benefits	\$ 1,101,250	\$ 1,010,750	\$ 1,000,000	\$ 910,000	-9.00%	\$ 865,000	-4.95%
GRF	090-575	Police and Fire Death Benefits	\$ 25,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	0.00%	\$ 20,000,000	0.00%
General Revenue Fund Total			\$ 37,161,064	\$ 31,278,726	\$ 31,169,283	\$ 31,363,261	0.62%	\$ 31,306,261	-0.18%
4E9	090-603	Securities Lending Income	\$ 1,786,369	\$ 2,129,309	\$ 2,814,000	\$ 3,164,000	12.44%	\$ 3,314,000	4.74%
577	090-605	Investment Pool Reimbursement	\$ 153,104	\$ 428,647	\$ 550,000	\$ 550,000	0.00%	\$ 550,000	0.00%
605	090-609	Treasurer of State Administrative Fund	\$ 544,796	\$ 538,681	\$ 700,000	\$ 350,000	-50.00%	\$ 350,000	0.00%
General Services Fund Group Total			\$ 2,484,270	\$ 3,096,637	\$ 4,064,000	\$ 4,064,000	0.00%	\$ 4,214,000	3.69%
5C5	090-602	County Treasurer Education	\$ 148,161	\$ 114,141	\$ 135,000	\$ 135,000	0.00%	\$ 135,000	0.00%
State Special Revenue Fund Group Total			\$ 148,161	\$ 114,141	\$ 135,000	\$ 135,000	0.00%	\$ 135,000	0.00%
425	090-635	Tax Refunds	\$ 20,524,563	\$ 4,768,872	\$ 31,000,000	\$ 31,000,000	0.00%	\$ 31,000,000	0.00%
Agency Fund Group Total			\$ 20,524,563	\$ 4,768,872	\$ 31,000,000	\$ 31,000,000	0.00%	\$ 31,000,000	0.00%
Treasurer of State Total			\$ 60,318,059	\$ 39,258,376	\$ 66,368,283	\$ 66,562,261	0.29%	\$ 66,655,261	0.14%

Commission on African-American Males

Deauna Hale, Budget Analyst

- The Ohio State University will oversee the Commission beginning October 1, 2007
- The Commission received a total of \$1.5 million to implement strategies identified in the Commission's strategic plan

OVERVIEW

Duties and Responsibilities

The Commission on African-American Males (CAAM) identifies and promotes strategies and public policies to foster improvements in the social, economic, and educational problems that affect the African-American male population in Ohio. The Commission on African-American Males started as the Governor's Commission on Socially Disadvantaged Black Males in 1989. Beginning in fiscal year (FY) 1991, the Ohio Civil Rights Commission oversaw and coordinated CAAM activities. Am. Sub. H.B. 283 of the 123rd General Assembly separated CAAM from its parent organization and established it as an independent agency.

Among the priorities of CAAM for the biennium are to partner with the Ohio Department of Health to sponsor obesity and anti-smoking campaigns; increase the number of health fairs educating black males on preventive measures in basic health care including mental and physical well being; continue holding technology and education conferences for the young African-American male population; expand outreach by developing informational media to distribute statewide; and continue to provide community outreach and programs for collaborative partnerships with organizations that support CAAM's mission.

New Initiatives for the 2008 - 2009 Biennium

CAAM is working with The Ohio State University's Kirwan Institute to create a new program focusing on race relations and ethnicity. The program would allow CAAM to sponsor another conference addressing the issues and impediments facing African-American males, with the expected outcome impacting policy decisions in Ohio.

The Budget

The budget for the Commission exceeds estimated 2007 levels by \$500,000 (approximately 270%) in FY 2008 and \$1 million in FY 2009 (approximately 440%). The significant increase in the Commission's appropriation will fund creating and implementing provisions of an approved strategic plan. The Commission will also be able to provide grants for more community projects.

A provision in the budget transfers oversight authority of the Commission to The Ohio State University effective October 1, 2007. The Director of Budget and Management will transfer the Commission's appropriations, encumbrances, and unexpended balances to the university. It is unknown at this time how the appropriation transfer will affect the Commission's duties and responsibilities.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3	\$792,000	\$1,292,000	\$782,000	\$1,282,000	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Program Series

1: Community Projects

Purpose: The Commission is a single program series agency. Its program series, Community Projects, provides for a variety of community activities, including health and technology conferences, a scholarship program, partnerships with private industry and local community groups, as well as expenses of the Commission.

The following table shows the line items that are used to fund the Community Projects program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	036-100	Personal Services	\$235,091	\$235,091
GRF	036-200	Maintenance	\$29,000	\$29,000
GRF	036-300	Equipment	\$1,000	\$1,000
GRF	036-502	Community Projects	\$516,909	\$1,016,909
General Revenue Fund Subtotal			\$782,000	\$1,282,000
State Special Revenue Fund				
SSR	036-601	African-American Males-Gifts/Grants	\$10,000	\$10,000
State Special Revenue Fund Subtotal			\$10,000	\$10,000
Total Funding: Community Services			\$792,000	\$1,292,000

This analysis focuses on the following specific programs within the Community Projects program series:

- **Program 1.01: Speaker Services**
- **Program 1.02: Health Education**
- **Program 1.03: Community Board Meetings**
- **Program 1.04: Conferences**
- **Program 1.05: Scholarships and Awards**

Speaker Services

Program Description: The Speaker Services program provides a role model for students, civic organizations, and other clients through paid and unpaid volunteer speakers, educational television programs, and documentaries produced by CAAM.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	036-100	Personal Services	\$136,000	\$136,000
GRF	036-200	Maintenance	\$10,000	\$10,000
GRF	036-300	Equipment	\$1,000	\$1,000
General Revenue Fund Subtotal			\$147,000	\$147,000
State Special Revenue Fund				
SSR	036-601	African American Males – Gifts/Grants	\$5,000	\$5,000
State Special Revenue Fund Subtotal			\$5,000	\$5,000
Total Funding: Speaker Services			\$152,000	\$152,000

Implication of the Budget: For FY 2008 and FY 2009, the budget appropriates \$152,000 in both fiscal years. At the increased funding level, the Commission will be able to increase the number of speaking engagements in each year from 20 in FY 2007 to 30 in FYs 2008 and 2009. The funding level will also allow the Commission to produce 12 television shows and one documentary during the biennium. The budget decreases the total appropriation of line item 036-200, Maintenance, by 28% compared to FY 2007 levels. As a result, the Commission staff will restrict travel to workshops and seminars and reduce travel reimbursement expenses.

Health Education

Program Description: The Health Education program includes health workshops and seminars provided by staff and volunteers to inform African-American men about the risks of undetected prostate cancer, diabetes, HIV and AIDS, and heart disease.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	036-100	Personal Services	\$35,000	\$35,000
General Revenue Fund Subtotal			\$35,000	\$35,000
State Special Revenue Fund				
SSR	036-601	African-American Males-Gifts/Grants	\$2,500	\$2,500
State Special Revenue Fund Subtotal			\$2,500	\$2,500
Total Funding: Conferences			\$37,500	\$37,500

Implication of the Budget: The budget appropriates \$37,500 in both fiscal years. The Commission will increase the number of health education workshops to six in both fiscal years. The Commission will also be able to increase the number of Central Ohio workshops in both fiscal years. In addition, the funding level will allow the Commission to partner with the Ohio Department of Alcohol and Drug Addiction Services to deliver services in health-related issues in both fiscal years.

Community Board Meetings

Program Description: The Community Board Meetings program includes staff participation in community programs, conferences, and meetings.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	036-100	Personal Services	\$5,000	\$5,000
GRF	036-200	Maintenance	\$4,000	\$4,000
General Revenue Fund Subtotal			\$9,000	\$9,000
Total Funding: Community Board Meetings			\$9,000	\$9,000

Implication of the Budget: The budget appropriates \$9,000 in both fiscal years. This funding will allow Commission staff to serve on six community boards and attend meetings, programs, and conferences related to those board activities in the biennium. However, a decrease in the total appropriation of line item 036-200, Maintenance, will restrict travel to workshops and seminars and reduce travel reimbursement expenses.

Conferences

Program Description: The Conferences program includes planning and production of conferences held statewide to cover the topics of health, education, employment, and criminal justice.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	036-100	Personal Services	\$39,091	\$39,091
General Revenue Fund Subtotal			\$39,091	\$39,091
State Special Revenue Fund				
SSR	036-601	African-American Males-Gifts/Grants	\$2,500	\$2,500
State Special Revenue Fund Subtotal			\$2,500	\$2,500
Total Funding: Conferences			\$41,591	\$41,591

Implication of the Budget: The increased appropriations in the budget will allow the Commission to sponsor two major conferences in the upcoming biennium, versus one conference in FY 2007.

Scholarships and Awards

Program Description: The Scholarships and Awards program provides tuition assistance to eligible college students.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	036-100	Personal Services	\$20,000	\$20,000
GRF	036-200	Maintenance	\$15,000	15,000
GRF	036-502	Community Projects	\$516,909	1,016,909
General Revenue Fund Subtotal			\$551,909	\$1,051,909
Total Funding: Scholarships and Awards			\$551,909	\$1,051,909

Implication of the Budget: The budget appropriates \$551,909 in FY 2008 and \$1,051,909 in FY 2009. The increased appropriation will allow the Commission to provide grants for community projects in both fiscal years. In addition, \$500,000 in FY 2008 and \$1 million in FY 2009 in line item 036-502, Community Projects, will be used to implement and evaluate objectives outlined in the strategic plan.

Temporary and Permanent Law Provisions

Temporary law provides that the Commission develop a strategic plan during the upcoming biennium. The Commission is required to submit a plan to the Governor, the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, and members of the Ohio Legislative Black Caucus. Upon approval of the strategic plan, the Commission may begin to expend dollars in line item 036-502, Community Projects, to implement the initiatives set forth in the plan. The funds appropriated may only be used when the Commission's strategic plan is accepted by the Governor, the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, and members of the Ohio Legislative Black Caucus. In addition, by the end of FY 2009, the Commission is required to submit a report on the impacts and outcomes of the strategic plan to the Governor, the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, and members of the Ohio Legislative Black Caucus.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: *FY 2007 Adj.* *FY 2008* *% Change* *FY 2009* *% Change*
FY 2006: Appropriations: *Appropriations:* *2007 to 2008:* *Appropriations:* *2008 to 2009:*

Report For: Main Operating Appropriations Bill

Version: Enacted

AAM African American Males, Commission on

GRF	036-100	Personal Services	\$ 218,827	\$ 219,783	\$ 220,091	\$ 235,091	6.82%	\$ 235,091	0.00%
GRF	036-200	Maintenance	\$ 47,663	\$ 39,019	\$ 39,909	\$ 29,000	-27.33%	\$ 29,000	0.00%
GRF	036-300	Equipment	\$ 3,846	\$ 822	\$ 1,000	\$ 1,000	0.00%	\$ 1,000	0.00%
GRF	036-501	CAAM Awards & Scholarships	\$ 1,765	\$ 1,000	\$ 1,000	\$ 0	-100.00%	\$ 0	N/A
GRF	036-502	Community Projects	\$ 20,445	\$ 20,000	\$ 20,000	\$ 516,909	2,484.55%	\$ 1,016,909	96.73%
General Revenue Fund Total			\$ 292,546	\$ 280,624	\$ 282,000	\$ 782,000	177.30%	\$ 1,282,000	63.94%
4H3	036-601	Commission on African American Males- Gifts/Grants	\$ 23,096	\$ 19,538	\$ 10,000	\$ 10,000	0.00%	\$ 10,000	0.00%
State Special Revenue Fund Group Total			\$ 23,096	\$ 19,538	\$ 10,000	\$ 10,000	0.00%	\$ 10,000	0.00%
<i>African American Males, Commission on Total</i>			\$ 315,642	\$ 300,163	\$ 292,000	\$ 792,000	171.23%	\$ 1,292,000	63.13%

Department of Aging

Wendy Risner, Budget Analyst

- PASSPORT funding over the FY 2008-2009 biennium will support the addition of 5,600 waiver slots, which will effectively eliminate the waiting list and account for natural growth in the program
- The budget creates the Unified Long-Term Care Workgroup headed by the Director of Aging

OVERVIEW

Duties and Responsibilities

The Ohio Department of Aging (ODA) is the primary state agency serving and advocating for the needs of Ohioans age 60 years and older. The Department administers programs emphasizing community-based care as an alternative to institutional (nursing home) settings. The goal of these programs is to improve the quality of life of older Ohioans by providing community-based, long-term care services that allow individuals to live in their own home for as long as possible. Traditionally, over 90% of the Department's budget is subsidy distributions for community-based care.

The Department administers programs such as PASSPORT Medicaid waiver (Pre-Admission Screening System Providing Options and Resources Today), Assisted Living Medicaid waiver, Residential State Supplement (RSS), Alzheimer's Respite Care, Long-Term Care Ombudsman, and the Golden Buckeye Card program. The Department will also administer the Ohio's Best Rx program beginning July 1, 2007. The majority of the Department's spending is for the PASSPORT program. In fiscal year (FY) 2006, approximately 76% of the Department's budget was expended on the PASSPORT program.

The Department also provides technical and financial assistance to the 12 Area Agencies on Aging (AAAs), which were created by the federal Older Americans Act of 1965. The AAAs administer most state and federal aging programs in Ohio.

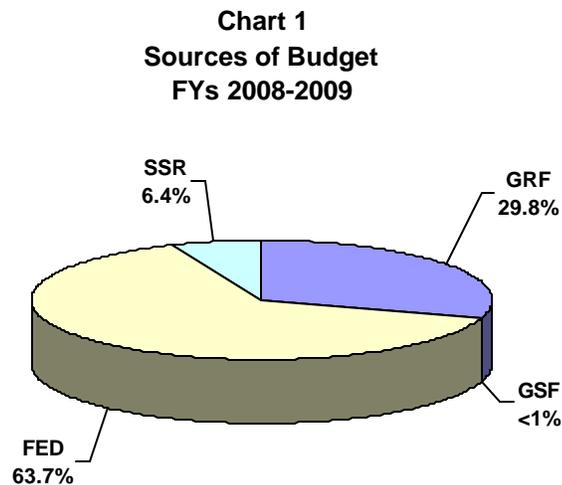
Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
123	\$634.11 million	\$673.86 million	\$178.86 million	\$211.34 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The Department received \$634,107,684 in FY 2008, which is an increase of 22.7% over adjusted FY 2007 appropriations. In FY 2009, the Department received \$673,862,808, which is an increase of 6.3% over FY 2008 levels. General Revenue Fund appropriations represent approximately 29.8% of the Department's budget, with 73.4% of the GRF funding appropriated for PASSPORT. The GRF portion of the Department's budget increases by 11.7% in FY 2008 and by 18.1% in FY 2009.

Chart 1 below illustrates the various funding sources of the Department of Aging's biennial budget.



FY 2008 - 2009 Budget Highlights

PASSPORT

Appropriation Levels

The PASSPORT program accounts for the majority of Department expenditures. Funding for PASSPORT in GRF line item 490-403, PASSPORT, is increased by 6.1% in FY 2008 and by 23.2% in FY 2009, for an appropriation of \$128.4 million in FY 2008 and \$158.2 million in FY 2009. PASSPORT funding in federal line item 490-607, PASSPORT, is increased by 38.3% in FY 2008 and decreases by 0.2% in FY 2009, for an appropriation of \$301.8 million in FY 2008 and \$301.3 million in FY 2009. Some of this increase is due to a one-time acceleration of federal reimbursement of funds resulting from an earlier submission of Medicaid claims. Franchise fee revenue in Fund 4J4 increases by 0.7% in FY 2008 and decreases by 0.7% in FY 2009. Revenue from horse racing taxes in Fund 4U9 is flat funded at FY 2007 levels. As of January 31, 2007, the caseload for the program was 26,385 and there were 1,063 individuals on the waiting list. On March 8, 2007, Governor Strickland issued a directive to the Department to increase the number of individuals receiving PASSPORT by 1,100. It is believed that by the beginning of August 2007, all individuals were enrolled onto the program. The funding levels will fund an additional 5,600 PASSPORT waiver slots over the course of the biennium. This reflects the natural growth rate in the program over that time. As such, this funding will likely allow PASSPORT to operate without a waiting list through the biennium.

PASSPORT Provider Rate Increase

The bill increases the Medicaid reimbursement rate for PASSPORT services during FY 2008 by 3%. Additionally, the rate is also increased by another 3% in FY 2009. These rate increases also extend to services provided under the Choices program. The amount of the increase is approximately \$11.0 million in FY 2008 and \$23.6 million in FY 2009. These increases are broken down as follows: approximately \$4.5 million in FY 2008 and \$9.7 million in FY 2009 in GRF appropriation item 490-403, PASSPORT and \$6.4 million in FY 2008 and \$13.9 million in FY 2009 in federal appropriation item 490-607, PASSPORT (Fund 3C4).

Home First Component of the PASSPORT Program

The bill provides for the Home First Component of the PASSPORT program. This program allows an individual admitted to a nursing facility while on a waiting list for the PASSPORT program to be placed in PASSPORT if PASSPORT is appropriate for the individual and the individual would rather be in PASSPORT than a nursing facility. The bill places the Home First component in the Revised Code, which makes the program ongoing, rather than limited to two years. The bill also requires the Director of the Department of Job and Family Services to submit an annual report to the General Assembly regarding the number of individuals enrolled in PASSPORT pursuant to the Home First component and the costs incurred and savings achieved as a result of the enrollments.

Assisted Living Medicaid Waiver

Appropriations

The Assisted Living program, which is a Medicaid waiver program, began on July 1, 2006. The program offers an alternative service delivery in the community for people who are coming from a nursing home or from another home and community-based services (HCBS) waiver. The program provides a setting that gives the person a home-like environment in a community living setting. The program is only available in residential care facilities that are licensed by the Department of Health. Facilities wishing to participate in the Assisted Living program are also certified by the Department of Aging. The principal additional certification requirement is that the room is single occupancy, has a locking door, private bathroom with shower and tub, and has an area for socialization. To be eligible for the program, a person must be a current nursing facility resident or existing Medicaid waiver participant, be age 21 or older, need hands-on assistance with certain activities of daily living such as dressing and bathing, be able to pay room and board, and meet the financial criteria for Medicaid eligibility. The budget establishes an appropriation in GRF line item 490-422, Assisted Living, of \$12,554,940 in FY 2008 and \$15,213,890 in FY 2009. Appropriations in federal line item 490-622, Assisted Living - Federal, are \$14,972,892 in FY 2008 and \$21,810,442 in FY 2009. These appropriations would fund the currently authorized 1,800 waiver slots. At the end of FY 2007, approximately 200 slots were filled.

Eligibility for Assisted Living Program

The bill permits a residential care facility resident who has resided in a residential care facility for at least six months immediately before the date of applying for the Assisted Living program and meets all of the program's other eligibility requirements to qualify for the program. This could, in effect, increase the number of individuals enrolled into the Assisted Living program.

Information about the Assisted Living Program

The bill requires that an individual admitted to a nursing facility who is eligible for Medicaid be provided with information about applying for the Assisted Living program. This could also increase the number of individuals enrolled into the Assisted Living program. Subsequently, savings in the state Medicaid program could be realized if individuals who would have received services in a nursing facility receive services in an assisted living facility instead.

Unified Long-Term Care Budget Workgroup

The budget creates the Unified Long-Term Care Budget Workgroup. The Workgroup will consist of the following individuals:

- Director of Aging;
- Consumer advocates, representatives of the provider community, and state policy makers, appointed by the Governor;
- Two members of the House of Representatives, one of which is a member of the majority party and one from the minority party, appointed by the Speaker; and
- Two members of the Senate, one of which is a member of the majority party and one from the minority party, appointed by the President.

The bill specifies that the Director of Aging is to serve as the chairperson of the Workgroup. The Workgroup must develop a unified long-term care budget that facilitates the following: (1) provides a consumer a choice of services that meet the consumer's health care needs and improve the consumer's quality of life, (2) provides a continuum of services that meet the needs of a consumer throughout life, (3) consolidates policymaking authority and the associated budgets in a single entity to simplify the consumer's decision making and maximize the state's flexibility in meeting the consumer's needs, and (4) assures the state has a system that is cost effective and links disparate services across agencies and jurisdictions. The Workgroup must submit an implementation plan to the Governor, Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the President of the Senate, the Minority Leader of the Senate, and members of the Joint Legislative Committee on Medicaid Technology and Reform by June 1, 2008. This plan must, among other things, outline how funds can be transferred among involved agencies in a fiscally neutral manner and identify the resources needed to implement the unified budget in a multiphase approach starting in FY 2009. The plan must consider the recommendations of the Medicaid Administrative Study Council and the Ohio Commission to Reform Medicaid.

The bill also creates, in support of the Unified Long-Term Care Budget, GRF appropriation items in the Department of Aging, Department of Job and Family Services, Department of Mental Retardation and Developmental Disabilities, and Department of Mental Health. Annually, the directors of Aging and Budget and Management must submit a written report to the Governor, Speaker of the House of Representatives, Minority Leader of the House of Representatives, President of the Senate, Minority Leader of the Senate, and members of the Joint Legislative Committee on Medicaid Technology and Reform, that describes the progress towards establishing, or if already established, the effectiveness of the unified long-term care budget. Lastly, the bill provides that the Director of Budget and Management may transfer funds and appropriations currently appropriated to pay for Medicaid services to any of the newly created GRF appropriation items described previously, as well as transferring funds between these

appropriation items. The Director may do these functions when the Governor creates an administration to manage Medicaid policies and functions. Also, Controlling Board approval is needed before transferring funds or appropriations.

Residential State Supplement

Home First Component of the RSS Program

The bill provides for the Home First component of the RSS program, which would allow the Department to approve an individual's enrollment in RSS in accordance with priorities that are to be specified in rules and even though the enrollment causes enrollment in RSS to exceed the limit that would otherwise apply. The bill also requires the Director to submit an annual report to the General Assembly regarding the number of individuals enrolled in RSS pursuant to the Home First component and the costs incurred and savings achieved as a result of the enrollment. Lastly, the bill outlines the transfer from GRF appropriation item 600-525, Health Care/Medicaid (within the Department of Job and Family Services), to GRF appropriation item 490-412, Residential State Supplement.

Increase to the RSS Monthly Supplement Amounts

The bill increases the maximum monthly supplement amount for an eligible resident. The amounts are as follows:

- \$927 for a residential care facility (\$900 previously);
- \$927 for an adult group home (\$900 previously);
- \$824 for an adult foster home (\$800 previously);
- \$824 for an adult family home (\$800 previously);
- \$824 for an adult community alternative home (\$800 previously);
- \$824 for an adult residential facility (\$800 previously); and
- \$618 for an adult community mental health housing service (\$600 previously).

The Department estimates that the increase will cost approximately \$300,000 per fiscal year.

ANALYSIS OF THE BUDGET

Program Series

1: Senior Independence Services

Purpose: This program series enables seniors and persons with disabilities to live in settings they prefer and assures that government programs honor and support the role of families and friends who provide care.

The following table shows the line items that are used to fund the Senior Independence Services program series, as well as the Department's FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	490-403	PASSPORT	\$128,391,189	\$158,196,465
GRF	490-411*	Senior Community Services	\$10,257,289	\$10,257,289
GRF	490-412	Residential State Supplement	\$9,156,771	\$9,156,771
GRF	490-414	Alzheimer's Respite	\$4,131,594	\$4,131,594
GRF	490-416	JCFS Community Options	\$250,000	\$250,000
GRF	490-421	PACE	\$10,214,809	\$10,214,809
GRF	490-422	Assisted Living Waiver	\$12,554,940	\$15,213,890
General Revenue Fund Subtotal			\$174,956,592	\$207,420,818
State Special Revenue Fund				
4J4	490-610	PASSPORT/Residential State Supplement	\$33,491,930	\$33,263,984
4U9	490-602	PASSPORT Fund	\$4,424,969	\$4,424,969
5W1	490-616	Resident Services Coordinator Program	\$330,000	\$330,000
State Special Revenue Fund Subtotal			\$38,246,899	\$38,018,953
Federal Special Revenue Fund				
3C4	490-607	PASSPORT	\$301,767,486	\$301,274,172
3C4	490-621	PACE-Federal	\$14,586,135	\$14,586,135
3C4	490-622	Assisted Living-Federal	\$14,972,892	\$21,810,442
3M4	490-612*	Federal Independence Services	61,396,419	\$62,644,680
322	490-618*	Federal Aging Grants	\$6,192,251	\$6,354,173
Federal Special Revenue Fund Subtotal			\$398,915,83	\$406,669,602
Total Funding: Senior Independence Services			\$612,118,674	\$652,109,374

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Senior Independence Services program series:

- **Program 1.01: Home, Community, Caregiver Support**
- **Program 1.02: Residential State Supplement (RSS)**
- **Program 1.03: PASSPORT**
- **Program 1.04: Program for All Inclusive Care for the Elderly (PACE)**
- **Program 1.05: Assisted Living**
- **Program 1.06: Medicaid Pilot Program**

Home, Community, Caregiver Support

Program Description: The primary purpose of the Home, Community, Caregiver Support program is to help older adults live independently in their own homes and communities and to support the efforts of their family caregivers. The program provides a variety of services to older adults and their caregivers at different points along the aging continuum. Examples of services provided by the program are: congregate meals, home accessibility modifications, nutrition education, information and referral, case managed services, and wellness activities at local senior centers. The goals of the program are: (1) to prevent institutionalization of older Ohioans by providing nutrition and community services that allow older persons to stay in their own homes; (2) to provide home, community, and caregiver support to an estimated 275,000 older Ohioans in FY 2008 and FY 2009; and (3) to encourage program flexibility and spending based on local priorities. Some programs are discussed below.

In 1965, President Lyndon Johnson signed the federal Older Americans Act (OAA) into law. The OAA establishes the Department's authority to develop programs that assist older adults, especially those in greatest economic and social need, with particular attention to rural and minority populations. Title III funds of the OAA are used for supportive services (B), congregate and home-delivered meals (C), disease prevention and health promotion (D), and the National Family Caregiver Support program (E). Title III funds are disbursed through federal line item 490-612, Federal Independence Services. The Nutrition and Support Services program includes Title III (B), (C), and (D) funds. Title III (E) funds, the Family Caregiver Support program, are disbursed in the Support for Informal Caregivers program. Some of the services authorized by Title III of the OAA include the following: chore services, counseling, adult day care, education, employment, escort, friendly visitor, health services, home health aide, home maintenance, homemaker, information/referral, legal services, congregate meals, home-delivered meals, outreach, protective services, recreation, respite care, telephone reassurance, and transportation. Some other service examples are discussed below.

Senior Community Services. These GRF funds are used to (1) supplement Title III funds and (2) satisfy the state's match obligations to draw down various federal funds. The program targets individuals who are frail and impaired and not served through PASSPORT. According to the Department, 80% of the individuals who receive Senior Community Services have incomes of less than 150% of the federal poverty level. Recipients may contribute to the cost of their services based on a sliding fee scale. Services include personal care, home-delivered meals, congregate meals, case management, care coordination, transportation, information reporting, home maintenance, and housing coordination. These funds served approximately 15,253 individuals in FY 2006.

Senior Farmers' Market Nutrition Program. The Senior Farmers' Market Nutrition program is funded by a grant from the U.S. Department of Agriculture. The program provides nutrition information and vouchers for locally grown produce to income-eligible adults aged 60 and older in 16 counties. The vouchers can be redeemed through authorized farmers selling produce at farmers' markets and roadside stands. In FY 2005, the Senior Farmers' Market Nutrition program provided \$1.2 million in produce to 18,300 older adults through 160 local farmers.

Home Energy Assistance Program (HEAP). The HEAP program provides financial assistance to low-income residents to help meet heating costs. The Ohio Department of Development manages HEAP and provides funds each year to the Department of Aging for HEAP outreach. The Department of Aging provides outreach grants to local AAAs to distribute applications, assist applicants with the forms, and promote the program. During the 2005/2006 heating season, local AAAs helped 20,000 older and disabled adults fill out HEAP applications, provided telephone information and assistance to 9,400

households, trained 798 outreach workers, gave 460 group presentations, and broadcasted over 11,000 media spots promoting the program.

Alzheimer's Respite. These GRF funds serve the caregivers of people with Alzheimer's disease of all ages and in all geographic areas of Ohio. These funds provide the federally required 25% matching funds for the OAA National Family Caregiver Support program. According to the Alzheimer's Association, one in ten individuals over 65 and nearly half of those over 85 are affected by this disease. A person with Alzheimers will live an average of eight years and as many as 20 years following the onset of symptoms. More than seven out of ten people with the disease live at home, where nearly 75% of care is provided by family and friends. According to the Department, the program served an estimated 17,852 consumers (2,163 consumers received respite services and 15,689 consumers received education and Alzheimer's Association core services).

Two of the fastest growing sources of funding to support senior services for this program are local levies and program consumer contributions. As of May 2006, 62 counties had senior services property tax levies that generated more than \$100 million annually. A cost-sharing program was implemented by the Department for selected Senior Community Services and OAA services in 1999 and 2001, respectively. Consumers are encouraged to contribute to the cost of services based on their income on a sliding fee scale. In 2005, Ohio consumers contributed more than \$8 million towards the cost of services received through donations and cost-sharing.

Implication of the Budget: The funding will provide home, community, and caregiver support to 275,000 older Ohioans; allocate state Senior Community Services funds to provide nutrition and community services to 13,490 older Ohioans; and allocate state Alzheimer's Respite funds to provide respite care services to more than 1,990 Ohioans with Alzheimer's disease.

Residential State Supplement (RSS)

Program Description: This program provides cash assistance and case management to aged, blind, or disabled adults who reside in approved living arrangements including group homes, adult care facilities, residential care facilities, and other facilities licensed by the Ohio Department of Mental Health (ODMH). To be eligible for the program, a person must be 18 years of age or older, not need 24-hour supervision, require a protective level of care, require less than 120 days of skilled nursing care, and not have a monthly income greater than \$800. Also, persons may not have more than \$1,500 in assets. Clients receive the supplemental payment directly and then pay the RSS providers themselves. The monthly cash supplement is used together with the individual's personal income to pay for an alternative living arrangement. The monthly supplement makes up the difference between the individual's income and the financial need standard set for the appropriate RSS living arrangement. According to the Association of Area Agencies on Aging's web site, the state provided a monthly cash supplement of, on average, \$470 in FY 2005.

The RSS program served approximately 2,000 individuals in FY 2006. As of January 31, 2007, the caseload was 1,884 and there were 747 individuals on the waiting list. Individuals who are eligible for RSS also receive a Medicaid card.

State funds for the RSS program are disbursed through GRF line item 490-412, Residential State Supplement. The RSS program receives up to \$2,835,000 each fiscal year of the nursing facility franchise fee moneys, which are disbursed through line item 490-610, PASSPORT/Residential State Supplement.

Although the Department of Aging administers the RSS program, the Ohio Department of Job and Family Services (ODJFS) is responsible for making payments. Am. Sub. H.B. 152 of the 120th General Assembly transferred the operation of the RSS program from ODJFS to the Department of Aging. Consequently, the Department of Aging transfers all appropriations for the RSS program to ODJFS. ODJFS then makes RSS payments through line item 600-618, Residential State Supplement Payments.

Implication of the Budget: The Department received \$12,691,771 in each fiscal year, which basically funds the program at FY 2007 levels. The funding for the RSS program will provide supplements for the individuals currently on the program, maintaining current service levels. The budget also increased the maximum monthly supplement amount for an eligible resident by 3%. This increase is expected to cost \$300,000 per fiscal year. However, it is expected that the Department will be able to absorb this increase with budgeted appropriations.

PASSPORT

Program Description: The PASSPORT (Pre-Admission Screening System Providing Options and Resources Today) program provides (1) screening for Ohioans seeking placement in a nursing facility (PASS) and (2) community-based long-term care services (PORT).

The PASS (Pre-Admission Screening System) portion of PASSPORT is responsible for screening any Ohioan seeking entry into a Medicaid nursing facility. These screens assess the individual's needs and determine their level of care. In FY 2006, the Department performed 71,933 PASS screens.

After the screenings, individuals are provided with information about options available to meet their long-term care needs and information about factors to consider in making long-term care decisions. The screening and assessment component at the Area Agency on Aging (AAA) serves as a portal to all programs operated by the Department, including: PASSPORT, Choices Waiver, Assisted Living, RSS, and the pilot Medicaid waiver. The PORT (Providing Options and Resources Today) is the component that directly provides long-term care services.

Community-based services are available for individuals through various funding streams (Title III, Senior Community Services Block Grant, local levy funds, etc.) depending on their eligibility. In addition, the Department administers PASSPORT and Choices, which are home and community-based Medicaid waivers. Under the Medicaid program, the federal government reimburses allowable expenditures according to a state's federal medical assistance participation (FMAP) rate. For FFY 2007, Ohio's FMAP rate is 59.6%. Under the program, state funds are used to "draw down" federal funds at the FMAP rate. Thus, for every \$1 spent on services allowable under Medicaid, the federal government reimburses the state approximately \$0.60. The Centers for Medicare and Medicaid Services (CMS) in the United States Department of Health and Human Services annually sets the FMAP rate. Administrative costs related to running Medicaid-related programs (as compared to costs associated with direct health care services) are reimbursed at 50% with some exceptions.

PASSPORT. PASSPORT is a home and community-based Medicaid waiver that enables older individuals to stay at home by providing them with in-home long-term care services. To be eligible for the program, the person must be over age 60 and meet Medicaid eligibility for nursing home care. (For 2006, this means typically earning no more than \$1,809 per month for one person and having no more than \$1,500 in countable assets, though individuals above this income limit may be eligible based on the extent of their medical and in-home needs.) In addition, the person must be frail enough to require a nursing home level of care and have a physician's consent that the person is able to safely remain at

home. Services covered on the PASSPORT waiver are as follows: personal care, homemaker, home delivered meals, adult day services, transportation, social work/counseling, nutrition consultant, independent living assistance, emergency response systems, home chores and repairs, medical supplies and equipment, and adaptive/assistive equipment.

Home First. The bill allows individuals on the PASSPORT waiting list who are currently in nursing facilities to receive priority enrollment onto the program – basically moving to the top of the list. Currently, all costs associated with the Home First initiative are reimbursed through ODFJS (GRF ALI 600-525, Health Care/Medicaid).

Choices. Like PASSPORT, Choices is a home and community-based Medicaid waiver that enables older individuals to stay at home by providing in-home long-term care services. However, unlike PASSPORT, the Choices waiver is “consumer-directed.” Consumer direction is a philosophy that allows individuals and families greater choice, control, and responsibility for their services. Choices allows individuals to recruit, hire, schedule, and if necessary, fire their worker. The case manager still has a major role in assessing the consumers’ needs and working with the consumer to identify ways of meeting those needs. The Choices waiver is limited to individuals already enrolled on the PASSPORT waiver and is currently only available in three geographic areas in the state: AAA 6, which covers central Ohio, AAA 7, which covers southern Ohio, and AAA 8, which covers southeastern Ohio.

According to the Department, PASSPORT costs average \$11,280 per year (no administration included). Nursing facility costs are estimated at \$60,000. As of January 31, 2007, the caseload for the program was 26,385 and there were 1,063 individuals on the waiting list. On March 8, 2007, the Governor issued a directive to the Department to increase the number of individuals receiving PASSPORT by 1,100.

Implication of the Budget: Funding for PASSPORT in GRF line item 490-403, PASSPORT, is increased by 6.1% in FY 2008 and by 23.2% in FY 2009, for an appropriation of \$128.4 million in FY 2008 and \$158.2 million in FY 2009. PASSPORT funding in federal line item 490-607, PASSPORT, is increased by 38.3% in FY 2008 and decreases by 0.2% in FY 2009, for an appropriation of \$301.8 million in FY 2008 and \$301.3 million in FY 2009. Some of this increase is due to an acceleration of federal reimbursement of funds resulting from an earlier submission of Medicaid claims. Franchise fee revenue in Fund 4J4 increases by 0.7% in FY 2008 and decreases by 0.7% in FY 2009. Revenue from horse racing taxes in Fund 4U9 is flat funded at FY 2007 levels.

As of January 31, 2007, the caseload for the program was 26,385 and there were 1,063 individuals on the waiting list. On March 8, 2007, the Governor issued a directive to the Department to increase the number of individuals receiving PASSPORT by 1,100. It is believed that by the beginning of August 2007 these individuals were enrolled onto the program. The appropriation levels will fund an additional 5,600 PASSPORT waiver slots over the course of the FY 2008 - 2009 biennium. This reflects the natural growth rate in the program over that time. As such, this funding will allow PASSPORT to likely operate without a waiting list through the biennium. The bill increases the Medicaid reimbursement rate for PASSPORT services during FY 2008 by 3%. The rate is also increased by another 3% in FY 2009. These rate increases also extend to services provided under the Choices program. The amount of the increase is approximately \$11.0 million in FY 2008 and \$23.6 million in FY 2009. These increases are broken down as follows: approximately \$4.5 million in FY 2008 and \$9.7 million in FY 2009 in GRF appropriation item 490-403, PASSPORT and \$6.4 million in FY 2008 and \$13.9 million in FY 2009 in federal appropriation item 490-607, PASSPORT (Fund 3C4).

The funding will be allocated to 13 PASSPORT administering agencies to provide pre-admission screening and make possible alternative service recommendations to Ohioans seeking to enter nursing homes, as well as funding over 575 participants in the Choices program.

Program of All-Inclusive Care for the Elderly (PACE)

Program Description: The Program of All-Inclusive Care for the Elderly (PACE) enables seniors to stay in the community by providing high quality home and community-based care. PACE is a managed care program. The PACE sites provide participants with all of their needed health care, medical care, and ancillary services at a capitated rate. All PACE participants must be 55 years of age or older and qualify for a nursing home level of care. There are currently two PACE sites – Tri-Health Senior Link, which is in Cincinnati and Concordia Care, which is in Cleveland. The PACE sites assume full financial risk for the care of the participants. As a result, there is an incentive that a broad range of preventive and community-based services be provided that are alternatives to more costly care. The census for PACE is estimated to be 735 at the end of FY 2007. There are currently 62 individuals on the waiting list for PACE services – 44 in Cincinnati and 18 in Cleveland.

The Department took over full administration of the PACE program from ODJFS beginning in FY 2006. The program is authorized through the state plan and operated under an agreement with the federal government – Centers for Medicare and Medicaid Services. PACE is unique in that it is the only program that provides managed care of both Medicare and Medicaid services. PACE sites receive, on average, \$2,623 for dual-eligible individuals (Medicaid and Medicare) and \$3,775 for a Medicaid-only person per month as payment for all services provided. The nursing facility cost for providing these services is about \$4,950 per month.

Implication of the Budget: The funding remains the same as FY 2007 levels. Thus, current service levels will be maintained. Therefore, a census of 735 individuals will be supported. The federal government allows ODA to limit the number of slots available to each provider.

Assisted Living

Program Description: The Assisted Living program, which is a Medicaid waiver program, was created in Am. Sub. H.B. 66 of the 126th General Assembly and began July 1, 2006. The program offers an alternative service delivery in the community for people who are coming from a nursing home or from a home and community-based services (HCBS) waiver. The program provides a setting that gives the person a home-like environment in a community living setting. The program is only available in licensed residential care facilities that are licensed by the Department of Health. Facilities wishing to participate in the Assisted Living program are also certified by the Department of Aging. The principal additional certification requirement is that the room is single occupancy, has a locking door, private bathroom with shower and tub, and has an area for socialization. To be eligible for the program, a person must be a current nursing facility resident or existing Medicaid waiver participant, be age 21 or older, need hands-on assistance with certain activities of daily living such as dressing and bathing, be able to pay room and board, and meet the financial criteria for Medicaid eligibility.

The program provides two services. The first is assistance with activities of daily living and independent activities of daily living, as well as other activities and services to support the individual. The program also provides transition services: utility deposits, furnishings, and household goods to help a person in setting up their assisted living space.

Enrollment in the Assisted Living program is capped at 1,800. According to ODA, as of February 28, 2007, 123 unduplicated slots were used with 1,677 open slots for the Assisted Living Medicaid waiver program. As of March 12, 2007, there were 50 facilities certified as Assisted Living providers. According to the Department, Assisted Living costs average \$21,600 per year (no administration included). Nursing facility costs are estimated at \$60,000.

Implication of the Budget: The budget appropriates \$12,554,940 in FY 2008 and \$15,213,890 in FY 2009 in GRF line item 490-422, Assisted Living. Appropriations in federal line item 490-622, Assisted Living - Federal, are \$14,972,892 in FY 2008 and \$21,810,442 in FY 2009. Funding for the program is appropriated directly to the Department of Aging in this budget. In Am. Sub. H.B. 66 of the 126th General Assembly, there was transfer language from ODJFS' 600-525, Health Care/Medicaid, line item into the Department of Aging. This transfer took place on a quarterly basis and consisted of the costs for the Assisted Living program.

This funding would fund the currently authorized 1,800 waiver slots. At the end of FY 2007, approximately 200 slots were filled. There are currently 50 facilities certified as Assisted Living providers. It is unlikely that 50 facilities could handle the load with all 1,800 slots filled.

Medicaid Waiver Pilot Program

Program Description: In Am. Sub. H.B. 66 of the 126th General Assembly, there was language that called for the implementation of a Medicaid waiver pilot program for no more than 200 individuals. In addition, the bill specified that: spending authorization for medically necessary health care services not exceed 70% of the average cost under the Medicaid program for nursing facility services, provide necessary support services such as fiscal intermediary and case management, the participant must need a intermediate level of care, and participation is limited to nursing facility residents or individuals enrolled on other waivers. The goal of the program is to provide long-term care services in a community setting in order to delay or prevent nursing facility admissions. The Department and ODJFS are currently working cooperatively in developing a waiver application for federal approval with a goal of implementing this new waiver in May of 2007. According to the Department, as of March 12, 2007, ODA has submitted the waiver to ODJFS for review. ODA is awaiting changes from ODJFS. After ODJFS makes changes, the waiver will be submitted to the Center for Medicaid and Medicare Services, which will have 90 days in which to respond to the proposal.

Implication of the Budget: ODA did not seek funding for this program, since the money to support the program comes from ODJFS' GRF line item 600-525, Health Care/Medicaid. OBM will transfer state share amounts of the estimated costs from GRF line item 600-525, Health Care/Medicaid to GRF line item 490-403, PASSPORT. The federal lines will also be adjusted accordingly.

Program Series**2: Elder Rights**

Purpose: This program series consists of three programs that create an environment within Ohio where respect for elder rights is encouraged, where mechanisms are put in place to assist older persons in asserting their rights, and where older persons understand and exercise their rights and privileges.

The following table shows the line items that are used to fund the Elder Rights program series, as well as the Department's FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	490-410	Long-Term Care Ombudsman	\$654,965	\$654,965
General Revenue Fund Subtotal			\$654,965	\$654,965
State Special Revenue Fund				
4C4	490-609	Regional Long-Term Care Ombudsman	\$935,000	\$935,000
5BA	490-620	Ombudsman Support	\$600,000	\$600,000
5K9	490-613	Long-Term Care Consumer Guide	\$820,400	\$820,400
State Special Revenue Fund Subtotal			\$2,355,400	\$ 2,355,400
Federal Special Revenue Fund				
3M4	490-612*	Federal Independence Services	\$913,200	\$913,200
Federal Special Revenue Fund Subtotal			\$913,200	\$913,200
Total Funding: Elder Rights			\$3,923,565	\$3,923,565

*Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Elder Rights program series:

- **Program 2.01: Long-Term Care Ombudsman**
- **Program 2.02: Long-Term Care Consumer Guide**

Long-Term Care Ombudsman

Program Description: The Ombudsman program advocates for long-term care consumers receiving home and community-based services and residents of nursing homes, residential facilities, and adult care facilities. The program does this by investigating and attempting to resolve consumer complaints about long-term care services. Ombudsman create a regular presence in all long-term care facilities through many activities such as complaint-handling, provider education, regular visitation, and work with resident councils and family councils. The program is run by the State Ombudsman, in collaboration with Ohio's 12 regional programs. The program relies heavily on volunteers to help create a presence in long-term care facilities. There are currently 561 certified volunteer ombudsmen. In FY 2006, the program made 12,270 visits to long-term care facilities with volunteers making 72% of those visits. In FY 2006, the program investigated 10,625 complaints, which is an increase of 600 complaints over FY 2005. In FY 2006, the top five complaints dealt with the following: (1) discharge/eviction procedures, implementation, or notice; (2) dignity, respect, and staff attitudes; (3) accidents and improper handling; (4) personal property being lost/stolen/destroyed; and finally (5) requests for assistance.

Funding for the Ombudsman program comes from state and federal sources. State funds, disbursed through GRF line item 490-410, Long-Term Care Ombudsman, serve as the nonfederal match required to draw down federal Title III (B) funds. The Ombudsman program receives a portion of the facility bed fee assessed to nursing and residential care facilities. The Department also receives federal funds authorized by the Older Americans Act (Title VII, Chapters 2 and 3) for the Ombudsman program.

Implication of the Budget: The major source of funding for the Ombudsman program comes from the Older Americans Act (Titles III and VII). Along with the federal funding, the Ombudsman program also receives GRF dollars. The budget decreased GRF funding for the Long-Term Care Ombudsman program by 5% in FY 2008 for a total appropriation of \$654,965. With this funding level, ODA anticipates current service levels to be maintained. As a result, the funding will support the investigation of over 10,000 complaints and furnish consumers with information on benefits, individual rights, regulation, and assistance with selecting a long-term care service. However, it should be noted, that as the number of complaints continue to increase with little increase in program resources, the capacity of ombudsman to provide preventive services, such as provider consultation, provider staff education, community education and systems advocacy, will likely decrease.

The funding in the State Special Revenue Fund (SSR) line item 490-609, Regional Long-Term Care Ombudsman program, remains at FY 2007 levels. Funds for this line item come from a portion of the facility bed fee assessed to nursing and residential care facilities.

Long-Term Care Consumer Guide

Program Description: The Long-Term Care Consumer Guide is a web site developed by the Department to assist individuals in making decisions about long-term care services and selecting a nursing home. The web site provides comparative data, including regulatory compliance and consumer satisfaction information, for every nursing home in Ohio. Nursing homes can add information about bed capacity, policies, staffing levels, specialization, and quality.

For the month of January 2007, there were 8,860 visitors to the web site. This is a large increase over 2005 visitors, which numbered approximately 5,500 visitors per month. The Department posted the results of its 2006 Nursing Home Family Satisfaction Survey in December 2006. Satisfaction ratings were compiled from approximately 24,000 families. The satisfaction ratings considered administration, activities, nursing care, environment, and general satisfaction with nursing facilities across the state.

Implication of the Budget: The Long-Term Care Consumer Guide program is supported by fees paid by nursing facilities and residential care facilities for customer satisfaction surveys. The budget authorizes funding of \$820,400 in each fiscal year in SSR line item 490-613, Long-Term Care Consumer Guide. According to ODA, as a result of this funding, ODA will utilize one contractor to conduct two surveys (Nursing Home Resident Survey and the Nursing Home Family Satisfaction Survey). This should allow the program to continue at current service levels.

Program Series**3: Healthy and Productive Aging**

Purpose: This program series helps meet the needs of active seniors, caregivers, and the general population by providing counseling, information, and programs about Medicare, insurance, and retirement; caregiver support; prescription drug discounts; employment and volunteer activities; and fitness/wellness programs.

The following table shows the line items that are used to fund the Healthy and Productive Aging program series, as well as the Department's FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	490-321*	Operating Expenses	\$288,491	\$294,191
GRF	490-406	Senior Olympics	\$14,856	\$14,856
GRF	490-411	Senior Community Services	\$92,150	\$92,150
GRF	490-506	National Senior Service Corps	\$335,296	\$335,296
General Revenue Fund Subtotal			\$730,793	\$736,493
General Services Fund				
480	490-606	Senior Community Outreach and Education	\$372,677	\$372,677
General Services Fund Subtotal			\$372,677	\$372,677
State Special Revenue Fund				
5AA	490-673	Ohio's Best Rx Administration	\$1,184,154	\$910,801
State Special Revenue Fund Subtotal			\$1,184,154	\$910,801
Federal Special Revenue Fund				
3M4	490-612*	Federal Independence Services	\$97,200	\$97,200
322	490-618*	Federal Aging Grants	\$3,807,749	\$3,845,827
Federal Special Revenue Fund Subtotal			\$3,904,949	\$3,943,027
Total Funding: Healthy and Productive Aging			\$6,192,573	\$5,962,998

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Healthy and Productive Aging program series:

- **Program 3.01: Golden Buckeye Card and Ohio's Best Rx**
- **Program 3.02: Senior Community Services Employment Program**
- **Program 3.03: National Senior Service Corps**
- **Program 3.04: Senior Olympics**
- **Program 3.05: Community Outreach**

Golden Buckeye Card and Ohio's Best Rx

Program Description: The Golden Buckeye Card is an individual discount card issued free of charge to individuals age 60 or older and to those age 18-59 with a total and permanent disability (as defined by Medicare). The program is designed to provide cardholders with savings on their purchases of goods or services from participating businesses. Over 18,000 merchants voluntarily participate and honor the card based on their custom-tailored discount or special offer.

Currently, the Ohio Department of Job and Family Services (ODJFS) administers the Ohio's Best Rx program and ODA administers the Golden Buckeye Rx program. Am. Sub. H.B. 468 of the 126th General Assembly eliminates, on July 1, 2007, the prescription drug discount component of the Golden Buckeye Card program and transfers the Ohio's Best Rx program to ODA. ODA is permitted to coordinate the Ohio's Best Rx program with the basic Golden Buckeye Card program. In coordinating the programs, ODA is allowed to issue a card that serves as both a Golden Buckeye Card and an Ohio's Best Rx program enrollment card. However, the Department has stated that they will maintain a separate card for those who are eligible only for Ohio's Best Rx. Under Am. Sub. H.B. 468, income eligibility for the program was increased to 300% of the federal poverty level. The goal of the program is to provide significant savings on prescription medications to people over the age of 60 and low-income individuals of any age.

Implication of the Budget: The funding should maintain the Golden Buckeye Card for nearly two million Ohioans; allow for the merging of the Ohio's Best Rx and Golden Buckeye Prescription Drug Savings programs; and allow an average savings of 30% to the consumer on prescription drug prices through the Prescription Drug Savings program. The Ohio's Best Rx program transferred to ODA on July 1, 2007.

Please note that the Department sought Controlling Board approval to establish appropriation authority of \$7.1 million in line item 490-440, Ohio's Best Rx Start-Up Costs, on June 18, 2007.

Senior Community Services Employment Program

Program Description: The Senior Community Services Employment program is a training and work experience program that places eligible individuals in temporary nonprofit or governmental jobs. To be eligible, an individual must be age 55 or older and cannot have an annual income that exceeds 125% of the federal poverty level. In FY 2006 and FY 2007, the U.S. Department of Labor approved 527 positions, a decrease of 5 positions from FY 2005. According to the Department, participants work approximately 20 hours per week in 31 Ohio counties.

Federal regulations require that 75% of the funds be used for wages and benefits, 13.5% on administration, and 11.5% on other participant costs. One community-based organization was selected to provide program administration. The Department provides 10% of the administrative match through GRF line item 490-321, Operating Expenses. All but a small percentage of this amount is awarded to a sub-grantee for primary operation of the program. The majority of the required match is provided by the sub-grantee.

Implication of the Budget: The funding of \$3,823,590 in FY 2008 and \$3,861,668 in FY 2009 will maintain current service levels. As such, 527 subsidized part-time positions for seniors in the state will be available.

National Senior Service Corps

Program Description: The National Senior Service Corps program, which is under the jurisdiction of the Corporation for National and Community Service, provides volunteer opportunities to older adult volunteers. The National Senior Service Corps program is made up of the following three subprograms: the Retired Senior Volunteer Program (RSVP), the Foster Grandparent program, and the Senior Companion program. The Department provides a subsidy to participating organizations through GRF line item 490-506, Senior Volunteers, which supports the operating costs of the programs. State subsidies are used to draw down federal funds, which organizations receive directly. The Department

allocates GRF funds in the following manner: 50% to the RSVP, 25% to the Foster Grandparents program, and 25% to the Senior Companion program. Over 19,000 older Ohioans provide services around the state through these programs.

Retired and Senior Volunteer Program (RSVP). The RSVP provides Ohioans age 55 and older with volunteer opportunities in their communities that match their skills and availability. Some volunteer activities include building houses, immunizing children, and protecting the environment. Approximately 16,890 volunteers serve more than 1,900 organizations throughout Ohio. Volunteers in the program do not receive any compensation.

The Foster Grandparent Program. The Foster Grandparent program connects Ohioans age 60 and older with young people with exceptional needs. Approximately 1,137 volunteers serve more than 3,500 children with special needs. Volunteers in the program commit approximately 20 hours per week and receive a small stipend if they meet certain income eligibility levels to offset the cost of volunteering (\$2.65 per hour).

The Senior Companion Program. The Senior Companion program supports seniors (age 60 and older) who make home visits to frail older adults, adults with disabilities, and homebound individuals. Approximately 580 older adult volunteers help more than 1,100 individuals live independently in their own homes. Volunteers visit and help elderly seniors with home care and transportation needs. Volunteers in the program commit approximately 20 hours per week and receive a small stipend if they meet certain income eligibility levels to offset the cost of volunteering (\$2.65 per hour).

Implication of the Budget: The funding of \$335,296 in each fiscal year in GRF line item 490-506, National Senior Service Corps, represents a decrease of 5% over FY 2007 adjusted appropriations. National Senior Service Corps programs use state and local funds as a match for federal funds. Since the program is made up primarily of federal funds, current service levels should be maintained. However, it should be noted that rural areas often have difficulty attracting additional matching funds to satisfy the full match. As a result, it is possible that reductions in state subsidies could reduce service levels in areas unable to attract enough local dollars to draw down all available federal funds.

Senior Olympics

Program Description: The Ohio Senior Olympics promotes the health benefits of exercise for seniors, as well as helping to present a positive image of older people. The Department uses these funds to help support regional games, as well as a statewide competition. In 2006, games were held in Akron, Cincinnati, Columbus, Dayton, Lake County, Lima, Toledo, and Youngstown. In the most recent state games held in Youngstown, more than 1,000 athletes participated.

Implication of the Budget: The funding of \$14,856 in GRF line item 490-406, Senior Olympics, for each fiscal year will allow ODA to maintain current services. Thus, eight local Senior Olympic games in each fiscal year should be maintained.

Community Outreach

Program Description: The Department creates and distributes educational materials and conducts activities to inform individuals about important aging issues and services available. These include: Ohio's Senior Citizens Hall of Fame, Elder Caregiver Recognition Ceremony, Governor's Conference on Aging, Joined Hearts in Giving, and Older Americans Month. The Department also issues

publications to keep professionals informed of current issues in aging and to aid families preparing to help aging parents.

Implication of the Budget: As a result of the funding, the program will fund a variety of consumer education products including a comprehensive web site, print publications, and a monthly television show. However, ODA may need to decrease public relation activities for the program.

Program Series**4: Ohio Community Service Council**

Purpose: This program series encompasses the operations of the Ohio Community Service Council (OCSC), which operates as a semi-autonomous agency with the Department of Aging as its fiscal agent. The OCSC manages the federally funded AmeriCorps program in Ohio and promotes volunteerism and community service efforts across the state.

The following table shows the line items that are used to fund the Ohio Community Service Council program series, as well as the Department's FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	490-409	Ohio Community Service Council Operations	\$183,792	\$183,792
General Revenue Fund Subtotal			\$183,792	\$183,792
State Special Revenue Fund				
624	490-604	OCSC Community Support	\$470,000	\$470,000
State Special Revenue Fund Subtotal			\$470,000	\$470,000
Federal Special Revenue Fund				
3R7	490-617	Ohio Community Service Council Programs	\$8,870,000	\$8,870,000
Federal Special Revenue Fund Subtotal			\$8,870,000	\$8,870,000
Total Funding: Ohio Community Service Council National Service Programs			\$9,523,792	\$9,523,792

This analysis focuses on the following specific programs within this program series:

- **Program 4.01: Subsidies and Subgrants**
- **Program 4.02: State Volunteer Infrastructure**

Subsidies and Subgrants

Program Description: The Subsidies and Subgrants program, otherwise known as AmeriCorps, provides individuals with educational awards for college (\$4,725) in return for one year of community service. A hallmark of AmeriCorps from its inception in 1994 has been the idea of local control. Hence, the potential subgrantees are required to solicit community input to determine the most pressing local needs that could be addressed by an AmeriCorps project. Types of projects vary from natural resource preservation to home building and renovation. The AmeriCorps program is federally funded. A portion of the funds distributed to states by the federal government is based on population, while the other portion is through a competitive process based on program quality.

Approximately 600 people per year serve as AmeriCorps members.

Implication of the Budget: The funding of \$8.0 million in each fiscal year in federal line item 490-617, Ohio Community Service Council Programs will fund 50 projects across the state to recruit 1,000 AmeriCorps volunteers, who will in turn provide 1.3 million hours of community service throughout Ohio during the biennium. The AmeriCorps members will earn approximately \$3.0 million in tuition credits for college. The funding will also generate an additional 300,000 hours of service by local volunteers to supplement the service provided by AmeriCorps members.

State Volunteer Infrastructure

Program Description: The State Volunteer Infrastructure program's goal is to operate a compliant and effective organization in support of programmatic initiatives, encourage volunteerism throughout the state, and build an infrastructure of collaboration and mutual support among volunteer-based organizations. These projects are centered on building capacity and fostering collaboration within and among volunteer-based organizations.

Implication of the Budget: The funding should allow FY 2007 service levels to be maintained. As a result, this funding will maintain a mandated statewide database of registered volunteers to be called upon for emergency/disaster response through Ohio Citizen Corps and provide volunteer registration services to other state agencies on a contractual basis; support ongoing volunteer recruitment and training activities to expand the number of registered volunteers from 8,000 to 15,000; and provide staffing and administrative capacity necessary to effectively plan, manage, evaluate, and improve all programs and initiatives of the OCSC.

Program Series**5: Program Support**

Purpose: This program series covers the administrative costs associated with each Division within the Department including staff, office space, equipment, supplies, and travel.

The following table shows the line items that are used to fund the Program Support program series, as well as the Department's FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	490-321*	Operating Expenses	\$2,349,080	\$2,343,080
General Revenue Fund Subtotal			\$3,249,080	\$2,343,080
Total Funding: Program Management			\$2,349,080	\$2,343,080

*Amount does not reflect total appropriation because the line item is used to fund other programs.

This analysis focuses on the following specific programs within this program series:

■ **Program 5.01: Program Support Expenses**

Program Support Expenses

Program Description: This program is a new program for the Department of Aging and was added in anticipation of the implementation of OAKS. In the FY 2006 - 2007 biennium, funding for the Department's operating expenses were allocated to each of the Department's programs. The Department created this program series because it believes that, with OAKS, having a program specifically for program support will enable more efficient monitoring of operating expenses and allocation of available funds. Program support funding provides for the costs of staff, space, equipment, and related expenses, as well as operating costs associated with several federal and state programs that lack managerial funding. Program Support provides the resources necessary to provide services to older Ohioans.

A portion of the Department's operating expenses is funded through larger programs such as PASSPORT. However, a number of smaller state and federal programs can only be managed administratively with funds from Program Support.

Implication of the Budget: The line item that supports this program received a decrease of 5% in FY 2008 from FY 2007 adjusted appropriations. However, according to ODA, there will be no layoffs as a result of this funding and ODA will maintain current service levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: *FY 2006:* *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* *% Change 2007 to 2008:* *FY 2009 Appropriations:* *% Change 2008 to 2009:*

Report For: Main Operating Appropriations Bill

Version: Enacted

AGE Aging, Department of

GRF	490-321	Operating Expenses	\$ 2,312,578	\$ 2,583,384	\$ 2,776,481	\$ 2,637,571	-5.00%	\$ 2,637,271	-0.01%
GRF	490-403	PASSPORT	\$ 103,662,309	\$ 113,311,741	\$ 121,009,372	\$ 128,391,189	6.10%	\$ 158,196,465	23.21%
GRF	490-405	Golden Buckeye Card	\$ 296,801	\$ 355,764	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	490-406	Senior Olympics	\$ 15,638	\$ 15,638	\$ 15,638	\$ 14,856	-5.00%	\$ 14,856	0.00%
GRF	490-409	Ohio Community Service Council Operations	\$ 214,365	\$ 203,468	\$ 193,465	\$ 183,792	-5.00%	\$ 183,792	0.00%
GRF	490-410	Long-Term Care Ombudsman	\$ 722,528	\$ 756,337	\$ 689,437	\$ 654,965	-5.00%	\$ 654,965	0.00%
GRF	490-411	Senior Community Services	\$ 10,816,152	\$ 10,575,913	\$ 10,630,988	\$ 10,349,439	-2.65%	\$ 10,349,439	0.00%
GRF	490-412	Residential State Supplement	\$ 9,194,186	\$ 9,158,400	\$ 9,156,771	\$ 9,156,771	0.00%	\$ 9,156,771	0.00%
GRF	490-414	Alzheimer's Respite	\$ 4,363,754	\$ 4,031,046	\$ 4,085,888	\$ 4,131,594	1.12%	\$ 4,131,594	0.00%
GRF	490-416	JCFS Community Options	\$ 130,067	\$ 100,000	\$ 100,000	\$ 250,000	150.00%	\$ 250,000	0.00%
GRF	490-419	Prescription Drug Discount Program	\$ 166,733	\$ 1,093	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	490-421	PACE	\$ 46,863	\$ 6,669,152	\$ 10,214,809	\$ 10,214,809	0.00%	\$ 10,214,809	0.00%
GRF	490-422	Assisted Living Waiver	---	---	\$ 859,919	\$ 12,554,940	1,360.01%	\$ 15,213,890	21.18%
GRF	490-506	National Senior Service Corps	\$ 370,073	\$ 358,458	\$ 352,943	\$ 335,296	-5.00%	\$ 335,296	0.00%
General Revenue Fund Total			\$ 132,312,047	\$ 148,120,392	\$ 160,085,711	\$ 178,875,222	11.74%	\$ 211,339,148	18.15%
480	490-606	Senior Community Outreach and Education	\$ 15,344	\$ 17,234	\$ 372,677	\$ 372,677	0.00%	\$ 372,677	0.00%
5T4	490-615	Aging Network Support	\$ 560	---	\$ 0	\$ 0	N/A	\$ 0	N/A
General Services Fund Group Total			\$ 15,904	\$ 17,234	\$ 372,677	\$ 372,677	0.00%	\$ 372,677	0.00%
322	490-618	Federal Aging Grants	\$ 11,536,569	\$ 11,186,286	\$ 15,014,495	\$ 10,000,000	-33.40%	\$ 10,200,000	2.00%
3C4	490-607	PASSPORT	\$ 171,954,472	\$ 201,068,888	\$ 218,196,387	\$ 301,767,486	38.30%	\$ 301,274,172	-0.16%
3C4	490-621	PACE-Federal	---	\$ 4,619,370	\$ 14,586,135	\$ 14,586,135	0.00%	\$ 14,586,135	0.00%
3C4	490-622	Assisted Living-Federal	---	---	\$ 5,687,374	\$ 14,972,892	163.27%	\$ 21,810,442	45.67%
3M3	490-611	Federal Aging Nutrition	\$ 23,597,863	\$ 21,279,412	\$ 28,037,034	\$ 0	-100.00%	\$ 0	N/A
3M4	490-612	Federal Independence Services	\$ 23,451,495	\$ 24,888,349	\$ 28,325,896	\$ 62,406,819	120.32%	\$ 63,655,080	2.00%
3R7	490-617	Ohio Community Service Council Programs	\$ 5,561,179	\$ 6,190,218	\$ 6,202,480	\$ 8,870,000	43.01%	\$ 8,870,000	0.00%
Federal Special Revenue Fund Group Total			\$ 236,101,577	\$ 269,232,522	\$ 316,049,801	\$ 412,603,332	30.55%	\$ 420,395,829	1.89%
4C4	490-609	Regional Long-Term Care Ombudsman Program	\$ 907,044	\$ 426,698	\$ 935,000	\$ 935,000	0.00%	\$ 935,000	0.00%
4J4	490-610	PASSPORT/Residential State Supplement	\$ 33,263,983	\$ 33,263,984	\$ 33,263,984	\$ 33,491,930	0.69%	\$ 33,263,984	-0.68%
4U9	490-602	PASSPORT Fund	\$ 3,854,716	\$ 3,903,959	\$ 4,424,969	\$ 4,424,969	0.00%	\$ 4,424,969	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
AGE Aging, Department of									
5AA	490-673	Ohio's Best Rx Administration	----	----	----	\$ 1,184,154	N/A	\$ 910,801	-23.08%
5BA	490-620	Ombudsman Support	\$ 615,000	\$ 615,000	\$ 0	\$ 600,000	N/A	\$ 600,000	0.00%
5CE	490-624	Special Projects	----	\$ 350,000	\$ 225,000	\$ 0	-100.00%	\$ 0	N/A
5K9	490-613	Long Term Care Consumers Guide	----	\$ 62,852	\$ 820,400	\$ 820,400	0.00%	\$ 820,400	0.00%
5W1	490-616	Resident Services Coordinator Program	\$ 506,128	\$ 238,928	\$ 315,001	\$ 330,000	4.76%	\$ 330,000	0.00%
624	490-604	OCSC Community Support	\$ 103,692	\$ 83,735	\$ 218,500	\$ 470,000	115.10%	\$ 470,000	0.00%
State Special Revenue Fund Group Total			\$ 39,250,564	\$ 38,945,156	\$ 40,202,854	\$ 42,256,453	5.11%	\$ 41,755,154	-1.19%
Aging, Department of Total			\$ 407,680,092	\$ 456,315,304	\$ 516,711,043	\$ 634,107,684	22.72%	\$ 673,862,808	6.27%

Department of Alcohol and Drug Addiction Services

- The Recovery Assistance and Recovery Healthcare Assistance programs are eliminated
- State GRF dollars allows local boards more flexibility in providing services to TANF eligibles

Deauna Hale, Budget Analyst

OVERVIEW

Duties and Responsibilities

The 118th General Assembly created the Department of Alcohol and Drug Addiction Services (ODADAS) in 1989 by enacting Am. Sub. H.B. 317. Section 3793.02 of the Revised Code requires the Department to develop and coordinate educational and research programs that aid in reducing addiction to alcohol and other drugs and coordinating treatment programs for persons who abuse alcohol and other drugs. To meet these requirements the Department is organized into five program series: (1) Prevention Services, (2) Treatment and Recovery Services, (3) Planning, Outcomes, and Research, (4) Quality Improvement, and (5) Program Management.

Ohio has 50 local boards. Of that number, 45 are Alcohol, Drug Addiction, and Mental Health Services (ADAMHS) and five are Alcohol and Drug Addiction Services (ADAS) boards. These boards contract with local service providers operating roughly 480 treatment programs statewide.

The Department certifies all alcohol and other drug addiction treatment programs and driver intervention programs. In addition, it operates a therapeutic community treatment unit in the Pickaway Correctional Institution.

Prevention

The Department funds prevention and early intervention programs to serve people ranging in age from preschool to adulthood through both state and local initiatives. Prevention and early intervention programs attempt to reach out to people at the earliest possible age to prevent the onset of addictive behavior. Approximately 20% of the Department's subsidy budget is allocated for alcohol and other drug abuse prevention services. The majority of all the prevention and early intervention funding that the Department distributes to boards is allocated through a per capita formula.

Treatment

Approximately 80% of the Department's subsidy budget supports alcohol and other drug addiction treatment programs. The ADAMHS/ADAS board allocation of treatment moneys is used to purchase alcohol and other drug treatment services. Local treatment agencies provide a range of services that include: individual and group counseling, detoxification services in an inpatient or residential setting, long-term and short-term rehabilitation, intensive outpatient, medical somatic, family counseling,

methadone maintenance, case management, laboratory analysis, assessment, crisis intervention, hotline, referral and information, intervention outreach, training, and other alcohol and drug services.

Problem Gambling Services

In February 2002, the Department and the Ohio Lottery Commission (OLC) entered into an agreement to address the treatment needs of those individuals experiencing alcohol and other drug addiction along with the co-occurring disorder of pathological gambling. The partnership allows for OLC to pass funding to the Department for developing and providing gambling prevention and treatment services. Until H.B. 477 of the 125th General Assembly, the Department only had authority to treat a person with a co-occurring pathological gambling addiction, such as an alcohol and/or other drug addiction and gambling addiction. H.B. 477 allowed the Department to treat individuals with a gambling addiction as the only or primary addiction.

Criminal Justice Services

The Criminal Justice Prevention program seeks to help offenders be drug free and live without crime. In addition, the program works to reduce the stigma associated with alcohol and drug addicted offenders. ODJFS awarded the Department \$2.5 million in FY 2007 to develop and implement six pilot criminal justice prevention and treatment collaboration projects. Based on local community needs, the pilot counties provided services to enhance and expand the criminal justice systems' response to families experiencing problems related to alcoholism and other drug addiction. During the pilot project, collaborative efforts at the court, case management, and treatment level helped offenders receive the appropriate services necessary to reenter the community. The Department will implement an evaluation component to determine the effectiveness of the pilot projects.

The Department funds drug courts, specialized dockets that handle cases involving substance-abusing offenders through comprehensive supervision, drug testing, treatment services, and immediate sanctions and incentives. Drug courts create teams to coordinate treatment continuums for substance-abusing offenders and provide recommendations based on the participant's performance while in a treatment program. The Department currently funds 23 drug courts statewide. Recidivism rates for offenders in drug court programs are between 15% and 21% lower than offenders served through the court systems alone.

Medicaid

The Department's community alcohol and drug Medicaid program grew approximately 5% annually since FY 2003. This growth can be attributed to several factors: Ohio expanded the number of clients eligible for Medicaid through the implementation of the State Children's Health Insurance Program (SCHIP), the Department began implementing the Multi-Agency Community Services Information System (MACSIS) in FY 2000 to assist ADAMHS/ADAS boards and providers to identify Medicaid-eligible clients more readily, and inflation increased costs for healthcare coverage across all areas.

The Department's Medicaid program pays for covered services to approximately one-third of all Ohioans accessing publicly funded alcohol and other drug treatment and prevention services. Primary factors in the increasing cost of this Medicaid program are: increases in the number of Medicaid-eligible Ohioans accessing alcohol and other drug treatment programs, increases in the number of Medicaid-eligibles participating in alcohol and other drug treatment programs, and increases in general business costs.

Federal Funding

The Department receives various grants from the federal government and oversees the State Incentive Grant (SIG) to develop and implement a comprehensive substance abuse prevention strategy to optimize the use of all federal, state, and local funding streams and resources. The largest funding source of non-Medicaid dollars are from the Substance Abuse Prevention and Treatment Block Grant (SAPT) to fund alcohol and other drug prevention, treatment, and recovery support services and for planning, evaluation, and research. In addition to the SIG and SAPT grants, the Department receives eight other federal grants.

Vetoed Provisions

Behavioral Health Pilot. The Governor vetoed a provision creating a Behavioral Health Pilot program because the “language does not fully recognize the need to coordinate care across all payer sources, including local, state, federal, and private.” The Governor also stated that this provision does not focus on maintaining integration within the state’s broader healthcare system. In regard to the Department, the provision “does not address oversight responsibilities directly connected to the Substance Abuse Prevention and Treatment (SAPT) Block Grant,” which is a major funding source for the Department.

Auditor of State Performance Audit. The Governor vetoed the provision requiring that the Auditor of State complete a performance audit on the Department. The provision required the Department to fund the formal audit without additional appropriation to pay for it. The Governor’s veto message stated that the audit performed by the Auditor of State is duplicative of the internal review required in the budget act.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
110	\$190,045,626	\$193,545,626	\$40,785,051	\$44,285,051	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Program Series

1: Prevention Services

Purpose: To prepare guidelines, review and recommend state-funded prevention grants and programs, and monitor prevention standards; to facilitate public awareness of the consequences of alcohol and other drug addiction

The following table shows the line items that are used to fund the Prevention Services program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	038-404	Prevention Services	\$1,052,127	\$1,552,127
General Revenue Fund Subtotal			\$1,052,127	\$1,552,127
State Special Revenue Fund				
475	038-621	Statewide Treatment and Prevention	\$390,787*	\$390,787*
State Special Revenue Fund Subtotal			\$390,787	\$390,787
Federal Special Revenue Fund				
3G3	038-603	Drug-Free Schools	\$2,419,554*	\$2,419,554*
3G4	038-614	Substance Abuse Block Grant	\$19,750,450*	\$19,750,450*
3H8	038-609	Demonstration Grants	\$2,818,400*	\$2,818,400*
Federal Special Revenue Fund Subtotal			\$24,688,404	\$24,688,404
Total Funding: Prevention Services			\$26,131,318	\$26,631,318

*Amounts do not reflect total appropriations because the line items are used to fund other program series and programs.

This analysis focuses on the following specific programs within the Prevention Services program series:

- **Local Alcohol, Drug Addiction, and Mental Health Services/Alcohol and Drug Addiction Services Boards – Prevention**
- **Statewide Prevention Services**
- **School and Community Services**
- **Youth and Family Services**

Local Alcohol, Drug Addiction, and Mental Health Services/Alcohol and Drug Addiction Services Boards – Prevention

Program Description: The ADAMHS/ADAS Board subsidy supports publicly funded prevention programs by distributing funds to local ADAMHS/ADAS boards that then contract with local prevention agencies to provide services. The Department allocates funds on a per capita basis to local ADAMHS/ADAS boards. Board allocations are utilized to purchase alcohol and other drug prevention services. The Department uses two prevention program areas for local ADAMHS/ADAS boards: Per Capita/Needs and State Incentive Grant (SIG), which focuses on the enhancement of the Department's statewide prevention plan and addresses the importance of the implementation of evidence-based prevention programs. These services can be categorized under six primary prevention strategies set forth by the federal Center for Substance Abuse Prevention and adopted by the Department in FY 1999. The

six primary prevention strategies are: prevention education, information dissemination, alternative activities, community-based process, environmental, and problem identification and referral.

Implication of the Budget: Under the budget, in GRF line item 038-404, Prevention Services, \$500,000 in FY 2009 will replace funding traditionally appropriated in the tobacco budget bill to help parolees transition from the criminal justice system to the community through the Circle for Recovery program. The remaining funding for line item, 038-404, Prevention Services, will allow the local ADAMHS/ADAS boards to continue to maintain current service levels. The per capita/needs allocation offers boards the flexibility to fund programs most appropriate for the community. The budget eliminates FED Fund 3CK line item 038-625, TANF. Appropriations were provided in GRF line item 038-401, Treatment Services, to allow the Department to distribute funds to local boards and providers in a timely manner and provide more flexibility in providing services.

Statewide Prevention Services

Program Description: Statewide Prevention Services supports two prevention programs. They are the Ohio Resource Network for Safe Drug-Free Schools and Communities, a drug and alcohol prevention information clearinghouse providing technical assistance and training, and Urban Minority Alcoholism and Drug Abuse Outreach programs (UMADAOP) that insure culturally appropriate services to minority populations.

Implication of the Budget: The budget maintains current service levels. The Department will continue to fund the University of Cincinnati's College of Education's Ohio Resource Network for Safe and Drug-Free Schools and Communities, which acts as the drug and alcohol prevention information clearinghouse providing technical assistance and training and the Urban Minority Alcoholism and Drug Abuse Outreach Programs (UMADAOP).

School and Community Services

Program Description: The Department supports the following school and community prevention program areas: Prevention at Work, Safe and Drug-Free Schools and Communities, Drug-Free Community Coalitions, Higher Education High Risk Drinking Initiative, and Underage Drinking Prevention Program.

Implication of the Budget: The budget allows the Department to maintain current service levels. The Prevention at Work program will continue to assist small and medium-sized businesses in meeting the requirements necessary to establish a drug-free workplace. The Safe and Drug-Free School and Communities program will continue to promote coordinating prevention services between local education agencies and community-based prevention providers. Drug-Free Community Coalitions will continue to ensure that alcohol, tobacco, and other drug information is readily available at the local level. These coalitions also work to promote legislative and social policy efforts in the communities they serve. The Higher Education High Risk Drinking Initiative will continue to support colleges and universities in their efforts through education, intervention, social policy, and law enforcement. Underage Drinking Prevention will continue to support coalitions that emphasize the Leadership to Keep Children Alcohol Free and the statewide media campaign "Parents Who Host Lose the Most."

Youth and Family Services

Program Description: The Department supports the following Youth and Family prevention program areas: Youth-Led Prevention program and Parent Engagement program.

Implication of the Budget: The budget allows the Department to maintain current service levels. The Youth-Led Prevention program provides youth with an opportunity to interact with an adult or peer mentor to help them make healthy decisions about alcohol, tobacco, and other drug use. The Parent Engagement program provides parents with information to help talk to children about alcohol, tobacco, and other drug use.

Program Series**2: Treatment and Recovery Services**

Purpose: To establish, promote, and support innovative treatment services for all Ohioans by supporting local alcohol and drug addiction service providers. The division also operates a therapeutic community at the Pickaway Correctional Institution.

The following table shows the line items that are used to fund the Treatment and Recovery Services program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	038-401	Treatment Services	\$38,661,063	\$41,661,063
General Revenue Fund Subtotal			\$38,661,063	\$41,661,063
State Special Revenue Fund				
475	038-621	Treatment and Recovery Services	\$12,263,640	\$12,263,640
5BR	038-406	Tobacco Use Prevention & Control Program	\$186,800	\$186,800
State Special Revenue Fund Subtotal			\$12,450,440	\$12,450,440
General Services Fund				
5T9	038-616	Problem Gambling Services	\$275,000	\$275,000
General Services Fund Subtotal			\$275,000	\$275,000
Federal Special Revenue Fund				
3G4	038-614	Substance Abuse Block Grant	\$49,665,225	\$49,665,225
3H8	038-609	Demonstration Grants	\$2,084,816	\$2,084,816
3J8	038-610	Medicaid	\$46,000,000	\$46,000,000
Federal Special Revenue Fund Subtotal			\$97,750,041	\$97,750,041
Total Funding: Treatment and Recovery Services			\$149,136,544	\$152,135,544

This analysis focuses on the following specific programs within the program series:

- **Local Alcohol, Drug Addiction, and Mental Health Services/Alcohol and Drug Addiction Services Boards – Treatment**
- **Women’s Services Special Grants**
- **Family and Adolescent Treatment**
- **Criminal Justice Services**
- **Medicaid**
- **Special Populations**
- **Problem Gambling Initiative**

Local Alcohol, Drug Addiction, and Mental Health Services/Alcohol and Drug Addiction Services Boards – Treatment

Program Description: The ADAMHS/ADAS Board subsidy supports publicly funded treatment programs for those abusing alcohol and/or other drugs by distributing funds to local ADAMHS/ADAS boards that then contract with local treatment agencies to provide services. The Department allocates funds on a per capita and needs basis to local ADAMHS/ADAS boards. Board allocations are utilized to

purchase alcohol and other drug treatment services. Local treatment agencies provide a range of services that include: individual and group counseling, detoxification services in an inpatient or residential setting, long-term and short-term rehabilitation, intensive outpatient, medical somatic, family counseling, methadone maintenance, case management, laboratory analysis, assessment, crisis intervention, hotline, referral and information, intervention outreach, training, and other alcohol and drug services.

Implication of the Budget: The budget for GRF line item 038-401, Treatment Services, will allow the local ADAMHS/ADAS boards to maintain current service levels. For line item 038-401, Treatment Services, the budget reflects the elimination of the Recovery Health Assistance program. The Department will use approximately \$400,000 to phase out the program during the biennium. The remaining \$1.6 million will be used as additional Medicaid match for local boards that demonstrate a need for these funds. In addition, the budget eliminates FED Fund 3CK line item 038-625, TANF. Additional appropriations were made in GRF line item 038-401, Treatment Service. Replacing the state TANF line with GRF allows more flexibility for the funds and allows the Department to issue funds faster to local boards and providers.

Women's Services Special Grants

Program Description: The Women's Services Special Grants program funds a statewide network of 90 gender and culturally specific prevention, outpatient, and residential treatment programs for alcohol and other drug addicted pregnant women, women with dependent children, and female adolescents. Alcohol and other drug treatment services supported with these funds include prevention, detoxification, outpatient, and residential treatment, along with a comprehensive array of support services including housing, childcare, transportation, and case management. The goal of this specialized network is to reduce the gap between the number of women needing services and the number of women accessing services.

Implication of the Budget: The budget allows the Department to maintain current service levels. Funding for Women's Services Special Grants will be used to continue current prevention, outpatient, and residential treatment programs. Continuing funding for gender-specific services will allow the Department to maintain the statewide network necessary to ensure timely access and quality treatment for alcohol and other drug-addicted women.

Family and Adolescent Treatment

Program Description: Family and Adolescent Treatment supports a statewide network for alcohol and other drug-abusing youth that provides a comprehensive continuum of care including intervention, outpatient, residential treatment, and aftercare services. These adolescent-specific programs address the need for specialized services for youth.

Implication of the Budget: The budget allows the Department to maintain current service levels. Funding in this series will be used to continue four adolescent-specific programs in Butler, Clermont, Lorain, and Mahoning counties to address the need for specialized services for youth. The Department will also continue funding priority treatment services for families involved in the public child welfare system.

Criminal Justice Services

Program Description: The program funds 23 drug courts, 18 Treatment Alternatives to Street Crime (TASC) programs, 6 Therapeutic Communities (TC), and the Second Chance program.

Implication of the Budget: The budget allows the Department to maintain current service levels. Existing programs will continue to provide treatment and related services, such as urinalysis and case management to offenders.

Medicaid

Program Description: The Department's Medicaid program addresses alcohol and other drug treatment needs of Ohio Medicaid consumers. The ten covered alcohol and other drug treatment services are: ambulatory detoxification, assessment, case management, crisis intervention, group counseling, individual counseling, intensive outpatient, laboratory urinalysis, medical/somatic, and methadone administration.

Implication of the Budget: The budget allows the Department to maintain current levels. The Medicaid benefit is operationalized on a prospective cost based reimbursement methodology.

Special Populations

Program Description: This program supports services targeted to persons living with HIV, AIDS, and those individuals experiencing the co-occurring disorders of alcohol and other drug addiction and severe mental illness.

Implication of the Budget: The budget allows the Department to maintain current levels. Eleven ADAMHS/ADAS boards located in counties with rates of ten or more cases of AIDS per 100,000 individuals as well as three grantees in Montgomery, Franklin, and Cuyahoga counties will continue to receive funding to maintain services.

Problem Gambling Initiative

Program Description: This program, through an interagency agreement with the Ohio Lottery Commission, supports five pilot projects that address the needs of individuals experiencing alcohol and other drug addiction with the co-occurring disorder of pathological gambling.

Implication of the Budget: The budget will allow the Department to maintain current service levels. Funds are allocated as follows: four programs located in Athens, Hamilton, Mahoning, and Lucas counties receive \$50,000 each and the Cuyahoga County program receives \$75,000. These funds will purchase integrated treatment for individuals assessed as having a co-occurring disorder of pathological gambling.

Program Series**3: Planning, Outcomes, and Research**

Purpose: To administer the Synar or Tobacco Law Compliance program. The Synar program inspects and works with retailers of tobacco products to ensure that Ohio stays in compliance by not selling tobacco products to minors.

The following table shows the line items that are used to fund the Planning, Outcomes, and Research program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
475	038-621	Statewide Treatment and Prevention	\$85,000*	\$85,000*
State Special Revenue Fund Subtotal			\$85,000	\$85,000
Federal Special Revenue Fund				
3G4	038-614	Substance Abuse Block Grant	\$215,000*	\$215,000*
Federal Special Revenue Fund Subtotal			\$215,000	\$215,000
Total Funding: Planning, Outcomes and Research			\$300,000	\$300,000

*Amounts do not reflect total appropriations because the line items are used to fund other program series and programs.

Quality Compliance Assurance

Program Description: Ohio is required under federal law to decrease youth access to tobacco under Section 1926 of the U.S. Public Health Services Act and 45 Code of Federal Regulations Part 96. Ohio must demonstrate an 80% or higher compliance rate regarding the sale of tobacco products to minors or be subject to potential loss of Substance Abuse Prevention and Treatment (SAPT) Block Grant revenue to fund alcohol and other drug prevention and treatment.

Implication of the Budget: The budget allows the Department to maintain current levels. In general, the program achieves an increase in awareness of tobacco laws through media campaigns and coalitions.

Program Series**4: Quality Improvement**

Purpose: Sets the standards for alcohol and drug treatment, methadone, and driver intervention programs for prevention and treatment providers and conducts on-site reviews to assess compliance with the certification and licensure requirement.

The following table shows the line items that are used to fund the Quality Improvement program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
Federal Special Revenue Fund				
3G4	038-614	Substance Abuse Block Grant	\$734,304*	\$784,596*
Federal Special Revenue Fund Subtotal			\$734,304	\$784,596
State Special Revenue Fund				
475	038-621	Statewide Treatment and Prevention	\$73,000*	\$73,000*
State Special Revenue Fund Subtotal			\$73,000	\$73,000*
Total Funding: Quality Improvement			\$807,304	\$857,596

*Amounts do not reflect total appropriations because the line items are used to fund other program series and programs.

Certification

Program Description: The Division of Quality Improvement inspects, certifies, and licenses alcohol and drug addiction treatment programs, methadone programs, and driver intervention programs. Quality Improvement also develops clinical documentation tools and is responsible for developing a utilization review of the service system based on the protocols for levels of care placement criteria. Responsibilities also include the coordination of the investigation of all complaints received from clients, program staff, and providers.

Implication of the Budget: The budget allows the Department to maintain current levels.

Program Series**5: Program Management**

Purpose: To fund the administrative functions of the Department

The following table shows the line items that are used to fund the Program Management program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	038-321	Operating Expenses	\$1,071,861*	\$1,071,861*
GRF	038-401	Treatment Services	\$354,800	\$354,800
GRF	038-501	System Reform	\$0	\$305,000
General Revenue Fund Subtotal			\$1,426,661	\$1,731,661
State Special Revenue Fund				
475	038-621	Statewide Treatment and Prevention	\$5,187,573*	\$5,187,573*
5BR	038-406	Tobacco Use Prevention & Control Program	\$18,200*	18,200*
5DH	038-620	Fetal Alcohol Spectrum Disorder	\$327,500	\$327,500
689	038-604	Education and Conferences	\$350,000	\$350,000
State Special Revenue Fund Subtotal			\$5,883,273	\$5,883,273
Federal Special Revenue Fund				
3G3	038-603	Drug-Free Schools	\$1,080,446*	\$1,080,446*
3G4	038-614	Substance Abuse Block Grant	\$2,635,021*	\$2,584,729*
3H8	038-609	Demonstration Grants	\$2,189,859*	\$2,189,859*
3N8	038-611	Administrative Reimbursement	\$500,000	\$500,000
Federal Special Revenue Fund Subtotal			\$6,405,326	\$6,355,034
General Services Fund				
5T9	038-616	Problem Gambling Services	\$10,000*	\$10,000*
General Services Fund Subtotal			\$10,000	\$10,000
Total Funding: Program Management			\$13,725,260	\$13,979,968

*Amounts do not reflect total appropriations because the line items are used to fund other program series and programs.

Program Management

Program Description: Program Management supports the Department's mission to provide statewide leadership for alcohol and other drug addiction prevention and treatment services for health, safety, and productivity of all Ohioans through the Director's Office, and the Divisions of Legal Services; Management Information Services (MIS); Fiscal Services; Human Resources; Prevention Services; Treatment and Recovery Services; and Planning, Outcomes, and Research.

Implication of the Budget: The budget reduces the Department's funding for this program series by \$56,414 in both fiscal years. The Department received flat funding for line item 038-621, Statewide Treatment and Prevention. The Department will reduce the number of purchased services in the next biennium to reduce administrative costs. The Department will use \$10,000 in line item 038-616, Problem Gambling Services, for an annual problem gambling conference.

In the budget act, the Department is required to perform an internal review. The Department cannot speculate the cost of the review at this time because the focus, extent, or possible results of the internal review are unknown.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

ADA Alcohol and Drug Addiction Services, Department of

GRF	038-321	Operating Expenses	\$ 1,120,257	\$ 1,120,285	\$ 1,128,275	\$ 1,071,861	-5.00%	\$ 1,071,861	0.00%
GRF	038-401	Treatment Services	\$ 34,675,796	\$ 36,528,423	\$ 39,494,113	\$ 38,661,063	-2.11%	\$ 41,661,063	7.76%
GRF	038-404	Prevention Services	\$ 1,000,731	\$ 971,731	\$ 1,052,127	\$ 1,052,127	0.00%	\$ 1,552,127	47.52%
General Revenue Fund Total			\$ 36,796,784	\$ 38,620,439	\$ 41,674,515	\$ 40,785,051	-2.13%	\$ 44,285,051	8.58%
5DG	038-622	Recovery Assistance	----	\$ 548,910	\$ 1,200,000	\$ 0	-100.00%	\$ 0	N/A
5T9	038-616	Problem Gambling Services	\$ 280,636	\$ 280,602	\$ 285,000	\$ 285,000	0.00%	\$ 285,000	0.00%
General Services Fund Group Total			\$ 280,636	\$ 829,512	\$ 1,485,000	\$ 285,000	-80.81%	\$ 285,000	0.00%
3G3	038-603	Drug Free Schools	\$ 2,974,453	\$ 3,316,023	\$ 3,500,000	\$ 3,500,000	0.00%	\$ 3,500,000	0.00%
3G4	038-614	Substance Abuse Block Grant	\$ 69,779,896	\$ 72,708,900	\$ 73,000,000	\$ 73,000,000	0.00%	\$ 73,000,000	0.00%
3H8	038-609	Demonstration Grants	\$ 4,607,470	\$ 4,607,830	\$ 7,093,075	\$ 7,093,075	0.00%	\$ 7,093,075	0.00%
3J8	038-610	Medicaid	\$ 35,784,070	\$ 38,452,960	\$ 46,000,000	\$ 46,000,000	0.00%	\$ 46,000,000	0.00%
3N8	038-611	Administrative Reimbursement	\$ 512,074	\$ 473,350	\$ 500,000	\$ 500,000	0.00%	\$ 500,000	0.00%
Federal Special Revenue Fund Group Total			\$ 113,657,964	\$ 119,559,063	\$ 130,093,075	\$ 130,093,075	0.00%	\$ 130,093,075	0.00%
475	038-621	Statewide Treatment & Prevention	\$ 16,534,292	\$ 17,588,426	\$ 18,000,001	\$ 18,000,000	0.00%	\$ 18,000,000	0.00%
5BR	038-406	Tobacco Use Prevention and Control Program	----	\$ 285,600	\$ 205,000	\$ 205,000	0.00%	\$ 205,000	0.00%
5DH	038-620	Fetal Alcohol Spectrum Disorder	----	----	\$ 327,500	\$ 327,500	0.00%	\$ 327,500	0.00%
5DV	038-624	Criminal Justice Prevention/Treatment Collaboration	----	----	\$ 2,500,000	\$ 0	-100.00%	\$ 0	N/A
5P1	038-615	Credentialing	\$ 9,265	----	\$ 0	\$ 0	N/A	\$ 0	N/A
689	038-604	Education and Conferences	\$ 160,362	\$ 103,610	\$ 350,000	\$ 350,000	0.00%	\$ 350,000	0.00%
State Special Revenue Fund Group Total			\$ 16,703,919	\$ 17,977,636	\$ 21,382,501	\$ 18,882,500	-11.69%	\$ 18,882,500	0.00%
Alcohol and Drug Addiction Services, Department of T			\$ 167,439,303	\$ 176,986,650	\$ 194,635,091	\$ 190,045,626	-2.36%	\$ 193,545,626	1.84%

Department of Health

Wendy Risner, Senior Analyst

OVERVIEW

Duties and Responsibilities

The mission of the Department of Health (ODH) is to protect and improve the health of all Ohioans by preventing disease, promoting good health, and assuring access to quality health care. In addition to providing preventive medical services, public health education, and health care services, the Department also performs various regulatory duties.

In addition to the Department's central office operations, there are 135 local health districts that are each governed by a board of health and a health commissioner. Approximately 61% of the Department's budget goes to local health care districts and healthcare providers who are responsible for covering various health services. The local health departments receive funding from many sources. According to the Ohio Association of Health Commissioners, 75% of funds come from local funding sources (levies, inside millage, and fees), 20% comes from state sources (grants, federal pass through dollars, state subsidies), and approximately 5% comes from federal and private sources. The state sources include ODH line items earmarked for specific purposes and subsidy moneys appropriated in the Local Health Department Support General Revenue Fund (GRF) line item 440-413. The subsidy funds are allocated according to a formula developed by the Public Health Council. The Council meets at least four times per year to formulate the rules that govern the Department's activities in preserving and promoting public health. The Governor appoints seven members to serve on the Public Health Council. The Council conducts public hearings, but does not have executive or administrative duties.

The Department's budget is organized into six program series: Disease Prevention, Family and Community Health Services, Quality Assurance, Public Health Preparedness, Services to State Employees, and Program Support.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
1,443	\$623.68 million	\$614.41 million	\$79.80 million	\$87.87 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

- The Department receives \$623.7 million in FY 2008 and \$614.4 million in FY 2009
- The budget provides funding of \$2.5 million in each fiscal year for breast and cervical cancer screenings and services
- The budget increases funding in GRF appropriation item 440-505, Medically Handicapped Children, by 22.8% in FY 2008

The biennial funding for the Department is \$1,238,088,619. In FY 2008 the ODH budget appropriation recommendation is \$623,678,762, an increase of 7.1% over FY 2007 adjusted appropriations. In FY 2009, the Department received a 1.5% decrease over FY 2008 appropriations, or \$614,409,857. The Department's GRF appropriations are \$79,799,699 in FY 2008 and \$87,871,084 in FY 2009. This translates to a 4.6% increase in FY 2008 GRF appropriations from FY 2007 GRF adjusted appropriations. FY 2009 GRF appropriations are 10.0% higher than FY 2008 GRF appropriations.

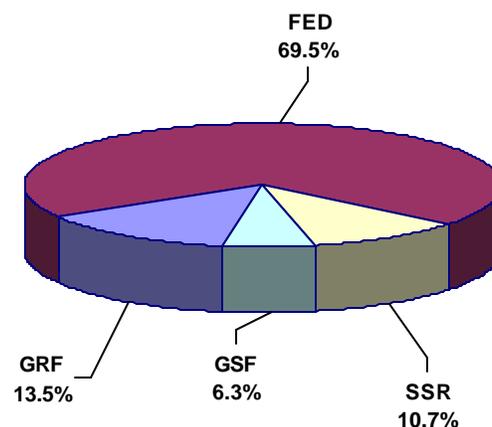
Type of Appropriations

Federal dollars represent the majority of the Department's funding. As shown in Chart 1, approximately 70% of the biennial appropriation is federally funded (\$860.4 million for the biennium). Included in this funding is the Maternal Child Health Block Grant (Fund 320), the Preventive Health Block Grant (Fund 387), and funding for the Women, Infants, and Children Grant (Fund 389).

In the FY 2008 - 2009 biennium, 13.5% of the appropriations are from the state's GRF (\$167.7 million for the biennium). The GRF dollars are the revenue source for a variety of programs within the Department, including activities like the Ohio Cancer Incidence Surveillance System and local health district subsidies.

The other two main sources of appropriation, about 17.0% of the total budget, are general service funds (\$77.4 million for the biennium) and state special revenue (\$132.5 million for the biennium). SSR appropriations are funded by revenue raised for a specific purpose. One example is the Second Chance Trust Program (Fund 5D6, line item 440-620), which is funded through donations made by individuals when renewing their driver's license.

Chart 1: Total Budget by Fund Group, FYs 2008-2009



Budget Highlights for FY 2008 – 2009 Biennium

Breast and Cervical Cancer Screening

ODH receives \$2.5 million in each fiscal year in GRF appropriation 440-438, Breast and Cervical Cancer Screening. These funds are to be used for breast and cervical cancer screenings and services as permitted under the National Breast and Cervical Cancer Early Detection Project.

Uncompensated Care and Emergency Medical Assistance

ODH receives \$3.5 million in FY 2009 in GRF appropriation 440-511, Uncompensated Care and Emergency Medical Assistance. These moneys will be used to fund programs that provide health care without ability to pay. However, the budget bill specifies that this is not an entitlement program and services are offered only to the extent that funding is available.

Autism Diagnosis Education Pilot Program

The budget bill creates the Autism Diagnosis Education Pilot program. The program's mission is to educate health care professionals, educational personnel, childcare providers, parents, and community-based services providers about autism spectrum disorders. The program is also to promote appropriate autism diagnosis standards and to encourage regional coordination of information and autism-related services. ODH is required to contract with a statewide association representing pediatricians to conduct or administer the program. The program receives funding of \$500,000 in FY 2008 and \$300,000 in FY 2009. These funds are earmarked from GRF appropriation item 440-459, Help Me Grow.

Sewage Treatment Systems

On January 1, 2007, ODH implemented new Sewage Treatment System rules as a result of Sub. H.B. 231 of the 125th General Assembly. These rules established standards and guidelines for new and replacement household septic and sewage treatment. The budget bill suspends the operation of specified provisions of Sub. H.B. 231 until July 1, 2009. The bill also restores the laws relating to the household sewage disposal systems that existed prior to the Household and Small Flow On-Site Sewage Treatment Systems Law's enactment until July 1, 2009. After July 1, 2009, the changes to the law made by Sub. H.B. 231 are restored. The budget bill further requires that by July 2, 2007, the Director of Health adopt rules related to household sewage disposal systems that were in effect prior to January 1, 2007. The budget bill also levies an application fee of \$25 for a sewage treatment system installation permit and requires the appropriate board of health to collect the fee on behalf of ODH. The budget bill revises the membership, duties, and appointment procedures pertaining to the Sewage Treatment System Technical Advisory Committee. The budget bill also creates the Household Sewage and Small Flow On-Site Sewage Treatment System Study Commission to recommend standards concerning household sewage treatment systems and small flow on-site sewage treatment systems.

The budget bill also creates the Sewage Treatment System Innovation Fund (Fund 5CJ) within ODH. Any revenues deposited into the fund are appropriated to appropriation item 440-654, Sewage Treatment System Innovation, in the fiscal year in which the revenues are received. ODH must certify on July 1, 2008, to the Director of Budget and Management the total FY 2008 unencumbered appropriations in the appropriation item. ODH may direct the Director to transfer the applicable amount to FY 2009. Additional appropriation authority equal to the amount certified by ODH is appropriated in FY 2009.

Federally Qualified Health Centers (FQHCs)

The budget bill permits ODH to enter into an agreement with the state's primary care association to promote the establishment of new federally qualified health centers (FQHCs) and FQHC look-alikes. The budget bill also permits ODH and the state's primary care association to assist local communities and health centers by providing grants and grant writing assistance to establish health centers. The budget also permits ODH to establish a pilot program to place two FQHCs within or adjacent to hospital emergency departments. These provisions are permissive and ODH received no funding in the budget for these initiatives. According to ODH, its Primary Care Section currently provides technical assistance to FQHCs, look-alikes, and communities that are working toward federal designation, as well as providing assistance with provider recruitment and granting awards to improve access. These activities will continue. However, without additional resources, ODH is unable to commit the necessary staff to effectively develop the pilot programs. ODH will comply with requirements within the bill regarding progress reports to the legislature.

The budget bill also extends participation in the Medical Liability Insurance Reimbursement program to FQHC look-alikes. The budget provides funding of \$250,000 in each fiscal year in GRF 440-431, Free Clinic Liability Insurance, for the program.

College Pregnancy and Parenting Offices Pilot Program

The budget bill requires ODH to conduct a pilot program in FY 2009 to award grants to up to four institutions of higher education to establish and operate offices that provide support to students who are pregnant or are the parents or legal guardians of one or more minors. The pilot program receives funding of \$50,000 in FY 2009. The funds are earmarked from GRF appropriation item 440-416, Child and Family Health Services.

In-Patient Hospital Days for the Cystic Fibrosis Program

The budget bill permits, to the extent that funding is available, the coverage of up to 18 in-patient hospital days for participants in the Cystic Fibrosis program. ODH receives funding of \$1,681,023 in each fiscal year in GRF appropriation item 440-507, Targeted Health Care Services Over 21 for the Cystic Fibrosis program. These funds are also used to administer the Cystic Fibrosis program and to implement the Hemophilia Insurance Premium Payment program, as well to provide essential medications and to pay co-payments for drugs approved by ODH and covered by Medicare Part D that are dispensed to Cystic Fibrosis participants.

Vetoed Provisions

Hospital Performance Web Site Contract

The Governor vetoed a provision in the budget bill that removed a limitation in existing law under which the Director of Health is to enter into a contract to make hospital performance information available on a web site only to the extent that the General Assembly has made appropriations.

The budget bill earmarks \$50,000 in FY 2008 in State Special Revenue appropriation item 440-647, Fee Supported Programs, (Fund 470) for ODH to make hospital performance information available on a web site as required in section 3727.391 of the Revised Code. The Governor vetoed language that specifies that ODH is to enter into a contract to make this information available.

Healthy Ohio

The Governor vetoed an earmark of \$200,000 in FY 2009 in GRF appropriation item 440-437, Healthy Ohio that was to be used to purchase pneumococcal vaccinations for children. Subsequently, the Governor also vetoed language that specified the amounts that were to be used for various activities within the line item.

The Governor also vetoed language that required ODH to develop an assessment template to be used by certain agencies to conduct self-assessments regarding care coordination and subsequently required agencies to submit their assessment results to ODH not later than January 1, 2008. Language that specifies the assessment template is vetoed.

The Governor also vetoed language that required ODH to initiate pilot programs throughout the state to offer financial support to care coordination providers who meet certain eligibility requirements and serve individuals at risk for catastrophic and expensive health conditions.

Abstinence and Adoption Education

The Governor vetoed language that specified that the guidelines for the abstinence and adoption education programs must be developed pursuant to Title V of the "Social Security Act," 42 U.S.C. 510, and shall include, but are not limited to, advertising campaigns and direct training in schools and other locations. The program still receives funding.

ANALYSIS OF THE BUDGET

Program Series

1: Disease Prevention

Purpose: The role of the Disease Prevention Program Series is to promote health and prevent disease through population based assessment and intervention.

The following table shows the line items that are used to fund the Disease Prevention Program Series, as well as the FYs 2008 - 2009 appropriations.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	440-407	Animal Borne Disease & Prevention	\$2,327,101	\$2,327,101
GRF	440-412	Cancer Incidence Surveillance System	\$1,002,619	\$1,002,619
GRF	440-418	Immunizations	\$9,400,615	\$9,400,615
GRF	440-437	Healthy Ohio	\$1,502,618	\$2,855,553
GRF	440-438	Breast and Cervical Cancer Screenings	\$2,500,000	\$2,500,000
*GRF	440-444	AIDS Prevention & Treatment	\$1,932,694	\$1,932,694
GRF	440-446	Infectious Disease Prevention	\$200,000	\$200,000
*GRF	440-451	Lab and Public Health Prevention	\$5,989,339	\$5,984,640
GRF	440-454	Local Environmental Health	\$889,752	\$889,752
General Revenue Fund Subtotal			25,744,738	27,092,974
State Special Revenue Fund				
*4L3	440-609	Miscellaneous Expenses	\$349,764	\$349,764
4T4	440-603	Child Highway Safety	\$233,894	\$233,894
*470	440-647	Fee Supported Programs	\$8,260,426	\$8,260,426
*5B5	440-616	Quality, Monitoring and Inspections	\$377,316	\$377,315
5CB	440-640	Poison Control Centers	\$150,000	\$150,000
5C0	440-615	Alcohol Testing and Permit	\$1,455,405	\$1,455,405
5D6	440-620	Second Chance	\$1,054,951	\$1,054,951
5ED	440-651	Smoke Free Indoor Air	\$800,000	\$800,000
*610	440-626	Radiation Emergency Response	\$791,497	\$788,452
State Special Revenue Fund Subtotal			\$13,473,253	\$13,470,207
General Services Fund				
*142	440-646	Agency Health Services	\$180,000	\$180,000
*211	440-613	Central Support Indirect Costs	\$770,000	\$770,000
473	440-622	Lab Operating Expenses	\$4,954,045	\$4,954,054
General Services Fund Subtotal			\$5,904,045	\$5,904,045
Federal Special Revenue Fund Group				
*320	440-601	Maternal Child Health Block Grant	\$172,412	\$172,412
*387	440-602	Preventive Health Block Grant	\$7,826,659	\$7,826,659
*392	440-618	Federal Public Health Programs	\$29,185,623	\$29,853,384
Federal Special Revenue Fund Group Subtotal			\$37,184,694	\$37,852,455
Total Funding: Disease Prevention			\$82,306,730	\$84,319,681

*Amount does not reflect total appropriation because the line item funds other program series.

This analysis focuses on the following specific programs within the Disease Prevention Program Series:

- **Infectious Disease**
- **Healthy Ohio**
- **Environmental Health**
- **Public Health Labs**
- **Radiation Protection**
- **Alcohol Testing & Permit**
- **Epidemiology**
- **Second Chance**
- **Prevention Program Support**

Infectious Disease

Program Description: The Infectious Disease Control program prevents the occurrence and transmission of infectious disease through both primary (e.g., immunization) and secondary (interdiction of outbreaks) prevention modalities. The program was established in 1983 in R.C. section 3701.24. This program serves local health departments, health care providers, the general public, and other programs within the Department of Health.

The program provides for the following activities: analysis of surveillance data; detection of outbreaks; lab testing; survey development and analysis for outbreaks; purchase of vaccines for public clinics; vaccine delivery to public and private providers; immunization registry development and maintenance to track vaccinations; purchase of vaccine and immune globulin for birthing hospitals for prevention of perinatal hepatitis B in infants; tuberculosis, HIV, and STD lab testing; training and education for intervention programs; on-site monitoring for vaccine providers. Prevention and control activities include education, testing for disease, purchase of drugs, providing investigations into outbreaks of diseases, and surveillance or tracking of diseases.

HIV Prevention. Community-based organizations receive federal funds that are passed through ODH. These organizations provide HIV testing and prevention counseling for over 40,000 individuals per year. Nine local health departments also receive federal and GRF funding to provide educational activities.

Implication of the Budget: As a result of funding the program, among other things, will be able to: purchase over 585,000 vaccines for public clinics and the Vaccine for Children program; test up to 400,000 mosquitoes, 1,000 ticks, and 2,000 birds for West Nile Virus; and provide HIV testing and prevention counseling for 40,000 individuals per year. GRF appropriation item 440-407, Animal Borne Disease and Prevention, received funding of \$2,327,101 in each fiscal year, which represents a decrease of 5.1% over FY 2007 adjusted appropriations. ODH is currently trying to obtain federal dollars to offset this reduction. If ODH does not receive these federal dollars, ODH will limit purchases of vaccine-laden baits and baiting activities designed to prevent the spread of rabies throughout Ohio.

Healthy Ohio

Program Description: This program is a statewide health and wellness initiative to encourage Ohioans to adopt healthier behaviors and lifestyles. The long-term goal of the program is to reduce Ohio's chronic disease by motivating Ohioans to change their unhealthy habits into healthy ones. The program provides information resources and programs for Ohioans to improve nutrition, increase physical activity, and prevent tobacco use. The program provides health education and health promotion technical

assistance and consultation to local agencies and communities. The program also includes efforts to prevent and control tobacco use, arthritis, cardiovascular disease, and diabetes. The program also provides several local project grants. Some grant highlights are discussed below:

- The Breast and Cervical Cancer program will fund 11 agencies at approximately \$184,000 each and provide breast and cervical cancer screenings to 10,000 low-income women per year;
- The Injury Prevention Program funds 15 local agencies at approximately \$35,000 each;
- The Community Heart Health program funds 17 local agencies with grants hat total \$1.93 million;
- The Sexual Assault and Domestic Violence Prevention program will fund 11 agencies at approximately \$47,000 each; and
- 5,280 child passenger safety seats will be provided to families that meet program eligibility requirements.

The primary goal of the program is to reduce the incidence of chronic diseases and injuries by motivating Ohioans to change their unhealthy habits. Progress is measured by achievement of program activities as well as prevalence and incidence data of chronic diseases.

Implication of the Budget: With the funding provided, the program, among other things, will provide early detection of breast and cervical cancer to 11,000 low-income women between the ages of 50 and 64 and provide education about colorectal and skin cancer. The program will also help reduce the number of deaths in the state due to heart disease, cancer, stroke, chronic obstructive pulmonary disease, and diabetes by encouraging people to adopt healthy lifestyles and/or to effectively manage their disease. ODH received funding of \$2.5 million in each fiscal year in new GRF appropriation item 440-438, Breast and Cervical Cancer Screening. The funds are to be used for breast and cervical cancer screenings and services as permitted under the National Breast and Cervical Cancer Early Detection Project.

Environmental Health and Toxicology

Program Description: This program protects the health of Ohioans by monitoring and investigating noninfectious diseases and special health problems related to the environment. The program uses risk assessment, health education, human studies, epidemiological and biostatistical analysis to assess and prevent exposure to toxins. The program also includes the inspection of migrant labor camps. The program was established in 1981 by R.C. section 3701.14.

The following are a few examples of services provided by the program:

- Plan approval, licensing, and inspection of agricultural-migrant labor camps;
- Review approval and compliance inspection of engineering plans for swimming pools/spas, manufactured home parks, marinas, and RV parks/camps;
- Assuring local health department compliance with regulatory requirements through survey and complaint investigations in food safety, private water systems, household sewage treatment systems, etc.;
- Approve courses and certify individuals in food protection;

- Register and monitor bonding requirements of private water systems contractors and conduct related enforcement;
- Conduct reviews for approval/disapproval of sewage treatment system pretreatment components, tanks, and drip distribution systems;
- Develop and maintain guidance and associated forms/checklists for school inspections;
- Provide training for sanitarians and school personnel on school environmental health and safety;
- Provide recall information regarding food products to local health departments; and
- Sample and analyze water from selected public bathing beaches along the Lake Erie shoreline and advise local officials when public health use advisories need to be posted.

A majority of the services conducted under this program are mandated through state statute and serve the entire state. Fees supply most of the funding for this program. Federal funds support a significant portion of indoor environments, asthma, and health assessment of chemically contaminated sites.

Implication of the Budget: The funding provided will fund food protection certification courses and certify 6,000 individuals in food protection; allow for the investigation and evaluation of hazardous materials spills; and facilitate annual reviews, approval, and monitoring of engineering plans for 300 swimming pools/spas, 70 manufactured home parks, 15 marinas, 35 RV parks, and 10 flood plain permits. Funding will also provide \$50,000 in each fiscal year to poison control centers in Columbus, Cleveland, and Cincinnati.

Public Health Laboratories

Program Description: The Public Health Laboratories program provides testing to assist in identification of potential disease outbreaks, aids in the recognition of environmental hazards, provides initial screening for metabolic diseases of all newborns in Ohio, and provides other laboratory services. The first public health lab in Ohio was established in 1898. The program is established in law in R.C. sections 3701.22 and 3701.23. The lab maintains a role in the education of future laboratorians by working in conjunction with The Ohio State University. This partnership assists in teaching medical technology students and offers practical experience in a production laboratory facility. The lab is the only lab in Ohio providing bioterrorism testing.

The testing offered by the lab supports public health programs such as HIV, STD, Infectious Disease Outbreaks, Bioterrorism, Children with Medical Handicaps, Radiation Protection, Environmental Health, and Rabies. The lab also performs testing for hospitals in Ohio to assist in diagnosing and identifying bacteria or viral diseases. In 2005, the lab provided over 4.5 million test results to customers. Some of testing provided is highlighted below:

- The Newborn Screening program, which tests for genetic, endocrine, and metabolic disorders, and identifies newborn babies who may be at risk for several serious diseases, tested 152,000 infants. Ohio currently mandates testing of all newborns for 32 disorders;
- The Gonorrhea/Chlamydia testing program provided 146,000 test results to Ohio citizens; and
- The HIV testing program provided 64,000 test results to Ohio citizens.

The goal of the program is to provide accurate and rapid lab results to all customers. Results are measured by taking into consideration such things as testing turnaround time, quality assurance, and quality control.

Implication of the Budget: The funding provided will allow FY 2007 service levels to be maintained. As such, the lab will be able to run over four million tests per year for reference microbiology services, newborn screening, radiological chemistry tests, laboratory training and preparedness services, food-borne disease tests, HIV tests, out break tests, and tuberculosis tests. The funding will also provide necessary resources to protect citizens against select agent incidents and public health emergencies, such as anthrax and smallpox.

Radiation Protection

Program Description: The Radiation Protection program is responsible for the regulatory control of radiation sources in Ohio. The purpose of the program is to control the possession, use, handling, storage, and disposal of radiation sources and to maintain the radiation dose to the general population within limits established in rule. This limit is established with standards adopted by the National Council on Radiation Protection and Measurement, the Conference of Radiation Control Program Directors, American National Standards Institute, Food and Drug Administration, and other national standard-setting bodies. The program is responsible for licensing the possession and use of radioactive material, registering radiation-generating equipment, and inspecting facilities housing these radiation sources. The technologists operating radiation-generating equipment and nuclear medicine are also licensed. The program also oversees the cleanup of contaminated facilities, responds to radiation accidents, investigates reports of excessive radiation doses, and sponsors local health departments in radon testing programs for schools and homes. ODH is designated as the Radiation Control Agency for Ohio. The responsibilities that go with this designation are outlined in R.C. section 3748.02.

The regulated community consists of most academia, industry, hospitals, practitioners of the healing arts, and other government agencies. The program is supported through fees charged for licensing, registering, and inspecting facilities that deal with radiation.

Implication of the Budget: The funding provided will allow FY 2007 service levels to be maintained. Therefore, ODH will continue inspecting over 6,000 x-ray machines, providing quality assurance inspections at 100 hospitals, provide for the licensing of 630 facilities and the annual inspection of 300 facilities using radioactive material, and inspecting 150 assemblers and maintainers, fund 15,000 registration, including amendments, for x-ray facilities each year, fund 6,500 licensing actions annually for x-ray equipment operators, and provide for radiological emergency response activities.

Alcohol Testing and Permit

Program Description: The goal of the program is to ensure that drunken driving charges are not dropped due to inoperable/inaccurate equipment and non-licensed and untrained persons conducting the chemical testing. The program attempts to ensure that the solution that police use to calibrate breathalyzer machines is accurate. The program also trains new police officers on how to properly use the equipment. The Department also is charged with insuring the quality assurance of labs that run blood and urinalysis tests for alcohol levels. The program issues 777 new breath analyzer permits and approximately 10,000 renewal breath analyzer permits each year. The program also conducts site inspections for over 40 alcohol/drug laboratories and for approximately 560 law enforcement agencies annually for compliance with rules. The program is established in R.C. section 3701.143.

In 2005, the Ohio Department of Public Safety reported 7,816 alcohol related crashes, which resulted in 315 deaths.

Implication of Executive Recommendation: ODH received funding of \$1,393,537 in each fiscal year for this program. This will allow FY 2007 service levels to be maintained. This will allow the program to issue permits to over 10,000 breath analyzer operators, 49 drug and 209 alcohol testing laboratories, among other things.

Epidemiology

Program Description: The Epidemiology Program conducts population-based surveillance/tracking for diseases and other health conditions and risk factors. The information is used to provide guidance to disease prevention and control programs. The program tracks the occurrence of infectious diseases, including HIV, tuberculosis, sexually transmitted diseases, and many other infectious diseases. The program also conducts cancer surveillance as required by R.C. section 3701.26.

Implication of the Budget: The funding will allow the program to maintain FY 2007 service levels, as well as provide for the cost-of-living increases. Thus, funding will, among other things, provide data for disease prevention and control programs by tracking the occurrence of infectious diseases including HIV, tuberculosis, sexually transmitted diseases, and over 70 other infectious diseases.

Second Chance

Program Description: The Second Chance Trust program awards funding to local projects to increase awareness about the need for organ donors. In fact, approximately \$800,000 each year is granted to agencies to build ways to reach the public about the importance of organ, tissue, and eye donation. The program is funded through a \$1 donation made when renewing a driver's license. Funds are also donated from individuals and organizations.

Implication of the Budget: ODH received \$1,054,951, in each fiscal year for the program. This funding will allow the program to continue to operate at FY 2007 service levels. As a result, ODH will provide \$800,000 per year for a comprehensive statewide marketing campaign to increase registered donors as part of the National Donor Designation Collaborative Project. The funding will also provide for brochures for the Ohio Bureau of Motor Vehicle offices and driver education decision kits for state licensed driving schools.

Prevention Program Support

Program Description: The Prevention Program Support program provides leadership and technical assistance to the division including development, review, and comment on legislation and regulations pertinent to division specific programs. The program also plays a leadership role in the development of public health policy at the national, state, and local levels. Additionally, program activities include coordination and planning of activities for disaster preparedness, readiness, and response; environmental health; infectious disease prevention and control; the identification and addressing of lifestyle risk factors for chronic diseases; the prevention of injury; increased public safety and protection through radiological protection, alcohol testing, and the public health laboratory.

Implication of the Budget: The funding will provide administration program activities for prevention programs including human resource coordination, administrative management, rule review and development, budget/purchasing support, and grant/contract support. This program began in FY 2007 in preparation for OAKS implementation to better capture scope and cost of activities performed.

Program Series**2: Family and Community Health**

Purpose: The Division of Family and Community Health Services seeks to assure that health services are available for Ohioans; provide health services that are accessible, appropriate, affordable, available, acceptable, family-centered, guided by local needs, coordinated, culturally sensitive, reflective of consumer involvement, and comprehensive.

The following table shows the line items that are used to fund the Family and Community Health Program Series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	440-416	Child & Family Health Services	\$9,522,874	\$9,622,874
GRF	440-425	Abstinence and Adoption Education	\$500,000	\$500,000
GRF	440-431	Free Clinic Liability Insurance	\$250,000	\$250,000
*GRF	440-444	AIDS Prevention & Treatment	\$5,225,433	\$5,225,433
GRF	440-452	Child & Family Health Services Match	\$1,024,017	\$1,024,017
GRF	440-459	Help Me Grow	\$10,923,397	\$14,041,847
GRF	440-505	Medically Handicapped Children	\$10,791,784	\$10,791,784
GRF	440-507	Targeted Health Care Services Over 21	\$1,681,023	\$1,681,023
GRF	440-511	Uncompensated Care/Emergency Medical Assistance	\$0	\$3,500,000
General Revenue Fund Subtotal			\$39,918,528	\$46,636,978
State Special Revenue Fund				
*470	440-647	Fee Supported Programs	\$270,975	\$270,975
477	440-627	Medically Handicapped Children Audit	\$3,693,016	\$3,693,016
4D6	440-608	Genetics Services	\$3,317,000	\$3,317,000
4F9	440-610	Sickle Cell Disease Control	\$1,035,344	\$1,035,344
4G0	440-637	Birth Certificate Surcharge	\$5,000	\$5,000
*4L3	440-609	Miscellaneous Expenses	\$54,234	\$54,234
4V6	440-641	Save Our Sight	\$1,767,994	\$1,767,994
5CN	440-645	Choose Life	\$75,000	\$75,000
666	440-607	Medically Handicapped Children Co. Assess	\$14,320,687	\$14,320,687
State Special Revenue Fund Subtotal			\$24,539,250	\$24,539,250
General Services Fund				
*142	440-646	Agency Health Services	\$100,000	\$100,000
General Services Fund Subtotal			\$100,000	\$100,000
Federal Special Revenue Fund				
*320	440-601	Maternal Child Health Block Grant	\$30,494,223	\$30,494,223
389	440-604	Women, Infants, and Children	\$230,077,451	\$230,077,451
*392	440-618	Federal Public Health Programs	\$50,547,559	\$50,547,559
Federal Special Revenue Fund Subtotal			\$311,119,233	\$311,119,233
Total Funding: Family & Community Health			\$375,677,011	\$382,395,461

* Amount does not reflect total appropriation because the line item funds other program series.

This analysis focuses on the following specific programs within the program series:

- **Children with Medical Handicaps**
- **Child & Family Health**
- **Oral Health**
- **Nutrition**
- **Help Me Grow**
- **Community Health Services and System Development**
- **Research and Evaluation**
- **Abstinence**
- **Family & Community Health Services Program Support**

Children with Medical Handicaps

Program Description: The Children with Medical Handicaps program includes the following programs: (1) Treatment services for BCMH, (2) Diagnostic services for BCMH, (3) Hospital Based Service Coordination for BCMH, (4) Adult Cystic Fibrosis, (5) Adult Hemophilia Premium Payment, (6) Genetics, (7) Sickle Cell, (8) Birth Defects, and (9) Metabolic Formula. Services are typically limited to those who meet medical and/or financial criteria. Some individual programs are discussed below.

Treatment Services for BCMH. Children receive services from BCMH-approved providers for treatment of an eligible condition. To be eligible the condition must be chronic, physically handicapping, and amenable to treatment. Not all conditions are eligible. Medical and financial eligibility are required – 185% of the federal poverty level using the adjusted gross income from federal tax forms, and factoring in some set-asides such as child care, insurance premium payments, and the severity of the child’s condition. The BCMH Treatment program also offers a cost share program to all families who are denied benefits based on their income. Families become eligible after having spent down their income to BCMH-eligible levels. Services that are provided include: lab tests and xrays; visits to BCMH-approved doctors; prescriptions; physical, occupational, and speech therapy visits; medical equipment and supplies; surgeries and hospitalizations; and service coordination; etc.

Diagnostic Services for BCMH. Children receive services for three months from BCMH-approved providers to rule out or diagnose a special health care need or establish a plan of treatment. Examples of services are: tests and x-rays, visits to BCMH-approved doctors, up to five days in the hospital, etc. There are no financial eligibility requirements for this program. One way to think of this program is that the “diagnostic services” are the initial entry into BCMH to determine whether or not a child medically qualifies for the program. Even if the child ultimately is not medically eligible or financially eligible, the program will still pick up the expenses to determine this.

Hospital-Based Service Coordination for BCMH. Helps families locate and coordinate services for their child. The program is available for a limited number of diagnoses. To be eligible, a child must be under the care of a multidisciplinary team at a center approved by BCMH for service coordination. The program does not pay for medical services. The program works with the family and public health nurse to develop a plan to meet the needs of the child. Financial eligibility is not required. In FY 2006, BCMH provided hospital-based service coordination to 1,486 children.

Adult Cystic Fibrosis. Provides prescription medications, medical supplies, basic physician services, and basic outpatient services to adults with cystic fibrosis, as well as some basic physician services and outpatient hospital services. In FY 2006, BCMH provided services to 115 people.

Adult Hemophilia Premium Payment. Provides insurance premium payments to adults with hemophilia. In FY 2006, BCMH provided services to 26 people.

Genetics. Provides genetic counseling, education, consultation, diagnosis, and treatment services, as well as helping with the education of health professionals and the general public. Grants are awarded each year to eight Regional Comprehensive Genetic Centers in Ohio for approximately \$1.95 million. The centers provide clinical services and education to over 67,000 individuals and an additional 130,000 individuals who attend health fairs and media events.

Sickle Cell. The Sickle Cell Services program has the goal of ensuring access to quality, comprehensive sickle cell services, and to promote public and professional awareness of sickle cell and related hemoglobinopathies. The ODH program works in partnership with funded projects around the state to provide culturally sensitive, multi-disciplinary counseling, education, and treatment services to children and adults. In FY 2006, 15,000 individuals benefited from these services.

Birth Defects. Provides education and referral services to parents and/or guardians of children reported to have a birth defect. In FY 2006, 4,500 individuals benefited from these services.

Metabolic Formula. ODH provides metabolic formula to individuals born with Phenylketonuria and Homocystinuria. Without these special formulas, individuals may develop brain damage and mental retardation. ODH provides the metabolic formula through a contract with a pharmacy that orders, stores, and ships the formula to the program participant's home. The pharmacy bills private insurance, Medicaid, BCMH, the Women, Infants, and Children program, or the Bureau of Early Intervention program. The formula is provided at no cost to the participant. In FY 2006, 300 individuals benefited from these services.

The goal of the program is to, among other things, assure that children and adults have access to community-based health care services, to eliminate health disparities, and to improve quality of life.

Implication of the Budget: As a result of this funding level, ODH will be able to provide treatment for approximately 20,000 children; provide diagnostic services for over 5,000 children; provide service coordination for approximately 1,500 children; provide insurance premiums for 30 adults with hemophilia; fund eight Regional Comprehensive Genetic Centers in Ohio that provide clinical services and education to over 67,000 individuals; and provide prescription medication, outpatient hospital services, basic physician services and medical supplies to 150 adults with cystic fibrosis. The budget bill also permits, to the extent that funding is available, the coverage of up to 18 in-patient hospital days for participants in the Cystic Fibrosis program.

Please note that in the FY 2006 - 2007 biennium budget, the appropriation for the GRF line item 440-507, Targeted Health Care Services Over 21, was \$1,681,023 in each fiscal year. Prior to the end of FY 2006, ODH received approval from the Controlling Board to carry forward about \$683,551 into FY 2007. This carry forward was a result of reenrolling individuals onto the program in the FY 2006 - 2007 biennium. This carry forward increased FY 2007 appropriation from \$1,681,023 to \$2,364,574. As a result, proposed FY 2008 and 2009 appropriation levels of \$1,681,023 in each fiscal year appear as a reduction from FY 2007 estimated appropriation level of \$2,364,574. The amounts retain level funding when compared to the FY 2007 original funding level.

Child and Family Health Services

Program Description: The Child and Family Health Services (CFHS) program includes the following services or sub-programs: Child & Family Health Services program; Prenatal Smoking Cessation Services program; Child Fatality Review program; Family Planning (Title X) program; Ohio Childhood Lead Poisoning Prevention program; Ohio Infant Mortality Reduction Initiative program; Prenatal Smoking Cessation Services program; Regional Perinatal Services program; Save Our Sight program; Specialty Medical Services program; Sudden Infant Death program; and the Women's Health Services program. A few of these services will be discussed in detail below.

Child & Family Health Services Program. This program conducts community health assessments and implements population-based, enabling and/or direct health care services (perinatal, family planning, and child health). The program provides services primarily to un/underinsured children and pregnant women statewide. The program funds 72 subgrantees that provide funds for community health assessments designed to identify gaps in services and public health needs for the maternal and child population in 73 counties. These funds also provide for population-based services such as public health campaigns that address such issues as Sudden Infant Death Syndrome, childhood obesity, and early prenatal care. The Ohio Infant Mortality Reduction Initiative component of the CFHS program targets neighborhoods with high-risk low-income pregnant women for first trimester prenatal care. CFHS funds also provide health care services such as translation, transportation, and care coordination for over 13,000 women and nearly 33,000 children annually. When prenatal care, family planning, and/or well-child care are not available in a county, CFHS funds provide direct health care to over 17,600 women and over 14,000 children a year. In FY 2006, local subgrants ranged from \$30,000 to \$1.55 million with subsidies totaling \$12.29 million.

Child Fatality Review Program. This activity was created in 2000 to reduce the incidence of preventable child deaths. Ohio Revised Code section 307.621 mandates that each county in Ohio establish a child fatality review board to review the deaths of all children under 18 years of age residing in that county. These local boards are required to submit information concerning the deaths of children to ODH. In cooperation with the Children's Trust Fund Board, the Department is required to prepare, publish, and distribute a report concerning the data collected and is required to provide an annual training seminar. The program operates in all 88 counties.

ODH Family Planning Program. The Title X Family Planning program provides the following services: screening for breast and cervical cancer; gynecological examinations and the provision of contraception; laboratory testing, urine dipstick for diabetes and pregnancy testing, colorectal screening for clients over 40 years of age; blood pressure, height and weight measurements; thyroid, heart, lung, abdominal and extremities check; screening and treatment for sexually transmitted diseases, including HIV risk assessment, education, and testing; patient education and information about contraception, infertility, pregnancy, sterilization, preconception, interconception, and nutrition; determination of Rubella immunity status, Hepatitis B status and DES exposure; referral and follow-up of other needed services; counseling to minors on resisting attempts to coerce in engaging in sexual activities; and community outreach and education. The programs have been flat funded since 2003. The Public Health Services pricing for contraceptives has increased from \$3 a pack to \$21 a pack as of July 1, 2006. In 2006, the program provided 146,635 visits, of which 83% were to clients at or below 150% of the Federal Poverty Level and 22% were to Medicaid clients.

Save Our Sight (SOS) Program. This program was created to ensure that children in Ohio have good vision and healthy eyes. The program accomplishes this through the early identification of children with vision problems and the promotion of good eye health and safety. One in four schoolchildren and one in twenty preschoolers have vision problems. If left untreated, these problems may affect a child's

learning and development. The SOS program funds are disbursed through three grant programs: the Save Our Sight Children's Vision program, Ohio Amblyope Registry, and the Save Our Sight Children's Protective Eyewear program. The funds provide the following services to all Ohio counties: training, certification, and equipping of vision screeners; provision of protective eyewear for youth sports and school activities; development and provision of eye health and safety programs in schools; and the development and implementation of an Amblyope Registry. More than 28,000 children have received protective eyewear as a result of the program. Estimates of children reached by educational programs are in the hundreds of thousands. The program expends close to \$1 million annually on subgrantee programs.

Women's Health Services Program. The program provides: pelvic exams and lab testing; breast exams and patient education on breast cancer; screening for cervical cancer; screening and treatment for STDs and HIV screening; voluntary choice of contraception, including abstinence and natural family planning; patient education and pre-pregnancy counseling on the dangers of smoking, alcohol, and drug use during pregnancy; education of sexual coercion and violence in relationships; and prenatal care or referral for prenatal care. The program was established to serve low-income women in vulnerable populations. The program provided grants to twenty local health departments that competed for a competitive grant application process and were reviewed by an external grant review panel. For 2006, the funded agencies reported 17,669 encounters with family planning and prenatal clients.

Regional Perinatal Services Program. The program is designed to promote access to evidence-based and risk-appropriate perinatal care to women and their infants through regional activities with the goal of reducing perinatal mortality and morbidity. The program provides funding to six agencies to support regional perinatal system development including coordination or resources for prenatal, delivery/birth, post-partum, and newborn care. All maternity and newborn care hospitals, local departments and other public health entities are assisted by the regional perinatal center program. Each grantee is awarded \$90,000.

Specialty Medical Services Program. The program provides clinical services for children in 52 counties in Ohio. There are four types of clinics: Hearing, Neurology, Orthopedic, and Vision. These clinics improve access for low-income children to pediatric specialists in medically underserved areas. The clinical services are provided through a contractual arrangement with providers and ODH. The majority of the clinics are provided in rural/Appalachian counties. The program served more than 5,300 children in FY 2006.

Ohio Childhood Lead Poisoning Prevention Program. The program is a comprehensive lead poisoning prevention program. It is the collection point for all blood analysis performed on Ohio residents. The program is required by statute to complete public health lead investigations on all children in its jurisdiction who have a confirmed blood lead level of ten micrograms per deciliter of whole blood. The program also provides lead poisoning prevention education to medical and public health providers. The program funds six local jurisdictions to facilitate comprehensive childhood lead programs in their local communities that mirror the Ohio Children Lead Poisoning Prevention program at the state level. The program also funds four Regional Resource Centers whose purpose is to provide lead education, distribute program materials and maintain local collaboratives to prevent lead poisoning. As a result of this program, over 100,000 children will receive a lead test.

Implication of the Budget: ODH received funding of \$3.5 million in FY 2009 in GRF appropriation item 440-511, Uncompensated Care/Emergency Medical Assistance, which is a new GRF appropriation item. Of this \$3.5 million, \$3.0 million will be provided for uncompensated care and \$500,000 for emergency medical assistance to offset funding historically received through the Tobacco Budget Bill.

The Child and Family Health program funding will allow ODH to: identify community health issues and provide focused direct health care and other support services such as care coordination and risk reduction education to over 85,000 low-income pregnant women and children, and 85,000 women's health and family planning clients; train and certify 700 preschool vision screeners and provide protective eyewear to approximately 12,000 children; provide a total of \$1.4 million per year to community health centers including Federally Qualified Health Centers; and track all instances of Sudden Infant Death Syndrome in the state and provide support bereavement services to families.

Oral Health

Program Description: The Oral Health program's goal is to provide access to dental care and to reduce the number of Ohioans with unmet dental care needs. It is estimated that 4.6 million people in Ohio do not have dental healthcare coverage. The program includes the following subprograms:

Dental OPTIONS. The Dental OPTIONS program provides funding to four local agencies on a regional basis (NE, NW, Central, and S), to provide referral and case management services for Ohioans who need dental care and have no form of dental insurance, including Medicaid, and can not afford to pay for care. The program is primarily for those with household incomes below 200% of the federal poverty level. Approximately 7,000 people were served by the program in FY 2006.

Access to Dental Care. This activity is funded by the Health Priorities Trust Fund, which is made up of moneys from the Tobacco Master Settlement. The program funds eight grants for the start-up and expansion of existing safety net dental care programs. The programs offer comprehensive dental services for Medicaid and low-income individuals who would not otherwise receive needed care. In 2006, 17,000 people received dental care at clinics funded through this program.

Ohio Dentist Loan Repayment Program. The program is funded from dentist license fees paid to the State Dental Board. Qualifying dentists have been out of dental school less than three years and are willing to work in a shortage area. Those qualifying can receive repayment for government or commercial loans associated with the cost of attending dental school if they agree to work in a health shortage resource area. Approximately 10,000 unduplicated patients per year are served by the six dentists receiving loan repayment.

School-Based Dental Sealant Activity. This program funds 18 to 20 school-based dental sealant programs, which provide preventive dental sealants in over 40 counties. This is a cost-effective preventive measure to prevent the most common form of dental decay for 2nd, 3rd, 6th, and 7th graders in targeted schools. It is estimated that 19,500 children were provided with dental sealants in 2006.

Dental Safety Net. The program leverages GRF dollars with federal block grant dollars to fund 16 local agencies to provide dental care to Ohioans with poor access to oral health care. Funds are used to cover the gap between the cost of services and the amount received from Medicaid and sliding fee payments. According to ODH, it is estimated that clinics funded through this program provided dental care for over 30,000 Ohioans in 2006.

Community-based Fluoride Activity. This program provides financial assistance to communities that are beginning to fluoridate water and to those communities that need replacement fluoridation equipment. The program is provided in communities without optimal water fluoridation or with high participation rates in the free and reduced school lunch program. As a result of the program, over 40,000 children receive fluoride mouth rinse each year.

Community Development Program. The program provides consultation and technical assistance to communities interested in developing dental partnerships/coalitions.

Implication of the Budget: As a result of funding, service levels will be maintained. The program will: be able to provide referral and case management services to 7,000 low-income Ohioans who need dental care but lack dental insurance; fund dental safety net and access to dental care subgrant programs at 11 to 16 local agencies (through the operating budget) to provide dental care to Ohioans with poor access to oral health care; fund school-based dental sealant programs in 16 to 20 schools providing preventive dental sealants in over 40 counties to approximately 20,000 children; provide financial assistance to communities that are beginning to fluoridate water supplies or replace fluoridation equipment; fund the school-based Fluoride Mouth-rinse program for over 40,000 children in 190 schools in communities without optimal fluoridation; and fund the student loan repayment program for six dentists willing to serve in underserved areas.

Nutrition

Program Description: The goal of the Nutrition program is to improve the health status and prevent health problems among Ohio's at-risk women, infants, and children. The program includes the following subprograms:

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). WIC provides nutritious foods, nutrition and breastfeeding education and support, immunization screening, and health care referral through local agencies to eligible individuals. WIC helps income-eligible pregnant, postpartum, and breastfeeding women, infants, and children who are at risk with respect to physical and mental health due to inadequate nutrition, healthcare, or both. To qualify for WIC assistance an individual must meet six requirements. The first is that the applicant must be a pregnant, postpartum, or breastfeeding woman, an infant from birth to 12 months of age, or a child from one up to five years of age. Second, the applicant must be physically present at the clinic appointment. Third, the applicant must live in Ohio. Fourth, proof of identity is required. Fifth, the gross family income must be at or below 185% of the federal poverty income guidelines. Sixth, the applicant must be at medical or nutritional risk as determined by health professionals at the WIC clinic. Eligibility is reviewed every six months. WIC currently serves approximately 276,000 women, infants, and children per month. Provisions to participants include nutrition education, highly nutritious supplemental foods, breastfeeding support and referral to other health care programs. WIC is 100% federally funded. Ohio is among the six largest WIC programs in the country and the largest in the Midwest.

Farmer's Market Nutrition Program (FMNP). The FMNP was created in 1992. Since then the program has provided nutritionally at-risk women and children fresh fruits and vegetables from farmers' markets. The program also increases awareness and use of farmers' markets. For FY 2004, 28,594 people were served. These people receive six coupons at \$3 each to purchase fresh fruits and vegetables from authorized farmers during the market season. The program is 100% federally funded for food and 70% federally funded for administration through the United States Department of Agriculture. There is a 30% state match requirement for administration that is currently met through the use of a "similar programs match" available through the Ohio Department of Aging, and the WIC Welch's Rebate and Vendor Recovery funds. None of the sources can be depended upon from one year to the next since the amounts are uncertain. The program has a redemption rate of coupons of 74.4 percent, which is 19% higher than the national average.

Implication of the Budget: ODH received \$229,891,634 in FY 2008 and \$229,882,483 in FY 2009. This funding will maintain FY 2007 service levels. As a result of funding, approximately 281,581 eligible women, infants, and children will be provided nutritious foods, nutrition and

breastfeeding education and support, immunization screening, and health care referral. Also, over 29,000 women and children will receive Farmer's Market Nutrition Program vouchers.

Help Me Grow

Program Description: The Help Me Grow program seeks to ensure that infants and toddlers with developmental delays and disabilities are identified early and assisted with services and supports. Infants and toddlers in the program receive developmental, social-emotional, vision, and hearing screenings. The program also seeks to increase immunization rates of two year olds and to decrease health disparities by targeting first-time and teen parents, as well as parenting education for families with questions about child health and development. Services and supports are provided for families with infants and toddlers at risk for or with developmental disabilities. Programs are discussed in more depth below.

Help Me Grow. The Help Me Grow program is an Ohio Family and Children First initiative. Funding is provided to local programs in each county for home visiting services to first time and teen parents, as well as parenting education for families with questions about child health and development. Services and supports are provided for families with infants and toddlers at risk for or with developmental disabilities. Funds are also provided for training to local Help Me Grow service coordinators and supervisors.

Healthy Child Care Ohio. The program provides a minimum of 1,400 consultations to child care providers, 375 health and safety trainings for child care providers, and 30 nutrition trainings for child care providers, among other things.

Universal Newborn Hearing Screening Intervention. All birthing hospitals, freestanding birthing centers, and children's hospitals conduct two-step physiologic screenings of newborns' hearing prior to discharge and report the results to ODH. Nine regional programs provide the following services to all 88 counties: tracking and following-up on all non-pass results and providing family-centered services at no charge to the family. Family-centered services include, among other things, assessing communication function, home visits to teach families activities that foster communication skills, as well as making appropriate referrals to speech-language pathologists, audiologists, and physicians as services.

Implication of the Budget: Funding in GRF appropriation item 440-459, is increased in FY 2008 by 17.16% over FY 2007 adjusted appropriations and increased in FY 2009 by 28.55% over FY 2008 appropriations. As a result of this funding, the per-child cost will be increased. The budget bill creates the Autism Diagnosis Education Pilot program. The program receives funding of \$500,000 in FY 2008 and \$300,000 in FY 2009. These funds are earmarked from GRF appropriation item 440-459, Help Me Grow. The program's mission is to educate health care professionals, educational personnel, childcare providers, parents, and community-based services providers about autism spectrum disorders. The program is also to promote appropriate autism diagnosis standards and to encourage regional coordination of information and autism related services. ODH is required to contract with a statewide association representing pediatricians to conduct or administer the program.

As a result of the total program funding, the program will be able to provide, among other things: over 31,000 home visits to first time and teen parents; provide developmental, hearing, and vision screening, developmental assessments, service coordination, and family support to approximately 55,000 infants and toddlers at risk for developmental delays or with a developmental disability; train a minimum of 1,400 child care providers on child development, screening for developmental milestones, and on providing child care to children with special health care needs; and provide parenting guidance to parents with children in cases where child abuse has been substantiated.

Community Health Services and Systems Development

Program Description: The goal of the Community Health Services and Systems Development program is to improve access to care for Ohio's underserved communities by increasing the number of primary care, dental, and mental health professionals serving in predominately minority communities or in Appalachia. The majority of Ohio's Primary Care Health Professional Shortage Areas are either in urban areas or rural Appalachian counties. An HPSA designation signifies an inadequate number of health professionals are available to meet the needs of the area or specific populations. The Federally Qualified Health Centers program also seeks to provide health care services to uninsured patients with annual incomes within 200% of the federal poverty guidelines. The program supports the numerous subprograms, which are discussed below.

Federally Qualified Health Centers (FQHC). The FQHC program provides health care services to uninsured patients with annual incomes at or below 200% of the federal poverty level. The program provides these primary care medical services directly or through contracts or cooperative agreements that include: clinical care provided by physicians and nurses; diagnostic laboratory and radiology services; prenatal services; immunizations; dental services; well-child exams; pediatric eye, dental, and hearing screening; pharmacy; case management; referral for substance abuse and mental health; and patient education.

HIV Care Services Section. The HIV Care Services Section seeks to improve the health of people living with HIV/AIDS by providing quality services and assuring access to quality services. It provides funds to people already infected with HIV through numerous activities/programs within the Section. Currently, the Section provides services to over 8,000 people living with HIV/AIDS. It is estimated that there are between 14,000 and 18,000 people living with HIV/AIDS. Some of the services include the provision of medications, health insurance premium payments, case management, emergency financial assistance, home health, and Minority AIDS initiatives. The Department of Health receives federal Ryan White Title II funds. These funds have a 50% match requirement. GRF appropriation item 440-444, AIDS Prevention and Treatment, is allocated as the state match source. Ohio was recently selected as one of eight states recognized for excellence in quality management of the Ryan White Title II program. As such, ODH participates in national level collaboration to develop quality improvement tools for other states. In the current biennium, the Section entered into a new contract with a mail order pharmacy that resulted in a 25% savings on medication dispensing fees.

Primary Care. The goal of the program is to improve access to comprehensive primary care for underserved populations by identifying and addressing unmet needs for health services. Program staff work with local, federal, and state partners to support the development, staffing, and operation of FQHCs and other safety net providers. The need for additional primary care services is determined by the designation of Health Professional Shortage Areas and Medically Underserved Areas/Populations. Over 1.5 million Ohioans have limited or no access to primary care providers. A shortage of primary care providers has been identified in 54 of Ohio's 88 counties in 2007. The program also supports the Ohio Physician Loan Repayment program, which funds loan repayment for primary care physicians practicing as safety net providers in underserved areas. The Ohio J-1 Visa Waiver program is also part of the program. J-1 Visa Waivers are granted through the Bureau of Citizenship and Immigration and allow foreign medical graduates to remain in the U.S. These physicians must serve in Health Professional Shortage Areas for three years and provide health care to all patients regardless of ability to pay. Up to 30 physicians are granted waivers if qualified U.S. citizen physicians cannot be recruited.

The Community Health Services and Systems Development program also has programs that focus on rural health, school and adolescent health, and school emergency preparedness.

Implication of the Budget: As a result of the total program funding, the program will: provide primary medical care services to over 150,000 low-income uninsured patients at 115 Federally Qualified Health Centers; fund the operation of two black lung clinics, which provide screening and pulmonary rehabilitation services to approximately 461 active and retired miners, as well as 400 patients with occupational-related lung diseases; provide assistance to 7,500 people diagnosed with HIV through access to life-saving medications, health insurance, emergency assistance, and home care; fund the School Emergency Preparedness program training 400 school local health department nurses on first responder skills targeted to the school population; and assist 34 Critical Access Hospitals in receiving certification and fund 34 quality improvement projects in small rural hospitals. The funding will also provide for the Medical Liability Insurance Reimbursement program. The budget bill also extends the program to federally qualified health center look-alikes.

Research and Evaluation

Program Description: The Research and Evaluation program's goal is to assure that data needs of the Division of Family and Community Health Services are met. The program staff provides consultation to programs on data needed to evaluate programs and to conduct epidemiologic studies, including surveillance and research. The program has 12 full-time equivalent employees.

Implication of the Budget: As a result of funding, the program will be able to meet the data needs of all the six bureaus in the Division of Family and Community Health Services.

Abstinence

Program Description: The Abstinence program's goal is to promote abstinence education as primary prevention for improving public health by providing abstinence until marriage education to all youth in order to prevent sexually transmitted disease, decrease out-of-wedlock pregnancy, and promote health and quality of life. Targeted populations include adolescents, as well as college-age students. Communities, including local health departments, receive funding for abstinence education through a competitive grant process. Funded subgrantees provide a curriculum to all targeted school children, which includes information about abstinence from drugs, alcohol, and tobacco use.

Implication of the Budget: ODH received \$500,000 in each fiscal year in GRF appropriation 440-425, Abstinence and Adoption Education. ODH also received \$1,641,000 in each fiscal year in Fund 320 (Maternal Child Health Block Grant). ODH is currently developing a standard comprehensive health curriculum for Ohio including abstinence, sexual, and adoption education and is establishing a competitive process by which to distribute these funds. This funding will maintain current service levels.

Family and Community Health Program Support

Program Description: The Family and Community Health Program Support program's goal is to provide efficient and effective administrative direction, leadership, and coordination of the activities of the bureaus that comprise the Division of Family and Community Health Services. The services or activities supported by this program include coordination and planning of activities for the programs within the Division, preparation of and monitoring of the grant payments for the entire Division, distribution of Child and Family Health Services grants, distribution of the Choose Life Fund, preparation of the Block Grant application, and finally, distribution of legislative earmarks. The administrative and managerial services provided by this program support over 300 full-time equivalent employees.

Implication of the Budget: The funding will maintain FY 2007 service levels and allow the program to provide leadership, policy development coordination, and management to the Division's bureaus, as well as manage 35 federally funded grants and 18 state funding sources, and grants to local partners.

Program Series

3: Quality Assurance

Purpose: The goal of this program series is to achieve the best possible health status for the citizens of Ohio through the monitoring of activities that assure the quality of both public health and private healthcare delivery systems. This is achieved through licensing, certification, registration, or standard review of health care providers, facilities, local health agencies, and health and abatement professionals.

The following table shows the line items that are used to fund the Quality Assurance Program Series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	440-453	Health Care Quality Assurance	\$10,253,728	\$10,253,728
General Revenue Fund Subtotal			\$10,253,728	\$10,253,728
State Special Revenue Fund				
*470	440-647	Fee Supported Programs	\$3,712,578	\$3,662,579
471	440-619	Certificate of Need	\$869,000	\$898,000
*5B5	440-616	Quality, Monitoring, and Inspection	\$461,163	\$461,164
5L1	440-623	Nursing Facility Technical Assistance Program	\$664,282	\$698,595
State Special Revenue Fund Subtotal			\$5,707,023	\$5,720,338
General Services Fund				
*698	440-634	Nurse Aide Training	\$170,000	\$170,000
General Services Fund Subtotal			\$170,000	\$170,000
Federal Special Revenue Fund				
391	440-606	Medicaid/Medicare	\$24,850,959	\$24,850,959
*392	440-618	Federal Public Health Program	\$580,372	\$600,718
Federal Special Revenue Fund Subtotal			\$25,431,334	\$25,451,677
Total Funding: Quality Assurance			\$41,562,085	\$41,595,743

* Amount does not reflect total appropriation because the line item funds other program series.

This analysis focuses on the following specific programs within the program series:

- **Long-Term Care and Quality**
- **Regulatory Compliance**
- **Diagnostic Safety and Personnel Certification**
- **Community Health Care Facilities and Services**
- **Licensure, Certification, and Support Operations**
- **Quality Assurance Program Support**

Long-Term Care and Quality

Program Description: The Long-Term Care and Quality program primarily conducts surveys of nursing facilities and Intermediate Care Facilities to monitor provider compliance with state and federal rules and regulations, which have been formulated to ensure high quality health care services. This includes surveys of residential care facilities and licensed, noncertified nursing homes. The surveys conducted include initial licensure and federal certification surveys, recertification/relicensure surveys

and complaint investigations. Revisits are conducted to ensure that providers achieve compliance after deficiencies and violations are identified during surveys. The program must conduct licensure surveys at least once every 15 months after initial licensure. Recertification surveys are scheduled once every 9 to 15 months. Complaint investigations are conducted on-site when there are allegations of serious and immediate threat or harm to resident health or safety and/or violations of residents' rights. Revisits conducted to verify compliance are scheduled to meet mandated timeframes. The program is also responsible for the survey actions required by Ohio's contract to conduct surveys for the federal Centers for Medicare and Medicaid Services.

The program also conducts inspections of nurse aide training and competency evaluation programs. It also maintains a registry of nurse aides who have met written and skills test criteria to be certified for employment in long-term care settings.

Implication of the Budget: The funding provided is unlikely to allow for a continuation of current services at levels satisfying federal or state requirements, nor will it allow for negotiated cost-of-living increases in current collective bargaining agreements. As a result of funding, ODH anticipates that federal funds of up to \$3.3 million (this covers multiple programs within the Quality Assurance Program Series) could be lost due to state match requirements. At this point, ODH believes that it may be necessary to reduce current staffing levels.

Regulatory Compliance

Program Description: The Regulatory Compliance program is primarily responsible for state and federal health care provider program enforcement. The program's responsibilities result from Medicare and Medicaid nursing home reform and enforcement provisions and subsequent federal statutes, regulations, and rules. The primary goals of the program are: enforcement and dispute resolution for Medicare and/or Medicaid certified skilled nursing facilities and nursing facilities; substandard quality of care notification; enforcement for Medicaid certified intermediate care facilities for the mentally retarded; enforcement for licensed nursing homes, residential care facilities, homes for the aging, adult care facilities, health care services, community alternative homes, and hospices; county home resident rights enforcement; and enforcement of federal nurse aide training program requirements relating to extended surveys and enforcement remedies.

Implication of the Budget: The funding provided is unlikely to allow for a continuation of current services at levels satisfying federal or state requirements, nor will it allow for negotiated cost-of-living increases in current collective bargaining agreements. As a result of funding, ODH anticipates that federal funds of up to \$3.3 million (this covers multiple programs within the Quality Assurance Program Series) could be lost due to state match requirements. At this point, ODH believes that it may be necessary to reduce current staffing levels.

Diagnostic Safety and Personnel Certification

Program Description: The Diagnostic Safety and Personnel Certification program licenses and certifies companies/persons for asbestos abatement, nursing home administrators, hearing aide dealers and fitters, radon testing and mitigation, and lead abatement. The program is responsible for the monitoring and periodic inspection of approximately 8,500 clinical laboratories, as well as evaluating the need for and impact of proposed nursing home bed relocations (Certificate of Need Program), proposed nursing home replacement, and nursing home renovation projects over \$2 million. The program is responsible for conducting field investigations of allegations of resident abuse and neglect and misappropriation of resident property involving residents at long-term and residential care facilities throughout Ohio. The program is also required to provide information and required forms for the Do Not

Resuscitate program, Abortion Informed Consent program, and the Volunteer Health Care Registration program and complaint investigation of Medicare Balance Billing complaints. Complaints are processed for all health care related services.

Some statistics relating to the program are highlighted below:

- The Asbestos Program currently certifies 2,609 workers, 1,435 abatement specialists, 986 evaluation specialists, 188 project designers, and 68 air monitoring technicians. The program licenses 165 contractors and approves 49 training courses;
- The Lead program currently licenses 563 workers, 338 contractors, 11 project designers, 10 inspectors, 389 risk assessors, and 9 clearance technicians. The program also listed 1,054 lead-safe renovators, approved 75 training courses and 64 laboratories; and
- The Radon Licensing program currently licenses 212 testers, 63 mitigation specialists, 38 contractors, and approves 7 laboratories and 5 training courses.

Implication of the Budget: The funding will provide for a continuation of services and allow for statutory pay increases. Thus, the program funding will: fund the monitoring and periodic inspection of approximately 8,500 clinical laboratories; facilitate processing and triage of approximately 8,000 healthcare complaints and facility related incidents each year; assure filed investigations of allegations of abuse, neglect, and misappropriation of property for residents of long-term care and residential facilities; and assure performing licensing and certification of miscellaneous programs including asbestos abatement, nursing home administrators, hearing aid dealers, radon testing and mitigation, and lead abatement.

Community Health Care Facilities

Program Description: The Community Health Care Facilities and Services program conducts surveys for federally certified, nonlong-term care providers and suppliers, as an agent of the Centers for Medicare and Medicaid Services, as well as licensure inspections and complaint investigations for adult care facilities. The program also provides for initial survey and the periodic evaluation of ambulatory surgical facilities, freestanding dialysis centers, freestanding inpatient rehabilitation facilities, and hospices. Lastly, the program certifies the quality of and access to health care in health insuring corporations and the initial and annual licensure inspections for hospital maternity units, neonatal units in children's hospitals, maternity homes, and freestanding birthing centers. The frequency of inspections is set by the federal government or by state statute or rules.

Some statistics relating to the program are highlighted below :

- The Adult Care Facilities Inspection program conducts licensure inspections and complaint investigations for adult family homes (3 to 5 residents) and adult group homes (6 to 16 residents). These facilities house primarily elderly citizens with limited access to federal or state assistance programs and those receiving mental health services from community mental health boards or their contracted agencies. Currently, there are 712 licensed adult care facilities with 5,685 beds. The program conducts approximately 1,500 on-site visits; and
- The Maternity Inspection program conducts on-site initial and annual licensure inspections, as well as investigations into allegations of noncompliance in hospital maternity units, neonatal units, and maternity homes. Currently, there are 125 maternity units and 7 maternity homes inspected on an annual basis.

Implication of the Budget: The funding provided is unlikely to allow for a continuation of current services at levels satisfying federal or state requirements, nor will it allow for negotiated cost-of-living increases in current collective bargaining agreements. As a result of funding, ODH anticipates that federal funds of up to \$3.3 million (this covers multiple programs within the Quality Assurance Program Series) could be lost due to state match requirements. At this point, ODH believes that it may be necessary to reduce current staffing levels.

Licensure, Certification, and Support Operations

Program Description: The goal of the Licensure, Certification, and Support Operations program is to evaluate the quality of health care or residential care services provided by entities licensed in Ohio. The program is responsible for the support activities related to licensing and certification of health care or residential care facilities. Activities include research and verification of information that health care providers furnish, maintain custody of records related to survey and certification activities, respond to public information requests for survey reports, and receive hospital registration data.

Implication of the Budget: Although hardware replacements and rising costs of software licenses create challenges, this funding should allow for current service levels to be maintained.

Quality Assurance Program Support

Program Description: The Quality Assurance Program Support program's primary goal is the efficient and effective management of the programs within the Division of Quality Assurance. The program provides support to each of the Division's programs in budget, grants, management, purchasing, and human resources, as well as through the coordination of various aspects or development of grant applications, and developing ad hoc analyses and presentations to support program planning and decision making.

The program also includes the Technical Assistance Program (TAP), which implements education modules such as functional improvement (activities of daily living), self-care for seniors, prevention of dehydration, and improvement of urinary incontinence. The program also provides technical consultation to nursing facilities.

Implication of the Budget: The budget bill provides for \$50,000 in FY 2008 in SSR appropriation item 440-647, Fee Supported Programs, (Fund 470) to be used by ODH to make hospital performance information available on a web site (as required in Section 3727.391 of the Revised Code). However, ODH anticipates that the cost to develop a web site in-house to post performance data will be \$102,720 at a minimum. ODH believes that the cost is more likely to be \$185,440. This would allow for the creation of a web site that would enable hospitals to report data electronically. Therefore, the amount earmarked for this web site will be insufficient to cover the cost of developing the site. Thus, it is unclear at this time how the Quality Assurance Program Support will be impacted.

Program Series

4: Public Health Preparedness

Purpose: Public Health Preparedness focuses on establishing and maintaining a basic public health infrastructure at the local and state level so that both have the capacity to respond to disease outbreaks, bioterrorism threats, foodborne illness outbreaks, and other threats to the health of Ohioans.

The following table shows the line items that are used to fund the Public Health Preparedness program, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	440-413	Local Health Department Support	\$3,786,794	\$3,786,794
*GRF	440-451	Lab and Public Health Prevention	\$95,911	\$110,610
General Revenue Fund Subtotal			\$3,882,705	\$3,887,404
State Special Revenue Fund				
4G0	440-636	Heirloom Birth Certificate	\$5,000	\$5,000
*470	440-647	Fee Supported Programs	\$15,658,805	\$13,617,701
5EC	440-650	Health Emergency	\$15,312,500	\$0
5G4	440-639	Adoption Services	\$20,000	\$20,000
*610	440-626	Radiation Emergency Response	\$58,503	\$61,548
State Special Revenue Fund Subtotal			\$31,054,808	\$13,704,249
General Services Fund				
*142	440-646	Agency Health Services	\$1,146,216	\$1,146,216
General Services Fund Subtotal			\$1,146,216	\$1,146,216
Federal Special Revenue Fund				
*392	440-618	Federal Public Health Programs	\$56,344,658	\$55,656,554
Federal Special Revenue Fund Subtotal			\$56,344,658	\$55,656,554
Holding Account Redistribution Fund				
R14	440-631	Vital Statistics	\$70,000	\$70,000
Holding Account Redistribution Fund Subtotal			\$70,000	\$70,000
Total Funding: Public Preparedness			\$92,498,387	\$74,464,423

* Amount does not reflect total appropriation because the line item funds other program series.

This analysis focuses on the following specific programs within the program series:

- **Vital Statistics**
- **All Hazards Preparedness**
- **Support for Local Health Departments**

Vital Statistics

Program Description: The Center for Vital and Health Statistics is responsible for the administration and maintenance of the statewide system of registration of births, deaths, fetal deaths, and other vital statistics. The Center's Health Data Analysis unit is responsible for the processing, analysis, interpretation and distribution of the statistical data collected. Essential public health information such as death rates, causes of death, birth rates, teen pregnancy, abortion rates, and infant mortality are produced by the Center. The data produced by the Center is used by academics, public health agencies, social

services agencies, and the media. The data is also shared with multiple federal agencies for the estimation of national statistics or the management of federal programs.

Here are some statistics relating to the program:

- The Center registers approximately 148,000 births, 108,000 deaths, 1,800 fetal deaths, 80,000 marriages, 45,000 divorces, and 37,000 abortions annually;
- The Center processes approximately 57,000 paternity actions, 6,000 adoptions, and 3,000 other court actions annually;
- The Center is projected to verify 20,000 documents for local, state, and federal agencies, including the military by the end of calendar year 2008.

The Center is currently in the middle of a modernization-imaging project. This project will continue over the next three years. So far, there are approximately 848,074 certificates scanned in the system. An additional 500,000 certificates will be added by April 30 at the rate of about 100,000 loaded per week. By the end of the fiscal year, ODH plans to load an additional 1.17 million certificates at the rate of 130,000 per week. In summary, by the end of the fiscal year ODH should have 2.5 million certificates scanned.

Implication of the Budget: The funding will maintain service levels and allow for the continuation of modernization efforts, which will facilitate compliance with the REAL ID Act of 2005 and the Intelligence Reform and Terrorism Prevention Act of 2004, and reduce the opportunity for fraud and identity theft.

All Hazards Preparedness

Program Description: The All Hazards Preparedness program's goal is to fund the active participation in the immediate establishment, use, and continuous improvement of a national system of public health and health care emergency preparedness to monitor public health care system response performance. The program plays the principal role in preparedness planning, coordination, and response activities related to public health emergencies whether those emergencies are man-made, technological, or natural disasters. Funding and technical assistance is provided to all local health departments (135) and all health care facilities (170) in Ohio for the purposes of enhancing command and control, communication, medical surge capacity, and situational awareness. This program also assists in the development and maintenance of the capabilities to identify, prioritize, and protect critical infrastructure and key resources in Ohio. In addition, this program is involved in the planning efforts for radiological and nuclear events.

Implication of the Budget: ODH received funding of \$71,161,573 in FY 2008 and \$55,168,712 in FY 2009. This funding includes \$9.0 million in each fiscal year in Fund 392, Federal Public Health Programs. This is to be used to accommodate the availability of additional federal funds, which will be dedicated to chemical and biological hazards preparedness including infrastructure maintenance and training activities. The funding also includes funding for Fund 5EC, Health Emergency, a new fund within ODH, which will be used to purchase antivirals.

Support for Local Health Departments

Program Description: The Support for Local Health Departments program exists to empower the public health community to affect positive change in the health of citizens and to assure that citizens

have access to a minimum set of health services. A majority of funding for this program is distributed to 135 local health departments based on a per capita formula. The local health departments must submit proof that they meet certain public health standards. The remainder of the funding is used by ODH to provide technical assistance, training, and determination and allocation of state subsidy payments to 135 local health departments.

According to the Association of Health Commissioners' web site, funding for local health departments is, on average, made up of 75% local dollars (levies, inside millage, etc.), 20% state dollars (grants, federal pass-through, and subsidy payments), and approximately 5% federal and private dollars. Local health departments strive to promote health and the quality of life by preventing and controlling disease, injury, and disability. Health departments vary in size and services. A department will typically offer various personal health services, administrative services, including vital statistic offices, and environmental services. Larger departments sometimes operate laboratory facilities.

Implication of the Budget: ODH received \$3,786,794 in funding for each fiscal year. This will allow subsidies to local health departments to be maintained at FY 2007 grant levels.

Program Series**5: Services to State Employees**

Purpose: The mission of this program series is to help state employees and their families cope with personal health and emotional problems. This is accomplished through the Office of Employee Health and the Employee Assistance Program (EAP).

The following table shows the line items that are used to fund the Services to State Employees program, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
*470	440-647	Fee Supported Programs	\$93,459	\$93,459
State Special Revenue Fund Subtotal			\$93,459	\$93,459
General Services Fund				
*142	440-646	Agency Health Services	\$2,035,699	\$2,035,699
*211	440-613	Central Support Indirect Costs	\$85,312	\$88,790
683	440-633	Employee Assistance Program	\$1,208,214	\$1,208,214
General Services Fund Subtotal			\$3,329,225	\$3,332,703
Total Funding: Services to State Employees			\$3,422,684	\$3,426,162

* Amount does not reflect total appropriation because the line item funds other programs.

This analysis focuses on the following specific programs within the program series:

- **Employee Health**
- **Employee Assistance**

Employee Health

Program Description: The Employee Health program offers state employees medical care, early detection and referral for medical problems, emergency care, and wellness programs at 11 locations throughout the state. The services are provided through a contract with state agencies. The services are provided at the following Columbus-area locations: Department of Public Safety warehouse, Ohio Housing Finance Agency, Supreme Court, Ohio Department of Health, James A. Rhodes State Office Tower, Vern Riffe Center for Government and the Arts, Department of Public Safety, Ohio Highway Patrol Academy, and the Department of Education. Employee health services are also offered at the Frank J. Lausche Building in Cleveland and the Michael V. DiSalle Building in Toledo. The goal of the program is to protect and improve the health of public employees and save the state money by reducing workers' compensation rates and improving productivity.

The following statistics related to the program are highlighted below:

- In FY 2005, there were 37,058 visits to 10 of the 11 Employee Health Program locations (the Highway Patrol Academy does not count clients) – most of these visits were cardiovascular in nature (blood pressure checks, medication checks, chest pain, etc.);
- Employee Health Program personnel provided wellness and safety and health awareness programs to 76,641 employees. This included 22 educational programs, 46 weight clubs, 37 blood drives, 30 Yoga classes, 53 walking clubs, 32 Weight Watchers at Work sessions, 14 offerings of mammograms, and 42 exercise classes.

Implication of the Budget: ODH received funding of \$2,214,470 in FY 2008 and \$2,217,948 in FY 2009. The program will maintain current service levels.

Employee Assistance

Program Description: The Employee Assistance Program, established in June 1984 under R.C. section 3701.041, contributes to the emotional health of state employees by providing a screening, support, information, and referral service for employees, families, and employers. The program addresses problems such as alcohol or drug abuse, as well as emotional or mental health concerns, physical disabilities, family and marital problems, etc. An agency may place an employee in an Ohio EAP Participation Agreement thereby giving the employee the opportunity to correct job performance deficiencies while holding discipline in abeyance. In January of 1998, the program was given the responsibility of monitoring the treatment of those state employees who test positive in random drug testing. According to the Department of Administrative Services, 26,814 employees are in positions that are eligible for random drug testing.

There has been an increased demand for EAP training. In FY 2006 there were 183 training sessions for 4,141 employees. Program staff also were on hand at 41 health and wellness fairs.

Implication of the Budget: ODH received funding of \$1,208,214 in each fiscal year. This funding will allow the program to continue providing the same level of services as in FY 2007.

The program is funded through a charge levied on each state payroll warrant that is written. That fee is currently \$0.75 per each payroll warrant issued. These fees are deposited into Fund 683, Employee Assistance Program.

Program Series**6: Program Support**

Purpose: This program series supports other programs at ODH and thereby enables the mission of ODH to be accomplished.

The following table shows the line items that are used to fund the Program Support Program Series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
*4L3	440-609	Miscellaneous Expenses	\$42,470	\$42,470
State Special Revenue Fund Subtotal			\$42,470	\$42,470
General Services Fund				
*211	440-613	Central Support Indirect Costs	\$28,029,395	\$28,025,917
General Services Fund Subtotal			\$28,029,395	\$28,025,917
Federal Special Revenue Fund				
*392	440-618	Federal Public Health Programs	\$120,000	\$120,000
Federal Special Revenue Fund Subtotal			\$120,000	\$120,000
Holding Account Redistribution Fund				
R48	440-625	Refunds, Grants Reconciliation, & Audit Settlements	\$20,000	\$20,000
Holding Account Redistribution Fund Subtotal			\$20,000	\$20,000
Total Funding: Program Support			\$28,211,865	\$28,208,387

* Amount does not reflect total appropriation because the line item funds other program series.

This analysis focuses on the following specific program within the program series:

■ **Program Support**

Program Support

Program Description: Program Support is authorized by R.C. section 3701.831 and includes all central administration activities such as IT, human resources, legal, budget, accounting, grants management, internal audits, EEO, public affairs, purchasing, and facility costs. The objective of the program is to help the Department's programmatic areas to accomplish Health mission and goals through efficient administrative support. The program also has an objective to foster and implement e-government initiatives such as reducing the number of paper forms and implementing online license renewals identify and implement cost-saving solutions, reduce waste and inefficiencies, and provide accurate and timely information.

Implication of the Budget: ODH received \$28,211,865 in FY 2008 and \$28,208,387 in FY 2009 for the program. A total of \$2.3 million in each fiscal year from Fund 211, Central Support Indirect Costs, will be used to support IT infrastructure modernization and building infrastructure improvements. Building infrastructure improvements are necessitated by lack of space, cooling issues, and current structural inability to support equipment weight. ODH has sufficient cash reserve in this fund for these improvements. As a result, service levels will be maintained and IT and infrastructure improvements will be made.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: **FY 2006:** **FY 2007 Adj. Appropriations:** **FY 2008 Appropriations:** **% Change 2007 to 2008:** **FY 2009 Appropriations:** **% Change 2008 to 2009:**

Report For: Main Operating Appropriations Bill

Version: Enacted

DOH Health, Department of

GRF	440-407	Animal Borne Disease and Prevention	\$ 2,289,989	\$ 2,184,582	\$ 2,452,101	\$ 2,327,101	-5.10%	\$ 2,327,101	0.00%
GRF	440-412	Cancer Incidence Surveillance System	\$ 1,008,893	\$ 939,211	\$ 1,002,619	\$ 1,002,619	0.00%	\$ 1,002,619	0.00%
GRF	440-413	Local Health Department Support	\$ 3,760,831	\$ 3,792,720	\$ 3,786,794	\$ 3,786,794	0.00%	\$ 3,786,794	0.00%
GRF	440-416	Child & Family Health Services	\$ 8,574,446	\$ 9,760,035	\$ 9,582,874	\$ 9,522,874	-0.63%	\$ 9,622,874	1.05%
GRF	440-418	Immunizations	\$ 7,350,785	\$ 10,176,409	\$ 9,400,615	\$ 9,400,615	0.00%	\$ 9,400,615	0.00%
GRF	440-419	Sexual Assault Prevention	\$ 1,654	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	440-425	Abstinence and Adoption Education	---	---	---	\$ 500,000	N/A	\$ 500,000	0.00%
GRF	440-431	Free Clinic Liability Insurance	---	\$ 129,218	\$ 325,000	\$ 250,000	-23.08%	\$ 250,000	0.00%
GRF	440-437	Healthy Ohio	---	---	---	\$ 1,502,618	N/A	\$ 2,855,553	90.04%
GRF	440-438	Breast and Cervical Cancer Screening	---	---	---	\$ 2,500,000	N/A	\$ 2,500,000	0.00%
GRF	440-444	AIDS Prevention and Treatment	\$ 7,000,971	\$ 6,845,841	\$ 7,158,127	\$ 7,158,127	0.00%	\$ 7,158,127	0.00%
GRF	440-446	Infectious Disease Prevention	\$ 199,986	\$ 199,989	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%
GRF	440-451	Lab and Public Health Prevention Programs	\$ 5,416,390	\$ 6,362,209	\$ 6,085,250	\$ 6,085,250	0.00%	\$ 6,085,250	0.00%
GRF	440-452	Child & Family Health Services Match	\$ 886,639	\$ 1,099,585	\$ 1,024,017	\$ 1,024,017	0.00%	\$ 1,024,017	0.00%
GRF	440-453	Health Care Quality Assurance	\$ 10,516,387	\$ 9,916,559	\$ 10,253,728	\$ 10,253,728	0.00%	\$ 10,253,728	0.00%
GRF	440-454	Local Environmental Health	\$ 841,881	\$ 839,766	\$ 889,752	\$ 889,752	0.00%	\$ 889,752	0.00%
GRF	440-459	Help Me Grow	\$ 9,323,024	\$ 9,348,033	\$ 9,323,797	\$ 10,923,397	17.16%	\$ 14,041,847	28.55%
GRF	440-461	Center for Vital and Health Stats	\$ 3,847,814	\$ 3,639,679	\$ 3,629,535	\$ 0	-100.00%	\$ 0	N/A
GRF	440-504	Poison Control Network	\$ 130,015	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	440-505	Medically Handicapped Children	\$ 6,040,021	\$ 9,463,788	\$ 8,791,784	\$ 10,791,784	22.75%	\$ 10,791,784	0.00%
GRF	440-507	Targeted Health Care Services Over 21	\$ 683,565	\$ 838,891	\$ 2,364,574	\$ 1,681,023	-28.91%	\$ 1,681,023	0.00%
GRF	440-511	Uncompensated Care and Emergency Medical Assistance	---	---	---	\$ 0	N/A	\$ 3,500,000	N/A
General Revenue Fund Total			\$ 67,873,292	\$ 75,536,514	\$ 76,270,567	\$ 79,799,699	4.63%	\$ 87,871,084	10.11%
142	440-618	Agency Health Services	\$ 1,721,161	\$ 1,761,558	\$ 0	\$ 0	N/A	\$ 0	N/A
142	440-646	Agency Health Services	---	---	\$ 2,561,915	\$ 3,461,915	35.13%	\$ 3,461,915	0.00%
211	440-613	Central Support Indirect Costs	\$ 24,666,476	\$ 24,920,584	\$ 26,584,707	\$ 28,884,707	8.65%	\$ 28,884,707	0.00%
473	440-622	Lab Operating Expenses	\$ 3,205,816	\$ 3,121,449	\$ 4,154,045	\$ 4,954,045	19.26%	\$ 4,954,045	0.00%
683	440-633	Employee Assistance Program	\$ 1,069,478	\$ 1,067,554	\$ 1,208,214	\$ 1,208,214	0.00%	\$ 1,208,214	0.00%
698	440-634	Nurse Aide Training	\$ 96,135	\$ 20,338	\$ 170,000	\$ 170,000	0.00%	\$ 170,000	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
DOH Health, Department of									
General Services Fund Group Total			\$ 30,759,066	\$ 30,891,484	\$ 34,678,881	\$ 38,678,881	11.53%	\$ 38,678,881	0.00%
320	440-601	Maternal Child Health Block Grant	\$ 25,610,134	\$ 23,645,438	\$ 29,025,635	\$ 30,666,635	5.65%	\$ 30,666,635	0.00%
387	440-602	Preventive Health Block Grant	\$ 7,146,344	\$ 6,374,792	\$ 7,826,659	\$ 7,826,659	0.00%	\$ 7,826,659	0.00%
389	440-604	Women, Infants, and Children	\$ 214,553,169	\$ 219,272,212	\$ 230,077,450	\$ 230,077,451	0.00%	\$ 230,077,451	0.00%
391	440-606	Medicaid/Medicare	\$ 22,589,271	\$ 21,321,074	\$ 24,850,959	\$ 24,850,959	0.00%	\$ 24,850,959	0.00%
392	440-618	Federal Public Health Programs	\$ 135,957,831	\$ 126,279,852	\$ 127,677,458	\$ 136,778,215	7.13%	\$ 136,778,215	0.00%
Federal Special Revenue Fund Group Total			\$ 405,856,749	\$ 396,893,367	\$ 419,458,161	\$ 430,199,919	2.56%	\$ 430,199,919	0.00%
470	440-618	Fee Supported Programs	\$ 12,528,501	\$ 15,112,158	\$ 0	\$ 0	N/A	\$ 0	N/A
470	440-647	Fee Supported Programs	---	---	\$ 21,525,195	\$ 27,996,243	30.06%	\$ 25,905,140	-7.47%
471	440-619	Certificate of Need	\$ 444,070	\$ 560,557	\$ 594,572	\$ 869,000	46.16%	\$ 898,000	3.34%
477	440-627	Medically Handicapped Children Audit	\$ 2,913,133	\$ 2,641,378	\$ 3,693,016	\$ 3,693,016	0.00%	\$ 3,693,016	0.00%
4D6	440-608	Genetics Services	\$ 1,912,186	\$ 2,066,316	\$ 3,117,000	\$ 3,317,000	6.42%	\$ 3,317,000	0.00%
4F9	440-610	Sickle Cell Disease Control	\$ 637,619	\$ 814,517	\$ 1,035,344	\$ 1,035,344	0.00%	\$ 1,035,344	0.00%
4G0	440-636	Heirloom Birth Certificate	---	---	\$ 5,000	\$ 5,000	0.00%	\$ 5,000	0.00%
4G0	440-637	Birth Certificate Surcharge	---	---	\$ 5,000	\$ 5,000	0.00%	\$ 5,000	0.00%
4L3	440-609	Miscellaneous Expenses	\$ 115,525	\$ 60,685	\$ 144,119	\$ 446,468	209.79%	\$ 446,468	0.00%
4T4	440-603	Child Highway Safety	\$ 232,254	\$ 181,057	\$ 233,894	\$ 233,894	0.00%	\$ 233,894	0.00%
4V6	440-641	Save Our Sight	\$ 1,254,947	\$ 1,407,298	\$ 1,767,994	\$ 1,767,994	0.00%	\$ 1,767,994	0.00%
5B5	440-616	Quality, Monitoring, and Inspection	\$ 528,068	\$ 739,052	\$ 838,479	\$ 838,479	0.00%	\$ 838,479	0.00%
5BL	440-638	Healthy Ohioans	---	\$ 3,941,918	\$ 575,000	\$ 0	-100.00%	\$ 0	N/A
5C0	440-615	Alcohol Testing and Permit	\$ 1,110,949	\$ 1,088,051	\$ 1,455,405	\$ 1,455,405	0.00%	\$ 1,455,405	0.00%
5CB	440-640	Poison Control Centers	---	\$ 200,000	\$ 200,000	\$ 150,000	-25.00%	\$ 150,000	0.00%
5CN	440-645	Choose Life	---	---	\$ 75,000	\$ 75,000	0.00%	\$ 75,000	0.00%
5D6	440-620	Second Chance Trust	\$ 976,476	\$ 1,133,067	\$ 1,054,951	\$ 1,054,951	0.00%	\$ 1,054,951	0.00%
5E1	440-624	Health Services	\$ 563,952	---	\$ 0	\$ 0	N/A	\$ 0	N/A
5EC	440-650	Health Emergency	---	---	---	\$ 15,312,500	N/A	\$ 0	-100.00%
5ED	440-651	Smoke Free Indoor Air	---	---	---	\$ 800,000	N/A	\$ 800,000	0.00%
5G4	440-639	Adoption Services	\$ 5,590	---	\$ 20,000	\$ 20,000	0.00%	\$ 20,000	0.00%
5L1	440-623	Nursing Facility Technical Assistance Program	\$ 460,649	\$ 531,657	\$ 617,517	\$ 664,282	7.57%	\$ 698,595	5.17%
610	440-626	Radiation Emergency Response	\$ 522,496	\$ 555,843	\$ 850,000	\$ 850,000	0.00%	\$ 850,000	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>DOH Health, Department of</i>									
666	440-607	Medically Handicapped Children - County Assessments	\$ 13,079,849	\$ 8,744,622	\$ 14,320,687	\$ 14,320,687	0.00%	\$ 14,320,687	0.00%
State Special Revenue Fund Group Total			\$ 37,286,264	\$ 39,778,176	\$ 52,128,173	\$ 74,910,263	43.70%	\$ 57,569,973	-23.15%
R14	440-631	Vital Statistics	\$ 52,857	\$ 43,882	\$ 70,000	\$ 70,000	0.00%	\$ 70,000	0.00%
R48	440-625	Refunds, Grants Reconciliation, & Audit Settlements	\$ 14,606	\$ 13,131	\$ 20,000	\$ 20,000	0.00%	\$ 20,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 67,463	\$ 57,013	\$ 90,000	\$ 90,000	0.00%	\$ 90,000	0.00%
<i>Health, Department of Total</i>			\$ 541,842,834	\$ 543,156,555	\$ 582,625,782	\$ 623,678,762	7.05%	\$ 614,409,857	-1.49%

Commission on Hispanic/Latino Affairs

Deauna Hale, Budget Analyst

- The budget will allow the Commission to implement initiatives from the GROh-21 proposal
- The Commission will focus on maximizing diversity, education, and workforce and economic development statewide

OVERVIEW

Duties and Responsibilities

The Commission on Hispanic/Latino Affairs was created in 1977 as the Ohio Commission on Spanish-Speaking Affairs. Its statutory purpose, among others, is to advise the Governor, General Assembly, and state agencies on policies focusing on the special problems and needs of Spanish-speaking people. It also serves to assure that Spanish-speaking people have access to decision makers in state and local government. The Commission is made up of an 11-member board. The Revised Code requires all members of the board to have the ability to speak Spanish and to be of Spanish-speaking origin. The 2000 United States Census indicates that there are 217,213 Hispanics in Ohio. According to U.S. Census Bureau estimates, people of Hispanic or Latino origin comprise 2.3% of Ohio's population. Nationally, population projections indicate that the Hispanic population could grow by 188% by 2050.

The Budget

The budget for the Commission exceeds FY 2007 appropriations by approximately \$500,00 in each fiscal year. The \$500,000 increase will allow the Commission to implement new and expand existing initiatives outlined in its GROh-21 plan to maximize the state's diverse population and improve educational opportunities and workforce and economic development.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
2	\$720,121	\$727,156	\$700,121	\$707,156	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Hispanic/Latino Initiatives

Purpose: The program series allows the agency to fulfill its mandates of gathering information on the needs of the Hispanic/Latino community and advising policy makers on those needs.

The following table shows the line items that are used to fund the Hispanic-Latino Affairs program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	148-100	Personal Services	\$160,121	\$167,156
GRF	148-200	Maintenance	\$40,000	\$40,000
GRF	148-402	Community Projects	\$500,000	\$500,000
General Revenue Fund Subtotal			\$700,121	\$707,156
General Services Fund				
601	148-602	Program Support	\$20,000	\$20,000
General Services Fund Subtotal			\$20,000	\$20,000
Total Funding: Hispanic Latino Affairs			\$720,121	\$727,156

This analysis focuses on the following specific programs within the Hispanic-Latino Affairs program series:

- **Program 1.01: Latino Community Network**
- **Program 1.02: Public Policy Center**

Program 1.01: Latino Community Network

Program Description: The Latino Community Network supports the Commission mandate to gather and disseminate information on the needs of the Hispanic-Latino community and then advise policymakers on how to best serve those needs.

Funding Source and Line Items: The following table shows the line items that are used to fund the Latino Community Network, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	148-100*	Personal Services	\$95,966	\$99,483
GRF	148-200*	Maintenance	\$25,132	\$25,132
GRF	148-402	Community Projects	\$500,000	\$500,000
General Revenue Fund Subtotal			\$621,098	\$624,615
General Services Fund				
601	148-602*	Program Support	\$10,000*	\$10,000*
General Services Fund Subtotal			\$10,000	\$10,000
Total Funding: Latino Community Network			\$631,098	\$634,615

* Amount does not reflect total appropriation because the line item is used to fund other program series.

Implication of the Budget: The enacted budget will allow the Commission to increase and expand services provided through the Latino Community Network and implement new initiatives outlined in the Commission's GROh-21 proposal. GROh-21 is a two-year program that would focus on three areas in the community: maximizing diversity, education, and workforce and economic development.

Program 1.02: Public Policy Center

Program Description: The Public Policy Center supports the Commission's mandate to advise public officials on the needs of the Hispanic/Latino population in Ohio.

Funding Source and Line Items: The following table shows the line items that are used to fund the Public Policy Center program, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	148-100*	Personal Services	\$64,155	\$67,673
GRF	148-200*	Maintenance	\$14,868	\$14,868
General Revenue Fund Subtotal			\$79,023	\$82,541
General Services Fund				
601	148-602*	Program Support	\$10,000*	\$10,000*
General Services Fund Subtotal			\$10,000	\$10,000
Total Funding: Latino Community Network			\$89,023	\$92,541

* Amount does not reflect total appropriation because the line item is used to fund other program series.

Implication of the Budget: The Commission received \$89,023 in FY 2008 and \$92,541 in FY 2009 for this program. The funding level will allow the Commission to expand and increase initiatives focused on advising legislators on the needs facing the Latino and Hispanic population statewide.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2007 Adj.</i>	<i>FY 2008</i>	<i>% Change</i>	<i>FY 2009</i>	<i>% Change</i>	
			<i>FY 2006: Appropriations:</i>	<i>FY 2006: Appropriations:</i>	<i>Appropriations:</i>	<i>2007 to 2008:</i>	<i>Appropriations:</i>	<i>2008 to 2009:</i>	
Report For: Main Operating Appropriations Bill			Version: Enacted						
SPA Hispanic / Latino Affairs, Commission on									
GRF	148-100	Personal Services	\$ 141,382	\$ 146,192	\$ 145,880	\$ 160,121	9.76%	\$ 167,156	4.39%
GRF	148-200	Maintenance	\$ 36,869	\$ 35,670	\$ 35,901	\$ 40,000	11.42%	\$ 40,000	0.00%
GRF	148-402	Community Projects	----	----	----	\$ 500,000	N/A	\$ 500,000	0.00%
General Revenue Fund Total			\$ 178,251	\$ 181,862	\$ 181,781	\$ 700,121	285.15%	\$ 707,156	1.00%
601	148-602	Gifts & Miscellaneous	\$ 20,613	\$ 4,893	\$ 20,000	\$ 20,000	0.00%	\$ 20,000	0.00%
General Services Fund Group Total			\$ 20,613	\$ 4,893	\$ 20,000	\$ 20,000	0.00%	\$ 20,000	0.00%
Hispanic / Latino Affairs, Commission on Total			\$ 198,864	\$ 186,755	\$ 201,781	\$ 720,121	256.88%	\$ 727,156	0.98%

Ohio Industrial Commission

Brian Hoffmeister, Budget Analyst

- The Industrial Commission budget for the FY 2008-2009 biennium is \$61,799,365 each fiscal year
- Technological advances at the Industrial Commission are making the hearing process more efficient and allowing greater access to online services

OVERVIEW

Duties and Responsibilities

The Ohio Industrial Commission (OIC) hears worker and employer appeals of workers' compensation claims decisions made by the Bureau of Workers' Compensation (BWC). Disputed claims typically involve conflicts over medical decisions or lost time benefits. OIC operations, as well as those of BWC, are funded through an Administrative Cost Fund (ACF) assessment that is added to employer workers' compensation premiums. Neither OIC nor BWC receives general revenue funds.

The Governor appoints the three commissioners who lead the Industrial Commission. Each commissioner must have at least six years experience in workers' compensation and at least one member must be licensed to practice law in Ohio. By reason of previous vocation, employment, or affiliation, one member must represent employees, one must represent employers, and one must represent the public. Each commissioner serves a six-year term.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
485	\$61.80 million	\$61.80 million	\$0	\$0	Am. Sub. H.B. 100

* Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. This total does not include "fixed term per diem" employees identified by DAS.

ANALYSIS OF THE BUDGET

Single Program Series

Adjudication of Workers' Compensation Claims

Purpose: The purpose of OIC's adjudication process is to provide fair and impartial resolutions to disputes in workers' compensation claims through an easily accessible hearing process that is completed within specified time frames, established by the legislature.

The following table shows the line items that fund the agency as well as the funding levels enacted in Am. Sub. H.B. 100.

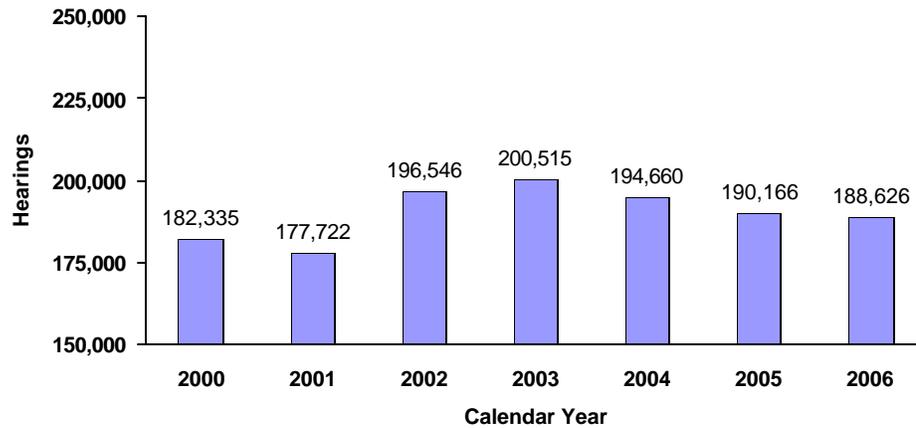
Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
5W3	845-321	Operating Expenses	\$51,778,924	\$51,778,924
5W3	845-402	Rent – William Green Building	\$6,299,960	\$6,299,960
5W3	845-410	Attorney General Payments	\$3,558,634	\$3,558,634
821	845-605	Program Support	\$161,847	\$161,847
Workers' Compensation Fund Subtotal			\$61,799,365	\$61,799,365
Total Funding: Adjudication of Workers' Compensation Claims			\$61,799,365	\$61,799,365

Adjudication of Workers' Compensation Claims

Program Description: The Commission's proceedings are quasi-judicial in nature and provide an opportunity for all parties to be heard before a decision is made. The hearing process begins when the Commission assumes jurisdiction of an issue after an appeal of a BWC order. The hearing process consists of three levels of adjudication. Claimants or employers make first-level appeals before District Hearing Officers (DHOs). Second-level appeals are conducted by Staff Hearing Officers (SHOs). District and staff-level hearings take place at Commission offices located throughout the state, and must occur within 45 days of a claimant or employer filing an appeal. Third-level appeals are held in Columbus with the three-member panel of commissioners. A Commission level hearing is conducted on a discretionary basis. Typically, commissioners hear unresolved cases that deal with an issue of policy or special circumstance that they believe warrants further consideration. If an injured worker or employer disagrees with the Commission's decision, the issue can be further adjudicated in the court system.

Hearing Caseloads

The following chart provides information relative to the total number of cases (at all hearing levels) that OIC heard annually from CYs 2000 to 2006. The Commission is required to hear claims and issue orders at the District level within 52 days (45 days to hear the claim and 7 days to issue the order). If a decision is appealed, OIC has another 52 days to conduct a second-level hearing and issue an order. In FY 2006, OIC met this requirement 85% of the time at the District Hearing level, and 93% of the time at the Staff Hearing level. At the end of CY 2006, there were approximately 30,981 cases outstanding in OIC's inventory; that is, cases that had yet to be referred to a DHO or SHO hearing.

Hearing Caseloads (all levels)

Funding Source: Line items within Fund 5W3 are supported by administrative assessments paid by State Insurance Fund employers together with their overall premium payments. Fund 821 is supported by conference income, income received from coin copiers, and the sale of publications.

Implication of the Budget: The Industrial Commission's programs are fully funded for the FY 2008 - 2009 biennium. Funding may support up to 529 employees.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: BWC and OIC Budget			Version: Enacted						
OIC Industrial Commission, Ohio									
5W3	845-321	Operating Expenses	\$ 45,163,663	\$ 45,772,290	\$ 50,270,800	\$ 51,778,924	3.00%	\$ 51,778,924	0.00%
5W3	845-402	Rent-William Green Building	\$ 4,181,997	\$ 5,884,382	\$ 6,116,466	\$ 6,299,960	3.00%	\$ 6,299,960	0.00%
5W3	845-410	Attorney General Payments	\$ 3,289,747	\$ 3,397,971	\$ 3,454,984	\$ 3,558,634	3.00%	\$ 3,558,634	0.00%
821	845-605	Program Support	\$ 94,851	\$ 20,368	\$ 157,133	\$ 161,847	3.00%	\$ 161,847	0.00%
Workers' Compensation Fund Group Total			\$ 52,730,257	\$ 55,075,011	\$ 59,999,383	\$ 61,799,365	3.00%	\$ 61,799,365	0.00%
Industrial Commission, Ohio Total			\$ 52,730,257	\$ 55,075,011	\$ 59,999,383	\$ 61,799,365	3.00%	\$ 61,799,365	0.00%

Department of Job and Family Services

Ivy Chen, Senior Economist
Maria Seaman, Senior Budget Analyst

- If all Medicaid strategies are implemented, spending in appropriation item 600-525 could be reduced by \$84.7 million all funds in FY 2008, and by \$147.3 million all funds in FY 2009.
- By the end of FY 2009, the year-end TANF balance is estimated to be \$61.8 million.
- The budget provides for a 3% cost-of-living adjustment for Ohio Works First (cash assistance) benefits beginning in January 2009.
- The budget provides for an increase in the reimbursement ceiling for providers of publicly funded child care.

AGENCY OVERVIEW

The Department of Job and Family Services (ODJFS) develops and oversees programs that provide health care, employment and economic assistance, child support, and services to families and children. The ODJFS mission is, through state and local partnerships, to help all Ohioans improve the quality of their lives. The ODJFS vision is to be the nation's leading family support and workforce development system.

Most of ODJFS's programs and services are federally mandated and funded. Title XIX and XXI of the Social Security Act funds the Medicaid health care program, Temporary Assistance for Needy Families funds financial assistance for families, the federal Workforce Investment Act funds job training and job placement services for workers and employers, and Title III of the Social Security Act sets forth federal standards for administration of the Unemployment Insurance program and authorizes federal administrative funding for the program. The Department also receives federal reimbursement for a portion of expenditures made for child support and child welfare activities.

The administration and funding of job and family services programs represent a unique cooperative partnership between three levels of government: federal, state, and local. The Department of Job and Family Services directs and supervises the delivery of these services through a network of local government agencies and several district offices. The direct delivery of services is administered by a combination of county offices, which includes 88 county departments of job and family services, 26 separate child support enforcement agencies, and 26 separate public children services agencies. The Department provides funding to local agencies to develop programs that respond to local needs and provides technical assistance and support to ensure compliance with federal and state regulations.

The Department is led by a director, appointed by the Governor, who manages approximately 3,900 employees and an annual budget of approximately \$17.0 billion.

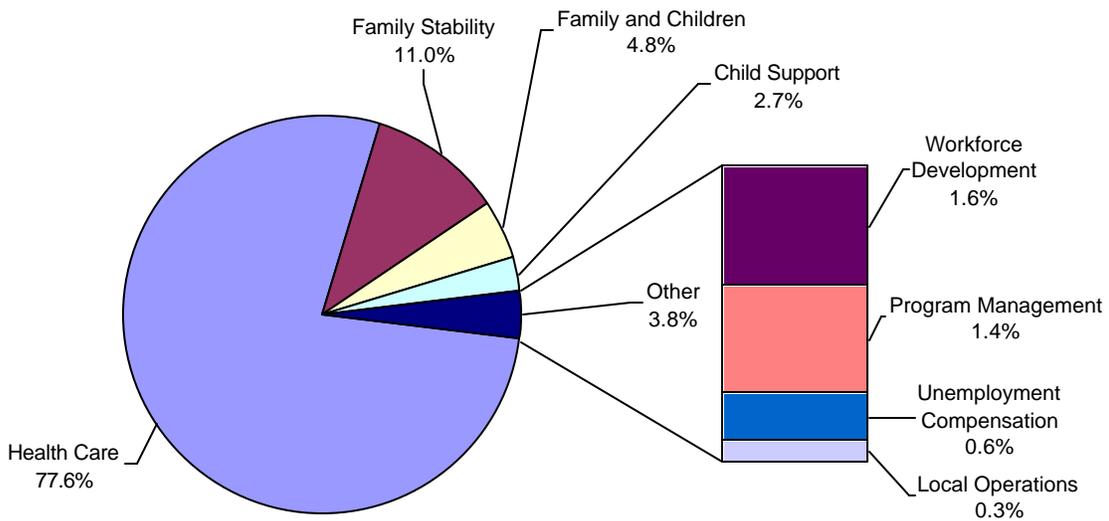
The budget for ODJFS is approximately \$16.8 billion in FY 2008 and \$17.7 billion in FY 2009.

Agency in Brief

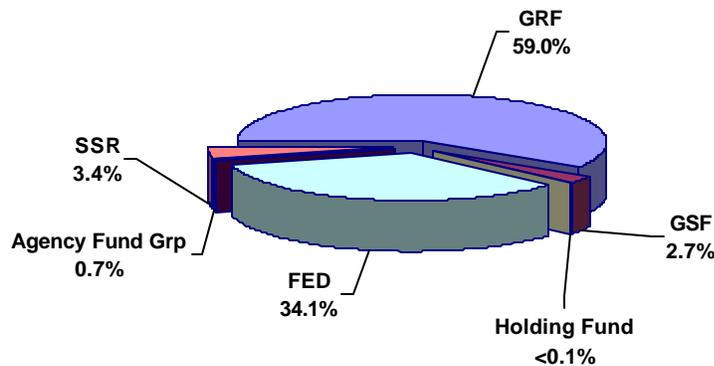
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3,850	\$16.79 billion	\$17.70 billion	\$9.80 billion	\$10.60 billion	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

**Percentage of Funding by Program Series
FY 2008-2009 Biennium**



**Total Budget by Fund Group
FY 2008-2009 Biennium**



WORKFORCE DEVELOPMENT

OVERVIEW

The Workforce Investment Act of 1998 (WIA) repealed the Job Training Partnership Act and replaced it with a locally based employment and training service delivery system for adults, dislocated workers, and youth with an emphasis on flexibility in the use of program dollars. These three categories (adults, dislocated workers, and youth) designate the three funding streams of WIA. Provisions of the Act promote individual responsibility and personal choice through the use of Individual Training Accounts that allow adult customers to “purchase” the training that best fits their needs. Adults and dislocated workers may access, depending on an eligibility assessment of their needs, employment and training activities that fall in three categories: core, intensive, and training services. Youth activities under WIA attempt to move away from one-time, short-term interventions toward a systematic approach that offers youth a broad range of coordinated services that may be provided in combination or alone. Such offerings for youth include opportunities for assistance in both academic and occupational learning, developing leadership skills, and preparing for further education, additional training, and eventual employment.

The Act is business focused as well. Business is seen to be a critical partner in the development and design of service delivery systems with strong ties to economic development. The Act requires that business representatives comprise the majority of the membership of State Workforce Investment Boards, providing leadership and information to ensure that the service delivery system prepares people for current and future jobs.¹⁶

Core to WIA is the One-Stop approach to service delivery. In fact, the Act mandates that states and localities develop One-Stop delivery systems for service integration and elimination of duplicative efforts. In Ohio, funding is allocated to 19 Workforce Investment Boards for the establishment of One-Stops and the delivery of training services. These systems are mandated to serve communities by functioning as the primary public resource for job and career counseling, training, job searching, employment services, and a range of other ancillary services that include child care and transportation.

In Ohio, the Office of Workforce Development (OWD) administers WIA. The Office, one of the three program areas of the Department’s Services to Employers division, has three main goals in its implementation of WIA. These are: (1) to create a vertically integrated workforce-investment system with all elements coordinated and complementary, (2) to promote Ohio’s economic competitiveness by improving employment opportunities, fostering job retention, and increasing earnings of all Ohio workers, and (3) to build a workforce development system that prompts all stakeholders to agree that “it works for me.”

¹⁶ Congress has extended WIA through 2009 with no changes.

ANALYSIS OF THE BUDGET

Program Series

1: Workforce Development

Purpose: The Workforce Development program series includes activities to increase the state’s workforce by promoting employment services and workforce development activities at the state and local levels.

The following table shows the line items that are used to fund the Workforce Development program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-321	Support Services	\$334,145	\$335,784
General Revenue Fund Subtotal			\$334,145	\$335,784
State Special Revenue Fund				
5DB	600-637	Military Injury Grants	\$2,000,000	\$2,000,000
State Special Revenue Fund Subtotal			\$2,000,000	\$2,000,000
General Services Fund				
613	600-645	Training Activities	\$135,000	\$135,000
General Services Fund Subtotal			\$135,000	\$135,000
Federal Special Revenue Fund				
331	600-686	Federal Operating	\$38,634,744	\$40,219,664
3V4	600-678	Federal Unemployment Programs	\$1,486,297	\$1,554,026
3V0	600-688	Workforce Investment Act	\$226,400,599	\$226,652,774
Federal Special Revenue Fund Subtotal			\$266,521,640	\$268,426,464
Total Funding: Workforce Development			\$268,689,785	\$270,897,248

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

This analysis focuses on the following specific programs within the Workforce Development program series:

- **Program 1.01: Workforce Investment Act**
- **Program 1.02: Employment Services**
- **Program 1.03: Veterans Services**
- **Program 1.04: Tax Credit**
- **Program 1.05: Labor Market Information**
- **Program 1.06: One-Stop Services**
- **Program 1.07: Workforce Program Management**
- **Program 1.08: Workforce Information Technology**

Program 1.01: Workforce Investment Act (WIA)

Program Description: This program includes services under WIA and related programs, the One-Stop system support, Ohio State Apprenticeship Council, Rapid Response program, and Grants and Audit Resolution. The program is intended to support employment and training activities, including

worker training and retraining, occupational and vocational testing and counseling services, and employment readiness activities. Support activities such as grant processing, auditing, and technical assistance to local programs and local workforce policy boards are also included in this program.

Funding Source: General Revenue Fund, General Services Fund, and Federal Special Revenue Fund

Implication of the Budget: The budget allows for the provision of services under the Workforce Investment Act and other related programs to between 36,000 and 46,000 adult, youth, and dislocated workers in each fiscal year. The funding level provided in the budget will also allow over 17,000 Ohioans to participate in registered apprenticeship employment and training.

Additionally, the budget:

- (1) Permits the Director of Job and Family Services to use funds from appropriation item 600-688, Workforce Investment Act (Federal Special Revenue Fund 3V0), to support workforce development activities included in grant agreements with local workforce development areas;
- (2) Permits the use of up to \$1.9 million in FY 2008 and up to \$2.2 million in FY 2009 of appropriation item 600-688, Workforce Investment Act (Federal Special Revenue Fund 3V0), to support the activities of the Ohio State Apprenticeship Council;
- (3) Requires that \$6.0 million of appropriation item 600-688, Workforce Investment Act (Federal Special Revenue Fund 3V0), over the biennium be used for competitive grants to eight major urban centers and four other locations, at least two of which are rural, to provide strategies and programs that meet the needs of at-risk youth. The programs must target youth who have disengaged from the education system and youthful offenders who will be returning to their communities.

Program 1.02: Employment Services

Program Description: The Employment Services program encompasses activities related to the Wagner-Peyser Act of 1933, as amended by the Workforce Investment Act of 1998, which made Employment Services part of the One-Stop delivery network. Other services included in the Employment Services program are the Migrant Seasonal Farm Worker program and the Foreign Labor Certification program.

As part of the One-Stop service delivery system, Employment Services encompasses a variety of employment related labor exchange services including job search assistance, job referral, and placement assistance for job seekers, re-employment services to unemployment insurance claimants, and recruitment services to employers with job openings.

The goals of the Migrant Seasonal Farm Worker program are to ensure that these workers are provided with appropriate information concerning employment, housing, and other available benefits; that the housing meets appropriate standards; and that agricultural growers receive the necessary information to facilitate obtaining the seasonal workers they need.

The Foreign Labor Certification program is designed to ensure that the admission of foreign workers into the United States on a permanent or temporary basis will not adversely affect job opportunities, wages, and working conditions of U.S. workers.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The budget allows for the delivery of Labor Exchange services provided under the Employment Services program to over 800,000 customers and referral of over 300,000 individuals to job openings. The funding level provided in the budget also allows for continuation and expansion of web-based employment services.

Program 1.03: Veterans Services

Program Description: As authorized by the Jobs for Veteran's Act of 2002, the Veterans Services program includes the subprograms Local Veterans Employment Representative (LVER) and Disabled Veteran Outreach Program Specialist (DVOP). The LVER ensures that veterans are provided the range of labor exchange services needed to meet their employment and training needs. The DVOP facilitates labor exchange services for those with special employment and training needs. The primary focus is for those veterans who are unable to obtain employment through core services.

Funding Source: State Special Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget allows for the provision of employment and training services to unemployed, disabled, combat, and other eligible veterans and referral of over 14,500 veterans to job openings.

The funding provided in the budget will also be used to provide grants to individuals injured while in active service as a member of the armed forces of the United States while serving under operation Iraqi Freedom or Operation Enduring Freedom, and individuals diagnosed with post-traumatic stress disorder as a result of such service. The state income tax check-off began in 2006. The Office of Budget and Management is required to transfer 1% of the Jobs for Veterans Act grant in each fiscal year to Fund 5DB. The application period for the grant began July 1, 2007, and the grant amount is expected to be \$500 per person per year.

Program 1.04: Tax Credit

Program Description: The Tax Credit program provides tax incentives to Ohio employers who hire from targeted groups of job seekers with consistently high unemployment rates, giving the employer a tax credit against their federal tax liability and supplying employment to disadvantaged job seekers in one of ten targeted groups, including TANF or food stamp recipients, veterans, and ex-felons. In federal fiscal year (FFY) 2006 the Tax Credit program reduced the federal tax liability of Ohio employers by \$210.8 million while helping 25,338 Ohioans with barriers to employment find work opportunities.

The Ohio Training Tax Credit (OTTC), created by Am. Sub. H.B. 283 of the 123rd General Assembly, offers tax incentives to employers who provide training to current employees at risk of being displaced because of skill deficiencies or the inability to use new technologies, or to provide job skills to eligible employees that enable them to perform other job duties for the employer. Since its creation, this tax credit was extended in subsequent legislation. Most recently, H.B. 699 of the 126th General Assembly extends the tax credit until December 31, 2007.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The budget allows for the Work Opportunity Tax Credit and Welfare to Work Tax Credit programs to process over 50,000 applications from over 1,400 employers.

The budget includes in its revenue estimates extension of the Ohio training tax credit through the first half of FY 2008.

Program 1.05: Labor Market Information

Program Description: The Labor Market Information Office collects and analyzes information about Ohio's industry, labor force, and economy. The focus of the Office is on serving business initiatives and planning needs to support workforce and economic development activities and decisions. The Office prepares reports on employment levels, unemployment levels, wages and earnings, employment outlook by industry and occupation, and other economic and industry-specific data.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The budget will fund the development and access to workforce statistics about Ohio and its communities, with an emphasis on information delivery via the Internet.

Program 1.06: One-Stop Services

Program Description: One-Stop services are the focal point for direct delivery of Local Operations services to the public and to Ohio employers. Included in the services delivered are: unemployment compensation, re-employment services, employment services and Workforce Investment Act, Veterans services, Labor Market Information, and the Trade Readjustment Act.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The budget will support the operation of 30 full service One-Stops and 60 satellite offices throughout the state.

Program 1.07: Workforce Program Management

Program Description: Workforce Program Management administers grants primarily from the United States Department of Labor. The Office of Workforce Development is the infrastructure that supports all internal operations and external stakeholder relations. The Office supports and facilitates the public workforce system to help job seekers find jobs and employers find job seekers.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget will allow for the administration of 40 to 50 federal grants from the U.S. Department of Labor totaling over \$400 million per year.

Program 1.08: Workforce Information Technology

Program Description: The Workforce Information Technology program contains the information system that unifies numerous training, education, and employment programs and enables the coordinated delivery of services to job seekers and employers. It integrates WIA case management and Wagner-Peyser re-employment services through interfaces with dozens of unique workforce programs.

Funding Source: Federal Special Revenue

Implication of the Budget: The budget will support the information technology initiatives of workforce development that provide case management, service integration, and job matching tools used by job seekers and employers.

FAMILY STABILITY

OVERVIEW

The Office of Family Stability (OFS) develops and administers programs and services designed to support low-income Ohioans and families as they are seeking to better their lives and become self-sufficient. Many of the programs administered by OFS are entitlement programs, which means that if an individual or family meets specific eligibility requirements, they are assured of receiving services. Expenditures in the programs are in some cases driven by the economy (e.g., the Food Stamp program), and in other cases driven by federal or state policy changes that have occurred in the last several years (e.g., the cash assistance program). The principal programs administered by OFS include Temporary Assistance for Needy Families (TANF), the Food Stamp program, and the Disability Financial Assistance (DFA) program.

ANALYSIS OF THE BUDGET

Program Series

2: Family Stability

Purpose: The primary goal of the Family Stability program series is to support low-income Ohioans and families as they are seeking to better their lives and become self-sufficient. Providing support to meet basic needs for these individuals and families assures a floor of support while providing additional support to people to meet their own goals of attaining independence to the best of their ability.

The program series funds activities such as those provided through TANF, food assistance programs, child care funding, the DFA program, refugee services, and the information technology activities that support these and other programs.

The following table shows the line items that are used to fund the Family Stability program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-321	Support Services	\$290,532	\$304,866
GRF	600-410	TANF State	\$267,619,061	\$267,619,061
GRF	600-413	Child Care Match/MOE	\$84,120,596	\$84,120,596
GRF	600-416	Computer Projects	\$10,763,121	\$10,984,861
GRF	600-421	Office of Family Stability	\$4,614,932	\$4,614,932
GRF	600-511	Disability Financial Assistance	\$22,128,480	\$25,335,908
GRF	600-512	Non-TANF Emergency Assistance	\$1,000,000	\$1,000,000
GRF	600-521	Family Stability Subsidy	\$54,867,297	\$54,867,297
General Revenue Fund Subtotal			\$445,404,019	\$448,847,521
General Services Fund				
4A8	600-658	Child Support Collections	\$26,680,794	\$26,680,794
General Services Fund Subtotal			\$26,680,794	\$26,680,794

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
5ES	600-630	Food Assistance	\$500,000	\$500,000
5Z9	600-672	TANF Quality Control Reinvestments	\$281,099	\$294,652
State Special Revenue Fund Subtotal			\$781,099	\$794,652
Federal Special Revenue Fund				
384	600-610	Food Stamps & State Administration	\$147,797,453	\$140,172,904
385	600-614	Refugee Services	\$10,196,547	\$11,057,826
396	600-620	Social Services Block Grant	\$8,000,000	\$8,000,000
397	600-626	Child Support	\$71,160	\$71,160
398	600-627	Adoption Maintenance Administration	\$74,520	\$74,520
3A2	600-641	Emergency Food Distribution	\$2,900,000	\$3,500,000
3AW	600-675	Faith-Based Initiatives	\$1,000,000	\$1,000,000
3H7	600-617	Child Care Federal	\$199,603,153	\$192,159,567
3V0	600-688	Workforce Investment Act	\$7,320	\$7,320
3V6	600-651	Second Harvest Food Banks	\$5,500,000	\$5,500,000
3V6	600-689	TANF Block Grant	\$1,017,558,029	\$1,065,605,642
3W3	600-659	TANF/Title XX Transfer	\$6,389,684	\$6,672,366
Federal Special Revenue Fund Subtotal			\$1,399,097,866	\$1,433,821,305
Agency Fund				
5B6	600-601	Food Stamp Intercept	\$2,000,000	\$2,000,000
Agency Fund Subtotal			\$2,000,000	\$2,000,000
Total Funding: Family Stability			\$1,873,963,778	\$1,912,144,272

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

This analysis focuses on the following specific programs within the Family Stability program series:

- **Program 2.01: TANF/Ohio Works First Cash Assistance**
- **Program 2.02: Non-Cash Family Support**
- **Program 2.03: Disability Financial Assistance**
- **Program 2.04: Food Stamp and Food Stamp Employment and Training**
- **Program 2.05: Child Care**
- **Program 2.06: Refugee Services**
- **Program 2.07: Family Stability Program Management**
- **Program 2.08: Family Stability Information Technology**

Program 2.01: TANF/Ohio Works First Cash Assistance

Program Description: Ohio Works First (OWF), established by Am. Sub. H.B. 408 of the 122nd General Assembly, is the financial assistance portion of the TANF program and provides time limited cash assistance to eligible families for up to 36 months. After 36 months, county departments of job and family services can approve hardship or good cause extensions for another 24 months. After a decline in the 1990s, financial assistance expenditures have been relatively steady for the past few fiscal years.

The TANF program established a flat block grant to the states. Ohio's annual TANF block grant award is approximately \$728 million. In order to receive the annual block grant, Ohio is required to meet a Maintenance of Effort (MOE) requirement of 80% of what it spent in FFY 1994 on the three eliminated programs. The MOE can be lowered to 75% if the state meets its work participation requirements. Ohio was meeting the participation rate requirements until the end of FFY 2006 and MOE was set at 75%. However, due to changes in the federal Deficit Reduction Act, Ohio is experiencing challenges to meeting the work participation requirements for FFY 2007. If the state fails to meet the MOE, its TANF grant for the next federal fiscal year will be reduced by the amount of the deficit, and the state will be required to increase its TANF spending by an amount equal to the penalty. To ensure that MOE is met for the FY 2008 - 2009 biennium, ODJFS has planned for MOE at the 80% level (\$416.9 million).¹⁷

Funding Source: General Revenue Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The funding level provided in the budget for the cash assistance program anticipates approximately 80,000 recipients in each fiscal year. The budget also requires that the maximum amount of cash assistance an assistance group may receive under the OWF program be increased on January 1, 2009, and the first day of each January thereafter by the cost-of-living adjustment (COLA) made for Social Security benefits. (For a family of three receiving a monthly cash assistance benefit of \$410, as of January 1, 2009, the benefit will be \$422.30, an increase of \$12.30 per month.) The costs of increasing the benefit by the COLAs made for Social Security benefits is estimated at \$4,631,755 for the last six months of FY 2009. This estimate was based on the assumption that the COLA will be 3%. Since this provision requires an increase in the benefit every year thereafter, it will have the effect of increasing costs for OWF in years beyond FY 2009.

According to the TANF spending plan, the total unspent TANF funds remaining at the end of FY 2009 will be approximately \$61.8 million.

The Department plans to move forward with a system to disburse cash benefit payments for OWF, DFA, and refugee cash assistance via an online magnetic stripe technology.

Program 2.02: Non-Cash Family Support

Program Description: The goal of the Non-Cash Family Support program is to help low-income families overcome short term, nonrecurrent urgent problems that might otherwise cause them to need cash assistance, and help families on OWF overcome barriers to self-sufficiency. Among other activities, the TANF Non-Cash program includes the PRC program, Help Me Grow, and Disaster Relief Assistance, and funds the Early Learning Initiative, a replacement for state-funded Head Start and the Head Start Plus program.

Funding Source: General Revenue Fund, General Services Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The funding level included in the budget for the Non-Cash Family Support program will provide an estimated 500,000 Ohioans with PRC services. The budget also included various TANF earmarks totaling over \$108 million over the biennium.

¹⁷ The state meets its MOE requirement from spending at the state and local level. The counties contribute about \$28.5 million toward MOE; the remaining MOE is met through allowable expenditures made by the Department of Job and Family Services and the Board of Regents.

Program 2.03: Disability Financial Assistance

Program Description: The DFA program provides financial assistance to persons who are unemployable due to physical or mental impairment, and who are not eligible for public assistance programs that are supported in whole or in part by federal funds (for example OWF or Supplemental Security Income). The DFA program thus provides a “safety net” to help needy people meet their basic needs and maintain their health. Eligibility criteria for DFA are established by the state. Am. Sub. H.B. 95 of the 125th General Assembly limited participation in the DFA program to individuals age 60 and older, and only if they received financial assistance under the program in June 2003.

There is no time limit for receipt of DFA benefits; maximum cash grant of \$115 per month for a one-person assistance group with assistance provided on an ongoing basis as long as all eligibility requirements are met. A county contributes a mandated share of DFA costs based on DFA expenditures in each county.

Funding Source: General Revenue Fund

Implication of the Budget: The funding for this program included in the budget will support approximately 15,000 to 16,000 monthly recipients and provide a subsidy of \$115 per month to a limited number of recipients who are unemployable due to age or disability but who are not eligible for federal Social Security Income.

Program 2.04: Food Programs

Program Description: The goals of food programs are to increase the nutritional intake of low-income persons by supplementing their income with food stamp benefits and, thereby, eliminate hunger and malnutrition. Federal law requires able-bodied adult recipients to participate in work and established the related Food Stamp Employment and Training program, which provides employment and/or training to those employed less than 30 hours per week or below an income threshold.

Federal funds in this program are used to pay the state and county job and family services departments’ costs of administering the Food Stamp program. For most administrative activities, the state and federal governments split costs 50/50. The value of the food stamps, themselves, is provided in full by the federal government through an electronic benefit transfer system.

Funding Source: Agency Fund and Federal Special Revenue Fund

Implication of the Budget: The funding for this program included in the budget will support a food stamp caseload of nearly 1.1 million individuals and 500,000 assistance groups. The funding provided will also serve approximately 530,000 individuals per month through the Emergency Food Assistance program and provide over 20 million pounds of food products annually through the Ohio Association of Second Harvest Food Banks.

Program 2.05: Child Care

Program Description: Under the Child Care program ODJFS provides child care subsidies to low-income families, licenses and regulates the operation of child care settings, and administers the child care subsidy program.

State law creates the framework within which the publicly funded child care program operates. The county departments of job and family services perform eligibility determinations, provider development and recruitment, home provider inspections and certifications, and vendor payment functions. ODJFS contracts with nonprofit community organizations to perform customer outreach and provide information and referral services. State staff develop child care eligibility and benefit policy, maintain the information system that contains the program's eligibility and claims history, inspect child care centers, and enforce Ohio's child care licensing law.

In general, the state provides child care dollars to those families whose income levels fall below a certain threshold. Traditional beneficiaries of publicly funded child care services include children and families who are: OWF participants; transitioning from OWF, low income, employed, or in a training program; or have special protective needs. Transitional benefits are guaranteed for the lesser of a 12-month period following the last month the client was eligible for an OWF cash benefit or until income exceeds 150% of the federal poverty guidelines (FPG) (\$29,025/year for a family of four). Non-OWF families and those for whom transitional child care benefits have lapsed may continue to qualify for child care (nonguaranteed child care) until income exceeds 185% of FPG.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The Department estimates that the caseload for the publicly funded child care program will be 95,578 in FY 2008 and 103,085 in FY 2009. The budget includes funding for an increase in the provider reimbursement ceiling to the 65th percentile of the 2006 Market Rate Survey (current reimbursement ceiling is the 65th percentile of the 2004 Market Rate Survey). The increase represents on average about an 11% increase for providers.

The budget also includes funding to support 12,000 full-time slots statewide for the Early Learning Initiative (ELI).

There are two significant changes to the ELI program planned for the FY 2008 - 2009 biennium:

- Removal of the work requirement for parents whose children participate; and
- Elimination of the six-month redetermination requirement so that any child who is eligible at the start of a school year may attend for the entire year regardless of changes in family income.

With these changes, ODJFS expects a more stable core of ELI participants and believes that the Department will come closer to expending the amount of TANF dollars earmarked for the program in FYs 2008 and 2009 than in FYs 2006 and 2007.

Program 2.06: Refugee Services

Program Description: The state of Ohio receives a grant from the U.S. Department of Health and Human Services to provide assistance to Refugees, Asylees, Cuban and Haitian entrants, victims of a severe form of trafficking and certain Amerasians from Vietnam for resettlement in the United States, as provided by the Refugee Act of 1980. Cash assistance, medical benefits, and social services are available through the Office of Refugee Resettlement and private nonprofit agencies.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The funding for this program provided in the budget will allow for services to approximately 5,000 refugees and provide cash assistance to approximately 1,200 refugees per year.

Program 2.07: Family Stability Program Management

Program Description: The Office of Family Stability is responsible for the administration, direction, and oversight of numerous state and federal programs. Principal programs include TANF, Food Stamp, Refugee Services, and DFA. Related units included in Family Stability Program Management are the Customer Service Unit, Compliance and Monitoring Unit, County Program Support, and Outcome Management/ Program Evaluation.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The funding for this program included in the budget will support the administration of the TANF, Food Stamp, Refugee Services, and DFA programs, as well as county administration of the entitlement programs.

Program 2.08: Family Stability Information Technology

Program Description: Family Stability Information Technology provides the information technology systems, including CRIS-E, Food Stamps, eICMS, and the child care information data system, to support the Family Stability programs and functions including eligibility, case management, and benefits management.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The funding for this program provided in the budget will support the food stamp benefit transfer system contract of about \$7.2 million, the client eligibility system for the assistance programs, and the child care information system.

CHILD SUPPORT

OVERVIEW

The objective of the Child Support Enforcement program is to enable children in Ohio to receive the child support to which they are entitled from a noncustodial parent. The program is a cooperative venture between the federal, county, and state governments with the federal government paying 66% of the costs to operate the program. The program is administered locally by the 88 county child support enforcement agencies providing services to the residents of that county, as well as any other counties and states over which the county court may have jurisdiction.

ANALYSIS OF THE BUDGET

Program Series

3: Child Support

Purpose: The role of the Child Support program series is to provide funding for activities that enhance the ability of the local child support enforcement agencies to establish paternity in order to establish child support orders and to collect payments on those orders.

The following table shows the line items that are used to fund the Child Support program series, as well as the funding levels in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-416	Computer Projects	\$17,164,092	\$17,089,304
GRF	600-420	Child Support Administration	\$8,541,446	\$10,641,446
GRF	600-502	Administration – Local	\$34,014,103	\$34,014,103
General Revenue Fund Subtotal			\$59,719,641	\$61,744,853
Federal Special Revenue Fund				
3S5	600-622	Child Support Projects	\$534,050	\$534,050
397	600-626	Child Support	\$283,391,958	\$282,005,277
Federal Special Revenue Fund Subtotal			\$283,926,008	\$282,539,327
Agency Fund				
192	600-646	Support Intercept - Federal	\$110,000,000	\$110,000,000
583	600-642	Support Intercept - State	\$16,000,000	\$16,000,000
Agency Subtotal			\$126,000,000	\$126,000,000
Total Funding: Child Support			\$469,645,649	\$470,284,180

Note 1: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

Note 2: Appropriations for the line items supported by the Agency Fund Group are not used for administration of the program. The Agency Fund Group is a holding account for child support collected from the interception of state and federal income taxes of obligors who are in default. Once collected, the funds are disbursed to the obligee.

This analysis focuses on the following specific programs within the Child Support program series:

- **Program 3.01: Child Support Activities**
- **Program 3.02: Support Enforcement Tracking System**

Program 3.01: Child Support Activities

Program Description: The Child Support program involves federal, state, and local governments. The federal government sets program standards and policy, evaluates state performance in conducting the program, and offers training and technical assistance to the state. Title IV-D of the Social Security Act of 1975 designates ODJFS as Ohio’s Child Support Enforcement Agency. The Department of Job and Family Services provides state supervision and the local child support enforcement agencies administer the program. Within the Department, the Office of Child Support has the responsibility for overseeing local activity. The local child support enforcement agency is responsible for direct administration and the provision of services to all individuals in need of child support services including location of an absent parent, paternity and support establishment, support collection, and enforcement of financial and medical obligations.

The federal government funds a major share of the cost of the program by reimbursing states 66% of administrative expenses. State and local governments must provide the funding not reimbursed by the federal government. The state provides funds to the counties, which are then used to match federal funds.

There are over one million child support cases statewide. In federal fiscal year 2006, Ohio collected over \$2.0 billion in child support and disbursed approximately \$1.96 billion. Of the amount collected, 77.84% was current support obligations. Approximately \$355.27 million was collected toward arrears.

Funding Source: General Revenue Fund, Federal Special Revenue Fund, and Agency Fund

Implication of the Budget: Appropriations for child support activities are used to pay the costs incurred by the state and county to administer the child support program. The Office of Child Support in the Department of Job and Family Services provides program support for the counties by maintaining statewide contracts for paternity testing, collection assistance, and collection and disbursement of child support payments. Appropriations for the child support program will enable the Office of Child Support to maintain a staff of 178 full-time equivalents. The county child support enforcement agencies are responsible for the direct administration and provision of establishment, enforcement, and case management services to all individuals in need of child support services.

The funding included in the budget for FYs 2008 and 2009 increases state funding to counties for child support administration by \$17.2 million over the biennium to address changes made by the federal government (the Deficit Reduction Act). The budget allows the state to pass through to the counties the funds needed to carry out county responsibilities for child support enforcement. In addition, the state will be able to provide basic support services to the counties by maintaining contracts for paternity testing, operation and maintenance of the Central Paternity Registry, centralized collection and disbursement of child support payments, collections for the most difficult cases, and new hire reporting. The Office of Child Support will continue to work with the federal government to enforce child support orders through multi-state financial institution data match, federal income tax offset, and passport denial. The Office of Child Support will also work with various state agencies to enforce child support orders through single state financial institution data match, state income tax offset, and suspension and denial of professional and driver’s licenses.

The budget also includes the following changes to the law governing the child support program that have fiscal implications:

- ***Health Insurance Coverage for a Child Who is the Subject of a Child Support Order.*** Requires that health insurance ordered to be provided for a child who is the subject of a child support order be reasonable in cost (does not exceed 5% of the person's annual gross income) and be accessible (provides primary care services within either 30 miles or 30 minutes driving time from the child's residence). The bill provides a means to accommodate rural or other arrangements via court or agency determination. If health insurance is not provided by either the obligor or obligee and the obligor's annual gross income is over 150% of FPG, the bill requires the obligor to pay cash medical support in the amount of 5% of that person's annual gross income to either the Office of Child Support to defray the cost of publicly provided health care or to the obligee. Cash medical support payments will be offset against the obligor's ordered share of liability for uninsured medical and health care needs of the minor children.

This provision will ensure that health insurance is provided for a child who is the subject of a child support order if it is reasonable in cost and accessible to the user. Such cash medical support will either be sent to the Office of Ohio Health Plans, if the child is on Medicaid, or to the custodial parent (obligee). This provision is also likely to increase revenues for the Ohio Medicaid program from payments passed on from the Office of Child Support out of receipts of cash medical support payments. According to information LSC obtained from the Office of Budget and Management, the revenue generated from this provision will be an estimated \$12.5 million in FY 2008 and \$37.5 million in FY 2009. Payments received by the Office of Ohio Health Plans will be used to defray the cost of publicly provided health care for these children.

- ***Processing Charge Claim for Certain Title IV-D Child Support Cases.*** Requires ODJFS to claim \$25 from the current processing charge imposed upon an obligor when a court or child support enforcement agency (CSEA) issues or modifies a support order. The claim must be collected only in Title IV-D child support cases wherein (1) the obligee has never received Title IV-A (TANF), and (2) ODJFS has collected at least \$500 for the obligee. In addition, the bill requires the Director of ODJFS to adopt rules according to the Administrative Procedure Act to implement the provision, which must be implemented not later than March 31, 2008.

The DRA requires states to impose an annual charge of \$25 on Title IV-D cases where the obligee had never received assistance under the TANF program and ODJFS has collected at least \$500 for the obligee. The DRA gives the state one of four options to account for the charge: (1) retain it from support collected for the obligee, (2) require it to be paid by the individual who applied for services, (3) recover it from the noncustodial parent (obligor), or (4) pay it from state funds. The bill requires ODJFS to account for the \$25 charge from the processing charge currently paid by the obligor. This provision will not affect the amount of the processing charge currently being paid by obligors. Additionally, this provision will not affect the amount of funding the counties receive from ODJFS to carry out child support enforcement.

The federal law requires that the state report the entire charge due on cases that meet the criteria as program income regardless of how much is actually collected. The Department estimates that Ohio will therefore be required to report approximately \$8.0 million in program income. This will reduce by \$8.0 million the amount of child support administrative expenses that are eligible for the 66% federal match. The Department estimates that it

currently collects approximately \$5.2 million through the existing processing charge on the cases that meet the federal criteria, leaving a deficit of \$2.8 million. The Department requested and received funding to cover this gap in funding for the Child Support program.

- **Collection of Child Support Arrearages from Insurance.** Requires the Director of ODJFS to adopt rules to implement a program to collect child support arrearages from insurance claims, settlements, awards and payments, and specifies that any insurer providing information under that program is immune from civil liability for providing that information.

The DRA authorizes comparisons of information concerning individuals owing past-due child support with information maintained by insurers concerning insurance claims, settlements, awards, and payments. The purpose of the insurance match is to identify pending insurance claims payable to individuals delinquent in their child support obligation. The federal Office of Child Support Enforcement operates the Federal Parent Locator Service (FPLS), a program that encompasses several databases providing assistance to states in locating absent parents and performing collection and enforcement services. The federal office will conduct the match with insurers and provide the information to the Office of Child Support. If a state opts to receive the federal level match data, the state must reimburse the FPLS for its costs.

This provision provides a new tool to assist the state in its efforts to collect delinquent child support. This provision once fully implemented will increase the amount of delinquent child support collected. While the Department has not put forth any recent estimates, the Department believes that the amount that will be collected could potentially be in the millions of dollars.

Program 3.02: Child Support Information Technology

Program Description: The Family Support Act of 1988 mandated that each state develop an automated system to manage child support enforcement by October 1, 1995. In Ohio, the automated system is called the Support Enforcement Tracking System (SETS). The system aids in the location of absent parents, and in the establishment and enforcement of child support cases. It is one of the largest statewide child support systems in the nation.

While SETS was being implemented, Ohio failed on several occasions to comply with federally imposed deadlines, and as a result, paid millions of dollars in federal fines. The Support Enforcement Tracking System is fully certified and in compliance with the federal requirements.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The funding included in the budget will support the cost the Support Enforcement Tracking System, which handles approximately 1.7 million transactions per day.

FAMILY AND CHILDREN

OVERVIEW

The Department of Job and Family Services (ODJFS), Office for Children and Families develops and administers programs and services designed to protect children and vulnerable adults and to preserve and strengthen families. The Department provides funding and support for a number of services, including child abuse prevention, protection, foster care, and adoption. The services are provided directly by the county departments of job and family services and public children services agencies with ODJFS providing program planning, technical assistance, training, and monitoring.

ANALYSIS OF THE BUDGET

Program Series

4: Family and Children

Purpose: Supports activities that assure abuse prevention and protection services for children and adults, foster care services, adoption activities, social services, Family and Children First activities, and the technology that supports these programs.

The following table shows the line items that are used to fund the Family and Children program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-416	Computer Projects	\$4,298,697	\$4,343,130
GRF	600-423	Office of Children and Families	\$5,650,000	\$5,900,000
GRF	600-523	Children and Families Services	\$78,115,135	\$78,115,135
GRF	600-528	Adoption Services	\$78,824,509	\$93,174,366
GRF	600-534	Adult Protective Services	\$500,000	\$500,000
General Revenue Fund Subtotal			\$167,388,341	\$182,032,631
General Services Fund				
4R4	600-665	BCII Services Fees	\$36,974	\$36,974
General Services Fund Subtotal			\$36,974	\$36,974
State Special Revenue Fund				
198	600-647	Children's Trust Fund	\$6,788,522	\$6,788,522
4E7	600-604	Child and Family Services Collection	\$300,000	\$300,000
5U6	600-663	Children and Family Support	\$4,928,718	\$4,928,718
State Special Revenue Fund Subtotal			\$12,017,240	\$12,017,240
Federal Special Revenue Fund				
327	600-606	Child Welfare	\$48,514,502	\$47,947,309
395	600-616	Special Activities – Child and Family Services	\$5,723,131	\$5,717,151
396	600-620	Social Services Block Grant	\$106,479,464	\$106,474,085
398	600-627	Adoption Maintenance/Administration	\$304,537,898	\$302,990,312
3D3	600-648	Children's Trust Fund – Federal	\$2,040,524	\$2,040,524
3F0	600-623	Health Care Federal	\$315,086	\$315,086

Fund	ALI	Title	FY 2008	FY 2009
3G5	600-655	Interagency Reimbursement	\$6,000,000	\$6,000,000
3H7	600-617	Child Care Federal	\$982,911	\$1,030,115
3N0	600-628	IV-E Foster Care Maintenance	\$153,963,142	\$153,963,142
3V6	600-689	TANF Block Grant	\$19,086,996	\$19,108,744
3W3	600-659	TANF/ Title XX Transfer	\$3,691,693	\$0
Federal Special Revenue Fund Subtotal			\$651,335,347	\$645,586,468
Total Funding: Families and Children			\$830,777,902	\$839,673,313

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

This analysis focuses on the following specific programs within the program series:

- **Program 4.01: Child Abuse Prevention and Protective Services**
- **Program 4.02: Social Services**
- **Program 4.03: Adoption Services**
- **Program 4.04: Foster Care**
- **Program 4.05: Family and Children Program Management**
- **Program 4.06: Family and Children Information Technology**

The largest portion (42.2%) of the budget for the Family and Children program series is for the Foster Care program. The next largest portion is for the Adoption Services program, which primarily provides subsidies for families that adopt special needs children.

Program 4.01: Child Abuse Prevention and Protective Services

Program Description: The primary goal of this program is to decrease incidences of child abuse and neglect. The program supports child abuse prevention and investigation activities. Specifically, the program supports operating and grant costs of the Ohio Children’s Trust Fund, the child welfare operating subsidy provided to the county child welfare agencies, and three federal child abuse prevention grants that the state receives.

Funding Source: General Revenue Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The funding provided in the budget allows the Children’s Trust Fund Board to support child abuse and neglect prevention services at the local level and provide for prevention programs that have statewide significance. Such services will be provided to over 20,000 individuals.

Total child welfare costs in Ohio in FY 2006 were approximately \$712 million (local, state, and federal funds). The county child protection allocation for FYs 2008 and 2009, which is funded out of GRF appropriation item 600-523, Children and Families Services, is approximately \$57 million in each year. If all other child welfare costs remain constant at the FY 2006 level, by the end of FY 2009, the child welfare subsidy will represent 9.3% of the total statewide costs for child welfare services.

The budget provides sufficient appropriation for ODJFS to carry out the activities funded with the annual awards for the three federal child abuse prevention grants.

Program 4.02: Social Services

Program Description: The Social Services Block Grant (SSBG) is appropriated under Title XX of the Social Security Act. By federal statute, the delivery of SSBG services must be directed toward five goals:

- To prevent, reduce, or eliminate dependence on public assistance;
- To maintain self-sufficiency once it is achieved;
- To prevent or remedy the neglect, abuse, or exploitation of children and vulnerable adults;
- To reduce inappropriate institutionalization by providing community-based care;
- To provide quality institutional care when other forms of care are insufficient.

To address these national goals, ODJFS established 28 service categories that are designed to provide flexibility in targeting the populations to be served. Some examples of the service definitions include adoption, family planning, employment services, prevention and intervention, home delivered meals, and legal services.

All counties are required to provide these services. However, counties have broad discretion, flexibility, and autonomy in deciding what services will be offered in that county. Therefore, the amount, duration, and scope of services varies from county to county. Under current law, all counties are required to investigate allegations of abuse, neglect, and exploitation of persons age 60 and older.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The funding provided in the budget assumes that Congress will maintain SSBG funding at the current levels. This should allow SSBG service levels to be generally maintained. The Department expects to receive approximately \$48.0 million in SSBG funds in each fiscal year of the upcoming biennium. (The Department of Job and Family Services receives 72.5% of Ohio's SSBG award. The remaining amount is divided between the departments of Mental Health and Mental Retardation and Developmental Disabilities.) The Department may use up to 3% of the SSBG for administration and up to 2% for statewide training. The balance is allocated to the 88 county departments of job and family services. In addition, the Department also plans to transfer approximately \$72.8 million in TANF dollars to the SSBG, which if used to pay for social service, they must be paid on behalf of a child or their families with income at or below the federal poverty guidelines.

Program 4.03: Adoption Services

Program Description: This program supports the state's adoption programs through subsidy payments to families that adopt special needs children, reimbursement for certain out-of-pocket costs incurred by families who adopt special needs children, services to families that have already adopted special needs children, and continued support for outreach and advertising campaigns to promote adoption and recruit adoptive families.

Funding Source: General Revenue Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: Most of ODJFS's function related to adoption is to provide subsidy payments to families that adopt special needs children and to set forth policies and best practices for counties to follow when conducting outreach and advertising campaigns to promote adoption and recruit adoptive families. The state does not provide any funding to the counties specifically for adoption

activities. Counties may use state child welfare dollars, Title XX dollars, and various other federal funds to pay for their administrative costs associated with adoption.

The budget will fully fund the anticipated costs for the Title IV-E adoption subsidy and the State Adoption Maintenance subsidy, with some assumed growth in both programs and an increase in the state share of each subsidy to \$300 per child per month (from \$250 per child per month). This funding will provide a Post Finalization Adoption subsidy for up to 370 recipients in each year and nonrecurring payments for up to 900 recipients in each year.

The budget also includes the following earmarks that affect this program:

- Up to \$5.0 million of appropriation item 600-689, TANF Block Grant (Federal Special Revenue Fund 3V6), in each fiscal year must be used for TANF-eligible activities in accordance with certain state law governing the use of TANF dollars to provide additional support for initiatives aimed at increasing the number of adoptions including recruiting, promoting, and supporting adoptive families;
- \$50,000 from GRF appropriation item 600-528, Adoption Services, and \$150,000 from appropriation item 600-606, Child Welfare (Federal Special Revenue Fund 327), in each fiscal year must be granted to the National Center for Adoption Law and Policy to fund a multi-disciplinary child welfare training initiative. The Department must coordinate with the National Center for Adoption Law and Policy to determine the focus of the training provided each year;
- \$37,500 from GRF appropriation item 600-528, Adoption Services, and \$112,500 from appropriation item 600-606, Child Welfare (Fund 327), in each fiscal year must be granted to the National Center for Adoption Law and Policy to fund expansion of the Adoption LawSite Initiative.

Program 4.04: Foster Care

Program Description: This program supports county child welfare costs including the investigation of complaints of child abuse and neglect, placement of children into foster care, training programs for county child welfare workers and foster parents, and the federal and nonfederal share of education and training vouchers available to persons who have “aged-out” of the foster care system.

The Department of Job and Family Services is responsible for supervising, prescribing, and proscribing county child welfare practice through the formulation of policy, promulgation of regulations, and the promotion of best practices. The Department also provides support to the counties by providing training programs for county workers and foster parents, information systems, staff who license public and private providers of foster care services, and fiscal mechanisms for properly claiming federal reimbursement for allowable expenses.

Each county is responsible for creating, operating, and financing a child welfare program within the context of state and federal laws, regulations, and policies. State and federal laws require county child welfare agencies to investigate reports of child abuse and neglect, issue a finding concerning an investigation, and if necessary, intervene to protect children who are at risk of maltreatment.

Funding Source: General Revenue Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The budget provides for the cost of foster parent and county staff training. It also provides the match needed for education and training vouchers for persons who have “aged” out of foster care. The budget includes appropriations for the federal share of operating costs related to investigating complaints of child abuse and neglect and the placement of children into foster care.

There is \$9.0 million identified in GRF appropriation item 600-523, Children and Families Services, to support the county child welfare agencies in implementing the recommendations found in the Fiesel Review Report.¹⁸

Program 4.05: Family and Children Program Management

Program Description: Family and Children Program Management oversees the operation of a variety of programs for children and their families and adults. These programs include child abuse prevention and protection, social services, adoption, and foster care. Family and Children Program Management also administers the child care subsidies for low-income working families and oversees licensing, inspection, and regulation of child care and foster care providers. Additionally, Family and Children Program Management develops and maintains information systems for child care and child welfare operational needs and program plans required for federal funding of services to children and families administered by the Office for Children and Families.

Funding Source: General Revenue Fund, General Services Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The budget will support state level administration for child care and child welfare programs. The funding levels in the budget provide an increase of \$1.3 million for state level administrative expenses for reforms to the child welfare system related to the Fiesel Review Report. (See footnote to “Implication of the Budget” for Program 4.04, Foster Care.)

Program 4.06: Family and Children Information Technology

Program Description: This program is responsible for the child welfare management information systems. The systems support county caseworkers and state personnel in the performance of their jobs and provide performance data to both the state and federal governments. The child welfare systems record the receipt and investigations of child abuse complaints, track foster care placements, record and track training provided to foster parents, maintain a public web site listing special needs children who are available for adoption, record the adoptive placement of children, send adoption subsidy payments, and provide data that will serve as the basis for claiming federal funds for child welfare services.

¹⁸ The Fiesel Review Report is an administrative review of activities performed by Butler County Children’s Services Board, Lifeway for Youth foster care network, Clermont County Department of Job and Family Services, and the Foster Care Licensing Section of the Ohio Department of Job and Family Services’ Office for Children and Families associated with the case in which it is alleged three-year old Marcus Fiesel was murdered by his foster parents, David and Liz Carroll. The report included findings of compliance and noncompliance and offered recommendations for systemic change to improve child welfare and safety. While the funding for these changes is in the budget bill, the necessary changes to state law are contained in separate legislation.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget will allow for continued roll out of SACWIS and the support needed to operate the child welfare management information systems.

HEALTH CARE (MEDICAID)

OVERVIEW

The Office of Ohio Health Plans in the Department of Job and Family Services (ODJFS) operates several state and federally funded programs providing health care coverage to certain low-income and medically vulnerable people of all ages including: Medicaid, the State Children’s Health Insurance Program (SCHIP, created by the Social Security Act as Title XXI), the Hospital Care Assurance Program (HCAP, also created by the Social Security Act as Title XXI), and the state Disability Medical Assistance program (DMA).

Medicaid, the largest health program in Ohio, was created by the Social Security Act as Title XIX, and became law in 1965. Medicaid is an entitlement program and is a state-federal partnership that jointly funds the provision of adequate medical care to eligible needy persons. In this partnership, the federal government establishes broad national guidelines. Each state determines its own eligibility requirements and scope of services, sets its own payment rates, and administers its own program.

In 1997, the U.S. Congress enacted a significant health care expansion with the creation of SCHIP. SCHIP allowed states to enact new health care coverage for uninsured children in low-income families. It provided an incentive through enhanced federal matching funds for these newly eligible populations. States were offered the option of implementing this health care coverage as stand alone programs with different benefit packages, or as part of their existing Medicaid benefit. Ohio opted to implement SCHIP as a Medicaid expansion of the Healthy Start program. Healthy Start is Ohio’s health coverage program for children and pregnant women and has existed since 1989. In July 2000, Ohio further expanded Healthy Start under SCHIP by raising the income limit for eligibility to 200% of the federal poverty guidelines (FPG). To qualify for SCHIP, children in families with income between 151% and 200% of the FPG must be considered uninsured.

Through HCAP, hospitals are reimbursed for some of their costs of providing medical care to persons below 100% of FPG. Disability Medical Assistance is a state funded program that provides limited medical coverage to persons who are not eligible for a federally funded program.

In FY 2006, Medicaid and SCHIP provided health care coverage to about 1.7 million Ohioans every month to people in the following four distinct insurance markets: children in families with incomes at or below 200% of FPG; pregnant women with incomes at or below 150% of FPG; parents at or below 90% of the FPG; and low-income elderly and persons with disabilities of all ages, commonly referred to as Aged, Blind, and Disabled (ABD). Many consumers with disabilities have medical needs so extensive that commercial plans would deem them “uninsurable.” Even though Medicare provides coverage for most of Ohio’s elderly population, many of these individuals are “dually eligible.” Medicaid supplements their Medicare benefits by providing coverage for services such as long-term care through the Medicaid program. Medicaid also provides assistance with Medicare premiums, copayments, and deductibles to certain low-income seniors.

Although other state agencies provide Medicaid services, the vast majority of Medicaid spending occurs within the ODJFS budget. Recognized by the federal government as Ohio’s single Medicaid agency, ODJFS provides long-term care and basic medical services with state and federal moneys through

General Revenue Fund (GRF) appropriation item 600-525, Health Care/Medicaid. In addition to the GRF, several provider tax programs and other special revenues are used to pay for Medicaid services.¹⁹

The federal financial share of Ohio's Medicaid program changes every federal fiscal year. In accordance with federal law, the federal government shares in the states' cost of Medicaid at a matching rate known as the Federal Medical Assistance Percentage (FMAP). FMAP is calculated for each state based upon the state's per capita income in recent years relative to the entire nation. The general description of how this cost-sharing mechanism works has traditionally been as follows: for every one dollar Ohio spends on Medicaid, the federal government gives Ohio 60 cents. However, while the majority of the spending in GRF appropriation item 600-525, Health Care/Medicaid, is reimbursed at the FMAP, a few items, primarily contracts, are reimbursed at 50%, and all family planning services are reimbursed at 90%. In addition, the State Children's Health Insurance Plan (SCHIP) is reimbursed at an enhanced FMAP of about 71%.

Summary of FY 2008 - 2009 Biennium Budget Issues

The budget provides \$8.6 billion in FY 2008 for GRF appropriation item 600-525, Health Care/Medicaid (a 10.1% decrease from FY 2007 estimated spending levels) and \$9.3 billion in FY 2009 (9.3% above the FY 2008 appropriation). The \$8.6 billion appropriation in FY 2008 assumes a \$551.9 million encumbrance from FY 2007.

To make "clawback" payments to the federal government for Medicare Part D, the budget provides \$254.4 million for FY 2008 and \$271.9 million for FY 2009 in appropriation item 600-526, Medicare Part D. In addition, the budget allows the Director of Budget and Management to increase the state share of appropriations in either appropriation item 600-525, or appropriation item 600-526, with a corresponding decrease in the state share of the other appropriation item to allow ODJFS to implement and operate the Medicare Part D requirements.

The budget appropriates \$7.0 million in FY 2008 to GRF appropriation item 600-529, Capital Compensation Program, and earmarks those dollars for payments to nursing facilities for capital costs.

The budget makes many changes to the Medicaid program. The following table shows a summary of the changes and the executive's estimated fiscal impact. The estimated fiscal impact is reflected in the appropriation. For a detailed description of each of the policy changes, please refer to the relevant topic in the Health Care (Medicaid) section of the final analysis.

¹⁹ Provider tax programs refer to assessments on hospitals, managed care providers, and bed taxes on nursing facilities and intermediate care facilities for the mentally retarded. These programs serve as a mechanism by which to draw additional federal matching funds. Other special revenues include funds for the Disproportionate Share Hospital (DSH) and drug rebates.

The Executive’s Estimation of Medicaid Policies

	FY 2008	FY 2009
Baseline, ALI 600-525	\$9,465,314,369	\$10,002,068,115
FY 2007 Encumbrance	(\$551,941,410)	
Disability Medical Assistance	\$16,466,950	\$11,466,950
Policies:		
Eligibility Expansions		
Buy-in for working with disabilities	\$1,724,797	\$14,626,445
Foster Care	\$5,100,740	\$10,438,413
Pregnant women to 200% FPG	\$5,592,183	\$19,274,391
Children to 300% FPG	<u>\$5,620,401</u>	<u>\$38,588,066</u>
Expansion Sub-Total	\$18,038,121	\$82,927,315
Rate Adjustments		
Inpatient	\$7,857,051	\$28,105,380
Nursing Facility Rate Increase	\$47,000,000	\$47,000,000
ICF/MR	(\$43,148,075)	(\$57,148,889)
Community Providers	\$10,663,794	\$39,169,583
Children’s Hospitals Supplemental	\$15,108,980	\$15,108,980
Managed Care	(\$103,971,561)	(\$186,838,151)
Rate Sub-Total	(\$66,489,811)	(\$114,603,097)
Operations Improvements		
Improved TPL Management	(\$41,500,000)	(\$83,000,000)
Claims Editing	(\$9,327,520)	(\$39,734,330)
Expedite managed care enrollment	(\$2,643,728)	(\$2,035,615)
Improve Medicare enrollment	(\$8,543,343)	(\$37,463,393)
Annual hospital recalibration	(\$3,682,993)	(\$11,352,911)
Operations Total	(\$65,697,584)	(\$173,586,249)
Other		
Dental, Chiropractic, Psychologists	\$16,240,544	\$32,078,281
Occupational Therapy	\$1,750,000	\$3,500,000
Money Follows the Person Grant	\$3,514,684	\$30,520,785
Other Program Changes	\$3,083,705	\$2,232,127
Hire state employed actuary	\$125,000	\$125,000
Restrictions on mental health drugs	\$17,250,000	\$27,000,000
Increased medical support collections	(\$12,500,000)	(\$37,500,000)
Other Total	\$29,463,933	\$57,956,193
Total Policy Impact (plus misc. adjustments)	(\$84,685,340)	(\$147,323,702)
Medicaid Reserve Fund	\$300,000,000	\$525,623,162
Appropriations, ALI 600-525	\$8,545,154,569	\$9,340,588,201

ANALYSIS OF THE BUDGET

Program Series

5: Health Care (Medicaid)

Purpose: This program series supports several state and federally funded health care programs including: Medicaid, the State Children’s Health Insurance Program (SCHIP), the Hospital Care Assurance Program (HCAP), and the state Disability Medical Assistance (DMA) program. This program series also supports the administration and technology that support these health care programs.

Funding Source and Line Items: The following table shows the line items that are used to fund the Health Care (Medicaid) program series, as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-416*	Computer Projects	\$31,542,027	\$29,454,023
GRF	600-417*	Medicaid Provider Audits	\$2,000,000	\$2,000,000
GRF	600-425	Office of Ohio Health Plans	\$45,824,848	\$45,918,368
GRF	600-521*	Entitlement Administration-Local	\$75,132,703	\$75,132,703
GRF	600-525	Health Care/Medicaid	\$8,545,154,569	\$9,340,588,201
GRF	600-526	Medicare Part D	\$254,397,401	\$271,854,640
GRF	600-529	Capital Compensation Program	\$7,000,000	\$0
General Revenue Fund Subtotal			\$8,961,051,549	\$9,764,947,935
Federal Special Revenue Fund				
397	600-626*	Child Support	\$20,289	\$21,181
398	600-627*	Adoption Maintenance Administration	\$45,014	\$46,991
3F0	600-623*	Health Care Federal	\$1,208,309,026	\$1,210,317,204
3F0	600-650	Hospital Care Assurance Match	\$343,239,047	\$343,239,047
3G5	600-655*	Interagency Reimbursement	\$1,463,763,073	\$1,507,855,965
3V0	600-688*	Workforce Investment Act	\$110,768	\$115,634
Federal Special Revenue Fund Subtotal			\$3,015,487,217	\$3,061,596,022
State Special Revenue Fund				
4E3	600-605	Nursing Home Assessments	\$4,759,914	\$4,759,914
4J5	600-613*	Nursing Facility Bed Assessment	\$34,049,714	\$34,049,714
4J5	600-618	Residential State Supplement Payment	\$15,700,000	\$15,700,000
4K1	600-621	ICF/MR Bed Assessments	\$19,332,437	\$19,332,437
4Z1	600-625	Healthcare Compliance	\$10,000,000	\$10,000,000
5Q9	600-619	Supplemental Inpatient Hosp Payments	\$56,125,998	\$56,125,998
5R2	600-608	Medicaid-Nursing Facilities	\$175,000,000	\$175,000,000
5S3	600-629	MR/DD Medicaid Administration & Oversight	\$1,620,960	\$1,620,960
5U3	600-654	Health Care Services Administration	\$9,867,284	\$12,000,349
651	600-649	Hospital Care Assurance Program	\$231,893,404	\$231,893,404
State Special Revenue Fund Subtotal			\$558,349,711	\$560,482,776

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
5BG	600-653	Managed Care Assessment	\$210,655,034	\$222,667,304
5C9	600-671	Medicaid Program Support	\$80,120,048	\$80,120,048
5DL	600-639	Medicaid Revenue and Collections	\$51,966,785	\$56,296,844
5P5	600-692	Health Care Services	\$93,000,000	\$62,000,000
General Services Fund Subtotal			\$435,741,867	\$421,084,196
Total Funding: Health Care			\$12,970,630,344	\$13,808,110,929

Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

* Amount does not reflect total appropriation because the line item is used to fund other program series.

The final analysis focuses on the following subjects of interest within the Health Care (Medicaid) program series:

- **Medicaid Reserve Fund**
- **Medicaid Buy-In for Workers with Disabilities Program**
- **Pregnant Women Eligibility Expansion to 200%**
- **Children Eligibility Expansion to 300%**
- **Medical Assistance for Children with Income Over 300%**
- **Medicaid Eligibility for Former Foster Children**
- **Medical Care Advisory Council**
- **Medicaid Provider Audits**
- **Executive Medicaid Administration**
- **Electronic Submission and Storage of Medicaid Applications and Documents Relating to Applications**
- **Money Follows the Person Grant**
- **Third Party Liability for Medicaid Claims**
- **Improved Third Party Liability Management**
- **Claims Editing**
- **Medicaid Managed Care**
- **Community-Based Providers**
- **Medicaid Optional Services**
- **Medicaid Coverage of Occupational Therapy Services**
- **Inpatient Hospitals**
- **Medicaid Program Restrictions on Mental Health Drugs**
- **Increases in FYs 2008 and 2009 Dispensing Fees for Generic Drugs**
- **Medicare Part D**
- **Pharmaceutical Drug Report**
- **Medicaid Rates for Nursing Facilities (NFs)**
- **Additional Payments to Nursing Facilities Related to Capital**
- **Medicaid Rates for ICFs/MR**
- **Franchise Permit Fees**
- **Unified Long-Term Care Budget Workgroup**
- **Medicaid Estate Recovery Program**
- **Fraud, Waste, and Abuse Prevention and Detection**
- **PACT Program Report**
- **Medicaid Provider Agreements**
- **Medicaid NF and ICF/MR Audits**
- **Hospital Care Assurance Program (HCAP)**

- **Public Assistance Reporting Information System (PARIS)**
- **Disability Medical Assistance (DMA) Program**
- **Assisted Living Medicaid Waiver**
- **Ohio Access Success Project**
- **Home First Program**
- **Resident Protection Fund**

Medicaid Reserve Fund

The budget:

- Creates the Medicaid Reserve Fund in the state treasury;
- Requires the OBM Director to transfer \$185,000,000 in FY 2008 and \$205,000,000 in FY 2009 from the GRF to the Medicaid Reserve Fund;
- Allows the OBM Director (1) [with Controlling Board approval (vetoed)] to transfer cash from the Medicaid Reserve Fund to the GRF, (2) increase the corresponding state share of appropriations in GRF appropriation item 600-525, Health Care/Medicaid, and (3) adjust the federal share accordingly;
- Requires, at the end of each fiscal year, the Director of OBM to transfer from the Medicaid Reserve Fund all the cash balance, in excess of any transfer [approved by the Controlling Board (vetoed)] to the credit of the GRF;
- Requires the Director of OBM to make transfers to the Budget Stabilization Fund and the Income Tax Reduction Fund in accordance with section 131.44 of the Revised Code.

Vetoed Provisions

The Governor vetoed the provisions requiring Controlling Board approval of transfers from the Medicaid Reserve Fund. According to the Governor's veto message, the Controlling Board approval requirement infringes upon the executive branch's authority and limits the state's ability to effectively manage the Medicaid program.

Medicaid Buy-In for Workers with Disabilities Program

The budget requires ODJFS to submit an amendment to the state Medicaid plan to establish a new component of the Medicaid program to be known as the Medicaid Buy-In for Workers with Disabilities program. The program is to be established in accordance with the provision of the Ticket to Work and Work Incentives Improvement Act of 1999 that authorizes the Medicaid buy-in eligibility expansions. The budget provides detailed provisions regarding the establishment of the program. The budget requires the Director of ODJFS to change or remove any provision in the budget bill as necessary to receive federal approval or avoid an extended delay in approval, including a change or removal that causes the program to include a provision that is inconsistent with the bill's provisions regarding the program.

The executive estimates that a new Medicaid Buy-In for Workers with Disabilities program will serve 7,300 persons by the end of the FY 2008-FY 2009 biennium at a cost to the state of approximately \$1.7 million all funds in FY 2008 and \$14.6 million all funds in FY 2009. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid. The executive assumes a start date for the new program of January 1, 2008. Based on documents provided by the Office of Budget and Management, the estimate assumes 54% of eligibles will pay a monthly premium to buy-in to Medicaid (median monthly premium of \$57). The executive also assumes a per member per month cost of about \$1,159 in FY 2008 and \$1,257 in FY 2009. Total estimated costs for FY 2008 are \$2,073,033 minus an

estimated \$348,236 in premium payments collected. Total estimated costs for FY 2009 are \$16,375,753 minus an estimated \$1,749,308 in premium payments collected.

Pregnant Women Eligibility Expansion to 200%

Currently, in Ohio, a pregnant woman who meets other requirements is eligible for Medicaid if her family income is 150% or less of the FPG.

The budget requires ODJFS to submit an amendment to the state Medicaid plan to the United States Secretary of Health and Human Services to raise the income eligibility limit for pregnant women to family income of 200% (from 150%) of the FPG. The executive estimates that an additional 3,800 women could be eligible. Based on documents provided by the Office of Budget and Management, the executive estimate assumes a January 1, 2008 start date with a five-month ramp up between January and May of 2008. Furthermore, the executive assumes that 75% of the 3,800 additional eligible women, or 2,850, will enroll under the expansion. The executive estimates that this expansion will cost approximately \$5.6 million all funds in FY 2008 and \$19.3 million all funds in FY 2009. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Children Eligibility Expansion to 300%

Currently, in Ohio, uninsured children in families with income below 200% of the FPG are eligible for the State Children's Health Insurance Program (SCHIP or CHIP). The budget authorizes CHIP Part II to include persons under age 19 with family incomes up to 300% of the FPG starting not earlier than January 1, 2008. The budget also requires ODJFS to seek a federal waiver to provide the expanded coverage as CHIP Part III and requires ODJFS to charge premiums as a condition of participating in the program.

The executive estimates that an additional 19,695 children with family income between 200% and 300% of the FPG will eventually be covered at a cost of approximately \$5.6 million all funds in FY 2008 and \$38.6 million all funds in FY 2009 as a result of the expansion. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid. Based on documents provided by the Office of Budget and Management, there are an estimated 30,300 children who will be eligible between 200% and 300% of FPG. The executive assumes that 65% of the eligible children will eventually enroll at a per member per month cost of \$177 in FY 2008 and \$189 in FY 2009 with an average number of children covered per month of 2,651 in FY 2008 and 17,044 in FY 2009. Take up for the program expansion is projected to peak at 65% in January 2009. Lastly, the executive assumed federal reimbursement at the regular FMAP rate for this expansion when estimating the appropriation for appropriation item 600-525. If ODJFS obtains the federal government's approval to provide the expanded coverage as CHIP Part III, the state could draw down federal reimbursement at the enhanced FMAP rate.

Medical Assistance for Children with Income Over 300%

Currently, in Ohio, individuals under age 19 with family incomes not exceeding 150% of the FPG are eligible for Medicaid. The budget requires the ODJFS Director to establish the Children's Buy-In Program for individuals under age 19 who have countable income exceeding 300% of FPG, have not had creditable health insurance for at least six months, and meet other eligibility requirements. The budget requires the Director to seek federal matching funds for the Children's Buy-In Program under Medicaid or the Children's Health Insurance Program, but requires the Director to implement the Children's Buy-In Program with state funds only if federal matching funds are denied.

Medicaid Eligibility for Former Foster Children

The budget requires the ODJFS Director to amend the state Medicaid plan to implement, beginning January 1, 2008, a federal option under which an individual under age 21 qualifies for Medicaid if the individual (1) was in foster care under the responsibility of the state on the individual's 18th birthday, (2) received Title IV-E foster care maintenance payments or independent living services before turning age 18, and (3) meets all other applicable eligibility requirements.

It is estimated that \$5,100,740 all funds in FY 2008 and \$10,438,413 all funds in FY 2009 will be needed for this expansion. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid. The cost estimates assume that approximately 800 individuals will enroll annually in this Medicaid expansion resulting in an ongoing enrollment level of 1,600 young adults.

Medical Care Advisory Council

The budget would have (1) established statutory provisions for the appointment of the Medical Care Advisory Council, which is required by federal Medicaid regulations and currently exists through nonstatutory appointments, (2) provided for the Council to consist of 11 members: four members by the President of the Senate, four by the Speaker of the House of Representatives, and three by the Governor, (3) required the Council to advise ODJFS about health and medical care services for purposes of the Medicaid program, and (4) required ODJFS to permit the Council to participate in Medicaid policy development and program administration.

Vetoed Provisions

The Governor vetoed the above provisions of the Medical Care Advisory Council. According to the Governor's veto message, this provision places the committee's operation in state law and unduly restricts committee member appointments. According to the Governor, vetoing this item will provide flexibility with respect to committee appointments.

Medicaid Provider Audits

The budget would have earmarked \$2,000,000 state share in each fiscal year in GRF appropriation item 600-417 to be used by the Auditor of State to perform audits of Medicaid providers.

Vetoed Provisions

The Governor vetoed the above provision of the Medicaid provider audits. The Governor stated that ODJFS already performs audits of providers, and paying the Auditor to repeat this task is an unnecessary expense in view of the funding limitation being imposed on the Department in the budget. However, the Governor did not remove the provided funding for the audits.

Executive Medicaid Administration

The budget requires the Governor to create an administration to manage all Medicaid policies and functions and promote the efficient and effective delivery of health care and requires the body to hire an executive director who reports directly to the Governor.

Electronic Submission and Storage of Medicaid Applications and Documents Relating to Applications

The budget would have provided that, to the extent permitted by federal law: (1) applications for Medicaid be submitted electronically or by other electronic means, (2) beginning July 1, 2009, county departments of job and family services that accept documents related to applications for the Medicaid program convert the documents to an electronic format and store them electronically, (3) county departments of job and family services calculate annually the total expenses the county incurred in the state fiscal year ending in the previous calendar year to comply with the electronic conversion and storage requirements described above, (4) a county's share of public assistance expenditures for a state fiscal year be reduced by the amount a county department of job and family services calculates, as described above, that the county incurred in the state fiscal year ending in the previous calendar year to comply with the electronic and storage requirements, (5) the ODJFS Director adopt rules in accordance with the Administrative Procedure Act, as necessary, to implement the electronic application submission and electronic conversion and storage requirements described above and specifies that, at a minimum, the rules must address measures county departments must take to maintain the confidentiality of information in Medicaid applications and documents, (6) ODJFS assist county departments of job and family services to develop and obtain electronic databases and other necessary systems through a competitive process to comply with the bill's requirements.

Vetoed Provisions

The Governor vetoed the above provisions of requiring electronic submission and maintenance of Medicaid applications. The Governor stated that these provisions would have constituted an unfunded mandate, created competing records storage systems for the same material, and conflicts with ODJFS's comprehensive information technology efforts and implementation strategy.

Money Follows the Person Grant

The budget provides funding of \$3.5 million in FY 2008 and \$30.5 million in FY 2009 to support the Money Follows the Person Grant initiative.

The budget allows the Director of Budget and Management, upon receiving Controlling Board approval, to do any of the following in support of any home and community-based services waiver program:

- (1) Create new funds and appropriation items to support and track funds associated with a unified long-term care budget;
- (2) Transfer funds among affected agencies and adjust corresponding appropriation levels;
- (3) Develop a reporting mechanism to show clearly how the funds are being transferred and expended.

Third Party Liability for Medicaid Claims

To enhance states' ability to identify and obtain payments from liable third parties, federal legislation signed by President Bush on Feb. 8, 2006 known as, "Deficit Reduction Act of 2005 (DRA)," made several changes to the third party liability provisions of federal Medicaid law as following:

- (1) Clarifies the specific entities that are considered “third parties” that may be liable for payment and cannot discriminate against individuals on the basis of Medicaid eligibility.
- (2) Requires states to enact laws requiring health insurers to do all of the following:
 - (a) Provide the state with coverage, eligibility, and claims data needed by the state to identify potentially liable third parties;
 - (b) Honor the assignment to the state of a Medicaid recipient’s right to payment by the insurers for health care items or services;
 - (c) Not deny assignment or refuse to pay claims submitted by Medicaid based on procedural reasons (e.g., the failure of the recipient to present an insurance card at the point of sale, or the state’s failure to submit an electronic, as opposed to a paper, claim).

The budget makes changes to current law required by the DRA.

Improved Third Party Liability Management

The executive assumes an improvement on the management of Medicaid’s Third Party Liability program for the FY 2008 - 2009 biennium. This program ensures Medicaid is the payer of last resort, which means other insurers must pay their share of a claim prior to Medicaid making a payment. The executive’s plan includes improving the identification of these insurers and requiring them to pay their share of claims before Medicaid makes a payment. According to ODJFS, the Department will contract with private firms to avoid payment of third party claims and to identify and obtain payments from liable third parties for the state’s Medicaid program. The executive estimates that the state could avoid costs totaling approximately \$41.5 million all funds in FY 2008 and \$83.0 million all funds in FY 2009 as a result of this outsourcing effort. The budget assumes these amounts of cost reduction in GRF appropriation item 600-525, Health Care/Medicaid.

Claims Editing

According to ODJFS, several of the Department’s staff will devote their time to identifying claims and obtaining payments from liable third parties by going through claims using the Medicaid Management Information System (MMIS) or Medicaid Information Technology System (MITS). The executive estimates that the state could avoid costs totaling approximately \$9.3 million all funds in FY 2008 and \$39.7 million all funds in FY 2009 as a result of this effort. The budget assumes these amounts of cost reduction in GRF appropriation item 600-525, Health Care/Medicaid.

Medicaid Managed Care

There are two delivery systems in Ohio’s Medicaid program: “fee-for-service” and “managed care.” Traditionally, Medicaid has paid most service providers a set fee for the specific type of service rendered to Medicaid enrollees (termed “fee-for-service” reimbursement). An alternative to traditional fee-for-service reimbursement is managed care. A typical managed care plan, called capitated at-risk plans, is one in which the beneficiary receives all care through a single point of entry, and the plan is paid a fixed monthly premium per beneficiary for any health care included in the benefit package, regardless of the amount of services actually used.

H.B. 66 of the 126th General Assembly (the FY 2006 - 2007 biennial budget act) required the managed care plans (MCPs) to be implemented in all counties and required ODJFS to designate the CFC

population for participation.²⁰ The FY 2006 - 2007 biennial budget act also required ODJFS to implement the MCPs for certain aged, blind, and disabled Medicaid recipients in all counties. The requirement did not apply to: (1) persons under age 21, (2) institutionalized persons, (3) persons eligible for Medicaid by spend-down, (4) dual eligibles, and (5) Medicaid waiver recipients.

The statewide expansion of Medicaid managed care began in July 2005 with the enactment of H.B. 66. Within a period of 18 months, Ohio Medicaid transferred an additional 800,000 Medicaid recipients from fee-for-service to managed care. This expansion dramatically shifts expenditures from the fee-for-service categories to the Managed Care categories.

The budget requires health care providers that do not participate in Medicaid to accept the Medicaid fee-for-service payment rate for emergency services furnished to a Medicaid recipient enrolled in a Medicaid managed care organization, in the same manner that the fee-for-service payment rate applies to Medicaid-participating providers that are not under contract with the managed care organization. The budget also eliminates authority for performance-based financial incentives in the state's Medicaid care management system contracts. Furthermore, the budget eliminates the Medicaid Care Management Working Group, which was required to annually submit a report with recommendations regarding the state's Medicaid care management system.

Managed Care Pharmacy Utilization Management Programs. The budget allows a Medicaid-participating health insuring corporation to implement a pharmacy utilization management program under which a Medicaid recipient must (1) receive prior authorization to obtain a controlled substance and (2) if the person is at high risk for fraud or abuse involving controlled substances, have prescriptions for those drugs filled by a designated pharmacy, medical provider, or health care facility.

Medicaid Risk-Adjusted Reimbursement. The budget would have required ODJFS to apply risk-adjusted reimbursement rates to services provided to individuals who receive Medicaid services under the covered families and children eligibility category starting one year after those individuals enroll in Medicaid. The budget would have (1) specified that the risk-adjusted rate structure applies to the Medicaid payments that are made to health insuring corporations (HICs), (2) required ODJFS to use specified information and consult with the HICs in developing the rate structure, (3) required the rate structure to be developed by January 1, 2009, and (4) provided for the rates to be applied to 50% of the payments during the first year and all of the payments thereafter.

Vetoed Provisions. The Governor vetoed the above provisions of Medicaid risk-adjusted reimbursement. The Governor stated that the language imposes requirements over and above federal requirements and could result in payments over and above federal requirements. The proposed language will restrict the ability of ODJFS to set rates in a manner that is prudent and fiscally responsible.

Monthly Reports on Medicaid Managed Care Recipients. The budget would have required ODJFS, by December 1, 2007, to provide monthly electronic reports to Medicaid managed care organizations regarding the individuals whose Medicaid eligibility is ending.

Vetoed Provisions. The Governor vetoed the above provisions of monthly reports on Medicaid managed care recipients. The Governor stated that the language compromises ODJFS's ability to manage the Medicaid program in an efficient manner.

²⁰ According to both state and federal regulations, managed care enrollment is optional for children receiving adoption assistance under the Federal Title IV-E program, foster care assistance or out of home placement.

Actuarially Sound Medicaid Managed Care Rates. The budget would have required ODJFS to use actuarially sound capitation rates, in accordance with federal law, for Medicaid managed care contracts with health insuring corporations (HICs). It would have (1) required ODJFS to prepare, for submission with its proposed rates, a separate document specifying how the rates conform to generally accepted actuarial principles and practices and (2) authorized ODJFS to consult with the Superintendent of Insurance in preparing the document and to ask the Superintendent to assess whether the proposed rates, if implemented, would have adverse financial impacts on HICs.

Vetoed Provisions. The Governor vetoed the above provisions of actuarially sound Medicaid managed care rates. The Governor stated that sections of the language restate the federal Medicaid payments standards. Other sections impose additional requirements over and above the federal requirements. To the extent the language restates federal payment requirements, it is unnecessary as the state is required to comply with federal Medicaid requirements. To the extent the language imposes requirements over and above federal requirements; the language could result in unnecessary costs.

Administrative Component of Managed Care Rates. The executive believes that it will be able to show the actuarial firm with which the state contracts that the administrative component of the capitated rate paid to managed care organizations should be reduced in future contracts to a level that will result in \$104.0 million in savings in FY 2008 and \$186.8 million in savings in FY 2009. These savings are assumed in GRF appropriation item 600-525, Health Care/Medicaid.

Expedite Managed Care Enrollment. According to ODJFS, currently, Medicaid applicants are mailed an informational packet about managed care plans after their eligibility determination is completed. The applicant has 30 days after receiving the materials to choose a plan. The executive proposes to require county departments of job and family services to provide Medicaid applicants with informational packets about managed care plans at the time of application. Applicants will be given 30 days from the date of application to choose a plan. The executive estimates that the state will reduce the duration of double paying for both fee-for-service and MCPs and thus save the state approximately \$2.6 million all funds in FY 2008 and \$2.0 million all funds in FY 2009 by expediting managed care enrollment. These savings are assumed in the appropriation for GRF appropriation item 600-525, Health Care/Medicaid.

Hiring of a Full-Time Actuary. To ensure proper management of the managed care program, the executive plans to hire a full-time actuary to provide detailed analysis of the program and proper rate setting methods. The executive estimates that the state will pay \$125,000 each year to employ a full-time actuary. The budget provides such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Community-Based Providers

The budget allows for increasing reimbursement rates for all state plan Medicaid community-based providers by 3% in January 2008, and another 3% increase in January 2009 (excluding federally qualified health centers, hospice providers, rural health centers, which all receive federally mandated increases). The reimbursement rates for community-based providers are adjusted through administrative rules; no statutory change is necessary. The executive estimates that costs will increase approximately \$10.7 million all funds in FY 2008 and \$39.2 million all funds in FY 2009 as a result of the increase in reimbursement rates. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Medicaid Optional Services

H.B. 95 of the 125th General Assembly (the FY 2004 - 2005 biennial budget act) eliminated two optional services for adults: chiropractic care and psychologist services, effective January 1, 2004.

H.B. 66 of the 126th General Assembly (the FY 2006 - 2007 biennial budget act) required that the Medicaid program continue to cover adult dental services, but provided only half funding. H.B. 66 also required that the Medicaid program continue to cover adult vision services, but explicitly stated that the act did not limit ODJFS's ability to adopt, amend, or rescind rules applicable to vision coverage, including rules that limited or reduced services, reduced reimbursement levels, or subjected covered services to copayments. H.B. 66 provided full funding for vision services.

For the FY 2008 - 2009 biennium, the budget provides additional funding for dental care for adults, and the provision of psychology services for adults, effective January 2008. The budget also provides funding for chiropractic services for Medicaid recipients age 22 or older in an amount, duration, and scope that the Director of ODJFS is to specify in rules. The regulations for dental and psychologist services, are in administrative rules; therefore, no statutory changes are necessary for the changes in these services.

The executive estimates that the additional services will cost approximately \$16.2 million all funds in FY 2008 and \$32.1 million all funds in FY 2009 as a result of providing additional funding for adult dental care and chiropractic care. The executive assumes no increase in cost for restoring the psychologist services. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Medicaid Coverage of Occupational Therapy Services

The budget requires the Medicaid program to cover occupational therapy services provided by a licensed occupational therapist, provides that coverage is not limited to services provided in a hospital or nursing facility, and permits any licensed occupational therapist to enter into a Medicaid provider agreement with ODJFS.

The executive estimates that the additional setting will cost approximately \$1.75 million all funds in FY 2008 and \$3.5 million all funds in FY 2009. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Inpatient Hospitals

Annual Hospital Recalibration. For the FY 2006 - 2007 biennium, ODJFS updated and provided a more current weighting of the relative weights for Diagnostic Related Groups (DRG) used in the prospective payment system for hospital services. According to OBM, the recalibration that took effect in January 2006 has resulted in savings to the state.

The budget allows recalibration updates every year for all DRG hospitals. The executive estimates that the state could avoid approximately \$3.7 million of all funds costs in FY 2008 and \$11.4 million of all funds costs in FY 2009 as a result of the annual recalibration. The budget has assumed such savings in GRF appropriation item 600-525, Health Care/Medicaid.

Increasing Inpatient Hospital Reimbursement Rates. H.B. 95 of the 125th General Assembly allowed no increase in rates for inpatient hospital services provided by general hospitals until January

2005. However, H.B. 95 also required ODJFS to pay to each children's hospital participating in the Medicaid program an inflation adjustment.

H.B. 66 of the 126th General Assembly froze inpatient hospital reimbursement rates in FYs 2006 and 2007 at the FY 2005 level.

The executive plans to increase reimbursement rates for inpatient hospitals by 3.3% in January 2008, and another 2.9% in January 2009. The executive estimates that state costs will increase by approximately \$7.9 million all funds in FY 2008 and \$28.1 million all funds in FY 2009 as a result of the rate increase for DRG and children's hospitals. The budget has provided funding for these rate increases in GRF appropriation item 600-525, Health Care/Medicaid.

Supplemental Payment Program for Children's Hospitals. The budget, for FYs 2008 and 2009:

- Requires payments made by the ODJFS Director for cost outlier claims less than the amount specified in Ohio Administrative Code 5101:3-2-07.9(A)(6) [\$443,463, adjusted for inflation] to be increased, subject to the limitation in the next bullet, from (1) an amount equal to 85% of the product of the hospital's allowable charges and the hospital's Medicaid inpatient cost-to-charge ratio, to (2) an amount equal to 100% of the product of the hospital's allowable charges and the hospital's Medicaid inpatient cost-to-charge ratio;
- Requires the ODJFS Director to cease paying children's hospitals for the cost outlier claims described above at an amount that is calculated under the formula in (2), above (100% level), and to revert to paying the hospital at an amount that is calculated under the formula in (1), above (85% level), when the difference between the total amount the Director has paid at the 100% level for such outlier claims and the total amount the Director would have paid for these claims at the 85% level exceeds, for each fiscal year, \$6 million (state share) plus the corresponding federal match;
- Requires the ODJFS Director to make supplemental Medicaid payments to hospitals for inpatient services under a program modeled after the program that ODJFS was required to create under Section 206.66.70 of Am. Sub. H.B. 66 of the 126th General Assembly for supplemental payments to children's hospitals when the difference between the total amount the Director has paid at the 100% level for the cost outlier claims described above and the total amount the Director would have paid at the 85% level for such claims does not require the expenditure of all state and federal funds earmarked for the additional cost outlier payments in the applicable fiscal year;
- Prohibits the ODJFS Director from adopting, amending, or rescinding any rules that would result in decreasing the amount paid to children's hospitals for cost outlier claims;
- Earmarks up to \$6 million (state share) in GRF appropriation item 600-525, Health Care/Medicaid, in each fiscal year plus the corresponding federal match, if available, to be used by the Department to pay for the Supplemental Payment Program for Children's Hospitals.

The budget has provided funding for the Supplemental Payment Program for Children's Hospitals in GRF appropriation item 600-525, Health Care/Medicaid.

Medicaid Program Restrictions on Mental Health Drugs

The budget would have provided that the only drugs used to treat mental illness that may be subjected to a prior authorization requirement, preferred drug list, or generic substitution under the Medicaid program and any Medicaid managed care plan are such drugs that are brand name and for which there are generic equivalents.

The budget provides funding of \$17.3 million all funds in FY 2008 and \$27 million all funds in FY 2009 in GRF appropriation item 600-525, Health Care/Medicaid for such policy.

Vetoed Provisions

The Governor vetoed the above provisions that would have required certain restrictions on mental health drugs. The Governor stated that the proposed language restricts the ability of ODJFS, and Medicaid managed care plans, to provide an appropriate and cost effective prescription drug benefit for the Medicaid program. It also stated that this veto serves the need to provide coverage for appropriate drugs and meet federal Medicaid requirements. Although the language was vetoed, the Governor did not remove the provided funding from GRF appropriation item 600-525, Health Care/Medicaid.

Increases in FYs 2008 and 2009 Dispensing Fees for Generic Drugs

The budget:

- Requires the ODJFS Director to analyze the fiscal impact that federal upper limits (FULs) affecting reimbursement rates for generic drugs, as amended by the Deficit Reduction Act of 2005, will have on pharmacists in FYs 2008 and 2009;
- Notwithstanding current law governing dispensing fees, requires the Director to increase, not later than ten days after completing the fiscal impact analyses, the dispensing fee paid to each pharmacist with a valid Medicaid provider agreement for dispensing a generic drug to a Medicaid recipient in FYs 2008 or 2009;
- Requires that the amount of the increases in the dispensing fees be determined in a manner that compensates pharmacists for the loss of revenue the Director projects that pharmacists, on average, will incur as a result of the changes to FULs enacted by the DRA;
- Prohibits the total amount the Director expends to pay the increase in the dispensing fee in each of the fiscal years from exceeding the total amount the Medicaid program is projected to save in those fiscal years as a result of the changes to FULs enacted by the DRA.

These provisions of the budget may result in a loss of the savings that may have resulted from the DRA.

Medicare Part D

The budget appropriates \$254.4 million for FY 2008 and \$271.9 million for FY 2009 to appropriation item 600-526, Medicare Part D. It also allows the Director of Budget and Management to increase the state share of appropriations in either appropriation item 600-525, or appropriation item 600-526, with a corresponding decrease in the state share of the other appropriation item to allow ODJFS to implement and operate the Medicare Part D requirements.

Pharmaceutical Drug Report

The budget requires the ODJFS Director, no later than one year after the effective date of this provision, to submit a report to the General Assembly on the effect of Medicare Part D and the care management system on the Supplemental Drug Rebate Program, including an evaluation of the changing price of pharmaceuticals in the supplemental program resulting from Medicare Part D and the managed care system and cost savings from increased use of generic drugs.

Medicaid Rates for Nursing Facilities (NFs)

Reimbursement Methodology. The amount ODJFS pays a nursing facility (NF) is determined by formulas established in state law.

Current law requires ODJFS to adjust the rates determined under the formulas for direct care costs, ancillary and support costs, tax costs, and capital costs as directed by the General Assembly through the enactment of law governing Medicaid payments to nursing facilities. The Department must also annually adjust the mean quality incentive payment starting in FY 2008 by the same adjustment factors.

FY 2008 Medicaid Reimbursement for NFs. The budget establishes adjustments to the FY 2008 Medicaid rates for nursing facilities. The cost per case mix-unit calculated as part of direct care costs, rate for ancillary and support costs, rate for capital costs, and rate for tax costs are to be adjusted as follows:

- (1) Increase the cost and rates by 2%;
- (2) Increase the amount calculated above by another 2%;
- (3) Increase the amount calculated above by 1%.

Instead of adjusting the mean quality incentive payment by the same adjustment factors, the budget provides that the mean payment for FY 2008 is to be \$3.03 per Medicaid day.

In addition to establishing the adjustments, the budget provides that if a nursing facility's rate for FY 2008 as determined using the adjustments is more than 102.75% of the rate the provider is paid for nursing facility services the facility provides at the end of FY 2007, ODJFS must reduce the facility's FY 2008 rate so that it is not more than 102.75% of its rate for the end of FY 2007. If the rate determined using the adjustments is less than 100% of the rate the nursing facility is paid at the end of FY 2007, ODJFS must increase its rate for FY 2008 so that it is not less than 100% of its rate for the end of FY 2007.

If the United States Centers for Medicare and Medicaid Services (CMS) requires that the franchise permit fee for nursing facilities be reduced or eliminated, ODJFS is required to reduce the amount it pays nursing facilities for FY 2008 as necessary to reflect the loss to the state of the revenue and federal financial participation generated from the franchise permit fee.

FY 2009 Medicaid Reimbursement for NFs. The budget establishes the same adjustments for nursing facilities' FY 2009 Medicaid rates as in FY 2008. The cost per case mix-unit calculated as part of direct care costs, rate for ancillary and support costs, rate for capital costs, and rate for tax costs for nursing facilities are to be adjusted as follows:

- (1) Increase the cost and rates by 2%;
- (2) Increase the amount calculated above by another 2%;
- (3) Increase the amount calculated above by 1%.

The mean quality incentive payment for FY 2009 is the same as FY 2008 and is to be \$3.03 per Medicaid day.

If the adjusted rate for a nursing facility is more than 102.75% of the Medicaid rate paid the nursing facility for the end of FY 2008, its FY 2009 rate is to be reduced so that it is not more than 102.75% of its rate for the end of FY 2008. If the adjusted rate is less than 100% of the nursing facility's Medicaid rate for the end of FY 2008, its FY 2009 rate is to be increased so that it is not less than 100% of its rate for the end of FY 2008.

As in FY 2008, ODJFS must reduce nursing facilities' FY 2009 rate as necessary to reflect the loss to the state of the revenue and federal financial participation generated from the franchise permit fee if CMS requires that the franchise permit fee be reduced or eliminated.

The changes in the nursing facility formula allow increases to the reimbursement for nursing facilities. The total nursing facility reimbursement is estimated to be increased by \$47 million all funds in FY 2008, and another \$47 million all funds in FY 2009. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Additional Payments to Nursing Facilities Related to Capital

The budget provides for qualifying nursing facilities to receive additional quarterly payments during FYs 2008 and 2009. It provides that nursing facilities that qualify for the payments are (1) certain nursing facilities that are new as of FY 2006, 2007, or 2008, (2) certain nursing facilities that completed a capital project before June 30, 2008, (3) certain nursing facilities that completed an activity for which a certificate of need is not needed before June 30, 2008, and (4) certain nursing facilities that completed a renovation before June 30, 2008. The budget creates formulas to be used to determine the amount of the payments. The budget also terminates all nursing facilities' eligibility for the payments at the earlier of July 1, 2009, or the date the total amount of the payments equals \$7 million. Furthermore, the budget appropriates \$7 million in FY 2008 to GRF appropriation item 600-529, Capital Compensation Program, in the Department of Job and Family Services and earmarks those dollars for payments to nursing facilities for capital costs.

Medicaid Rates for Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)

FYs 2008 - 2009 Medicaid rates for ICFs/MR. The budget establishes limitations on the FYs 2008 and 2009 Medicaid rates for ICFs/MR. Medicaid rates paid to ICFs/MR are to be subject to the following caps:

- (1) For FY 2008, the mean total per diem rate for all ICFs/MR as calculated under codified sections of state law governing Medicaid payments to ICFs/MR is not to exceed \$266.14 as weighted by Medicaid days and calculated as of July 1, 2007;
- (2) For FY 2009, the mean total per diem rate for all ICFs/MR as so calculated is not to exceed \$271.46 as weighted by Medicaid days and calculated as of July 1, 2008.

If the mean total per diem rate for all ICFs/MR for FY 2008 or 2009, weighted by Medicaid days and calculated as of the first day of July of the calendar year in which the fiscal year begins, exceeds the cap, ODJFS is required to reduce the total per diem rate for each ICF/MR by a percentage that is equal to the percentage by which the mean total per diem rate exceeds the cap. Subsequent to any reduction required because of the caps, an ICF/MR's Medicaid rate is not to be subject to any adjustments authorized by codified law governing Medicaid payments to ICFs/MR during the remainder of the year.

Offsite day programming part of ICFs/MR's direct care costs. The budget adds offsite day programming to the costs included in ICFs/MR's direct care costs. According to ODJFS, this is related to the termination of the habilitation center services under the Medicaid program. The system by which the Medicaid program paid for habilitation center services was often referred to as CAFS. H.B. 66 of the 126th General Assembly permitted ODJFS to increase the Medicaid rate paid to an ICF/MR for FYs 2006 and 2007 by an amount specified in rules to reimburse the ICF/MR for active treatment day programming because of the termination of CAFS. Rather than repeating such authority for FYs 2008 and 2009, the budget adds offsite day programming to ICFs/MR's direct care costs.

The executive estimates that by limiting the reimbursement growth to 2% for both FY 2008 and FY 2009, the state can avoid costs of approximately \$43.1 million in FY 2008 and \$57.1 million in FY 2009. The budget reflects such amounts of cost reduction in GRF appropriation item 600-525, Health Care/Medicaid.

Franchise Permit Fees

NF Franchise Permit Fees. ODJFS is required to assess an annual franchise permit fee on each long-term care bed in a nursing home or hospital. Until July 1, 2001, the amount of the fee was \$1.00 for each bed multiplied by the number of days in the fiscal year for which the fee is assessed. The fee is applied to: (1) nursing home beds, (2) Medicare-certified skilled nursing facility beds, (3) Medicaid-certified nursing facility beds, (4) beds in hospitals that are registered as skilled nursing facility beds or long-term care beds, or licensed as nursing home beds.

H.B. 94 of the 124th General Assembly (the FY 2002-2003 biennial budget act) raised the franchise permit fee to \$3.30 for FYs 2002 and 2003. S.B. 261 of 124th General Assembly raised the franchise permit fee to \$4.30 for FYs 2003 through 2005; a \$1.00 per bed per day increase for FY 2003, and a \$3.30 per bed per day increase for FYs 2004 and 2005. H.B. 66 of the 126th General Assembly increased the fee to \$6.25 for FYs 2006 and 2007. The fee was scheduled to decrease to \$1 per bed per day in FY 2008. The budget eliminates the scheduled reduction (to \$1), thereby retaining the current \$6.25 per bed per day fee.

The money generated by the franchise permit fee on nursing homes and hospitals is required to be deposited into two funds. One fund, the Home and Community-Based Services for the Aged Fund, gets 16% of all franchise permit fees and related penalties paid by nursing homes and hospitals for FYs 2006 - 2007. (Sixteen percent represents the first \$1 of the franchise permit fee.) ODJFS and the Department of Aging are required to use the money in the fund for the Medicaid program, including the PASSPORT component of the Medicaid program, and the Residential State Supplement program.

The other fund into which money generated by the nursing home and hospital franchise permit fee goes is the Nursing Facility Stabilization Fund, which was created in H.B. 94. It is to receive all such franchise permit fees and related penalties that are not deposited into the Home and Community-Based Services for the Aged Fund. ODJFS is required to use money in the Nursing Facility Stabilization Fund to make Medicaid payments to nursing facilities.

The budget provides for the Nursing Facility Stabilization Fund to continue to receive 84% of the money generated by the fee.

ICF/MR Franchise Permit Fees. All money generated by the ICF/MR franchise permit fee and related penalties is required to be deposited into the Home and Community-Based Services for the Mentally Retarded and Developmentally Disabled Fund. The Departments of Job and Family Services and Mental Retardation and Developmental Disabilities are required to use money in that fund for the Medicaid program and home and community-based services to persons with mental retardation or other developmental disability.

The franchise permit fee for ICFs/MR was \$9.63 per bed per day during FYs 2002-2007. The budget does not change the amount of the ICF/MR franchise permit fee. That fee is \$9.63 per bed per day, plus an annual composite inflation factor adjustment.

Unified Long-Term Care Budget Workgroup

The budget creates the Unified Long-Term Care Budget Workgroup, and requires the following:

(1) The Workgroup is to consist of the following individuals:

- The Director of Aging;
- Consumer advocates, representatives of the provider community, and state policy makers, appointed by the Governor;
- Two members of the House of Representatives, one member from the majority party and one member from the minority party, appointed by the Speaker of the House of Representatives;
- Two members of the Senate, one member from the majority party and one member from the minority party, appointed by the President of the Senate.

The Director of Aging is to serve as the chairperson of the Workgroup.

(2) The Workgroup is to develop a unified long-term care budget that facilitates the following:

- Providing a consumer a choice of services that meet the consumer's health care needs and improve the consumer's quality of life;
- Providing a continuum of services that meet the needs of a consumer throughout life;
- Consolidating policymaking authority and the associated budgets in a single entity to simplify the consumer's decision making and maximize the state's flexibility in meeting the consumer's needs;
- Assuring the state has a system that is cost effective and links disparate services across agencies and jurisdictions.

(3) The Workgroup is to submit a written implementation plan to the Governor, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the President of the

Senate, the Minority Leader of the Senate, and the members of the Joint Legislative Committee on Medicaid Technology and Reform not later than June 1, 2008.

(4) Establishment of the following appropriation items in the General Revenue Fund:

- In the Department of Aging, 490-423, Long-Term Care Budget - State;
- In the Department of Job and Family Services, 600-435, Long-Term Care Budget - State;
- In the Department of Mental Retardation and Developmental Disabilities, 322-406, Long-Term Care Budget - State;
- In the Department of Mental Health, 335-411, Long-Term Care Budget - State.

(5) On an annual basis, the directors of the Department of Aging and Office of Budget and Management are to submit a written report to the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the President of the Senate, the Minority Leader of the Senate, and the members of the Joint Legislative Committee on Medicaid Technology and Reform describing the progress towards establishing, or if already established, the effectiveness of the unified long-term care budget.

(6) When the Governor creates the new administration described earlier in the section titled “Executive Medicaid Administration” of this analysis, the Director of Budget and Management is allowed to do all of the following in support of the Workgroup’s proposal:

- Transfer funds and appropriations currently appropriated to pay for Medicaid services to any appropriation item referenced above in this section;
- Transfer funds between appropriation items referenced above in this section;
- Develop a reporting mechanism to transparently show how the funds are being transferred and expended.

The Director of Budget and Management is to obtain Controlling Board approval before transferring funds or appropriations.

(7) Before a proposal for a unified long-term care budget may be implemented, the Joint Legislative Committee on Medicaid Technology and Reform is to approve implementation of the proposal and submit the Committee’s approval to the Governor.

Medicaid Estate Recovery Program

The Medicaid Estate Recovery program recovers money paid for Medicaid services from a Medicaid recipient’s estate after the recipient dies. In Ohio, ODJFS, which has delegated collection efforts to the Ohio Attorney General’s Office (AGO), administers the estate recovery program. State law stipulates that 9% of amounts collected by the AGO are to be credited to the AGO Claims Fund and is to be used to pay expenses incurred by the AGO. In addition, since Medicaid is a state-federal partnership program, ODJFS is required to return more than half of the money collected to the federal government for its financial share of the Medicaid services provided.

The Deficit Reduction Act of 2005 (DRA), which became law on February 8, 2006, made several changes to the estate recovery of federal Medicaid law. The Act further limited a person's ability to transfer or discount assets in order to impoverish themselves and obtain Medicaid eligibility. The Act also contained some changes to the Medicaid estate recovery requirements.

As of October 1, 2006, Ohio Medicaid eligibility for long-term care services is modified to reflect changes in the DRA as follows:

- ***Transfer of Resources.*** Extends the transferred resources review period from three years to five years. Funds used to purchase a life estate in another individual's property or used to purchase a promissory note or mortgage may, in certain circumstances, be considered an improper transfer.
- ***Improper Transfer of Resources (Penalty Period Start Date).*** The penalty period for improper transfers of resources now begins the date an individual receives or is eligible to receive long-term care services and would otherwise be eligible for Medicaid coverage, instead of the date the improper transfer was made. Also, multiple transfers of resources will be treated with penalty periods beginning on the earliest date of the improper transfer.
- ***Home Equity Over \$500,000.*** Certain Medicaid applicants who have home equity above \$500,000 are ineligible for payment of long-term care services through Medicaid (unless the applicant's spouse is residing in the home or the home is occupied by a child who is under age 21, blind, or disabled).
- ***Annuities.*** Medicaid applicants are now required to disclose information about annuities they have and to name the state of Ohio as the remainder beneficiary. As the remainder beneficiary, Medicaid programs can recoup medical costs once the consumer (and the consumer's spouse) is deceased. In addition, annuities purchased on or after February 8, 2006 are evaluated to determine whether the purchase is a proper or improper transfer of resources. To be considered an appropriate transfer of resources, annuities must:
 - be irrevocable, nonassignable, and actuarially sound;
 - have payments dispersed in equal monthly amounts;
 - exclude any deferrals or balloon payments; and
 - be purchased with retirement or IRA funds.
- ***Treatment of Income for Non-Institutionalized Spouses (Income First).*** In cases where an institutionalized individual has a spouse who still lives in the community, a county caseworker determines how much income the non-institutionalized spouse needs to maintain him/herself in the community. If the non-institutionalized spouse does not have enough income to meet the amount determined by the caseworker, DRA includes a requirement that the non-institutionalized spouse must use all available income from the institutionalized spouse to subsidize their monthly income prior to a reallocation of additional resources. Previously, the law allowed the non-institutionalized spouse to obtain additional resources without taking income from the institutionalized spouse.

The budget requires the following:

- (1) The person responsible for the estate of a spouse of a decedent subject to Medicaid estate recovery to submit a properly completed Medicaid estate recovery reporting form to the Medicaid Estate Recovery Program Administrator;

- (2) The Administrator to prescribe forms for the beneficiary of a transfer on death deed, the surviving tenant under a survivorship tenancy, or the representative of such a beneficiary or surviving tenant to indicate whether the deceased owner of the real property was a decedent subject to Medicaid estate recovery or the spouse of such a decedent and whether the real property was part of the estate of such a decedent;
- (3) A county recorder to obtain the completed form and send a copy to the Administrator before recording a transfer of real property under a transfer on death deed or registering title in the surviving tenants of a survivorship tenancy;
- (4) That an individual who has received, or is entitled to receive, benefits under a long-term care insurance policy in connection with which assets or resources are disregarded be subject to Medicaid estate recovery for nursing facility and other long-term care services the individual correctly receives under Medicaid.

Fraud, Waste, and Abuse Prevention and Detection

Current law requires a person or government entity that receives or makes payments under the Medicaid program that, during a calendar year, total \$5 million to provide to employees, contractors, and agents detailed, written information about the person or government entity's policies and procedures for preventing and detecting fraud, waste, and abuse. The person or government entity is also required to include this information in its employee handbook. The budget requires an "entity," rather than a "person or government entity," to comply with these requirements.

By requiring an "entity," rather than a "person or government entity," to comply with the requirements outlined in the law regarding fraud, waste, and abuse prevention and detection could result in a reduction of the number of fraud, waste, and abuse cases of Medicaid, and thus could reduce Medicaid costs.

PACT Program Report

The Primary Alternative Care Treatment (PACT) program is administered by the Surveillance, Utilization and Review (SUR) Section housed in the Office of Ohio Health Plans. The PACT program provides enhanced oversight to certain Medicaid consumers who have a pattern of using health care services that are not directly related to their medical condition. Once these consumers are identified, SUR is responsible for notifying consumers about their enrollment into this program.

PACT is a case management program for recipients who have exceeded the utilization criteria for prescribing physicians, number of office visits and drug use.

If enrolled in PACT, clients are asked to select a primary physician to make referrals and a primary pharmacy to dispense all medications. Any physician who is a Medicaid provider may become an enrollee's primary physician/case manager.

Each primary physician may bill the Department for a monthly case management fee for each month a PACT client is assigned to him/her. This fee is not available to primary pharmacies, clinics, FQHCs, or to any other provider, including providers rendering services to an enrolled client on an emergency or referral basis.

The budget requires the ODJFS Director, no later than January 1, 2008, to submit a report to the General Assembly on the PACT and the average cost of participants before and after participation in the

program. The budget requires the ODJFS Director, no later than January 1, 2009, to submit an additional report on the total cost savings achieved through the program.

Medicaid Provider Agreements

To participate in the Medicaid program, a health care provider must enter into an agreement with ODJFS. This agreement, known as a provider agreement, serves as a contract between ODJFS and the provider. By signing the agreement, the provider agrees to comply with the terms of the agreement and all applicable state and federal laws. Medicaid reimbursement for providing health care services is contingent on a valid provider agreement being in effect when the services were provided.

H.B. 66 of the 126th General Assembly permitted ODJFS to terminate or not renew a Medicaid provider agreement without an administrative hearing if the provider had not submitted claims for two or more years and cannot be located.

The budget makes the following changes relative to Medicaid provider agreements:

- (1) Requires the use of time-limited provider agreements;
- (2) Eliminates the five-year limit for termination of a provider agreement based on an action brought by the Attorney General;
- (3) Authorizes the denial or termination of a provider agreement for any reason permitted or required by federal law;
- (4) Requires the suspension of a provider agreement held by a noninstitutional health care provider based on an indictment of the provider or its owner, officer, authorized agent, associate, manager, or employee;
- (5) Authorizes the exclusion of an individual, provider, or entity from participation in Medicaid for any reason permitted or required by federal law;
- (6) Modifies the circumstances under which ODJFS is not required to conduct an adjudication when imposing sanctions relative to a provider agreement, including sanctions imposed against a provider for failing to obtain or maintain a required certification;
- (7) Permits ODJFS to require criminal records checks as a condition of becoming or continuing to be a Medicaid provider or an employee, owner, officer, or board member of a provider;
- (8) Modifies the procedures used to obtain the criminal records checks required in the provision of home and community-based services through a Medicaid waiver program to a person with disabilities;
- (9) Requires a Medicaid provider agreement to expire not less than three years from its effective date;
- (10) Excludes provider agreements with managed care organizations, nursing facilities, and intermediate care facilities for the mentally retarded;
- (11) Authorizes ODJFS to make the effective date of a provider agreement retroactive for up to one year from the date of application.

Medicaid NF and ICF/MR Audits

The budget allows ODJFS to use up to \$1.0 million in each fiscal year for FYs 2008 and 2009 to fund the state share of audits of nursing facilities and intermediate care facilities for the mentally retarded from Fund 4J5, Home and Community-Based Services for the Aged.

Hospital Care Assurance Program (HCAP)

Ohio's program for making Disproportionate Share (DSH) payments, HCAP, incorporates both intergovernmental transfer and provider tax funding mechanisms. The program provides hospital services support for persons whose income falls at or below 100% of the federal poverty guidelines and who are not Medicaid eligible. Under HCAP, hospitals are annually assessed an amount based on their total facility costs and government hospitals make annual intergovernmental transfers to ODJFS. Assessments and intergovernmental transfers are made in periodic installments. ODJFS distributes to hospitals money generated by assessments, intergovernmental transfers, and allotted federal matching funds generated by the assessments and transfers. The federal funds are appropriated in line item 600-650, and the state funds (assessment revenues) are appropriated in line item 600-649.

Under current law, HCAP is scheduled to sunset October 16, 2007. Just as in previous budgets, the budget delays the sunset of HCAP for two years until October 16, 2009. The FY 2007 spending level for HCAP was \$575.1 million under appropriation items 600-650 and 600-649. The total appropriation for HCAP through both appropriation items 600-650 and 600-649 is \$575.1 million in both FY 2008 and FY 2009.

Public Assistance Reporting Information System (PARIS)

The Public Assistance Reporting Information System (PARIS) is a voluntary federal-state partnership which provides the 43 participating state public assistance agencies detailed information and data to assist them in maintaining program integrity and detecting/ deterring improper payments. The budget requires the ODJFS Director, no later than August 31, 2007, to submit a report to the General Assembly on the costs and potential three-year cost savings associated with participation in PARIS and, no later than October 1, 2007, to enter into any necessary agreements with the U.S. Department of Health and Human Services and neighboring states to join and participate as an active member in PARIS if cost savings are indicated in the report.

Disability Medical Assistance (DMA) Program

The Disability Medical Assistance program provides a limited health care benefit package to non-Medicaid eligible individuals based on income, resources, and severity of disability. Services are limited to prescription drugs, physician, clinic, restricted dental service, and restricted durable medical equipment services. Hospital services for this population are provided through the Hospital Care Assurance Program (HCAP).

Expenditures for the DMA program are not eligible for federal reimbursement because the recipients are either not Medicaid eligible or have not been determined to be Medicaid eligible.

Changes to the DMA program. H.B. 95 of the 125th General Assembly allowed the Director of ODJFS to enact reforms necessary to contain DMA program costs. ODJFS froze enrollment beginning in July 2003. Under the freeze, ODJFS allowed no new enrollment and denied coverage to those who missed their eligibility redeterminations. Enrollment was open for a limited time early in FY 2005 and

then closed again in order to keep costs within the \$64 million GRF allocated to operate the program that year.

H.B. 66 of the 126th General Assembly continued to provide funding of \$19.5 million in FY 2006 and \$25.5 million in FY 2007 in appropriation item 600-513, Disability Medical Assistance, to be used by ODJFS to operate a Disability Medical Assistance Program. H.B. 530 of the 126th General Assembly increased funding by another \$4.3 million in FY 2006 and \$5.7 million in FY 2007.

The budget continues providing funding of \$16.5 million in FY 2008 and \$11.5 million in FY 2009. In FY 2007, the DMA program is appropriated in GRF line item 600-513, Disability Medical Assistance. The budget eliminates this line item and includes funding for the DMA program in GRF line item 600-525. The budget also permits the ODJFS Director to adopt rules that establish or specify limits on the number and types of providers eligible to be reimbursed for services provided to recipients of the DMA program.

Assisted Living Services Waiver

H.B. 66 of the 126th General Assembly allowed for the creation of a waiver program to fund assisted living services. The Assisted Living Services Medicaid waiver is a program administered by the Ohio Department of Aging (ODA) that covers daily living services provided in an assisted living facility. The Assisted Living Services waiver program was opened July 1, 2006. There are 1,800 available slots to Medicaid consumers who qualify. The program offers an alternative service in the community for people who are coming from a nursing home or from a home and community-based services waiver. According to ODJFS, assisted living offers more supervision and services than what may be available in a traditional home setting and allows consumers to have more independence, and fewer restrictions than a nursing facility.

Medicaid consumers, age 21 and over, who currently receive Medicaid services through PASSPORT, Choices, Ohio Home Care Waiver programs, live in a nursing home or residential care facility are eligible for the Assisted Living Services waiver program. The monthly income is capped at \$1,809, which is 300% of the Supplemental Security Income federal benefit rate. Additionally, applicants must require assistance with at least two activities of daily living that cannot be met through scheduled assistance. Examples of these needs include: bathroom assistance, medication administration, and transference into and out of bed. To be eligible, a person must be able to pay room and board.

H.B. 66 of the 126th General Assembly provided for the transfer of funds from appropriation item 600-525 to ODA to fund the Assisted Living Services Waiver. The budget provides an appropriation in ODA's GRF line item 490-422, Assisted Living, of \$12,554,940 in FY 2008 and \$15,213,890 in FY 2009. Appropriations in the ODA's federal line item 490-622, Assisted Living - Federal, are \$14,972,892 in FY 2008 and \$21,810,442 in FY 2009. These appropriation levels would fund the currently authorized 1,800 waiver slots. As of February 28, 2007, 123 unduplicated slots were used, with 1,677 open slots. There are currently 50 facilities certified as Assisted Living providers.

Ohio Access Success Project

H.B. 94 of the 124th General Assembly authorized the ODJFS Director to establish the Ohio Access Success Project to help Medicaid recipients make the transition from residing in a nursing facility to residing in a community setting. The bill provided \$150,000 in FY 2002 and \$250,000 in FY 2003 to fund one-time benefits to not more than 75 Medicaid recipients in FY 2002 and not more than 125 Medicaid recipients in FY 2003. No person was to receive more than \$2,000 worth of benefits under the project. H.B. 95 of the 125th General Assembly continued the Ohio Access Success Project.

H.B. 66 of the 126th General Assembly allowed the continuation of the Ohio Access Success Project. ODJFS was permitted to limit the number of persons who may participate in the project. H.B. 66 also provided \$350,000 in both FY 2006 and FY 2007 to fund one-time transitional benefits. H.B. 66 eliminated an eligibility requirement that required a Medicaid recipient to have resided continuously in a nursing facility for not less than 18 months before applying to participate in the project. H.B. 66 required that ODJFS, if an application is received before six months, ensure that an assessment is conducted as soon as practicable to determine whether the applicant is eligible to participate in the project. To the maximum extent possible, the assessment and eligibility determination must be completed not later than the date that occurs six months after the applicant becomes a recipient of Medicaid-funded nursing facility services. During FY 2006, the Ohio Access Success Project assisted 75 consumers in relocation from a nursing facility to the community; half occurring in the last quarter.

The budget allows ODJFS to use up to \$350,000 from the Home and Community-Based Services for the Aged, Fund 4J5, in both FY 2008 and FY 2009 to provide one-time transitional benefits under the Ohio Access Success Project.

Home First Program

The budget provides for the Home First Program under which an individual admitted to a nursing facility while on a waiting list for the PASSPORT program is to be placed in PASSPORT if PASSPORT is appropriate for the individual and the individual would rather be in PASSPORT than a nursing facility. The budget also requires the ODJFS Director to submit an annual report to the General Assembly regarding the number of individuals enrolled in PASSPORT pursuant to the Home First component and the costs incurred and savings achieved as a result of the enrollments.

Resident Protection Fund

The budget allows ODJFS to issue a competitive request for grant proposals to support projects that will benefit the residents of nursing facilities that have been found to have deficiencies if the Resident Protection Fund has a cash balance, less encumbrances and appropriations of more than \$2.0 million. The directors of Job and Family Services, Health, and Aging or their designees must determine priority categories for funding, make awards, and determine which of the three agencies should administer each grant. Based on these determinations, the Director of Budget and Management may transfer cash and appropriations matching the amount of each award to the appropriate agency.

UNEMPLOYMENT COMPENSATION

OVERVIEW

The Unemployment Compensation (UC) program was created as a federal/state partnership for income maintenance during periods of involuntary unemployment, by providing partial compensation for lost wages as a matter of right, to eligible individuals. Such compensation provides a counter-cyclical source of revenue to support the local economy in times of economic downturn. Funds for administration of UC are provided primarily by the U.S. Department of Labor (DOL) from revenues collected from employers by the Internal Revenue Service pursuant to the Federal Unemployment Tax Act (FUTA). Benefits are paid through the Unemployment Compensation Trust Fund, which is funded through state insurance taxes that are paid by employers and collected by the Ohio Department of Job and Family Services (ODJFS).

The Office of Unemployment Compensation (OUC) within ODJFS administers the UC program. The primary goal of the OUC is to collect sufficient employer taxes to support the payment of unemployment compensation benefits to individuals who have become unemployed through no fault of their own.

Through information collected regarding hiring, wages, and benefits the UC system directly supports the informational needs for measuring outcomes related to employment, and supports the interception of benefit payments for the deduction of child support. In addition, this information is used to help detect fraud and prevent overpayments in such programs as TANF, workers compensation, railroad retirement benefits, as well as unemployment compensation itself.

ANALYSIS OF THE BUDGET

Program Series

6: Unemployment Compensation

Purpose: The purpose of Ohio’s unemployment system is to provide funds for payment of benefits to unemployed workers and to provide a counter-cyclical source of revenue to support the local economy in times of economic downturn.

This program series supports unemployment insurance activities, including benefit issuance, employer tax functions, Trade Program and NAFTA-related activities, funding for the Unemployment Compensation Review Commission (UCRC), and the related information technology support.

The following table shows the line items that are used to fund the Unemployment Compensation program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4A9	600-607	Unemployment Compensation Admin Fund	\$12,273,062	\$12,188,996
4A9	600-694	Unemployment Compensation Review Commission	\$1,726,938	\$1,811,004
4R3	600-687	Banking Fees	\$800,000	\$800,000
State Special Revenue Fund Subtotal			\$14,800,000	\$14,800,000
Federal Special Revenue Fund				
331	600-686	Federal Operating	\$123,124	\$129,193
3V0	600-688	Workforce Investment Act	\$130,243	\$136,127
3V4	600-678	Federal Unemployment Programs	\$84,730,828	\$87,190,860
3V4	600-679	Unemployment Compensation Review Commission Federal	\$3,092,890	\$3,191,862
Federal Special Revenue Fund Subtotal			\$88,077,085	\$90,648,042
Total Funding: Unemployment Compensation			\$102,877,085	\$105,448,042

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation.

This analysis focuses on the following specific programs within the Unemployment Compensation program series:

- **Program 6.01: Unemployment Compensation**
- **Program 6.02: Trade Programs**
- **Program 6.03: Unemployment Compensation Program Management**
- **Program 6.04: Unemployment Compensation Information Technology**

Program 6.01: Unemployment Compensation

Program Description: Unemployment Compensation was developed as a counter cyclical economic stabilizer to provide funds to support the economy when workers are unemployed and without wages through no fault of their own. The Unemployment Compensation program is a state and federal partnership. Employers pay a federal unemployment tax to the Internal Revenue Service (IRS). Federal funds are then provide to the state to administer the program and the employer taxes are returned to the state to pay the unemployment benefits.

Funding Source: State Special Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget will allow ODJFS to serve approximately 800,000 unemployment compensation claimants. The Department will collect over \$1.0 billion in tax contributions from over 230,000 employers and make payments of over \$1.0 billion in benefits. In addition, the funding level in the budget will support the filing of over 21,000 appeals of unemployment compensation rulings.

Program 6.02: Trade Programs

Program Description: Trade Programs supports activities related to the Trade Act of 2002. Its goal is to administer and make benefit payments of individuals who have been dislocated due to the relocation of their employer or laid off due to foreign competition. Depending on their situation, workers can receive Trade Readjustment Allowances (TRA), Training, Reemployment Services, Job Search Allowances, Relocation Allowances, Health Coverage Tax Credit (HCTC), and/or Alternative Trade Adjustment Assistance (ATAA) services. Each program has its own eligibility criteria and compensation arrangement.

Funding Source: Federal Special Revenue

Implication of the Budget: The budget provides funding for processing 1,300 trade contracts, 50% of the wage differential for up to two years for those earning less than \$50,000 in a new job, and administrative costs to connect people with the IRS to receive a health coverage tax credit of 65% of their monthly health insurance premium.

Program 6.03: Unemployment Compensation Program Management

Program Description: Unemployment Compensation Program Management ensures that the required federal and state unemployment laws are met regarding payment of unemployment compensation claims and collection of the employer state unemployment taxes.

Funding Source: State Special Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget for this program will support the administrative office of the Unemployment Compensation program and the Attorney General's efforts to collect from delinquent employers and overpaid benefits. The funding level included in the budget also provides for payment of charges assessed by the Treasurer of State for clearing and accounting of unemployment compensation benefit warrants.

Program 6.04: Unemployment Compensation Information Technology

Program Description: Unemployment Compensation Information Technology supports the benefits and unemployment compensation tax systems. Specifically, the Ohio Job Insurance (OJI) system accepts and processes claims, maintains employer records, determines eligibility, requests separation information, issues determinations, charges employers, processes appeals, and issues redeterminations. The new unemployment compensation tax system, called the Employer Resource Information Center or ERIC, will bill employers, accept payments, process refunds, collect moneys due, track employer records, assure employer compliance, and provide customer support to employers.

Funding Source: Federal Special Revenue

Implication of the Budget: The budget provides funding to support the UC tax system (ERIC), which serves approximately 230,000 employers and the benefit system (OJI), which handles approximately 800,000 new claims and 5.3 million continued claims.

LOCAL OPERATIONS

ANALYSIS OF THE BUDGET

Program Series

7: Local Operations

Purpose: This program series provides administrative and operational support in bringing together a seamless delivery of services to Ohioans and employers.

Program 7.01: Local Operations Program Management

Program Description: Local Operations Program Management administers and provides operational support for the delivery of services for the following programs: Unemployment Compensation, Employment Services, Workforce Investment Act, Veterans Services, Labor Market Information, and Trade. The Office of Local Operations assists offices across the state to deliver services to individuals seeking jobs and assist employers in finding qualified applications for available jobs.

Funding Source and Line Items: The following table shows the line items that are used to fund the Local Operations program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
Federal Special Revenue Fund				
331	600-686	Federal Operating	\$5,646,298	\$5,875,086
3V0	600-688	Workforce Investment Act	\$3,177	\$3,330
3V4	600-678	Federal Unemployment Programs	\$41,275,634	\$42,881,842
Total Funding: Local Operations			\$46,925,109	\$48,760,258

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation.

Implication of the Budget: The budget will support state staff in 92 locations distributed throughout all 88 counties who provide employment and unemployment services to Ohio jobseekers. Additionally, the funding level provided in the budget will provide for the operation of six call centers that handle over one million public calls for employment and unemployment services information.

PROGRAM MANAGEMENT

OVERVIEW

Program Management of the Ohio Department of Job and Family Services (ODJFS) consists of the Director's Office and the offices of Legislation; Legal Services; Communications; Employee and Business Services; Research, Assessment and Accountability; Contracts and Acquisition; Chief Inspector; and Fiscal Services. Besides the leadership and direction-setting roles of the Director's Office, the component offices provide support services to the program offices.

Through its Office of Management Information Services (MIS), ODJFS provides information systems to meet the Department's operational and managerial decision-making needs. The Office reviews and approves state and county data processing needs and processes Medicaid, public assistance, and social services claims. It designs, develops, implements, and provides technical support for the Department's computer systems for Medicaid, public assistance, social services, child support enforcement programs, employment services, and workforce development.

ANALYSIS OF THE BUDGET

Program Series

8: Program Management

Purpose: This program series provides administrative and operational support to agency programs to help accomplish the agency's mission.

The following table shows the line items that are used to fund Program Management series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-321	Support Services	\$60,621,587	\$63,221,000
GRF	600-416	Computer Projects	\$73,104,163	\$75,739,832
General Revenue Fund Subtotal			\$133,725,750	\$138,960,832
State Special Revenue Fund				
4J5	600-613	Nursing Facility Bed Assessment	\$564,270	\$564,270
5F2	600-667	Building Consolidation	\$250,000	\$250,000
5F3	600-668	Building Consolidation	\$1,000,000	\$1,000,000
5Z9	600-672	TANF QC Reinvestments	\$239,872	\$251,602
State Special Revenue Fund Subtotal			\$2,054,142	\$2,065,872
General Services Fund				
5N1	600-677	County Technologies	\$1,000,000	\$1,000,000
General Services Fund Subtotal			\$1,000,000	\$1,000,000
Federal Special Revenue Fund				
331	600-686	Federal Operating	\$9,559,152	\$10,039,282
384	600-610	Food Stamps and State Administration	\$13,156,367	\$13,725,555
397	600-626	Child Support	\$20,177,900	\$21,441,344
398	600-627	Adoption Maintenance/Administration	\$13,514,736	\$14,371,853

Fund	ALI	Title	FY 2008	FY 2009
3F0	600-623	Health Care Federal	\$564,271	\$564,271
3H7	600-617	Child Care Federal	\$6,683,399	\$6,977,911
3V0	600-688	Workforce Investment Act	\$5,916,346	\$6,166,959
3V4	600-678	Federal Unemployment Programs	\$19,919,099	\$21,216,686
3V6	600-689	TANF Block Grant	\$377,415	\$395,372
Federal Special Revenue Fund Subtotal			\$89,868,685	\$94,899,233
Holding Account Redistribution Fund				
R12	600-643	Refunds and Audit Settlements	\$3,600,000	\$3,600,000
R13	600-644	Forgery Collection	\$10,000	\$10,000
Holding Account Redistribution Fund Subtotal			\$3,610,000	\$3,610,000
Total Funding: Program Management (Program Series 8)			\$230,258,577	\$240,535,937

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

This analysis focuses on the following specific programs within the Program Management program series:

- **Program 8.01: Program Management**
- **Program 8.02: Program Management Information Technology**

Program 8.01: Program Management

Program Description: Program Management provides administrative support services across the entire agency. Services include budget development, management and monitoring; payroll projections; human resources processing; facilities management; responses to legislative, constituent, and media requests; performance management; contracting and acquisition procedures; accounting services, funding and auditing of counties and service providers; financial reporting; legal services; mail processing; quality control; and internal audit compliance program implementation.

Funding Source: General Revenue Fund, State Special Revenue Fund, Federal Special Revenue Fund, and Holding Account Redistribution Fund

Implication of the Budget: The budget will enable ODJFS to maintain its staffing levels in its support offices.

Over the FY 2008 - 2009 biennium, ODJFS will continue the process of consolidating and relocating its central campus. Prior to the start of the relocation project ODJFS offices operated from nine different locations in Columbus. The overall consolidation plan is that by some time in FY 2008 ODJFS will operate out of three locations; the Air Center, 145 Front Street, and the Lazarus Building. The 145 Front Street building and the Lazarus Building are under renovation.

Other provisions in the budget that affect this program include:

- Effective July 1, 2007, or the earliest date thereafter agreed to by the Director of ODJFS and the Director of Administrative Services, to the Department of Administrative Services (DAS) transfer of the mail and fulfillment services office of ODJFS. The functions, assets, liabilities, and employees designated as staff in the mail and fulfillment office are to be transferred to DAS;

- The use of up to \$299,276 in FY 2008 and up to \$472,366 in FY 2009 of GRF appropriation item 600-321, Support Services, to support the Ohio Benefit Bank, a web enabled, counselor assisted program for low and moderate income Ohioans;
- The requirement that boards of county commissioners enter into grant agreements with the Director of Job and Family Services, rather than permitting the boards to enter into a fiscal agreement with the Director. Additionally, the bill prohibits the Director from making a grant of federal financial assistance regarding family services duties (i.e., services performed by county departments of job and family services, public children services agency, or child support enforcement agencies) through any means other than a grant agreement, rather than permitting a board of county commissioners to select which family services duties to include in a fiscal agreement.
- The bill also requires a county elected official performing the duties of a child support enforcement agency and a county children services board to jointly enter into a grant agreement with the board of county commissioners and Director, rather than only requiring a county elected official or children services board to jointly enter into a fiscal agreement if the fiscal agreement includes family services duties of a child support enforcement agency or public children services agency.

Program 8.02: Program Management Information Technology

Program Description: Through its Office of Management Information Services, ODJFS maintains various computer systems to meet the Department's operational and managerial decision-making needs. It reviews and approves state and county data processing needs and processes Medicaid, public assistance, and social services claims. It designs, develops, implements, and provides technical support for the Department's computer systems for Medicaid, public assistance, social services, child support enforcement programs, employment services, and workforce development. Program Management Information Technology includes the network, mainframe support, security, database maintenance, systems programming for all mainframe applications, client server support, standards, and configuration management for all of the MIS applications and business functions. Also included in this program is the Data Warehouse project, which is designed to provide easily accessible, comprehensive, and high-quality information in a timely manner using both standard and ad hoc reporting in an integrated environment.

Funding Source: General Revenue Fund, General Services Fund, and Federal Special Revenue Fund

Implication of the Budget: The budget will ensure maintenance of existing enterprise business applications of the Office of Management Information Services and management of the ODJFS network support to over 25,000 state, county, and partner users. The funding level provided in the budget will allow the Department to maintain over 3,000 network printers and 500 servers.

The Department is planning to upgrade its wide area network so that it can carry converging services (voice/data/video). The Department will also be examining the possibilities with regard to consolidating computer hardware, which will require less staff for maintenance and the Department will be moving to Voice over IP for phone services.

The Department will also be working with the Rehabilitation Services Commission to reduce the duplication of activities related to disability determination performed by each agency and develop a systems interface so that medical information for mutual clients may be transferred between the agencies.

The Department continues to replace Information Technology (IT) contractors with state staff. In March of 2003, ODJFS had 452 IT state employees and 273 time and materials contractors. As of December 31, 2004, ODJFS had 596 IT state employees and 162 time and materials contractors. Currently, the Department has 560 IT state employees and 86 time and materials contractors. The Department may need to retain a certain number of contractors because as the IT industry changes there will always be needed skill sets that are in large demand and command greater compensation than the state can offer to pay a state employee.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

JFS Job and Family Services, Department of

GRF	600-321	Support Services	\$ 56,127,550	\$ 58,360,571	\$ 76,706,645	\$ 61,246,264	-20.16%	\$ 63,861,650	4.27%
GRF	600-410	TANF State	\$ 272,619,055	\$ 272,619,061	\$ 272,619,061	\$ 267,619,061	-1.83%	\$ 267,619,061	0.00%
GRF	600-413	Child Care Match/MOE	\$ 84,119,965	\$ 84,120,596	\$ 84,120,596	\$ 84,120,596	0.00%	\$ 84,120,596	0.00%
GRF	600-416	Computer Projects	\$ 123,048,763	\$ 132,458,765	\$ 151,481,486	\$ 136,872,101	-9.64%	\$ 137,611,150	0.54%
GRF	600-417	Medicaid Provider Audits	---	---	---	\$ 2,000,000	N/A	\$ 2,000,000	0.00%
GRF	600-420	Child Support Administration	\$ 4,328,150	\$ 4,189,836	\$ 5,134,710	\$ 8,541,446	66.35%	\$ 10,641,446	24.59%
GRF	600-421	Office of Family Stability	\$ 4,094,307	\$ 4,055,431	\$ 4,864,932	\$ 4,614,932	-5.14%	\$ 4,614,932	0.00%
GRF	600-422	Local Operations	\$ 2,158,104	\$ 140	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	600-423	Office of Children and Families	\$ 4,917,848	\$ 4,817,485	\$ 5,431,690	\$ 5,650,000	4.02%	\$ 5,900,000	4.42%
GRF	600-424	Office of Workforce Development	\$ 259,870	\$ 1,718	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	600-425	Office of Ohio Health Plans	\$ 36,421,778	\$ 40,683,091	\$ 53,866,233	\$ 45,824,848	-14.93%	\$ 45,918,368	0.20%
GRF	600-435	Unemployment Compensation Review Committee	\$ 3,197,622	\$ 3,044	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	600-439	Commission to Reform Medicaid	\$ 131,614	\$ 43,780	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	600-440	Ohio's Best Rx Start Up Costs	\$ 742,562	\$ 971,616	\$ 8,015,612	\$ 0	-100.00%	\$ 0	N/A
GRF	600-502	Administration-Local	\$ 16,788,614	\$ 16,814,102	\$ 16,814,103	\$ 34,014,103	102.30%	\$ 34,014,103	0.00%
GRF	600-511	Disability Financial Assistance	\$ 23,068,540	\$ 21,658,726	\$ 22,839,371	\$ 22,128,480	-3.11%	\$ 25,335,908	14.49%
GRF	600-512	Non-TANF Disaster Assistance	---	\$ 3,000,000	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
GRF	600-513	Disability Medical Assistance	---	\$ 27,532,714	\$ 26,466,950	\$ 0	-100.00%	\$ 0	N/A
GRF	600-521	Entitlement Administration-Local	\$ 55,523,338	\$ 123,770,007	\$ 151,206,401	\$ 130,000,000	-14.02%	\$ 130,000,000	0.00%
GRF	600-523	Children and Families Services	\$ 70,579,591	\$ 67,797,879	\$ 69,438,543	\$ 78,115,135	12.50%	\$ 78,115,135	0.00%
GRF	600-525	Health Care/Medicaid	\$ 9,446,177,653	\$ 9,143,137,516	\$ 9,502,753,939	\$ 8,545,154,569	-10.08%	\$ 9,340,588,201	9.31%
GRF	600-526	Medicare Part D	---	\$ 89,973,932	\$ 339,578,325	\$ 254,397,401	-25.08%	\$ 271,854,640	6.86%
GRF	600-528	Adoption Services	\$ 65,552,070	\$ 70,432,889	\$ 78,538,615	\$ 78,824,509	0.36%	\$ 93,174,366	18.20%
GRF	600-529	Capital Compensation Program	---	---	\$ 10,000,000	\$ 7,000,000	-30.00%	\$ 0	-100.00%
GRF	600-534	Adult Protective Services	---	---	---	\$ 500,000	N/A	\$ 500,000	0.00%
General Revenue Fund Total			\$ 10,269,856,992	\$ 10,166,442,898	\$ 10,880,877,212	\$ 9,767,623,445	-10.23%	\$ 10,596,869,556	8.49%
4A8	600-658	Child Support Collections	\$ 23,702,014	\$ 23,508,044	\$ 26,680,794	\$ 26,680,794	0.00%	\$ 26,680,794	0.00%
4R4	600-665	BCII Services/Fees	\$ 6,042	\$ 5,201	\$ 36,974	\$ 36,974	0.00%	\$ 36,974	0.00%
5BG	600-653	Managed Care Assessment	---	\$ 18,224,884	\$ 99,410,121	\$ 210,655,034	111.91%	\$ 222,667,304	5.70%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
JFS Job and Family Services, Department of									
5C9	600-671	Medicaid Program Support	\$ 57,206,108	\$ 71,462,972	\$ 63,947,536	\$ 80,120,048	25.29%	\$ 80,120,048	0.00%
5DL	600-639	Medicaid Revenue and Collections	----	----	\$ 56,927,358	\$ 51,966,785	-8.71%	\$ 56,296,844	8.33%
5N1	600-677	County Technologies	\$ 393,728	\$ 227,535	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
5P5	600-692	Health Care Services	\$ 541,958,429	\$ 781,988,116	\$ 179,307,452	\$ 93,000,000	-48.13%	\$ 62,000,000	-33.33%
613	600-645	Training Activities	\$ 164,072	\$ 13,235	\$ 135,000	\$ 135,000	0.00%	\$ 135,000	0.00%
General Services Fund Group Total			\$ 623,430,393	\$ 895,429,986	\$ 427,445,235	\$ 463,594,635	8.46%	\$ 448,936,964	-3.16%
316	600-602	State and Local Training	\$ 984,861	\$ 290,779	\$ 0	\$ 0	N/A	\$ 0	N/A
327	600-606	Child Welfare	\$ 14,598,059	\$ 30,195,436	\$ 33,090,786	\$ 48,514,502	46.61%	\$ 47,947,309	-1.17%
331	600-686	Federal Operating	\$ 39,561,687	\$ 38,377,468	\$ 44,929,545	\$ 53,963,318	20.11%	\$ 56,263,225	4.26%
365	600-681	JOB Training Program	\$ 23,334	----	\$ 0	\$ 0	N/A	\$ 0	N/A
384	600-610	Food Stamps and State Administration	\$ 119,103,381	\$ 127,754,385	\$ 181,250,799	\$ 160,237,060	-11.59%	\$ 153,147,118	-4.42%
385	600-614	Refugee Services	\$ 5,242,482	\$ 6,095,912	\$ 6,542,439	\$ 10,196,547	55.85%	\$ 11,057,826	8.45%
395	600-616	Special Activities/Child and Family Services	\$ 3,068,490	\$ 2,492,363	\$ 4,564,877	\$ 5,723,131	25.37%	\$ 5,717,151	-0.10%
396	600-620	Social Services Block Grant	\$ 72,987,850	\$ 110,656,099	\$ 123,705,573	\$ 114,479,464	-7.46%	\$ 114,474,085	0.00%
396	600-651	Second Harvest Food Banks	----	----	----	\$ 5,500,000	N/A	\$ 5,500,000	0.00%
397	600-626	Child Support	\$ 232,012,110	\$ 234,906,550	\$ 287,468,576	\$ 303,661,307	5.63%	\$ 303,538,962	-0.04%
398	600-627	Adoption Maintenance/Administration	\$ 220,890,201	\$ 223,865,145	\$ 314,639,519	\$ 318,172,168	1.12%	\$ 317,483,676	-0.22%
3A2	600-641	Emergency Food Distribution	\$ 2,701,662	\$ 2,425,279	\$ 3,000,000	\$ 2,900,000	-3.33%	\$ 3,500,000	20.69%
3AW	600-675	Faith Based Initiatives	\$ 361,574	\$ 914,242	\$ 1,934,140	\$ 1,000,000	-48.30%	\$ 1,000,000	0.00%
3D3	600-648	Children's Trust Fund Federal	\$ 22,511	\$ 1,542,862	\$ 2,040,524	\$ 2,040,524	0.00%	\$ 2,040,524	0.00%
3F0	600-623	Health Care Federal	\$ 403,047,748	\$ 514,619,836	\$ 1,119,728,886	\$ 1,209,188,383	7.99%	\$ 1,211,196,561	0.17%
3F0	600-635	Children's Hospitals - Federal	----	\$ 4,459,022	\$ 9,000,000	\$ 0	-100.00%	\$ 0	N/A
3F0	600-650	Hospital Care Assurance Match	\$ 328,502,069	\$ 327,976,613	\$ 343,239,047	\$ 343,239,047	0.00%	\$ 343,239,047	0.00%
3G5	600-655	Interagency Reimbursement	\$ 1,198,945,148	\$ 1,196,206,073	\$ 1,426,954,440	\$ 1,469,763,073	3.00%	\$ 1,513,855,965	3.00%
3H7	600-617	Child Care Federal	\$ 169,493,158	\$ 197,593,939	\$ 208,000,001	\$ 207,269,463	-0.35%	\$ 200,167,593	-3.43%
3N0	600-628	IV-E Foster Care Maintenance	\$ 120,642,812	\$ 109,079,847	\$ 153,963,142	\$ 153,963,142	0.00%	\$ 153,963,142	0.00%
3S5	600-622	Child Support Projects	\$ 288,244	\$ 206,701	\$ 534,050	\$ 534,050	0.00%	\$ 534,050	0.00%
3V0	600-662	WIA Ohio Option #7	\$ 3,231,612	----	\$ 0	\$ 0	N/A	\$ 0	N/A
3V0	600-688	Workforce Investment Act	\$ 129,841,575	\$ 146,644,402	\$ 208,097,948	\$ 232,568,453	11.76%	\$ 233,082,144	0.22%
3V4	600-678	Federal Unemployment Programs	\$ 145,191,484	\$ 135,157,841	\$ 157,202,750	\$ 147,411,858	-6.23%	\$ 152,843,414	3.68%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
JFS Job and Family Services, Department of									
3V4	600-679	Unemployment Compensation Review Commission - Federal	\$ 2,445,009	\$ 2,435,220	\$ 3,800,573	\$ 3,092,890	-18.62%	\$ 3,191,862	3.20%
3V6	600-689	TANF Block Grant	\$ 574,957,671	\$ 746,384,903	\$ 1,027,739,200	\$ 1,037,739,200	0.97%	\$ 1,085,861,099	4.64%
3W3	600-659	TANF/ Title XX Transfer	\$ 47,985,431	\$ 10,449,489	\$ 12,372,173	\$ 10,081,377	-18.52%	\$ 6,672,366	-33.81%
Federal Special Revenue Fund Group Total			\$ 3,836,130,162	\$ 4,170,730,406	\$ 5,673,798,988	\$ 5,841,238,957	2.95%	\$ 5,926,277,119	1.46%
198	600-647	Children's Trust Fund	\$ 4,396,536	\$ 4,384,189	\$ 6,788,522	\$ 6,788,522	0.00%	\$ 6,788,522	0.00%
4A9	600-607	Unemployment Compensation Admin Fund	\$ 124,746	\$ 1,898,901	\$ 10,811,527	\$ 12,273,062	13.52%	\$ 12,188,996	-0.68%
4A9	600-694	Unemployment Comp Review Comm	----	\$ 2,894,987	\$ 3,188,473	\$ 1,726,938	-45.84%	\$ 1,811,004	4.87%
4E3	600-605	Nursing Home Assessments	\$ 611,301	\$ 1,151,042	\$ 4,759,914	\$ 4,759,914	0.00%	\$ 4,759,914	0.00%
4E7	600-604	Child and Family Services Collections	\$ 51,935	\$ 408,607	\$ 300,000	\$ 300,000	0.00%	\$ 300,000	0.00%
4F1	600-609	Foundation Grants/Child & Family Services	----	----	\$ 61,420	\$ 0	-100.00%	\$ 0	N/A
4J5	600-613	Nursing Facility Bed Assessments	\$ 34,044,246	\$ 34,185,096	\$ 34,613,984	\$ 34,613,984	0.00%	\$ 34,613,984	0.00%
4J5	600-618	Residential State Supplement Payments	\$ 10,406,875	\$ 9,856,290	\$ 15,700,000	\$ 15,700,000	0.00%	\$ 15,700,000	0.00%
4K1	600-621	ICF/MR Bed Assessments	\$ 19,399,403	\$ 19,393,464	\$ 20,064,131	\$ 19,332,437	-3.65%	\$ 19,332,437	0.00%
4R3	600-687	Banking Fees	\$ 364,539	\$ 357,825	\$ 800,000	\$ 800,000	0.00%	\$ 800,000	0.00%
4Z1	600-625	Healthcare Compliance	\$ 206,543	\$ 90,216	\$ 10,000,000	\$ 10,000,000	0.00%	\$ 10,000,000	0.00%
5A5	600-685	Unemployment Benefit Automation	\$ 10,594,384	\$ 1,059,145	\$ 0	\$ 0	N/A	\$ 0	N/A
5AA	600-673	Ohio's Best Rx Administration	----	----	\$ 5,000,000	\$ 0	-100.00%	\$ 0	N/A
5AX	600-697	Public Assistance Reconciliation	\$ 133,000,000	\$ 42,043,374	\$ 0	\$ 0	N/A	\$ 0	N/A
5BE	600-693	Child Support Operating	----	\$ 1,487,538	\$ 5,000,000	\$ 0	-100.00%	\$ 0	N/A
5CR	600-636	Children's Hospitals - State	----	\$ 3,000,000	\$ 6,000,000	\$ 0	-100.00%	\$ 0	N/A
5DB	600-637	Military Injury Grants	----	----	\$ 0	\$ 2,000,000	N/A	\$ 2,000,000	0.00%
5ES	600-630	Food Assistance	----	----	----	\$ 500,000	N/A	\$ 500,000	0.00%
5F2	600-667	Building Consolidation	\$ 178,138	\$ 117,500	\$ 250,000	\$ 250,000	0.00%	\$ 250,000	0.00%
5F3	600-668	Building Consolidation	\$ 1,899,460	\$ 1,941,102	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
5Q9	600-619	Supplemental Inpatient Hospital Payments	\$ 40,105,285	\$ 37,028,322	\$ 56,125,998	\$ 56,125,998	0.00%	\$ 56,125,998	0.00%
5R2	600-608	Medicaid-Nursing Facilities	\$ 105,470,419	\$ 150,269,661	\$ 176,632,090	\$ 175,000,000	-0.92%	\$ 175,000,000	0.00%
5S3	600-629	MR/DD Medicaid Administration and Oversight	\$ 204,859	\$ 568,267	\$ 1,620,960	\$ 1,620,960	0.00%	\$ 1,620,960	0.00%
5T2	600-652	Child Support Special Payment	\$ 13,200	\$ 1,061	\$ 148,628	\$ 0	-100.00%	\$ 0	N/A
5U3	600-654	Health Care Services Administration	\$ 2,833,762	\$ 2,966,064	\$ 5,454,637	\$ 9,867,284	80.90%	\$ 12,000,349	21.62%
5U6	600-663	Children and Family Support	\$ 2,954,026	\$ 2,836,036	\$ 4,929,717	\$ 4,928,718	-0.02%	\$ 4,928,718	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
JFS Job and Family Services, Department of									
525	600-664	Health Care Grants	\$ 2,221	---	\$ 0	\$ 0	N/A	\$ 0	N/A
529	600-672	TANF Quality Control Reinvestments	\$ 404,348	\$ 377,319	\$ 688,421	\$ 520,971	-24.32%	\$ 546,254	4.85%
651	600-649	Hospital Care Assurance Program Fund	\$ 226,156,258	\$ 221,606,986	\$ 231,893,404	\$ 231,893,404	0.00%	\$ 231,893,404	0.00%
State Special Revenue Fund Group Total			\$ 593,422,483	\$ 539,922,992	\$ 601,831,826	\$ 590,002,192	-1.97%	\$ 592,160,540	0.37%
192	600-646	Support Intercept-Federal	\$ 88,225,050	\$ 90,174,722	\$ 110,000,000	\$ 110,000,000	0.00%	\$ 110,000,000	0.00%
583	600-642	Support Intercept-State	\$ 10,577,236	\$ 12,378,458	\$ 16,000,000	\$ 16,000,000	0.00%	\$ 16,000,000	0.00%
5B6	600-601	Food Stamp Intercept	\$ 1,533,697	\$ 1,748,932	\$ 2,000,000	\$ 2,000,000	0.00%	\$ 2,000,000	0.00%
Agency Fund Group Total			\$ 100,335,982	\$ 104,302,112	\$ 128,000,000	\$ 128,000,000	0.00%	\$ 128,000,000	0.00%
R12	600-643	Refunds and Audit Settlements	\$ 1,336,265	\$ 2,193,433	\$ 3,600,000	\$ 3,600,000	0.00%	\$ 3,600,000	0.00%
R13	600-644	Forgery Collections	---	---	\$ 10,000	\$ 10,000	0.00%	\$ 10,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 1,336,265	\$ 2,193,433	\$ 3,610,000	\$ 3,610,000	0.00%	\$ 3,610,000	0.00%
Job and Family Services, Department of Total			\$ 15,424,512,277	\$ 15,879,021,827	\$ 17,715,563,261	\$ 16,794,069,229	-5.20%	\$ 17,695,854,179	5.37%

Department of Mental Health

Deauna Hale, Budget Analyst

- Medicaid appropriations increased by \$22.6 million in FY 2008 and \$38.6 million in FY 2009
- The Department will perform an internal review to identify duplicative processes and increase efficiency initiatives through early childhood initiatives

OVERVIEW

The Ohio Department of Mental Health (ODMH) is a cabinet-level agency responsible for ensuring that quality mental health services are available in all communities in Ohio. The Department employs approximately 2,100 staff members. Since the passage of the Mental Health Act of 1988, Ohio successfully transitioned to a state-managed, locally administered mental health system.

Duties and Responsibilities

The Department works with local mental health boards to ensure the provision of mental health services. Ohio has 45 community Alcohol, Drug Addiction, and Mental Health Services Boards (ADAMHS) and five Community Mental Health Services (CMH) boards serving all 88 counties. The boards are responsible for planning, funding, monitoring, and evaluating the service delivery system within their geographic areas. The local boards contract with local service providers to deliver mental health services in the community.

Integrated Behavioral Healthcare System (IBHS)

The Mental Health Act of 1988 created a paradigm shift in how public mental health services are funded, planned, and provided. It also changed the nature of the relationships between the Department, state-operated hospitals, local boards, and community service providers. Since the enactment of the Mental Health Act of 1988, the Department closed several state hospitals. The average daily resident population at state psychiatric hospitals decreased from 3,147 in FY 1990 to 1,048 in FY 2006. Since 1990, the Department reduced its hospital workforce by more than 3,000 positions and consolidated its nine inpatient facilities under the management of five Integrated Behavioral Healthcare Organizations (BHOs), or state hospitals.

In the last six years, the patient profile changed significantly. Public bed capacity and the average daily population increased 10% since FY 2001 and the number of admissions is up 14%. The trend for hospital admissions is more short-term stabilization (less than ten days) for acute mental illnesses than long-term stays, which includes the shift in civil needs from long-term services towards short-term more acute and intensive care. The median length of stay for civil patients is now 12 days. The forensic population increased by 13% since FY 2001 and now accounts for 49% of all patients served.

As a result of increased short-term admissions, more acute care patients, and an increased forensic population, the hospital system raised staffing standards to include required, yet more expensive, clinical and special services staff. Staffing costs are one of the primary factors affecting hospital expenditures. The cost to maintain qualified staff continues to rise. One such cost is reflected in the ability to recruit and retain medical staff in a competitive environment.

Most of the hospital operating expenditures are paid for out of the Department's General Revenue Fund (GRF) line item 334-408, Hospital and Community Mental Health Services. This line item supports the nine inpatient facilities and community-based services at seven of these sites. In addition, the line item provides funding to the 50 ADAMHS/CMH boards. The budget maintains current inpatient capacity, patient safety, and sufficient staffing to operate 49 hospital units for the inpatient system and provides essential community mental health services. The \$2.25 million increase in GRF line item 335-505, Local Mental Health Systems of Care, will provide safety net emergency funds to local boards that experience a financial hardship.

Mental Health Transformation State Incentive Grant (TSIG)

The Mental Health Transformation State Incentive Grant (TSIG) program is part of the federal response to the President's New Freedom Commission on Mental Health. President Bush charged the Commission to make recommendations to improve mental health care and overcome health fragmentation in the mental health system. The Commission released its report, *Achieving the Promise: Transforming Mental Health Care in America*, in July 2003.

In October 2005, the Substance Abuse and Mental Health Services Administration (SAMHSA) awarded Ohio a five-year, \$12 million TSIG to enhance system transformation planning. Ohio was one of seven states to receive the grant. Grant funds may only be used for infrastructure changes, such as planning, collaborating, blended funding or developing service concepts, and policies and procedures that support a transformation agenda, not to provide services.

During the first year of the grant, the Department completed a thorough needs assessment and resource inventory (NA/RI) across all state agencies that provide mental health services and supports, and using the information compiled through the NA/RI, developed a statewide Comprehensive Mental Health Plan (CMHP). The goals and strategies in the CMHP address the spectrum of promotion, prevention, early intervention, treatment, and recovery support as well as the needs of all age groups. In 2006, the National Alliance for the Mentally Ill (NAMI) presented the first comprehensive state-by-state analysis of mental health care systems in 15 years. NAMI scored each state on 39 specific criteria. Ohio was one of only five states to receive NAMI's highest rating, one of only two states to receive a 'B' grade, and received the highest numerical rating of all states analyzed. The CMHP is available at www.anewdayohio.org/downloads/cmhp.pdf.

Access to Better Care (ABC)

In October 2003, Governor Taft met with the Family and Children First Cabinet Council and directed detailed planning be carried out as the Access to Better Care (ABC) project "to improve children's behavioral health services." Participants in the plan include the affected state agencies (the departments of Youth Services, Job and Family Services, Alcohol and Drug Addiction Services, and Education), local representatives, and parents. Using existing funds, the Department added a new mental health service, Intensive Home Based Service (IBHS), to the state Medicaid plan. This program combines current services (counseling, case management, day treatment) into a single team-based approach for children who do not require institutional care. The IBHS program utilizes current resources because services are delivered as a "package."

The most urgent and complicated task of the ABC initiative is treating multi-need children, adolescents, and families. Key components of the strategy include family-driven and participative service plans and "wrap-around" service models that seek to eliminate or reduce custody relinquishment and rely on local collaboration to meet family needs. The budget funding level will allow the Department to allocate funds to ADAMHS/CMH boards in partnership with local Family and Children First (FCF)

Councils to provide wraparound services through base transformation and incentive funding. In addition, the Department will be able to continue and expand the six current Behavioral Health Juvenile Justice pilots.

Medicaid Strain on Local System Resources

During the past five years, the number of Medicaid-eligible consumers receiving community mental health services increased an average of 7% per year. Community mental health Medicaid expenditures reached \$250 million in FY 2006, a 1990 real dollars increase of approximately 63% more than FY 1990 expenditures of approximately \$60 million. Based on the Department's analysis, Medicaid match is projected to increase 5% in FY 2008 and 6% in FY 2009 above estimated FY 2007 levels. In some counties, the Medicaid match requirement is leading local systems into deficit spending.

Vetoed Provisions

Behavioral Health Pilot. The bill created a Behavioral Health Pilot program. According to the Governor's message, the Governor vetoed this provision because the "language does not fully recognize the need to coordinate care across all payer sources, including local, state, federal, and private." The Governor also stated that this provision does not focus on maintaining integration within the state's broader healthcare system.

Auditor of State Performance Audit. The Governor vetoed the provision requiring the Auditor of State to complete a performance audit on the Department. The provision required the Department to fund the formal audit without additional appropriation to pay for it. In the Governor's veto message, he stated the audit performed by the Auditor of State is duplicative of the internal review required in the budget act.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3,017	\$1.15 billion	\$1.20 billion	\$580.66 million	\$578.03 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Mental Health as of June 2007.

ANALYSIS OF THE BUDGET

Program Series

1: Hospital and Community Services

Purpose: Hospital and Community Services support two systems that are linked in providing complete care for persons with severe and persistent mental illness, the inpatient system, and the community mental health system.

The following table shows the line items that are used to fund Hospital and Community Services, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	334-408	Community and Hospital MH Services	\$400,324,545	\$400,324,545
GRF	334-410	System Reform	\$0	\$5,000,000
GRF	334-506	Court Costs	\$976,652	\$976,652
GRF	335-404	Behavioral Health Services – Children	\$8,076,153	\$8,711,153
GRF	335-405	Family and Children First	\$2,260,000	\$2,260,000
GRF	335-505	Local MH Systems of Care	\$104,187,868	104,187,868
GRF	335-419	Community Medication Subsidy	\$9,959,798	\$9,959,798
GRF	332-401	Forensic Services	\$4,338,858	\$4,338,858
General Revenue Fund Subtotal			\$530,123,874	\$535,758,874
State Special Revenue Fund				
232	333-621	Family and Children First	\$625,000	\$625,000
485	334-632	Mental Health Operating	\$3,100,000	\$3,100,000
5AU	335-615	Behavioral Healthcare	\$6,690,000	\$6,690,000
5CH	335-622	Residential Support Service	\$1,500,000	\$1,500,000
632	335-616	Community Capital Replacement	\$350,000	\$350,000
692	334-636	Community MH Board Risk Fund	\$80,000	\$80,000
State Special Revenue Fund Subtotal			\$12,345,000	\$12,345,000
General Services Fund				
149	334-609	Hospital Rotary – Operating Expenses	\$33,800,000	\$33,800,000
150	334-620	Special Education	\$120,930	\$120,930
4P9	335-604	Community Mental Health Projects	\$250,000	\$250,000
General Services Fund Subtotal			\$34,170,930	\$34,170,930
Federal Special Revenue Fund				
3A6	333-608	Community and Hospital Services	\$140,000	\$140,000
3A7	333-612	Social Services Block Grant	\$25,000	\$25,000
3A6	334-608	Federal Letter of Credit	\$586,224	\$586,224
3A8	334-613	Federal Letter of Credit for Human Services	\$200,000	\$200,000
3B0	334-617	Elementary and Secondary Education	\$182,334	\$182,334
3B1	334-635	Hospital Medicaid Expansion	\$2,000,000	\$2,000,000
324	334-605	Medicaid/Medicare	\$34,500,000	\$50,500,000
3A6	335-608	Federal Miscellaneous	\$2,178,699	\$2,178,699
3A7	335-612	Social Services Block Grant	\$8,657,288	\$8,657,288

Fund	ALI	Title	FY 2008	FY 2009
3A8	335-613	Fed Grant – Community MH Subsidy	\$2,595,040	\$2,595,040
3A9	335-614	Mental Health Block Grant	\$14,969,400	\$14,969,400
3B1	335-635	Community Medicaid Expansion	\$299,614,455	\$316,699,716
Federal Special Revenue Fund Subtotal			\$365,648,440	\$398,733,701
Total Funding: Hospital and Community Services			\$942,288,244	\$981,008,505

This analysis focuses on the following specific programs within the Hospital and Community program series:

- **Program 1.01: 408 Hospital and Community**
- **Program 1.02: Community Distribution**
- **Program 1.03: Community Medication Program**
- **Program 1.04: Community Medicaid Program**
- **Program 1.05: Forensic Services**
- **Program 1.06: Family and Children First Council**
- **Program 1.07: Behavioral Healthcare Services for Children**

408 Hospital and Community

Program Description: Line item 334-408, Community and Hospital Mental Health Services, supports two systems that are linked in providing complete care for persons with severe and persistent mental illness. The inpatient system, known as the Integrated Behavioral Healthcare System (IBHS), is made up of five regional Behavioral Healthcare Organizations (BHOs) at nine inpatient sites located throughout the state.

Implication of the Budget: Funding totaling \$475 million for FY 2008 and \$496 million for FY 2009 in GRF line item 334-408, Community and Hospital Mental Health Services, will allow the Department to maintain current capacity, patient safety, and sufficient staffing to operate 49 hospital units for the inpatient system. To avoid increasing hospital rates to cover inflationary increases and stabilize civil bed-day per diem costs, the Department will continue current hospital rates in the next biennium. The appropriation in line item 334-609, Hospital Operating Expenses, will allow the Department to utilize reserve funds acquired in the past biennium through financial efficiencies and Medicare rate restructuring to absorb increases in the IBHS. The budget also increases line item 334-605, Medicaid/Medicare, (Fund 324) by \$22.3 million in FY 2008 and \$38.3 million in FY 2009 to cover service expansion. The budget requires an internal review process. Any savings identified through the internal review process will be distributed to the local boards for community-based care.

Community Distribution

Program Description: The largest line item in this program, 335-505, Local Mental Health Systems of Care, is distributed by the Department to the ADAMHS/CMH boards to provide an integrated system of mental health care that meets locally determined mental health needs. Boards spend moneys in line item 335-505, Local Mental Health Systems of Care, for operating and service expenditures consistent with their Community Plan/Mutual System Performance Agreement approved by the Department.

Line item, 335-612, Social Services Block Grant – Community, contains Title XX grants that support social service programs. These dollars are disbursed to ADAMHS/CMH boards via an annual

subgrant. The boards, in turn, distribute funds to local agencies to provide services to persons suffering from mental illness.

Line item 335-614, Mental Health Block Grant – Community, is used to support community mental health centers.

Line item 334-506, Court Costs, funds a reimbursement program through which the Department reimburses certain county probate court costs in accordance with section 5122.43 of the Revised Code for commitment hearings for persons that are mentally ill. Reimbursable court costs include fees or expenses for police, sheriff, physician, witness, transportation, conveyance assistant, attorney, referee, reporter, and court costs.

Implication of the Budget: The budget increases GRF line item 335-505, Local Mental Health Systems of Care, by \$2.25 million in both fiscal years. The \$2.25 million increase will provide safety net emergency funds to local boards that experience a financial hardship.

In line item 335-615, Behavioral Healthcare (Fund 5AU), the Department anticipates receiving an additional \$2 million in both fiscal years for the Family and System Team (FAST) allocation from the ODJFS Title IVB Part 2 dollars.

Community Medication Program

Program Description: Central Pharmacy Outpatient supplies psychotropic medications to reduce unnecessary hospitalization due to lack of medication and improve overall quality of life. Patients are treated through contracted community mental health centers or inmates through county detention facilities. Central Pharmacy operates as a mail order style pharmacy with the goal of getting the right medication to the right patient at the right time and price. The local boards receive some state subsidy support for the Central Pharmacy program. However, the funding is limited and if exceeded, the local board reimburses the Department.

Implication of the Budget: The budget increases GRF line item 335-419, Community Medication Subsidy, by \$2 million in both fiscal years, all of which will be distributed to local boards based on a subsidy allocation formula. At this level, the Department will be able to provide medication to clients in the most urgent need.

Community Medicaid Program

Program Description: These funds reflect the federal financial participation (FFP) for the community mental health Medicaid program. Covered community Medicaid services include: diagnostic assessment, partial hospitalization, crisis intervention, counseling and psychotherapy, medication somatic services, and the community support program.

Implication of the Budget: The appropriation in line item 335-635, Community Medicaid Expansion, represents the FFP amounts that are estimated to be received in FY 2008 and FY 2009, respectively. The non-federal share of Community Medicaid is paid with local resources, namely a mix of GRF and local levy dollars, but varies by board area.

Forensic Services

Program Description: The Forensic Services program provides the following services.

Forensic and second opinion evaluations through Community Forensic Psychiatry Centers.

The Department is required to fund evaluations for those persons who are pending adjudication to determine their competency to stand trial and/or to determine sanity.

Mental Health Diversion/Reentry Alternatives to Jails and Prisons. These community-based programs at the local level are aimed at serving mentally ill and mentally ill/substance abusing persons involved in the criminal justice system through the provision of diversion alternatives and programs geared at successful reentry into the community.

Community Forensic Monitoring. The Department, in conjunction with the CMH boards, is required to operate a uniform tracking and monitoring program to serve persons on conditional release found Not Guilty by Reason of Insanity and Incompetent to Stand Trial-Unrestorable held under criminal court jurisdiction.

Forensic Fellowship Program. Training for two forensic psychiatrists is funded at the University of Cincinnati and Case Western Reserve University.

Implication of the Budget: In FYs 2008 and 2009, Forensic Services received flat funding, allowing the Department to continue current services as mentioned above.

Family and Children First Council

Program Description: The Family and Children First Council is a partnership of government agencies and community organizations committed to improving the well being of children and families. The Ohio Family and Children First Cabinet Council is composed of the Superintendent of Public Instruction and the directors of the departments of Youth Services, Job and Family Services, Mental Health, Alcohol and Drug Addiction Services, and Mental Retardation and Developmental Disabilities. Along with its local partners, the Council is charged with streamlining and coordinating existing governmental services for families seeking assistance for their children. The primary focus of Family and Children First is low-income, at-risk, and multi-needs children and families.

Implication of the Budget: The budget funding level allows the Department to maintain current service levels. Funding for this line item provides \$20,000 per county to help maintain the local council infrastructure. In addition, this program also provides technical assistance for the state cabinet council and local councils. Sub. H.B. 289 of the 126th General Assembly established new duties for the Ohio Family and Children First Cabinet Council and county family and children first councils. The budget does not provide for additional funds to cover the costs of the additional duties.

Behavioral Healthcare Services for Children

Program Description: Also known as Access to Better Care (ABC), this program is a major children's initiative developed to respond to the growing realization that under-serving children with alcohol, drug, and/or mental health service needs result in increased costs in other areas. This program builds on the behavioral health system of the Alcohol, Drug Addiction, and Mental Health Services, Community Mental Health, and Alcohol and Drug Addiction Services boards and their provider networks to provide a supportive leadership role for Family and Children First Councils (FCF) and their member agencies to better address the needs of children with mental health and substance use issues across the developmental spectrum and across the many settings where these children need or receive care.

Implication of the Budget: The budget allows the Department to maintain current service levels. The appropriated amount exceeds FY 2007 estimated levels by \$622,500 in FY 2008 and \$635,000 in FY 2009. This program allocates funds to ADAMHS/CMH boards in partnership with local FCF Councils to collaborate on a local wraparound process for children, youth, and families through both base transformation and incentive funding. The budget also allows the Department to continue and expand the six current Behavioral Health Juvenile Justice pilots, serving more than 600 serious juvenile offenders with serious behavioral health needs. In addition to the above services, the Department will be able to support an evaluation conducted by Kent State University's Institute for the Study of Prevention and Violence.

Program Series

2: Office of Support Services

Purpose: To provide ancillary services to state facilities, as well as select community agencies.

The following table shows the line item that is used to fund the Office of Support Services, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
151	336-601	General Administration	\$134,060,000	\$148,998,000
General Services Fund Subtotal			\$134,060,000	\$148,998,000
Total Funding: Office of Support Services			\$134,060,000	\$148,998,000

Office of Support Services

Program Description: The Office of Support Services (OSS) captures economies of scale by purchasing raw and prepared bulk food items, wholesale pharmaceuticals, pharmacy dispensing, and transportation services on behalf of state facilities and select community agencies. Consultation in the areas of dietary training, cycle menu planning, pharmacy standards, and drug information service is also available. The Office of Support Services receives revenue to operate by billing state departments and agencies for its services; participating state agencies include the departments of Rehabilitation and Correction, Youth Services, and Mental Retardation and Developmental Disabilities.

During the past four years, OSS experienced sales growth from \$84 million to more than \$109 million. This is primarily due to an increase in the use of new drugs, cost increases for older drugs, and the appeal of the purchasing power of OSS to an increasing number of eligible nonprofit state and community agencies.

Implication of the Budget: The budget grants the Department's request for spending authority for the Office of Support Services. Growth in OSS expenditures are expected to exceed FY 2007 estimates by \$35.5 million (37.8%) in FY 2008 and \$44.5 million (47.4%) in FY 2009.

Program Series**3: Oversight and Quality**

Purpose: To provide oversight and quality controls for the Integrated Behavioral Healthcare System (IBHS) including hospital chief clinical officers, as well as program and policy development for 50 community mental health (CMH) boards.

The following table shows the line items that are used to fund the Oversight and Quality program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	333-321	Central Administration	\$4,683,719	\$4,683,719
GRF	333-402	Resident Trainees	\$1,364,919	\$1,364,919
General Revenue Fund Subtotal			\$6,048,638	\$6,048,638
General Services Fund				
149	333-609	Central Office Operating	\$161,865	\$161,865
General Services Fund Subtotal			\$161,865	\$161,865
Federal Special Revenue Fund				
3A8	333-613	Federal Grant – Administration	\$4,888,105	\$4,888,105
3B1	333-635	Community Medicaid Expansion	\$126,768	\$126,768
3A9	333-614	Mental Health Block Grant – Administration	\$248,000	\$248,000
Federal Special Revenue Fund Subtotal			\$5,262,873	\$5,262,873
Total Funding: Oversight and Quality			\$11,473,376	\$11,473,376

This analysis focuses on the following specific programs within the program series:

- **Program 3.01: Medical Director and Quality Assurance**
- **Program 3.02: Integrated Behavioral Healthcare System Oversight (IBHS)**
- **Program 3.03: Program and Policy Development**

Medical Director and Quality Assurance

Program Description: The Medical Director is responsible for decisions relating to medical diagnosis, treatment, rehabilitation, and quality assurance. The Office of Quality Assurance exercises clinical supervision of the hospital chief clinical officers, provides clinical oversight of departmental policies, procedures, guidelines, and research projects, and provides oversight of the Department's residency program and best practice initiatives. In addition, the Medical Director is responsible for the clinical aspects of the Department's licensure and certification process for community mental health services.

Implication of the Budget: The budget funding levels for this program will maintain current services for clinical supervision of hospital clinical staff and oversight of department policies and research projects, Ohio colleges and universities to educate mental health professionals, and continued quality improvement practices evidenced by improved reporting mechanisms through the Mental Health Board Clinical Leadership Group.

Integrated Behavioral Healthcare System Oversight (IBHS)

Program Description: The IBHS is composed of a network of five Behavioral Healthcare Organizations (BHOs) having nine inpatient locations and more than 50 community-based programs throughout the state. This program develops, administers, and oversees the administration, budget, and services of the BHOs. The IBHS is organized into four product lines consisting of: Intensive and Specialized Services; Community Support Network; Forensic; and Culture, Family, and Community Services. The program provides support to BHOs through the product line structure to ensure compliance with federal, state, and Joint Commission on Accreditation of Healthcare Organizations (JCAHO) mandates and other accrediting standards.

Implication of the Budget: The budget funding levels for this program maintain current services including staff to support the oversight of inpatient BHOs, JCAHO accreditation, and Medicare certification of state psychiatric hospitals, and quality standards of clinical priorities of patient care.

Program and Policy Development

Program Description: This program provides overall management of the 50 CMH boards and promotes the local development of a comprehensive community support system of mental health services. Currently, five area directors act as liaisons to coordinate the Department's relationship with the boards in five regions within the state. This program is also responsible for Systems Development, Children's Services and Prevention, and Consumer Services.

Implication of the Budget: The budget funding levels for this program maintain current services, including staff and operational needs for the Division of Program and Policy Development, Office of Systems Development, Office of Children's Services and Prevention, and the Office of Consumer Services. In addition, the recommended funding will continue to cover overall management of the 50 community mental health boards.

Program Series**4: Program Management**

Purpose: Provides targeted technical assistance, program development, and clinical expertise in state hospital and community settings

The following table shows the line items that are used to fund the Program Management program series, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	333-321	Central Administration	\$19,170,187	\$19,170,187
GRF	333-403	Pre-Admission Screening Expenses	\$650,135	\$650,135
GRF	333-416	Research Program Evaluation	\$1,001,551	\$1,001,551
General Revenue Fund Subtotal			\$20,821,873	\$20,821,873
State Special Revenue Fund				
4X5	333-607	Behavioral Health Medicaid Services	\$3,000,634	\$3,000,634
485	333-632	Mental Health Operating	\$134,233	\$134,233
5V2	333-611	Non-Federal Grants Administration	\$580,000	\$560,000
State Special Revenue Fund Subtotal			\$3,714,867	\$3,694,867
General Services Fund				
149	333-609	Central Office Operating	\$1,038,135	\$1,038,135
General Services Fund Subtotal			\$1,038,135	\$1,038,135
Federal Special Revenue Fund				
3A9	333-614	Mental Health Block Grant	\$500,470	\$500,470
3B1	333-635	Community Medicaid Expansion	\$13,564,914	\$13,564,914
324	333-605	Medicaid/Medicare	\$154,500	\$154,500
Federal Special Revenue Fund Subtotal			\$14,219,884	\$14,219,884
Total Funding: Program Management			\$39,794,759	\$39,774,759

Program Management

Program Description: This program includes central office staff members who provide technical assistance and support for all components of the mental health system such as boards, agencies, family groups, consumer groups, state and private hospitals as well as oversight of the day-to-day operation of the Department. Offices or subprograms under the areas of central office administration include: the Director's Office, Human Resources, Fiscal Administration, Office of Information Services, Legal Services, Consumer Services, Licensure and Certification, Capital Development, Program Evaluation and Research, and Office of Forensic Services.

Implication of the Budget: The budget will maintain current services including staff and operational requirements of the central office needed for budget control and coordination, human resources administration, oversight of Medicaid mental health services, research and program evaluation, facility planning and management, information systems, and legal/regulatory services. The appropriations for line item 333-611, Non-Federal Grants Administration, includes a grant the Department received from the Tobacco Use and Prevention Foundation for \$500,000 in each fiscal year. The appropriation increase allows the Department more flexibility in maintaining service levels during the upcoming biennium. During the past five years, the number of Medicaid-eligible consumers receiving

community Medicaid mental health services increased approximately 7% per year. The increased growth requires additional spending authority to ensure eligible consumers receive entitlement services.

Debt Service

Program Description: This program area reflects payments made by the Department for debt service retirement to the Ohio Public Facilities Commission for mental health facilities.

Implication of the Budget: The budget fully funds Debt Service payments for mental health facilities to the Ohio Public Facilities Commission. The funding level for the biennium is \$3.4 million less than the Department requested due to bonds maturing during the upcoming biennium. As a result, expenditures from GRF line item 333-415, Lease Rental Payments, are reduced.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: *FY 2007 Adj.* *FY 2008* *% Change* *FY 2009* *% Change*
FY 2006: Appropriations: *Appropriations:* *2007 to 2008:* *Appropriations:* *2008 to 2009:*

Report For: Main Operating Appropriations Bill

Version: Enacted

DMH Mental Health, Department of

GRF	332-401	Forensic Services	\$ 4,352,826	\$ 4,319,519	\$ 4,338,858	\$ 4,338,858	0.00%	\$ 4,338,858	0.00%
GRF	333-321	Central Administration	\$ 23,887,793	\$ 23,946,423	\$ 23,853,907	\$ 23,750,000	-0.44%	\$ 23,750,000	0.00%
GRF	333-402	Resident Trainees	\$ 1,180,040	\$ 1,585,070	\$ 1,364,919	\$ 1,364,919	0.00%	\$ 1,364,919	0.00%
GRF	333-403	Pre-Admission Screening Expenses	\$ 650,135	\$ 650,135	\$ 650,135	\$ 650,135	0.00%	\$ 650,135	0.00%
GRF	333-415	Lease Rental Payments	\$ 22,380,819	\$ 22,340,731	\$ 23,833,600	\$ 23,767,400	-0.28%	\$ 20,504,500	-13.73%
GRF	333-416	Research Program Evaluation	\$ 1,001,428	\$ 1,001,551	\$ 1,001,551	\$ 1,001,551	0.00%	\$ 1,001,551	0.00%
GRF	334-408	Community and Hospital Mental Health Services	\$ 386,495,116	\$ 389,904,182	\$ 400,324,545	\$ 400,324,545	0.00%	\$ 400,324,545	0.00%
GRF	334-506	Court Costs	\$ 989,364	\$ 1,024,008	\$ 976,652	\$ 976,652	0.00%	\$ 976,652	0.00%
GRF	335-404	Behavioral Health Services-Children	---	\$ 5,603,426	\$ 7,453,653	\$ 8,076,153	8.35%	\$ 8,711,153	7.86%
GRF	335-405	Family & Children First	---	\$ 2,259,928	\$ 2,260,000	\$ 2,260,000	0.00%	\$ 2,260,000	0.00%
GRF	335-419	Community Medication Subsidy	\$ 7,959,798	\$ 7,959,798	\$ 7,959,798	\$ 9,959,798	25.13%	\$ 9,959,798	0.00%
GRF	335-505	Local MH Systems of Care	\$ 89,441,409	\$ 95,231,237	\$ 99,687,868	\$ 104,187,868	4.51%	\$ 104,187,868	0.00%
General Revenue Fund Total			\$ 538,338,728	\$ 555,826,008	\$ 573,705,486	\$ 580,657,879	1.21%	\$ 578,029,979	-0.45%
149	333-609	Central Office Operating	\$ 760,890	\$ 843,638	\$ 893,786	\$ 1,200,000	34.26%	\$ 1,200,000	0.00%
149	334-609	Hospital Operating Expenses	\$ 15,231,455	\$ 19,136,074	\$ 24,408,053	\$ 33,800,000	38.48%	\$ 33,800,000	0.00%
150	334-620	Special Education	\$ 97,899	\$ 106,254	\$ 120,930	\$ 120,930	0.00%	\$ 120,930	0.00%
151	235-601	Office of Support Services	\$ 85,045,107	\$ 95,360,008	\$ 0	\$ 0	N/A	\$ 0	N/A
151	336-601	Office of Support Services	---	---	\$ 93,898,713	\$ 134,060,000	42.77%	\$ 148,998,000	11.14%
4P9	335-604	Community Mental Health Projects	\$ 30,000	\$ 10,000	\$ 250,000	\$ 250,000	0.00%	\$ 250,000	0.00%
General Services Fund Group Total			\$ 101,165,351	\$ 115,455,974	\$ 119,571,482	\$ 169,430,930	41.70%	\$ 184,368,930	8.82%
324	333-605	Medicaid/Medicare	\$ 97,110	\$ 26,546	\$ 150,000	\$ 154,500	3.00%	\$ 154,500	0.00%
324	334-605	Medicaid/Medicare	\$ 10,388,405	\$ 10,306,215	\$ 11,873,408	\$ 34,500,000	190.57%	\$ 50,500,000	46.38%
3A6	333-608	Federal Miscellaneous Administration	\$ 19,085	\$ 41,224	\$ 55,000	\$ 140,000	154.55%	\$ 140,000	0.00%
3A6	334-608	Federal Miscellaneous	\$ 254,236	\$ 58,903	\$ 586,224	\$ 586,224	0.00%	\$ 586,224	0.00%
3A6	335-608	Federal Miscellaneous	\$ 515,820	\$ 1,608,102	\$ 2,178,699	\$ 2,178,699	0.00%	\$ 2,178,699	0.00%
3A7	333-612	Social Services Block Grant	---	---	\$ 25,000	\$ 25,000	0.00%	\$ 25,000	0.00%
3A7	335-612	Social Services Block Grant	\$ 8,473,650	\$ 8,854,336	\$ 8,657,288	\$ 8,657,288	0.00%	\$ 8,657,288	0.00%
3A8	333-613	Federal Grant-Administration	\$ 176,590	\$ 844,040	\$ 4,888,105	\$ 4,888,105	0.00%	\$ 4,888,105	0.00%
3A8	334-613	Federal Letter of Credit	---	---	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
DMH Mental Health, Department of									
3A8	335-613	Federal Grant - Community Mental Health Board Subsidy	\$ 1,728,940	\$ 2,365,157	\$ 2,407,040	\$ 2,595,040	7.81%	\$ 2,595,040	0.00%
3A9	333-614	Mental Health Block Grant - Administration	\$ 749,177	\$ 727,608	\$ 748,470	\$ 748,470	0.00%	\$ 748,470	0.00%
3A9	335-614	Mental Health Block Grant	\$ 15,183,131	\$ 14,542,504	\$ 14,969,400	\$ 14,969,400	0.00%	\$ 14,969,400	0.00%
3B0	334-617	Adult Basic and Literary Education	\$ 153,664	\$ 145,207	\$ 178,807	\$ 182,334	1.97%	\$ 182,334	0.00%
3B1	333-635	Community Medicaid Expansion	\$ 6,468,207	\$ 8,675,285	\$ 8,691,683	\$ 13,691,682	57.53%	\$ 13,691,682	0.00%
3B1	334-635	Hospital Medicaid Expansion	\$ 320,811	---	\$ 2,000,000	\$ 2,000,000	0.00%	\$ 2,000,000	0.00%
3B1	335-635	Community Medicaid Expansion	\$ 256,470,330	\$ 250,219,361	\$ 282,807,902	\$ 299,614,455	5.94%	\$ 316,699,716	5.70%
Federal Special Revenue Fund Group Total			\$ 300,999,156	\$ 298,414,489	\$ 340,417,026	\$ 385,131,197	13.14%	\$ 418,216,458	8.59%
232	333-621	Family and Children First Administration	---	\$ 524,577	\$ 625,000	\$ 625,000	0.00%	\$ 625,000	0.00%
485	333-632	Mental Health Operating	\$ 8,654	\$ 32,017	\$ 134,233	\$ 134,233	0.00%	\$ 134,233	0.00%
485	334-632	Mental Health Operating	\$ 1,748,114	\$ 2,098,265	\$ 2,476,297	\$ 3,100,000	25.19%	\$ 3,100,000	0.00%
4X5	333-607	Behavioral Health Medicaid Services	\$ 3,638,395	\$ 3,167,891	\$ 3,000,634	\$ 3,000,634	0.00%	\$ 3,000,634	0.00%
5AU	335-615	Behavioral Healthcare	\$ 2,574,110	\$ 5,126,578	\$ 4,690,000	\$ 6,690,000	42.64%	\$ 6,690,000	0.00%
5CH	335-622	Residential Support Service	---	\$ 1,499,960	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
5V2	333-611	Non-Federal Miscellaneous	---	\$ 83,182	\$ 153,200	\$ 580,000	278.59%	\$ 560,000	-3.45%
632	335-616	Community Capital Replacement	\$ 44,540	\$ 479,562	\$ 350,000	\$ 350,000	0.00%	\$ 350,000	0.00%
692	334-636	Community Mental Health Board Risk Fund	---	---	\$ 80,000	\$ 80,000	0.00%	\$ 80,000	0.00%
State Special Revenue Fund Group Total			\$ 8,013,813	\$ 13,012,031	\$ 13,009,364	\$ 16,059,867	23.45%	\$ 16,039,867	-0.12%
Mental Health, Department of Total			\$ 948,517,048	\$ 982,708,501	\$ 1,046,703,358	\$ 1,151,279,873	9.99%	\$ 1,196,655,234	3.94%

Department of Mental Retardation and Developmental Disabilities

- Approximately 31% of the Department's budget is GRF
- More than 15,000 Ohioans receive services through ODMR/DD's waiver programs

Stephanie Suer, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Department of Mental Retardation and Developmental Disabilities (ODMR/DD) is the primary state service agency for Ohioans with mental retardation or other developmental disabilities (mr/dd). The Department's mission is to provide for the ". . . continuous improvement of the quality of life for Ohio's citizens with developmental disabilities and their families." The Director of the Department is appointed by the Governor and oversees more than 3,700 employees and an annual budget of about \$1.2 billion.

The Department provides services to approximately 1,600 individuals at ten regional developmental centers and more than 15,000 people through two home and community-based Medicaid waivers: Individual Options (IO) and Level 1 (L1).

The Department also provides subsidies to Ohio's 88 county boards of mr/dd. County boards provide a variety of community-based services including residential support, early intervention, family support, adult vocational and employment services, and service and support administration. In fiscal year (FY) 2006, approximately 74,500 people received services through county board programs.

The Department's budget is organized into four program series: Community Services, State Operated Services, Central Administration, and Debt Service.

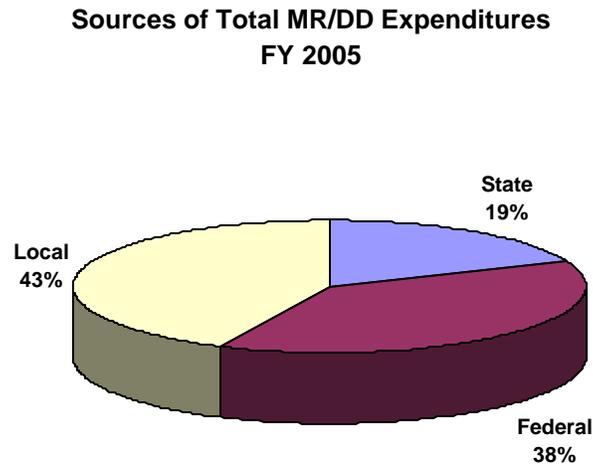
Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3,756	\$1.17 billion	\$1.25 billion	\$369.67 million	\$389.28 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

System Funding

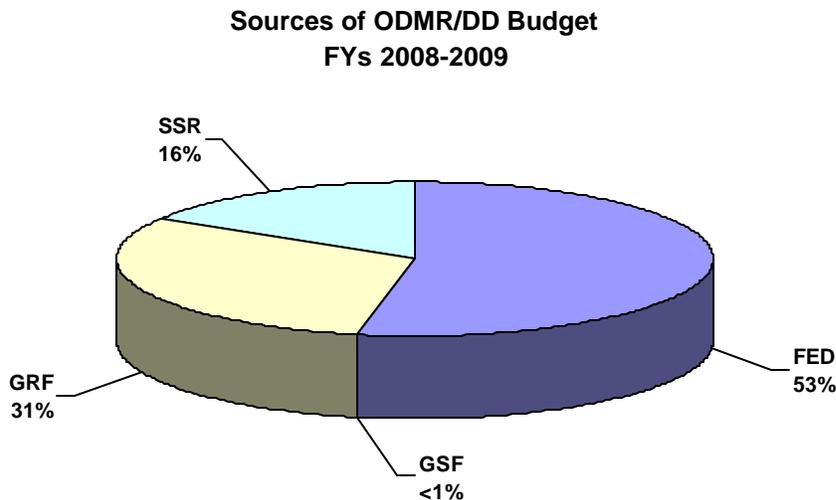
Funding for Ohio mr/dd services comes from a mix of federal, state, and local sources. The following chart highlights the percentage of total ODMR/DD expenditures that come from local, state, and federal sources.



In FY 2008, the enacted budget provides \$1.17 billion for ODMR/DD. In FY 2009, this figure increases to \$1.25 billion.

Sources of ODMR/DD Budget – FYs 2008 - 2009

The chart below illustrates the various funding sources of the Department’s biennial budget.



For FY 2008, GRF appropriations total \$369.7 million, an increase of 4.2% over FY 2007 adjusted appropriations. For FY 2009, GRF appropriations increase by 5.3% to \$389.3 million. In total, GRF funds make up approximately 31% of the Department’s budget. For FY 2008, Federal Special

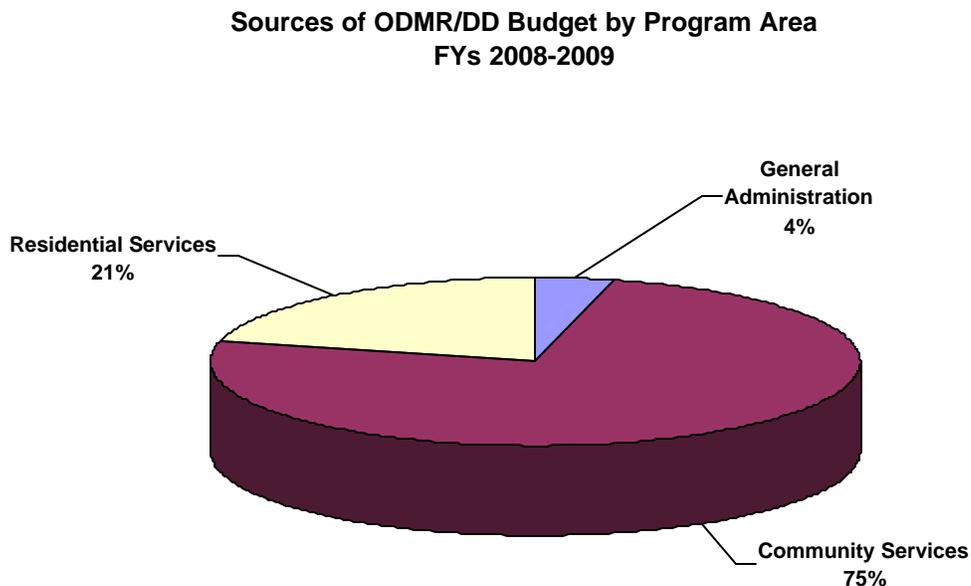
Revenue (FED) appropriations total \$610.8 million, a 10.7% decrease from FY 2007 adjusted appropriations. For FY 2009, federal appropriations total \$658.1 million, an increase of 7.7%. In total, federal funds represent approximately 53% of the Department's budget.

For FY 2008, State Special Revenue (SSR) appropriations total \$192.4 million, an increase of approximately 1% from FY 2007 adjusted appropriations. For FY 2009, SSR appropriations total \$204.3 million, an increase of approximately 6.2% from FY 2008 adjusted appropriations. In total, SSR appropriations represent approximately 16% of the Department's budget.

For FY 2008, General Services Fund (GSF) appropriations total \$1.1 million, a decrease of approximately 19.7% from FY 2007 adjusted appropriations. For FY 2009, GSF appropriations are \$1.0 million. In total, GSF appropriations represent less than 1% of the Department's budget.

Total Budget by Program Area – FYs 2008 - 2009

The Department has three main program areas, as designated by the Office of Budget and Management: Community Services (COM), Residential Services (RES), and General Administration (GEN). The chart below shows the Department's biennial budget by these three program areas.



Budget Issues

Medicaid Redesign

Overview

In July 1999, CMS audited the Residential Facilities Waiver (RFW). The audit concluded that Ohio failed to comply with the Medicaid requirements of statewide access, reasonable access, and comparability of services in their Medicaid waiver program. With the passage of Am. Sub. H.B. 94 and Am. Sub. H.B. 405, both of the 124th General Assembly (FY 2001), reforms of Ohio's mr/dd delivery system began. According to the Department, these changes are necessary to reduce the large residential

services waiting lists, the inequity among county board services, high direct care staff turnover, to increase consumer choice, to comply with Supreme Court decisions (*Olmstead*), and to bring Ohio's mr/dd services in compliance with Medicaid requirements.

One key tenet of these reforms, collectively known as Medicaid Redesign, is predicated on redirecting individuals to Medicaid waivers who receive services paid fully by GRF and/or local levy dollars. The Department refers to this process as "refinancing." Thus, as individuals are moved for services funded solely by state and local dollars (e.g., Supported Living, Family Support Services, etc.) to funding sources that receive federal reimbursement (waiver services), funds are freed (approximately 60% of the costs) and can be used elsewhere in the mr/dd system. The released state and local dollars, then, may be used to expand Medicaid waiver services. The Department views the refinancing reforms as a success, thus far. Between FYs 2002-2006, the number of individuals served by Medicaid waivers has increased by 194%, from 5,278 to 15,541. Additionally, the amount of local resources spent on waivers has increased by 540%, from \$16.4 million to \$104.8 million.

Implications of the Budget

The budget bill includes several provisions concerning Medicaid Redesign.

The bill revises the law governing when a county board of mental retardation and developmental disabilities and ODMR/DD are required to pay the nonfederal share of Medicaid expenditures for home and community-based services provided under an ODMR/DD-administered Medicaid waiver program. The bill also revises the law governing the funds that a county board may use to pay the nonfederal share of such Medicaid expenditures.

In addition, the bill specifies a minimum amount of funds that ODMR/DD must expend, subject to available appropriations, in FY 2009 and thereafter to (1) pay for the nonfederal share of such Medicaid expenditures that ODMR/DD is required to pay and (2) assist county boards in paying the nonfederal share of such expenditures that the county boards are required to pay. ODMR/DD is required to pay these expenditures in the form of allocations to county boards or by other means.

In FY 2008, a county board is required to pay no less than the total amount paid as the nonfederal share for I.O. waiver services provided in FY 2007, but no more than 1% over this amount. In FY 2009, there is no cap on spending. The bill specifies that unless a county board requests an individual to be enrolled on a waiver, then ODMR/DD must pay.

The bill stipulates the minimum number of persons that county boards must ensure are enrolled in ODMR/DD-administered Medicaid waiver programs.

The bill revises current law governing a plan that a county mr/dd board must submit to ODMR/DD for approval to maintain complete Medicaid local administrative authority under the MR/DD Medicaid Redesign in three ways: (1) Reduces from four to three the number of components of the plan by eliminating the component that provides for the recruitment, training, and retention of existing and new direct care staff. (2) Eliminates a requirement that the component regarding implementation of Medicaid case management services and ODMR/DD-administered home and community-based services include an agreement for the county mr/dd board to comply with the method of paying for extraordinary costs and ensuring the availability of adequate funds in the event a county property tax levy for services for individuals with mr/dd fails. (3) Eliminates from the Revised Code obsolete deadlines for county mr/dd boards to submit the different components of the plan for ODMR/DD approval.

Martin Settlement

In 1989, Ohio Legal Rights Service (OLRS) filed a federal class action lawsuit against Ohio claiming undue segregation in institutions for individuals with mr/dd and large waiting lists for people in need of services. According to OLRS, the *Martin* lawsuit (originally *Martin v. Celeste*, then *Martin v. Voinovich*, *Martin v. Taft*, *Martin v. Strickland*) seeks integrated community residential services, specifies that state programs should not discriminate against people with severe disabilities, and states that integrated residential services should be developed.

During the course of the 18-year lawsuit, public policy philosophies concerning mental retardation and developmental disabilities have begun to change direction. A year after the lawsuit was filed, in 1990, Congress passed and enacted the Americans with Disabilities Act (ADA), which prohibited discrimination of individuals based on their disability. In 1999, using the ADA as their foundation, the U.S. Supreme Court ruled in *Olmstead v. L.C.* that individuals with disabilities had a right to live in a community-based setting if their treatment professional determined that placement in the community was appropriate and the individual had a desire to move. The decision did provide for states to limit community placement based on available resources.

During the past eight years, options for services and supports provided in community-based settings expanded for Ohioans. Home and Community-Based Services waivers such as the Individual Options (IO), Level One, and Transitions waivers were serving approximately 17,000 individuals with disabilities in 2006.

However, because resources remain limited, there are still long waiting lists for many of these community-based services. The limited availability makes enrollment in a developmental center or ICF/MR the only option for some.

In October of 2006, a tentative settlement was reached in the federal class action case of *Martin v. Strickland*. The proposed agreement will result in state funding for home and community based services over the next two state fiscal years for 1,500 additional individuals who are currently in an institution and choose to move, or who will be at risk of being institutionalized but who would choose to be served in a community setting. ODMR/DD will be responsible for allocating 600 waiver slots in FY 2008 and 900 slots in FY 2009. In each fiscal year, at least 100 of the waiver slots will have to be made available to individuals residing in ICFs/MR and 40 of the waiver slots will have to go to individuals residing in nursing facilities. The remaining waiver slots will be allocated to county boards of mr/dd to serve individuals currently on waiting lists for waiver services.

In addition, the agreement will result in the release to county boards of mental retardation and developmental disabilities of \$4.2 million of state capital funds for housing development for the class. The settlement also calls for surveys of those residing in ICFs/MR and NFs (nursing facility) to assist in evaluating the need for additional community-based services. Of these funds, \$299,600 of the capital funds will be required to be allocated to the Residential Handicap Accessibility Project. These funds are used to renovate and upgrade existing housing.

MR/DD Futures Study Committee

The budget bill creates the MR/DD Futures Study Committee. Language in the bill requires the Committee, not later than March 30, 2008, to submit a report to the Governor and General Assembly on the Committee's findings and recommendations regarding the funding and design of services provided by county boards of mental retardation and developmental disabilities. The Committee will not meet after submission of the report.

ANALYSIS OF THE BUDGET

Program Series

1: Community Services

Purpose: This program series contains programs that are designed to provide community-based support that will enable individuals with mr/dd to reside in the community.

The following table shows the line items that are used to fund the Community Services program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	320-412	Protective Services	\$2,792,322	\$2,792,322
GRF	322-413	Residential and Support Services	\$6,753,881	\$6,753,881
GRF	322-416	Medicaid Waiver – State Match	\$109,551,380	\$109,551,380
GRF	322-451	Family Support Services	\$6,938,898	\$6,938,898
GRF	322-501	County Boards Subsidies	\$87,270,048	\$87,270,048
GRF	322-503	Tax Equity	\$14,000,000	\$14,000,000
GRF	322-504	Martin Settlement	\$6,159,766	\$29,036,451
General Revenue Fund Subtotal			\$233,466,295	\$256,342,980
State Special Revenue Fund				
221	322-620	Supplemental Service Trust	\$150,000	\$150,000
4K8	322-604	Medicaid Waiver – State Match	\$12,000,000	\$12,000,000
5EV	322-627	Program Fees	\$20,000	\$20,000
5DJ	322-625	Targeted Case Management Match	\$11,082,857	\$11,470,757
5DJ	322-626	Targeted Case Management Services	\$27,548,737	\$28,512,943
5S2	590-622*	Medicaid Administration and Oversight	\$2,581,052	\$2,385,670
5Z1	322-624	County Board Waiver Match	\$116,000,000	\$126,000,000
State Special Revenue Fund Subtotal			\$169,382,646	\$180,539,370
General Services Fund				
5M0	322-628	Martin Settlement	\$150,000	\$0
4B5	320-640*	Training and Service Development	\$50,000	\$50,000
General Services Fund Subtotal			\$200,000	\$50,000
Federal Special Revenue Fund				
3A4	323-605	DC and Residential Facility Services and Support	\$11,293,953	\$600,730
3G6	322-639*	Medicaid Waiver – Federal	\$455,456,984	\$506,220,978
3M7	322-650*	CAFS Medicaid	\$4,123,713	\$0
325	322-612	Community Service Programs and Grants	\$11,186,114	\$11,164,639
3A5	320-613	DD Council	\$2,705,004	\$2,743,630
Federal Special Revenue Fund Subtotal			\$484,765,768	\$520,729,977
Total Funding: Community Services			\$887,814,709	\$957,662,327

* Amount does not reflect total appropriation because the line item is used to fund other program series. This analysis focuses on the following specific programs within the Community Services program series:

- **Program 1.01: Medicaid Waivers**
- **Program 1.02: Community Subsidies**
- **Program 1.03: Quality Assurance**
- **Program 1.04: Grants**

Medicaid Waivers

Program Description: ODMR/DD administers two home and community-based Medicaid waivers. They are Individual Options (IO) and the Level One (L1). The primary outcome of this program is to provide home and community-based services and support to individuals with mental retardation or other developmental disabilities (mr/dd) that are cost effective, allow individuals to live in community-based settings, increase an individual's skills, competencies, and self-reliance, ensure an individual's health and safety, and maximize an individual's overall quality of life to the greatest extent possible.

The IO waiver is a home and community-based Medicaid waiver that provides federal reimbursement for certain Medicaid services for eligible persons residing in noninstitutional settings. Services covered on the IO waiver include supported employment, specialized medical and adaptive/assistive equipment, environmental modifications, home-delivered meals, homemaker/personal care, respite care, and transportation. The individual pays costs associated with room and board (e.g., rent, utilities, food, etc.).

The Level 1 waiver is a home and community-based Medicaid waiver that provides federal reimbursement for certain Medicaid services for individuals who live in the community. Individuals on this waiver must have a network of friends, neighbors, or family that can safely and effectively provide the necessary care at no cost to the system. The Level 1 waiver has a \$5,000 annual cost cap for homemaker/personal care, institutional respite, informal respite, and transportation. The Level 1 waiver has a \$6,000 cost cap over a three-year period for personal emergency response systems, specialized medical equipment and supplies, and environmental modifications. The Level 1 waiver has an \$8,000 cost cap over a three-year period for emergency assistance.

The Level 1 waiver was implemented as part of the Medicaid redesign initiative. Medicaid eligible individuals with mr/dd who receive low-level support from programs entirely funded by GRF and local levy funds (e.g., Supported Living) are directed to the Level 1 waiver to maximize federal reimbursement.

Implication of the Budget: The budget will provide funding for the IO waiver serving approximately 11,800 individuals, provide funding for the Level 1 waiver serving approximately 4,650 individuals, and provide funding for an additional 1,500 IO Waiver slots in compliance with the *Martin Settlement*. The budget includes an additional \$150,000 appropriation for ODMR/DD to use for compliance with the Martin Consent Order.

Community Subsidies

Program Description: The Community Subsidies program contains the various state subsidies provided by ODMR/DD. Most of these subsidies are provided to county boards of mr/dd to assist the boards with the cost of administering and providing services and supports, as required by state statute. The following describes the major sub-programs contained in the Community Subsidies program.

Country Boards Operating Subsidy. This program provides a subsidy to county boards of mr/dd to support some of the administrative costs of providing the services that county boards

of mr/dd are required to provide. These services include adult and early childhood services, supportive home services, education, and habilitation services. County boards that are certified as providers are eligible for this subsidy.

Supported Living Subsidy. The primary goal of this program is to provide cost-effective services and supports to individuals with mr/dd that allow them to remain in their own homes while avoiding more costly institutionalization. Supported living services may include the cost of home accessibility adaptations, assistive equipment, room and board subsidies, and/or support staff.

Family Support Services Subsidy. The primary goal of this program is to reduce and prevent more costly residential care by providing funding/services to families to help keep individuals with mr/dd in their family home. Services provided by this program may include respite care; family counseling, training, and education; adaptive equipment; and home modifications.

Service and Support Administration (SSA). This program provides a subsidy to county boards of mr/dd to support the administrative costs associated with the boards' role as the single point of entry in the mr/dd system. SSAs are also responsible for developing individual service plans.

Tax Equity. This subsidy provides funding to help equalize local tax levy revenues for tax-poor counties to ensure that adult services are available statewide and are not limited because of the inability to raise sufficient local levy funds. Tax Equity payments may only be used for services provided to adults. In FY 2005, 61 counties received Tax Equity payments.

Miscellaneous Residential Supports. The primary goal of this program is to continue to fund commitments made to county boards for their assistance in addressing the specific needs of certain individuals at various times when the ODMR/DD was obligated to do so.

Implication of the Budget: The budget will continue current subsidy funding to the 88 county boards of mr/dd to serve 76,000 individuals.

The budget restores, as an ongoing requirement, a requirement that ODMR/DD provide a family support services subsidy to county boards of mr/dd. The bill also removes a reference that allows appropriation item 322-451, Family Support Services, to be used for residential and support service.

The budget also includes a new provision that generally prohibits any person or government entity, or a related party of a person or government entity, from providing both a residence and supported living services to an individual with mental retardation or developmental disability by removing the prohibition that applies to the related party. For purposes of the bill, "related party" includes most relatives, employees, and certain business and governmental associates.

The budget includes a provision that allows that tax equity payments to county boards of mr/dd that would lose tax equity funding in FY 2008 to receive \$25,000 or the amount they received in FY 2007, whichever is less. Remaining tax equity funds will be distributed to counties based on section 5126.18 of the Revised Code.

Quality Assurance

Program Description: The Quality Assurance program is made up of various subprograms, all of which have the objective of assuring the health and safety of individuals with mr/dd that receive services and that the services yield quality results. The primary mechanisms for ensuring quality is through the: (1) monitoring and investigation of Major Unusual Incidents (MUIs), (2) certification of providers of services, including county board accreditation, (3) licensure of residential facilities, (4) the provision of guardianships, financial management, and protector services for individuals with mr/dd, and (5) Targeted Case Management.

Major Unusual Incidents. MUI staff is responsible for managing the Abuser Registry, conducting conflict investigations, conducting certification training for county board investigative agents, providing training and technical assistance on health and safety issues, managing ODMR/DD's hotline, and conducting compliance activities for county boards of mr/dd and service providers concerning their respective "protection from harm" systems.

Initial Certification of Service Providers. State statute and administrative rules outline the initial certification standards for HCBS and non-HCBS service providers. ODMR/DD certification staff review applications from individuals and agency providers to determine if the applicant meets applicable requirements to be issued certification. Staff produce semi-annual and annual reports based on the compliance reviews and the data is shared with providers, county boards, and families of service recipients. When trends are detected, ODMR/DD provides guidance to service providers to ensure compliance with certification standards.

Review of Licensed and Certified Providers. The licensure of residential facilities is the primary way in which ODMR/DD continually monitors the qualifications of residential providers. State statute and administrative rule outline the licensure standards for residential facilities. On a regular basis, ODMR/DD licensure staff conducts on-site reviews of residential facilities and their respective program services to ensure compliance with all applicable licensure standards. When deficiencies are found, providers are required to submit plans of correction, which are then verified by ODMR/DD. Staff produce semi-annual and annual reports based on the on-site reviews and the data is shared with providers, county boards, and families of service recipients. When trends are detected, ODMR/DD provides guidance to service providers to ensure compliance with licensure standards.

Accreditation of County Boards of MR/DD. Similar to the review of private providers, ODMR/DD conducts periodic, comprehensive reviews of county boards to ensure compliance with applicable federal and state requirements.

Protective Services. Since 1983, ODMR/DD has contracted with Advocacy and Protective Services, Inc. (APSI), a nonprofit corporation, for the provision of protective services. As discussed above, APSI provides guardianships, limited guardianships, trustee (financial management), and protector services to individuals with mr/dd. The local probate court has ruled that each individual receiving protective services from APSI lacks the ability to manage their personal finances or to advocate on their own behalf.

Targeted Case Management. Targeted Case Management services assist individuals with mr/dd in accessing needed medical, social, and/or educational services. The goal of this program is to assist consumers in accessing the necessary services and supports that increase an individual's skills, competencies, and self-reliance through the development of an individualized service plan (ISP).

Implication of the Budget: The budget will allow for current service levels to be maintained.

The budget includes a 13.4% increase in line item 320-412, Protective Services, to support increased need. The increase will help retain a professional workforce, and allow for hiring additional staff to manage increasing caseloads.

The Centers for Medicare and Medicaid Services (CMS) found the CAFS program to be out of compliance with federal Medicaid requirements pertaining to comparability of services, free choice of provider, and overall service eligibility. The CAFS program ended effective July 1, 2005. Line item 322-650 includes an appropriation to pay final audit findings pertaining to the CAFS program.

Grants

Program Description: The following describes the major subprograms contained in the Grants program:

Foster Grandparent Program. The Foster Grandparent program provides volunteer opportunities for lower income senior citizens aged 60 years or older to assist children with mr/dd. At the same time, the program provides one-on-one supportive services for children who have special needs or who are disadvantaged. This program is part of the National Senior Service Corps. There is a national network of similarly structured volunteer organizations sponsored and operated by state and local governments throughout the United States. This program provides supportive services to approximately 660 children with special needs (located in nine counties) from 125 foster grandparents.

Funds for this program come from a federal grant provided by the Corporation for National and Community Service. Ninety percent of the program's operating budget can come from federal funds; therefore, a state match of 10% is necessary.

Title XX. A total of 92 county boards, councils of government (COGs), and other nonprofit, human services agencies provide individualized services such as counseling, day care for adults and children, education and training, employment, health-related and home health services, protective services for adults, recreational services, and transportation offered through the county boards to individuals with mr/dd.

Early Intervention. Program staff actively work with county boards to provide training and technical assistance to ensure compliance with existing state and federal laws and rules governing early intervention services.

Real Choice Systems Grant: Independence Plus. The grant coordinator works with stakeholders, ODJFS, and CMS to design a waiver that includes features that do not currently exist in Ohio and is responsive to the Olmstead settlement.

Real Choice Systems Grant: Quality Initiatives. Through the participation of five demonstration counties, the program team seeks input from individuals, families, and system stakeholders to be incorporated into improved quality of system services and delivery.

Ohio Developmental Disabilities Council. Using federal pass-through funds, this program grants funding to organizations aimed at expanding innovative approaches for supporting individuals with disabilities, educating policymakers about the needs and abilities of

such persons, assisting developmentally disabled individuals with self-determination, employment, outreach, and training.

Implication of the Budget: The budget will allow for current service levels to be maintained.

Program Series

2: State Operated Services

Purpose: This program series contains the Developmental Centers program and the planning, budgeting, and project controls for state and community facilities.

The following table shows the line items that are used to fund the State Operated Services program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	323-321	DC and Residential Facility Operating Expenses	\$102,796,851	\$102,796,851
General Revenue Fund Subtotal			\$102,796,851	\$102,796,851
State Special Revenue Fund				
489	323-632	DC Direct Care Support	\$14,543,764	\$14,671,616
State Special Revenue Fund Subtotal			\$14,543,764	\$14,671,616
General Services Fund				
152	323-609*	Developmental Center and Residential Operating Services	\$812,177	\$812,177
4B5	320-640*	Training and Service Development	\$50,000	\$50,000
General Services Fund Subtotal			\$862,177	\$862,177
Federal Special Revenue Fund				
3A4	323-605*	DC and Residential Facility Operating Expenses	\$119,813,177	\$130,557,767
Federal Special Revenue Fund Subtotal			\$119,813,177	\$130,557,767
Total Funding: State Operated Services			\$238,015,969	\$248,888,411

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the State Operated Services program series:

- **Program 2.01: Developmental Centers**
- **Program 2.02: Facilities Development and Management**

Developmental Centers

Program Description: This program provides safe, habilitative environments and residence for individuals with significant mental retardation and other challenging behaviors and/or conditions. In addition, the programs are designed to return these individuals, when stabilized, to less intensive living environments within their local communities. Specific services provided to those residing within the developmental centers include:

Protection from Harm. Each individual must be free from abuse and neglect. They have rights protected by federal law and these rights must be enforced. They must also receive a level of supervision required to ensure they are safe and healthy. This requirement includes direct care staffing 24 hours a day, 7 days a week.

Skills Development. Under the federal regulations, individuals who reside in the centers must receive a continuous program of aggressive active treatment, which includes training in basic skills such as dressing, grooming, feeding, communication, and basic home care. Other required training includes (but is not limited to) money management, behavior management, self-medication administration, and prevocational training. These programs must be developed based on a comprehensive functional assessment, by a team of professionals and paraprofessionals, which includes the individual and his or her guardian.

Health Care. Individuals receive the health care services necessary to obtain and maintain their optimum level of health and well-being. Physician, nursing, and dental services are provided, as well as any other specialist needs. This often includes neurology, podiatry, and psychiatry. Federal regulations require specific nursing and physician services to meet individual needs.

Behavior Support. The majority of residents have maladaptive behaviors that prevent them from living in the community and are the cause for most court-ordered admissions. Programs to reduce or modify these maladaptive behaviors are required by law, and are necessary to aid the residents to return to the community. Licensed psychologists and psychology assistants must assist in developing the plan and training the staff to provide these services.

Therapy. Ancillary services promote the individual's development and prevent further disabling conditions, thus giving the individual greater independence. Key therapy interventions include occupational therapy, physical therapy, and speech/language/hearing services.

Residential Support. The amenities of daily life (e.g., food service, housekeeping, laundry, grounds keeping, and maintenance services) are made possible by support staff.

Implication of the Budget: The budget will allow current program and certification levels to be maintained.

The budget establishes the Gallipolis Developmental Center Pilot Program. The bill requires the Director to establish a one-year pilot program under which the Gallipolis Developmental Center will provide home and community-based services under the Individual Options Medicaid waiver program to not more than ten volunteers.

The bill also requires the pilot program to be operated during calendar year 2009 and that money be expended on the pilot program beginning in the first half of calendar year 2009. In addition, the Director of MR/DD is required to submit a report regarding the pilot program not later than the first day of April 2010.

Up to ten IO waiver slots, that will be funded by the Martin Settlement, may be filled under the pilot program. The Department will incur additional costs evaluating the pilot program and issuing a report. ODMR/DD and ODJFS may incur minimal costs providing technical assistance to the Gallipolis Developmental Center.

Facilities Development and Management

Program Description: This program provides project management for various state and community facilities needed for the effective delivery of appropriate services. These include the purchase or renovation of community housing for individuals with mr/dd, development of Early Childhood and Family Centers and Adult Workshops, renovations for increased handicap accessibility, and maintenance of the ten developmental centers.

Implication of the Budget: The budget will provide for the ongoing capital maintenance of ten developmental centers; manage the construction and renovation of Early Childhood and Family Centers, as well as Adult Workshops and home accessibility modifications; and manage the renovation, construction, and purchase of approximately 144 houses for individuals with mr/dd.

Program Series**3: Central Administration**

Purpose: The role of Central Administration is to provide the Department with the necessary infrastructural support to successfully carry out its mission.

The following table shows the line items that are used to fund the Central Administration program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	320-321	Central Administration	\$9,638,610	\$9,638,610
General Revenue Fund Subtotal			\$9,638,610	\$9,638,610
State Special Revenue Fund				
5HO	322-619	Medicaid Repayment	\$10,000	\$10,000
5S2	590-622*	Medicaid Administration and Oversight	\$8,422,803	\$9,086,665
State Special Revenue Fund Subtotal			\$8,432,803	\$9,096,665
General Services Fund				
152	323-609*	DC and Residential Operating Services	\$100,000	\$100,000
488	322-603	Provider Audit Refunds	\$10,000	\$10,000
General Services Fund Subtotal			\$110,000	\$110,000
Federal Special Revenue Fund				
3A4	323-605*	DC and Residential Facility Services and Support	\$5,192,406	\$6,396,811
3G6	322-639*	Medicaid Waiver - Federal	\$854,187	\$397,851
3M7	322-650*	CAFS Medicaid	\$155,000	\$0
Federal Special Revenue Fund Subtotal			\$6,201,593	\$6,794,662
Total Funding: Central Administration			\$24,383,006	\$25,639,937

* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Central Administration program series:

■ **Program 3.01: Central Administration**

Central Administration

Program Description: Central Administration is responsible for discharging the necessary day-to-day operations of the Department in support of its program activities. The divisions included in Central Administration are: the Director's office, Human Resources, Information Systems, Fiscal Administration, Audit, Medicaid Policy Development and Administration, and Legal.

Funding Source and Line Items: There is only one program in this program series. The table above shows the line items that are used to fund the Central Administration program.

Implication of the Budget: The budget will provide funding for fiscal administration, audit services, Medicaid policy development, waiver administration, IT services, and legal services for the Department of Mental Retardation and Developmental Disabilities; and fund Central Administration program's 165 staff members.

Program Series**4: Debt Service**

Purpose: This program covers debt service payments on bonds issued for long-term capital construction projects.

The following table shows the line items that are used to fund the Debt Service program series.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	320-415	Lease-Rental Payments	\$23,767,400	\$20,504,500
General Revenue Fund Subtotal			\$23,767,400	\$20,504,500
Total Funding: Debt Service			\$23,767,400	\$20,504,500

This analysis focuses on the following specific programs within the Debt Service program series:

■ **Program 4.01: Debt Service**

Debt Service

Program Description: This program covers debt service payments on bonds issued for long-term capital construction projects.

Funding Source and Line Items: There is only one program in this program series. The table above shows the line items that are used to fund the Debt Service program

Implication of the Budget: The budget will continue the principal and interest payments on capital expenditures on DMR-owned facilities.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2006: *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* % Change 2007 to 2008: *FY 2009 Appropriations:* % Change 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

DMR Mental Retardation and Developmental Disabilities, Department of

Agency	Line Item	Description	FY 2005	FY 2006	FY 2007 Adj. Appropriations	FY 2008 Appropriations	% Change 2007 to 2008	FY 2009 Appropriations	% Change 2008 to 2009
GRF	320-321	Central Administration	\$ 9,285,061	\$ 9,378,560	\$ 9,357,874	\$ 9,638,610	3.00%	\$ 9,638,610	0.00%
GRF	320-412	Protective Services	\$ 2,008,330	\$ 2,463,000	\$ 2,463,000	\$ 2,792,322	13.37%	\$ 2,792,322	0.00%
GRF	320-415	Lease-Rental Payments	\$ 22,380,819	\$ 22,340,731	\$ 23,833,600	\$ 23,767,400	-0.28%	\$ 20,504,500	-13.73%
GRF	322-405	State Use Program	\$ 257,112	\$ 14,791	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	322-413	Residential and Support Services	\$ 7,702,390	\$ 6,890,156	\$ 7,423,021	\$ 6,753,881	-9.01%	\$ 6,753,881	0.00%
GRF	322-416	Medicaid Waiver - State Match	\$ 99,190,711	\$ 106,181,843	\$ 107,192,413	\$ 109,551,380	2.20%	\$ 109,551,380	0.00%
GRF	322-417	Supported Living	\$ 42,591,071	\$ 43,303,208	\$ 43,160,198	\$ 0	-100.00%	\$ 0	N/A
GRF	322-451	Family Support Services	\$ 8,018,972	\$ 6,836,353	\$ 6,938,898	\$ 6,938,898	0.00%	\$ 6,938,898	0.00%
GRF	322-452	Service and Support Administration	\$ 8,672,724	\$ 8,672,730	\$ 8,672,730	\$ 0	-100.00%	\$ 0	N/A
GRF	322-501	County Boards Subsidies	\$ 35,927,589	\$ 31,337,721	\$ 31,296,087	\$ 87,270,048	178.85%	\$ 87,270,048	0.00%
GRF	322-503	Tax Equity	\$ 14,981,203	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	0.00%	\$ 14,000,000	0.00%
GRF	322-504	Martin Settlement	---	---	---	\$ 6,159,766	N/A	\$ 29,036,451	371.39%
GRF	323-321	Developmental Center and Residential Facilities Operation Expenses	\$ 103,092,781	\$ 104,561,813	\$ 100,457,600	\$ 102,796,851	2.33%	\$ 102,796,851	0.00%
General Revenue Fund Total			\$ 354,108,763	\$ 355,980,904	\$ 354,795,421	\$ 369,669,156	4.19%	\$ 389,282,941	5.31%
152	323-609	Developmental Center and Residential Operating Services	\$ 727,055	\$ 466,412	\$ 912,177	\$ 912,177	0.00%	\$ 912,177	0.00%
488	322-603	Provider Audit Refunds	\$ 212,509	---	\$ 10,000	\$ 10,000	0.00%	\$ 10,000	0.00%
4B5	320-640	Training and Service Development	\$ 4,669	\$ 35,861	\$ 300,000	\$ 100,000	-66.67%	\$ 100,000	0.00%
4J6	322-645	Intersystem Services for Children	\$ 2,316,897	\$ 461,663	\$ 0	\$ 0	N/A	\$ 0	N/A
4U4	322-606	Community MR and DD Trust	---	---	\$ 50,000	\$ 0	-100.00%	\$ 0	N/A
4V1	322-611	Family and Children First	\$ 471,844	\$ 33,082	\$ 0	\$ 0	N/A	\$ 0	N/A
5M0	322-628	Martin Settlement	---	---	---	\$ 150,000	N/A	\$ 0	-100.00%
General Services Fund Group Total			\$ 3,732,975	\$ 997,019	\$ 1,272,177	\$ 1,172,177	-7.86%	\$ 1,022,177	-12.80%
325	320-634	Protective Services	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0	-100.00%	\$ 0	N/A
325	322-608	Grants for Infants and Families with Disabilities	\$ 1,579,824	\$ 933,790	\$ 1,763,165	\$ 0	-100.00%	\$ 0	N/A
325	322-612	Community Social Service Programs	\$ 9,640,795	\$ 9,281,654	\$ 11,500,000	\$ 11,186,114	-2.73%	\$ 11,164,639	-0.19%
325	323-608	Foster Grandparent Program	\$ 379,964	\$ 365,452	\$ 575,000	\$ 0	-100.00%	\$ 0	N/A
3A4	320-605	Administrative Support	\$ 10,052,740	\$ 7,082,409	\$ 13,492,892	\$ 0	-100.00%	\$ 0	N/A
3A4	322-605	Community Program Support	\$ 1,603,977	\$ 0	\$ 1,500,000	\$ 0	-100.00%	\$ 0	N/A

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
DMR Mental Retardation and Developmental Disabilities, Department of									
3A4	323-605	Developmental Center and Residential Facility Services and Support	\$ 108,736,198	\$ 109,114,542	\$ 120,000,001	\$ 136,299,536	13.58%	\$ 137,555,308	0.92%
3A5	320-613	DD Council	\$ 832,884	\$ 858,093	\$ 895,440	\$ 2,705,004	202.09%	\$ 2,743,630	1.43%
3A5	322-613	DD Council Grants	\$ 2,335,564	\$ 1,858,097	\$ 3,204,240	\$ 0	-100.00%	\$ 0	N/A
3G6	322-639	Medicaid Waiver - Federal	\$ 306,701,920	\$ 381,771,189	\$ 427,272,813	\$ 456,311,171	6.80%	\$ 506,618,829	11.02%
3M7	322-650	CAFS Medicaid	\$ 276,798,470	\$ 171,979,188	\$ 103,773,730	\$ 4,278,713	-95.88%	\$ 0	-100.00%
Federal Special Revenue Fund Group Total			\$ 718,762,334	\$ 683,344,412	\$ 684,077,281	\$ 610,780,538	-10.71%	\$ 658,082,406	7.74%
221	322-620	Supplement Service Trust	\$ 125,375	---	\$ 150,000	\$ 150,000	0.00%	\$ 150,000	0.00%
489	323-632	Developmental Center Direct Care Support	\$ 8,163,898	\$ 12,035,511	\$ 15,625,627	\$ 14,543,764	-6.92%	\$ 14,671,616	0.88%
4K8	322-604	Medicaid Waiver - State Match	\$ 11,433,571	\$ 9,182,059	\$ 12,000,000	\$ 12,000,000	0.00%	\$ 12,000,000	0.00%
5DJ	322-625	Targeted Case Management Match	---	---	\$ 20,280,000	\$ 11,082,857	-45.35%	\$ 11,470,757	3.50%
5DJ	322-626	Targeted Case Management Services	---	---	\$ 18,351,594	\$ 27,548,737	50.12%	\$ 28,512,943	3.50%
5EV	322-627	Program Fees	---	---	---	\$ 20,000	N/A	\$ 20,000	0.00%
5H0	322-619	Medicaid Repayment	---	---	\$ 25,000	\$ 10,000	-60.00%	\$ 10,000	0.00%
5S2	590-622	Medicaid Administration & Oversight	\$ 5,722,591	\$ 6,105,525	\$ 8,000,000	\$ 11,003,855	37.55%	\$ 11,472,335	4.26%
5Z1	322-624	County Board Waiver Match	\$ 36,237,917	\$ 91,958,465	\$ 116,000,000	\$ 116,000,000	0.00%	\$ 126,000,000	8.62%
State Special Revenue Fund Group Total			\$ 61,683,352	\$ 119,281,559	\$ 190,432,221	\$ 192,359,213	1.01%	\$ 204,307,651	6.21%
Mental Retardation and Developmental Disabilities, De			\$ 1,138,287,424	\$ 1,159,603,894	\$ 1,230,577,100	\$ 1,173,981,084	-4.60%	\$ 1,252,695,175	6.70%

Commission on Minority Health

Wendy Risner, Senior Analyst

- The Commission awarded 107 community-based grants in FY 2006
- Minority Health Month activities served more than 20,050 people in FY 2006

OVERVIEW

Duties and Responsibilities

Created in 1987, based on the recommendations of the Governor's Task Force on Black and Minority Health, the Ohio Commission on Minority Health was the first state-level office in the United States formed exclusively to address the condition of minority health. Today, 42 states and the federal government have minority health offices. The mission of the Ohio Commission on Minority Health is to promote health and prevent disease among economically disadvantaged African-American, Hispanic, Asian, and Native-American Ohioans. An 18-member Commission provides guidance for the agency, including its grant administration.

The Commission's staff focuses on meeting six long-term goals. First, MIH aims to develop nontraditional service protocols designed to reduce the effects of targeted diseases and conditions, namely, heart disease, cancer, diabetes, infant mortality, substance abuse, and violence. The Commission also strives to develop and institutionalize an accessible delivery system for people with Systemic Lupus Erythematosus (SLE). Other Commission goals include providing access to culturally appropriate health information for under-served minority populations and increasing access to culturally relevant health services by funding demonstration projects. And last, in the long run MIH expects to increase minority recruitment and retention in health education and to provide advocacy leading to system changes that improve minority health.

Agency in Brief

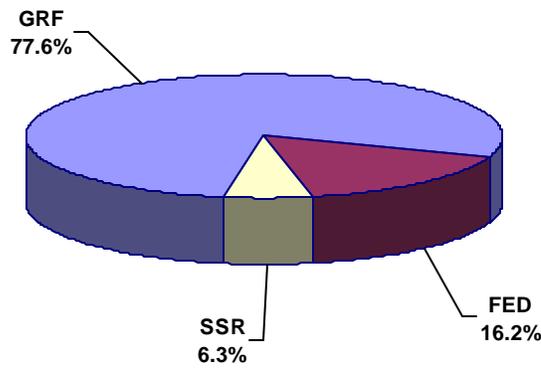
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
8	\$1.96 million	\$2.84 million	\$1.36 million	\$2.37 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of FYs 2008 - 2009 Appropriations

The Commission received funding of \$1,964,788 in FY 2008 and \$2,838,604 in FY 2009. The Commission's GRF appropriation, which is \$1,357,302 in FY 2008 and \$2,368,307 in FY 2009, makes up approximately 77.6% of the total appropriations for the biennium (see Chart 1).

**Chart 1: Total Budget by Fund Group
FY 2008-2009 Biennium**



ANALYSIS OF THE BUDGET

Program Series

1: Grant Programs

Purpose: To promote health awareness and disease prevention among economically disadvantaged African-American, Hispanic, Asian, and Native-American Ohioans through innovative strategies and financial opportunities, public health promotion, legislative action, and public policy and system change.

The following table shows the line items that are used to fund the Grant Programs program series, as well as the Commission's funding for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	149-321	Operating Expenses	\$550,211	\$561,216
GRF	149-501	Minority Health Grants	\$670,965	\$1,670,965
GRF	149-502	Lupus Program	\$136,126	\$136,126
General Revenue Fund Subtotal			\$1,357,302	\$2,368,307
Federal Special Revenue Fund				
3J9	149-602	Federal Grants	\$457,486	\$320,297
Federal Special Revenue Fund Subtotal			\$457,486	\$320,297
Total Funding: Grant Programs			\$1,814,788	\$2,688,604

This analysis focuses on the following specific programs within the Grant Programs program series:

- **Program 1.01: Demonstration Grants**
- **Program 1.02: Lupus Grants**
- **Program 1.03: HIV Grants**
- **Program 1.04: Minority Health Grant**

Program 1.01: Demonstration Grants

Program Description: The Commission on Minority Health administers two types of grants under this program: Demonstration Grants and Minority Health Month grants. The Commission provides two-year demonstration grants as seed money to organizations that address one or more of the six diseases and conditions (cancer, diabetes, cardiovascular diseases, infant mortality, violence/homicide, and substance abuse) or risk factors, responsible for excess, premature deaths in the minority community. The program promotes behavior change by tapping into the attitudes, values, and beliefs of the target populations. Projects are required to demonstrate measurable behavior change of participants and engage an independent evaluator. Ultimately, the goal of this program is the institutionalization of the appropriate projects into the healthcare delivery system. REEP, the Research Enhancement and Evaluation Project, will evaluate projects funded during the biennium. REEP is a network of academically and community-based researchers who have been trained to assess Commission projects utilizing a standardized evaluation tool. According to the Commission, in FY 2008 and FY 2009, the program will focus on cardiometabolic syndrome. Cardiometabolic syndrome is associated with cardiovascular disease and includes other risk factors such as central obesity, hypertension, and insulin

resistance to name a few. Metabolic diseases like diabetes and cardiovascular diseases share common abnormalities, thus funding will be expanded to focus on this in upcoming years.

The Minority Health Month grants are given to community-based agencies across the state. The agencies selected participate in a 30-day wellness campaign that is held every April. There are hundreds of activities that take place during this campaign. Some activities include: health screenings for diabetes, cancer, hypertension, HIV, and mammography, as well as provider and consumer education meetings. The intended outcome of the Minority Health Month program is to, among other things, promote healthy lifestyles, provide crucial information to allow individuals to practice disease prevention, showcase the resources for and providers of grass-roots health care and information, highlight the resolution of the disparate health conditions between Ohio's minority and nonminority populations, and to gain additional support for on-going efforts to improve minority health year round. Project outcomes are measured through program and fiscal final reports.

Implication of the Budget: The Commission received \$1,221,176 in FY 2008 and \$2,232,181 in FY 2009 for Minority Health Demonstration Grants. These amounts will provide funding for 65 grants for Minority Health Month and also fund up to five demonstration grants. This funding also provides for some of the Commission's administrative and maintenance expenses. According to the Commission, maintenance expenditures will need to be reduced as a result of this funding. It is unknown at this time the total effect this will have on the Commission.

The Commission received \$1.0 million in GRF appropriation item 149-501, Minority Health Grants, in FY 2009, which will be used for grants in FY 2009 to offset funding historically received through the Tobacco Budget Bill. The grants will address the following health topics: asthma and academic, scientific community partnership grants.

Program 1.02: Lupus Grants Program

Program Description: This program funds support services for people with Systemic Lupus Erythematosus (SLE), their caregivers, and children. The administration of the Lupus Program was transferred from the Department of Health during the 120th General Assembly. According to the Lupus Foundation of America, lupus is a chronic inflammatory disease that affects many parts of the body. Approximately 90% of lupus sufferers are women. The disease is also two to three times more prevalent in minorities. However, the program is not a minority specific initiative. Agencies awarded grants must provide information through quarterly reports that specifically ask the program goal and outcomes of the program.

There were ten grant projects awarded by the Commission during FY 2006. These grants were funded at \$13,000. Beginning in FY 2008, grants will be on a sliding scale (between \$9,000 to \$16,000) based on specific criteria. According to the Commission, this is the sole source of funding for Lupus in Ohio. Currently, there is no grant presence in southern Ohio.

Implication of the Budget: The Commission received \$136,126 in each fiscal year for GRF appropriation item 149-502, Lupus Program, which provides the funds for the lupus grants. This funding will allow the awarding of ten grants per fiscal year.

Program 1.03: HIV Grants

Program Description: The HIV Grants program funds target programs to enhance effective HIV/AIDS efforts that directly benefit racial and ethnic minority communities in three broad funding categories: technical assistance and infrastructure support, increasing access to prevention and care, and

building stronger community linkages to address the HIV prevention and health care needs of specific populations. The program provides funding for the Tobias Project, Inc. in Columbus and the Urban Minority Alcohol and Drug Addiction Program of Cincinnati. The goals of these projects are to identify African-Americans that are HIV Positive and assist them with enrollment into HIV care services offered by the Department of Health and to identify the barriers that have resulted in low enrollment into these services.

The Tobias Project conducts outreach programs in the Columbus area. The Project reaches approximately 200 people. The Urban Minority Alcohol and Drug Outreach Program provides outreach programs in Cincinnati's high-risk venues such as nightclubs and bathhouses, as well as churches, barber and beauty shops, and local recreation centers. The outcome of these projects is measured through quarterly reports that measure the goals of the program.

In 2005, the Commission entered into an interagency agreement with the Ohio Department of Health (ODH) to administer the Ryan White Title II Minority AIDS Initiative for Ohio with funding from the U.S. Department of Health and Human Services, Health Resources and Services Administration. Previously, the program was funded by the U.S. Department of Health & Human Services, Office of Minority Health. The Commission received a three-year infrastructure grant in 1999 and an additional three-year grant in 2002.

Implication of the Budget: The Commission received spending authority of \$150,000 in each fiscal year. Previously, the Commission received funds through their interagency agreement with ODH. At the end of the three-year funding cycle, the U.S. Department of Health and Human Services, Health Resources and Services Administration (the source of the interagency agreement funds) notified the Department of Health that the grants will now be competitively bid on a national level in FYs 2008 and 2009. ODH has received a grant to continue the program. The Commission will meet with ODH to discuss continued partnership for this program. The Commission will continue to seek other opportunities for this program.

Program 1.04: Minority Health Grants

Program Description: The Commission received a five-year grant from the Department of Health and Human Services, Office of Minority Health in FY 2006. The program focus for the grant is type 2 diabetes. The grant has a three-tier component that is being initiated in phases. The goals of the program are: (1) in years one and two – develop and disseminate a diabetes education-training manual for lay leaders in the African-American and Hispanic/Latino community. This phase does not include direct service or service delivery; (2) in years three and four – increase access to primary and secondary level health promotion information on diabetes for African-Americans and Hispanic/Latino adults; (3) in years four and five – increase in participation of minorities in Ohio's diabetes certification program.

Implication of the Budget: The Commission received spending authority of \$307,486 in FY 2008 and \$170,297 in FY 2009 for this program. As a result, current service levels will be maintained.

Program Series**2: Capacity Building & Education**

Purpose: The Commission on Minority Health sponsors a conference to recognize individuals and groups who have shown commendable efforts toward improving the health of Ohio's minority citizens. Also, donations are made to the Minority Health Conference Fund for other minority health initiatives.

The following table shows the line items that are used to fund the Capacity Building and Education program series, as well as the Commission's funding for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4C2	149-601	Minority Health Conference	\$150,000	\$150,000
State Special Revenue Fund Subtotal			\$150,000	\$150,000
Total Funding: Capacity Building and Education			\$150,000	\$150,000

This analysis focuses on the following specific programs within the Capacity Building and Education program series:

■ **Program 2.01: Minority Health Conferences**

Program 2.01: Minority Health Conferences

Program Description: The program develops culturally relevant conferences, symposiums, etc. to build capacity for service delivery in the minority community. The activities typically focus on new bodies of scientific information, modalities for culturally competent service delivery.

Implication of the Budget: The Commission received spending authority of \$150,000 in each fiscal year, which will allow this program to continue at current levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
MIH Minority Health, Commission on									
GRF	149-321	Operating Expenses	\$ 529,884	\$ 587,773	\$ 539,423	\$ 550,211	2.00%	\$ 561,216	2.00%
GRF	149-501	Minority Health Grants	\$ 486,328	\$ 700,120	\$ 670,965	\$ 670,965	0.00%	\$ 1,670,965	149.04%
GRF	149-502	Lupus Program	\$ 136,375	\$ 123,487	\$ 136,126	\$ 136,126	0.00%	\$ 136,126	0.00%
General Revenue Fund Total			\$ 1,152,587	\$ 1,411,380	\$ 1,346,514	\$ 1,357,302	0.80%	\$ 2,368,307	74.49%
3J9	149-602	Federal Grants	\$ 172,706	\$ 256,873	\$ 298,750	\$ 457,486	53.13%	\$ 320,297	-29.99%
Federal Special Revenue Fund Group Total			\$ 172,706	\$ 256,873	\$ 298,750	\$ 457,486	53.13%	\$ 320,297	-29.99%
4C2	149-601	Minority Health Conference	\$ 615	\$ 54,180	\$ 165,290	\$ 150,000	-9.25%	\$ 150,000	0.00%
State Special Revenue Fund Group Total			\$ 615	\$ 54,180	\$ 165,290	\$ 150,000	-9.25%	\$ 150,000	0.00%
Minority Health, Commission on Total			\$ 1,325,908	\$ 1,722,433	\$ 1,810,554	\$ 1,964,788	8.52%	\$ 2,838,604	44.47%

Rehabilitation Services Commission

- The number of individuals competitively employed is projected to reach 8,594 in FFY 2008 and 8,766 in FFY 2009.

Maria E. Seaman, Senior Budget Analyst

OVERVIEW

The Rehabilitation Services Commission (RSC) provides vocational rehabilitation and other related services to eligible Ohioans with disabilities who seek employment. Since its inception in 1970, the Commission has rehabilitated more than 290,000 Ohioans with disabilities. The mission of RSC is to work in partnership with Ohioans with significant disabilities to assist them in achieving greater community participation and self-sufficiency through opportunities for employment, thereby eliminating or reducing their need for public support. The state of Ohio also benefits by collecting taxes from these new workers who were previously unemployed or underemployed.

Duties and Responsibilities

The Rehabilitation Services Commission is comprised of three service bureaus: the Bureau of Vocational Rehabilitation, Bureau of Services for the Visually Impaired, and Bureau for Disability Determination. Two of these bureaus provide direct vocational rehabilitation services to individuals with disabilities. The Bureau of Vocational Rehabilitation aids people with physical, mental, and emotional disabilities, while the Bureau of Services for the Visually Impaired assists Ohioans who are blind or have visual impairments. The Bureau of Services for the Visually Impaired manages the Business Enterprise program, which provides people who are legally blind with employment opportunities as managers and operators of food service facilities, often in government buildings and at roadside rests. The Bureau for Disability Determination, by agreement with the Social Security Administration, is responsible for determining the medical eligibility of Ohioans seeking Social Security Disability Insurance and Supplemental Security Income. The source of funding for disability determination is 100% federal.

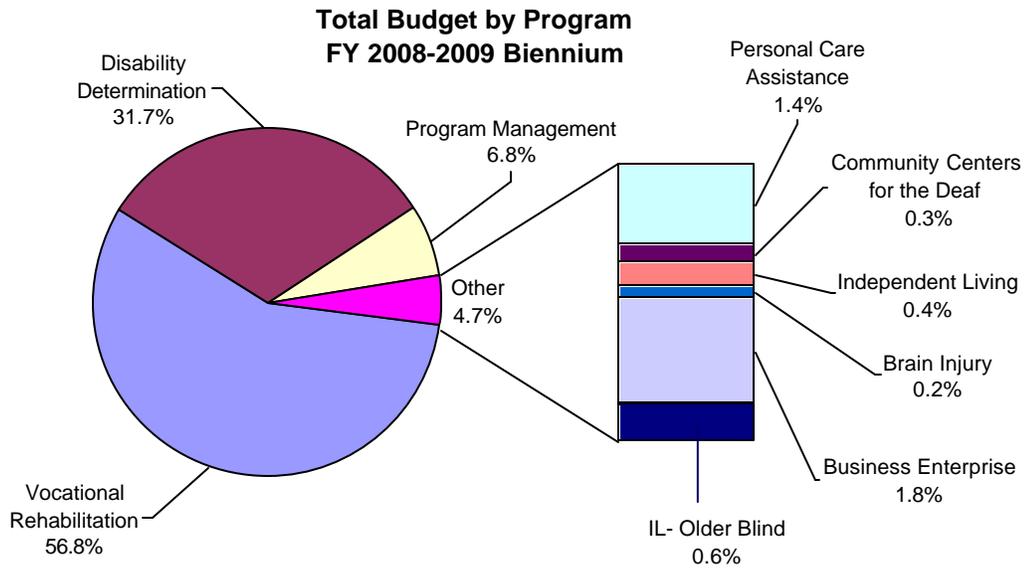
Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
1,307	\$265.33 million	\$272.60 million	\$26.58 million	\$26.88 million	Am. Sub. H.B. 119

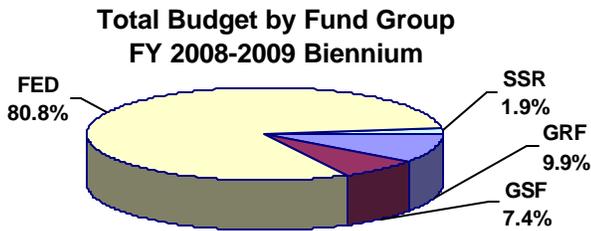
*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of FYs 2008 - 2009 Budget

The majority of the Rehabilitation Services Commission funding is for vocational rehabilitation. A significant portion is for disability determination, which is 100% federally funded.



The largest source of funding for the Rehabilitation Services Commission is from the federal government (80.8%). Only 9.9% of the Commission’s budget is from the General Revenue Fund.



Budget Fund Group	FY 2008	FY 2009
General Revenue Fund	\$26,584,552	\$26,884,552
General Services Fund	\$19,755,270	\$20,189,122
Federal Special Revenue Fund	\$214,316,854	\$220,120,651
State Special Revenue Fund	\$4,672,247	\$5,406,910
Total	\$265,328,923	\$272,601,235

ANALYSIS OF THE BUDGET

Program Series

1: Vocational Rehabilitation

Purpose: The primary goal of the Vocational Rehabilitation program series is to assist persons with disabilities in finding employment.

The following table shows the line items that are used to fund the Vocational Rehabilitation program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	415-100	Personal Services	\$8,851,468	\$8,851,468
GRF	415-406	Assistive Technology	\$47,531	\$47,531
GRF	415-431	Office for People with Brain Injury	\$226,012	\$226,012
GRF	415-506	Services for People with Disabilities	\$16,959,541	\$17,259,541
GRF	415-508	Services for the Deaf	\$50,000	\$50,000
General Revenue Fund Subtotal			\$26,134,552	\$26,434,552
General Services Fund				
467	415-609	Business Enterprise Operating Expenses	\$1,632,082	\$1,632,082
General Services Fund Subtotal			\$1,632,082	\$1,632,082
State Special Revenue Fund				
468	415-618	Third Party Funding	\$906,910	\$906,910
4L1	415-619	Services for Rehabilitation	\$3,765,337	\$4,500,000
State Special Revenue Fund Subtotal			\$4,672,247	\$5,406,910
Federal Special Revenue Fund				
379	415-616	Federal-Vocational Rehabilitation	\$122,484,545	\$123,638,578
3L1	415-601	Social Security Personal Care Assistance	\$3,743,740	\$3,743,740
3L1	415-605	Social Security Community Centers for the Deaf	\$750,000	\$750,000
3L1	415-608	Soc. Sec. Vocational Rehabilitation	\$1,506,260	\$1,506,260
3L4	415-615	Federal-Supported Employment	\$884,451	\$796,006
3L4	415-617	Independent Living/Voc. Rehab. Programs	\$1,490,944	\$1,490,944
Federal Special Revenue Subtotal			\$130,859,940	\$131,925,528
Total Funding: Vocational Rehabilitation			\$163,298,821	\$165,399,072

Vocational Rehabilitation Case Services

Program Description: This program provides direct, personalized vocational rehabilitation (VR) services to help Ohioans with severe disabilities obtain and keep jobs and become self-sufficient. Vocational Rehabilitation Case Services is the core program of this program series. Staff of both the Bureau of Vocational Rehabilitation and the Bureau of Services for the Visually Impaired provide services for this program.

A professional VR counselor works one-on-one with a consumer to plan an individualized program designed to lead to gainful employment. Vocational rehabilitation services may include medical, psychological, and/or vocational evaluation; physical or mental restoration; vocational training;

occupational tools and equipment; transportation and interpreter services; and job placement and follow-up. Rehabilitation technology may be used to modify a task or the environment to meet the needs of a person with a severe disability. The VR program provides counseling throughout the rehabilitation process.

Implication of the Budget: The following table outlines performance outcomes for the VR Case Services program for FFYs 2005 and 2006, estimates for FFY 2007, and projections for FFYs 2008 and 2009, as reported by RSC, given the funding provided in the budget.

Performance Outcomes for the VR Case Services Program					
Performance Measure	FFY 2005	FFY 2006	FFY 2007 (estimated)	FFY 2008 (projected)	FFY 2009 (projected)
Number Placed	7,952	8,320	8,425	8,594	8,766
Average Hourly Wage	\$10.87	\$11.23	\$12.17	\$12.41	\$12.66
Average Hours per Week	33	33.2	34	34.7	35.4
Annualized Income	\$19,591	\$20,496	\$21,517	\$22,393	\$23,305

Am. Sub. H.B. 119 includes two new earmarks of appropriation item 415-616, Federal – Vocational Rehabilitation. The first earmark is \$125,000 in each fiscal year for establishment and implementation of a Community Rehabilitation Program national accreditation compliance and monitoring program administered by the Ohio Association of Rehabilitation Facilities. The second earmark is for \$100,000 in each fiscal year for the Cleveland Sight Center for Technology Initiative to purchase adaptive technology and software for the employment of Ohioans who are blind or visually impaired. RSC is concerned that using federal funds for these purposes may not be allowable under federal law. The Rehabilitation Services Administration, the federal oversight body for RSC and the VR program, has requested that RSC send them a written request for an opinion prior to proceeding further.

Business Enterprise Program

Program Description: The Business Enterprise Program is authorized by the federal Randolph-Sheppard Act and sections 3304.28 to 3304.35 of the Revised Code to provide people who are legally blind with employment opportunities as managers and operators of food service and vending facilities. These facilities, which include cafeterias on federal and state property, are managed by licensed operators as self-employed individuals. The Surface Transportation Assistance Act of 1982 expanded the priority to include vending machine businesses along the interstate highway system.

Implication of the Budget: The budget provides non-GRF dollars for funding this program. All Business Enterprise program moneys are generated by program revenue, the monthly set-aside/service charge, and secondary highway vending machine income and matched federal funds.

At the funding level included in the budget, the Business Enterprise program will continue to provide assistance to 116 blind licensed food service operators. Due to underlying health issues normally associated with visual impairments, attrition plays a significant role. The program has on-going recruitment efforts to maintain the current number of operators. The program expects to train ten new blind vendors each year and add two facilities per year.

The program has made a concerted effort to reduce staff cost through better use of technology, and ongoing assessment of program and business operations. The program will reduce staffing by one full-time equivalent for the FY 2008 - 2009 biennium as a result. The savings will be used to maintain facilities.

Brain Injury

Program Description: According to the Centers for Disease Control, over 200,000 Ohioans are living with long-term disabilities resulting from a brain injury. The Brain Injury Association of Ohio reports that more than 20,000 new incidences of traumatic brain injury occur annually in Ohio and that number has been increasing.

The primary purpose of the Brain Injury program is to promote a statewide system of services to return persons with a brain injury to a productive role in society. The program also works toward reducing the incidence of brain injury and the severity of impairments due to such injuries. The Brain Injury program provides information and referral services to individuals and families struggling with the aftereffects of traumatic brain injuries. The primary program funded is the Community Support Network, which operates five multi-county offices located in Cincinnati, Columbus, Dover, Marietta, and Toledo. Each network site serves an average of five counties. The network's main goal is to link consumers with existing services and local community support. The Brain Injury Association of Ohio, which also receives funding from this program, staffs a statewide helpline, maintains and continually seeks to expand its resource files and outreach efforts, collects and analyzes data about those served by the program, and promotes awareness. This program also provides staff support to the Statewide Brain Injury Advisory Council.

Implication of the Budget: The funding provided in the budget will enable this program to achieve the majority of its intended outcomes by maintaining a statewide toll-free helpline, web site, Community Support Network site, and support groups, holding a conference (with conference scholarships for those with limited financial means), education seminars, and training, and distributing documents related to brain injury.

Personal Care Assistance Program

Program Description: The primary goal of the Personal Care Assistance (PCA) program is to provide services that allow persons with severe disabilities to live independently, and when possible, work. Created in 1981 and authorized by section 3304.41 of the Revised Code, the PCA program provides financial resources to Ohioans who are severely disabled so that they can purchase personal assistance services. These services, which include help with personal needs such as dressing and eating and assistance with grocery shopping and meal preparation, enable many Ohioans with disabilities to work and live independently. Absent such personal assistance services, many of these individuals would have to cease employment, become dependent upon government assistance for all of their needs, and possibly move to an institutional living environment. Personal Care Assistance consumers have the opportunity to recruit, hire, and contract for the services of a personal assistant.

There are currently 265 participants in the program and 108 individuals on the waiting list. As individuals leave the program or reduce the number of hours needed, RSC will bring additional participants into the program. The Rehabilitation Services Commission annually conducts a review of program participants and, if necessary, contacts participants to ensure that they are fully utilizing other available community resources.

The wage reimbursement a participant may receive depends on a participant's adjusted gross income. Since FY 2001, the hourly reimbursement rate for wages paid to an assistant has been \$8.00 per hour.

Implication of the Budget: Each year the PCA program no longer serves some consumers from the previous year due to the person dying, or exiting the program because the person moves or acquires other resources, or a change of circumstances that would cause the person to no longer be eligible for the program. Funds committed to these participants are then made available to other consumers. Additionally, some consumers may not use all of the funds allocated to them. The Rehabilitation Services Commission commits funds for this program taking into account the under-utilization of initially committed funds.

For the FY 2008 - 2009 biennium, the budget appropriates earned Social Security reimbursement dollars for this program. (Prior to FY 2003, General Revenue Funds were appropriated for this program.) The funding provided in the budget will enable people currently on the program to remain there and also allows for replacements to be made when individuals leave the program.

Consumers have requested that the maximum number of hours per week be increased from 35 to 40 hours and that the wage reimbursement rate be increased as well (current maximum is \$8.00 per hour). However, given the funding provided in the budget, RSC will be unable to consider increasing either the maximum hours per week or the wage reimbursement rate.

Community Centers for the Deaf

Program Description: The primary purpose of Community Centers for the Deaf (CCDs) is to provide services to help people who are deaf, hard-of-hearing, or deaf-blind participate in, and benefit from, the vocational rehabilitation process and resources locally available to all members of the community. Community Centers for the Deaf provide services to enable individuals who are deaf, hard-of-hearing, or deaf-blind participate in RSC's vocational rehabilitation program and gain competitive employment. Community Centers for the Deaf provide sign language interpreter services, as well as access to support services including legal protection, health/mental health care, telecommunications, public transportation, government services, and other public and private social services. There are ten CCDs and two satellite offices throughout the state. Nine CCDs operate under the oversight of local host agencies; one is operated and governed wholly by the deaf community. Community Centers for the Deaf also pursue local sources of funding including charitable contributions, Title XX funds, and United Way grants.

Implication of the Budget: The funding provided in the budget for this program will enable the existing CCDs to operate over the next six to nine months. Beyond that, the CCDs must seek alternate forms of funding to continue to provide services at the current level.

Independent Living/Older Blind

Program Description: This program assists individuals age 55 and above, whose recent severe visual impairment makes competitive employment extremely difficult to obtain, but for whom independent living goals are feasible. Funds are used to provide independent living services, conduct activities that will improve or expand services for those individuals, and promote public understanding of the issue. Services are designed to help people served under the program adjust to their vision loss by increasing their ability to care for their individual needs. People served are generally over the age of 70 who want to continue working, volunteering, or maintaining their homes.

Implication of the Budget: In FY 2006, this program served 3,454 individuals. The funding provided in the budget will limit the provision of services under this program. At the budgeted funding level, RSC anticipates being able to serve less than 1,300 individuals in each fiscal year.

Program Series**2: Disability Determination**

Purpose: The Bureau of Disability Determination (BDD), under an agreement with the federal Social Security Administration (SSA), prepares disability determinations for Ohioans who have applied to the SSA for benefits under Supplemental Security Income (SSI), a needs-based income supplement program, and/or Social Security Disability Insurance (SSDI).

The following table shows the line item that is used to fund the Disability Determination program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
Federal Special Revenue Fund				
FED 317	415-620	Disability Determination	\$82,808,006	\$87,546,215
Total Funding: Disability Determination			\$82,808,006	\$87,546,215

Disability Determination

Program Description: This program was established in 1954 through the authority of federal Social Security Act Section 221(b) and Section 304, Public Law 96-265. Under an agreement with the SSA, the BDD prepares disability determinations for Ohioans who have applied to the SSA for SSI and/or SSDI. These programs, funded directly from the federal government, provide financial assistance to Ohioans who are totally disabled and recipients receive benefits until they are able to return to work or in the case of children, to age-appropriate activities. The source of funding for disability determination is 100% federal.

Implication of the Budget: The number of claims for SSI and SSDI continue to rise. Subsequently, payroll costs and costs for medical documentation will increase. For FFYs 2008 and 2009, RSC estimates the BDD workload to be 173,017 claims and 174,747 claims, respectively (compared to 164,932 claims in FFY 2006).

The source of funding for disability determination is 100% federal. The SSA projects budget levels based on actuarial estimates of claim filings for the program.

Program Series**3: Independent Living**

Purpose: The purpose of the Independent Living program is to provide services for individuals with disabilities to maximize their leadership, empowerment, independence, and productivity and to support their full inclusion and integration into the mainstream of American society.

The following table shows the line items that are used to fund the Independent Living program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	415-402	Independent Living Council	\$450,000	\$450,000
Federal Special Revenue Fund				
3L4	415-612	Federal – Independent Living Centers or Services	\$648,908	\$648,908
Total Funding: Independent Living			\$1,098,908	\$1,098,908

Independent Living Program

Program Description: The Independent Living program is federally mandated and independent from the Rehabilitation Services Commission, which serves only as a fiscal agent. Authority for the program resides in Title VII of the federal Vocational Rehabilitation Act of 1973, as amended. **The Independent Living program receives a federal match of \$9 for every \$1 of state funds spent on the program.** In addition, Independent Living Services receives funds directly from the federal Independent Living Part C grant program.

Implication of the Budget: The funding provided in the budget will enable the Statewide Independent Living Council to draw down all federal money available to Ohio for this program and continue providing support to the centers for independent living, monitoring and evaluating the state plan for independent living, and maintaining its web site.

Program Series**4: Program Management**

Purpose: The primary purpose of Program Management is to provide administrative support and program evaluation for the Rehabilitation Services Commission as a whole.

The following table shows the line item that is used to fund the Program Management program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4W5	415-606	Program Management Expenses	\$18,123,188	\$18,557,040
Total Funding: Program Management			\$18,123,188	\$18,557,040

Program Management

Program Description: This program provides administrative, budget, planning, evaluation, human resources, auditing, and information services to support the mission of RSC.

Implication of the Budget: The funding provided in the budget will permit RSC to maintain its current administrative functions to the extent that the levels of direct consumer services are maintained.

The budget also contains two provisions that involve evaluation of agency processes. The first provision requires the Auditor of State to complete a performance audit of RSC and upon completion submit a report of the findings to the Governor, President of the Senate, Speaker of the House, and the RSC governing board. RSC is required to reimburse the Auditor of State for expenses incurred in conducting the audit. The second provision requires the Administrator of RSC to consult with the Director of Budget and Management and representatives of local rehabilitation services agencies to conduct an internal review of the policies and procedures to increase efficiency and identify and eliminate duplicative practices. The provision goes on to require RSC to spend savings identified as a result of the internal review and the Auditor's performance audit on community-based care and requires Controlling Board approval before expending any funds identified as a result of the internal review or performance audit.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: *FY 2007 Adj.* *FY 2008* *% Change* *FY 2009* *% Change*
FY 2006: Appropriations: *Appropriations:* *2007 to 2008:* *Appropriations:* *2008 to 2009:*

Report For: Main Operating Appropriations Bill

Version: Enacted

RSC Rehabilitation Services Commission									
GRF	415-100	Personal Services	\$ 8,851,468	\$ 8,851,468	\$ 8,851,468	\$ 8,851,468	0.00%	\$ 8,851,468	0.00%
GRF	415-402	Independent Living Council	\$ 12,280	\$ 12,280	\$ 400,000	\$ 450,000	12.50%	\$ 450,000	0.00%
GRF	415-403	Mental Health Services	\$ 731,465	\$ 666,791	\$ 717,221	\$ 0	-100.00%	\$ 0	N/A
GRF	415-404	MR/DD Services	\$ 1,272,299	\$ 1,231,520	\$ 1,260,816	\$ 0	-100.00%	\$ 0	N/A
GRF	415-405	Vocational Rehabilitation/ Job and Family Services	\$ 539,367	\$ 509,706	\$ 536,912	\$ 0	-100.00%	\$ 0	N/A
GRF	415-406	Assistive Technology	\$ 47,531	\$ 47,531	\$ 47,531	\$ 47,531	0.00%	\$ 47,531	0.00%
GRF	415-431	Office for People with Brain Injury	\$ 261,114	\$ 148,400	\$ 226,012	\$ 226,012	0.00%	\$ 226,012	0.00%
GRF	415-506	Services for People with Disabilities	\$ 11,115,692	\$ 13,272,331	\$ 12,185,215	\$ 16,959,541	39.18%	\$ 17,259,541	1.77%
GRF	415-508	Services for the Deaf	\$ 50,000	\$ 50,003	\$ 50,000	\$ 50,000	0.00%	\$ 50,000	0.00%
GRF	415-509	Services for the Elderly	\$ 378,390	\$ 346,067	\$ 359,377	\$ 0	-100.00%	\$ 0	N/A
GRF	415-520	Independent Living Services	\$ 50,000	\$ 41,942	\$ 50,000	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 23,309,606	\$ 25,178,039	\$ 24,684,552	\$ 26,584,552	7.70%	\$ 26,884,552	1.13%
467	415-609	Business Enterprise Operating Expenses	\$ 1,274,498	\$ 1,308,886	\$ 1,632,082	\$ 1,632,082	0.00%	\$ 1,632,082	0.00%
4W5	415-606	Program Management Expenses	\$ 16,735,547	\$ 15,656,737	\$ 18,557,040	\$ 18,123,188	-2.34%	\$ 18,557,040	2.39%
General Services Fund Group Total			\$ 18,010,045	\$ 16,965,623	\$ 20,189,122	\$ 19,755,270	-2.15%	\$ 20,189,122	2.20%
317	415-620	Disability Determination	\$ 73,287,976	\$ 74,197,094	\$ 83,999,093	\$ 82,808,006	-1.42%	\$ 87,546,215	5.72%
379	415-616	Federal-Vocational Rehabilitation	\$ 110,784,673	\$ 112,366,618	\$ 119,998,538	\$ 122,484,545	2.07%	\$ 123,638,578	0.94%
3L1	415-601	Social Security Personal Care Assistance	\$ 3,721,231	\$ 3,630,769	\$ 3,743,740	\$ 3,743,740	0.00%	\$ 3,743,740	0.00%
3L1	415-605	Social Security Community Centers for the Deaf	\$ 1,058,658	\$ 1,060,879	\$ 1,100,488	\$ 750,000	-31.85%	\$ 750,000	0.00%
3L1	415-607	Social Security Administration Costs	\$ 167,318	\$ 0	\$ 175,860	\$ 0	-100.00%	\$ 0	N/A
3L1	415-608	Social Security Vocational Rehabilitation	\$ 6,779,062	\$ 837,285	\$ 131,716	\$ 1,506,260	1,043.57%	\$ 1,506,260	0.00%
3L1	415-610	Social Security Older Blind	\$ 1,150,301	\$ 1,241,298	\$ 1,338,324	\$ 0	-100.00%	\$ 0	N/A
3L1	415-614	Social Security Independent Living	\$ 385,917	\$ 392,228	\$ 0	\$ 0	N/A	\$ 0	N/A
3L4	415-612	Federal Independent Living Centers or Services	\$ 663,687	\$ 566,541	\$ 686,520	\$ 648,908	-5.48%	\$ 648,908	0.00%
3L4	415-615	Federal-Supported Employment	\$ 1,299,571	\$ 993,618	\$ 1,338,191	\$ 884,451	-33.91%	\$ 796,006	-10.00%
3L4	415-617	Independent Living/Vocational Rehabilitation Programs	\$ 1,779,588	\$ 1,666,551	\$ 1,608,885	\$ 1,490,944	-7.33%	\$ 1,490,944	0.00%
Federal Special Revenue Fund Group Total			\$ 201,077,982	\$ 196,952,882	\$ 214,121,355	\$ 214,316,854	0.09%	\$ 220,120,651	2.71%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>RSC Rehabilitation Services Commission</i>									
468	415-618	Third Party Funding	\$ 1,464,466	\$ 883,452	\$ 1,105,407	\$ 906,910	-17.96%	\$ 906,910	0.00%
4L1	415-619	Services for Rehabilitation	\$ 1,801,837	\$ 2,903,325	\$ 4,500,000	\$ 3,765,337	-16.33%	\$ 4,500,000	19.51%
State Special Revenue Fund Group Total			\$ 3,266,303	\$ 3,786,777	\$ 5,605,407	\$ 4,672,247	-16.65%	\$ 5,406,910	15.72%
<i>Rehabilitation Services Commission Total</i>			\$ 245,663,936	\$ 242,883,320	\$ 264,600,436	\$ 265,328,923	0.28%	\$ 272,601,235	2.74%

Ohio Veterans Home Agency

- OVH's funding totals \$57.5 million in FY 2008 and \$59.5 million in FY 2009
- OVH's total GRF appropriations are \$31.0 million in FY 2008 and \$33.0 million in FY 2009

Wendy Risner, Senior Budget Analyst

OVERVIEW

Duties and Responsibilities

One of the state's first human services programs, the Ohio Veterans Home Agency (OVH) is a nineteenth century creation that continues to meet a need in the twenty-first century. In 1886, the General Assembly, faced with a burgeoning population of aging Civil War veterans and inadequate local infrastructure to care for them, established the Ohio Soldiers' and Sailors' Home, located on a 94-acre campus in Sandusky. The need for an additional state veterans' home was identified in Am. Sub. H.B. 770 of the 122nd General Assembly. This second location is located in Georgetown and has been opened since November 2003.

Currently, about 132 similar veterans' homes operate in 49 other states and one in Puerto Rico. The Veterans Home in Sandusky has the fifth largest resident population in the nation. The Ohio Veterans Home Agency is dedicated to "serving those who served" by providing a safe, healthful, and home-like living environment for elderly, chronically ill, and disabled veterans. Since its opening in 1888, tens of thousands of veterans have received needed care. Currently, the OVH offers its services to over 730 residents in both locations. To be eligible for admission, a veteran must have served during armed conflict, been honorably discharged, been a resident of Ohio for five consecutive years prior to admission, and incapable of earning a living.

The Ohio Veterans Home Agency is funded through a mix of federal and state dollars, as well as resident fees. Each resident is assessed a monthly fee for living at the Home. The fee is based on the level of care provided and the resident's ability to pay. Eighty percent of revenues from these assessments are placed in State Special Revenue (SSR) Fund 4E2 to be used for operating costs and 20% of revenues from these assessments are placed in SSR Fund 604 to be used for equipment and capital projects. Ohio Veterans Home Agency also receives funds from the state General Revenue Fund (GRF) and a per diem grant from the Department of Veterans Affairs (VA) for residents meeting VA income eligibility requirements.

The 94-acre campus in Sandusky has the 293-bed Veterans Hall Domiciliary, which provides independence and freedom comparable to community living for residents able to care for themselves. A second level of care, currently referred to as "DOM Plus," offers an intermediate level of care for 42 of the Domiciliary residents. These "DOM Plus" residents are located within Veterans Hall. There is also the Secrest-Giffin Nursing Home, which has 427 beds and provides standard nursing care and Alzheimer's/dementia care for residents. The Sandusky facility also offers skilled care and hospice care for residents in need of those services.

The Georgetown facility is a 35-acre campus with 168 nursing home beds. Eighty-four beds at Georgetown are dedicated to providing standard nursing care and 42 specialize in Alzheimer’s/dementia care. The remaining 42 beds are not filled.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
880	\$57.50 million	\$59.52 million	\$31.05 million	\$33.00 million	Am. Sub. H.B. 119

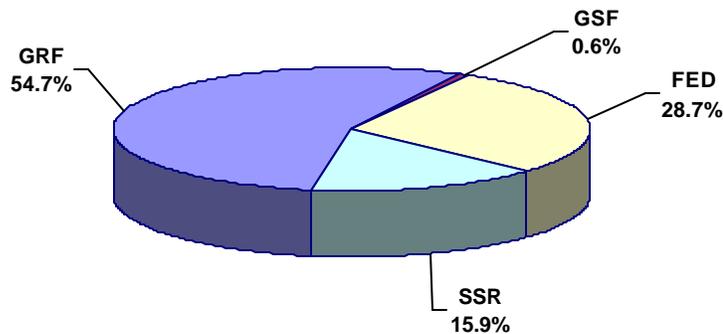
*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Budget Highlights

Total Appropriations

The Ohio Veterans Home Agency received total funding of \$57,459,708 in FY 2008, which is a 4.1% increase over FY 2007 appropriations. OVH received funding of \$59,521,570 in FY 2009, which is 3.6% above FY 2008 appropriations. GRF appropriations are \$31,045,805 in FY 2008, an increase of 6.8% over FY 2007 appropriations. GRF appropriations are \$32,987,516 in FY 2009, an increase of 6.3% over FY 2008 recommended appropriations. Chart 1 below shows the percentage each fund group represents of the total Ohio Veterans Home Agency’s budget.

Chart 1: Total Budget by Fund Group, FYs 2008-2009



Cornerstone of Hope Earmark

The budget earmarks \$100,000 in each fiscal year in appropriation item 430-100, Personal Services, for the Cornerstone of Hope. The Cornerstone of Hope is to use the funds to provide professional counseling services for individuals who have recently lost family members who were service men and service women in the United States Armed Forces. (Please note that this \$100,000 is not included in the program series tables or the program amounts, as this does not fit within any program for OVH.)

Medicare Services Fund Creation

The budget created the Medicare Services Fund (Fund 3BX), which receives federal reimbursement revenue for Medicare services provided at veterans' homes. Money in the fund is to be used to support state veterans' homes operations. The budget also removed Medicare reimbursements from the Ohio Veterans Homes Rental, Service, and Medicare Reimbursement Fund (Fund 484).

ANALYSIS OF THE BUDGET

Program Series

1: Resident Services

Purpose: To provide care for the elderly, chronically ill, and disabled veterans in the appropriate living arrangement to help them achieve their highest level of functional ability.

The following table shows the line items that are used to fund the Resident Services program series, as well as the funding for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
*GRF	430-100	Personal Services	\$22,934,272	\$24,252,914
*GRF	430-200	Maintenance	\$7,737,504	\$8,360,573
General Revenue Fund Subtotal			\$30,671,776	\$32,613,487
State Special Revenue Fund				
4E2	430-602	Veterans Home Operating	\$8,530,800	\$8,530,800
604	430-604	Veterans Home Improvement	\$770,096	\$770,096
State Special Revenue Fund Subtotal			\$9,300,896	\$9,300,896
General Services Fund				
484	430-603	Rental and Service Revenue	\$375,880	\$375,880
General Services Fund Subtotal			\$375,880	\$375,880
Federal Special Revenue Fund				
3BX	430-609	Medicare Services	\$1,446,807	\$1,446,807
3L2	430-601	Federal VA Per Diem Grant	\$15,290,320	\$15,410,471
Federal Special Revenue Fund Subtotal			\$16,737,127	\$16,857,278
Total Funding: Resident Services			\$57,085,679	\$59,147,541

*Amount does not reflect total appropriation because the line item funds other program series.

This analysis focuses on the following specific programs within the program series:

- **Program 1.01: Nursing Homes**
- **Program 1.02: Domiciliary**

Program 1.01: Nursing Homes

Program Description: The Ohio Veterans Home Agency (OVH) provides long-term care for elderly, chronically ill, and disabled veterans in a homelike environment that will allow them to achieve their highest level of functional ability. In fact, OVH is the only agency in Ohio dedicated to providing

long-term care solely to wartime veterans. Grants from the federal Veterans Administration (VA) assist in the costs of long-term care for veterans and are limited to state Veterans Home facilities. Since its founding in 1888, OVH has cared for tens of thousands of honorably discharged veterans from the Civil War, Spanish American War, World War I, World War II, Korean War, the Vietnam Conflict, and the Gulf War. The campus in Sandusky provides 427 beds and the Georgetown campus provides 168 beds to long-term care.

OVH must comply with Ohio Department of Health regulations and guidelines, and the United States Department of Veterans Affairs Standards for State Veterans Homes. OVH nursing homes are inspected by both the Ohio Department of Health and Veterans Affairs on an annual basis.

Currently, the Sandusky facility offers standard nursing home care, Alzheimer/dementia care, skilled nursing care, and hospice care. The Georgetown facility offers standard nursing care and Alzheimer's/dementia care, and has applied to become certified to offer skilled nursing care. The benefit in the certification as a Skilled Nursing Facility is that the facility can bill Medicare Parts A and B for skilled nursing services. Both facilities also offer social, dietary, laundry, and housekeeping services, as well as activity therapy for its residents.

Implication of the Budget: OVH received funding of \$50,415,968 in FY 2008 and \$52,263,505 in FY 2009. According to OVH, this funding will support the operation of a 427-bed nursing home facility in Sandusky (140 of these beds are dedicated to Alzheimer's/dementia care) and also support the operation of 126 beds in Georgetown (42 of those beds are dedicated to Alzheimer's/dementia care). The funding will also support the delivery of skilled care and hospice care in Sandusky.

Program 1.02: Domiciliary

Program Description: The Domiciliary program provides two levels of service to residents at the Sandusky Veterans Hall Domiciliary: Domiciliary (DOM) and Domiciliary Plus (DOM Plus). Domiciliary provides shelter, food, and necessary medical care on an ambulatory self-care basis to assist eligible veterans who are suffering from a disability, disease, or defect of such a degree that incapacitates the veteran from earning a living. The veterans are not in need of hospitalization or nursing care services. The DOM level program provides room, meals, linens, housekeeping of common areas, limited medical care on an ambulatory self-care basis, social workers, and activities for the residents. The DOM Plus level provides additional assistance with activities of daily living on an ambulatory self-care basis. DOM Plus level also provides social workers and activities for the residents. The Sandusky facility has the 293-bed Veterans Hall Domiciliary complex. Within Veterans Hall, there is a 42-bed DOM Plus wing, which provides a higher level of care. As of September 30, 2006, there were a total of 194 residents in the DOM and DOM Plus. These are veterans from World War II, Korea, Vietnam, the Gulf War, and the War on Terror. The oldest DOM resident is 94 and the youngest is 24. There are seven women veterans in residence. The Georgetown facility does not provide domiciliary services.

The Domiciliary program must comply with the Ohio Department of Health regulations and guidelines and with the United States Department of Veterans Affairs Standards for State Veterans Homes.

Implication of the Budget: OVH received funding of \$6,669,711 in FY 2008 and \$6,884,036 in FY 2009 for the Domiciliary program. This level of funding will support the operation of a domiciliary that provides both independent and assisted living services to 200 veterans.

Program Series**2: Veterans Services**

Purpose: To provide ancillary services for several programs that support veterans or support the maintenance of OVH grounds and buildings

The following table shows the line items that are used to fund the Veterans Services program series, as well as OVH's funding for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
*GRF	430-100	Personal Services	\$50,989	\$50,989
*GRF	430-200	Maintenance	\$98,040	\$98,040
GRF	430-402	Hall of Fame	\$125,000	\$125,000
General Revenue Fund Subtotal			\$274,029	\$274,029
Total Funding: Veterans Services			\$274,029	\$274,029

*Amount does not reflect total appropriation because the line item funds other program series.

This analysis focuses on the following specific programs within the program series:

- **Program 2.01: Veterans Hall of Fame**
- **Program 2.02: Museum Operation**
- **Program 2.03: Cemetery Operation**
- **Program 2.04: Historic Building Maintenance**

Veterans Hall of Fame

Program Description: The Veterans Hall of Fame was established in 1992. The program recognizes significant contributions veterans have made to their communities, state, and nation after serving in the military honorably. There is a Hall of Fame ceremony held annually in November. Prior to 2003, a ceremony was also held in May. The May ceremony was eliminated as a cost-cutting measure, saving \$4,500 annually.

Implication of the Budget: OVH received funding of \$125,000 in each fiscal year. According to OVH, this will maintain current service levels.

Museum Operation

Program Description: The Museum at the Ohio Veterans Home Sandusky Facility is housed in the I.F. Mack building. The museum's purpose is to preserve and document the historic significance of the military collectibles on display. The military collectibles consist of donated military artifacts, uniforms, decorations, etc. Veterans Hall of Fame plaques are also on display. Residents of the home maintain the displays. A resident of the home also functions as the curator.

Implication of the Budget: OVH received funding of \$22,243 in each fiscal year. This funding will support utilities costs for the museum.

Cemetery Operation

Program Description: The cemetery at the Ohio Veterans Home Sandusky facility has been on the grounds since 1888. Veterans residing in the Sandusky facility can request burial in the cemetery. Approximately 24 veterans are buried in the cemetery each year. The U.S. Department of Veterans Affairs provides the markers for the cemetery. Services provided by the Ohio Veterans Home are the opening and closing of the grave, setting the marker, and maintaining the grounds of the 13.3 acre cemetery.

Implication of the Budget: OVH received funding of \$36,531 in each fiscal year. This will support grounds maintenance and setting of markers at the cemetery. The funding will also support the opening and closing of graves for former residents who choose to be buried in the cemetery.

Historic Building Maintenance

Program Description: There are a number of historic buildings on the grounds of the Ohio Veterans Home in Sandusky. This includes a number of cottages, which housed residents and staff from 1888 to the 1990s. Most of the buildings are currently vacant.

Implication of the Budget: OVH received funding of \$90,255 in each fiscal year. This will support basic and emergency maintenance as needed to preserve the historic buildings located in Sandusky from deterioration.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2007 Adj. *FY 2008* *% Change* *FY 2009* *% Change*
FY 2005: *FY 2006: Appropriations:* *Appropriations:* *2007 to 2008:* *Appropriations:* *2008 to 2009:*

Report For: Main Operating Appropriations Bill

Version: Enacted

OVH Ohio Veterans' Home Agency

GRF	430-100	Personal Services	\$ 19,182,337	\$ 21,399,054	\$ 21,830,031	\$ 23,085,261	5.75%	\$ 24,403,903	5.71%
GRF	430-200	Maintenance	\$ 6,701,361	\$ 7,209,107	\$ 7,246,200	\$ 7,835,544	8.13%	\$ 8,458,613	7.95%
GRF	430-402	Hall of Fame	----	----	----	\$ 125,000	N/A	\$ 125,000	0.00%
General Revenue Fund Total			\$ 25,883,699	\$ 28,608,162	\$ 29,076,231	\$ 31,045,805	6.77%	\$ 32,987,516	6.25%
484	430-603	Veterans Home Services	\$ 883,887	\$ 670,378	\$ 882,737	\$ 375,880	-57.42%	\$ 375,880	0.00%
General Services Fund Group Total			\$ 883,887	\$ 670,378	\$ 882,737	\$ 375,880	-57.42%	\$ 375,880	0.00%
3BX	430-609	Medicare Services	----	----	\$ 654,810	\$ 1,446,807	120.95%	\$ 1,446,807	0.00%
3L2	430-601	Veterans Home Operations-Federal	\$ 13,931,740	\$ 13,336,970	\$ 15,290,320	\$ 15,290,320	0.00%	\$ 15,410,471	0.79%
Federal Special Revenue Fund Group Total			\$ 13,931,740	\$ 13,336,970	\$ 15,945,130	\$ 16,737,127	4.97%	\$ 16,857,278	0.72%
4E2	430-602	Veterans Home Operating	\$ 7,982,225	\$ 8,520,652	\$ 8,530,800	\$ 8,530,800	0.00%	\$ 8,530,800	0.00%
604	430-604	Veterans Home Improvement	\$ 810,701	\$ 700,018	\$ 770,096	\$ 770,096	0.00%	\$ 770,096	0.00%
State Special Revenue Fund Group Total			\$ 8,792,927	\$ 9,220,670	\$ 9,300,896	\$ 9,300,896	0.00%	\$ 9,300,896	0.00%
Ohio Veterans' Home Agency Total			\$ 49,492,252	\$ 51,836,179	\$ 55,204,994	\$ 57,459,708	4.08%	\$ 59,521,570	3.59%

Veterans' Organizations

Terry Steele, Budget Analyst

- The total funding for all organizations is \$1,798,082 in each fiscal year
- Overall, state subsidies to the veterans' organizations are 10% higher than FY 2007 funding levels

OVERVIEW

Duties and Responsibilities

The state of Ohio currently grants subsidies to 13 different organizations that serve Ohio's veterans. The primary mission of all of these organizations is to promote and provide assistance to veterans in Ohio. These groups educate veterans and their dependents on the various benefits available to them. Some of the organizations provide emergency assistance. All of the various veterans' organizations promote the remembrance of their fellow veterans and the wars in which they fought.

All 13 veterans' organizations receive a GRF subsidy. In addition to state funding, each organization provides much of its own funding through federal grants, membership dues, fundraising efforts, and private donations.

The appropriations for the veterans' organizations are 10% greater than FY 2007 spending levels: \$1,798,082 in FY 2008 and FY 2009, respectively.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
NA	\$1,798,082	\$1,798,082	\$1,798,082	\$1,798,082	Am. Sub. H.B. 119

* Budgeted amounts are passed through to veterans' organizations. The program is administered through the Governor's office.

ANALYSIS OF THE BUDGET

Single Program Series

Veterans' Organizations

Purpose: This program series provides a subsidy payment to each of 13 veterans' groups to support the needs of their memberships.

The following table shows the line items that are used to fund the Veterans' Organizations, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	743-501	American Ex -Prisoners of War	\$27,533	\$27,533
GRF	746-501	Army and Navy Union, USA, Inc.	\$60,513	\$60,513
GRF	747-501	Korean War Veterans	\$54,398	\$54,398
GRF	748-501	Jewish War Veterans	\$32,687	\$32,687
GRF	749-501	Catholic War Veterans	\$63,789	\$63,789
GRF	750-501	Military Order of the Purple Heart	\$62,015	\$62,015
GRF	751-501	Vietnam Veterans of America	\$204,549	\$204,549
GRF	752-501	American Legion of Ohio	\$332,561	\$332,561
GRF	753-501	American Veterans of WWII-Korea-Vietnam	\$316,711	\$316,711
GRF	754-501	Disabled American Veterans	\$237,939	\$237,939
GRF	756-501	Marine Corps League	\$127,569	\$127,569
GRF	757-501	37th Division AEF Veterans Association	\$6,541	\$6,541
GRF	758-501	Veterans of Foreign Wars	\$271,277	\$271,277
General Revenue Fund Subtotal			\$1,798,082	\$1,798,082
Total Funding: Veterans' Organizations			\$1,798,082	\$1,798,082

Veterans' Organizations Subsidy

Program Description: This program supports the activities of the 13 veterans' groups. Activities of these groups include assisting veterans in the benefits claiming process, transporting veterans to VA medical facilities, assisting veterans with job placement and training, and helping homeless and needy veterans find the assistance they need.

Funding Source: GRF subsidy administered by the Governor's Office and passed through to the various veterans' groups

Implication of the Budget: As mentioned previously, each of the veterans' organizations received a 10% increase over FY 2007 spending levels. Note that temporary law associated with these appropriations in some cases earmarks specific amounts of the state subsidy for service officer expenses.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
VET Veterans' Organizations									
GRF	743-501	American Ex-Prisoners of War	\$ 25,030	\$ 25,030	\$ 25,030	\$ 27,533	10.00%	\$ 27,533	0.00%
GRF	746-501	Army and Navy Union, USA, Inc.	\$ 55,012	\$ 55,012	\$ 55,012	\$ 60,513	10.00%	\$ 60,513	0.00%
GRF	747-501	Korean War Veterans	\$ 49,453	\$ 49,453	\$ 49,453	\$ 54,398	10.00%	\$ 54,398	0.00%
GRF	748-501	Jewish War Veterans	\$ 29,715	\$ 29,715	\$ 29,715	\$ 32,687	10.00%	\$ 32,687	0.00%
GRF	749-501	Catholic War Veterans	\$ 57,990	\$ 57,990	\$ 57,990	\$ 63,789	10.00%	\$ 63,789	0.00%
GRF	750-501	Military Order of the Purple Heart	\$ 56,377	\$ 56,377	\$ 56,377	\$ 62,015	10.00%	\$ 62,015	0.00%
GRF	751-501	Vietnam Veterans of America	\$ 185,954	\$ 185,954	\$ 185,954	\$ 204,549	10.00%	\$ 204,549	0.00%
GRF	752-501	American Legion of Ohio	\$ 252,328	\$ 302,328	\$ 302,328	\$ 332,561	10.00%	\$ 332,561	0.00%
GRF	753-501	Amvets	\$ 220,341	\$ 270,938	\$ 287,919	\$ 316,711	10.00%	\$ 316,711	0.00%
GRF	754-501	Disabled American Veterans	\$ 166,308	\$ 216,308	\$ 216,308	\$ 237,939	10.00%	\$ 237,939	0.00%
GRF	756-501	Marine Corps League	\$ 85,972	\$ 115,972	\$ 115,972	\$ 127,569	10.00%	\$ 127,569	0.00%
GRF	757-501	37th Div AEF Veterans' Association	\$ 5,946	\$ 5,946	\$ 5,946	\$ 6,541	10.01%	\$ 6,541	0.00%
GRF	758-501	Veterans of Foreign Wars	\$ 196,615	\$ 246,615	\$ 246,615	\$ 271,277	10.00%	\$ 271,277	0.00%
General Revenue Fund Total			\$ 1,387,041	\$ 1,617,638	\$ 1,634,619	\$ 1,798,082	10.00%	\$ 1,798,082	0.00%
Veterans' Organizations Total			\$ 1,387,041	\$ 1,617,638	\$ 1,634,619	\$ 1,798,082	10.00%	\$ 1,798,082	0.00%

Bureau of Workers' Compensation

Brian Hoffmeister, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Bureau of Workers' Compensation (BWC) administers the largest exclusive workers' compensation system in the United States with assets of over \$18 billion as of the end of calendar year 2006. An exclusive system is one in which only the state, not private insurers, provides workers' compensation coverage to business and industry. Ohio's workers' compensation system comprises two agencies: BWC as the insurance provider, and the Ohio Industrial Commission (OIC), which adjudicates disputed claims. BWC provides coverage to about two-thirds of Ohio's workforce (private, state, and local government employees). Other workers may be insured by employers that are large and financially secure enough to qualify to self-insure.

The Governor appoints the BWC administrator, who in turn is assisted by the 11-member Workers' Compensation Board of Directors comprising representatives from business, labor, and the public. The agency is organized into 7 program series across 12 functional divisions. BWC has 17 field service offices and one customer focus center in various locations statewide, and additional regional offices that provide safety education and accident prevention services to Ohio employers.

Agency in Brief

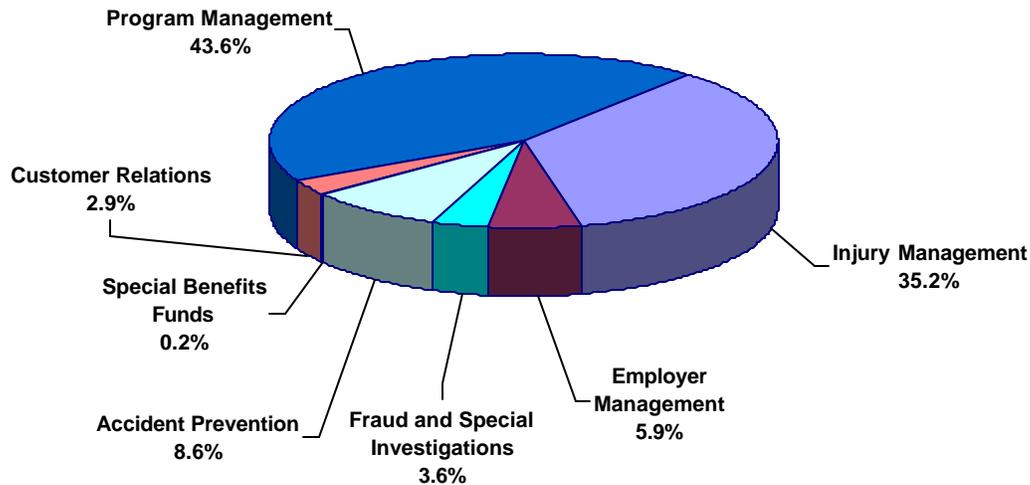
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
2,568	\$328.96 million	\$329.21 million	\$0	\$0	Am. Sub. H.B. 100

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. This total does not include employees identified as "fixed term per diem" by DAS.

- Total appropriations are \$328.96 million in FY 2008 and \$329.21 million in FY 2009
- Creation of new BWC Board of Directors in place of the Workers' Compensation Oversight Commission

Total funding for the biennium is \$328,956,361 in FY 2008 and \$329,210,479 in FY 2009. The chart below shows how the proposed funding is to be allocated by program series.

Total Budget by Program Series



Summary of FYs 2008 - 2009 Budget Issues

Improving Financial Performance, Customer Value, and Productivity

The Bureau of Workers' Compensation has spent much of the last year experiencing questions about its accountability and performance. In order to address these concerns, BWC has focused on improving its financial performance, customer service, and enhancing productivity. The major areas of concern for the 2008 - 2009 fiscal biennium are:

- Investments.** Goals for modifying investment practices include establishing a more appropriate asset allocation for the portfolio that focuses more on fixed-income assets with stable returns and reduced investment expenses. Improved investment income is also expected to result directly in greater cash flow. At the end of 2006, BWC hired State Street Global Advisors to handle \$2.5 billion of its approximately \$4.4 billion passive long duration fixed income portfolio. In January 2007, BWC selected Barclays Global Advisors to manage the remaining \$1.5 billion. Also in 2006, the Investments Department was moved out of the Finance Division to become an independent Investments Division, reporting directly to the Administrator.
- Finance.** By improving premium development practices and premium audit strategies and pursuing outstanding collectibles, BWC believes it can attain increases in revenue and enhance the equitability of the system for Ohio employers. In addition, in 2006 the Internal Audit, MCO Audit, and Quality Assurance departments combined to form one single Audit Division, reporting directly to the Administrator.

- **Legal.** BWC expects to realize reduced, more predictable expenses through a reduction in adverse legal action and an active pursuit of settlements rather than more costly trials. In addition, imposing harsher penalties for workers' compensation fraud has the goal of improving the likelihood of prosecution and making the State Insurance Fund more equitable.
- **Medical.** The medical goals of BWC include reducing health-care costs for injured workers through more competitive fee schedules and drug reimbursement schedules that provide comparable or better care. The areas of medical equipment and drug utilization are also areas of opportunity in which BWC is interested. BWC is also seeking to eliminate duplication of medical services and costs by streamlining its claims management program through contracted managed care organizations (MCOs).
- **Safety.** BWC is seeking to focus risk and safety interventions in the areas where they will have the most impact in order to prevent accidents and control workers' compensation costs. In the last BWC appropriations bill, the Public Employment Risk Reduction Program (PERRP) was shifted from the Department of Commerce to BWC. The program provides services to employers to identify actual and potential hazardous conditions and to review required written programs, then prepare a detailed report for the employer to assist in the development of specific programs and abatement methods.

BWC Board of Directors

Am. Sub. H.B. 100 replaced the Workers' Compensation Oversight Commission with a new Board of Directors, to consist of 11 members, to be appointed by the Governor with Senate approval. The bill also codifies standing audit, actuarial, and investment committees on the Board. Under the bill, each member of the Board of Directors will earn compensation of \$2,500 per month for each month in which they attend a meeting of the Board, plus \$2,500 for each month in which members who also sit on one of the standing committees attend a committee meeting, for a salary not to exceed \$60,000 per year. The funding source for the Board of Directors does not change from that for the Oversight Commission. Funds are still paid out of line item 855-409, Administrative Services. For additional information on other governance changes made to BWC, see the LSC bill analysis.

Long Term Care Loan Fund Program

The FY 2006 - 2007 biennial BWC budget bill directed the Bureau of Workers' Compensation to operate a Long Term Care Loan Fund Program under section 4121.48 of the Revised Code. The purpose of the program is to make loans, without interest, to nursing homes to assist them in purchasing "no-lift" equipment that will allow employees of the nursing home to move patients without having to lift the patients manually. The budget expands eligibility to include hospitals among loan recipients, and provides for this program through line item 855-604, Long Term Care Loan Program (Fund 829) and appropriates \$2,000,000 in each fiscal year for this purpose.

ANALYSIS OF THE BUDGET

Program Series

1: Injury Management

Purpose: The Injury Management program series is a group of departments and initiatives designed to ensure appropriate management of workers' compensation claims, the availability of appropriate cost-effective medical care, and the development and credentialing of a strong provider network.

The following table shows the line items that are used to fund the Injury Management program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-407	Claims, Risk, and Medical Management	\$115,963,461*	\$115,963,461*
Workers' Compensation Fund Subtotal			\$115,963,461	\$115,963,461
Total Funding: Injury Management			\$115,963,461	\$115,963,461

* Amount does not reflect total funding because line item is used to fund programs in other program series.

The following programs are within the Injury Management program series:

- **Program 01.01: Field Office Service Operations**
- **Program 01.02: Injury Management Services**

Program 01.01: Field Office Service Operations

Program Description: Field Office Service Operations focuses on claims management from the first report of injury to the ultimate resolution of the claim. There are 17 service offices located in three regions throughout the state, which process all claims filed within the workers' compensation system, and one Customer Focus Center located in Bridgeport. The dividing of field offices into regions took place during the FY 2006 - 2007 biennium. The three current field office regions are West/Southwest, North/Northeast, and Central/Southeast.

A priority for BWC under this program is the continuing implementation of performance measures to assess filing time, administrative cost per claim, and other measures in order to ensure efficient and effective claim resolution at the lowest possible cost. In particular, the Medical Claims Unit has implemented new performance measurement in the areas of initial claim determinations, auto adjudication, customer satisfaction, work list assessment, claim benefit type changeovers, equitable caseload distribution, and employee performance and feedback.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The program funds 1,274 employees who investigate some 185,000 new injury claims per year, manage over 570,000 total injury claims, settle 18,000 injury claims, and pay over \$1.6 billion to injured workers for health care and lost wages.

Program 01.02: Injury Management Services

Program Description: Injury Management Services ensures that cost-effective, quality health care is provided to injured workers in order to facilitate an early return to work or a return to a functional lifestyle. BWC's Health Partnership Program, launched in 1997, is a major component of Injury Management Services. Under the program, BWC and approximately 25 certified private sector managed care organizations (MCOs) work together to provide comprehensive claims management and medical-management services. MCOs are chosen by employers to handle the medical management of workers' compensation claims. BWC also administers a Qualified Health Plan, which allows self-insuring employers to form their own health plans to deliver medical services to their employees.

Additionally, Injury Management Services is responsible for acting as a liaison to health care provider community and professional associations, assisting in the development of these associations, and developing and providing internal and external training on issues that affect the Health Partnership Program and general medical policy.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The program funds 215 employees who process some 12,000 disputes regarding medical treatment provided to injured workers and distribute grants to employers that enable injured workers to return to work safely prior to their full recovery from injury.

Program Series**2: Employer Management**

Purpose: The Employer Management program series is responsible for providing a link between Ohio's employers and BWC. This series also includes the Self-Insured Services program directed toward large, financially stable employers who retain the financial risk for their companies' workers' compensation claims, as well as BWC's Safety Violations Investigations Unit (SVIU).

The following table shows the line items that are used to fund the Employer Management program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-407	Claims, Risk, and Medical Management	\$18,698,108*	\$18,698,108*
023	855-409	Administrative Services	\$680,861*	\$680,861*
Workers' Compensation Fund Subtotal			\$19,378,969	\$19,378,969
Total Funding: Employer Management			\$19,378,969	\$19,378,969

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

The following programs are within the Employer Management program series:

- **Program 02.01: Employer Services**
- **Program 02.02: Self-Insured Services**
- **Program 02.03: Safety Violations Investigative Staff**

Program 02.01: Employer Services

Program Description: This program provides underwriting and technical support to help employers reduce their workers' compensation costs through accident/illness prevention and various risk management programs. Audits are performed on state fund and public employer programs to ensure compliance with the Workers' Compensation Act and the rules of BWC and/or the Industrial Commission. The program also processes new business applications, assigns manual classifications, processes changes in employer coverage status, and processes semi-annual payroll reports for employers.

Employer Services will continue to partner with the Division of Safety and Hygiene to help customers implement safe work practices and control the risk of harm to employees at no additional cost to premium-paying employers. The program will also continue to oversee the development and oversight of alternative rating plans, such as group rating and retrospective rating plans, as well as the premium discount program for penalty-rated employers who elect to participate in a ten-step plan to create safer work environments, and the Drug-Free Workplace program providing discounts to employers committed to establishing substance-free work environments.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Employer Services program is fully funded. The program funds 178 employees who provide underwriting and technical support to help employers lower employee accidents and illness.

Program 02.02: Self-Insured Services

Program Description: The Self-Insured Services program is responsible for investigating all inquiries/complaints, providing underwriting activities, and auditing self-insuring employers for compliance with the Workers' Compensation Act and the rules of BWC and the Industrial Commission. Approximately one-third of Ohio's workforce is employed by self-insuring employers. The goals of the program are to ensure that self-insuring employers meet the necessary criteria to remain self-insured and that they comply with necessary legal requirements associated with a self-insured program.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Self-Insured Services program is fully funded. The program funds 56 employees who provide for the audit of 1,130 employer self-insured programs, covering approximately 33% of all workers in Ohio, to ensure compliance with appropriate rules and laws.

Program 02.03: Safety Violations Investigative Staff

Program Description: This program, encompassing the Safety Violations Investigations Unit, is responsible for investigations and preparing impartial, fact-finding summary reports for the Industrial Commission for all safety violation allegations in Ohio concerning workers' compensation. Staff are required to be technical specialists in the research and interpretation of Ohio Safety Codes and OSHA Standards, and all types of machinery, equipment, and environmental concerns.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Safety Violations Investigations Unit is fully funded. The program funds ten employees who investigate and prepare reports for the Industrial Commission on all safety violation allegations concerning workers' compensation.

Program Series**3: Fraud Investigations**

Purpose: The role of the Fraud Investigations program series is the proactive prevention of loss through fraud, from both operational and resource standpoints, for external and internal customers. These programs are designed to investigate, detect, and deter fraud, and also work closely with local and state prosecutors to prosecute persons suspected of committing workers' compensation fraud.

The following table shows the line items that are used to fund the Fraud Investigations program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-408	Fraud Prevention	\$11,772,551	\$11,772,551
Workers' Compensation Fund Subtotal			\$11,772,551	\$11,772,551
Total Funding: Fraud Prevention			\$11,772,551	\$11,772,551

The Fraud Investigations program series includes:

- **Program 03.01: Special Investigations**
- **Program 03.02: Internal Affairs**

Program 03.01: Special Investigations

Program Description: The mission of Special Investigations is to prevent, detect, investigate, and prosecute fraudulent behavior affecting the workers' compensation system. *Special Investigations Units* have focused on employer fraud, health care provider fraud, efficiency, and training. The *Health Care Provider Team* concentrates solely on identifying fraudulent activities of various health care providers that provide medical and/or pharmaceutical services to injured workers. The *Cyber Crime Investigations Team* is responsible for analyzing computer data and the Internet to secure evidence of fraud committed against the Bureau.

In FY 2006, the Special Investigations programs closed 3,482 cases, identifying over \$90 million in total savings during FY 2006, including \$30 million pertaining to drug-related fraud. During FYs 2008 and 2009, the department will implement a central allegation intake team to reduce costs of processing new allegations, as well as expand teleworking by field investigators to reduce operating costs.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Special Investigations program is fully funded. The program funds 137 employees who work to ensure that employees and employers do not take fraudulent advantage of the workers' compensation system.

Program 03.02: Internal Affairs

Program Description: Internal Affairs is responsible for investigating all allegations of criminal violation, abuse of office, or misconduct on the part of BWC or Industrial Commission employees. Department staff are trained in interviewing and interrogation, in conducting internal investigations, scientific interrogation, and preventing workplace violence.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Internal Affairs program is fully funded. The program funds four employees who investigate allegations of criminal abuse or misconduct by BWC or Industrial Commission employees.

Program Series

4: Accident Prevention

Purpose: The Accident Prevention program series is directed toward making Ohio's workplaces safe through training and consulting services.

The following table shows the line items that are used to fund the Accident Prevention program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
826	855-609	Safety and Hygiene Operating	\$20,734,750	\$20,734,750
826	855-610	Safety Grants Program	\$4,000,000	\$4,000,000
829	855-604	Long Term Care Loan Program	\$2,000,000	\$2,000,000
Workers' Compensation Fund Subtotal			\$26,734,750	\$26,734,750
Federal Special Revenue Fund				
349	855-601	OSHA Enforcement	\$1,604,140	\$1,604,140
Federal Special Revenue Fund Subtotal			\$1,604,140	\$1,604,140
Total Funding: Accident Prevention			\$28,338,890	\$28,338,890

There is one program funded within the Accident Prevention program series:

■ **Program 04.01: Safety and Hygiene**

Program 04.01: Safety and Hygiene

Program Description: This program encompasses several different programs geared toward improving workplace safety, preventing accidents, and reducing workers' compensation costs. A portion of employer premiums pays for these safety and health services, which are available to employers at no additional fee. Services offered by the Division of Safety and Hygiene include on-site consultants, a training center, library services, and the annual Ohio Safety Congress and Expo.

Examples of the Division's work include: targeted visits to employers with poor safety records and those with penalty-ratings to assist and educate them in risk, claims, and safety strategies; efforts to promote BWC's Drug Free Workplace program; continuation of the Safety Grants program; and holding classes, seminars, and workshops specializing in occupational safety and health. The Division also oversees the federally funded OSHA Enforcement activities and the Public Employee Risk Reduction Program (PERRP), both transferred from the Department of Commerce during the FY 2006 - 2007 biennium. Additionally, the Division is working on creating an Industrial Hygiene Database to track the causation of accidents and gain access to other safety-related information libraries so that Safety and Hygiene can better service employers.

Safety Grants

Under the Safety Grants program, the Safety and Hygiene Division has provided focused grants to Ohio employers for the research and prevention of cumulative trauma disorders (CTDs) and to defray the cost of educational training and materials for instituting BWC's Drug-Free Workplace Program (or a comparable program). Safety grants have also been given out in the past year in the form of an automotive safety intervention grant program as part of former Governor Taft's Ohio Automotive Revitalization Initiative.

Long Term Care Loan Program

The BWC budget bill for the FY 2006 - 2007 biennium directed the Bureau to operate a Long Term Care Loan Fund Program to make no-interest loans to nursing homes for the purchase of "no-lift" equipment that will allow employees of the nursing home to move patients without having to lift the patients themselves. The goal is to encourage Ohio nursing homes to adopt policies that prohibit employees from lifting patients manually.

OSHA Enforcement

Federal funds are used to administer OSHA's on-site consultation program, which was transferred to BWC from the Department of Commerce during the FY 2006 - 2007 biennium. The program assists smaller, private employers in providing employees with safe and healthy work environments by conducting free safety and health consultations. BWC has incurred additional costs with the transfer of this program, mostly personnel costs and costs associated with travel to and from consultation sites.

Funding Source: Workers' Compensation Fund programs are funded by Safety and Hygiene assessments paid by State Insurance Fund employers together with their overall premium payments. OSHA Enforcement is funded by federal grant moneys and Safety and Hygiene operating dollars.

Implication of the Budget: The Safety and Hygiene program is fully funded. The program funds 206 employees who investigate and help prevent industrial accidents and disease.

Program Series**5: Special Benefits Funds**

Purpose: The Special Benefits Funds program series consists of three separate funds, all of which are devoted to providing cost-of-living adjustments or supplemental benefits to certain injured workers.

The following table shows the line items that are used to fund the Special Benefits Funds program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
822	855-606	Coal Workers' Fund	\$91,894	\$91,894
823	855-608	Marine Industry Fund	\$53,952	\$53,952
825	855-605	Disabled Workers' Relief Fund	\$488,282	\$492,500
Workers' Compensation Fund Subtotal			\$634,128	\$634,128
Total Funding: Special Benefits Funds			\$634,128	\$634,128

The program series houses the Special Benefits Funds. Specifically, these are the Disabled Workers' Relief Fund, the Coal Workers' Pneumoconiosis Fund, and the Marine Industry Fund. Each of these is described below:

■ **Program 05.01: Special Benefits Funds**

Program 05.01: Special Benefits Funds

Coal Workers' Fund

Program Description: The Coal Workers' Pneumoconiosis Fund was established to provide benefits for injured workers who are entitled to receive benefits under the federal Coal Mine Health and Safety Act of 1969. The fund is maintained through premiums and other payments of employers who elect to participate in the fund to insure payment of benefits required by this act.

Funding Source: An additional premium charge attached to State Insurance Fund premiums owed by coal operators

Marine Industry Fund

Program Description: This fund was established to provide benefits for injured workers who are entitled to receive benefits under the federal Longshoremen's and Harbor Workers' Act, as amended in 1972. The fund is maintained through premiums and other payments of marine industry employers who apply to BWC for permission to subscribe to the fund to insure the payment of benefits required by the federal act.

Funding Source: An additional premium charge attached to State Insurance Fund premiums owed by marine industry employers

Disabled Workers' Relief Fund

Program Description: The fund provides supplemental cost-of-living benefits to injured workers receiving Permanent Total Disability (PTD) benefits who receive less than a prescribed amount in monthly compensation.

Funding Source: An additional charge of \$0.10 per \$100 of payroll and 0.1% of State Insurance Fund employer premiums

Implication of the Budget: The Coal Workers' Fund and the Marine Industry Fund are fully funded. The Disabled Workers' Relief Fund is not fully funded. BWC requested an additional \$205,482 in FY 2008 and \$201,264 in FY 2009 that were not appropriated. The programs fund eight employees, who provide benefits to more than 27,000 permanently and totally disabled persons annually.

Program Series

6: Customer Relations

Purpose: The Customer Relations program series addresses the needs and concerns of Ohio's employers, injured workers, and other interested parties. This is accomplished by resolving customer concerns; providing clear, accurate, and timely information; and assisting injured workers and employers in matters dealing with BWC and the Industrial Commission.

The following table shows the line items that are used to fund the Customer Relations program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-407	Claims, Risk, and Medical Management	\$5,716,150*	\$5,716,150*
023	855-409	Administrative Services	\$3,941,527*	\$3,941,527*
Workers' Compensation Fund Subtotal			\$9,657,677	\$9,657,677
Total Funding: Customer Relations			\$9,657,677	\$9,657,677

* Amount does not reflect total funding because line item is used to fund programs in other program series.

This analysis focuses on the following specific programs within the Customer Relations program series:

- **Program 06.01: Customer Contact Center**
- **Program 06.02: Corporate Affairs, Government, and Media Relations**
- **Program 06.03: Ombudsperson**

Program 06.01: Customer Contact Center

Program Description: This multi-site program handles customer (employer, injured worker, provider, MCO) contacts via phone, e-mail, walk-in, and written correspondence, and provides forms and benefit option information regarding BWC processes, law, policies, and procedures. This department also assists new employers in obtaining BWC coverage, issuing certificates of coverage, and helping established employers with policy account information. BWC has instituted new performance benchmarks for the Customer Contact Center in the last fiscal year, including measures for the

productivity of customer service representatives, calls handled, web site e-mail responses, web chats handled, average speed of answers, and the percentage of calls answered within 20 seconds.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Customer Contact Center is fully funded. The program funds 87 employees who handle an average of 56,500 information inquiries from the public every month.

Program 06.02: Corporate Affairs, Government, and Media Relations

Program Description: Through research, planning, implementation, and evaluation, this program ensures that internal and external customers receive appropriate, timely, and accurate information about Bureau programs, services, initiatives, and progress. Services include writing and design support for every department within the agency, research and statistical analysis, internal and external customer surveys, and employer and stakeholder outreach. The program supports the Marketing division, created in FY 2006, to handle several of these duties as well as coordinating special events such as the Workers' Comp University, Public Employer Summits, MCO Summits, Open Enrollment, and Governor's Excellence Awards.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Corporate Affairs, Government, and Media Relations program is fully funded. The program funds 43 employees who administer special events and provide information about Bureau programs, services, initiatives, and progress, and funds special events such as Workers' Compensation University and public employer summits.

Program 06.03: Ombudsperson

Program Description: The function of the Ombudsperson is to assist injured workers and employers in matters dealing with BWC and the Industrial Commission. This Ombudsperson Office answers inquiries and investigates complaints made by employers or injured workers as they relate to the processing of a claim for workers' compensation benefits. The Chief Ombudsperson must annually assemble a report on the activities of the Office, along with recommendations for change or improvement in the operation of the workers' compensation system.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Ombudsperson is fully funded. The program funds seven employees who handle more than 9,600 general inquiries and process over 2,900 complaints annually.

Program Series**7: Program Management**

Purpose: Within the Program Management program series, a continued effort is in place to ensure internal support functions are efficient and cost-effective. Ongoing evaluation of department activities, via quality team analysis, internal functional analysis, and budgetary review, occurs throughout the biennium.

The following table shows the line items that are used to fund the Program Management program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-401	William Green Lease Payments	\$20,436,600	\$20,686,500
023	855-409	Administrative Services	\$118,340,000*	\$118,340,000*
023	855-410	Attorney General Payments	\$4,444,085	\$4,444,085
Workers' Compensation Fund Subtotal			\$143,220,685	\$143,470,585
Total Funding: Program Management			\$143,220,685	\$143,470,585

* Amount does not reflect total funding because line item is used to fund programs in other program series.

The Program Management program series houses a single program:

■ **Program 07.01: Program Management**

Program 07.01: Program Management

Program Description: Under Program Management exist a number of operational programs, including the expenses of the Workers' Compensation Board of Directors, whose salaries and administrative costs will be paid from this program series.

Program Management also encompasses most of the administrative functions of the Bureau, which were significantly reorganized in the last biennium. There are several main divisions that handle the overall management of BWC:

- **Finance.** The Finance Department provides fiscal management, general accounting, and internal risk management services for BWC.
- **Actuarial.** The Actuarial Division is responsible for calculating and promulgating premium rates for all employer groups and for all funds for all rating plans, as well as calculating fund reserves for the State Insurance Fund and other related funds.
- **Investments.** The Investments Division is responsible for managing the investment of State Insurance Fund moneys in fixed-income securities and equities markets in order to ensure the growth and continued solvency of the fund. The Division was formed in its own right as a response to the recent investment scandal, and works with competitively selected outside investment managers to handle the Bureau's portfolio. The long-term goal with respect to the State Insurance Fund is to generate investment returns that meet or exceed BWC's actuarial investment return assumption over appropriate periods of time.
- **Human Resources.** Human Resources provides leadership and guidance to BWC management and staff in areas of Equal Employment Opportunity, Employee/Labor Relations, Payroll/Benefits and Personnel, and Quality Services.

- **Legal.** The Legal Division provides advice and assistance to BWC management regarding matters related to claims procedures, policies, appeals lodged on behalf of the State Insurance Fund, bankruptcy and foreclosure matters, and other issues such as ethics and legislation.
- **Internal Audit.** The Internal Audit Division is responsible for monitoring and evaluating the internal control structure of BWC. The Division provides independent assessments of the efficiency of departmental operations, the accuracy of financial and managerial reports, and the level of compliance with internal policies and procedures.
- **Infrastructure and Technology.** The Infrastructure and Technology Division is responsible for all computer equipment and software in use at BWC, as well as facilities and office management. This includes mainframe computers, workstations, printers, various other peripheral equipment, a statewide communications network, and software both developed by BWC and purchased through outside vendors.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The BWC request for Program Management is fully funded. The program funds 580 employees who provide administrative support for the BWC's programs.

Permanent Law Provisions

BWC Board of Directors (R.C. 4121.12). The budget abolishes the Workers' Compensation Oversight Commission in favor of a new Board of Directors, to be appointed by the Governor. It also codified standing actuarial, audit, and investment committees to oversee those aspects of BWC operations.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2007 Adj. **FY 2008** **% Change** **FY 2009** **% Change**
FY 2005: **FY 2006: Appropriations:** **Appropriations:** **2007 to 2008:** **Appropriations:** **2008 to 2009:**

Report For: BWC and OIC Budget

Version: Enacted

BWC Workers' Compensation, Bureau of

Line Item	Agency	Description	FY 2005	FY 2006	FY 2007	FY 2008	% Change	FY 2009	% Change
349	855-601	OSHA Enforcement	----	\$ 1,294,709	\$ 1,604,140	\$ 1,604,140	0.00%	\$ 1,604,140	0.00%
Federal Special Revenue Fund Group Total			----	\$ 1,294,709	\$ 1,604,140	\$ 1,604,140	0.00%	\$ 1,604,140	0.00%
023	855-401	William Green Lease Payments to OBA	\$ 11,835,185	\$ 19,552,046	\$ 20,125,900	\$ 20,436,600	1.54%	\$ 20,686,500	1.22%
023	855-407	Claims, Risk & Medical Management	\$ 126,856,522	\$ 130,447,315	\$ 140,052,103	\$ 140,367,719	0.23%	\$ 140,367,719	0.00%
023	855-408	Fraud Prevention	\$ 10,471,626	\$ 10,918,394	\$ 11,713,797	\$ 11,772,551	0.50%	\$ 11,772,551	0.00%
023	855-409	Administrative Services	\$ 107,687,344	\$ 115,941,445	\$ 119,246,554	\$ 122,962,388	3.12%	\$ 122,962,388	0.00%
023	855-410	Attorney General Payments	\$ 3,985,666	\$ 4,058,101	\$ 4,314,644	\$ 4,444,085	3.00%	\$ 4,444,085	0.00%
822	855-606	Coal Workers' Fund	\$ 83,156	\$ 84,837	\$ 91,894	\$ 91,894	0.00%	\$ 91,894	0.00%
823	855-608	Marine Industry	\$ 52,476	\$ 53,186	\$ 53,952	\$ 53,952	0.00%	\$ 53,952	0.00%
825	855-605	Disabled Workers' Relief Fund	\$ 478,696	\$ 514,992	\$ 693,764	\$ 488,282	-29.62%	\$ 492,500	0.86%
826	855-609	Safety & Hygiene Operating	\$ 17,012,153	\$ 19,818,014	\$ 20,130,820	\$ 20,734,750	3.00%	\$ 20,734,750	0.00%
826	855-610	Safety Grants Program	\$ 3,928,941	\$ 3,724,967	\$ 4,000,000	\$ 4,000,000	0.00%	\$ 4,000,000	0.00%
829	855-604	Long Term Care Loan Program	----	----	\$ 2,000,000	\$ 2,000,000	0.00%	\$ 2,000,000	0.00%
Workers' Compensation Fund Group Total			\$ 282,391,765	\$ 305,113,298	\$ 322,423,428	\$ 327,352,221	1.53%	\$ 327,606,339	0.08%
Workers' Compensation, Bureau of Total			\$ 282,391,765	\$ 306,408,007	\$ 324,027,568	\$ 328,956,361	1.52%	\$ 329,210,479	0.08%

Public Works Commission

Jonathan Lee, Senior Budget Analyst

- Implementation of program years 21 and 22 of the SCIP program
- Implementation of program year 4 of the Clean Ohio Program
- Current service and staffing levels will be maintained over the biennium

OVERVIEW

Duties and Responsibilities

The Public Works Commission (PWC) administers the State Capital Improvement Program (SCIP) and the Local Transportation Improvement Program (LTIP). These programs provide grants and loans to local governments for infrastructure projects. The SCIP receives funding from infrastructure bonds and the LTIP receives funding from one cent of the motor fuel tax. PWC also administers a portion of the Clean Ohio Conservation Program (COCP). Currently, the Commission provides funding for a staff of 12.

The main appropriations bill contains the *debt service* appropriations for the SCIP and the COCP, as well as *operating* dollars for the COCP. The capital re-appropriations bill and the capital bill contain the *capital* dollars for the SCIP. The transportation budget bill, Am. Sub. H.B. 67 of the 127th General Assembly, contains the *operating* dollars for the LTIP and the SCIP as well as the *capital* dollars for the LTIP. That bill funds PWC at approximately \$69 million (from one cent of the gas tax) in each fiscal year with the majority of funding going to the LTIP program. The LTIP provides direct grants to local political subdivisions on a per capita basis to assist in the costs associated with local road and bridge projects.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
12	\$192.66 million	\$208.77 million	\$192.36 million	\$208.47 million	Am. Sub. H.B. 67 Am. Sub H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of FY 2008 - 2009 Appropriations

PWC's appropriations in the main budget act are \$192,662,337 in FY 2008 and \$208,787,009 in FY 2009, a total of \$401,449,346 for the biennium. Of this total, 91% is for SCIP debt service payments, while 8.6% is for Clean Ohio debt service and Clean Ohio operating expenses. Compared to last biennium, the Commission's total funding is 10% more than FY 2006 - 2007 appropriations. Overall, the appropriation levels will allow PWC to maintain current service and staffing levels, while also focusing on coordinating a better project selection process and regional cooperation, as well as encouraging repair and replacement of existing infrastructure rather than expansion.

Budget by Fund Group

The majority of the Public Works Commission's funding in the main operating bill comes from the GRF. These dollars are used to service the debt and financing costs for conservation projects funded under the COCP as well as infrastructure projects funded under the SCIP.

Table 2. FYs 2008-2009 Budget by Fund Group

Fund Group	FY 2008	% of Total Budget	FY 2009	% of Total Budget	Biennium Total
General Revenue Fund	\$192.36 million	99.8%	\$208.47million	99.8%	\$400.83 million
Clean Ohio Conservation Fund	\$301,537	<1%	\$311,509	<1%	\$613,046
TOTAL	\$192.66 million	100%	\$208.77 million	100%	\$401.43 million

ANALYSIS OF THE BUDGET

Program Series

Aid to Local Government Improvements

Purpose: This program series provides grants and loans to address Ohio's local public infrastructure needs.

The following table shows the line items that are used to fund the Aid to Local Government Improvements program series, as well as the funding levels for FYs 2008 - 2009.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	150-904	Conservation General Obligation Debt Service	\$14,847,200	\$19,779,200
GRF	150-907	State Capital Improvements General Obligation Debt Service	\$177,513,600	\$188,696,300
General Revenue Fund Subtotal			\$192,360,800	208,475,500
Clean Ohio Conservation Fund				
056	150-403	Clean Ohio Operating Expenses	\$301,537	\$311,509
Clean Ohio Conservation Fund Subtotal			\$301,537	\$311,509
Total Funding: Aid to Local Government Improvements			\$192,662,337	\$208,787,009

The Aid to Local Government Improvements program series includes the following:

- **Program 1.01: State Capital Improvement Program (SCIP)**
- **Program 1.03: Clean Ohio Conservation Program (COCP)**

Recall that Program 1.02, the Local Transportation Improvement Program, is appropriated in Am. Sub. H.B. 67, the FY 2008 - 2009 transportation funding act, and explains why it does not appear here.

Program 1.01: State Capital Improvement Program (SCIP)

Program Description: SCIP uses infrastructure bond proceeds to provide grants and loans to local governments for improvement of their infrastructure systems. Bond issuing authority is provided in Section 2p, Article VIII of the Ohio Constitution. Each year approximately \$120-\$150 million in bonds are issued to provide the grants and loans. Eligible projects include improvements to roads, bridges, culverts, water supply systems, wastewater systems, storm water collection systems, and solid waste disposal systems. The SCIP also has two subprograms, the Small Government Program, which sets aside \$12 million each fiscal year for villages and townships less than 5,000 in population, and the Emergency Assistance Program, which provides \$2.5 million for infrastructure emergencies.

Funding Source: GRF used for debt service

Implication of the Budget: The appropriations for this program will allow debt service payments to continue as scheduled and allow PWC to implement program years 21 and 22 of the SCIP.

Program 1.03: Clean Ohio Conservation Program

Program Description: The Clean Ohio Conservation Program (COCP) was created by Am. Sub. H.B. 3 of the 124th General Assembly. This program provides grants for brownfields revitalization projects and open space acquisition. The COCP has two funds: the Clean Ohio Revitalization Fund (which is administered by the Department of Development and the Ohio Environmental Protection Agency) and the Clean Ohio Conservation Fund (which is administered by the Public Works Commission). Grant funding is from bond sales, of which 75% is used for open space acquisition, 12.5% for agricultural easements, and 12.5% for recreational trail construction. One bond is usually issued in a calendar year and the funds are disbursed over a two-year program. The COCP provides cash payments to various property owners to acquire and provide access improvements to open space and enhance riparian corridors. The program primarily services local governments in Ohio, nonprofit organizations, and consultants and contractors hired to perform work on approved projects.

Funding Source: GRF and investment income. The GRF supports the program's debt service payments and bond investment income pays for the program's operating expenses.

Implication of the Budget: The budget will allow debt service payments for Clean Ohio bonds to continue as scheduled and will allow current service and staffing levels to be maintained. Appropriations for Clean Ohio operating expenses will be used for application review/approval and project agreement processing.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
PWC Public Works Commission									
GRF	150-904	Conservation General Obligation Debt Service	\$ 9,150,021	\$ 7,897,420	\$ 17,168,800	\$ 14,847,200	-13.52%	\$ 19,779,200	33.22%
GRF	150-907	State Capital Improvements General Obligation Debt Service	\$ 148,273,922	\$ 152,595,038	\$ 172,145,100	\$ 177,513,600	3.12%	\$ 188,696,300	6.30%
General Revenue Fund Total			\$ 157,423,944	\$ 160,492,458	\$ 189,313,900	\$ 192,360,800	1.61%	\$ 208,475,500	8.38%
056	150-403	Clean Ohio Operating Expenses	\$ 247,573	\$ 233,576	\$ 375,436	\$ 301,537	-19.68%	\$ 311,509	3.31%
Clean Ohio Conservation Fund Total			\$ 247,573	\$ 233,576	\$ 375,436	\$ 301,537	-19.68%	\$ 311,509	3.31%
Public Works Commission Total			\$ 157,671,517	\$ 160,726,035	\$ 189,689,336	\$ 192,662,337	1.57%	\$ 208,787,009	8.37%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Transportation Budget			Version: Enacted						
PWC Public Works Commission									
038	150-321	SCIP-Operating Expenses	\$ 778,891	\$ 754,224	\$ 1,058,273	\$ 879,237	-16.92%	\$ 918,912	4.51%
Local Infrastructure Improvement Fund Group Total			\$ 778,891	\$ 754,224	\$ 1,058,273	\$ 879,237	-16.92%	\$ 918,912	4.51%
052	150-402	LTIP-Operating	\$ 255,658	\$ 241,837	\$ 401,494	\$ 291,537	-27.39%	\$ 306,178	5.02%
052	150-701	Local Transportation Improvement Program	\$ 65,336,260	---	\$ 68,877,801	\$ 67,500,000	-2.00%	\$ 67,500,000	0.00%
Local Transportation Improvement Program Fund Gr			\$ 65,591,918	\$ 241,837	\$ 69,279,295	\$ 67,791,537	-2.15%	\$ 67,806,178	0.02%
Public Works Commission Total			\$ 66,370,809	\$ 996,061	\$ 70,337,568	\$ 68,670,774	-2.37%	\$ 68,725,090	0.08%

Department of Transportation

(Including Ohio Rail Development Commission)

Jason Phillips, Budget Analyst

- Total biennial funding of \$6.3 billion
- Notable increases in rail and aviation funding
- Use of GARVEE bonds to offset rising inflationary costs and flat fuel tax revenues
- New State Infrastructure Bond Program for aviation, transit, and rail

OVERVIEW

Duties and Responsibilities

The Ohio Department of Transportation (ODOT) is the agency charged with planning, building, and maintaining the state's transportation system. Most of the agency's resources are devoted to the state's system of highways, but it also has responsibilities in the areas of rail, aviation, and public transportation. Less than 2% of the Department's budget comes from the General Revenue Fund (GRF); the rest of the budget derives from federal sources, bond revenue, and the motor vehicle fuel tax. The majority of the Department's budget is contained in Am. Sub. H.B. 67 of the 127th General Assembly, the transportation budget act for FYs 2008 - 2009.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
6,192	\$3.22 billion	\$3.08 billion	\$24.48 million	\$23.28 million	Am. Sub. H.B. 67 Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

FY 2008 - 2009 Budget Highlights

Appropriations

The budget provides a total of \$3.22 billion in FY 2008 and \$3.08 billion in FY 2009, for a total of \$6.30 billion over the biennium. As noted in the table above, the Department's appropriations are included in both the transportation budget (Am. Sub. H.B. 67) as well as the main operating budget act (Am. Sub. H.B. 119). Non-GRF funding in FY 2008 is 10.9% higher than adjusted appropriations for FY 2007. Non-GRF funding levels for FY 2009 are 4.55% lower than FY 2008. The differences over these three fiscal years are due primarily to changes in the Department's various bond line items over the biennium.

The agency's GRF budget consists of \$24,483,585 in FY 2008, a 9.8% increase over FY 2007 adjusted appropriations of \$22,303,885. The FY 2009 appropriation is \$23,283,603. Overall, the GRF appropriations total \$47,767,188 for the biennium, 71% of which is slated for public transportation, 19% for rail transportation, and 10% for aviation.

Selected Budget Issues

Highway Construction Cost Inflation/Additional Bonding

The Department's budget includes increases primarily in highway construction. These highway construction dollars are supported by new bond issuances. Since the last transportation budget, the Department has experienced large inflationary increases in construction costs and lower than expected state and federal motor tax revenues. Rising energy prices since 2003 have significantly increased the cost of construction materials such as aggregate, steel, cement, and asphalt. Furthermore, rising diesel fuel prices have increased costs for excavation, earth moving, grading, and hauling. To offset a portion of the cost of increased construction material costs as well as cover Major/New projects and other program needs, ODOT's budget provides additional bond appropriations over and above previous forecasts, the rationale being that the overall inflation rate applied to construction materials is likely to exceed the interest rate of bond debt.

Despite the rise in highway construction materials costs, ODOT's FY 2008 - 2009 budget should allow the Department to stay on track with the previous administration's Jobs and Progress Plan, a ten-year, \$5 billion Major/New construction program that provides \$500 million annually from 2005 to 2015 for new highway capacity. Under the original plan, the \$500 million annually would come from \$250 million in federal highway dollars each year, an average of \$180 million in state motor fuel tax revenues, and roughly \$70 million each year from bond proceeds.

Other Notable Issues

Some of the notable provisions affecting the Department include creation of the position of Deputy Inspector General for the Department; establishment of a separate \$750 annual license tax on commercial cargo aircraft; transfer of responsibility for maintenance of all bridges on the state highway system (previously performed by counties) to ODOT; and creation of the Ohio Transportation Task Force to evaluate the safe and efficient movement of freight within the state.

The budget also includes notable increases for rail and aviation. However, the budget does not include any specific funding for the Rail Transload Facilities program, which began as a pilot program in FY 2006. Overall, the budget will provide additional funding for rail spur development, new bus purchases, and improvement of airport taxis and runways.

Although it is not specific to any program series within this analysis, the main operating budget act authorizes the Director of Transportation to conduct a 12-month pilot project for energy price risk management by entering into a contract with a qualified provider for services that may include rate analysis, negotiation services, market and regulatory analysis, budget and financial analysis, and mitigation strategies for volatile energy sources, but not energy procurement. The pilot project is to be completed no later than June 30, 2009. The Department may use revenues from the state motor fuel tax or other funds for this purpose.

Funding Distribution

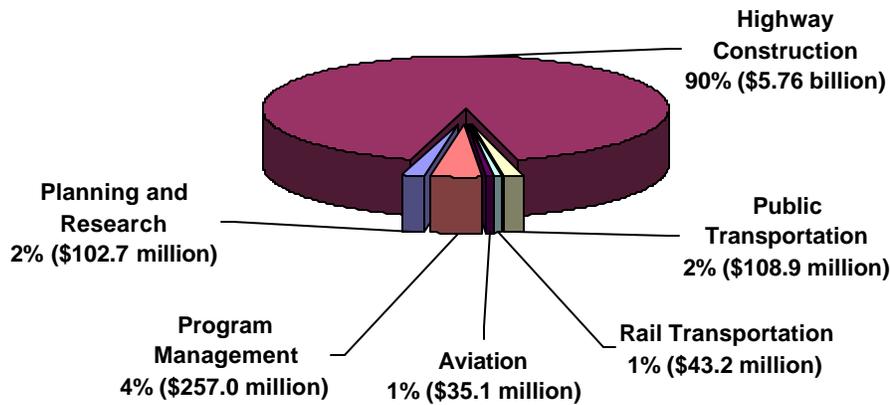
The Department's total enacted budget is divided among six fund groups. Five of the six fund groups receive appropriations in the transportation budget act (Am. Sub. H.B. 67) and include: the Highway Operating Fund Group, the Infrastructure Bank Obligations Fund Group, and the Highway Capital Improvement Fund Group. The transportation budget also includes several line items in the Federal Special Revenue Fund Group (FED) and the State Special Revenue Fund Group (SSR) that were appropriated in the main operating budget in the past. The main operating budget appropriates the Department's GRF funding.

The Highway Operating Fund, which is supported largely by motor fuel taxes, provides the majority of operating and capital support for the agency’s programs. The Infrastructure Bank Obligations Fund Group and the Highway Capital Improvement Fund Group receive state and federal bond proceeds. The GRF supports the operating and capital expenses of the public transportation, rail and aviation programs, and the FED and SSR fund groups support rail and aviation capital expenditures. The table below displays the enacted appropriations for these fund groups.

Budget by Fund Group		
	FY 2008	FY 2009
Highway Operating Fund Group	\$2,547,030,191	\$2,551,265,782
Infrastructure Bank Obligations Fund Group	\$450,000,000	\$400,000,000
Highway Capital Improvement Fund Group	\$200,000,000	\$100,000,000
General Revenue Fund	\$24,483,585	\$23,283,603
State Special Revenue Fund Group	\$3,444,000	\$3,445,200
Federal Special Revenue Fund Group	\$10,000	\$10,000
TOTAL	\$3,224,967,776	\$3,078,004,585

Most of the Department’s budgeted resources go to programs in the Highway Construction series. The chart below shows the Department’s budget by program series.

Budget by Program Series (GRF and non-GRF), FY 2008-2009



ANALYSIS OF THE BUDGET

Program Series

1: Transportation Planning and Research

Purpose: The Transportation Planning and Research program series supports the Department of Transportation's strategic initiatives. Approximately 86% of the funding is used for transportation planning with the remainder dedicated to highway research. The Federal Highway Administration (FHWA) requires that 2% of federal funding be dedicated to planning and research.

The following table shows the line items that are used to fund the Transportation Planning and Research program series as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
Highway Operating Fund Group				
002	771-411	Planning and Research-State	\$20,724,547	\$21,733,301
002	772-412	Planning and Research-Federal	\$29,996,363	\$30,264,923
Highway Operating Fund Group Subtotal			\$50,720,910	\$51,998,224
Total Funding: Transportation Planning and Research			\$50,720,910	\$51,998,224

The following programs are within the Transportation Planning and Research program series:

- **Program 1.01: Planning and Research Operating**
- **Program 1.02: Planning and Research Contracts**

Program 1.01: Planning and Research Operating

Program Description: This program covers payroll, supplies, and equipment expenses for 145 FTEs involved in planning and research operations.

Funding Source: State motor fuel tax revenues

Implication of the Budget: The budget covers all necessary costs related to payroll, supplies, and equipment associated with the Transportation Planning and Research program series.

Program 1.02: Planning and Research Contracts

Program Description: This program provides the capital dollars to support planning and research operations. No operating dollars for personnel, equipment, etc., are included in Program 1.02. Planning and research funds can be used for transportation planning for highways, transit (intercity passenger rail, urban passenger rail, and other transit services), and rail freight. Planning operations include: traffic and roadway monitoring, roadway inventory, local road mileage certification, computer mapping and database development, air quality monitoring, special planning projects, updates to the long-range plan, coordination with Metropolitan Planning Organizations, and review of traffic congestion and travel demand.

Funding Source: State motor fuel tax revenues and federal motor fuel tax revenues

Implication of the Budget: The budget will allow the Department to accomplish the goals and objectives of this program. Current service levels will be maintained over the biennium. The Department

may incur additional expenses throughout the biennium to update their Travel Demand Model software as well as other transportation analysis software. The program will continue to provide emphasis on the necessary planning needed to accomplish the Department's long-term Major/New construction objectives. The budget will also provide for continued efforts related to congestion mitigation, environmental impacts and air quality, updating Access Ohio, continuing freight studies, and assisting Metropolitan Planning Organizations (MPOs) with their travel demand modeling needs.

Program Series

2: Highway Construction

Purpose: The Highway Construction program series consists of several programs that are responsible for the design, purchase of right-of-way, building, and rehabilitation of the highway system. Most projects consist of widening, upgrading, and providing safety improvements to the current system. The main operating budget provides a portion of funding for the Rail Grade Separation Initiative through the GRF. All other appropriations dealing with highway construction are funded from the transportation budget, Am. Sub. H.B. 67.

The following table shows the line items in the Highway Construction program series as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	776-466	Railroad Crossing/Grade Separation	\$789,600	\$789,600
General Revenue Fund Subtotal			\$789,600	\$789,600
Highway Operating Fund Group				
002	772-422	Highway Construction – Federal	\$1,103,979,148	\$1,086,733,759
002	772-421	Highway Construction – State	\$528,722,188	\$504,184,419
002	772-424	Highway Construction – Other	\$106,439,000	\$100,379,155
002	773-431	Highway Maintenance – State	\$403,252,901	\$417,915,187
002	772-437	GARVEE Debt Service – State	\$10,321,300	\$19,273,500
002	772-438	GARVEE Debt Service – Federal	\$113,915,900	\$139,015,000
212	772-426	Highway Infrastructure Bank – Fed	\$4,303,173	\$4,018,649
212	772-427	Highway Infrastructure Bank – State	\$8,268,315	\$10,209,272
212	772-429	Highway Infrastructure Bank – Local	\$11,000,000	\$11,499,999
212	772-430	Infrastructure Debt Reserve Title 23 – 49	\$1,500,000	\$1,500,000
213	772-431	Roadway Infrastructure Bank – State	\$1,000,000	\$1,000,000
213	772-432	Roadway Infrastructure Bank – Local	\$6,000,000	\$6,000,000
213	772-433	Infrastructure Debt Reserve – State	\$2,000,000	\$2,000,000
Highway Operating Fund Group Subtotal			\$2,300,701,925	\$2,303,728,940
Highway Capital Improvement Fund				
042	772-723	Highway Construction – Bonds	\$200,000,000	\$100,000,000
Highway Capital Improvement Fund Subtotal			\$200,000,000	\$100,000,000
Infrastructure Bank Obligations Fund				
045	772-428	Highway Infrastructure Bank – Bonds	\$450,000,000	\$400,000,000
Infrastructure Bank Obligations Fund Subtotal			\$450,000,000	\$400,000,000
Total Funding: Highway Construction			\$2,951,491,525	\$2,804,518,540

The following programs are within the Highway Construction program series:

- **Program 2.01: Highway Operating**
- **Program 2.02: Preservation Paving and Bridges**
- **Program 2.03: Safety**
- **Program 2.04: Local Government Programs**
- **Program 2.05: Major/New**

- **Program 2.06: Other Construction Programs**
- **Program 2.07: Highway Maintenance Contracts**

Program 2.01: Highway Operating

Program Description: This program covers the operating costs (payroll, supplies, and equipment) for all of ODOT's programs in the Highway Construction program series. In past budgets, ODOT prorated its operating costs among all the programs within a series.

Funding Source: State motor fuel tax revenues

Implication of the Budget: The budget covers all necessary costs related to payroll, supplies, and equipment associated with the Highway Construction program series. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$486.6 million and \$507.7 million will be provided for the above purposes in FYs 2008 and 2009, respectively.

Program 2.02: Pavement Preservation and Bridges

Program Description: This program provides funds to ODOT districts in order to maintain the existing pavements on two-lane state routes (the General System); interstate routes, freeways, and multi-lane roads (the Priority System); and U.S. and state routes within municipal boundaries (the Urban System). In addition, the program remedies deficiencies in bridge paint condition, wearing surfaces, and deck condition. All of the program's funds over the biennium will be budgeted for capital expenditures, such as: engineering and design services, right-of-way acquisition, utility relocation, construction, and construction inspection. All of the funding allocated to the 12 districts throughout the state is goal driven and based on roadway condition indicators.

Funding Source: State and federal motor fuel tax revenues and bonds

Implication of the Budget: The budget will provide the necessary funding for preservation and replacement of existing pavements and bridges throughout the state. Specifically, funding will cover all costs associated with design, necessary right-of-way acquisition and utility relocation, and construction and inspections. The Department will continue to follow a pavement preventive maintenance strategy based on regular inspections and track the performance history of all roadways and bridges and identify poorly performing pavements. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$801.3 million and \$831.9 million will be provided for pavement and bridge preservation in FYs 2008 and 2009, respectively.

Program 2.03: Safety

Program Description: This program provides funding for safety projects that contribute to improving safety and reducing the severity, frequency, and rate of crashes on the state highway system and local roads. The program's objectives are to reduce the crash fatality rate per vehicle miles traveled. In the long-term the Department's goals are to see a 10% reduction in crashes by 2015, a 25% reduction in rear-end crashes by 2015, and an overall reduction in fatality rates. Examples of projects include signing, striping, clearing brush, traffic signal coordination, two-way left turn lanes, additional lanes, and other roadway modifications.

Funding Source: State and federal motor fuel tax revenues and bonds

Implication of the Budget: The budget will allow ODOT to maintain its safety and congestion program and identify and improve areas with high crash frequency and severity. Over the biennium, the Department will continue funding low cost, short-term measures and monitor the impact on crash reductions. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$70.0 million and \$71.3 million will be provided for safety program projects in FYs 2008 and 2009, respectively.

Program 2.04: Local Government Programs

Program Description: This program allocates federal funds for the replacement and rehabilitation of transportation infrastructure in the following local government programs: Metropolitan Planning Organizations-Urban, Local Participation, County Bridge and Surface, Local Major Bridge, Transportation Enhancement, Small Cities, City Bridge, and Safe Routes to Schools.

Funding Source: Federal funds and local government matching funds

Implication of the Budget: Federal funding dollars have come in lower than expected since 2005. As a result, ODOT, in agreement with local governments, has pared down some of the federal discretionary funding it gives to locals. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$387.0 million and \$384.6 million will be provided for the above local government programs in FYs 2008 and 2009, respectively.

Program 2.05: Major/New Construction

Program Description: This program provides funding for projects that increase mobility, provide connectivity, increase the accessibility of a region for economic development, increase the capacity of a transportation facility, and reduce congestion throughout Ohio. Funds are dedicated to Major/New construction only after ODOT assures it is meeting basic system maintenance and operational needs. Once a Major/New project is approved by the Transportation Review Advisory Council (TRAC), the project moves through a series of phases before completion. These phases include planning and engineering; design; right of way acquisition, and construction. Since the Major/New program is funded last on ODOT's list of funding priorities, the program ends up absorbing the brunt of the impact if state and federal revenue decreases or if other program costs increase.

The budget will continue the Department long-range Major/New funding goal of providing a 10-year, \$5 billion Major/New construction program. The program plan is to provide approximately \$500 million annually from 2006 through 2015 specifically for Major/New construction. This annual program will be made up of a combination of \$250 million in federal highway dollars each year, an average of \$180 million in state motor fuel tax revenues, and roughly \$70 million each year from state bond proceeds.

Funding Source: State and federal motor fuel tax revenues and bonds

Implication of the Budget: The budget allows for the continued funding of the Major/New Construction program, despite limited growth in both state and federal motor fuel tax revenues and the rising costs of construction materials and fuel. These issues were not predicted at the time of the implementation of the previous administration's "Jobs and Progress Plan."

The budget includes a 181% increase in appropriation item 772-428, Highway Infrastructure Bank-Bonds compared to FY 2007 appropriations. This increase will account for the use of grant anticipated revenue vehicle bonds (GARVEEs). With the goal of maintaining the Department's long-

range Major/New funding program, the Department will use GARVEE bonds as a source of revenue to keep the program solvent.

From the Department's perspective, paying a lower debt interest rate on bonds is more advantageous than using additional motor fuel tax revenues due to the erosion of the purchasing power of these revenues. In FY 2007 the interest rate on GARVEE bonds was approximately 3.89% and the interest rate in FY 2006 on state highway bonds was 3.73%.

If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$770.8 million and \$531.1 million will be provided for Major/New Construction in FYs 2008 and 2009, respectively.

Program 2.06: Other Construction Programs

Program Description: This program provides funding for many different activities addressing a variety of issues. The program provides (1) annual debt service for GARVEE bonds, (2) federally earmarked funds to the appropriate local governments, (3) direct loans to public or private entities for local highway projects through the State Infrastructure Bank program, (4) participation in the federal Appalachian development program, (5) funding for the Geological Site Management program, (6) funding for the Rail Grade Separation Initiative, (7) emergency funds for the repair or reconstruction of Federal-aid highways and roads on federal lands that have suffered serious damage by natural disasters or catastrophic failures from an external cause, (8) funding for the replacement and rehabilitation for the rest areas on the state and national highway system, (9) funds for the construction, reconstruction, and maintenance of public access roads to and within facilities owned or operated by the Department of Natural Resources and within the boundaries of metropolitan parks, (10) funding for retrofitting roadways with noise barriers state wide, and (11) funding for transportation improvement projects on priority state routes and off-road trails adjacent to priority state routes that improve safety for motorists and horse drawn vehicles through the Amish Buggy Safety program.

Funding Source: GRF; State and federal motor fuel taxes; and State Infrastructure Bank (SIB) dollars (initial capitalization amounts, interest, loan proceeds)

Implication of the Budget: The budget will allow the Department to continue all the programs described above at current service levels. The SIB program will continue to be a desirable resource for local governments to use to access transportation funds now and pay later. Local governments will continue to use motor fuel tax revenues as pledged repayments on SIB loans. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$355.6 million and \$389.4 million will be provided for the above programs in FYs 2008 and 2009, respectively.

Program 2.07: Highway Maintenance Contracts

Purpose: This program series maintains the state highway system in a safe and attractive condition, provides tourist information and clean rest areas for the motoring public, and maintains ODOT facilities and equipment. This program funds the following activities: rest area maintenance/district cleaning, traffic system maintenance, guardrail maintenance, roadside maintenance, and pavement maintenance.

Funding Source: State motor fuel tax revenue. This program series does not use federal dollars.

Implication of the Budget: The budget will be sufficient to accomplish the goals and objectives of this program. ODOT will maintain current service and staffing levels. The Department will keep

routine maintenance a top priority over the biennium by maintaining a steady state of maintenance efforts and identify and reduce system deficiencies. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$80.1 million and \$81.4 million will be provided for highway maintenance in FYs 2008 and 2009, respectively.

Program Series

3: Public Transportation

Purpose: The Public Transportation program series provides capital, operating, technical, and planning assistance to 60 transit systems serving portions of 58 counties. Of the 60 transit systems, 24 systems are in urban areas and 36 in rural areas. The majority of assistance funds are from federal dollars and are used for grants to transit systems – both for operating assistance and capital purchases. Funding is also provided from the General Revenue Fund (GRF) and the Highway Operating Fund (HOF). All GRF dollars are appropriated in the main operating bill and are used to support operating expenses of the Office of Transit. Like the federal dollars, GRF dollars and other HOF dollars also provide operating and capital grants to public transit systems. The capital assistance grants allow transit systems to purchase transit vehicles, computer equipment, and build transit facilities. Vehicle replacement continues to be the greatest need for Ohio transit systems.

The following table shows the line items in the Public Transportation program series as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	775-451	Public Transportation-State	\$16,700,000	\$17,000,000
General Revenue Fund Subtotal			\$16,700,000	\$17,000,000
Highway Operating Fund Group				
002	775-452	Public Transportation-Federal	\$25,471,589	\$30,391,763
002	775-454	Public Transportation-Other	\$1,500,000	\$1,500,000
002	775-459	Elderly and Disabled Special Equipment	\$4,730,000	\$4,730,000
212	775-408	Transit Infrastructure Bank-Local	\$2,500,000	\$812,685
212	775-455	Title 49 Infrastructure Bank-State	\$476,485	\$312,795
213	775-457	Transit Infrastructure Bank-State	\$500,000	\$312,082
213	775-460	Transit Infrastructure Bank-Local	\$1,000,000	\$1,000,000
Highway Operating Fund Group Subtotal			\$36,178,074	\$39,059,325
Total Funding: Public Transportation			\$52,878,074	\$56,059,325

This analysis focuses on the following specific programs within the program series:

- **Program 3.01: Public Transit Operating**
- **Program 3.02: Public Transit Assistance**
- **Program 3.03: Elderly and Disabled Assistance**
- **Program 3.04: Technical Assistance**
- **Program 3.05: Transit Infrastructure Bank Loans**

Program 3.01: Public Transit Operating

Program Description: This program covers the operating costs (payroll, supplies, and equipment) of ODOT's Office of Transit. In past budgets, ODOT prorated its operating costs among all the programs within a series.

Funding Source: GRF

Implication of the Budget: The appropriated amounts will cover the majority of costs related to the payroll for 17 employees, supplies, and equipment associated with the Public Transportation program series.

Program 3.02: Public Transit Assistance

Program Description: The Public Transit Assistance Program provides partial funding to rural and urban transit systems for operating assistance and capital projects through the Ohio Public Transportation Grant Program and the Ohio Coordination Program.

The Ohio Public Transportation Grant Program provides grants to transit systems for operating assistance to cover wages, fuel, insurance, training, and vehicle and facility maintenance, as well as for planning assistance and capital purchases.

The Ohio Coordination Program provides grants to assist in the coordination of transportation services among local human service agencies in counties that do not have public transportation systems.

Funding Source: GRF, Federal dollars, motor fuel tax revenues

Implication of the Budget: The budget will maintain current service levels. Replacement buses for urban and rural transit systems will be provided through a \$10 million transfer from the Highway Operating Fund to the Transit Capital Fund (Fund 5E7). These funds may assist in replacing 20 to 25 larger buses used in urban systems and several smaller buses in rural systems. However, this transfer will draw down on the balance in the Highway Operating Fund which is largely used for highway construction, maintenance, and planning.

The budget will also allow the Department to implement two new federal transit programs: the New Freedom Program and the Job Access Reserve Commute (JARC) program. The JARC program has been in existence but was a discretionary program. It is now a formula program administered by the states for small urban and rural areas.

Program 3.03: Elderly and Disabled Assistance

Program Description: This program offers affordable transportation for the elderly and people with disabilities through reduced fare assistance in its Ohio Elderly and Disabled Fare Assistance Program (EDFA). The EDFA is funded entirely with state GRF dollars. Federal dollars allocated under the Specialized Transportation Program (STP) are used for the purchase of vehicles and equipment. The STP is funded from federal (80%) and local matching funds (20%).

Funding Source: GRF and federal dollars

Implication of the Budget: The amounts appropriated will help offset 60% to 70% of public transit farebox losses from reduced fares offered to the elderly and disabled.

Program 3.04: Technical Assistance

Program Description: This program provides oversight for the Ohio Public Transportation Grant Program, the Ohio Coordination program, Specialized Program, and federally mandated Rail Safety Program. Essentially, this program ensures all grantees are in compliance with federal regulations and state program requirements. ODOT staff serve as consultants to public transit systems; offer guidance on ODOT grant programs; conduct program reviews and quality assurance reviews, site visits, and training workshops.

Funding Source: Federal dollars

Implication of the Budget: The budget will allow the Department to accommodate a large part of technical assistance requests, but not all. Service evaluations, route analysis, and transportation development plans may be limited. Furthermore, training workshops such as defensive driving, new director training, and federal program updates may also be limited. Over the biennium, ODOT will continue to minimize travel costs and use more teleconferencing and videoconferencing as opposed to actual site visits. ODOT will also pursue online training courses.

Program 3.05: Transit Infrastructure Bank Loans

Program Description: The Transit Infrastructure Bank Loan program provides another resource local government entities can access as a method to fund transit projects on top of current state grants and federal allocations available. Transit Infrastructure Bank Loans is just one of the loan accounts provided through the State Infrastructure Bank (SIB) program. Funding for transit loans as well as other highway and aviation loans was provided in the initial capitalization of the SIB – \$87 million in federal funds, \$40 million in GRF funds, and \$10 million in motor fuel tax revenues. The moneys from the initial capitalization allow the whole SIB program to serve as a revolving loan program. The appropriations in this program will be used to provide low interest rate loans to local governments to either fund transit construction projects at 100% or to match available federal funding.

Funding Source: Federal dollars authorized under 49 U.S.C. Section 5303.

Implication of the Budget: The budget appropriates \$4,476,485 in FY 2008 and \$2,437,562 in FY 2009 for the Transit Infrastructure Bank Loans program, which will provide the necessary resources for the Department to provide future transit loans from the State Infrastructure Bank.

Program Series**4: Rail Transportation**

Purpose: This program series is administered by the Ohio Rail Development Commission (ORDC). The Commission provides programs that promote economic development and rail-highway safety. ORDC administers federal and state funding of rail safety projects including the upgrading and removal of hazardous crossings as determined by the Public Utilities Commission.

The following table shows the line items that are used to fund the Rail Transportation program series and the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	776-465	Ohio Rail Development Commission	\$3,700,000	\$3,700,000
General Revenue Fund Subtotal			\$3,700,000	\$3,700,000
Highway Operating Fund Group				
002	776-462	Grade Crossing-Federal	\$15,000,000	\$15,000,000
Highway Operating Fund Group Subtotal			\$15,000,000	\$15,000,000
Federal Special Revenue Fund Group				
3B9	776-662	Rail Transportation-Federal	\$10,000	\$10,000
Federal Special Revenue Fund Group Subtotal			\$10,000	\$10,000
State Special Revenue Fund Group				
4N4	776-663	Panhandle Lease Reserve Payments	\$762,500	\$763,700
4N4	776-664	Rail Transportation-Other	\$2,111,500	\$2,111,500
State Special Revenue Fund Group Subtotal			\$2,874,000	\$2,875,200
Total Funding: Rail Transportation			\$21,584,000	\$21,585,200

This program series includes funding for the following:

- **Program 4.01: Rail Operating**
- **Program 4.02: Rail Development Grant and Loan Program**
- **Program 4.03: Rail-Highway Grade Crossing Safety**
- **Program 4.04: Passenger Rail Studies**

Program 4.01: Rail Operating

Program Description: This program consists of the entire operating costs of the Ohio Rail Development Commission. Funding covers payroll, personal service contracts, and all administrative expenses including equipment, travel, and rent.

Funding Source: GRF

Implication of the Budget: The budget will allow the Commission to focus on additional training of existing staff and maintaining current levels of service. The additional training will be for field inspection staff so they can perform multiple duties/inspections in the field.

Program 4.02: Rail Development Grant and Loan Program

Program Description: The Rail Development Grant and Loan Program provides financial assistance in the form of loans and grants to railroads, businesses, and communities for the rehabilitation, acquisition/preservation, or construction of rail, and rail-related infrastructure. The loans and grants are distributed through the following programs: the Rail Line Rehabilitation and Improvement Program, the Economic Development Program, the Acquisition Program, and the State-Owned Rail Line Program.

Funding Source: GRF; federal dollars; loan repayments

Implication of the Budget: Funding levels will significantly increase the Commission's grant and loan program. The Commission will provide additional grants largely for rail spurs and short-line rail in an effort to increase economic development.

Program 4.03: Rail-Highway Grade Crossing Safety

Program Description: This is a federally mandated program that provides for the elimination of hazards at highway-railroad grade crossings by installing flashing lights and gates, closing and consolidating crossings, constructing grade separations, and resurfacing grade crossings. Implementing these safety measures helps to eliminate collisions between vehicles and trains.

Funding Source: Federal rail funds

Implication of the Budget: The budget appropriates \$15,000,000 in each fiscal year, the same appropriated for the previous biennium, which will maintain current service levels and allow the ORDC to continue providing federally mandated moneys to communities to eliminate rail hazards.

Program 4.04: Passenger Rail Studies

Program Description: The Passenger Rail Studies Program focuses on planning and project development activities related to the initiation of possible intercity as well as regional passenger rail services. The ORDC is directed to prepare a plan for passenger rail in the state with the initial route being in the Cleveland-Columbus-Cincinnati Corridor, also known as the Ohio Hub. The Ohio Hub plan is an interconnected, intercity, passenger rail system that serves the major cities in the state and connects to rail corridors in neighboring states as well as other multiple modes such as air travel.

Funding Source: GRF

Implication of the Budget: The budget will allow the Rail Commission to continue to prepare the state to potentially leverage federal dollars for passenger rail services by supporting ongoing conceptual development of the Ohio Hub Passenger Rail System Plan.

Program Series**5: Aviation**

Purpose: This program series is responsible for working with airports to meet national safety standards, making infrastructure improvements, coordinating with the Federal Aviation Administration, registering aircrafts, providing air transportation to state officials, and maintaining the state's aircraft fleet.

The following table shows the line items that are used to fund the Aviation program series and the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	777-471	Airport Improvements-State	\$3,293,985	\$1,794,003
General Revenue Fund Subtotal			\$3,293,985	\$1,794,003
Highway Operating Fund Group				
002	777-472	Airport Improvements-Federal	\$405,000	\$405,000
002	777-475	Aviation Administration	\$5,210,000	\$5,358,100
213	777-477	Aviation Infrastructure Bank-State	\$2,000,000	\$3,500,000
213	777-478	Aviation Infrastructure Bank-Local	\$5,996,118	\$6,000,000
Highway Operating Fund Group Subtotal			\$13,611,118	\$15,263,100
State Special Revenue Fund Group				
5W9	777-615	County Airport Maintenance	570,000	570,000
State Special Revenue Fund Group Subtotal			\$570,000	\$570,000
Total Funding: Aviation			\$17,475,103	\$17,627,103

This program series includes funding for the following:

- **Program 5.01: Aviation Operating**
- **Program 5.02: Aviation Improvement Program**
- **Program 5.03: Aviation Infrastructure Bank Loans**

Program 5.01: Aviation Operating

Program Description: This program is responsible for the operation of the Department's aircraft. The aircraft are used to transport the Governor, legislators, state personnel, and to perform ODOT missions such as aerial photography, emergency management, forestry missions, homeland security, prisoner transfers, ODNR missions, wild animal inoculations, and assisting in marijuana eradication. The Department maintains a fleet of 30 state aircraft, which includes those of the Ohio State Highway Patrol and the Ohio Department of Natural Resources. The majority of budgeted dollars are spent for passenger transportation missions, marijuana eradication, aerial photo missions, and maintenance test flights.

Funding Source: GRF; motor fuel tax revenues; flight fees

Implication of the Budget: The budget will fund existing levels of service. As a cost savings measure, ODOT will continue completing more in-house aircraft inspections rather than contracting inspections out, saving roughly \$1,500 per inspection. ODOT also anticipates savings close to \$16,500 from the installation of installed fuel sump saver units on its aircraft.

Program 5.02: Aviation Improvement Program

Program Description: The Airport Improvement Program focuses primarily on airport safety and airport capital improvements. The Airport Safety Program regulates 164 public use airports, 9 public use heliports, 440 private airports, 300 private heliports, and 5 seaplane bases.

Airport safety involves conducting airport inspections (every two years), enforcement of aviation laws, and aircraft registration and data gathering. Airport inspections ensure airport operations comply with Federal Aviation Administration (FAA) standards. After inspections, airports are advised of deficiencies and assisted in developing a corrective plan. The capital improvement portion of this program provides grants to public-owned airports for runway maintenance (including marking and lighting), runway extensions, apron extensions, navigational aids, and weather reporting equipment. The Airport Improvement Program also registers all Ohio-based aircraft.

Funding Source: GRF; federal dollars; general aviation license tax (\$15 per aircraft seat); and annual flat rate of \$15 for gliders and balloons

Implication of the Budget: The budget provides funding sufficient to maintain current service levels. Overall, the grant program will likely continue providing grants that target pavement system deficiencies and other capital improvements at existing levels. The budget requires \$1,500,000 to be used for air travel and support and economic development of statewide airports.

Further, the provision allows the directors of Development and Transportation may enter into one or more agreements between their two departments as necessary to implement a statewide strategy to enhance Ohio's airports as centers of regional economic development. Currently, it is unknown what type of projects the earmark will support, how many, and or what the statewide strategy will include.

Program 5.03: Aviation Infrastructure Bank Loans

Program Description: The Aviation Infrastructure Bank Loan program provides another resource publicly owned airports may use to fund aviation projects. Similar to Transit Infrastructure Bank Loans, Aviation Infrastructure Bank Loans are another loan account provided through the State Infrastructure Bank (SIB) program. Funding for aviation loans as well as other highway and transit loans was provided in the initial capitalization of the SIB – \$87 million in federal funds, \$40 million in GRF funds, and \$10 million in motor fuel tax revenues. The moneys from the initial capitalization allow the whole SIB program to serve as a revolving loan program. The Department is also starting an SIB bond program that provides funding by leveraging loan repayments. The appropriations in this program will be used to provide low interest rate loans to local governments to either fund aviation capital improvement projects at 100% or to match available federal funding.

Funding Source: Federal dollars authorized under 49 U.S.C. Section 5303.

Implication of the Budget: The budget appropriates \$7,996,118 in FY 2008 and \$9,500,000 in FY 2009 for the Aviation Infrastructure Bank Loan program. These funding levels will provide the necessary resources for the Department to provide future aviation loans from the State Infrastructure Bank for capital improvements at public-use airports.

Program Series**6: Program Management**

Purpose: This program series provides the management support for all the Department's programs, supports capital improvements to ODOT facilities and pays the debt service on bonds issued for such improvements.

The following table shows the line items that are used to fund the Program Management program series as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
Highway Operating Fund Group				
002	770-003	Administration-State-Debt Service	\$10,555,300	\$3,614,700
002	779-491	Administration-State	\$120,262,864	\$122,601,493
Highway Operating Fund Group Subtotal			\$130,818,164	\$126,216,193
Total Funding: Program Management			\$130,818,164	\$126,216,193

This program series includes the following:

- **Program 6.01: Administration**
- **Program 6.02: Land and Buildings**

Program 6.01: Administration

Program Description: This program series provides the management support needed to administer the Department's programs. Program management includes the Director's Executive Leadership Staff, Divisions of Quality and Human Resources, Financing and Forecasting, Information Technology, Facilities Management, and Local Programs. The program also includes minor capital and maintenance projects for Department lands and buildings as well as debt service for bonds sold through the Ohio Building Authority.

Funding Source: State motor fuel tax revenues and other highway related revenues

Implication of the Budget: The budget will allow the Department to maintain current service and staffing levels and debt service payments over the biennium.

Program 6.02: Land and Buildings

Program Description: This program is directed toward minor capital and maintenance projects for department lands and buildings as well as debt service for bonds sold through the Ohio Building Authority.

Funding Source: State motor fuel tax revenues and other highway related revenues

Implication of the Budget: The budget maintains current service levels for the Land and Buildings program.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2007 Adj.</i>	<i>FY 2008</i>	<i>% Change</i>	<i>FY 2009</i>	<i>% Change</i>		
			<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>2007 to 2008:</i>	<i>Appropriations:</i>	<i>2008 to 2009:</i>		
Report For: Main Operating Appropriations Bill			Version: Enacted						
DOT Transportation, Department of									
GRF	775-451	Public Transportation-State	\$ 23,264,179	\$ 20,130,270	\$ 16,300,000	\$ 16,700,000	2.45%	\$ 17,000,000	1.80%
GRF	775-456	Public Transportation/Discretionary Capital	\$ 1,228,415	\$ 490,393	\$ 0	----	N/A	----	N/A
GRF	775-458	Elderly & Disabled Fare Assistance	\$ 596	----	\$ 0	----	N/A	----	N/A
GRF	776-465	Ohio Rail Development Commission	\$ 3,522,550	\$ 2,200,145	\$ 2,700,000	\$ 3,700,000	37.04%	\$ 3,700,000	0.00%
GRF	776-466	Railroad Crossing/Grade Separation	\$ 773,124	\$ 254,158	\$ 789,600	\$ 789,600	0.00%	\$ 789,600	0.00%
GRF	777-471	Airport Improvements-State	\$ 1,810,733	\$ 2,577,086	\$ 1,793,985	\$ 3,293,985	83.61%	\$ 1,794,003	-45.54%
GRF	777-473	Rickenbacker Lease Payments-State	\$ 543,014	\$ 535,626	\$ 320,300	----	N/A	----	N/A
General Revenue Fund Total			\$ 31,142,610	\$ 26,187,677	\$ 21,903,885	\$ 24,483,585	11.78%	\$ 23,283,603	-4.90%
5E7	775-657	Transit Capital Funds	\$ 652,994	\$ 353,917	\$ 0	----	N/A	----	N/A
General Services Fund Group Total			\$ 652,994	\$ 353,917	\$ 0	----	N/A	----	N/A
5CF	776-667	Rail Transload Facilities	----	----	\$ 400,000	----	N/A	----	N/A
State Special Revenue Fund Group Total			----	----	\$ 400,000	----	N/A	----	N/A
Transportation, Department of Total			\$ 31,795,604	\$ 26,541,594	\$ 22,303,885	\$ 24,483,585	9.77%	\$ 23,283,603	-4.90%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Transportation Budget

Version: Enacted

DOT Transportation, Department of

3B9	776-662	Rail Transportation-Federal	\$ 48,155	\$ 363	\$ 10,000	\$ 10,000	0.00%	\$ 10,000	0.00%
Federal Special Revenue Fund Group Total			\$ 48,155	\$ 363	\$ 10,000	\$ 10,000	0.00%	\$ 10,000	0.00%
4N4	776-663	Panhandle Lease Reserve Payments	---	---	\$ 764,400	\$ 762,500	-0.25%	\$ 763,700	0.16%
4N4	776-664	Rail Transportation-Other	\$ 1,162,900	\$ 1,040,201	\$ 2,111,500	\$ 2,111,500	0.00%	\$ 2,111,500	0.00%
5W9	777-615	County Airport Maintenance	\$ 114,343	\$ 436,630	\$ 570,000	\$ 570,000	0.00%	\$ 570,000	0.00%
State Special Revenue Fund Group Total			\$ 1,277,243	\$ 1,476,832	\$ 3,445,900	\$ 3,444,000	-0.06%	\$ 3,445,200	0.03%
002	770-003	Administration-State-Debt Service	\$ 13,393,459	\$ 12,964,242	\$ 10,923,100	\$ 10,555,300	-3.37%	\$ 3,614,700	-65.75%
002	771-411	Planning and Research-State	\$ 14,225,862	\$ 16,048,766	\$ 19,112,000	\$ 20,724,547	8.44%	\$ 21,733,301	4.87%
002	771-412	Planning and Research-Federal	\$ 22,912,973	\$ 24,821,192	\$ 40,000,000	\$ 29,996,363	-25.01%	\$ 30,264,923	0.90%
002	772-421	Highway Construction-State	\$ 508,574,905	\$ 493,079,108	\$ 578,969,730	\$ 528,722,188	-8.68%	\$ 504,184,419	-4.64%
002	772-422	Highway Construction-Federal	\$ 942,829,102	\$ 1,086,636,087	\$ 1,131,500,000	\$ 1,103,979,148	-2.43%	\$ 1,086,733,759	-1.56%
002	772-424	Highway Construction-Other	\$ 62,454,927	\$ 52,305,838	\$ 53,500,000	\$ 106,439,000	98.95%	\$ 100,379,155	-5.69%
002	772-437	GARVEE Debt Service - State	---	---	\$ 0	\$ 10,321,300	N/A	\$ 19,273,500	86.74%
002	772-438	GARVEE Debt Service - Federal	---	---	\$ 0	\$ 113,915,900	N/A	\$ 139,015,000	22.03%
002	773-431	Highway Maintenance-State	\$ 376,567,481	\$ 370,516,138	\$ 393,313,472	\$ 403,252,901	2.53%	\$ 417,915,187	3.64%
002	775-452	Public Transportation-Federal	\$ 18,099,674	\$ 20,730,219	\$ 30,365,000	\$ 25,471,589	-16.12%	\$ 30,391,763	19.32%
002	775-454	Public Transportation-Other	\$ 429,559	\$ 658,843	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
002	775-459	Elderly and Disabled Special Equipment	\$ 1,476,512	\$ 2,213,228	\$ 4,595,000	\$ 4,730,000	2.94%	\$ 4,730,000	0.00%
002	776-462	Grade Crossings-Federal	\$ 11,380,273	\$ 8,593,475	\$ 15,000,000	\$ 15,000,000	0.00%	\$ 15,000,000	0.00%
002	777-472	Airport Improvements-Federal	\$ 198,831	\$ 211,169	\$ 405,000	\$ 405,000	0.00%	\$ 405,000	0.00%
002	777-475	Aviation Administration	\$ 3,398,583	\$ 5,490,564	\$ 4,046,900	\$ 5,210,000	28.74%	\$ 5,358,100	2.84%
002	779-491	Administration-State	\$ 117,731,660	\$ 105,983,054	\$ 121,057,898	\$ 120,262,864	-0.66%	\$ 122,601,493	1.94%
212	770-005	Infrastructure Debt Service-Federal	\$ 66,592,452	---	\$ 0	---	N/A	---	N/A
212	772-423	Infrastructure Lease Payments-Federal	\$ 11,290,018	---	\$ 0	---	N/A	---	N/A
212	772-426	Highway Infrastructure Bank-Federal	\$ 10,886,209	\$ 10,542,981	\$ 2,000,000	\$ 4,303,173	115.16%	\$ 4,018,649	-6.61%
212	772-427	Highway Infrastructure Bank-State	\$ 10,647,942	\$ 13,981,913	\$ 8,853,400	\$ 8,268,315	-6.61%	\$ 10,209,272	23.47%
212	772-429	Highway Infrastructure Bank-Local	---	---	\$ 12,500,000	\$ 11,000,000	-12.00%	\$ 11,499,999	4.55%
212	772-430	Infrastructure Debt Reserve Title 23-49	---	---	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
212	775-408	Transit Infrastructure Bank-Local	---	---	\$ 2,500,000	\$ 2,500,000	0.00%	\$ 812,685	-67.49%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
DOT Transportation, Department of									
212	775-455	Title 49 Infrastructure Bank - State	----	----	\$ 1,000,000	\$ 476,485	-52.35%	\$ 312,795	-34.35%
213	772-431	Roadway Infrastructure Bank - State	----	----	\$ 1,775,461	\$ 1,000,000	-43.68%	\$ 1,000,000	0.00%
213	772-432	Roadway Infrastructure Bank-Local	----	----	\$ 7,000,000	\$ 6,000,000	-14.29%	\$ 6,000,000	0.00%
213	772-433	Infrastructure Debt Reserve - State	----	----	\$ 2,000,000	\$ 2,000,000	0.00%	\$ 2,000,000	0.00%
213	775-457	Transit Infrastructure Bank - State	----	----	\$ 500,000	\$ 500,000	0.00%	\$ 312,082	-37.58%
213	775-460	Transit Infrastructure Bank-Local	----	----	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
213	777-477	Aviation Infrastructure Bank-State	\$ 2,000,000	\$ 609,455	\$ 3,000,000	\$ 2,000,000	-33.33%	\$ 3,500,000	75.00%
213	777-478	Aviation Infrastructure Bank-Local	----	----	\$ 7,000,000	\$ 5,996,118	-14.34%	\$ 6,000,000	0.06%
214	770-401	Infrastructure Debt Service-Federal	----	\$ 73,372,557	\$ 105,129,400	----	N/A	----	N/A
214	772-434	Infrastructure Lease Payments-Federal	----	\$ 2,614,380	\$ 12,536,000	----	N/A	----	N/A
4T5	770-609	Administration Memorial Fund	\$ 640	----	\$ 0	----	N/A	----	N/A
Highway Operating Fund Group Total			\$ 2,195,091,063	\$ 2,301,373,209	\$ 2,572,582,361	\$ 2,547,030,191	-0.99%	\$ 2,551,265,782	0.17%
045	772-428	Highway Infrastructure Bank-Bonds	\$ 56,551,078	\$ 12,693,458	\$ 160,000,000	\$ 450,000,000	181.25%	\$ 400,000,000	-11.11%
Infrastructure Bank Obligations Fund Group Total			\$ 56,551,078	\$ 12,693,458	\$ 160,000,000	\$ 450,000,000	181.25%	\$ 400,000,000	-11.11%
042	772-723	Highway Construction-Bonds	\$ 173,318,802	\$ 164,862,472	\$ 150,000,000	\$ 200,000,000	33.33%	\$ 100,000,000	-50.00%
Highway Capital Improvement Fund Group Total			\$ 173,318,802	\$ 164,862,472	\$ 150,000,000	\$ 200,000,000	33.33%	\$ 100,000,000	-50.00%
Transportation, Department of Total			\$ 2,426,286,341	\$ 2,480,406,333	\$ 2,886,038,261	\$ 3,200,484,191	10.90%	\$ 3,054,720,982	-4.55%

Accountancy Board of Ohio

Jason Phillips, Budget Analyst

- Licensed and registered approximately 29,500 CPAs and PAs in FY 2006
- Increased funding for CPA Education Assistance program

OVERVIEW

Duties and Responsibilities

The mission of the Accountancy Board of Ohio is to protect the public interest by requiring that all persons who desire to become Certified Public Accountants (CPAs) and Public Accountants (PAs) meet specific qualifications for entry into the profession and that CPAs maintain competence after they are licensed. This assures that the services received by Ohioans from CPAs and PAs will be performed in an ethical, competent, and professional manner and in accordance with all appropriate laws and standards. The Board determines the level of knowledge of all applicants through means of a computer-based examination. Those who pass the examination are then licensed and regulated by the Board. The Board mandates a program of continuing education for its licensees.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
11	\$1.42 million	\$1.44 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The Accountancy Board handles the administrative work for roughly 29,000 certified public accountant and public accountant licenses and nearly 3,300 public accounting firm registrations. The Board's licenses and registrations have triennial renewal cycles. License and registration fees generated an estimated \$3.87 million in revenue over the three-year period from FY 2005 through FY 2007. Compared to estimated expenditures of \$3.61 million during that same time period, the Board realized an estimated net gain of over \$250,000.

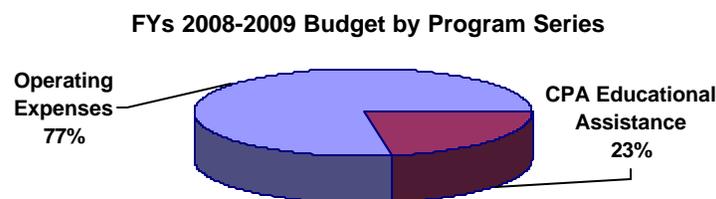
Summary of Am. Sub. H.B. 119 Appropriations

The Accountancy Board received total funding of \$1,417,246 for FY 2008, representing an increase of 10.8% over FY 2007 appropriations of \$1,279,286. Much of the increase in the Accountancy Board's total budget is attributable to an increase for the CPA Education Assistance program (see below). The budget appropriates \$1,442,000 for FY 2009, representing a 1.7% increase over the FY 2008 appropriation.

The budget appropriates \$1,092,246 for operating expenses in FY 2008 and \$1,117,000 for that purpose in FY 2009, representing increases of 2.1% and 2.3%, respectively. The Board plans to use the additional funding to pay for mandated salary increases and increased IT charges related to the e-Licensing system.

Appropriation for Educational Assistance (Fund 4J8)

The Accountancy Board's budget includes \$325,000 each fiscal year for the CPA Education Assistance program, which is a scholarship program established to reduce the burden of education requirements to low income students. It is funded from surcharges paid by licensees. As the chart below indicates, the CPA Educational Assistance Scholarship currently comprises approximately 23% of the Accountancy Board's total FY 2008 - 2009 budget.



Previously, a shortage of qualified candidates existed, limiting the funds that could be disbursed for the scholarship program. However, the Board has seen a marked increase in the number of applicants. This is because the number of students taking accounting courses and the number of CPA exam candidates has been steadily increasing after an initial drop once the requirements for CPA certification were increased in CY 2000. However, there has been a continuing shortfall in scholarship funds available given the greater number of applicants. As a result, the Accountancy Board voted in September 2006 to increase the surcharge on license fees from \$5 per license year to \$10 per license year (total of \$30 for a three year license). The increased fee will double the amount of scholarship money available to needy students to over \$300,000 per year.

Overall, much of the increase in the Accountancy Board's total budget is attributable to the increase for the CPA Education Assistance program brought about by the extra resources available through the surcharge increase. With the funding available for the scholarship program, the Board will be able to fund 35 to 40 scholarships per year.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: The Accountancy Board ensures that those who are licensed by the Board meet certain minimum education and training criteria to responsibly practice accounting in Ohio. The Board then monitors those licensees to ensure compliance with the laws and rules of the state.

The following table shows the line items that are used to fund the Ohio Accountancy Board as well as the Board's funding for the FYs 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4J8	889-601	CPA Education Assistance	\$325,000	\$325,000
4K9	889-609	Operating Expenses	\$1,092,246	\$1,117,000
General Services Fund Group Subtotal			\$1,417,246	\$1,442,000
Total Funding: Ohio Accountancy Board			\$1,417,246	\$1,442,000

The Accountancy Board operates two programs:

- **Operating Expenses**
- **Educational Assistance**

Operating Expenses

Program Description: The Accountancy Board of Ohio tests, licenses, and regulates individuals and firms who practice accounting in this state to ensure that the services being provided are ethical and professional in manner and in accordance with all appropriate laws and standards.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget fully funds the Accountancy Board's activities for FY 2008 and FY 2009.

Educational Assistance

Program Description: In August 1992, the Ohio General Assembly enacted legislation that raised the basic educational requirements that individuals must meet to become licensed as CPAs. The CPA Education Assistance program was established to reduce the burden of the increased education requirement to low income students. The first scholarships were awarded in January 1998.

Funding Source: GSF Fund 4J8. A surcharge of \$10 per license year on license renewals is deposited into Fund 4K9. Money is transferred quarterly to Fund 4J8 to fund this program.

Implication of the Budget: The budget increases funding for the Accountancy Board's CPA Education Assistance Scholarship program for FY 2008 and FY 2009 by over \$100,000 in comparison to prior years, allowing 35 to 40 scholarships to be funded each year.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2007 Adj.</i>	<i>FY 2008</i>	<i>% Change</i>	<i>FY 2009</i>	<i>% Change</i>	
			<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>Appropriations:</i>	<i>2007 to 2008:</i>	<i>Appropriations:</i>	<i>2008 to 2009:</i>	
Report For: Main Operating Appropriations Bill			Version: Enacted						
ACC Accountancy Board of Ohio									
4J8	889-601	CPA Education Assistance	\$ 266,023	\$ 173,058	\$ 209,510	\$ 325,000	55.12%	\$ 325,000	0.00%
4K9	889-609	Operating Expenses	\$ 926,633	\$ 966,487	\$ 1,069,776	\$ 1,092,246	2.10%	\$ 1,117,000	2.27%
General Services Fund Group Total			\$ 1,192,656	\$ 1,139,544	\$ 1,279,286	\$ 1,417,246	10.78%	\$ 1,442,000	1.75%
Accountancy Board of Ohio Total			\$ 1,192,656	\$ 1,139,544	\$ 1,279,286	\$ 1,417,246	10.78%	\$ 1,442,000	1.75%

State Board of Examiners of Architects and State Board of Landscape Architect Examiners

Jason Phillips, Budget Analyst

- Two boards share professional staff
- Budget funds initiatives to digitize licensing records and create a scholarship program for certain architecture students
- Funding of \$638,110 in FY 2008 and \$565,141 in FY 2009

OVERVIEW

Duties and Responsibilities

The State Board of Examiners of Architects and the State Board of Landscape Architect Examiners are two separate boards that operate under a combined budget and share staff and facilities. Each Board meets independently. Both Boards protect the public by licensing and regulating the professions of architecture and landscape architecture.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
4	\$638,110	\$565,141	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The Architects Boards handle the administrative work for over 8,300 professional architects, landscape architects, and architectural firms. The Board's individual licenses have biennial renewal cycles while firms renew annually. License fees generated an estimated \$1.34 million in revenue over FY 2006 and FY 2007. Compared to estimated expenditures of \$0.95 million during that same time period, the Boards realized an estimated net gain of nearly \$400,000.

Summary of FYs 2008 - 2009 Budget Issues

New Initiatives

The budget enables the State Board of Examiners of Architects and the State Board of Landscape Architect Examiners to complete two major initiatives for the upcoming biennium. The first initiative is to digitize licensing records. Currently, the Boards' paper files contain the only official repository of examination scores. Digitizing these records would safeguard the Board-certified examination scores against a loss of the data. This initiative is expected to take about one year to complete and will cost approximately \$50,000 in FY 2008 and only a minimal amount in future years. Once this project is complete, Board staff will scan documents as they are received by using existing equipment.

The Boards' second initiative is to create a new scholarship program. This program will pay the initial enrollment fee (\$100) for students at Ohio's four accredited schools of architecture in the mandatory Intern Development Program (IDP). This program is required in order to obtain professional licensure. The program will provide an incentive to enroll in the IDP as soon as they are eligible. In turn, this will encourage more students to seek professional licensure, encourage graduates to remain in Ohio, and ensure a stable number of licensed architects. The Board projects 484 students will be eligible for the program in FY 2008 and approximately 324 students eligible in subsequent years based on Ohio Board of Regents supplied enrollment projections for Ohio's accredited schools of architecture. The budget includes \$48,400 in FY 2008 and \$37,500 in FY 2009 for the program.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the professions of architecture and landscape architecture

The following table shows the line items that are used to fund the State Board of Examiners of Architects and the State Board of Landscape Architect Examiners as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	891-609	Operating Expenses	\$638,110	\$565,141
General Services Fund Group Subtotal			\$638,110	\$565,141
Total Funding: State Board of Examiners of Architects and State Board of Landscape Architect Examiners			\$638,110	\$565,141

Program Description: In accordance with Chapter 4703. of the Revised Code, the State Board of Examiners of Architects and the State Board of Landscape Architect Examiners protect the public health, safety, and welfare through the regulation of the practice of architecture and landscape architecture, respectively.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget fully funds the State Board of Examiners of Architects and State Board of Landscape Architect Examiners' for FYs 2008 and 2009. The budget allows the Boards to digitize historical licensing records to prevent catastrophic loss of this information and also allows the State Board of Examiners of Architects to implement a scholarship program to provide enrollment fees for architectural students in the mandatory Intern Development Program (IDP).

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>	
Report For: Main Operating Appropriations Bill			Version: Enacted						
ARC Architects, State Board of Examiners of									
4K9	891-609	Operating Expenses	\$ 399,376	\$ 458,120	\$ 489,197	\$ 638,110	30.44%	\$ 565,141	-11.44%
General Services Fund Group Total			\$ 399,376	\$ 458,120	\$ 489,197	\$ 638,110	30.44%	\$ 565,141	-11.44%
Architects, State Board of Examiners of Total			\$ 399,376	\$ 458,120	\$ 489,197	\$ 638,110	30.44%	\$ 565,141	-11.44%

Ohio Athletic Commission

Jason Phillips, Budget Analyst

- The Athletic Commission currently oversees approximately 1,550 licensees
- Funding of \$255,850 in each fiscal year of the biennium

OVERVIEW

Duties and Responsibilities

The Ohio Athletic Commission was created by Am. Sub. S.B. 240 of the 121st General Assembly. The purpose of the Commission, which replaced the State Boxing Commission, is to regulate boxing, wrestling, kickboxing, karate, and tough-man contests in the state in an effort to protect the safety of the participants and the interests of the public. The agency carries out its mission by setting standards for licensure of individuals, granting permits, and conducting events sanctioned by the Commission.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3	\$255,850	\$255,850	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The Athletic Commission handles the administrative work for nearly 2,900 licensees. The Board's licenses have annual renewal cycles. The Commission generated \$337,129 in revenue in FY 2007, which is much higher than in prior years due to the Ultimate Fighting Championship (UFC) event that took place in Columbus in March 2007. That event alone, through the 5% tax on gross ticket sales, contributed approximately \$138,000 to the Commission's FY 2007 income. The Commission is working to bring the UFC event back to Ohio annually. Compared to FY 2007 expenses of \$223,260, the Commission realized a net gain of \$113,869 for that year.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: Regulates boxing, wrestling, mixed martial arts, kickboxing, karate, and tough-person contests

The following table shows the line items that are used to fund the Athletic Commission as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	175-609	Operating Expenses	\$255,850	\$255,850
General Services Fund Group Subtotal			\$255,850	\$255,850
Total Funding: Ohio Athletic Commission			\$255,850	\$255,850

Program Description: In accordance with Chapter 3733. of the Revised Code, the Ohio Athletic Commission regulates prizefights, boxing, professional wrestling, and athlete agents within the state in an effort to protect the safety of the fight participants and the interests of the public.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget fully funds the Athletic Commission’s activities and allows the Commission to maintain current service levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
ATH Athletic Commission, Ohio							
4K9 175-609 Operating Expenses	\$ 162,386	\$ 203,455	\$ 255,850	\$ 255,850	0.00%	\$ 255,850	0.00%
General Services Fund Group Total	\$ 162,386	\$ 203,455	\$ 255,850	\$ 255,850	0.00%	\$ 255,850	0.00%
Athletic Commission, Ohio Total	\$ 162,386	\$ 203,455	\$ 255,850	\$ 255,850	0.00%	\$ 255,850	0.00%

Ohio State Barber Board

- Licensed roughly 12,500 barbers, barber school teachers, barber shops, and barber schools in FY 2006
- Funding of \$608,045 in FY 2008 and \$628,264 in FY 2009

Jason Phillips, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio State Barber Board was established in 1934 to ensure that the consuming public was protected from communicable diseases. The Board requires all barbers to attend a licensed barber school, after which they must pass an examination to determine their ability and competence. Additionally, licensed barbers must possess knowledge of skin diseases. In addition to licensing barbers, the Board also regulates barber schools and barber shops. Other activities undertaken by the Board include the inspections of barber shops and schools, setting standards for licensure and enforcement of those standards through examinations, investigations, and disciplinary actions.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
7	\$608,045	\$628,264	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The Barber Board handles the administrative work for roughly 12,500 barbers, barber shops, barber teachers and barber school licenses. The Board's licenses have biennial renewal cycles. License fees generated an estimated \$1.51 million in revenue over the most recently completed two-year renewal cycle (FY 2005 and FY 2006). Compared to expenditures of \$1.01 million during that same time period, the Board realized a net gain of nearly \$500,000.

Summary of FYs 2008 - 2009 Budget Issues

Cost-Savings Measures

In the past biennium, the Board purchased a Global Positioning System (GPS) unit for one of the Board's four inspectors. This GPS unit has cut down travel time for the inspector by 20% and has allowed the Board to increase the number of inspections by 10%. While the Board states that it needs an additional inspector, the GPS unit has helped delay the need for such an inspector by increasing efficiency. While the Board has explored the possibility of adding GPS units to the cars for the other three inspectors in the FY 2008 - 2009 biennium through the Board's automobile lease program to

increase efficiency even further, this project is on hold due to budgetary constraints. Each GPS unit costs approximately \$600. Additionally, the Board will likely delay the purchase of revised rulebooks for barbers until later in FY 2008 and may purchase the rulebooks in two installments, once per fiscal year in order to spread out the cost.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate barbers, barber shops, and barber schools

The following table shows the line items that are used to fund the Ohio State Barber Board as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	877-609	Operating Expenses	\$608,045	\$628,264
General Services Fund Group Subtotal			\$608,045	\$628,264
Total Funding: Ohio State Barber Board			\$608,045	\$628,264

Program Description: In accordance with Chapter 4709. of the Revised Code, the Ohio State Barber Board licenses barbers, barber shops, and barber schools and teachers; conducts health, sanitation, and safety-related inspections of shops and schools; sets the standards for licensure; and enforces its standards through examinations, investigations, and disciplinary actions.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget appropriates \$608,045 in FY 2008 and \$628,264 in FY 2009. The Board indicated that it must absorb new fleet management costs, such as the replacement of four vehicles and increasing fuel and maintenance expenses. As a result of these costs and other budgetary constraints, the Board has had to prioritize spending, such as putting on hold the purchase of new GPS units (which has increased inspection efficiency) for the rest of its inspectors and delaying and spreading out over the biennium the purchase of revised rulebooks for licensees.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
BRB Barber Examiners, Board of							
4K9 877-609 Operating Expenses	\$ 495,624	\$ 516,126	\$ 567,119	\$ 608,045	7.22%	\$ 628,264	3.33%
General Services Fund Group Total	\$ 495,624	\$ 516,126	\$ 567,119	\$ 608,045	7.22%	\$ 628,264	3.33%
Barber Examiners, Board of Total	\$ 495,624	\$ 516,126	\$ 567,119	\$ 608,045	7.22%	\$ 628,264	3.33%

Chemical Dependency Professionals Board

- Budget allows the Board to complete the implementation of college and university accreditation requirements and grow the profession statewide

Deauna Hale, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Chemical Dependency Professionals Board monitors and provides approval for various education events for chemical dependency professionals throughout Ohio as defined in Chapter 4758. of the Ohio Revised Code. The Board's mission is to assure professionally competent chemical dependency professionals in Ohio by regulating examinations and licensure, enforcing continuing education compliance, monitoring continuing education quality, renewal of licensure, and statute and rule enforcement. The Board received authority of the credentialing process from the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) in FY 2005. During the current biennium, the Board focused on ensuring credentialed professionals retain the ability to practice in the field.

4K9 Fund

The Chemical Dependency Professionals Board is part of Fund 4K9 (Occupational Licensing and Regulatory Fund), a General Services Fund. The fund is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. Prior to the creation of the fund, appropriations for each licensing board were made from the GRF. To eliminate revenue and expenditure issues created when some boards contributed more revenues than they expended and others required subsidies from the GRF, the 120th General Assembly established Fund 4K9 in Am. Sub. H.B. 152. Each board must generate enough revenues to cover its expenses. Some boards develop a surplus to cover unforeseen economic hardships.

Licensing System

Each board pays its share of the costs of the multi-board web-based licensing system out of Fund 4K9. The Board, in partnership with the Department of Administrative Services (DAS), will implement a new e-Licensing system during the upcoming biennium as required in statute.

The Budget

The budget will allow the Chemical Dependency Professionals Board to continue statutory obligations in the next biennium. In addition, the funds appropriated will allow the Board to complete implementation of the college and university accreditation requirements and other workforce development initiatives to increase the number of licensed chemical dependency counselors during the biennium, in addition to continuing statutory and rule changes to grow the profession in Ohio.

The Board will face challenges with increased administrative costs. The negotiated 3.5% salary increase for state employees will increase the Board's costs during the biennium. In addition, the Board will have to pay start-up costs for the e-Licensing system required in statute as well as the annual fee for support to maintain the e-Licensing system.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
5	\$530,864	\$551,146	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

The Chemical Dependency Professionals Board is considered a single program series agency. Therefore its activities are not subdivided into separate programs.

Single Program Series

Operating Expenses

Purpose: To license and certify chemical dependency professionals and alcohol and drug prevention professionals in Ohio

The following table shows the line items that are used to fund the Chemical Dependency Board, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	930-609	Operating Expenses	\$530,864	\$551,146
General Services Fund Su btotal			\$530,864	\$551,146
Total Funding: License/Registration/Enforcement			\$530,864	\$551,146

Program Description: The Board's responsibilities as laid out in Ohio Revised Code Chapter 4758. are to regulate the licensing and certification of chemical dependency counselors and prevention specialists, issue and renew those licenses and certifications, investigate ethics complaints in order to protect the interests of Ohioans who receive alcohol and other drug prevention and treatment services, and review and approve the content of education and training as it pertains to chemical dependency professionals and Alcohol and Other Drug (AoD) prevention professionals.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The funds appropriated for the FY 2008 - 2009 biennium will allow the Board to complete implementation of the college and university accreditation requirements and other workforce development initiatives to increase the number of licensed chemical dependency counselors by 5% to 10% per fiscal year, in addition to continuing statutory and rule changes to grow the profession statewide.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
CDP Chemical Dependency Professionals Board							
4K9 930-609 Operating Expenses	\$ 385,435	\$ 447,024	\$ 452,729	\$ 530,864	17.26%	\$ 551,146	3.82%
General Services Fund Group Total	\$ 385,435	\$ 447,024	\$ 452,729	\$ 530,864	17.26%	\$ 551,146	3.82%
Chemical Dependency Professionals Board Total	\$ 385,435	\$ 447,024	\$ 452,729	\$ 530,864	17.26%	\$ 551,146	3.82%

Ohio State Chiropractic Board

Stephanie Suer, Budget Analyst

- The Board licensed 122 chiropractic physicians in FY 2005 and 86 in FY 2006
- The Board currently oversees approximately 2,300 chiropractic physicians

OVERVIEW

Duties and Responsibilities

The Ohio State Chiropractic Board is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

In 1975, the Ohio General Assembly created the Ohio State Chiropractic Board to regulate the chiropractic industry. The Board is responsible for the examination and licensure of chiropractors and the enforcement of the provisions of Chapter 4734. of the Revised Code. The Chiropractic Board oversees the licensure and regulation of approximately 2,300 chiropractic physicians.

Revenue is generated from new and renewal license fees, which are collected annually. Expenditures are for operating expenses associated with the licensure, regulation, and enforcement processes. Expenditures and revenues for FY 2006 were \$541,360 and \$612,095, respectively. The Board contributed \$105,814 and \$70,735 more to Fund 4K9 than it expended during FY 2005 and FY 2006, respectively.

Licensing System

The Board, in partnership with the Department of Administrative Services, implemented a new web-based multi-board licensing system. Each board pays its share of the costs out of Fund 4K9. The Chiropractic Board paid \$1,120 in FY 2006 and \$1,025 in FY 2007. In FY 2008, estimated costs are \$902, and \$1,032 in FY 2009 for this system and for the computer firewall protection.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
11	\$607,445	\$621,621	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the chiropractic profession.

The following table shows the line items that are used to fund the Ohio State Chiropractic Board.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF	878-609	Operating Expenses	\$607,445	\$621,621
General Services Fund Subtotal			\$607,445	\$621,621
Total Funding: Ohio State Chiropractic Board			\$607,445	\$621,621

Program Description: In accordance with Chapter 4734. of the Revised Code, the Ohio State Chiropractic Board protects the health and welfare of Ohio's citizens by setting standards for licensure and by enforcing these standards through examination, renewal, clinical inspection, investigation, and disciplinary action.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from the 27 occupational licensing boards is placed in Fund 4K9 and then reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Implication of the Budget: The Board received funding of \$607,445 in FY 2008 and \$621,621 in FY 2009.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
CHR Chiropractic Board, State							
4K9 878-609 Operating Expenses	\$ 534,066	\$ 516,427	\$ 621,621	\$ 607,445	-2.28%	\$ 621,621	2.33%
General Services Fund Group Total	\$ 534,066	\$ 516,427	\$ 621,621	\$ 607,445	-2.28%	\$ 621,621	2.33%
Chiropractic Board, State Total	\$ 534,066	\$ 516,427	\$ 621,621	\$ 607,445	-2.28%	\$ 621,621	2.33%

Ohio State Board of Cosmetology

Jason Phillips, Budget Analyst

- Funding of \$3,533,679 in each fiscal year
- Expected to move into new testing facility in August 2007

OVERVIEW

Duties and Responsibilities

The Ohio General Assembly created the State Board of Cosmetology in 1932 to establish and maintain sanitary and professional standards in the beauty salon industry. The Board is charged with ensuring the health, safety, and sanitation of the beauty industry and its patrons through licensing and regulation of salons and individual licensees. In addition, the Board has oversight over the indoor tanning industry through regulation of ultraviolet radiation devices. The Board's oversight authority is located in Chapter 4713. of the Revised Code.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
40	\$3.53 million	\$3.53 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The State Board of Cosmetology handles the administrative work for nearly 120,000 individuals, salons, schools, and tanning facilities. The Board's licenses have biennial renewal cycles. License fees generated an estimated \$5.48 million in revenue over the most recently completed two-year renewal cycle (FY 2005 and FY 2006). Compared to expenditures of \$5.30 million during that same time period, the Board realized a net gain of more than \$180,000.

Summary of FYs 2008 - 2009 Budget Issues

The Board's first major challenge for the FY 2008 - 2009 biennium will be to plan and implement the move into a new building housing administrative staff and expanded testing facilities. The budget appropriated funds that will allow the Board to relocate and purchase the necessary equipment for the testing center. The Board reports that the transition to the new facility will be complete by August 2007.

The second major challenge for the Board will be in implementing a new nationally recognized exam for Ohio students in cosmetology schools. The new exam was purchased from the National Interstate Council of State Boards of Cosmetology (NIC), to be administered beginning July 1, 2007. In implementing the new exam, the Board has worked with the Ohio Department of Education, cosmetology school owners, licensees, and students to ensure a smooth transition to the new exam. The new exam has practical and computer-based theory sections and focuses more on consumer safety and sanitation. It addresses concerns from school owners and cosmetology students who complained that the prior exam did not reflect what a typical cosmetologist, esthetician, or manicurist practices. The Board completed a marketing campaign consisting of regional visits to cosmetology schools in which training is performed to ensure that all vocational and private cosmetology schools adjust their curricula to reflect the changes.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: Establish and maintain sanitary and professional standards in the beauty salon industry

The following table shows the line items that are used to fund the State Board of Cosmetology as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	879-609	Operating Expenses	\$3,533,679	\$3,533,679
General Services Fund Group Subtotal			\$3,533,679	\$3,533,679
Total Funding: State Board of Cosmetology			\$3,533,679	\$3,533,679

Program Description: In accordance with Chapter 4713. of the Revised Code, the State Board of Cosmetology maintains sanitary and professional standards in cosmetology by licensing and regulating individuals and salons.

Funding Source: GSF Fund 4K9

Implication of the Budget: The budget fully funds the Cosmetology Board's activities for FYs 2008 and 2009 and allows the Board to expand to a larger operations center that accommodates more candidates to test and become licensed in Ohio. Additionally, the budget provides for a new cosmetology exam that focuses more on sanitation and consumer safety.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
COS Cosmetology, State Board of							
4K9 879-609 Operating Expenses	\$ 2,674,296	\$ 2,622,288	\$ 3,533,679	\$ 3,533,679	0.00%	\$ 3,533,679	0.00%
General Services Fund Group Total	\$ 2,674,296	\$ 2,622,288	\$ 3,533,679	\$ 3,533,679	0.00%	\$ 3,533,679	0.00%
Cosmetology, State Board of Total	\$ 2,674,296	\$ 2,622,288	\$ 3,533,679	\$ 3,533,679	0.00%	\$ 3,533,679	0.00%

Counselor, Social Worker, and Marriage and Family Therapist Board

- The funding level provided by the budget will allow for continuation of current operations and staffing levels.
- There are approximately 30,000 licenses on file with the Board.

Maria Seaman, Fiscal Supervisor

OVERVIEW

Duties and Responsibilities

The Counselor, Social Worker, and Marriage and Family Therapist Board was created in 1984. The Board currently regulates the professions of counseling, social work, and marriage and family therapy by establishing licensure and practice standards. To accomplish this, the Board administers examinations, reviews academic credentials, evaluates supervised training experiences, and investigates complaints about issues of incompetent, unethical, and/or impaired practitioners.

There are approximately 30,000 licenses on file with the Counselor, Social Worker, and Marriage and Family Therapist Board. The Counselor and Social Worker Board licenses social workers, independent social workers, professional counselors, professional clinical counselors, marriage and family therapists, independent marriage and family therapists, and registers social worker assistants. Additionally, the Board registers counselor trainees. Counselor trainees are those who are working toward licensure as professional counselors or clinical counselors.

In FY 2006, the Board completed 211 investigations. The Board entered into 31 consent agreements with licensees who were found to be in violation of the Board's laws or rules and accepted two voluntary license surrenders in lieu of discipline. Two cases were referred to the local prosecutor for practicing without a license. In FY 2006, the Board revoked two licenses and so far in FY 2007, one license revocation is pending.

The Counselor, Social Worker, and Marriage and Family Therapist Board is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards.

Licensing System

The occupational licensing boards, in partnership with the Department of Administrative Services, worked to implement the new eLicensing system (formerly known as CAVU). There were some delays but the Counselor, Social Worker, and Marriage and Family Therapist Board was finally

phased in by the beginning of FY 2006. Each board pays their share of the costs out of Fund 4K9. The Board will pay \$17,245 in FY 2008 and \$19,769 in FY 2009 for using this system.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
12	\$1,124,267	\$1,179,774	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: To license and regulate counselors, social workers, and marriage and family therapists

The following table shows the line item that is used to fund the activities of the Board.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	899-609	Operating Expenses	\$1,124,267	\$1,179,774
Total Funding: Counselor, Social Worker, and Marriage and Family Therapist Board			\$1,124,267	\$1,179,774

Program Description: In accordance with Chapter 4757. of the Revised Code, the Counselor, Social Worker, and Marriage and Family Therapist Board regulates the professions of counseling, social work, and marriage and family therapy by establishing licensure and practice standards. The Board administers examinations, reviews academic credentials, and evaluates supervised training experiences.

Funding Source: General Services Fund Group (Fund 4K9)

Prior to FY 2003, the Board had always contributed more to Fund 4K9 than it has expended. However, since FY 2003, the Board has been generating less revenue than it expends from Fund 4K9. In FY 2005, the Board contributed \$934,959 to Fund 4K9 and expended \$997,046. In FY 2006, the Board contributed \$1,074,167 to Fund 4K9 and expended \$1,226,399. This trend seems to be continuing into the FY 2008 - 2009 biennium. Section 4757.31 of the Revised Code allows the Board to adjust fees from time to time. Currently, the fees charged may not exceed \$125. However, all the fees are well below that amount. Fees have remained the same since June 1985.

Implication of the Budget: In FYs 2008 and 2009, the budget will allow the Board to maintain its current operations and staffing level.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
CSW Counselor, Social Worker, and Marriage and Family Therapist Board									
4K9	899-609	Operating Expenses	\$ 997,046	\$ 1,224,210	\$ 1,081,737	\$ 1,124,267	3.93%	\$ 1,179,774	4.94%
General Services Fund Group Total			\$ 997,046	\$ 1,224,210	\$ 1,081,737	\$ 1,124,267	3.93%	\$ 1,179,774	4.94%
<i>Counselor, Social Worker, and Marriage and Family T</i>			<i>\$ 997,046</i>	<i>\$ 1,224,210</i>	<i>\$ 1,081,737</i>	<i>\$ 1,124,267</i>	<i>3.93%</i>	<i>\$ 1,179,774</i>	<i>4.94%</i>

State Dental Board

Stephanie Suer, Budget Analyst

- The Board regulates over 24,000 professionals
- The Dental Board contributed \$171,947 more to Fund 4K9 than it expended during the last two-year cycle

OVERVIEW

Duties and Responsibilities

The Ohio State Dental Board is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

The Ohio State Dental Board regulates the dental profession under Chapter 4715. of the Revised Code. The Board protects the health and welfare of the public by mandating appropriate training, ethical standards, and competency levels for its licensees. The Board meets its responsibilities through management of the licensure process, overseeing regulation of the industry, and enforcement through surveillance of licensees and investigation of complaints.

In fiscal year (FY) 2006, the Board licensed 6,902 dentists, 7,231 dental hygienists, and 10,135 dental radiographers. Revenue is generated from new and renewal license fees, which are collected biennially. Expenditures are for operating expenses associated with the licensure, regulation, and enforcement processes. For FY 2005, revenues were \$355,235 and expenditures were \$1,308,718. Expenditures and revenue for FY 2006 were \$1,343,324 and \$2,468,754, respectively. Thus, the Board contributed \$171,947 more to Fund 4K9 than it expended during the two-year licensing cycle.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
24	\$1.44 million	\$1.53 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensing System

The Board, in partnership with the Department of Administrative Services, implemented a new web-based multi-board licensing system. Each board pays its share of the costs out of Fund 4K9. The Dental Board paid \$6,011 in FY 2005 and \$5,647 in FY 2006. In FY 2008, estimated costs are \$11,384, and \$13,050 in FY 2009 for this system and for the computer firewall protection.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the dentistry profession

The following table shows the line items that are used to fund the Ohio State Dental Board.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	880-609	Operating Expenses	\$1,437,392	\$1,528,749
General Services Fund Subtotal			\$1,437,392	\$1,528,749
Total Funding: Dental Board			\$1,437,392	\$1,528,749

Program Description: In accordance with Chapter 4715. of the Revised Code, the Ohio State Dental Board regulates the practice of dentistry, dental hygiene, and dental assistant radiography by setting and enforcing standards of practice through licensure, regulation, and enforcement.

Funding Source: General Services Fund Group (Fund 4K9). Currently all revenue from 27 occupational licensing boards is placed in Fund 4K9 and then reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Implication of the Budget: The budget for the FY 2008 - 2009 biennium will support the operations of the board and staff, enable basic renewal and new application processing, and fund the investigation of complaints.

Temporary and Permanent Law

Dental Hygienist CPR Training Study (R.C. 4715.2510). Requires the State Dental Board to conduct a dental hygienist CPR training study to determine whether basic life-support training certified by the American Safety and Health Institute meets national standards. If the Board determines that the Institute meets national standards and is equivalent to the training certified by the American Red Cross and the American Heart Association, then the training will be accepted as meeting requirements for training of dental hygienists.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
<i>DEN Dental Board, Ohio State</i>							
4K9 880-609 Operating Expenses	\$ 1,308,718	\$ 1,420,324	\$ 1,424,791	\$ 1,437,392	0.88%	\$ 1,528,749	6.36%
General Services Fund Group Total	\$ 1,308,718	\$ 1,420,324	\$ 1,424,791	\$ 1,437,392	0.88%	\$ 1,528,749	6.36%
Dental Board, Ohio State Total	\$ 1,308,718	\$ 1,420,324	\$ 1,424,791	\$ 1,437,392	0.88%	\$ 1,528,749	6.36%

Ohio Board of Dietetics

- In the upcoming biennium, the Board will begin developing an online licensing application

Deauna Hale, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Board of Dietetics, created in 1987, protects and regulates the practice of dietetics in Ohio. The Board regulates nutrition and dietetics practice to protect the public from harmful, incompetent, or negligent nutritional practices. In addition, the Board establishes educational, pre-professional training, and examination standards, and issues licenses and limited permits for dietitians who seek to practice in Ohio. The Board also sets standards of practice for dietitians, investigates complaints, holds administrative hearings, determines appropriate disciplinary actions, and monitors continuing education compliance among licensees. The Board consists of five members and has three full-time employees. The Board issues two types of licenses: dietitian and limited permit dietitian.

Fund 4K9

The Ohio Board of Dietetics is part of Fund 4K9 (Occupational Licensing and Regulatory Fund), a General Services Fund. The fund is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The philosophy of the fund is that each board must generate enough revenues to cover its expenses. Some boards develop a surplus to cover unforeseen economic hardships.

Operational Changes

The Board, in partnership with the Department of Administrative Services, implemented a web-based multi-board online licensing system in FY 2005. The Board plans to expand system utilization to manage supervision, enforcement, continuing education information, and add online renewal functions to decrease administrative costs. The Board also plans to purchase computer hardware during the biennium.

The Budget

The budget will allow the Board to continue its regulatory duties and includes funding to cover an increase in online license renewal costs the Board will incur during the biennium.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3	\$342,501	\$348,964	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the practice of dietetics

The following table shows the line items that are used to fund the Board of Dietetics, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	860-609	Operating Expenses	\$342,501	\$348,964
General Services Fund Subtotal			\$342,501	\$348,964
Total Funding: Ohio Board of Dietetics			\$342,501	\$348,964

Program Description: In accordance with Chapter 4759. of the Revised Code, the Ohio Board of Dietetics protects the health and safety of Ohio citizens by regulating the practice of dietetics by setting and enforcing the standards of practice through annual licensure requirements, and investigating complaints against unlawful dietetic practices.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The enacted budget includes an increase in line item 860-609, Operating Expenses, (\$12,181 in FY 2008 and \$3,518 in FY 2009). The increase incorporates an increase in online license renewal costs for the biennium.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
<i>OBD Dietetics, Board of</i>							
4K9 860-609 Operating Expenses	\$ 299,744	\$ 306,208	\$ 330,320	\$ 342,501	3.69%	\$ 348,964	1.89%
General Services Fund Group Total	\$ 299,744	\$ 306,208	\$ 330,320	\$ 342,501	3.69%	\$ 348,964	1.89%
<i>Dietetics, Board of Total</i>	\$ 299,744	\$ 306,208	\$ 330,320	\$ 342,501	3.69%	\$ 348,964	1.89%

Board of Embalmers and Funeral Directors

Jason Phillips, Budget Analyst

- Funding of \$628,641 for FY 2008 and \$646,602 for FY 2009
- Licenses nearly 7,000 embalmers, funeral directors, facilities, and crematories

OVERVIEW

Duties and Responsibilities

The Board of Embalmers and Funeral Directors is mandated by Chapter 4717. of the Revised Code to license and regulate the funeral profession in the state of Ohio. The Board carries out that mandate by licensing and regulating embalmers, funeral directors, funeral homes, crematories, and embalming facilities. In accordance with these duties, the Board monitors and qualifies apprentices for examination, approves continuing education for licensees, inspects facilities, investigates consumer complaints, and administers discipline. The Board is made up of seven members, five of which must be licensed embalmers and practicing funeral directors. One of the five members must be knowledgeable in the area of cremation. The other two members represent the public.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
6	\$628,641	\$646,602	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The Board of Embalmers and Funeral Directors handles the administrative work for nearly 7,000 funeral directors, embalmers, funeral homes, and crematories. The Board's licenses have biennial renewal cycles. License fees generated \$1.19 million in revenue over the most recently completed two-year renewal cycle (FY 2005 and FY 2006). Compared to expenditures of \$1.13 million during that same time period, the Board realized a net gain of nearly \$56,000.

Summary of FYs 2008 - 2009 Budget Issues

The Board's main focus for the upcoming biennium is to maintain current service levels. To that end, the Board hopes to effectively address a serious situation occurring within the funeral profession concerning preneed funeral contracts. These contracts are written agreements or contracts selling any funeral services, funeral goods, or any combination thereof to be used in connection with the funeral or final disposition of a dead human body, where payment for the goods or services is made either outright or on an installment basis, prior to the death of the person purchasing them or for whom they are purchased. Preneed funeral contracts may only be sold by a licensed funeral director. The Ohio Funeral Directors Association estimates that 30,000 new preneed contracts are entered into in Ohio annually.

The Board has reported complaints from consumers that have misconceptions about preneed contracts and where funeral directors deposited funds in business accounts rather than trust accounts. Preneed contracts concern multiple state agencies as the Division of Financial Institutions in the Department of Commerce regulates state-chartered financial institutions with whom the seller of the contract may place any moneys received pursuant to the contract,²¹ the Board of Embalmers and Funeral Directors regulates the sellers, who must be funeral directors, and the Elder Protection Section of the Attorney General's Office assists local law enforcement agencies in preventing and prosecuting crimes against the elderly. Additionally, the Department of Insurance offers a limited preneed insurance license.

The Board notes that no state agency has ultimate jurisdiction in these cases. As such, the Board established a committee to identify preneed contract problems, research the numbers and types of complaints, research related laws of other states, work with other state agencies to consolidate preneed contract regulations and identify the agency to handle the model plan. The budget allows the Board to maintain its current staffing levels, which are necessary to process 2,400 annual preneed reports, which account for money that is trusted (not insurance). While Board staff collect the reports, the Board currently has little authority to enforce regulations concerning the contracts. Given these concerns, legislation has been offered (H.B. 282 of the 127th General Assembly and its companion bill, S.B. 196) that includes additional disclosures and requirements on preneed funeral contracts. The bills also include a recovery fund for injured consumers and additional resources for the Board to monitor the annual preneed reports filed by sellers of the contracts.

²¹ The seller of the preneed contract must deliver the moneys received and not returned to the purchaser to the trustee designated in the preneed funeral contract, which is required to be either a financial institution or a natural person not required to be licensed to do trust business. A natural person acting as trustee of a preneed funeral contract trust must be bonded by a corporate surety bond in an amount not less than 100% of the funds in all of the preneed funeral contract trusts the person serves as trustee.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the professions of embalmer and funeral director and facilities including funeral homes and crematories

The following table shows the line items that are used to fund the Board of Embalmers and Funeral Directors as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	881-609	Operating Expenses	\$628,641	\$646,602
General Services Fund Group Subtotal			\$628,641	\$646,602
Total Funding: State Board of Embalmers and Funeral Directors			\$628,641	\$646,602

Program Description: In accordance with Chapter 4717. of the Revised Code, the Board of Embalmers and Funeral Directors licenses and regulates embalmers, funeral directors, funeral homes, and crematories and resolves complaints against any of those who are regulated.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget allows the Board to meet increased payroll and fringe benefit costs for its current staff, allowing current service levels to be maintained.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
<i>FUN Embalmers and Funeral Directors, State Board of</i>							
4K9 881-609 Operating Expenses	\$ 567,448	\$ 565,010	\$ 598,706	\$ 628,641	5.00%	\$ 646,602	2.86%
General Services Fund Group Total	\$ 567,448	\$ 565,010	\$ 598,706	\$ 628,641	5.00%	\$ 646,602	2.86%
Embalmers and Funeral Directors, State Board of Tota	\$ 567,448	\$ 565,010	\$ 598,706	\$ 628,641	5.00%	\$ 646,602	2.86%

State Board of Registration for Professional Engineers and Surveyors

- Licensed 34,369 individuals and 1,941 firms in FY 2006
- Funding of \$1,058,881 in each fiscal year

Jason Phillips, Budget Analyst

OVERVIEW

Duties and Responsibilities

Pursuant to Chapter 4733. of the Revised Code, the State Board of Engineers and Surveyors regulates the professions of engineering and surveying to protect the health, safety, and welfare of the public by ensuring that only properly qualified individuals and businesses become registered, and that the services provided by these licensees are consistent with established standards and codes of ethics.

To become a licensed engineer or surveyor, an individual must possess at least a bachelor's degree in engineering or surveying, have four years of practical experience, and pass two national examinations. The first examination tests an individual's fundamental knowledge of the subject area. The second examination, taken after the individual has completed four years of experience, tests the individual's knowledge of the principles and practices of engineering or surveying. The Board oversees the licensure of over 36,000 professionals and firms, 87% of whom are professional engineers.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
7	\$1.06 million	\$1.06 million	\$0	\$0	Am. Sub. H.B. 119

* Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Registration

The State Board of Registration for Professional Engineers and Surveyors handles the administrative work for over 36,000 individuals and firms. The Board's licenses have annual renewal cycles. Registration fees generated an estimated \$1.06 million in revenue during FY 2007. Compared to

estimated expenditures of \$0.79 million during that year, the Board realized an estimated net gain of nearly \$270,000.

Summary of FYs 2008 - 2009 Budget Issues

Continuing Professional Development Requirements

The Board noted that it anticipates increased costs due to hearings associated with the new continuing education requirement that became law in February 2005 and took effect in January 2007. Sub. H.B. 322 of the 125th General Assembly required the Board to administer and enforce an annual Continuing Professional Development (CPD) program. Professional engineers and professional surveyors will be required to complete 15 hours of CPD as a prerequisite for renewal. While the exact cost increase is unknown, the Board anticipates significant increases in court reporting and hearing examiner expenses. The Board plans to conduct 1,550 to 3,100 audits (5% to 10% of its registrants). If 10% of these audits would find noncompliance, there would be approximately 150 to 310 CPD investigations, in which the Board is required to hold adjudication hearings for those registrants that do not complete the CPD requirement.

Based on the experience of other engineering and surveying boards in the country, the Board expects the CPD requirements to result in a drop in registration renewals of about 1,000 in FY 2007, 1,000 to 2,000 in FY 2008 and another 1,000 in FY 2009. Even so, the Board expects revenue to remain largely flat in the upcoming biennium, as the Board has averaged approximately 1,100 new registrations per year through examination and reciprocity. The Board also expects a significant increase in the number of licensed firms in the next three to five years.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: Oversees the licensure and regulation of professional engineers and surveyors and enforces laws relating to these professions

The following table shows the line items that are used to fund the Ohio State Board of Registration for Professional Engineers and Surveyors as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	892-609	Operating Expenses	\$1,058,881	\$1,058,881
General Services Fund Group Subtotal			\$1,058,881	\$1,058,881
Total Funding: State Board of Engineers and Surveyors			\$1,058,881	\$1,058,881

Program Description: The State Board of Registration for Professional Engineers and Surveyors protects the health, safety, and welfare of the public by ensuring that only properly qualified individuals and businesses become registered and by enforcing Chapter 4733. of the Revised Code to ensure that registered individuals are providing services consistent with established standards and codes of ethics.

Funding Source: GSF Fund 4K9 – registration fees and other assessments

Implication of the Budget: The budget fully funds the Board's activities for FYs 2008 and 2009. The Board reported that the amounts appropriated would allow it to maintain current service levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>	
Report For: Main Operating Appropriations Bill		Version: Enacted						
ENG Engineers and Surveyors, State Board of								
4K9 892-609 Operating Expenses	\$ 868,048	\$ 760,986	\$ 1,058,881	\$ 1,058,881	0.00%	\$ 1,058,881	0.00%	
General Services Fund Group Total	\$ 868,048	\$ 760,986	\$ 1,058,881	\$ 1,058,881	0.00%	\$ 1,058,881	0.00%	
Engineers and Surveyors, State Board of Total	\$ 868,048	\$ 760,986	\$ 1,058,881	\$ 1,058,881	0.00%	\$ 1,058,881	0.00%	

Manufactured Homes Commission

- Projected revenue of \$450,000 per fiscal year from fees
- Funding of \$418,122 in FY 2008 and \$434,671 for FY 2009

Jason Phillips, Budget Analyst

OVERVIEW

Duties and Responsibilities

The mission of the Manufactured Homes Commission is to protect the safety, health, and property of the public throughout Ohio through the establishment and enforcement of uniform manufactured home installation standards. To this end, the Commission is tasked with the following: training and licensing manufactured housing installers, training and certifying manufactured home inspection agencies, training building departments and their personnel, training Department of Health designees, approving quality course sponsors, and administering a responsive and rational dispute resolution program.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
4	\$418,122	\$434,671	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of FYs 2008 - 2009 Budget Issues

Enforcement Challenges

The Commission's challenges related to starting up operations in the prior biennium will transition into enforcement challenges for the FY 2008 - 2009 biennium. For instance, the Commission anticipates over 5,000 new and used manufactured homes will be installed or reinstalled in Ohio each fiscal year. Commission rules require a minimum of three inspections per home. However, in some areas of the state no inspections have ever been performed on manufactured homes and there is currently no certified local inspection agency. Therefore, the Commission's main challenge will be ensuring that uniform standards are upheld.

The Commission will also be tasked with monitoring third party inspection agencies as they perform inspections and report on their permitting and inspection work. The Commission is using the e-Licensing software that many other occupational licensing and regulatory boards use to manage licensee information for licensing only. While the Commission intends to have online renewal capability by the end of CY 2007, the e-Licensing software is not well suited for its needs for an inspection and investigation database. The Commission is seeking qualified bidders to develop such a database consisting of information from investigations and inspections and hopes to have the project completed by CY 2009.

Based on Ohio industry experience, the Commission anticipates a minimum of 100 complaints per year in the upcoming biennium to handle through the agency's dispute resolution process. Corresponding to the number of complaints the Commission will receive will be costs for hearings, hearing officers, and court reporters. The Commission states that investigations will be critical in its first few years to ensure uniformity of interpretation and enforcement throughout the state.

Revenue Generation

The Commission will be primarily supported through home inspection seal revenue. These seals carry a per-home fee of \$75 for home installation inspection and dispute resolution programs. The Commission will also receive revenue from an estimated 250 to 400 installers paying a \$150 license fee renewed biennially, an estimated 15 certified third party inspection agencies paying a \$300 fee renewed triennially, an estimated 175 certified inspectors paying a \$30 fee renewed triennially, and other training and continuing education fees. Overall, the Commission projects revenue of approximately \$450,000 per fiscal year. Some revenue is anticipated to be cyclical. Home installations and placements largely take place during the spring, summer, and fall, resulting in less revenue for the Commission in winter months. Furthermore, revenue from home seals may vary from year to year as the housing market fluctuates.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: Regulates manufactured housing installers, the installation of manufactured housing, and manufactured housing foundations and support systems

The following table shows the line items that are used to fund the Manufactured Homes Commission as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	996-609	Operating Expenses	\$418,122	\$434,671
General Services Fund Group Subtotal			\$418,122	\$434,671
Total Funding: Manufactured Homes Commission			\$418,122	\$434,671

Program Description: In accordance with Chapter 4781. of the Revised Code, the Manufactured Homes Commission regulates manufactured housing installers, the installation of manufactured housing, and manufactured housing foundations and support systems. The Commission is also empowered to review the design of and plans for manufactured housing installations, foundations, and support systems. Further, they are also required to inspect a sample of homes at a percentage the Commission determines to evaluate the construction and installation of manufactured housing installations, foundations, and support systems to determine compliance with the adopted standards.

Funding Source: GSF Fund 4K9 – home inspection fees and fees from licensed installers

Implication of the Budget: The budget appropriates \$418,122 in FY 2008 and \$434,671 for FY 2009, which fully funds the Commission's activities. These amounts enable the Commission to begin full operations.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
MHC Manufactured Homes Commission							
4K9 996-609 Operating Expenses	\$ 67,542	\$ 226,164	\$ 412,000	\$ 418,122	1.49%	\$ 434,671	3.96%
General Services Fund Group Total	\$ 67,542	\$ 226,164	\$ 412,000	\$ 418,122	1.49%	\$ 434,671	3.96%
Manufactured Homes Commission Total	\$ 67,542	\$ 226,164	\$ 412,000	\$ 418,122	1.49%	\$ 434,671	3.96%

State Medical Board

Stephanie Suer, Budget Analyst

- In 2006, the Board regulated about 57,000 active licensees in the state of Ohio
- The Board had revenues of about \$7.8 million in FY 2006

OVERVIEW

Duties and Responsibilities

The mission of the State Medical Board is to protect and enhance the health and welfare of Ohio's citizens through effective medical regulation. The Board is comprised of twelve members, plus nine members of the Physicians Assistant Policy Committee. Of the nine members of the committee, two are paid by the Pharmacy Board, two are Medical Board members, and five are appointed by the Board president. The twelve members of the Board are represented by seven medical doctors (M.D.s), one podiatrist (D.P.M.), one osteopathic physician (D.O.), and three representatives of the general public. Of these, two cannot be a member of, or associated with, a health care provider or profession. All members are appointed by the Governor and serve five-year terms. The staff of the Board is currently 87 full-time equivalents.

Chapters 4730., 4731., 4760., and 4762. of the Revised Code provide statutory authority for the Board's activities. The Board regulates about 57,000 active licensees (as of December 31, 2006), with oversight provided for M.D.s, D.O.s, D.P.M.s, and physician assistants (P.A.s). The Board also regulates acupuncturists, anesthesiologist assistants (A.A.s), mechanotherapists (D.M.s) and naprapaths licensed prior to 1992, as well as limited branch practitioners of massage therapy (L.M.T.s) and cosmetic therapy (C.T.s). The Board uses numerous methods to help identify unqualified licensees. These include registering complaints, mandatory reports, continuing education audits, probationary compliance monitoring, approval of drug and alcohol treatment providers, and approval of massage therapy and cosmetic therapy schools.

Licensing System

The Board, in partnership with the Department of Administrative Services, implemented a new web-based multi-board licensing system that went online in 2004. Each board pays its share of the costs. The State Medical Board will pay an annual fee of \$39,449 in FY 2008 and \$45,224 in FY 2009 for this system and for the computer firewall protection.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
100	\$7.88 million	\$8.23 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: The State Medical Board of Ohio strives to protect and enhance the health and welfare of Ohio citizens by regulating the practice of licensed medical and limited branch practitioners.

The following table shows the line items that are used to fund the State Medical Board.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
5C6	883-609	Operating Expenses	\$7,883,145	\$8,225,945
General Services Fund Subtotal			\$7,883,145	\$8,225,945
Total Funding: State Medical Board			\$7,883,145	\$8,225,945

Program Description: The State Medical Board governs the practice of medicine and the limited branches of medicine, as defined by Chapters 4730., 4731., 4760., and 4762. of the Revised Code, by licensing medical professionals in a variety of specialties.

Funding Source: General Services Fund Group. The activities of the Board are funded with licensure and exam fees and fines collected for violations of the rules and laws governing the practice of medicine in Ohio. The funds are deposited into the State Medical Board Operating Fund (Fund 5C6).

Implication of the Budget: The Board received \$7,883,145 in funding for FY 2008 and \$8,225,945 for FY 2009. The funding levels will support the continued issuance and renewal of licenses and certificates, provide for the probationary monitoring of licensees, support the investigation of alleged violations of statutes and rules each year, and to support the Board's educational initiatives.

Temporary and Permanent Law

State Medical Board English Proficiency Procedure (R.C. 4731.142). Authorizes the State Medical Board to adopt rules specifying an acceptable examination and establishing the minimum score on that examination that demonstrates proficiency in spoken English for foreign medical graduates wishing to receive a certificate to practice medicine and surgery or osteopathic medicine and surgery in Ohio.

State Medical Board Final Adjudicative Order (R.C. 4731.22). Increases the time in which the State Medical Board must issue a final adjudicative order regarding a summary suspension from 60 to 75 days after the completion of its hearing.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
MED State Medical Board							
5C6 883-609 Operating Expenses	\$ 7,033,883	\$ 7,207,685	\$ 7,728,146	\$ 7,883,145	2.01%	\$ 8,225,945	4.35%
General Services Fund Group Total	\$ 7,033,883	\$ 7,207,685	\$ 7,728,146	\$ 7,883,145	2.01%	\$ 8,225,945	4.35%
State Medical Board Total	\$ 7,033,883	\$ 7,207,685	\$ 7,728,146	\$ 7,883,145	2.01%	\$ 8,225,945	4.35%

Board of Motor Vehicle Collision Repair Registration

- Registered 1,499 motor vehicle collision repair facilities in FY 2007; expects to register approximately 1,600 facilities in FY 2008 and FY 2009
- Funding of \$334,995 in each fiscal year

Jason Phillips, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Board of Motor Vehicle Collision Repair Registration (CRB) registers all motor vehicle collision repair operators who perform five or more collision repairs in a 12-month period. The Board's mission is to protect the public and to create a level playing field for all collision repair facilities by ensuring that all facilities are in compliance with state and federal taxation, employment, and environmental laws. The Board registers over 1,400 of Ohio's known independent collision repair facilities and continues to make efforts to register all independent collision repair facilities through mailings, presentations, newspaper and trade magazine articles, and onsite appearances. Yet, some facilities fail to comply with legal requirements and remain unregistered.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3	\$334,995	\$334,995	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Registration Activity

In recent years, the Board experienced turnover in two of its three staff positions. The Board also voted to register only collision repair shops that met all requirements, which left out any shops that had previously registered with a temporary registration and who did not become fully compliant. As a result of the staffing changes and the decision to stop issuing temporary registrations, the number of registrations declined significantly, from 1,888 in FY 2004 to 1,401 in FY 2006. However, in FY 2007, the Board increased its annual registration fee to \$225 and the number of registered shops to 1,499, which helped generate \$293,281 in revenue. As a result, the Board finished FY 2007 with a net gain of approximately \$30,000.

Summary of FYs 2008 - 2009 Budget Issues

Move to Occupational Licensing and Regulatory Fund (Fund 4K9)

The budget transferred the Board from its current fund, the Motor Vehicle Collision Repair Registration Fund (Fund 5H9), which was abolished, to the Occupational Licensing and Regulatory Fund (Fund 4K9), a General Services Fund where license fees and other assessments collected by the state's professional and occupational licensing boards are deposited. Fund 4K9 provides a continual base of funding for boards and commissions whose revenue flow can vary due to license renewal cycles. Joining this fund will allow the Board to have greater fiscal stability as it works to increase registrants and carry out enforcement actions without additional fee increases.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate facilities that perform collision repairs

The following table shows the line items that are used to fund the Board of Motor Vehicle Collision Repair Registration as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	865-601	Operating Expenses	\$334,995	\$334,995
General Services Fund Group Subtotal			\$334,995	\$334,995
Total Funding: Motor Vehicle Collision Repair Registration Board			\$334,995	\$334,995

Program Description: In accordance with Chapter 4775. of the Revised Code, the Ohio Motor Vehicle Collision Repair Registration Board registers all motor vehicle collision repair shops in Ohio that repair more than five motor vehicles per year. The Board was created by Am. Sub. H.B. 143 of the 122nd General Assembly.

Funding Source: GSF Fund 4K9 – registration fee revenue and other assessments

Implication of the Budget: The budget allows the Board of Motor Vehicle Collision Repair Registration to sustain current activities.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
CRB Motor Vehicle Collision Repair Registration, Board of									
4K9	865-601	Operating Expenses	---	---	---	\$ 334,995	N/A	\$ 334,995	0.00%
5H9	865-609	Operating Expenses- CRB	\$ 294,187	\$ 292,686	\$ 334,995	\$ 0	-100.00%	\$ 0	N/A
General Services Fund Group Total			\$ 294,187	\$ 292,686	\$ 334,995	\$ 334,995	0.00%	\$ 334,995	0.00%
Motor Vehicle Collision Repair Registration, Board of			\$ 294,187	\$ 292,686	\$ 334,995	\$ 334,995	0.00%	\$ 334,995	0.00%

Board of Nursing

Deauna Hale, Budget Analyst

- The Board will implement partnerships with employers to provide practice remediation for licensees and certificate holders when required

OVERVIEW

Duties and Responsibilities

The Board of Nursing's mission is to promote and protect Ohioans' health through safe and effective nursing practice. Comprised of a 13-member board appointed by the Governor and a staff of 58 employees, the Board regulates individuals in the field of nursing. The Board also certifies 1,500 dialysis technicians, as well as other professionals.

Chapter 4723. of the Revised Code provides statutory authority for the Board's activities and requires the Board to protect the public against unqualified RNs and LPNs. Additionally, the Board provides oversight for nursing education programs and continuing nurse education requirements. The Board also facilitates the administration of the national licensure examination for RNs and LPNs. Each year approximately 5,000 Ohioans apply to take this examination.

The Board of Nursing is part of the 4K9 Fund group, a General Services Fund. The fund is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The philosophy of the fund is that each board must generate enough revenue to cover its expenses. Some boards develop a surplus to cover unforeseen economic hardships.

Nurse Education Grant Program

The Board began operating the Nurse Education Grant program in the FY 2004 - 2005 biennium. The program involves granting schools and medical facilities funds to increase the number of nurses enrolled. To fund the program, \$10 of all license renewal fees will be used for the next ten years. The Board is also required to certify community health workers.

The Board awards grants to nurse education programs that have partnerships with health care facilities, community health agencies, or other education programs to establish or support partnerships that work to increase enrollment capacity of nurse education programs. The Board will award approximately \$1.4 million in grant funds to eight programs statewide for the grant period from September 1, 2005 to August 31, 2007.

Medication Aide Pilot Program

Am. Sub. H.B. 66 of the 126th General Assembly, the main appropriations act, required the Board to certify medication aides to administer medications in nursing homes and residential care facilities. The Board implemented the Pilot Program in May 2006 and will fully implement the program in July 2007. In this biennium, the Board will certify medication aides, approve training programs, and discipline and monitor medication aides who violate the statutory or regulatory requirements. As a result of the new program, the Board received approval to fund three additional staff positions.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
58	\$7,116,280	\$7,116,280	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: The Ohio Board of Nursing actively promotes and protects the health of the citizens of Ohio through the safe and effective practice of nursing as defined by law.

The following table shows the line items that are used to fund the Board of Nursing, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	884-609	Operating Expenses	\$5,661,280	\$5,661,280
5P8	884-601	Nursing Special Issues	\$5,000	\$5,000
5AC	884-602	Nurse Education Grant Program	\$1,450,000	\$1,450,000
General Services Fund Subtotal			\$7,116,280	\$7,116,280
Total Funding: Board of Nursing			\$7,116,280	\$7,116,280

Program Description: The Board of Nursing governs the practice of nursing, as defined by Chapter 4723. of the Revised Code, by licensing nursing professionals in a variety of specialties, as well as certifying dialysis technicians.

Funding Source: General Services Fund group (Funds 4K9, 5P8, and 5AC). The activities of the Board are funded with licensure fees and other assessments collected by the state's professional and occupational licensing boards (4K9); continuing education activity fees, grants, and gifts (5P8); and nurse license renewal fees (5AC).

Implication of the Budget: The budget will allow the Board to support an increasing number of applicants during the upcoming biennium. In addition, the Board will be able to address nursing and nursing faculty shortages by maximizing the use of the Nurse Education Assistance Loan program and the Nurse Education Grant program. Funding from line item 884-609, Operating Expenses, will cover administrative expenses incurred implementing and administering the Medication Aide Certification program statewide beginning in FY 2008.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2007 Adj. FY 2006: Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted					
<i>NUR Nursing, Board of</i>								
4K9	884-609	Operating Expenses	\$ 5,092,223	\$ 5,221,560	\$ 5,661,280	0.00%	\$ 5,661,280	0.00%
5AC	884-602	Nurse Education Grant Program	----	\$ 694,099	\$ 1,450,000	0.00%	\$ 1,450,000	0.00%
5P8	884-601	Nursing Special Issues	----	\$ 39,000	\$ 5,000	0.00%	\$ 5,000	0.00%
General Services Fund Group Total			\$ 5,092,223	\$ 5,954,659	\$ 7,116,280	0.00%	\$ 7,116,280	0.00%
<i>Nursing, Board of Total</i>			\$ 5,092,223	\$ 5,954,659	\$ 7,116,280	0.00%	\$ 7,116,280	0.00%

Occupational Therapy, Physical Therapy, and Athletic Trainers Board

- The Board licenses and regulates over 19,000 professionals
- The Board is composed of 20 Board members and 9 staff members

Stephanie Suer, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Occupational Therapy, Physical Therapy, and Athletic Trainers Board (OTPTAT) is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

In 1976, the 111th General Assembly established the Occupational Therapists Board. Chapter 4755. of the Revised Code was amended in 1977 to include the regulation of physical therapists, which until then had been regulated by the State Medical Board. Athletic trainers were added to the Board's scope with the enactment of S.B. 80 in 1990. Today, the Board operates as a consolidated board with sections of the Board regulating each profession and a consolidated administrative staff. OTPTAT is empowered to license each discipline through examination, hold hearings, subpoena witnesses, and take other actions to address complaints about licensees' performance of professional duties. The Board also inspects the practices of licensees and certifies continuing education requirements.

The Occupational Therapy, Physical Therapy, and Athletic Trainers Board oversees the licensing and regulation of over 19,000 professionals as of June 15, 2007. The Board renews its licenses on a biennial basis. Revenues and expenditures for the Board for FY 2005 totaled \$852,019 and \$705,273, respectively. For FY 2006, revenues and expenditures were \$705,273 and \$696,365, respectively. The Board contributed \$111,443 more to Fund 4K9 than it expended in the FY 2005-2006 renewal cycle.

Licensing System

The Board, in partnership with the Department of Administrative Services, implemented a new web-based multi-board licensing system. Each board pays its share of the costs out of Fund 4K9. In FY 2008, estimated costs are \$8,904, and \$10,208 in FY 2009 for this system and for the computer firewall protection.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
28	\$892,241	\$963,984	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: The OTPTAT Board regulates the professions of occupational therapy, physical therapy, and athletic training to promote and protect the health of Ohio's citizens. The Board issues licenses to qualified applicants and renews licenses of existing practitioners. The Board also investigates complaints of practice against licensees and unlicensed practitioners.

The following table shows the line items that are used to fund the Occupational Therapy, Physical Therapy, and Athletic Trainers Board program series.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	890-609	Operating Expenses	\$892,241	\$963,984
General Services Fund Subtotal			\$892,241	\$963,984
Total Funding: Occupational Therapy, Physical Therapy, and Athletic Trainers Board			\$892,241	\$963,984

Program Description: In accordance with Chapter 4775. of the Revised Code, the Ohio Occupational Therapy, Physical Therapy, and Athletic Trainers Board regulates the professions of occupational therapy, physical therapy, and athletic training by properly qualified applicants, acts on complaints filed with the Board, and monitors continuing education compliance.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from 27 occupational licensing boards is placed in Fund 4K9 and reallocated to each board. Each board must raise enough revenue through its license fees to cover its expenses.

Implication of the Budget: The Board received \$892,241 in FY 2008 and \$963,984 in FY 2009. The funding will allow the Board to carry out its mission and allow for an increase in payroll expenses anticipated by the Board.

Operationally, the Board is a single program series agency that licenses and enforces the three practice acts. However, the executive recommendation divides the Board into three programs: Occupational Therapy, Physical Therapy, and Athletic Trainers. The following analysis will examine the Governor's recommended funding levels for each program.

Program 1.01 Occupational Therapy

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	890-609	Operating Expenses	\$303,361	\$327,755
General Services Fund Subtotal			\$303,361	\$327,755
Total Funding: Occupational Therapy, Physical Therapy, and Athletic Trainers Board			\$303,361	\$327,755

Purpose: This program includes the operations of regulating the occupational therapy profession, including issuing and renewing licenses, monitoring continuing education requirements, and investigating complaints filed with the Board.

Implication of the Budget: In addition to supporting the activities of the Board as a whole, the funding for this program will support the regulation of over 3,900 occupational therapists and 2,400 therapy assistants, including the renewal of approximately 3,100 licensees per fiscal year and the issuance of approximately 200 initial licenses to occupational therapists and 160 initial licenses to occupational therapy assistants.

Program 1.02 Physical Therapy

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	890-609	Operating Expenses	\$508,578	\$549,470
General Services Fund Subtotal			\$508,578	\$549,470
Total Funding: Occupational Therapy, Physical Therapy, and Athletic Trainers Board			\$508,578	\$549,470

Purpose: This program includes the operations of regulating the physical therapy profession including issuing and renewing licenses, monitoring continuing education requirements, and investigating complaints filed with the Board.

Implication of the Budget: In addition to supporting the activities of the Board as a whole, the funding for this program will support the regulation of over 6,500 physical therapists and 4,600 physical therapist assistants, including the renewal of approximately 5,600 licensees per fiscal year and the issuance of approximately 300 initial licenses to physical therapists and 280 initial licenses to physical therapist assistants.

Program 1.03 Athletic Trainers Board

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	890-609	Operating Expenses	\$80,302	\$86,759
General Services Fund Subtotal			\$80,302	\$86,759
Total Funding: Occupational Therapy, Physical Therapy, and Athletic Trainers Board			\$80,302	\$86,759

Purpose: This program includes the operations of regulating the athletic training profession including issuing and renewing licenses, monitoring continuing education requirements, and investigating complaints filed with the Board.

Implication of the Budget: In addition to supporting the activities of the Board as a whole, the funding for this program will support the regulation of over 1,700 athletic trainers, including the renewal of approximately 850 licensees per fiscal year and the issuance of approximately 160 initial licenses to athletic trainers.

Temporary and Permanent Law Provisions

Deposit of fines collected under the Occupational Therapist, Physical Therapist, and Athletic Trainer Law (R.C. 4755.09). Requires that all fines collected by the appropriate section of the Ohio Occupational Therapist, Physical Therapist, and Athletic Trainers Board except for those collected for specified violations of the law be deposited in the Occupational Licensing and Regulatory Fund.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
PYT Occupational Therapy, Physical Therapy, and Athletic Trainers Board							
4K9 890-609 Operating Expenses	\$ 705,274	\$ 696,365	\$ 836,573	\$ 892,241	6.65%	\$ 963,984	8.04%
General Services Fund Group Total	\$ 705,274	\$ 696,365	\$ 836,573	\$ 892,241	6.65%	\$ 963,984	8.04%
<i>Occupational Therapy, Physical Therapy, and Athletic</i>	<i>\$ 705,274</i>	<i>\$ 696,365</i>	<i>\$ 836,573</i>	<i>\$ 892,241</i>	<i>6.65%</i>	<i>\$ 963,984</i>	<i>8.04%</i>

Optical Dispensers Board

- The budget reflects anticipated revenue as a result of an increase in renewal license fees

Deauna Hale, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Optical Dispensers Board was established in 1979 to maintain standards in the industry by the issuance of spectacle, contact lens, and ocularist licenses. The Board seeks to maintain industry standards by establishing licensure requirements for people entering these fields. In addition to licensing opticians, ocularists, and apprentices, the Board is responsible for establishing continuing education requirements and investigating complaints.

Fund 4K9

The Ohio Optical Dispensers Board (ODB) is part of the 4K9 Fund group (Occupational Licensing and Regulatory Fund), a General Services Fund. The fund is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The philosophy of the fund is that each board must generate enough revenues to cover its expenses. Some boards develop a surplus to cover unforeseen economic hardships.

Fee Changes

In FY 2006, the annual renewal fee for ocularists decreased from \$135.00 to \$97.50. The Board anticipates increasing optician, ocularist, and apprentice renewal fees during the upcoming biennium, generating approximately \$18,000 in additional revenue.

Administrative Increases

During the past few years, occupational licensing boards absorbed increased administrative costs charged by other state agencies. The Optical Dispenser Board anticipates purchasing additional computer hardware during the upcoming biennium.

Payroll expenditures for the Board, as well as other state boards and agencies, will increase in this biennium as a result of the negotiated 3.5% increase in salary for state employees.

The Board instituted many cost control measures to balance expenditures and revenue, including reducing operating costs by making important information and forms available online. Board staff also implemented a new system to produce wall certificates internally versus using an outside vendor also reducing administrative costs.

The Budget

The budget will allow the Board to enhance current services and operations. Appropriations for the biennium will also provide funding to increase computer hardware and insure the Board will be able to meet the increase in payroll costs and other administrative cost increases.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3	\$333,656	\$345,324	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: Regulate the practice of Opticianry and Ocularistry, through examination, continuing education, and license enforcement.

The following table shows the line items that are used to fund the Optical Dispensers Board, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF	894-609	Operating Expenses	\$333,656	\$345,324
General Services Fund Subtotal			\$333,656	\$345,324
Total Funding: Optical Dispensers Board			\$333,656	\$345,324

Program Description: In accordance with sections 4725.40 and 4725.99 of the Ohio Revised Code, the Ohio Optical Dispensers Board issues licenses to optical dispensers, ocularists, and registers apprentices, all in an ongoing manner. The Board also investigates and disciplines as necessary and prosecutes unlicensed opticians and ocularists.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget will allow the Board to enhance current services and operations, including implementing outreach programs to minority groups to encourage recruiting diversity in the optician and ocularist fields and developing continuing education programs to increase cultural competence of licensees. In addition, the funding level includes the increase in personnel costs the Board anticipates in the upcoming biennium. Also the budget reflects revenue anticipated from an increase in renewal license fees during the biennium.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
ODB Optical Dispensers Board, Ohio							
4K9 894-609 Operating Expenses	\$ 285,754	\$ 297,114	\$ 312,656	\$ 333,656	6.72%	\$ 345,324	3.50%
General Services Fund Group Total	\$ 285,754	\$ 297,114	\$ 312,656	\$ 333,656	6.72%	\$ 345,324	3.50%
Optical Dispensers Board, Ohio Total	\$ 285,754	\$ 297,114	\$ 312,656	\$ 333,656	6.72%	\$ 345,324	3.50%

State Board of Optometry

- The Board licensed 2,072 optometrists in FY 2006

Deauna Hale, Budget Analyst

OVERVIEW

Duties and Responsibilities

The State Board of Optometry regulates optometric practice throughout the state. The Board issues licenses to optometrists and conducts investigations for rule compliance or complaints received from the public. The Board is also responsible for policy revision and license issuance and renewal guidelines.

The Board administers three types of licenses: optometric, therapeutic, and diagnostic. The Board receives revenue from annual new and renewal license fees and expends funds for operating expenses associated with the licensure, regulation, and enforcement processes. In July 2006, the Board unanimously agreed to increase license and late penalty fees, increasing license revenues in the next biennium.

Fund 4K9

The State Board of Optometry is part of Fund 4K9 (Occupational Licensing and Regulatory Fund), a General Services Fund. The fund is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The philosophy of the fund is that each board must generate enough revenues to cover its expenses. Some boards develop a surplus to cover unforeseen economic hardships.

The Budget

The Board, along with other state agencies, will face payroll expenditure increases as a result of the negotiated 3.5% salary increase for employees. In addition to payroll increases, rental rates, health insurance, travel, and other administrative costs will increase. The budget will allow the Board to help cover these expenses.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
9	\$344,571	\$351,071	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: Licensure and regulation of Ohio's optometrists.

The following table shows the line items that are used to fund the Optometry Board, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	885-609	Operating Expenses	\$344,571	\$351,071
General Services Fund Subtotal			\$344,571	\$351,071
Total Funding: Ohio State Board of Optometry			\$344,571	\$351,071

Program Description: The Ohio State Board of Optometry assures that the optometrists operating in the state are professionally competent by regulating examinations, enforcing continuing education compliance, monitoring continuing education quality, issuance and renewal of licensure, and enforcement of Chapter 4725. of the Revised Code.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget funding levels for the Board is expected to cover costs in the upcoming biennium associated with H.B. 104 that, if passed, would require specified licensed professions to obtain a criminal background check from the Bureau of Criminal Investigation and Identification and require the appropriate licensing board to consider the results of those checks in determining a person's eligibility for licensure. The budget will also help the Board cover rising payroll expenditures and other administrative costs.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
OPT Optometry, State Board of							
4K9 885-609 Operating Expenses	\$ 296,835	\$ 303,299	\$ 336,771	\$ 344,571	2.32%	\$ 351,071	1.89%
General Services Fund Group Total	\$ 296,835	\$ 303,299	\$ 336,771	\$ 344,571	2.32%	\$ 351,071	1.89%
Optometry, State Board of Total	\$ 296,835	\$ 303,299	\$ 336,771	\$ 344,571	2.32%	\$ 351,071	1.89%

State Board of Orthotics, Prosthetics, and Pedorthics

- Ohio is one of only 11 states in the nation to license orthotists, prosthetists, and pedorthists
- The Board currently licenses 360 professionals

Stephanie Suer, Budget Analyst

OVERVIEW

Duties and Responsibilities

The State Board of Orthotics, Prosthetics, and Pedorthics, created by S.B. 238 of the 123rd General Assembly, licenses and regulates orthotists, prosthetists, and pedorthists, ensuring those individuals meet minimum education and experience qualifications. The Board meets its responsibilities through management of the licensure process, overseeing regulation of the industry in Ohio, and enforcement through monitoring licensees and investigating complaints.

Ohio is one of only 11 states requiring licensure in orthotics and prosthetics and even fewer states require licensure in pedorthics. However, according to the Board, the trend for this profession is moving toward licensure. In FY 2006, the Board issued 100 orthotists, 71 prosthetists, 101 pedorthists, 107 prosthetist-orthotists, and 12 pedorthist-temporary licenses.

The State Board of Orthotics, Prosthetics, and Pedorthics is part of the Occupational Licensing and Regulatory Fund (Fund 4K9). Fund 4K9 is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The fund is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The philosophy of the fund is that each board must generate enough revenues to cover its expenses. Some boards develop a surplus to cover unforeseen economic hardships.

The Board receives revenue from new and renewal license fees and expends funds for operating expenses associated with the licensure, regulation, and enforcement processes. Expenditures and revenue for FY 2006 were \$100,452 and \$109,754, respectively. The Board contributed \$9,302 more to Fund 4K9 than it expended during FY 2006.

Licensing System

The Board, in partnership with the Department of Administrative Services, implemented a new web-based multi-board licensing system. Each board pays its share of the costs out of Fund 4K9. In FY 2008, estimated costs are \$188, and \$215 in FY 2009 for this system and for the computer firewall protection.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
2	\$111,300	\$116,260	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the practice of orthotics, prosthetics, and pedorthics.

The following table shows the line items that are used to fund the State Board of Orthotics, Prosthetics, and Pedorthics.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	973-609	Operating Expenses	\$111,300	\$116,260
General Services Fund Subtotal			\$111,300	\$116,260
Total Funding: State Board of Orthotics, Prosthetics, and Pedorthics			\$111,300	\$116,260

Program Description: In accordance with Chapter 4779. of the Revised Code, the State Board of Orthotics, Prosthetics, and Pedorthics protects the health and safety of Ohio citizens through its standards-based review of license applications and qualifications, enforcement of continuing education requirements, revising and promulgating appropriate regulatory language, and investigating complaints against unlawful practices.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from 27 occupational licensing boards is placed in Fund 4K9 and then reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Implication of the Budget: The Board received funding of \$111,300 in FY 2007 and \$116,260 in FY 2008. The enacted funding will allow the Board to maintain FY 2005 service levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
OPP Orthotics, Prosthetics and Pedorthics							
4K9 973-609 Operating Expenses	\$ 96,151	\$ 100,492	\$ 106,035	\$ 111,300	4.97%	\$ 116,260	4.46%
General Services Fund Group Total	\$ 96,151	\$ 100,492	\$ 106,035	\$ 111,300	4.97%	\$ 116,260	4.46%
Orthotics, Prosthetics and Pedorthics Total	\$ 96,151	\$ 100,492	\$ 106,035	\$ 111,300	4.97%	\$ 116,260	4.46%

State Board of Pharmacy

Jamie L. Duskocil, Senior Budget Analyst

- Current staffing and service levels to be maintained
- Prescription Monitoring Program fully operational

OVERVIEW

Duties and Responsibilities

The State Board of Pharmacy, first created in 1884, is responsible for administering and enforcing the Pharmacy Practice Act and Dangerous Drug Distribution Act (Chapter 4729. of the Revised Code), the Controlled Substances Act (Chapter 3719. of the Revised Code), the Pure Food and Drug Act (Chapter 3715. of the Revised Code), and the Criminal Drug Law (Chapter 2925. of the Revised Code).

The Board is a nine-member panel composed of eight pharmacists and one person representing the public who is at least 60 years old. Each member serves a four-year term and may be re-appointed one time at the Governor's discretion. In addition to the nine Board members, it carries enough annual funding to employ a staff of around 50 full-time equivalents (FTEs) to perform licensure and enforcement activities, as described in more detail below.

Licensure

The licensure activities of the Board include the testing and certification of pharmacists and pharmacy interns entering the profession in Ohio, as well as the annual renewal of licenses held by practicing pharmacists. In addition, the Board licenses sites where dangerous drugs (primarily those requiring a prescription) are purchased and stored prior to the delivery to a patient. The site licenses are issued by the Board as either a terminal distributor of dangerous drugs (mainly retail type settings) or a wholesale distributor of dangerous drugs. Terminal distributor sites include, but are not limited to, retail pharmacies, hospitals, nursing homes, prisons and jails, emergency medical squads, clinics, and medical gas distributors.

Drug Law Enforcement

The Board is the only state agency that has statewide jurisdiction to enforce the criminal drug laws, and as a result, is sometimes responsible for criminal investigations and prosecutions of doctors, nurses, dentists, veterinarians, or other individuals. By enforcing the laws and rules regulating drugs and pharmacists, the Board may deny, suspend, or revoke a license and place a pharmacist or pharmacy intern on probation. Such action may be taken for reasons that include: conviction of a misdemeanor committed in the practice of pharmacy, or any felony; dishonesty or unprofessional conduct in the practice of pharmacy; drug or alcohol addiction that causes a practitioner to be unfit for practice; and any violation of provisions under Chapters 2925., 3719., or 4729. of the Revised Code.

Projected Fund 4K9 Financing Deficit

The State Board of Pharmacy is one of 20-plus independent professional and occupational licensing boards that draw their primary source of funding from the Occupational Licensing and Regulatory Fund (Fund 4K9). Based on its anticipated revenues and expenditures, the Board estimates it will spend approximately \$500,000 more than it deposits in revenue to the credit of Fund 4K9 over the course of FYs 2008 and 2009. The Board will be able to in effect finance this “deficit” by tapping into its remaining cash balance in Fund 4K9. This creates a fiscal situation for FY 2010 and beyond that may require a fee increase.

Prescription Monitoring Program (PMP)

Sub. H.B. 377 of the 125th General Assembly, effective May 2005, (1) permits the State Board of Pharmacy to establish and maintain an electronic database to monitor the misuse and diversion of controlled substances and certain dangerous drugs, and (2) if the Board establishes and maintains such a database, requires each pharmacy licensed as a terminal distributor of dangerous drugs that dispenses drugs to patients in the state (as specified in rules adopted by the Board) and each wholesale distributor of dangerous drugs that delivers drugs to prescribers in the state to submit to the Board for entry into the database certain prescription and purchase information. The bill was silent on how the drug database and its related costs would be funded.

To date, the Board has secured three federal grants totaling \$930,000 for the purpose of planning and implementing the prescription monitoring program (PMP) authorized by Sub. H.B. 377. The program, which is currently managed by three staff, became fully operational in October 2006. The Board has applied for another federal grant to be used for the purpose of program enhancements. The federal funding available to the states has been restricted to PMP planning, implementation, and improvements. Moneys have not been available for what might be termed routine operating or maintenance expenses.

CAVU Licensing System

Most of the state’s licensing boards have implemented the CAVU licensing system. CAVU is a provider of licensing, permitting, and enforcement software solutions for eGovernment. The State Board of Pharmacy is the last of Ohio’s state agencies to contract with CAVU for online licensing services. The Ohio Department of Administrative Services (DAS) administers the CAVU agreements. As each licensing board comes online, costs of the contracts are administratively removed from Fund 4K9. The costs will be distributed among the boards according to the degree of licensing activity by each entity. According to the State Board of Pharmacy, due to the complex nature of the Board’s fee structure, implementation of the CAVU system was delayed until now. At this time, it is unclear how much of the total contracting costs will be allocated to the State Board of Pharmacy; however, the Board estimates that it could be approximately \$20,000 annually. Again, these expenses would be taken from the Fund 4K9’s total pool of available funds by DAS at the time the contracts are due to be paid. The Board will not be required to budget for these expenses.

Agency in Brief

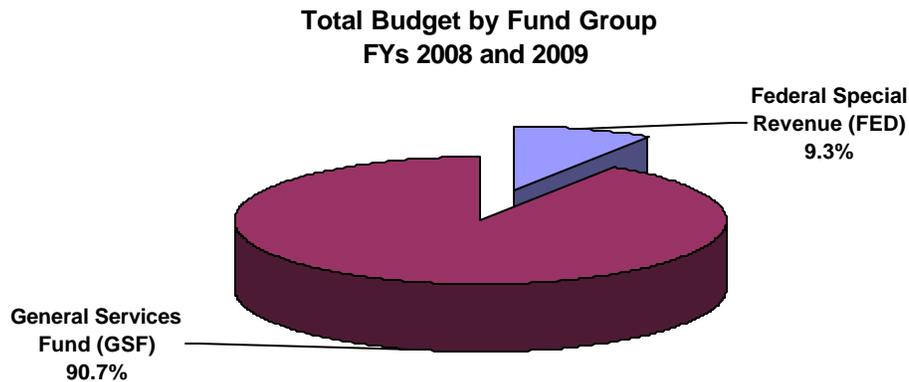
The following table selectively summarizes the Board’s enacted appropriations and staffing information. As noted below, the Board operates exclusively on non-GRF funding; it receives no GRF appropriations.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
48	\$5.51 million	\$5.82 million	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007. This figure does not include nine (9) Board members.

Fund Group Summary

The pie chart immediately below shows the Board’s total enacted appropriations (FYs 2008 and 2009) by fund group. This includes moneys appropriated from the General Services Fund (GSF) Group and the Federal Special Revenue (FED) Fund Group.



ANALYSIS OF THE BUDGET

For budget purposes, as detailed below, the State Board of Pharmacy is considered a single program series agency and its activities are not subdivided into separate programs.

Single Program Series

Regulation

Purpose: To administer and enforce the laws governing the legal distribution of drugs and the practice of pharmacy

The following table shows the three line items that are used to fund the State Board of Pharmacy's licensing, registration, and enforcement activities, as well as the appropriated funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund (GSF)				
4A5	887-605	Drug Law Enforcement	\$75,550	\$75,550
4K9	887-609	Operating Expenses	\$4,874,572	\$5,251,032
General Services Fund Subtotal			\$4,950,122	\$5,326,582
Federal Special Revenue Fund (FED)				
3BC	887-604	Dangerous Drugs Database	\$558,531	\$491,405
Federal Special Revenue Fund Subtotal			\$558,531	\$491,405
Total Funding: Regulation			\$5,508,653	\$5,817,987

Program Description: The Board's core activities center on the licensing of all persons who distribute dangerous drugs and sites where dangerous drugs are stored and the enforcement of certain drug laws.

Funding Source: (1) Licensing and other fees collected from pharmacists, pharmacy interns, distributors of dangerous drugs, and manufacturers of controlled substances, (2) various fines and bail or property forfeitures, and (3) federal grants to plan, implement, and enhance the Board's Prescription Monitoring Program (PMP)

Implication of the Budget: From the Board's perspective, the appropriated levels of funding for FYs 2008 and 2009 should cover its future cost of maintaining current staffing and service levels.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
PRX Pharmacy, State Board of									
4A5	887-605	Drug Law Enforcement	\$ 272,755	\$ 115,727	\$ 75,550	\$ 75,550	0.00%	\$ 75,550	0.00%
4K9	887-609	Operating Expenses	\$ 4,547,205	\$ 4,525,101	\$ 5,400,537	\$ 4,874,572	-9.74%	\$ 5,251,032	7.72%
General Services Fund Group Total			\$ 4,819,960	\$ 4,640,828	\$ 5,476,087	\$ 4,950,122	-9.60%	\$ 5,326,582	7.61%
3BC	887-604	Dangerous Drugs Database	----	\$ 318,577	\$ 299,317	\$ 558,531	86.60%	\$ 491,405	-12.02%
Federal Special Revenue Fund Group Total			----	\$ 318,577	\$ 299,317	\$ 558,531	86.60%	\$ 491,405	-12.02%
Pharmacy, State Board of Total			\$ 4,819,960	\$ 4,959,406	\$ 5,775,404	\$ 5,508,653	-4.62%	\$ 5,817,987	5.62%

State Board of Psychology

Deauna Hale, Budget Analyst

- Two Board staff members were reclassified, increasing payroll costs in the biennium
- The Board hired one employee in the second half of FY 2007, increasing payroll costs

OVERVIEW

Duties and Responsibilities

Formed in 1972, the State Board of Psychology provides regulatory oversight of psychologists and licensed school psychologists (the state Department of Education regulates school-based school psychologists). The Board's primary mission is to provide protection to the public through examinations, licensing, monitoring continuing education requirements, monitoring unlicensed practice, (both supervised practice of extenders and illegal practice), and to investigate complaints and discipline licensees pursuant to Chapter 4732. of the Revised Code.

Fund 4K9

The Psychology Board is part of Fund 4K9 (Occupational Licensing and Regulatory Fund), a General Services Fund. The fund is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. Each board must generate enough revenues to cover its expenses. Some boards develop a surplus to cover unforeseen economic hardships.

Operational Changes

In the next biennium, the Board will need to upgrade the current computer system to continue to support the e-Licensing software. The Board instituted a bank-based lock box to increase efficiency and is currently considering utilizing web-based biennial license registration in FY 2009. In addition, the Board will work with the Office of Budget and Management and other partners to establish a performance contract during future budget cycles to support the Governor's TurnAround Ohio initiatives.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
6	\$586,565	\$586,565	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: To ensure the health, safety, and general welfare of citizens of the state through oversight of the regulated profession.

The following table shows the line items that are used to fund the State Board of Psychology, as well as the budget funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF	4K9	Operating Expenses	\$586,565	\$586,565
General Services Fund Subtotal			\$586,565	\$586,565
Total Funding: Psychology Board			\$586,565	\$586,565

Program Description: In accordance with Chapter 4732. of the Revised Code, the State Board of Psychology tests, licenses, and regulates all psychologists and licensed school psychologists who practice in Ohio.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget funding level will allow the Board to maintain staffing levels and daily functions required of the licensing, monitoring of unlicensed supervised practice, and enforcement of the psychology profession; support administrative hearings; and reimburse Board members for attending meetings and hearings. In addition, the budget funding level allows the Board to work with partners to support the Governor's initiatives and update the current computer system to support e-Licensing required by the Department of Administrative Services.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
PSY Psychology, State Board of							
4K9 882-609 Operating Expenses	\$ 485,686	\$ 461,456	\$ 586,565	\$ 586,565	0.00%	\$ 586,565	0.00%
General Services Fund Group Total	\$ 485,686	\$ 461,456	\$ 586,565	\$ 586,565	0.00%	\$ 586,565	0.00%
Psychology, State Board of Total	\$ 485,686	\$ 461,456	\$ 586,565	\$ 586,565	0.00%	\$ 586,565	0.00%

Respiratory Care Board

- At the end of FY 2006, the Board licensed approximately 6,900 respiratory care professionals and approximately 440 home medical equipment facilities
- The Board contributed \$300,186 more to Fund 4K9 than it expended during the FY 2005-2006 renewal cycle

Wendy Risner, Senior Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Respiratory Care Board was established in 1989 by Sub. S.B. 300 of the 118th General Assembly. The Board regulates the practice of respiratory care by licensing properly qualified individuals, acting on complaints filed with the Board, and monitoring continuing education requirements. In 2005, the Board acquired home medical equipment (HME) licensure and registration for certain HME facilities selling or renting HME equipment to the public in Ohio. The Board's fundamental mission is to efficiently provide services to both the public and the Board's licensees while ensuring public safety. The Board annually investigates all alleged complaints and monitors continuing education compliance. The Board also approves respiratory care educational programs and, when necessary, conducts on-site reviews.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
5	\$491,628	\$481,768	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The Board grants two types of respiratory care licenses: respiratory care professional and limited permit. The Board also grants two types of home medical equipment licenses: HME licensed facilities and HME certificate of registrations. The Board also has a fee for HME facility inspections. Respiratory care professional licenses are renewed biennially, while limited permits are renewed annually. HME associated licenses are renewed biennially. Revenue is generated from new and renewal licensure fees, as well as fines, inspection fees, and miscellaneous sources. Expenditures are for operating expenses associated with the licensure, regulation, and enforcement processes. Revenues and expenditures for the FY 2005-2006 licensing cycle were \$1,073,158 and \$772,972, respectively. The Board contributed \$300,186 more to Fund 4K9 than it expended during the last renewal cycle.

Summary of Am. Sub. H.B. 119 Appropriations

The Board received total funding of \$491,628 in FY 2008 and \$481,768 in FY 2009. FY 2008 recommended levels are 9.1% higher than FY 2007 appropriations. The FY 2009 expenditures are 2.0% lower than FY 2008 appropriations. Expenditures in FY 2009 are expected to decrease due to federal

Medicare rule changes that would force licensed facilities to become registered facilities, thereby foregoing the inspection requirements and reducing inspection costs for the Board.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the practice of respiratory care and home medical equipment licensure

The following table shows the line items that are used to fund the Board, as well as the Board's funding for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	872-609	Operating Expenses	\$491,628	\$481,768
General Services Fund Subtotal			\$491,628	\$481,768
Total Funding: Regulation			\$491,628	\$481,768

This analysis focuses on the following specific programs within the Licensure/Enforcement program series:

- **Program 1.01: Licensing/Registration/Certification Issuance and Enforcement**
- **Program 1.02: Home Medical Equipment Regulation**

Program 1.01: Licensing/Registration/Certification Issuance and Enforcement

Program Description: In accordance with Chapter 4761. of the Revised Code, the Ohio Respiratory Care Board regulates the profession of respiratory care by licensing properly qualified applicants, acts on complaints filed with the Board, adjudicating violations of the respiratory care laws and rules, and monitors continuing education compliance. As of the end of FY 2006, the Board licensed approximately 6,900 respiratory professionals.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from 27 occupational licensing boards is placed in Fund 4K9 and reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Implication of the Budget: The Board received funding of \$345,476 in FY 2008 and \$352,935 in FY 2009 for this program. This funding maintains current service levels. The funding will: support licensing and renewal of respiratory care professionals, support investigation of complaints received and enforcement of Board adjudication orders, support the monitoring of continuing education compliance of the licensees, and allow the board to develop web-based application processes for all license types.

Program 1.02: Home Medical Equipment Regulation

Program Description: In accordance with Chapter 4752. of the Revised Code, the Board regulates the licensure and registration of home medical equipment facilities that sell, rent, or maintain defined medical equipment to Ohio citizens. Official licensure of home medical equipment facilities began in FY 2006. The types of licenses issued are as follows: (1) Certificate of Registration – this is issued to facilities that offer qualifying home medical equipment, but are nationally accredited, (2) license – this is issued to nonaccredited facilities offering qualifying home medical equipment that meet the standards for licensing adopted by the Board, and (3) provisional license – this is issued to nonaccredited facilities offering qualifying home medical equipment that fail to meet the standards for licensing adopted by the Board. As of the end of FY 2006, the Board licensed 142 HME facilities and certified 294 HME facilities. The Board regulates HME facilities through mandatory inspections. The inspection cycle is defined by the Board in rule. Inspection cycles for licensed HME facilities are established by the Board within a four-year cycle similar to private industry standards for HME accreditation surveys. The Board licenses 168 facilities that will require inspection; facilities with a certification are not inspected by the Board. Facilities with a certification are accredited by either the Joint Commission on Accreditation of Health Organizations, the Accreditation Commission of Health Care, the Community Health Accreditation Program, and the Compliance Team. These organizations survey HME certified facilities.

The Board has a goal of inspecting 50 licensed HME facilities in FY 2007 and 50 licensed HME facilities in FY 2008. In FY 2009, the Board anticipates that inspection requirements may decrease due to federal Medicare rule changes that would force licensed facilities to become registered facilities, thereby foregoing the inspection requirements. As a result, HME facilities would likely seek certification from the Board instead of licensure and would not be inspected by the Board. The Board currently uses contract services to provide the necessary specialization for inspections.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from 27 occupational licensing boards is placed in Fund 4K9 and reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Implication of the Budget: The Board received funding of \$146,176 in FY 2008 and \$128,833 in FY 2009 for this program. This funding will: support the issuance and renewal of HME licenses/certificates, complete the inspection of approximately 80 licensed HME facilities, support investigation and enforcement activities pertaining to HME facilities, support the monitoring of continuing education compliance of the licensees, and allow the Board to develop web-based application processes for all license types. Funding in FY 2009 is decreased due to federal Medicare rule changes that would force licensed facilities to become registered facilities, thereby foregoing the inspection requirements and lowering costs to the Board.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
RCB Respiratory Care Board							
4K9 872-609 Operating Expenses	\$ 356,106	\$ 409,938	\$ 450,520	\$ 491,628	9.12%	\$ 481,768	-2.01%
General Services Fund Group Total	\$ 356,106	\$ 409,938	\$ 450,520	\$ 491,628	9.12%	\$ 481,768	-2.01%
Respiratory Care Board Total	\$ 356,106	\$ 409,938	\$ 450,520	\$ 491,628	9.12%	\$ 481,768	-2.01%

State Board of Sanitarian Registration

Wendy Risner, Senior Budget Analyst

- The Board licenses over 1,500 sanitarians
- The Board received \$138,551 in FY 2008 and \$138,551 in FY 2009

OVERVIEW

Duties and Responsibilities

The State Board of Sanitarian Registration was created in 1977 to ensure sanitarians in the field of environmental health possess and maintain specialized knowledge and skills that pertain to the field of environmental health science. This is accomplished by minimum education standards, examination, continuing education requirements, and the investigation of complaints filed with the Board. Environmental health is an aspect of public health that deals with the following topics: air quality, food quality and protection, hazardous and toxic substances, consumer product safety, housing, institutional health and safety, community noise control, radiation protection, recreational facilities, solid and liquid waste management, vector control, drinking water quality, milk sanitation, and rabies control.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
2	\$138,551	\$138,551	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. This number includes part-time employees.

Licensure

A large majority of the Board's licensees are government employees who must be licensed per government mandate. Most of these government employees work for city or county health departments. The Board licensed 1,298 sanitarians and 227 sanitarians-in-training, as well as licensing 104 approved training agencies in FY 2006. The Board renews its licenses annually. In FY 2006, the Board had expenditures and revenues of \$127,367 and \$134,314, respectively. The Board contributed \$6,947 more to Fund 4K9 than it expended for FY 2006.

Summary of Am. Sub. H.B. 119 Appropriations

The Board received funding of \$138,551 in FY 2008 and \$138,551 in FY 2009. These amounts will allow current service levels to be maintained for the State Board of Sanitarian Registration.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate sanitarians in the field of environmental health

The following table shows the line items that are used to fund the State Board of Sanitarian Registration, funding for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF	4K9	893-609 Operating Expenses	\$138,551	\$138,551
General Services Fund Subtotal			\$138,551	\$138,551
Total Funding: Sanitarian Registration			\$138,551	\$138,551

Program Description: In accordance with Chapter 4736. of the Revised Code, the State Board of Sanitarian Registration protects the public health by ensuring that individuals who engage in the practice of environmental health possess and maintain specialized knowledge and skills that pertain to the field of environmental health science.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from the 27 occupational licensing boards is placed in Fund 4K9 and then reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Implication of the Budget: The Board received funding of \$138,551 in FY 2008 and \$138,551 in FY 2009. This funding will maintain current service levels by retaining the 1.3 full-time equivalent employees and serving the current licensed population.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
SAN Sanitarian Registration, State Board of							
4K9 893-609 Operating Expenses	\$ 125,216	\$ 127,366	\$ 138,551	\$ 138,551	0.00%	\$ 138,551	0.00%
General Services Fund Group Total	\$ 125,216	\$ 127,366	\$ 138,551	\$ 138,551	0.00%	\$ 138,551	0.00%
Sanitarian Registration, State Board of Total	\$ 125,216	\$ 127,366	\$ 138,551	\$ 138,551	0.00%	\$ 138,551	0.00%

Board of Speech- Language Pathology and Audiology

- In FY 2006, the Board licensed 6,200 professionals
- The Board had revenues of \$905,000 in FY 2005 and \$89,000 in FY 2006

Stephanie Suer, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Board of Speech-Language Pathology and Audiology is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

The Ohio Board of Speech-Language Pathology and Audiology was established by the Ohio General Assembly to protect the health and promote the welfare of Ohioans by licensing and regulating the practices of speech-language pathology and audiology. The Board's primary duties include the initial licensure and renewal of speech-language pathologists, audiologists, and aides, enforcement of continuing education requirements, and investigation of all alleged violations of the practice of speech-language pathology and audiology, pursuant to Chapter 4753. of the Ohio Revised Code.

As of June 30, 2006, the Board licensed 6,652 professionals, most of which were speech-language pathologists (5,501). Revenue is generated from new and renewal license fees, which are collected biennially. Expenditures are for operating expenses associated with the licensure, regulation, and enforcement processes. The Board contributed \$207,761 more to Fund 4K9 than it expended during the FY 2005-2006 two-year licensing cycle.

Licensing System

The Board, in partnership with the Department of Administrative Services, implemented a new web-based multi-board licensing system. Each board pays its share of the costs out of Fund 4K9. The Speech-Language Pathology and Audiology Board paid \$1,598 in FY 2005 and \$1,711 in FY 2006. In FY 2008, estimated costs are \$3,419 and \$3,919 in FY 2009 for this system and for the computer firewall protection.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
12	\$430,600	\$453,000	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the professions of speech-language pathology and audiology

The following table shows the line items that are used to fund Speech-Language Pathology and Audiology.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	886-609	Operating Expenses	\$430,600	\$453,000
General Services Fund Subtotal			\$430,600	\$453,000
Total Funding: Speech-Language Pathology and Audiology			\$430,600	\$453,000

Program Description: The Board of Speech-Language Pathology and Audiology licenses and regulates the professions of speech-language pathology and audiology in accordance with Chapter 4753. of the Revised Code.

Funding Source: General Services Fund Group (Fund 4K9). All revenue from 27 occupational licensing boards is placed in Fund 4K9 and then reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Implication of the Budget: The Board received funding of \$430,600 in FY 2008 and \$453,000 in FY 2009. The recommended funding should allow the Board to maintain service levels.

Temporary and Permanent Law Provisions

In FY 2006, the governing statute of the Speech-Language Pathology and Audiology Board was amended to require a doctoral degree in audiology for licensure as an audiologist in Ohio. This law applies only to those that obtained an audiology degree after December 31, 2005.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
SPE Speech-Language Pathology and Audiology							
4K9 886-609 Operating Expenses	\$ 410,289	\$ 375,950	\$ 415,000	\$ 430,600	3.76%	\$ 453,000	5.20%
General Services Fund Group Total	\$ 410,289	\$ 375,950	\$ 415,000	\$ 430,600	3.76%	\$ 453,000	5.20%
Speech-Language Pathology and Audiology Total	\$ 410,289	\$ 375,950	\$ 415,000	\$ 430,600	3.76%	\$ 453,000	5.20%

Ohio Veterinary Medical Licensing Board

Jason Phillips, Budget Analyst

- Contract with Department of Agriculture for investigators has resulted in significant savings to the Board
- Licensed 5,572 professional veterinarians, veterinary technicians, and veterinary specialists in FY 2006

OVERVIEW

Duties and Responsibilities

The Ohio Veterinary Medical Licensing Board's mission is to ensure that professional, trustworthy and competent veterinarians and veterinary technicians serve Ohio's citizens. The Board serves a number of functions, including issuing licenses, providing examinations for licenses, approving continuing education courses, and investigating complaints. Chapter 4741. of the Revised Code grants these powers.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3	\$382,740	\$327,312	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The Veterinary Medical Licensing Board handles the administrative work for over 5,500 veterinarians, registered veterinary technicians and veterinary specialists. The Board's licenses have biennial renewal cycles. License fees generated \$874,910 in revenue over the most recently completed two-year renewal cycle (FY 2006 and FY 2007). Compared to expenditures of \$546,166 during that same time period, the Board realized a net gain of \$328,744.

Summary of FYs 2008 - 2009 Budget Issues

Online Renewals

As noted above, the budget includes funding of \$15,740 for FY 2008 and \$20,312 for FY 2009 to make available online renewal for veterinarians beginning in CY 2008 and veterinary technicians and veterinary facilities in FY 2009. This additional funding will pay for the development of the online renewal software and integration with the e-Licensing system, development of online renewal forms for all license types, the account for credit card services, and the actual cost of processing the credit cards.

Veterinary Student Loan Program

The budget also appropriates \$60,000 in FY 2008 for the Board's Veterinary Student Loan Program. Under the program, the Ohio Board of Regents, by means of a contract entered into with a veterinarian who has signed a letter of intent for participation in the loan repayment program and the Veterinary Medical Licensing Board, may agree to repay all or part of the principal and interest of a government or other educational loan taken out by a veterinarian for expenses incurred, as long as the veterinarian was enrolled in an approved or accredited veterinary college in the United States and agrees to provide various veterinary services in areas of the state that have limited access to such services. Ten dollars of each veterinary license or limited license biennial renewal fee is deposited into the Veterinarian Loan Repayment Fund (Fund 5BU). The Board anticipates having rules filed for the program in August 2007.

Sharing of Inspectors with the Department of Agriculture

The Veterinary Medical Licensing Board is in the same position as other boards and commissions regarding higher payroll and other costs. In order to reduce personnel costs, the Board began a contract with the Ohio Department of Agriculture (ODA) in 2000 to share investigators. Through this arrangement, the Board only pays for the hours spent investigating its cases and mileage. In FY 2004, the Board expanded the contract to include compliance inspectors. As a result of this arrangement, the Board has been able to significantly reduce payroll costs and decreased the time involved for investigations, as more than one investigator can be working on the Board's cases at a time. The Board most recently renewed the contract with ODA in CY 2005. The Board is attempting to reduce costs even further by combining compliance inspections in the same geographical location as investigations to conserve travel and time costs. In FY 2006, the Board spent \$22,052 reimbursing ODA investigators for hours and mileage pursuant to the contract with ODA.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: Licenses, enforces, and regulates the practice of veterinary medicine

The following table shows the line items that are used to fund the Veterinary Medical Licensing Board, as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	888-609	Operating Expenses	\$ 322,740	\$327,312
5BU	888-602	Veterinary Student Loan Program	\$60,000	\$0
General Services Fund Group Subtotal			\$ 382,740	\$327,312
Total Funding: Ohio Veterinary Medical Licensing Board			\$382,740	\$327,312

Program Description: In accordance with Chapter 4741. of the Revised Code, the Ohio Veterinary Medical Licensing Board issues, licenses, provides examinations for licensure, approves continuing education courses, investigates complaints, performs compliance inspections of veterinary facilities, and networks with other state, federal, and local agencies that relate to veterinary medicine. The Board is also charged with overseeing a Veterinary Student Loan Program, which repays all or part of a veterinary student's educational loans if they agree to provide various veterinary services in areas of the state that have limited access to such services.

Funding Source: Fund 4K9 - license fees and other assessments

Implication of the Budget: The budget fully funds the Veterinary Medical Licensing Board's current activities for FYs 2008 - 2009 and allows the Board to make available online license renewal to its licensees. The budget also appropriates \$60,000 in FY 2008 for the Veterinary Student Loan Program, enabling loan repayments for veterinary students to commence. The Veterinarian Loan Repayment Fund (Fund 5BU) will begin receiving additional revenue in early CY 2008 when veterinarian license renewals take place (\$10 of each veterinarian license renewal fee is devoted to the program).

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
DVM Veterinary Medical Licensing Board									
4K9	888-609	Operating Expenses	\$ 279,360	\$ 262,431	\$ 307,000	\$ 322,740	5.13%	\$ 327,312	1.42%
5BU	888-602	Veterinary Student Loan Program	---	---	\$ 0	\$ 60,000	N/A	\$ 0	-100.00%
General Services Fund Group Total			\$ 279,360	\$ 262,431	\$ 307,000	\$ 382,740	24.67%	\$ 327,312	-14.48%
Veterinary Medical Licensing Board Total			\$ 279,360	\$ 262,431	\$ 307,000	\$ 382,740	24.67%	\$ 327,312	-14.48%

Adjutant General

Edward Millane, Budget Analyst

- GRF funding increases by 2.4% in FY 2008 and 2.3% in FY 2009
- 63.8% of the Adjutant General's state budget is federally funded
- More than half of the federal funds received in the state budget are dependent on state matching funds

OVERVIEW

Duties and Responsibilities

The Adjutant General's Department (ADJ) provides administration, oversight, and command control of the Ohio National Guard. The Ohio National Guard includes the Army National Guard, established in 1778, and the Air National Guard, established in 1947. It is currently authorized as a military force consisting of more than 15,180 members, including 10,360 soldiers and 4,820 airmen. Through the work of ADJ, the Ohio National Guard currently leads the nation in sustaining the force structure assigned to it by the federal government, exceeding the required strength in both the Army and Air National Guard.

The Ohio National Guard has both federal and state missions. For its federal mission, the Ohio National Guard is trained to respond, along with the nation's standing active military, in roles such as combat, peacekeeping, humanitarian support, and nation building in accordance with U.S. national defense strategies. When mobilized, guard members serve under the command of the U.S. military in the area they are assigned. For its state mission, the Ohio National Guard is equipped and trained to respond to public disturbances, natural disasters, and homeland security or defense initiatives and to assist law enforcement and state, federal, and community emergency response agencies in the protection of lives and property in Ohio. The Governor is able to activate Ohio National Guard units and dispatch them where needed around the state. In addition, the Ohio National Guard participates in the Emergency Assistance Compact to assist other states when necessary.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
361	\$42.25 million	\$44.04 million	\$13.12 million	\$13.43 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

The General Revenue Fund (GRF) appropriations for ADJ total \$13.1 million in FY 2008, an increase of 2.4%, and \$13.3 million in FY 2009, an increase of 2.3%. The all-fund appropriations total \$42.3 million in FY 2008, a decrease of 1.4%, and \$44.0 million in FY 2009, an increase of 4.2%. The 1.4% decrease in FY 2008 in total appropriations is primarily due to a 3.8% decrease in federal funds in that year (see table below).

As seen from the last column of the table below, GRF accounts for 30.8% of the biennial total appropriations of \$86.3 million for ADJ. In addition to ADJ operational support and Ohio National

Guard benefits, a large portion of GRF appropriations provide the state match for available federal funds to administer the Army and Air National Guard branches.

The majority (63.8%) of the biennial total appropriations for ADJ are supported by federal funds. According to ADJ, more than 55% of this federal funding in the state budget is contingent on the state providing matching GRF funds. In addition to the federal funds provided through the state budget, the federal government provides more than \$375.0 million each year for ADJ and the Ohio National Guard outside of the state budget. When combining this direct federal funding and federal funding provided through the ADJ's state budget, more than 96% of ADJ operations are funded by the federal government.

Adjutant General Budget by Fund Group, FY 2008 – FY 2009					
Fund Group	FY 2008	% Change FY07-FY08	FY 2009	% Change FY08-FY09	% of Total Budget
General Revenue Fund	\$13,124,780	2.4%	\$13,431,796	2.3%	30.8%
General Services Fund Group	\$2,007,100	8.5%	\$2,007,100	0.0%	4.6%
Federal Special Revenue Fund Group	\$26,768,658	-3.8%	\$28,251,809	5.5%	63.8%
State Special Revenue Fund Group	\$348,600	-0.3%	\$348,600	0.0%	0.8%
Totals	\$42,249,138	-1.4%	\$44,039,305	4.2%	100.0%

ANALYSIS OF THE BUDGET

Program Series

1: Ohio Army National Guard

Purpose: This program series provides operations and maintenance support to the Ohio Army National Guard.

The following table shows the funding levels for the Ohio Army National Guard program series. Please note that some line items provide funding for multiple program series and/or programs. See the line item spreadsheet attached to the end of this analysis for each item's total appropriations.

Fund	ALI	Title/Earmarks	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	745-409	Central Administration	\$323,076	\$341,966
GRF	745-499	Army National Guard	\$4,445,651	\$4,532,308
GRF	745-502	Ohio National Guard Unit Fund	\$69,673	\$69,673
General Revenue Fund Subtotal			\$4,838,400	\$4,943,947
General Services Fund (GSF)				
534	745-612	Property Operations/Management	\$474,304	\$474,304
General Services Fund Subtotal			\$474,304	\$474,304
Federal Special Revenue Fund (FED)				
3R8	745-603	Counter Drug Operations	\$10,000	\$10,000
342	745-616	Army National Guard Agreement	\$8,962,690	\$9,343,471
Federal Special Revenue Fund Subtotal			\$8,972,690	\$9,353,471
State Special Revenue Fund (SSR)				
5U8	754-613	Community Match Armories	\$220,000	\$220,000
State Special Revenue Fund Subtotal			\$220,000	\$220,000
Total Funding: Ohio Army National Guard			\$14,505,394	\$14,991,722

The Ohio Army National Guard program series receives \$29.5 million in total biennial appropriations, of which 62.1% comes from the Federal Special Revenue Fund Group, 33.2% from the General Revenue Fund, 3.2% from the General Services Fund Group, and 1.5% from the State Special Revenue Fund Group. This program series contains one program: Army National Guard Support. Details of this program are given below.

The Ohio Army National Guard has ranked in the top five states in terms of military readiness for more than four years. This program helps to maintain that level of readiness by providing operations and maintenance support to the Ohio Army National Guard's 53 Readiness and Training Centers across the state along with other storage buildings, maintenance facilities, and training sites, totaling 6.8 million square feet of facilities. These facilities provide the infrastructure to support the mission of the Ohio Army National Guard and its 10,500 members. Twenty-five facilities have full-time custodial or maintenance and repair workers assigned and 19 facilities have part-time custodial staff.

As stated above, about two-thirds of the funding for this program comes from the federal government. The state enters into agreements with the federal government to share the operating costs of Ohio National Guard facilities. Funds from GRF appropriation item 745-499, Army National Guard, are

used, in part, as the state match for federal funds received through the Army Cooperative Agreement grant, which are deposited into FED Fund 342. Funds from GRF appropriation item 745-502, Ohio National Guard Unit Fund, are distributed to each of the National Guard units to cover incidental unit expenses and some minor maintenance costs. GRF appropriation item 745-509, Central Administration, funds administrative support for centralized staff members who oversee the maintenance and repairs of the Ohio Army National Guard facilities.

Program Series

2: Ohio Air National Guard

Purpose: This program series provides operations and maintenance support for the Ohio Air National Guard.

The following table shows the funding levels for the Ohio Air National Guard program series. Please note that some line items provide funding for multiple program series and/or programs. See the line item spreadsheet attached to the end of this analysis for each item's total appropriations.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	745-404	Air National Guard	\$2,131,039	\$2,179,114
GRF	745-502	Ohio National Guard Unit Fund	\$33,300	\$33,300
General Revenue Fund Subtotal			\$2,164,339	\$2,212,414
Federal Special Revenue Fund (FED)				
3E8	745-628	Air National Guard Agreement	\$14,100,000	\$14,906,820
341	745-615	Air National Guard Base Security	\$2,497,480	\$2,729,939
Federal Special Revenue Fund Subtotal			\$16,597,480	\$17,636,759
Total Funding: Ohio Air National Guard			\$18,761,819	\$19,849,173

The Ohio Air National Guard program series receives \$38.6 million in total biennial appropriations, of which 88.7% comes from the Federal Special Revenue Fund, while the remaining 11.3% comes from the General Revenue Fund. This program series contains two programs: Air National Guard Support and Firefighters and Security Guards. Details of these two programs are given below.

The Air National Guard Support program provides operations and maintenance support for the 1.4 million square feet of facilities used by the Ohio Air National Guard's four flying wings and three geographically separated units. The four flying wings are located in Columbus, Springfield, Mansfield, and Toledo. The other three units are located in Zanesville, Hamilton County, and Ottawa County. The state enters into agreements with the federal government to share the operating costs of Ohio National Guard facilities. GRF appropriation item 745-404, Air National Guard, funds the state share, or approximately 25%, of the operating expenses of the Ohio Air National Guard facilities under the Air Cooperative Agreement Grant. The federal share, or approximately 75%, of the agreement is deposited in FED Fund 3E8. Funds from GRF appropriation item 745-502, Ohio National Guard Unit Fund, are distributed to each of Ohio's National Guard units to cover incidental unit expenses and some minor maintenance costs.

The Firefighters and Security Guards program is a 100% federally funded program that provides funding for fire protection and suppression services as well as security protection services for the four

flying wings in Columbus, Springfield, Mansfield, and Toledo. About 95 firefighter and 47 security guard positions are funded under this program to provide 24-hour fire protection and suppression and security force protection services for each of the wings. No state match is required for federal funding in this program. Funding amounts are determined by the National Guard Bureau under the Air Cooperative Agreement grant.

Program Series

3: Services and Training

Purpose: This program series supports oversight of the operation of Camp Perry and the Buckeye Inn.

The following table shows funding levels for the Services and Training program series. Please note that some line items provide funding for multiple program series and/or programs. See the line item spreadsheet attached to the end of this analysis for each item's total appropriations.

Fund	ALI	Title/Earmarks	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	745-401	Ohio Military Reserve	\$15,188	\$15,188
GRF	745-409	Central Administration	\$472,862	\$497,034
General Revenue Fund Subtotal			\$488,050	\$512,222
General Services Fund (GSF)				
534	745-612	Property Operations/Management	\$60,000	\$60,000
536	745-620	Camp Perry/Buckeye Inn Operations	\$1,202,970	\$1,202,970
537	745-604	Ohio National Guard Facility Maintenance	\$90,397	\$95,821
General Services Fund Subtotal			\$1,353,367	\$1,358,791
Federal Special Revenue Fund (FED)				
342	745-616	Army National Guard Agreement	\$1,183,488	\$1,246,579
Federal Special Revenue Fund Subtotal			\$1,183,488	\$1,246,579
State Special Revenue Fund (SSR)				
528	745-605	Marksmanship Activities	\$128,600	\$128,600
State Special Revenue Fund Subtotal			\$128,600	\$128,600
Total Funding: Services and Training			\$3,153,505	\$3,246,192

The Services and Training program series receives \$6.4 million in total biennial appropriations, of which 42.4% comes from the General Services Fund Group, 38.0% from the Federal Special Revenue Fund Group, 15.6% from the General Revenue Fund, and 4.0% from the State Special Revenue Fund Group. This program series contains four programs: Buckeye Inn, Camp Perry Clubhouse, Camp Perry Operations, and Militia. Details of these four programs are given below.

The Buckeye Inn provides overnight accommodations at reasonable rates for approximately 12,000 military members annually, allowing them to participate in training in central Ohio. The facility provides accommodations for military personnel who are in transit as well. A small staff of three operates the Inn. Operational costs are 1/3 personnel, 1/3 service agreements (linen service, lawn mowing, etc.) and general supplies, and 1/3 utilities. General services funds provide the total funding for the operations. About 90% of this revenue comes from the fees charged for accommodations.

The Camp Perry Clubhouse program supports the rental lodging properties at Camp Perry in Ottawa County. Camp Perry Lodging and Convention Center consists of 27 cottages, 183 motel rooms, 56 transient rooms, 300 four-person hutments, a 500-person banquet facility, and a new 40-space full-hook-up RV park. Nine staff members operate the facility. General services funds from lodging rental income provide the total funding for this program.

The Camp Perry Operations program supports personnel who perform management and maintenance services for the almost 600 acres that make up Camp Perry. This includes marksmanship shooting ranges and several hundred buildings and structures. Camp Perry provides training and weapons qualifications for National Guard and law enforcement agency personnel. It is also home to the National Rifle and Pistol Matches held annually in connection with the Civilian Marksmanship Program and the National Rifle Association. Federal special revenue funds account for 62.0% of the funding for this program and general revenue funds provide approximately 24.8%. Fees paid by participants in the National Matches are deposited into SSR Fund 528 and account for 6.6% of the program's funding. Finally, revenue from facility rentals deposited into GSF Funds 534 and 536 account for the remaining 6.7%.

The Militia program supports the Ohio Military Reserve (OHMR), a volunteer force that augments the Ohio National Guard. Funds from GRF appropriation item 745-401, Ohio Military Reserve, are used to provide meals at OHMR trainings. The OHMR and the Ohio Naval Militia are collectively called the state defense forces. Unlike the Ohio National Guard, these forces do not have a federal mission and are not subject to mobilization by the federal government. In addition, whereas Ohio National Guard members are paid for their services, members of the Ohio Military Reserve and the Ohio Naval Militia are unpaid volunteers. These forces have not been called into active military service by the state since World War II.

Program Series**4: Central Administration**

Purpose: This program series provides oversight, executive management, state response coordination, and internal support to the Ohio Army and Air National Guard and the Adjutant General.

The following table shows the funding levels for the Central Administration program series. Please note that some line items provide funding for multiple program series and/or programs. See the line item spreadsheet attached to the end of this analysis for each item's total appropriations.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	745-404	Air National Guard	\$114,966	\$105,084
GRF	745-407	National Guard Benefits	\$1,400,000	\$1,400,000
GRF	745-409	Central Administration	\$3,499,840	\$3,621,069
GRF	745-499	Army National Guard	\$619,185	\$637,060
General Revenue Fund Subtotal			\$5,633,991	\$5,763,213
General Services Fund (GSF)				
537	745-604	Ohio National Guard Facility Maintenance	\$179,429	\$174,005
General Services Fund Subtotal			\$179,429	\$174,005
Federal Special Revenue Fund (FED)				
3R8	745-603	Counter Drug Operations	\$15,000	\$15,000
Federal Special Revenue Fund Subtotal			\$15,000	\$15,000
Total Funding: Central Administration			\$5,828,420	\$5,952,218

The Central Administration program series receives \$11.8 million in total biennial appropriations, of which 96.7% comes from the General Revenue Fund, 3.0% from the General Services Fund Group, and 0.3% from the Federal Special Revenue Fund Group. This program series contains one program: Central Administration Support. Details of this program are given below.

This Central Administration Support program's principal purpose is to support the Adjutant General's executive staff, as well as personnel in public relations and governmental affairs, human resources, finance, purchasing, information technology, and administrative services. The program also funds utility and maintenance costs for the Joint Force Headquarters at Beightler Armory. In addition, this program funds the costs of state active duty, a grant for the American Red Cross Greater Columbus Chapter, three staff members responsible for coordinating the Ohio National Guard Scholarship Program, and state benefits provided to Ohio National Guard members and their families. These activities are described further below.

State Active Duty. In each fiscal year, \$50,000 is earmarked from GRF appropriation item 745-409, Central Administration, for the costs incurred when the Governor activates the National Guard for state active duty. If the costs exceed \$50,000, ADJ needs to seek Controlling Board approval to increase appropriation authority to cover these costs. The \$50,000 earmark ensures that ADJ and the Ohio National Guard are able to respond quickly when activated by the Governor. However, if activated, costs generally will quickly exceed this amount. The costs of state active duty also include claims paid to the Bureau of Workers' Compensation (BWC) for guard members who are injured while on state active duty. In FY 2007, although the Governor did not activate the Guard, the Controlling Board has approved appropriation increases totaling almost \$61,000 to pay BWC claims.

American Red Cross Greater Columbus Chapter. In each fiscal year, the budget earmarks up to \$60,000 of unspent and unencumbered funds of GRF appropriation item 745-409, Central Administration, to be provided as a grant to the American Red Cross Greater Columbus Chapter for the Armed Forces Emergency Services Program. It requires that the Columbus Chapter distribute the funds equally to all chapters in Ohio and report to ADJ as to the actual distribution and any administrative costs.

Ohio National Guard Scholarship Program. A major recruitment tool for ADJ and the Ohio National Guard is the Ohio National Guard Scholarship Program. This program provides 100% tuition to Ohio National Guard members attending state colleges or universities. Guard members attending private universities are eligible for scholarships equal to average state tuition at public schools. The scholarship is available for up to 12 full-time quarters or 8 full-time semesters and is available to participants committed to or who have already served a 6-year enlistment in the Ohio National Guard. The scholarship needs to be applied for each quarter or semester, and each quarter or semester is counted as one scholarship. Therefore, depending on the academic calendar of a college or university, one student may need either three or four scholarships for a full-year of tuition assistance. In FY 2007 about 6,750 scholarships were awarded.

The Ohio National Guard Scholarship Program has been funded in the Board of Regents budget since 1999. The budget provides \$16.6 million per year, the same level of the funding provided in FY 2007, to GRF appropriation item 235-599, National Guard Scholarship Program of the Board of Regents. Any unspent and unencumbered funds from this appropriation item are transferred into the National Guard Scholarship Reserve Fund (Fund 5BM). Moneys in the Reserve Fund are used, if needed, to pay scholarship obligations above the GRF appropriation level. Upon the request of ADJ, the Board of Regents is required to seek Controlling Board approval to establish appropriations from the Reserve Fund as necessary.

ADJ has three full-time equivalent staff members who process scholarship applications and monitor guard member participation in the college tuition scholarship program. These three staff members are funded through the Central Administration Support Program in the ADJ's budget.

National Guard Benefits. Two benefits provided to Ohio National Guard members and their families are paid through GRF appropriation item, 745-407, National Guard Benefits. The first is a death benefit of \$100,000 paid to a National Guard member's beneficiary if the National Guard member dies while performing active duty. The second is a reimbursement of the premiums paid by Ohio National Guard members for coverage under Serviceman's Group Life Insurance (SGLI). The premium for \$400,000 of coverage under SGLI is about \$28 per month. When the National Guard member is deployed in a combat area, the federal government reimburses the premium, at all other times the state reimburses the premium.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2006: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 Appropriations: Appropriations: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

ADJ Adjutant General

GRF	745-401	Ohio Military Reserve	\$ 15,188	\$ 15,155	\$ 15,188	\$ 15,188	0.00%	\$ 15,188	0.00%
GRF	745-404	Air National Guard	\$ 1,945,196	\$ 1,865,480	\$ 2,107,749	\$ 2,246,005	6.56%	\$ 2,284,198	1.70%
GRF	745-407	National Guard Benefits	---	\$ 709,229	\$ 1,400,000	\$ 1,400,000	0.00%	\$ 1,400,000	0.00%
GRF	745-409	Central Administration	\$ 3,820,649	\$ 4,127,158	\$ 4,365,657	\$ 4,295,778	-1.60%	\$ 4,460,069	3.82%
GRF	745-499	Army National Guard	\$ 4,086,533	\$ 4,273,187	\$ 4,820,166	\$ 5,064,836	5.08%	\$ 5,169,368	2.06%
GRF	745-502	Ohio National Guard Unit Fund	\$ 102,973	\$ 102,973	\$ 104,473	\$ 102,973	-1.44%	\$ 102,973	0.00%
General Revenue Fund Total			\$ 9,970,538	\$ 11,093,183	\$ 12,813,233	\$ 13,124,780	2.43%	\$ 13,431,796	2.34%
534	745-612	Property Operations/Management	\$ 675,162	\$ 413,317	\$ 534,304	\$ 534,304	0.00%	\$ 534,304	0.00%
536	745-620	Camp Perry/Buckeye Inn Operations	\$ 1,067,275	\$ 1,022,339	\$ 1,094,970	\$ 1,202,970	9.86%	\$ 1,202,970	0.00%
537	745-604	Ohio National Guard Facility Maintenance	\$ 229,423	\$ 206,080	\$ 219,826	\$ 269,826	22.75%	\$ 269,826	0.00%
General Services Fund Group Total			\$ 1,971,859	\$ 1,641,737	\$ 1,849,100	\$ 2,007,100	8.54%	\$ 2,007,100	0.00%
341	745-615	Air National Guard Base Security	\$ 2,199,812	\$ 2,036,734	\$ 2,424,740	\$ 2,497,480	3.00%	\$ 2,729,939	9.31%
342	745-616	Army National Guard Agreement	\$ 8,347,564	\$ 9,681,063	\$ 11,686,893	\$ 10,146,178	-13.18%	\$ 10,590,050	4.37%
3E8	745-628	Air National Guard Agreement	\$ 12,117,761	\$ 12,353,046	\$ 13,690,400	\$ 14,100,000	2.99%	\$ 14,906,820	5.72%
3R8	745-603	Counter Drug Operations	\$ 3,684	\$ 16,078	\$ 25,000	\$ 25,000	0.00%	\$ 25,000	0.00%
3S0	745-602	Higher Ground Training	\$ 1,535	---	\$ 0	\$ 0	N/A	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 22,670,355	\$ 24,086,921	\$ 27,827,033	\$ 26,768,658	-3.80%	\$ 28,251,809	5.54%
528	745-605	Marksmanship Activities	\$ 105,124	\$ 118,261	\$ 128,599	\$ 128,600	0.00%	\$ 128,600	0.00%
5U8	745-613	Community Match Armories	---	\$ 63,165	\$ 221,000	\$ 220,000	-0.45%	\$ 220,000	0.00%
State Special Revenue Fund Group Total			\$ 105,124	\$ 181,426	\$ 349,599	\$ 348,600	-0.29%	\$ 348,600	0.00%
Adjutant General Total			\$ 34,717,877	\$ 37,003,266	\$ 42,838,965	\$ 42,249,138	-1.38%	\$ 44,039,305	4.24%

Attorney General

Jamie L. Daskocil, Senior Budget Analyst

- Non-GRF funding largely driving biennial budget increase
- Roughly three-quarters of budget comprised of non-GRF funds
- Service and staffing levels to be maintained

OVERVIEW

Duties and Responsibilities

The Office of the Attorney General is involved in the state's justice and corrections system in a variety of ways including, but not limited to:

- Providing legal representation to and initiating litigation on behalf of statewide elected officials (including the Ohio General Assembly), all state departments, agencies, boards, and commissions.
- Issuing formal opinions on questions submitted by state officials and agencies, as well as county prosecutors.
- Initiating legal proceedings in areas related to environmental protection, consumer fraud, antitrust, Medicaid fraud, Workers' Compensation fraud, and patient abuse and neglect.
- Providing Ohio's 1,200-plus law enforcement agencies with training, investigative, technological, financial, prosecutorial, and other assistance available through such arms as the Ohio Peace Officer Training Academy (POTA), the Bureau of Criminal Identification and Investigation (BCII), the Ohio Organized Crime Investigations Commission (OCIC), and the Capital Crimes Section.
- Administering the state's victim assistance efforts, most notably the Victims of Crime Compensation Program and the federal Victims Assistance Program.

Agency in Brief

The following table selectively summarizes Attorney General appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
1,382	\$201.02 million	\$201.75 million	\$55.77 million	\$55.77 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007. This figure includes 1,282 full-time permanent employees.

The FY 2008 - 2009 biennial budget for the Office of the Attorney General totals \$402.8 million (\$201.0 million in FY 2008 and \$201.8 million in FY 2009), an amount that is \$45.9 million, or 12.9%, higher than the Office of the Attorney General's total estimated expenditures for the FY 2006 - 2007 biennium. Of that \$45.9 million increase in biennial expenditures, \$13.7 million, or 29.9%, is appropriated from the GRF; the remainder, \$32.1 million, or 70.1%, of the increase will be drawn from

various non-GRF funds. The increased GRF funding will be used to support the Attorney General's annual operating expenses, as well as for the statutorily mandated pay supplements for county sheriffs and county prosecutors.

For the FY 2008 - 2009 biennium, the Office of the Attorney General requested and received notable increases in the appropriation authority for several non-GRF funds and related line items. In general, the reasons for the increases appear to reflect a more realistic picture of cash flow activity (revenues and expenditures). Over the past several years, the Attorney General has come before the Controlling Board on many occasions to request increases in the appropriation authority of certain non-GRF funds. As is the case with all non-GRF funds, unless the moneys have been received, a state agency cannot expend moneys based solely on its spending authority.

Notable Provisions

The more notable permanent and temporary law provisions affecting the budget and operations of the Office of the Attorney General are noted and discussed in more detail immediately below.

Employment Services Fund Elimination

Effective FY 2008, the cash balance and related expenditure activity of the Employment Services Fund (Fund 107) will be transferred to the General Reimbursement Fund (Fund 106). Upon completion of these transfers, the Employment Services Fund (Fund 107) will be abolished. Under current law, moneys deposited to the credit of Fund 107 are used to support operations of a portion of the Office of the Attorney General's Health and Human Services Section that handles unemployment compensation collection and litigation matters for the Department of Job and Family Services. Under the enacted budget, this revenue stream and related purpose will be transferred to Fund 106.

BCII Asset Forfeiture and Cost Reimbursement Fund

The enacted budget creates in the state treasury the Bureau of Criminal Identification and Investigation Asset Forfeiture and Cost Reimbursement Fund (Fund 4Z2), consisting of all amounts awarded to the Bureau as a result of shared federal asset forfeiture, all state and local moneys designated as restitution for reimbursement of the costs of investigation, and any interest earned on the fund. Under prior law, any interest earned on the Fund was credited to the GRF. The Office of the Attorney General's finance staff estimates the amount of interest generated by the Fund annually at approximately \$30,000.

The Fund was created by the Controlling Board in January 1997, but was not recognized by the Revised Code. Money from the Fund must be used in accordance with federal asset forfeiture laws, rules, and regulations.

Payment of FBI Criminal Records Checks

Generally, under current law, once a state agency's purchases from a particular vendor reach \$50,000, any additional purchase from that supplier must be made by competitive selection or approved by the Controlling Board. The enacted budget amends permanent law to allow the Superintendent of the Bureau of Criminal Identification and Investigation to pay the Federal Bureau of Investigation (FBI) for criminal records checks without the Controlling Board's prior approval of a waiver of competitive selection requirements. As a result of this change, the Office of the Attorney General may realize a negligible cost savings in foregoing the administrative task of preparing and submitting such requests to the Controlling Board. In addition, payments to the FBI will be made in a timelier manner.

Automatic Appropriation Increases in Holding Accounts

Historically, the biennial operating budget has included a temporary law provision that allowed for an automatic increase in the appropriation authority for various Attorney General holding accounts, if necessary, without the need for further legislative action or Controlling Board approval. Since the source of the funding for these accounts is varied and unpredictable, forecasting an accurate appropriation request from year to year can be problematic. The Office of the Attorney General uses these holding accounts for a variety of reasons, but in general, each account acts as a repository until the deposited funds are redistributed to the appropriate recipient(s). Court settlements are a common source of funding for these accounts.

For the FY 2008 - 2009 biennium, however, the enacted budget does not include the aforementioned temporary law provision that would otherwise have permitted the Attorney General to increase the appropriation authority in certain holding accounts if necessary. Thus, if a settlement or monetary award in excess of the appropriation authority for a given holding account in either of FYs 2008 or 2009 is received, then, in order to disburse those moneys, the Attorney General will need to prepare and submit an appropriation authority increase request to the Controlling Board. According to the Attorney General's finance staff, this likely means that the distribution of these moneys to third parties will be delayed and that, as a result, the magnitude of the interest or investment earnings that those third parties might have otherwise generated on those moneys could be reduced from the amount of those earnings if the moneys had been distributed in a timelier manner.

Cash Transfers

The enacted budget contains a temporary law provision that transfers \$350,000 in cash in each of FYs 2008 and 2009 from the Attorney General's Repairs Fund (Fund 402) to the Department of Public Safety's newly created Disaster Preparedness Fund (Fund 5EX).

The enacted budget contains a temporary law provision that transfers \$800,000 in cash in each of FYs 2008 and 2009 from the Attorney General's Charitable Foundations Fund (Fund 418) to the Department of Public Safety's newly created Drug Law Enforcement Fund (Fund 5ET).

Securitization of Tobacco Master Settlement Agreement Payments

In November 1998, the Ohio Attorney General, along with the attorneys general of 45 other states, five U.S. territories, and the District of Columbia, entered into the Tobacco Master Settlement Agreement (TMSA) with the major American tobacco manufacturers to settle state lawsuits against the industry. Under the TMSA, Ohio receives settlement payments from the industry each year in perpetuity.

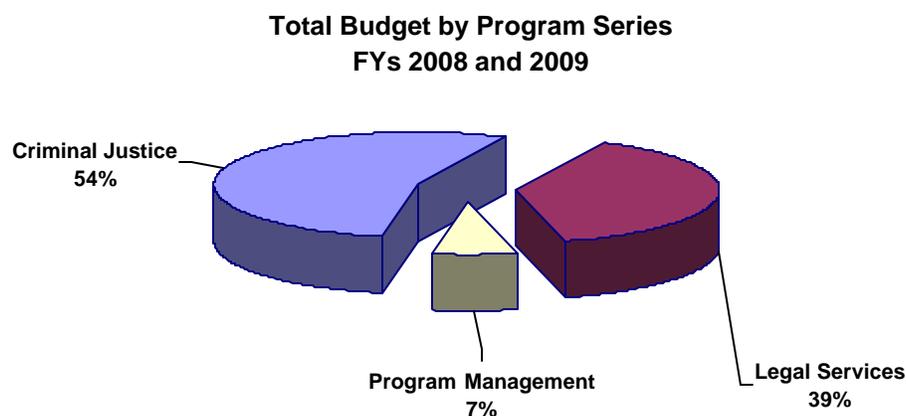
Prior law required that Ohio deposit all payments it received under the TMSA into the state treasury to the credit of the Tobacco Master Settlement Agreement Fund (Fund 087). Through 2025, the law provided for the transfer of the money in the Fund into the following trust funds following an established formula: the Tobacco Use Prevention and Cessation Trust Fund (Fund H87), the Southern Ohio Agricultural and Community Development Trust Fund (Fund K87), Ohio's Public Health Priorities Trust Fund (Fund L87), the Biomedical Research and Technology Transfer Trust Fund (Fund M87), the Education Facilities Trust Fund (Fund N87), the Education Facilities Endowment Fund (Fund P87), and the Education Technology Trust Fund (Fund S87). Also, the Director of Budget and Management was required to transfer to the Tobacco Settlement Oversight, Administration, and Enforcement Fund (Fund U87) and the Tobacco Settlement Enforcement Fund (Fund T87) necessary amounts to cover enforcement costs incurred by the Attorney General and the Tax Commissioner, respectively.

The enacted budget: (1) repeals the Tobacco Master Settlement Agreement Fund and the schedule for transferring moneys in the Fund to various other trust funds, (2) permits the state to assign and sell to the Buckeye Tobacco Settlement Financing Authority all or a portion of the amounts to be received by the state under the TMSA, and (3) permits the Authority to accept and purchase those amounts, and to issue and sell obligations. These obligations are *not* to be general obligations of the state, but rather revenue bonds the debt service of which is to be paid by the tobacco settlement receipts received by the Authority.

In discussing these TMSA-related provisions, staff of the Office of the Attorney General outlined several financial concerns that generally appear to be related to the timing of the proposed bond sale. If the bond sale does not occur until FY 2009, the Attorney General's staff expects that the amount currently appropriated for tobacco settlement oversight, administration, and enforcement activities in FY 2008 (\$723,797) will be inadequate. For FY 2008, the Attorney General anticipates tobacco settlement-related expenditures in excess of \$1.6 million, and possibly as high as \$2.0 million. The three primary contributing factors to these expenses include: (1) representation duties to the newly created Buckeye Tobacco Settlement Financing Authority and costs associated with negotiating with the bond corporations (\$250,000), (2) legal defense costs associated with lawsuits related to the diligent enforcement of the current settlement agreement (\$1.1 million to \$1.25 million), and (3) enforcement duties related to the statewide smoking ban (\$250,000 to \$500,000). As of this writing, it is unclear as to how these anticipated FY 2008 obligations will be funded.

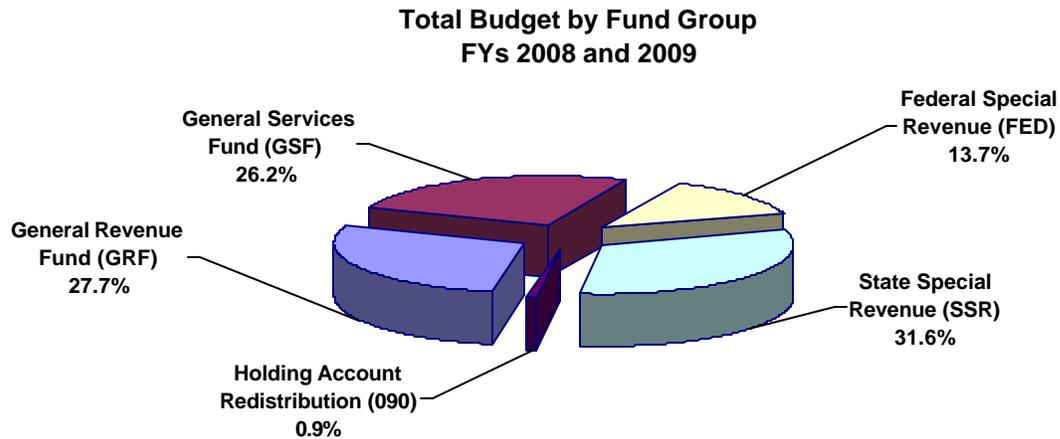
Expense by Program Series Summary

The Office of the Attorney General's budget is categorized into the following three program series: (1) Criminal Justice, (2) Legal Services, and (3) Program Management. A more detailed description of these program series can be found in the section of this document entitled *Analysis of the Budget*. The pie chart immediately below shows the Attorney General's total enacted appropriations (FYs 2008 and 2009) by program series.



Expense by Fund Group Summary

The pie chart immediately below shows the Attorney General's total enacted appropriations (FYs 2008 and 2009) by fund group.



Vetoed Provisions

The Governor vetoed a provision in the enacted budget that required the transfer of \$1.0 million cash in FY 2008 from the Department of Public Safety's Automated Title Processing Fund (Fund 849) to the Attorney General's Title Defect Rescission Fund (Fund 4Y7).

ANALYSIS OF THE BUDGET

The analysis of the Office of the Attorney General's enacted budget contained herein is organized around the following three program series.

- **Program Series 1: Criminal Justice**
- **Program Series 2: Legal Services**
- **Program Series 3: Program Management**

Program Series

1: Criminal Justice

Purpose: To support law enforcement activities and victims services

The following table shows the line items that are used to fund the Criminal Justice program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	055-321	Operating Expenses	\$29,748,863	\$29,743,140
GRF	055-411	County Sheriffs' Pay Supplement	\$813,117	\$842,134
GRF	055-415	County Prosecutors' Pay Supplement	\$896,404	\$923,888
General Revenue Fund Subtotal			\$31,458,384	\$31,509,162
General Services Fund				
106	055-612	General Reimbursement	\$9,291,631	\$9,291,631
4Z2	055-609	BCI Asset Forfeiture and Cost Reimbursement	\$1,000,000	\$1,000,000
421	055-617	Police Officers' Training Academy Fee	\$2,000,000	\$2,000,000
590	055-633	Peace Officer Private Security Fund	\$98,370	\$98,370
629	055-636	Corrupt Activity Investigation and Prosecution	\$15,000	\$15,000
General Services Fund Subtotal			\$12,405,001	\$12,405,001
Federal Special Revenue Fund				
3E5	055-638	Attorney General Pass-Through Funds	\$2,850,000	\$3,030,000
3R6	055-613	Attorney General Federal Funds	\$4,870,000	\$5,115,000
306	055-620	Medicaid Fraud Control	\$3,139,500	\$3,296,500
383	055-634	Crime Victims Assistance	\$16,000,000	\$16,000,000
Federal Special Revenue Fund Subtotal			\$26,859,500	\$27,441,500
State Special Revenue Fund				
4L6	055-606	DARE	\$3,927,962	\$3,927,962
402	055-616	Victims of Crime	\$34,000,000	\$34,000,000
659	055-641	Solid and Hazardous Waste Background Investigations	\$621,159	\$621,159
State Special Revenue Fund Subtotal			\$38,549,121	\$38,549,121
Holding Account Redistribution Fund				
R42	055-601	Organized Crime Commission Distributions	\$25,025	\$25,025
Holding Account Redistribution Fund Subtotal			\$25,025	\$25,025
Total Program Series Funding: Criminal Justice			\$109,297,031	\$109,929,809

This analysis focuses on the following specific programs within the Criminal Justice program series:

- **Program 1.01: Law Enforcement**
- **Program 1.02: Victims Services**

Program 1.01: Law Enforcement

Program Description: The Law Enforcement Program encompasses all sections and functions of the Office of the Attorney General charged with providing services to the law enforcement community across the state, as well as those sections providing enforcement-related activities. The program includes the Bureau of Criminal Identification and Investigation (BCII), the Peace Officer Training Academy (POTA), the Organized Crime Investigations Commission (OCIC), and units for capital crimes and health care fraud. The Drug Abuse Resistance Enforcement (DARE) Program and the legislatively mandated pay supplements for county sheriffs and county prosecutors are included in this program.

Funding Source: (1) GRF, (2) civilian record check fees, (3) federal grants, (4) asset forfeitures and cost reimbursements, (5) fees paid to POTA by applicants, (6) fines and civil penalties, (7) fees from applicants or owners of various types of hazardous waste facilities, and (8) court judgments for reimbursement of expenses of the organized crime task forces

Implication of the Budget: According to the Office of the Attorney General, the enacted funding levels will permit the Attorney General to:

- Support 426 current staff positions assigned to law enforcement activities.
- Focus on activities in the area of reducing turnaround time and reducing backlogs for various crime scene and laboratory operations.
- Develop and expand the Ohio Law Enforcement Gateway, a secure web site designed to provide law enforcement agencies and prosecutors access to a host of databases and to encourage sharing information between jurisdictions.
- Implement and administer an expanded continuing professional training program for Ohio's peace officers.
- Increase the emphasis on programs administered by BCII that assist local law enforcement, ranging from DNA and crime laboratory analysis to Internet juvenile crime prevention, undercover narcotics investigations, and detection of methamphetamine labs.

Program 1.02: Victims Services

Program Description: The Victim Services program encompasses all functions of the Office of the Attorney General charged with protecting or assisting victims of crime and with protecting children and the elderly. These functions include the following:

- Crime victims' services and the Victims of Crime/Reparations Fund, which awards compensation to eligible victims of violent crime for unreimbursed economic losses.
- Victims Assistance Program, which provides funding to rape crisis centers and domestic violence shelters.

- Missing Children's Clearinghouse, which coordinates and improves the availability of information on missing children.
- Identity Theft Passport Program, which is aimed at assisting victims of stolen identities.
- Child and Elder Protection, which uses experienced criminal prosecutors and investigators to assist local prosecutors in child support, physical and sexual abuse cases, Internet and computer crime investigations, and elder abuse cases.

Funding Source: (1) Federal grants, (2) court costs from felony, misdemeanor, and nonmoving traffic violation convictions, (3) \$75 of the \$425 license reinstatement fee, and (4) miscellaneous other moneys, payments, and proceeds

Implication of the Budget: According to the Office of the Attorney General, the enacted funding levels will permit the Attorney General to:

- Meet the requirements included in legislation regarding the Crime Victims Compensation Law.
- Maintain support to victim assistance programs in each county.
- Meet the DNA collection and testing requirements in H.B. 427 of the 126th General Assembly.

Program Series**2: Legal Services**

Purpose: To provide legal services to protect the rights of citizens and businesses in Ohio and legal representation to various state officials and state agencies

The following table shows the line items that are used to fund the Legal Services program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	055-321	Operating Expenses	\$15,637,210	\$15,586,432
General Revenue Fund Subtotal			\$15,637,210	\$15,586,432
General Services Fund				
106	055-612	General Reimbursement	\$15,906,626	\$15,906,626
195	055-660	Workers' Compensation Section	\$8,002,720	\$8,002,720
4Y7	055-608	Title Defect Rescission	\$750,000	\$750,000
418	055-615	Charitable Foundations	\$6,919,850	\$7,064,978
420	055-603	Attorney General Antitrust	\$1,500,000	\$1,500,000
5A9	055-618	Telemarketing Fraud Enforcement	\$7,500	\$7,500
631	055-637	Consumer Protection Enforcement	\$2,500,000	\$2,500,000
General Services Fund Subtotal			\$35,586,696	\$35,731,824
Federal Special Revenue Fund				
381	055-611	Civil Rights Legal Service	\$402,540	\$402,540
Federal Special Revenue Fund Subtotal			\$402,540	\$402,540
State Special Revenue Fund				
419	055-623	Claims Section	\$25,000,000	\$25,000,000
State Special Revenue Fund Subtotal			\$25,000,000	\$25,000,000
Holding Account Redistribution Fund				
R04	055-631	General Holdings	\$1,000,000	\$1,000,000
R05	055-632	Antitrust Settlements	\$1,000	\$1,000
R18	055-630	Consumer Frauds	\$750,000	\$750,000
Holding Account Redistribution Fund Subtotal			\$1,751,000	\$1,751,000
Total Program Series Funding: Legal Services			\$78,377,446	\$78,471,796

This analysis focuses on the following specific programs within the Legal Services program series:

- **Program 2.01: Citizen Protection**
- **Program 2.02: State Agencies**

Program 2.01: Citizen Protection

Program Description: The Citizen Protection program includes consumer protection, charitable law, environmental enforcement, and antitrust. The majority of the funding for the program's budget represents costs for salaries and benefits of personnel required to fulfill the goals of this program through investigation, monitoring, education, and litigation of applicable state and federal laws designed to protect consumers, businesses, and the environment.

Funding Source: (1) GRF, (2) fees collected from licensed motor vehicle dealers once the balance of the fund drops below \$300,000, (3) recoveries made from violations under the Title Defect Rescission program, (4) various fees, forfeited bonds, and court awards associated with administering the Charitable Gambling Law, (5) 10% of antitrust recoveries, (6) 75% of civil penalties ordered and paid pursuant to the Consumer Practices Act and the Odometer and Rollback Disclosure Act as well as all unclaimed surety bonds associated with that program, and (7) court ordered settlements and reimbursements

Implication of the Budget: According to the Office of the Attorney General, the enacted funding levels will permit the Attorney General to:

- Increase enforcement of consumer protection statutes and improve public education on consumer issues through the use of technological advancements as well as enhanced outreach initiatives.
- Expand efforts for the development of a near paperless, web-based database that will allow Ohio's 20,000 charities and nearly 2,000 bingo license applicants the ability to apply, register, and pay required fees electronically.
- Establish a Predatory Lending Task Force, which will act to protect seniors and other citizens vulnerable to corrupt financial practices.

Program 2.02: State Agencies

Program Description: The State Agencies program provides legal representation to state officials and state agencies. This legal representation, which is functionally divided between 16 sections, includes legal advice, contract review, and litigation support. The program is highly personnel intensive, with more than 90% of its costs attributable to salaries and fringe benefits for the attorneys and support staff who provide these services to various state officials, agencies, boards, and commissions.

Funding Source: (1) GRF, (2) reimbursement payments for legal services rendered to state agencies pursuant to contracts between the Attorney General and those state agencies, (3) quarterly payments from the Bureau of Workers' Compensation and the Ohio Industrial Commission, and (4) up to 11% of all amounts collected by the Office of the Attorney General on claims due the state

Implication of the Budget: According to the Office of the Attorney General, the enacted funding levels will permit the Attorney General to maintain existing service levels.

Program Series**3: Program Management**

Purpose: To oversee and support the Office of the Attorney General's provision of criminal justice and legal services

The following table shows the line items that are used to fund the Program Management program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	055-321	Operating Expenses	\$8,677,760	\$8,677,760
General Revenue Fund Subtotal			\$8,677,760	\$8,677,760
General Services Fund				
106	055-612	General Reimbursement	\$4,671,939	\$4,671,939
General Services Fund Subtotal			\$4,671,939	\$4,671,939
Total Program Series Funding: Program Management			\$13,349,699	\$13,349,699

This analysis focuses on the following specific program within the Program Management program series:

■ **Program 3.01: Program Management**

Program 3.01: Program Management

Program Description: The Program Management program provides funding for the support operations of the Office of the Attorney General, including information technology, finance, human resources, office services, facilities management, fleet management, library services, records retention, training, internal audit, and communications.

Funding Source: (1) GRF, and (2) court ordered reimbursements

Implication of the Budget: According to the Office of the Attorney General, the enacted funding levels for this program will permit the Attorney General to maintain existing service levels, including supporting the payroll and related expenses of 250 current staff positions.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2006: *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* % Change 2007 to 2008: *FY 2009 Appropriations:* % Change 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

AGO Attorney General

GRF	055-321	Operating Expenses	\$ 52,315,914	\$ 42,068,487	\$ 52,610,157	\$ 54,063,833	2.76%	\$ 54,007,332	-0.10%
GRF	055-406	Community Police Match and Law Enforcement Assistance	\$ 362	----	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	055-411	County Sheriffs' Pay Supplement	\$ 732,438	\$ 757,091	\$ 779,509	\$ 813,117	4.31%	\$ 842,134	3.57%
GRF	055-415	County Prosecutors' Pay Supplement	\$ 727,413	\$ 841,950	\$ 759,222	\$ 896,404	18.07%	\$ 923,888	3.07%
General Revenue Fund Total			\$ 53,776,127	\$ 43,667,528	\$ 54,148,888	\$ 55,773,354	3.00%	\$ 55,773,354	0.00%
106	055-612	General Reimbursement	\$ 18,717,223	\$ 20,766,820	\$ 21,370,195	\$ 29,870,196	39.78%	\$ 29,870,196	0.00%
107	055-624	Employment Services	\$ 713,465	\$ 733,300	\$ 850,000	\$ 0	-100.00%	\$ 0	N/A
195	055-660	Workers' Compensation Section	\$ 7,342,301	\$ 7,393,029	\$ 7,769,628	\$ 8,002,720	3.00%	\$ 8,002,720	0.00%
418	055-615	Charitable Foundations	\$ 4,406,287	\$ 5,356,910	\$ 6,399,066	\$ 6,919,850	8.14%	\$ 7,064,978	2.10%
420	055-603	Attorney General Antitrust	\$ 925,811	\$ 1,127,457	\$ 1,346,449	\$ 1,500,000	11.40%	\$ 1,500,000	0.00%
421	055-617	Police Officers' Training Academy Fee	\$ 1,279,520	\$ 1,249,541	\$ 1,693,213	\$ 2,000,000	18.12%	\$ 2,000,000	0.00%
4Y7	055-608	Title Defect Rescission	\$ 170,175	\$ 253,940	\$ 250,000	\$ 750,000	200.00%	\$ 750,000	0.00%
4Z2	055-609	BCI Asset Forfeiture and Cost Reimbursement	\$ 980,864	\$ 817,449	\$ 1,332,109	\$ 1,000,000	-24.93%	\$ 1,000,000	0.00%
590	055-633	Peace Officer Private Security Fund	\$ 96,226	\$ 45,189	\$ 26,125	\$ 98,370	276.54%	\$ 98,370	0.00%
5A9	055-618	Telemarketing Fraud Enforcement	\$ 0	---	\$ 7,500	\$ 7,500	0.00%	\$ 7,500	0.00%
629	055-636	Corrupt Activity Investigation and Prosecution	\$ 106,983	----	\$ 15,000	\$ 15,000	0.00%	\$ 15,000	0.00%
631	055-637	Consumer Protection Enforcement	\$ 1,277,262	\$ 1,377,686	\$ 1,373,832	\$ 2,500,000	81.97%	\$ 2,500,000	0.00%
General Services Fund Group Total			\$ 36,016,117	\$ 39,121,321	\$ 42,433,117	\$ 52,663,636	24.11%	\$ 52,808,764	0.28%
306	055-620	Medicaid Fraud Control	\$ 2,529,516	\$ 2,823,658	\$ 2,990,000	\$ 3,139,500	5.00%	\$ 3,296,500	5.00%
381	055-611	Civil Rights Legal Service	\$ 381,151	\$ 388,343	\$ 390,815	\$ 402,540	3.00%	\$ 402,540	0.00%
383	055-634	Crime Victims Assistance	\$ 12,708,886	\$ 13,830,247	\$ 18,439,313	\$ 16,000,000	-13.23%	\$ 16,000,000	0.00%
3E5	055-638	Attorney General Pass-Through Funds	\$ 2,316,712	\$ 4,197,917	\$ 1,981,102	\$ 2,850,000	43.86%	\$ 3,030,000	6.32%
3R6	055-613	Attorney General Federal Funds	\$ 5,871,345	\$ 4,348,984	\$ 3,842,097	\$ 4,870,000	26.75%	\$ 5,115,000	5.03%
Federal Special Revenue Fund Group Total			\$ 23,807,611	\$ 25,589,149	\$ 27,643,327	\$ 27,262,040	-1.38%	\$ 27,844,040	2.13%
402	055-616	Victims of Crime	\$ 25,637,450	\$ 34,046,567	\$ 30,000,000	\$ 34,000,000	13.33%	\$ 34,000,000	0.00%
419	055-623	Claims Section	\$ 11,162,521	\$ 23,522,240	\$ 20,149,955	\$ 25,000,000	24.07%	\$ 25,000,000	0.00%
4L6	055-606	DARE	\$ 3,654,124	\$ 3,713,175	\$ 3,927,962	\$ 3,927,962	0.00%	\$ 3,927,962	0.00%
659	055-641	Solid and Hazardous Waste Background Investigations	\$ 392,456	\$ 404,684	\$ 621,159	\$ 621,159	0.00%	\$ 621,159	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
AGO Attorney General									
State Special Revenue Fund Group Total			\$ 40,846,552	\$ 61,686,666	\$ 54,699,076	\$ 63,549,121	16.18%	\$ 63,549,121	0.00%
R04	055-631	General Holding Account	\$ 1,429,551	\$ 5,509,277	\$ 275,000	\$ 1,000,000	263.64%	\$ 1,000,000	0.00%
R05	055-632	Antitrust Settlements	\$ 0	---	\$ 1,000	\$ 1,000	0.00%	\$ 1,000	0.00%
R18	055-630	Consumer Frauds	\$ 444,869	\$ 365,373	\$ 510,000	\$ 750,000	47.06%	\$ 750,000	0.00%
R42	055-601	Organized Crime Commission Distributions	\$ 125,216	\$ 1,199,056	\$ 55,915	\$ 25,025	-55.24%	\$ 25,025	0.00%
Holding Account Redistribution Fund Group Total			\$ 1,999,636	\$ 7,073,706	\$ 841,915	\$ 1,776,025	110.95%	\$ 1,776,025	0.00%
Attorney General Total			\$ 156,446,042	\$ 177,138,370	\$ 179,766,323	\$ 201,024,176	11.83%	\$ 201,751,304	0.36%

Ohio Civil Rights Commission

- Federal funds critical
- Expenditure reductions eliminated roughly one-third of workforce
- Moneys earmarked for IT upgrades

Matthew L. Stiffler, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Civil Rights Commission is charged with enforcing Chapter 4112. of the Revised Code, which prohibits discrimination in the following areas:

- Employment on the basis of race, color, sex, religion, national origin, age, ancestry, or disability.
- Places of public accommodation on the basis of race, color, sex, religion, national origin, age, ancestry, or disability.
- Housing on the basis of race, color, sex, religion, national origin, ancestry, disability, or familial status.
- Granting of credit on the basis of race, color, sex, religion, national origin, age, ancestry, disability, or marital status.
- Higher education on the basis of disability.

The Commission was established in 1959 with the enactment of Am. S.B. 10 of the 103rd General Assembly. The Governor, with the advice and consent of the Senate, appoints five members to the Commission, not more than three of whom can be of the same political party, and at least one member of whom must be at least 60 years of age.

Agency in Brief

The following table selectively summarizes the Commission's enacted appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
124	\$11.44 million	\$11.76 million	\$7.42 million	\$7.10 million	Am. Sub. H.B. 119

*Employee count is the number of full-time permanent staff obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007.

Federal and State Agency Partnerships

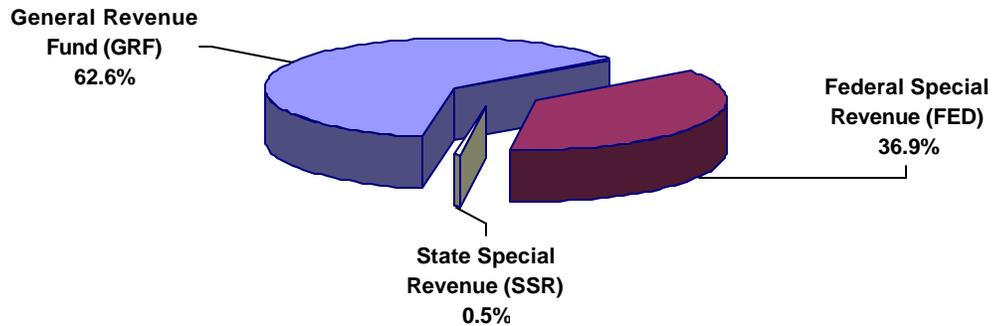
Three of the Commission's more notable ongoing partnerships can be summarized as follows:

- (1) The Commission maintains an annual work-sharing agreement with the U.S. Equal Employment Opportunity Commission (EEOC) for a specific number of cases agreed upon by both parties; the number of cases for federal FY 2007 was around 3,900. EEOC permits the Commission to draw down 50% of the agreement in May and the remaining 50% in September as long as the Commission meets the contracted number of cases submitted and approved by the EEOC. The Commission is currently paid \$540 for every approved case submitted to EEOC, up to the agreed contract number of cases.
- (2) The Commission maintains an annual work-sharing agreement with the U.S. Department of Housing and Urban Development (HUD) for the number of housing discrimination cases actually submitted and approved by HUD by September 30th of each year. HUD permits the Commission to draw down 100% of the agreement in October of each year. The Commission processes on average 450 housing cases annually. HUD pays the Commission \$2,400 for each approved case as long as the case is completed and submitted to HUD within a timely manner. Currently, the Commission completes and submits 99% of its housing cases within the required guidelines that guarantee 100% for a given case under the HUD agreement.
- (3) The Commission enters into an annual interagency agreement with the Office of the Attorney General to reimburse the latter's Civil Rights Section for its legal services, including the equivalent of 5.5 full-time attorneys to prosecute discrimination cases. Under section 4112.10 of the Revised Code, the Civil Rights Section handles all litigation in which the Commission participates as a party pursuant to Chapter 4112. of the Revised Code. Historically, these reimbursement payments have covered approximately 30% of the Civil Rights Section's operating expenses, with the remaining 70% being covered by the Office of the Attorney General's GRF line item 055-321, Operating Expenses. The Commission anticipates reimbursing the Office of the Attorney General \$401,212 in FY 2008 and \$415,254 in FY 2009.

Expense by Fund Group Summary

The pie chart immediately below shows the Commission's total enacted appropriations (FYs 2008 and 2009) by fund group. This information includes moneys appropriated from the General Revenue Fund (GRF), the Federal Special Revenue (FED) Fund Group, and the State Special Revenue (SSR) Fund Group. The GRF typically funds in the range of 60% to 65% of the Commission's annual operating expenses, with the remainder largely drawn largely from revenues generated through work sharing agreements between the Commission and both the EEOC and HUD. The EEOC contract is for a fixed dollar amount, subject to modification by EEOC. The HUD contract is variable depending upon the number of eligible cases processed the previous year. From the Commission's perspective, both sources of federal funding are somewhat unpredictable.

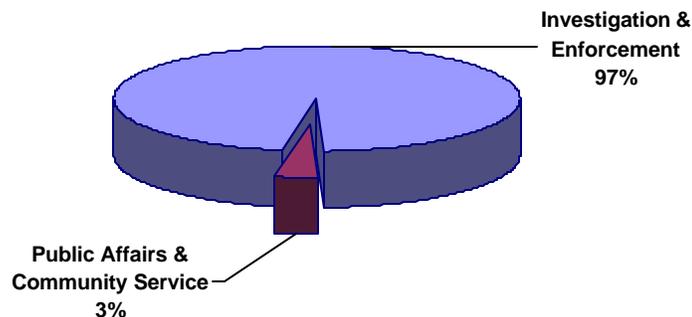
**Total Budget by Fund Group
FYs 2008 and 2009**



Expense by Program Summary

The pie chart immediately below shows the Commission's total enacted appropriations (FYs 2008 and 2009) by program. The Commission is a single program series agency with two major activities. First, it receives, mediates, and investigates complaints and adjudicates discrimination charges filed by citizens of Ohio pertaining to discrimination in employment, housing, places of public accommodation, credit, and admission to, and participation in, activities sponsored by institutions of higher education. State law mandates that investigations must be completed within one year. Second, in addition to its enforcement responsibilities, the Commission is mandated to conduct educational and public outreach programs.

**Total Budget by Program
FYs 2008 and 2009**



Depleting Federal Cash Reserves

As a result of GRF budgetary constraints in effect for the last few fiscal years, the Commission has been forced to tap more heavily into its reserve of federal funding, which consists of EEOC and HUD reimbursement payments used to partially offset the cost of investigating cases. Under the enacted budget for the FY 2008 - 2009 biennium, this pattern of relying on its federal cash reserve to supplement GRF appropriations for the purpose of covering annual operating costs will continue. The Commission has stated that the continuation of this fiscal practice may, by some point in time during FY 2009, completely deplete its federal cash reserve.

Information Technology Equipment

In its biennial budget request submitted to the Office of Budget and Management in October 2006, the Commission noted the need to upgrade its computers, software, and other information technology (IT) equipment. In particular, 180 desktops and 5 servers, originally purchased in February 2002, were identified for replacement. (Most state agencies have established a three to five year replacement cycle for their IT equipment.) At that time, the Commission estimated that it would need approximately \$318,733 to make these purchases and upgrades in order to remain compliant with EEOC and HUD standards. The enacted budget contains a temporary law provision requiring the Commission use at least \$318,000 of its FY 2008 GRF appropriations to purchase computer and information technology equipment.

Staffing Levels

In FY 2000, the Commission's annual staffing level, as measured by the number of full-time equivalent (FTE) positions, totaled around 200. In subsequent fiscal years, as a result of a tight budgetary environment, the Commission instituted various cost reduction measures, which included cutting payroll expenses by eliminating in the range of 5% to 10% of its staff positions annually. Based on the enacted budget covering the FY 2008 - 2009 biennium, the Commission anticipates being able to employ an annual workforce of around 130 FTEs. This means that, over the course of the last eight years, the Commission has eliminated roughly 70 FTEs, or 35% of its FY 2000 annual staffing level. The Commission made those staff reductions through a variety of mechanisms, including abolishing positions, implementing an early retirement incentive plan, downsizing by attrition, and ending the practice of using college interns.

ANALYSIS OF THE BUDGET

The Commission is a single program series agency with two major activities or programs, both of which are discussed in more detail below.

Single Program Series

Protection of Civil Rights

Purpose: To protect the civil rights of Ohio's citizens as well as take a proactive approach through educating, training, and disseminating publications informing the public of their rights

The following table shows the line items that are used to fund the Protection of Civil Rights program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	876-321	Operating Expenses	\$7,415,134	\$7,097,134
General Revenue Fund Subtotal			\$7,415,134	\$7,097,134
Federal Special Revenue Fund				
334	876-601	Investigations	\$3,965,507	\$4,602,185
Federal Special Revenue Fund Subtotal			\$3,965,507	\$4,602,185
State Special Revenue Services Fund				
217	876-604	Operations Support	\$60,000	\$60,000
State Special Revenue Fund Subtotal			\$60,000	\$60,000
Total Funding: Protection of Civil Rights			\$11,440,641	\$11,759,319

This analysis focuses on the following specific programs within the Protection of Civil Rights program series:

- **Program 1.01: Investigations and Enforcement**
- **Program 1.02: Public Affairs and Community Service**

Program 1.01: Investigations and Enforcement

Program Description: This program receives, investigates, and prosecutes charges of unlawful discriminatory practices in the areas of employment, housing, places of public accommodation, credit, and higher education (disability only). Each year, the Commission processes between 5,000 and 6,000 discrimination charges, which include charge intake, field investigation, conciliation/settlement, case recommendations, public hearings, compliance reviews, and enforcement.

Funding Source: (1) GRF, (2) federal reimbursement payments, and (3) payment for the provision of various goods and services, including copies of Commission documents

Implication of the Budget: The enacted budget: (1) provides a level of annual funding that will support the payroll related expenses of around 130 FTEs, and (2) requires that at least \$318,000 of the Commission's FY 2008 GRF appropriations be used to purchase computer and information technology equipment.

Program 1:02: Public Affairs and Community Service

Program Description: This program provides technical assistance and other community service programs to inform the public about Ohio laws against discrimination. The Commission conducts, sponsors, and participates in workshops, seminars, and other types of training in order to educate the public about their rights, as well as to educate the community about their responsibilities to achieve voluntary compliance with anti-discrimination laws. The program also prepares educational materials for use by K-12 schools to eliminate prejudice and foster good will among Ohio's diverse citizenry.

Funding Source: Federal funds designated specifically for technical assistance and community service programs

Implication of the Budget: According to the Commission, the enacted budget for this program will provide support for the equivalent of four full-time staff and permit it to perform the minimum statutorily mandated educational services and activities, including the delivery of various outreach programs.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2007 Adj.</i>	<i>FY 2008</i>	<i>% Change</i>	<i>FY 2009</i>	<i>% Change</i>	
			<i>FY 2006:</i>	<i>Appropriations:</i>	<i>Appropriations:</i>	<i>2007 to 2008:</i>	<i>Appropriations:</i>	<i>2008 to 2009:</i>	
Report For: Main Operating Appropriations Bill			Version: Enacted						
<i>CIV Civil Rights Commission, Ohio</i>									
GRF	876-100	Personal Services	\$ 6,601,418	----	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	876-200	Maintenance	\$ 400,000	----	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	876-300	Equipment	\$ 42,441	----	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	876-321	Operating Expenses	----	\$ 7,252,949	\$ 7,470,667	\$ 7,415,134	-0.74%	\$ 7,097,134	-4.29%
General Revenue Fund Total			\$ 7,043,858	\$ 7,252,949	\$ 7,470,667	\$ 7,415,134	-0.74%	\$ 7,097,134	-4.29%
334	876-601	Investigations	\$ 3,389,717	\$ 3,543,634	\$ 3,560,000	\$ 3,965,507	11.39%	\$ 4,602,185	16.06%
Federal Special Revenue Fund Group Total			\$ 3,389,717	\$ 3,543,634	\$ 3,560,000	\$ 3,965,507	11.39%	\$ 4,602,185	16.06%
217	876-604	Operations Support	\$ 22,496	\$ 10,626	\$ 50,951	\$ 60,000	17.76%	\$ 60,000	0.00%
State Special Revenue Fund Group Total			\$ 22,496	\$ 10,626	\$ 50,951	\$ 60,000	17.76%	\$ 60,000	0.00%
<i>Civil Rights Commission, Ohio Total</i>			\$ 10,456,071	\$ 10,807,208	\$ 11,081,618	\$ 11,440,641	3.24%	\$ 11,759,319	2.79%

Court of Claims

Jamie L. Daskocil, Senior Budget Analyst

- Current staffing and service levels to be maintained
- Additional moneys will be dedicated to equipment purchases

OVERVIEW

Duties and Responsibilities

The doctrine of sovereign immunity provides that the state cannot be sued without its consent. Pursuant to Am. Sub. H.B. 800 of the 110th General Assembly, effective January 1, 1975, the state waived its immunity from all suits of whatever nature and created the Court of Claims in which the suits were to be heard. Under former law, the Sundry Claims Board, a nonjudicial administrative board, handled claims against the state.

The Court's current duties and responsibilities can be summarized as follows:

- **Civil actions filed against the state.** The Court has original, exclusive jurisdiction over all civil actions (i.e., contract disputes, personal injury, property damage, immunity of state officers and employees, discrimination, and wrongful imprisonment) filed against the state of Ohio and its agencies.
- **Victims of crime appeals.** The Court hears appeals from decisions made by the Attorney General on claims allowed under the Victims of Crime Law.
- **Wrongful imprisonment claims.** The Court acts as the state's fiduciary agent for processing claims of wrongful imprisonment.

Agency in Brief

The following table selectively summarizes Court appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
45	\$4.34 million	\$4.42 million	\$2.76 million	\$2.84 million	Am. Sub. H.B. 119

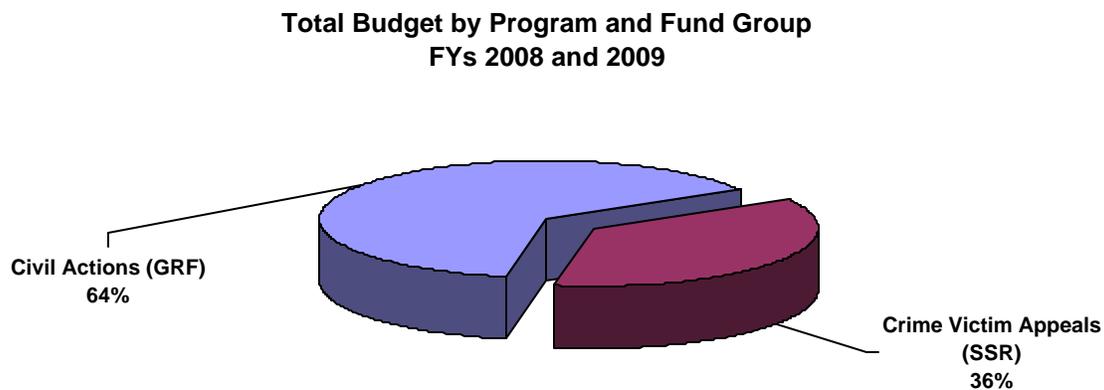
*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007. For the Court of Claims, this count includes the following number and category of employees: 29 full-time permanent, 2 full-time temporary, 4 intermittent, 9 part-time permanent, and 1 part-time temporary.

For the FY 2008 - 2009 biennium, the enacted budget appropriates sufficient funding for the Court to maintain FY 2007 staffing and service levels. While the Court has no programmatic expansions planned, the funding will also allow the Court to make cost-of-living salary adjustments, as well as to make various equipment purchases including office furniture, videoconferencing equipment, copiers and printers, and other information technology-related equipment.

Also of note is that the Court's budget includes a GRF line item for which funds are never appropriated in the main operating appropriations act: line item 015-402, Wrongful Imprisonment Compensation. The line item's funds are transferred from the Controlling Board's budget on an as-needed basis to pay individuals who have been judged wrongfully imprisoned in the state of Ohio. When a wrongful imprisonment judgment has been journalized in a court of common pleas, the Controlling Board, upon certification by the Court of Claims, transfers the sum necessary to the line item.

Expense by Program and Fund Group Summary

The pie chart immediately below shows the Court's total enacted appropriations (FYs 2008 and 2009) by program and fund group. This information includes moneys appropriated from the General Revenue Fund (GRF) and the State Special Revenue (SSR) Fund Group.



ANALYSIS OF THE ENACTED BUDGET

For the purposes of this analysis of the enacted budget for the Court of Claims, it is considered a single program series agency, whose services and activities can be generally divided into two distinct programs.

Single Program Series

Court of Claims

Purpose: To hear and determine all civil actions against the state of Ohio and its agencies and to administer appeals for the Ohio Victims of Crime Compensation Program

The following table shows the line items that are used to fund the Court of Claims, as well as the appropriated funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	015-321	Operating Expenses	\$2,758,681	\$2,841,441
General Revenue Fund Subtotal			\$2,758,681	\$2,841,441
State Special Revenue Fund				
5K2	015-603	CLA Victims of Crime	\$1,582,684	\$1,582,684
State Special Revenue Fund Subtotal			\$1,582,684	\$1,582,684
Total Funding: Court of Claims			\$4,341,365	\$4,424,125

This analysis focuses on the following specific programs within the Court of Claims program series:

- **Program 1.01: Civil Actions**
- **Program 1.02: Crime Victim Appeals**

Program 1.01: Civil Actions

Program Description: The Court of Claims was created by the passage of the Court of Claims Act in 1975. The Court's authority is contained in Chapter 2743. of the Revised Code. The Court serves as the court of original, exclusive jurisdiction over all civil actions filed against the state of Ohio and its agencies.

Funding Source: GRF

Implication of the Budget: When civil cases are filed against the state, the affected state agency and not the Court pay judgments against the state; thus, the Court's GRF funds go only to cover its annual operating expenses. The amount of GRF funding received by the Court should allow it to maintain FY 2007 staffing and service levels for the FY 2008 - 2009 biennium. While the Court has no programmatic expansions planned, the funding will allow it to make cost-of-living salary adjustments, as well as to make various equipment purchases, including office furniture, videoconferencing equipment, copiers and printers, and other information technology related equipment.

Program 1.02: Crime Victim Appeals

Program Description: The Victims of Crime Act, contained in sections 2743.51 to 2743.72 of the Revised Code, established the Victims of Crime Compensation Program in 1976. Individuals suffering personal injury as the result of criminal conduct are eligible to apply for compensation. This compensation includes, but is not limited to, medical expenses, work loss, unemployment benefits loss, and replacement services. Dependents may receive awards for economic loss, replacement services loss, and certain funeral expenses incurred after a victim's death. The maximum award is \$50,000 per victim per incident. Prior to FY 2001, the Court essentially controlled the program. As of FY 2001, the Court's involvement in the program was reduced to hearing appeals of decisions made by the Office of the Attorney General.

Funding Source: Cash transferred from the Office of the Attorney General's Victims of Crime Fund (Fund 402), also known as the Reparations Fund

Implication of the Budget: The Court essentially received continuation funding to perform its role as the appellate authority for the Victims of Crime Compensation Program. This means that the enacted budget provides a level of funding that should be sufficient to pay for the Court's annual costs associated with its appellate role, including payroll expenses.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

CLA Court of Claims

GRF	015-321	Operating Expenses	\$ 2,364,164	\$ 2,548,355	\$ 2,678,331	\$ 2,758,681	3.00%	\$ 2,841,441	3.00%
GRF	015-402	Wrongful Imprisonment Compensation	----	\$ 2,357,877	\$ 2,500,000	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 2,364,164	\$ 4,906,232	\$ 5,178,331	\$ 2,758,681	-46.73%	\$ 2,841,441	3.00%
5K2	015-603	CLA Victims of Crime	\$ 1,063,527	\$ 1,221,627	\$ 1,582,684	\$ 1,582,684	0.00%	\$ 1,582,684	0.00%
State Special Revenue Fund Group Total			\$ 1,063,527	\$ 1,221,627	\$ 1,582,684	\$ 1,582,684	0.00%	\$ 1,582,684	0.00%
Court of Claims Total			\$ 3,427,691	\$ 6,127,859	\$ 6,761,015	\$ 4,341,365	-35.79%	\$ 4,424,125	1.91%

Ethics Commission

Terry Steele, Budget Analyst

- Total funding level for the biennium is \$4,835,389
- 253 individual advisory matters closed in calendar year 2006, a 45% increase from 2002
- Approximately 3,000 advisory phone calls received each year

OVERVIEW

Duties and Responsibilities

The Ohio Ethics Commission (ETH) administers, interprets, and enforces ethical conduct in government under Ohio Ethics Law, Chapter 102, and related provisions of the Ohio Revised Code. The underlying mission of the Commission is to promote and enforce ethical conduct throughout state and local government through impartial and responsive education, advice, investigation, and financial disclosure processes. To fulfill its mission, the Commission has improved educational and informational access to thousands of public servants to create a baseline understanding of ethics law. The Ethics Commission consists of six members who are appointed by the Governor and confirmed by the Senate. The political affiliation of the Commission is equally divided between the two major parties.

The day-to-day administration of the Commission's activities is the responsibility of the Executive Director and staff. Commission staff responsibilities fall into four general categories: public information, advisory opinions, investigations and referrals for prosecution, and financial disclosure. Including most state agencies and political subdivisions, about 18,700 elected officials and 590,000 employees statewide fall under the Commission's jurisdiction.

The budget appropriates \$2,390,571 in FY 2008, a 1.5% increase from adjusted FY 2007 appropriations of \$2,354,756, and \$2,444,818 is appropriated in FY 2009, a 2.2% increase over the FY 2008 amount.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
20	\$2,390,571	\$2,444,818	\$1,863,028	\$1,967,275	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: This program series administers the Ohio Ethics Law for public officials and employees at the state and local levels of government. The Commission's four major program areas are advisory services, including advisory opinions, education and public information, financial disclosure, and investigations and referrals for prosecution.

The following table shows the line items that are used to fund this commission, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	146-321	Operating Expenses	\$1,863,028	\$1,967,275
General Revenue Fund Subtotal			\$1,863,028	\$1,967,275
General Services Fund				
4M6	146-601	Operating Expenses	\$527,543	\$477,543
General Services Fund Subtotal			\$432,543	\$432,543
Total Funding: Ohio Ethics Commission			\$2,390,571	\$2,444,818

The Commission operates the following programs:

- **Program 01.01: Advisory Services**
- **Program 01.02: Education**
- **Program 01.03: Financial Disclosure**
- **Program 01.04: Investigations**
- **Program 01.05: Program Management**

Advisory Services

Program Description: This program increases awareness and understanding of the ethics law by the public, public officials and employees, and entities doing business with government entities to ensure compliance with the state's ethics law. The Advisory Services program implements the Commission's authority to render advisory opinions with regard to questions concerning ethics, conflicts of interest, and financial disclosure. It allows those who have potential conflicts or otherwise need ethics advice to seek guidance before they act. The Commission issues written advisory opinions that apply the ethics law and related statutes for state and local public officials and employees, provides telephone guidance to public servants, and provides ethics law information to the public and the media. When the commission provides written advice, the individual to whom the opinion was directed is immune from criminal prosecution if such advice is heeded.

Funding Source: GRF, GSF

Implication of the Budget: The appropriated amounts fully fund this program over the next biennium.

Education/Public Information

Program Description: This program provides continuing education and written materials concerning the provisions of Ohio's ethics law, conflicts of interest, and financial disclosure. The educational sessions and informational materials help increase public awareness of the application of Ohio's ethics law and, thereby, decrease the potential for ethics violations. Ethics education is offered through the development and distribution of informational materials, correspondence, educational appearances, telephone assistance, and the Commission's web site. This program also assumes much of the responsibility to review and recommend ethics-related legislation to the General Assembly.

Funding Source: GRF, GSF

Implication of the Budget: The appropriated amounts fully fund this program over the next biennium. This level of funding will allow the Commission to continue providing educational services at the current level.

Financial Disclosure

Program Description: This program administers and enforces the financial disclosure requirements of the Ohio Revised Code, which mandates over 10,500 elected state, county, and city officeholders; candidates for those offices; upper level state administrative appointees and employees; and many state board and commission members and their executive directors annually disclose their sources of income and investments. The purpose of the disclosure is to remind the filer and make the public and Commission aware of potential conflicts of interest.

Funding Source: GRF, GSF

Implication of the Budget: The enacted funding level fully funds this program over the next biennium. The amount appropriated for this purpose for FY 2008 includes a one-time amount of \$52,000 to provide software enhancement to the agency's web site and new financial disclosure database system, which allows for online filing.

Investigations

Program Description: This program administers confidential investigations of allegations or complaints of ethics violations against public officials and employees and those with whom they do business. The Commission reports its findings to the appropriate prosecuting attorney in such cases as violations are evidenced. The Commission investigates allegations of wrongdoing involving public officials and employees, and private parties who interact with them, at every level of government, including state departments, boards, and commissions; counties; cities; villages; townships; school districts; and other public entities.

Funding Source: GRF, GSF

Implication of the Budget: The budget fully funds this program over the next biennium. These funding levels will allow ETH to continue to fund two additional employees to the investigative staff.

Program Management

Program Description: This program provides general shared operating and administrative support costs needed to support all other program areas within the Ethics Commission such as human resources, information technology, and fiscal management.

Funding Source: GRF, GSF

Implication of the Budget: The appropriated amounts fully fund this program over the next biennium.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>	
Report For: Main Operating Appropriations Bill			Version: Enacted							
<i>ETH Ethics Commission</i>										
GRF	146-321	Operating Expenses	\$ 1,357,230	\$ 1,475,574	\$ 1,742,213	\$ 1,863,028	6.93%	\$ 1,967,275	5.60%	
General Revenue Fund Total			\$ 1,357,230	\$ 1,475,574	\$ 1,742,213	\$ 1,863,028	6.93%	\$ 1,967,275	5.60%	
4M6	146-601	Operating Expenses	\$ 331,478	\$ 334,642	\$ 612,543	\$ 527,543	-13.88%	\$ 477,543	-9.48%	
General Services Fund Group Total			\$ 331,478	\$ 334,642	\$ 612,543	\$ 527,543	-13.88%	\$ 477,543	-9.48%	
Ethics Commission Total			\$ 1,688,709	\$ 1,810,216	\$ 2,354,756	\$ 2,390,571	1.52%	\$ 2,444,818	2.27%	

Judicial Conference of Ohio

- Current staffing and service levels to be maintained
- Moneys earmarked for State Council of Uniform State Laws

Matthew L. Stiffler, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Judicial Conference of Ohio is a statutory entity within the judicial branch of state government created to continually study and recommend changes in the procedures and practices of Ohio's court system in an effort to promote a fair and effective administration of justice.

The Conference consists of all 721 active judges in Ohio, as well as six judicial associations. The general charge and supervision of the administration of the Conference's affairs rests with judges who serve on the Executive Committee, which is comprised of approximately 50 members.

The Conference has 11 staff members, including the executive director who is appointed by the officers of the Executive Committee. Conference staff provide administrative and research support for more than 20 permanent and *ad hoc* committees that involve over 200 judges. While judges serving on committees receive no compensation for services rendered to the Conference, judges may receive reimbursement for reasonable and necessary expenses.

Agency In Brief

The following table selectively summarizes Conference appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
11	\$1,335,710	\$1,365,281	\$985,710	\$1,015,281	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007.

The cost of the Conference's day-to-day business is covered by a single GRF line item 018-321, Operating Expenses, while the expenses associated with supporting the work of its *ad hoc* and permanent committees and conducting various conferences, workshops, and special projects are covered by its lone non-GRF line item 018-601, Ohio Jury Instructions.

State Council of Uniform State Laws

The Conference is obligated to pay the expenses associated with the State Council of Uniform State Laws, which consists of four commissioners appointed by the Governor, and collects and digests data concerning the prevailing law in the United States and other countries, upon such subjects where uniformity is important. The Conference essentially acts as a pass-through funding conduit for the

Council. According to the Conference, the earmark is primarily used for membership fees and travel reimbursements for Ohio's delegation in relation to the National Conference of Commissioners on Uniform State Laws (NCCUSL).

Contained in the enacted budget is a temporary law provision earmarking GRF funds of up to \$71,000 in FY 2008 and up to \$73,000 FY 2009 for this purpose. The Conference has informed LSC fiscal staff that, based on recent communications from NCCUSL, the earmarked amounts are shy of what will actually be needed by around \$5,000 in each fiscal year.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Judicial Conference of Ohio is considered a single program series agency and its activities are not subdivided into separate programs.

Single Program Series

Education and Information

Purpose: To study and recommend changes in the procedures and practices of Ohio's court system in an effort to promote a fair and effective administration of justice

The following table shows the two line items that are used to fund the Conference's Education and Information activities, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	018-321	Operating Expenses	\$985,710	\$1,015,281
General Revenue Fund Subtotal			\$985,710	\$1,015,281
General Services Fund				
403	018-601	Ohio Jury Instructions	\$350,000	\$350,000
General Services Fund Subtotal			\$350,000	\$350,000
Total Funding: Education & Information			\$1,335,710	\$1,365,281

Program Description: The Judicial Conference of Ohio was established by Am. Sub. H.B. 205 of the 105th General Assembly. The Conference was created to promote fair and effective administration of justice, and as an avenue for judges to exchange experiences and suggestions relative to the operation of the state's judicial system. These goals are accomplished by educating and informing judges through conferences, videos, mentoring programs, and numerous publications related to the state of the judiciary in Ohio.

Funding Source: (1) GRF, and (2) annual membership dues, conference registration fees, royalties, and other miscellaneous sources, including various one-time grants

Implication of the Budget: Under the enacted budget, the Conference received an amount of funding that should be sufficient to maintain current service levels and cover the payroll costs associated with 11 full-time permanent staff positions. The Conference also requested additional GRF moneys for the purpose of hiring three new full-time staff; the amounts necessary to cover the associated payroll costs, however, were not appropriated, which means that the hiring of any new staff appears unlikely at this time. As previously noted, the annual GRF amounts earmarked for the expenses of the State Council of Uniform State Laws appear to be less than what the Conference will need to cover its obligations in each fiscal year by around \$5,000.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
JCO Judicial Conference of Ohio									
GRF	018-321	Operating Expenses	\$ 956,998	\$ 956,949	\$ 957,000	\$ 985,710	3.00%	\$ 1,015,281	3.00%
General Revenue Fund Total			\$ 956,998	\$ 956,949	\$ 957,000	\$ 985,710	3.00%	\$ 1,015,281	3.00%
403	018-601	Ohio Jury Instructions	\$ 224,672	\$ 248,271	\$ 225,000	\$ 350,000	55.56%	\$ 350,000	0.00%
General Services Fund Group Total			\$ 224,672	\$ 248,271	\$ 225,000	\$ 350,000	55.56%	\$ 350,000	0.00%
Judicial Conference of Ohio Total			\$ 1,181,670	\$ 1,205,220	\$ 1,182,000	\$ 1,335,710	13.00%	\$ 1,365,281	2.21%

The Judiciary/ Supreme Court

Matthew L. Stiffler, Budget Analyst

- 
- Roughly 60% of GRF budget covers state share of judge salaries
 - \$10.5 million to support court technology initiative

OVERVIEW

Duties and Responsibilities

The Supreme Court of Ohio is established by Article IV, Section 1 of the Ohio Constitution, which provides that: “The judicial power of the state is vested in a supreme court, courts of appeals, courts of common pleas and divisions thereof, and such other courts inferior to the supreme court as may from time to time be established by law.” The Court is comprised of a Chief Justice and six justices who are elected in even numbered years to six-year terms. The Court has the final say on the interpretation of both the Constitution of the state of Ohio and Ohio law. The majority of the cases heard by the Court are appeals from the state’s 12 district courts of appeals. The Court also:

- Hears appeals involving contested elections.
- Hears appeals from cases dealing with an interpretation of the United States Constitution or the Ohio Constitution, cases in which the death penalty was imposed, cases in which the courts of appeals have offered conflicting opinions, and appeals from the Board of Tax Appeals and the Public Utilities Commission.
- Has original jurisdiction for certain special remedies that permit a person to file an action directly in the Supreme Court of Ohio. These are the writs of habeas corpus, mandamus, procedendo, prohibition, and quo warranto.
- Adopts rules governing practice and procedure in Ohio’s courts, which become effective unless both houses of the General Assembly adopt a concurrent resolution of disapproval.
- Exercises general superintendence over all state courts through its rule-making authority.
- Admits attorneys to the practice of law in Ohio.
- Disciplines judges and attorneys for violation of their respective codes of conduct.
- Addresses complaints alleging the unauthorized practice of law.

Budgetary Structure

Prior to FY 1998, The Judiciary (JUD) and the Supreme Court of Ohio (SUP) operated under separate budget structures, although the reality was that the Court in effect had control of and managed The Judiciary budget. The Judiciary is not a state entity, but a collection of accounts that are administered by personnel of the Court. Am. Sub. H.B. 215 of the 122nd General Assembly, the main operating appropriations act covering FYs 1998 and 1999, merged the two separate budget structures into a single “agency” budget known as The Judiciary/Supreme Court. The merger was undertaken, at the Court’s request, in order to ease its administrative burdens. As a result, roughly one half-dozen of the Court’s

existing line items were realigned so that the state's accounting system more accurately reflected the merged budgetary structure.

Agency in Brief

The following table selectively summarizes The Judiciary/Supreme Court appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
1,465	\$139.68 million	\$147.75 million	\$132.59 million	\$140.57 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of 15, June 2007. Includes Supreme Court staff, justice and judges, courts of appeals staff, and clerks of county courts for whom the Court pays all or a portion of their annual salary and fringe benefits.

The Judiciary/Supreme Court's enacted budget totals \$287.4 million (\$139.7 million in FY 2008 and \$147.7 million in FY 2009), 95% of which represents funding appropriated from the GRF. The GRF budget for The Judiciary/Supreme Court has the following three readily identifiable operating expense components.

- **Judicial salaries.** This component of the GRF budget funds the state's share of the salaries and benefits of judges of the courts of appeals, courts of common pleas, municipal courts, county courts, and county clerks of courts (estimated at \$81.05 million in FY 2008 and \$84.86 million in FY 2009).
- **Courts of appeals support staff.** This component of the GRF budget funds the salaries for the support staff of the state's 12 courts of appeals (estimated at \$21.74 million in FY 2008 and \$22.64 million in FY 2009).
- **Supreme Court operations.** This component of the GRF budget funds the salaries of the justices and staff, the operation and maintenance of the Ohio Courts Building, and the provision of programs that benefit the trial and appellate courts (estimated at \$24.99 million in FY 2008 and \$25.61 million in FY 2009).

These components also suggest that, for any given year, between 70% and 75% of the Court's expenditures pay for the state share of the salaries and fringe benefits of judges and certain court personnel and 18% to 20% pays for the operation of the Supreme Court.

Non-GRF funds totaling \$7.1 million in FY 2008 and \$7.2 million in FY 2009 are also appropriated for the purpose of providing judicial education, continuing legal education, bar admissions, and attorney registration. These non-GRF appropriations will also fund approximately 56 legal and support positions at the Supreme Court.

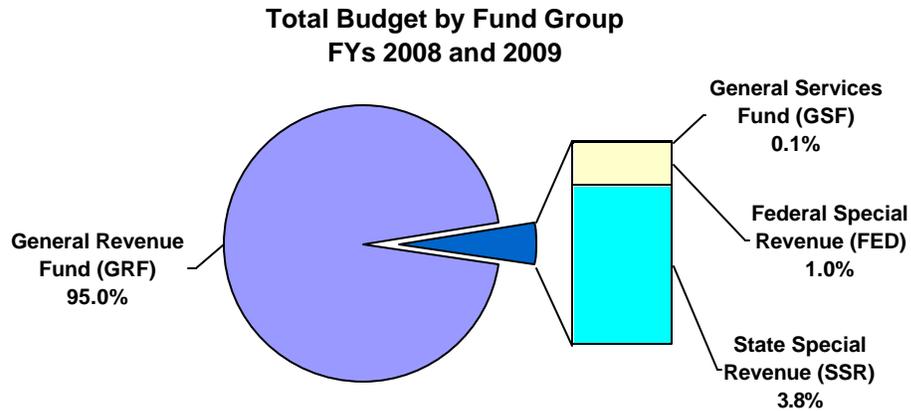
Notable Temporary Law Provisions

The more notable temporary law provisions affecting The Judiciary/Supreme Court budget are summarized immediately below.

- ***Transfer of Unencumbered GRF Appropriation Authority for Indigent Defense (Section 313.30).*** Temporary law transfers the total FY 2008 unencumbered appropriations in GRF line item 005-321, Operating Expenses - Judiciary/Supreme Court, to FY 2009 and appropriates the transferred amount to the Ohio Public Defender Commission's GRF line item 019-501, County Reimbursement, in FY 2009.
- ***Ohio Courts Technology Initiative (Section 313.10).*** Temporary law associated with the Court's GRF line item 005-409, Ohio Courts Technology Initiative, requires these moneys to be used to fund an initiative by the Supreme Court to facilitate the exchange of information and warehousing of data by and between Ohio courts and other justice system partners through the creation of an Ohio Courts Network, the delivery of technology services to courts throughout the state, including the provision of hardware, software, and the development and implementation of educational and training programs for judges and court personnel, and the creation and operation of the Commission on Technology and the Courts by the Supreme Court for the promulgation of statewide rules, policies, and uniform standards, and to aid in the orderly adoption and comprehensive use of technology in Ohio courts. The GRF amounts appropriated for these purposes total \$4.0 million in FY 2008 and \$6.5 million in FY 2009. The project's total estimated cost is \$25 million.
- ***Legal Education Opportunity (Section 313.30).*** Temporary law associated with the Court's GRF line item 005-502, Legal Education Opportunity, requires the appropriated moneys fund activities undertaken at the direction of the Chief Justice for purposes of introducing minority, low-income, and educationally disadvantaged Ohio students to the legal system and providing those same students with education opportunities, and permits the appropriated moneys to be used in cooperation with other entities to establish programs, courses, and activities that introduce students to the legal system and provide education opportunities and to pay the associated administrative costs. The amount earmarked for these purposes totals \$250,000 in FY 2008 and \$350,000 in FY 2009.
- ***Law-Related Education (Section 313.10).*** Temporary law requires the moneys appropriated to GRF line item 005-406, Law-Related Education, to be distributed directly to the Ohio Center for Law-Related Education for the purposes of providing continuing citizenship education activities to primary and secondary students, expanding delinquency prevention programs, increasing activities for at-risk youth, and accessing additional public and private money for new programs. The amount earmarked for this purpose totals \$229,290 in FY 2008 and \$236,172 in FY 2009.

FYs 2008 - 2009 Expense by Fund Summary

The pie chart immediately below shows the total appropriations (FYs 2008 and 2009) for The Judiciary/Supreme Court by fund group. (Due to rounding, the numbers will not add to 100%.)



Criminal Sentencing Commission

The annual operating expenses of the Ohio Criminal Sentencing Council are also contained in The Judiciary/Supreme Court budget and are paid almost entirely from a GRF special purpose account (line item 005-401). The Council, created pursuant to section 181.21 of the Revised Code, is charged with, among other duties and responsibilities, studying the state’s criminal laws, sentencing patterns, and juvenile offender dispositions, recommending comprehensive sentencing plans to the legislature, and advising legislative committees and members when bills that affect criminal sentencing are considered and enacted. Traditionally, the Council has been referred to as the Ohio Criminal Sentencing Commission.

Annual Salaries Paid from the State Treasury

The annual salaries paid from the state treasury by the Supreme Court are summarized in the table below.

Annual Salaries Payable from the State Treasury	
Office	Portion of Annual Salary Payable from the State Treasury
Justices of the Supreme Court and Court staff	100% of salary
Judges of the courts of appeals and R.C. section 2501.16 employees	100% of salary in most cases (some R.C. section 2501.16 employees’ salaries are split between the county and the state)
Common pleas, municipal, and county court judges	Varies; determined by statute
County clerks of courts	1/8 of salary for court of appeals -related services

ANALYSIS OF THE BUDGET

For budget purposes, as detailed below, The Judiciary/Supreme Court is considered a single program series agency and its activities are not subdivided into multiple programs.

Single Program Series

Judicial Operations

Purpose: To operate the state judicial system and to regulate the practice of law

The following table displays the line items that are used to fund the operating expenses of The Judiciary/Supreme Court, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	005-321	Operating Expenses	\$127,778,192	\$133,144,970
GRF	005-401	State Criminal Sentencing Council	\$331,500	\$336,770
GRF	005-406	Law-Related Education	\$229,290	\$236,172
GRF	005-409	Ohio Courts Technology Initiative	\$4,000,000	\$6,500,000
GRF	005-502	Legal Education Opportunity	\$250,000	\$350,000
General Revenue Fund Subtotal			\$132,588,982	\$140,567,912
State Special Revenue Fund				
4C8	005-605	Attorney Services	\$3,841,416	\$3,936,058
5T8	005-609	Grants and Awards	\$100,000	\$100,000
6A8	005-606	Supreme Court Admissions	\$1,496,633	\$1,541,532
State Special Revenue Fund Subtotal			\$5,438,049	\$5,577,590
General Services Fund				
672	005-601	Continuing Judicial Education	\$136,000	\$140,000
General Services Fund Subtotal			\$136,000	\$140,000
Federal Special Revenue				
3J0	005-603	Federal Grants	\$1,518,491	\$1,467,693
Federal Special Revenue Subtotal			\$1,518,491	\$1,467,693
Total Funding: Judicial Operations			\$139,681,522	\$147,753,195

Program Description: The Supreme Court of Ohio: (1) adopts rules governing practice and procedure in Ohio's courts, (2) exercises superintendence over all state courts through its rule-making authority, (3) admits attorneys to the practice of law in Ohio, and (4) disciplines judges and attorneys for violation of their respective codes of conduct.

Funding Source: (1) GRF, (2) admissions and registration fees, and (3) grants and awards

Implication of the Budget: The enacted Judiciary/Supreme Court budget, 95% of which is covered by moneys appropriated from the GRF, will essentially fund: (1) the salaries and fringe benefits of the judges of the Supreme Court of Ohio and the courts of appeals, (2) the state's share of the judge's salaries and fringe benefits in the courts of common pleas, municipal courts, and county courts, (3) the expenses of the state's judicial system, including supplements to the clerks of the courts of common pleas, (4) the operating expenses of the Supreme Court of Ohio, and (5) the operating expenses of the

Ohio Criminal Sentencing Commission. The GRF component of the budget is increased by: (1) \$9.7 million, or 7.9%, in FY 2008 from the total adjusted FY 2007 GRF expenditure of \$122.9 million, and (2) \$8.0 million, or 6.0%, in FY 2009 from the FY 2008 appropriated amount. As of this writing, it appears that the total amount of funding appropriated in each of FYs 2008 and 2009 will be sufficient for the Supreme Court to maintain current service levels and cover the state share of judge's salaries.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

JSC Judiciary / Supreme Court

GRF	005-321	Operating Expenses - Judiciary/Supreme Court	\$ 111,094,477	\$ 116,088,022	\$ 121,441,259	\$ 127,778,192	5.22%	\$ 133,144,970	4.20%
GRF	005-401	State Criminal Sentencing Council	\$ 259,048	\$ 258,013	\$ 343,730	\$ 331,500	-3.56%	\$ 336,770	1.59%
GRF	005-406	Law-Related Education	\$ 216,131	\$ 216,131	\$ 222,615	\$ 229,290	3.00%	\$ 236,172	3.00%
GRF	005-409	Ohio Courts Technology Initiative	---	---	\$ 0	\$ 4,000,000	N/A	\$ 6,500,000	62.50%
GRF	005-502	Legal Education Opportunity	\$ 0	---	\$ 875,000	\$ 250,000	-71.43%	\$ 350,000	40.00%
General Revenue Fund Total			\$ 111,569,655	\$ 116,562,166	\$ 122,882,604	\$ 132,588,982	7.90%	\$ 140,567,912	6.02%
672	005-601	Continuing Judicial Education	\$ 91,983	\$ 115,949	\$ 130,000	\$ 136,000	4.62%	\$ 140,000	2.94%
General Services Fund Group Total			\$ 91,983	\$ 115,949	\$ 130,000	\$ 136,000	4.62%	\$ 140,000	2.94%
3J0	005-603	Federal Grants	\$ 992,823	\$ 1,751,856	\$ 1,507,578	\$ 1,518,491	0.72%	\$ 1,467,693	-3.35%
Federal Special Revenue Fund Group Total			\$ 992,823	\$ 1,751,856	\$ 1,507,578	\$ 1,518,491	0.72%	\$ 1,467,693	-3.35%
4C8	005-605	Attorney Services	\$ 2,627,960	\$ 2,987,805	\$ 3,264,867	\$ 3,841,416	17.66%	\$ 3,936,058	2.46%
5T8	005-609	Grants and Awards	\$ 27,701	\$ 89,234	\$ 260,000	\$ 100,000	-61.54%	\$ 100,000	0.00%
643	005-607	Commission on Continuing Legal Education	\$ 453,530	\$ 408,741	\$ 586,261	\$ 0	-100.00%	\$ 0	N/A
6A8	005-606	Supreme Court Admissions	\$ 1,041,340	\$ 1,116,488	\$ 1,453,042	\$ 1,496,633	3.00%	\$ 1,541,532	3.00%
State Special Revenue Fund Group Total			\$ 4,150,532	\$ 4,602,267	\$ 5,564,170	\$ 5,438,049	-2.27%	\$ 5,577,590	2.57%
Judiciary / Supreme Court Total			\$ 116,804,993	\$ 123,032,238	\$ 130,084,352	\$ 139,681,522	7.38%	\$ 147,753,195	5.78%

Ohio Legal Rights Service

Stephanie Suer, Budget Analyst

- The bill includes funding of \$5,375,674 in both FYs 2008 and 2009
- 86% of OLRs' funding is made up of federal funds

OVERVIEW

Duties and Responsibilities

Revised Code section 5123.60 created the Ohio Legal Rights Service (OLRS) in 1975 as Ohio's federally mandated protection and advocacy (P&A) agency. The federal government requires every state to designate a P&A system to protect and advocate for the rights of people with disabilities. Ohio Legal Rights Service provides P&A services to individuals with a developmental disability, mental illness, or other significant physical or mental impairment that substantially interferes with life activity. The agency's goal is to provide people with disabilities the opportunity to realize self-determination, equality of opportunity, and full participation in the community. Ohio Legal Rights Service responds to allegations of abuse, neglect, and rights violations and advocates for access to appropriate education, health care, housing, employment, and institutional reform for individuals with disabilities. Ohio Legal Rights Service provides legal representation, information and referral, professional assistance, negotiation and mediation, education, and training.

The administrator of OLRs is appointed by a seven-member commission. The Chief Justice of the Supreme Court appoints one member, who serves as chair, and the Speaker of the House of Representatives and the President of the Senate appoint three members each. Terms of office are for three years. The commission advises the administrator on policy and budget issues.

Ohio Legal Rights Service receives several federal grants, which constitute the majority of its funding. Initially, OLRs primarily served individuals with developmental disabilities and/or mental illness. Additional federal funding has allowed OLRs to also serve those individuals with physical impairments such as deafness, blindness, cancer, traumatic brain injury, and multiple sclerosis.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
44	\$5,375,674	\$5,375,674	\$489,322	\$489,322	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Budget Issues

Martin Settlement

In 1989, OLRS filed a federal class action lawsuit against Ohio claiming undue segregation in institutions for individuals with mental retardation or other developmental disabilities (MR/DD) and large waiting lists for people in need of services. According to OLRS, the *Martin* lawsuit seeks integrated community residential services, specifies that state programs should not discriminate against people with severe disabilities, and states that integrated residential services should be developed.

Recently, a settlement to the longstanding case was announced. The settlement specifies that the Governor will request 1,500 new, state-funded, Individual Option (IO) waiver slots in the 2008 - 2009 biennial budget. The Department of Mental Retardation and Developmental Disabilities must request Controlling Board approval for \$4.2 million of capital dollars for the Community Capital Assistance Housing Program, 7% of which must be allocated for housing accessibility. All class members in ICFs/MR or NFs will be surveyed about their preference regarding community placement.

The Court issued final approval of the consent order on February 5, 2007. OLRS, as class counsel, is awarded \$150,000 as costs in the litigation.

Developmental Center Closures

During the last biennium, OLRS monitored the conditions at each center and the subsequent community placement to assure the safety and quality of life of the residents. OLRS staff attended each placement meeting and met with families to assist them with their placement options. Representatives from OLRS estimated that approximately 1,271 staff hours were spent on the Apple Creek closure, which occurred in the context of the *Sidles v. Moritz* consent order, and approximately 272 hours were spent on the Springview closure.

Major Unusual Incidents (MUIs)

One of the fundamental ways OLRS monitors the health and safety of individuals with disabilities is through the review, analysis, and investigation of Major Unusual Incidents (MUIs). MUIs, as defined in the Ohio Administrative Code, is an alleged, suspected, or actual occurrence of an incident that adversely affects the health and safety of an individual, including acts committed or allegedly committed by one individual against another. The ODMR/DD and Ohio Department of Mental Health (ODMH) are required by state statute to notify OLRS of all MUIs and furnish all relevant reports within 48 hours. For the past several years, ODMR/DD and OLRS have shared a secured database. OLRS receives MUI data from ODMR/DD in a paperless, web-based format.

According to the OLRS, ODMH enacted administrative rules that allow providers to no longer report episodes of restraint, seclusion, or emergency medication interventions unless serious injury occurs. These incidents are now recorded in restraint/seclusion logs that ODMH and OLRS plan to review biannually. This change in reporting has significantly reduced the number of reports from children's mental health facilities. In FY 2006, OLRS reviewed more than 20,000 MUI reports indicating alleged abuse, neglect, and emergency situations or rights violations. In FY 2005, OLRS reviewed 270 MUI death reports. In part to obtain information from these logs, and also because of denial of access to investigation records, OLRS has filed litigation against providers, prevailing in each case.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: To protect and guarantee the human, civil, and legal rights of people with disabilities.

The following table shows the line items that are used to fund the Ohio Legal Rights Service, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	054-321	Support Services	\$198,075	\$198,075
GRF	054-401	Ombudsman	\$291,247	\$291,247
General Revenue Fund Subtotal			\$489,322	\$489,322
State Special Revenue Fund				
5AE	054-614	Grants and Contracts	\$100,000	\$100,000
State Special Revenue Fund Subtotal			\$100,000	\$100,000
General Services Fund				
5M0	054-610	Program Support	\$81,352	\$81,352
General Services Fund Subtotal			\$81,352	\$81,352
Federal Special Revenue Fund				
3AG	054-613	Protection and Advocacy –Voter Accessibility	\$115,000	\$115,000
3B8	054-603	Protection and Advocacy – Mentally Ill	\$1,089,999	\$1,089,999
3CA	054-615	Work Incentives Plan and Assistance	\$355,000	\$355,000
3N3	054-606	Protection and Advocacy – Individual Rights	\$560,000	\$560,000
3N9	054-607	Assistive Technology	\$160,000	\$160,000
3R9	054-604	Family Support Collaborative	\$55,000	\$55,000
3R9	054-616	Developmental Disability Publications	\$130,000	\$130,000
3T2	054-609	Client Assistance Program	\$435,000	\$435,000
3X1	054-611	Protection and Advocacy and Beneficiaries – Social Security	\$235,001	\$235,001
3Z6	054-612	Traumatic Brain Injury	\$70,000	\$70,000
305	054-602	Protection and Advocacy – Developmentally Disabled	\$1,500,000	\$1,500,000
Federal Special Revenue Fund Subtotal			\$4,705,000	\$4,705,000
Total Funding: Ohio Legal Rights Service			\$5,375,674	\$5,375,674

Ohio Legal Rights Service is a single program series agency. The specific programs that this analysis will focus on include:

- **Ombuds/Legal Section**
- **Federal Protection and Advocacy**

Ombuds/Legal Section

Program Description: The Executive Director appoints ombudspersons, disabilities rights advocates, and attorneys who advocate for individual and systemic change through individual, group and class action cases, monitoring policies, legislative activity, and education and training. Ohio Legal Rights Service represents large numbers of clients through investigation, negotiation, and policy development. Legal action is taken only as a last resort. Under law, OLRS is required to facilitate the resolution of complaints through nonlegal means whenever possible.

Ombuds Section: The Ombuds program provides investigation, advocacy, mediation, and information and referral to individuals with a mental illness, mental retardation, or developmental disabilities. The Ombuds section also acts on complaints from mentally retarded and other developmentally disabled and mentally ill persons, their relatives or guardians, public officials, or interested citizens regarding health and safety, abuse and neglect, and rights violations.

Revised Code section 5123.604(C) also requires the Ombuds section to receive and monitor all Major Unusual Incident (MUIs) reports from public, private, and community providers. The Ohio departments of Mental Retardation and Developmental Disabilities (ODMR/DD) and Mental Health (ODMH) are required by statute to notify OLRS of all investigations of MUIs and furnish all relevant reports within 48 hours. Ombudspersons notify ODMR/DD, ODMH, or any other appropriate governmental agency of the complaint. If the situation cannot be satisfactorily resolved, the Ombuds section can recommend action to the appropriate authorities. If the complaint involves the commission of a crime or the violation of standards of professional conduct, the section may notify the Attorney General, county prosecuting attorney, or other appropriate law enforcement agency. In FY 2006, over 20,000 MUI reports were received by OLRS.

Legal Section: The OLRS Legal section investigates and acts upon allegations of rights violations in cases that do not fit in any of the federal protection and advocacy programs (see below). The Legal section seeks settlements through advocacy and negotiation and provides legal representation in individual and class actions when necessary. OLRS continually monitors individuals involved in these cases and provides them with the necessary advocacy services.

Implication of the Budget: The budget provides level funding in FY 2008 and FY 2009 for all of the Department's GRF line items supporting the Ombuds/Legal programs, totaling \$489,322 in each fiscal year. The budget appropriations will cover the nonfederal match required to receive federal grant dollars. The budget appropriations will not have any implications on the agency's ability to seek federal grants that fit the agency's statutory mission.

Federal Protection and Advocacy

Program Description: Ohio Legal Rights Service receives grants for nine federal protection and advocacy programs. They are as follows:

Protection and Advocacy for Individuals with Developmental Disabilities (PADD) – This federal program protects and advocates for the human and civil rights of people with developmental disabilities in developmental centers, schools, and in Ohio communities. This program served a total of 717 individuals in FY 2006 and made up approximately 20% of OLRS' individual cases.

Protection and Advocacy for Individuals with Mental Illness (PAIMI) – The PAIMI program serves Ohio’s mentally ill adults, children, and youth in psychiatric hospitals and communities. This program served a total of 1,303 individuals in FY 2006 and made up approximately 36% of OLRs’ individual cases.

Protection and Advocacy for Individual Rights (PAIR) – The PAIR program serves individuals with any significant disability other than those served by the PADD, PAIMI, or Client Assistance Programs. For example, PAIR eligible individuals include persons with chronic or serious medical conditions, people with physical disabilities, and people with traumatic brain injury who received the disabling injury after age 22. The PAIR program advocates for people who have been discriminated against or whose rights have been violated. This program served a total of 796 individuals in FY 2006 and made up approximately 22% of OLRs’ individual cases.

Protection and Advocacy for Assistive Technology (PAAT) – This federal grant helps provide protection and advocacy services to individuals in need of assistive technology devices. OLRs uses this money to provide legal representation or mediation and negotiation services to those who need these devices. This program served a total of 56 individuals in FY 2006.

Protection and Advocacy for Beneficiaries of Social Security (PABSS) – This federal grant is used to assist SSI or SSDI beneficiaries who seek vocational rehabilitation services, employment services, and other support services from employment networks and other service providers under the Ticket to Work Improvement Act of 1999. Under the program, the Social Security Administration tickets are issued to SSI and SSDI beneficiaries for vocational and employment services. This program served a total of 124 individuals in FY 2006 and made up approximately 3% of OLRs’ individual cases.

Client Assistance Program (CAP) – The purpose of the CAP program is to establish a system to insure the rights of individuals seeking from, or receiving services through, the Rehabilitation Service Commission’s Bureau of Vocational Rehabilitation (BVR) or Bureau of Services for the Visually Impaired (BSVI). The Client Assistance Program informs, advises, and can pursue legal, administrative, or other appropriate remedies for clients and client applicants experiencing employment-related problems. The Client Assistance Program also provides information on Title I of the Americans with Disabilities Act. This program served a total of 260 individuals in FY 2006, approximately 7% of OLRs’ individual cases.

Family Support Collaborative (FSC) – Ohio Legal Rights Service receives this federal grant through the Ohio Developmental Disabilities Council. The purpose of the FSC grant is to identify children and youth with disabilities in out-of-home placements, to identify barriers that keep children from living with a family, to plan for coordinated, efficient supports and services that assist children with disabilities to live with birth, adoptive, or foster families, and to bring together stakeholders to develop policy toward this end.

Protection and Advocacy for Voting Assistance (PAVA) – Ohio Legal Rights Service receives this federal grant to implement the federal Help America Vote Act. The Act provides for protection and advocacy services to advance the voting rights of people with disabilities. This program served a total of 180 individuals in FY 2006, making up approximately 5% of OLRs’ individual cases.

Implication of the Budget: Ohio Legal Rights Service received \$5,375,674 in FYs 2008 and 2009. These levels will allow for continued levels of service in these federally funded programs.

Temporary and Permanent Law Provisions

Program Income Fund for Legal Rights Service programs (R.C. 5123.605). Creates the Program Income Fund in the state treasury. Revenue generated from settlements, gifts, donations, and other sources of Legal Rights Service program income must be credited to the Fund. The Fund must be used to support Legal Rights Service programs for purposes from which the income was derived or for the general support of Legal Rights Service programs.

Fiscal Effect: This provision codifies existing language.

Ohio Legal Rights Service (R.C. 5123.60, 5123.602, 5123.603, and 5123.604). Removes specific Revised Code provisions on the access of the Legal Rights Service to provider records of services to mentally ill, mentally retarded, and developmentally disabled persons and instead allows access to those records in accordance with federal law.

Removes a requirement that the Legal Rights Service determine who is a “mentally retarded person” or “developmentally disabled person” for purposes of the law governing the Legal Rights Service and instead creates a statutory definition of “mentally ill person” and applies existing definitions of “mentally retarded person” and “developmentally disabled person” to the law governing the Legal Rights Service.

Requires the Legal Rights Service to maintain information confidentially in accordance with the law that applies to that information.

Removes a requirement that the Department of Mental Health notify the Legal Rights Service ombudsperson of major unusual incidents or life threatening situations involving mentally ill persons and instead requires the Department to notify the ombudsperson of reportable incidents.

Provides that individuals represented by the Legal Rights Service are its clients.

Fiscal Effect: Removing the requirement that the Department of Mental Health notify the LRS Ombudsperson of major unusual incidents or life threatening situations may decrease the number of incidents LRS investigates. The other provisions will have no fiscal effect.

Legal Rights Service Access to Records (R.C. 5123.60, 5123.602, 5123.603, and 5123.604). Restores the Legal Rights Service’s authority to decide who is a mentally retarded person or developmentally disabled person, revises the confidentiality requirements of the Legal Rights Service relating to certain information, requires that the administrator of the Legal Rights Service be an attorney licensed in the state of Ohio, revises the access to certain records by the administrator and others associated with the Legal Rights Service, removes the new definition of “mentally ill person,” authorizes the Legal Rights Service to seek contempt orders, and removes changes made to the duties of the ombudsperson section of the Legal Rights Service but limits that section’s access to premises and records.

Fiscal Effect: Limiting the access of the Legal Rights Service to records may decrease the number of cases investigated. The other provisions will have no fiscal effect.

Legal Rights Service Subpoena Power (R.C. 5123.60). Authorizes the Legal Rights Service to seek a contempt order with language stating that on the refusal of any person to produce or authenticate any requested documents, the Legal Rights Service may apply to the Franklin County Court of Common Pleas to compel the production or authentication of requested documents, and if the court finds that failure to produce or authenticate any requested documents was improper, the court may hold the person

in contempt as in the case of disobedience of the requirements of a subpoena issued from the court, or a refusal to testify in the court.

Fiscal Effect: This provision may result in increased administrative costs for the Legal Rights Service. Few cases will be affected under this provision since the majority of the time the agency is able to obtain records under section 5123.06(E) of the Revised Code without court action.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
LRS Legal Rights Service									
GRF	054-100	Personal Services	\$ 162,281	\$ 162,281	\$ 162,281	\$ 0	-100.00%	\$ 0	N/A
GRF	054-200	Maintenance	\$ 33,938	\$ 33,938	\$ 33,938	\$ 0	-100.00%	\$ 0	N/A
GRF	054-300	Equipment	\$ 1,856	\$ 1,856	\$ 1,856	\$ 0	-100.00%	\$ 0	N/A
GRF	054-321	Support Services	----	----	\$ 0	\$ 198,075	N/A	\$ 198,075	0.00%
GRF	054-401	Ombudsman	\$ 291,247	\$ 291,247	\$ 291,247	\$ 291,247	0.00%	\$ 291,247	0.00%
General Revenue Fund Total			\$ 489,322	\$ 489,322	\$ 489,322	\$ 489,322	0.00%	\$ 489,322	0.00%
416	054-601	Gifts and Donations	----	----	\$ 1,352	\$ 0	-100.00%	\$ 0	N/A
5M0	054-610	Program Support	\$ 36,293	\$ 3,800	\$ 75,000	\$ 81,352	8.47%	\$ 81,352	0.00%
General Services Fund Group Total			\$ 36,293	\$ 3,800	\$ 76,352	\$ 81,352	6.55%	\$ 81,352	0.00%
305	054-602	Protection and Advocacy-Developmentally Disabled	\$ 1,339,550	\$ 1,462,544	\$ 1,369,082	\$ 1,500,000	9.56%	\$ 1,500,000	0.00%
3AG	054-613	Protection/Advocacy-Voter Accessibility	\$ 103,938	\$ 106,786	\$ 114,090	\$ 115,000	0.80%	\$ 115,000	0.00%
3B8	054-603	Protection and Advocacy-Mentally Ill	\$ 1,032,422	\$ 995,983	\$ 1,059,041	\$ 1,089,999	2.92%	\$ 1,089,999	0.00%
3CA	054-615	Work Incentives Planning and Assistance	----	----	\$ 204,260	\$ 355,000	73.80%	\$ 355,000	0.00%
3N3	054-606	Protection and Advocacy-Individual Rights	\$ 581,447	\$ 541,176	\$ 550,283	\$ 560,000	1.77%	\$ 560,000	0.00%
3N9	054-607	Assistive Technology	\$ 154,743	\$ 163,130	\$ 141,686	\$ 160,000	12.93%	\$ 160,000	0.00%
3R9	054-604	Family Support Collaborative	\$ 108,063	\$ 99,570	\$ 59,083	\$ 55,000	-6.91%	\$ 55,000	0.00%
3R9	054-616	Developmental Disability Publications	----	----	\$ 65,000	\$ 130,000	100.00%	\$ 130,000	0.00%
3T2	054-609	Client Assistance Program	\$ 418,266	\$ 356,964	\$ 400,553	\$ 435,000	8.60%	\$ 435,000	0.00%
3X1	054-611	Protection and Advocacy for Beneficiaries of Social Security	\$ 173,257	\$ 160,855	\$ 187,784	\$ 235,001	25.14%	\$ 235,001	0.00%
3Z6	054-612	Traumatic Brain Injury	\$ 74,087	\$ 81,374	\$ 65,137	\$ 70,000	7.47%	\$ 70,000	0.00%
Federal Special Revenue Fund Group Total			\$ 3,985,772	\$ 3,968,382	\$ 4,215,999	\$ 4,705,000	11.60%	\$ 4,705,000	0.00%
5AE	054-614	Grants and Contracts	\$ 49,504	\$ 75,689	\$ 114,834	\$ 100,000	-12.92%	\$ 100,000	0.00%
State Special Revenue Fund Group Total			\$ 49,504	\$ 75,689	\$ 114,834	\$ 100,000	-12.92%	\$ 100,000	0.00%
Legal Rights Service Total			\$ 4,560,892	\$ 4,537,193	\$ 4,896,507	\$ 5,375,674	9.79%	\$ 5,375,674	0.00%

Ohio Medical Transportation Board

Sara D. Anderson, Senior Budget Analyst

- Planned merger repealed
- Moneys redirected to Fund 4K9
- House Bill 85 dramatically expanded scope of responsibility

OVERVIEW

Duties and Responsibilities

The Ohio Medical Transportation Board acts as the regulatory authority for all private, hospital-based, commercial ambulances, wheelchair vans (ambulettes), mobile intensive care units, medical helicopters, and fixed-wing medical aircraft operating within the state. The Board is responsible for establishing minimum operating standards, requires annual licensing of all regulated organizations, requires an annual vehicle permit for each vehicle, and conducts physical inspections of locations and vehicles. Currently, the Board licenses approximately 369 organizations and 2,500 medical transportation vehicles.

The Board has ten members (nine voting members and one nonvoting member) all of whom are appointed by the Governor, with the advice and consent of the Senate. Members are not compensated, but are reimbursed for expenses incurred in the performance of their duties. Its current staff includes 3 full-time employees, 2 contract part-time in-house staff, and 24 contract field inspectors.

Consolidation Repealed

Amended Substitute House Bill 66 of the 126th General Assembly contained a temporary law provision that: (1) expressed the intent of the General Assembly to consolidate the Board within the Department of Public Safety not later than July 1, 2006, (2) created a transition team to develop a plan to ensure the smooth and timely transition of the Board into the Department, and (3) expressed the intent of the General Assembly to introduce a bill in FY 2006 that would include the necessary statutory changes to effect the consolidation and include revised appropriations for FY 2007. Amended Substitute House Bill 530 of the 126th General Assembly repealed that temporary law provision. Thus, the Board was never consolidated with the Department of Public Safety.

Agency in Brief

The following table selectively summarizes Board appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3	\$471,450	\$473,450	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007.

On February 26, 2006, the Controlling Board approved a \$35,000 increase in the Board's FY 2007 appropriation authority, from \$388,450 to \$423,450, largely to fund additional contract inspectors who perform on-site inspections and investigate licensees. The need for this increase reflected a noticeable expansion in the scope of the Board's licensing and inspection responsibilities resulting from the enactment of Am. Sub. H.B. 85 of the 125th General Assembly, effective March 9, 2004, with certain sections effective January 1, 2004. The levels of funding provided under the enacted budget, \$471,450 in FY 2008 and \$473,450 in FY 2009, appear to be sufficient to permit the Board to meet its minimum statutory requirements.

Notable Provisions

The enacted permanent and temporary law provisions that directly affect the Board's budget and operations are summarized immediately below.

- ***Elimination of the Ohio Medical Transportation Trust Fund (R.C. 4513.263, 4743.05, and 4766.05).*** Under prior law, the Board deposited its fees and other moneys into the Ohio Medical Transportation Trust Fund (Fund 4N1). The enacted budget eliminates the Ohio Medical Transportation Trust Fund and authorizes fees and moneys collected by the Board to be deposited into the Occupational Licensing and Regulatory Fund (Fund 4K9). Functionally, this will change the Board's accounting system from a cash accounting system to an accrual-based accounting system in an effort to have a more streamlined approach to fiscal management. Numerous state licensing boards deposit funds and fees received into Fund 4K9 to accommodate cash flow needs for the various boards.
- ***Cash Transfer to Occupational Licensing and Regulatory Fund (Section 333.10).*** The enacted budget contains a temporary law provision that instructs the Director of Budget and Management to: (1) transfer the cash balance in the Ohio Medical Transportation Fund (Fund 4N1) to the Occupational Licensing and Regulatory Fund (Fund 4K9), (2) cancel any existing encumbrances against appropriation item 915-601, Operating Expenses, and (3) reestablish any existing encumbrances against appropriation item 915-604, Operating Expenses. Once the transfers have been completed, the Ohio Medical Transportation Trust Fund is abolished.
- ***Annual Report (R.C. 4766.22).*** The enacted budget creates a requirement that the Board: (1) not later than 45 days after the end of each fiscal year, submit an annual report to the Governor and General Assembly that provides information on the Board's operations for that fiscal year, including the number of licenses and permits issued and renewed, fees collected, complaints received, and investigations conducted, and (2) post the report on its web site and make it available to the public on request.

Technology Initiative

The Board is still in the process of implementing a technological initiative that will allow: (1) medical transportation organizations to apply for initial and renewal licensure online, and (2) field inspectors to complete on-site inspections, and submit information and complete the licensing process online. It is expected that this technology will reduce the amount of paperwork and time that staff currently expend as part of the licensing and inspection process.

ANALYSIS OF THE BUDGET

For budget purposes, as detailed below, the Ohio Medical Transportation Board is considered a single program series agency and its activities are not subdivided into multiple programs.

Single Program Series

License/Registration/Enforcement

Purpose: To regulate the medical transportation profession

The following table shows the line item that is used to fund the Ohio Medical Transportation Board's licensing, registration, and enforcement activities, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	915-604	Operating Expenses	\$471,450	\$473,450
General Services Fund Subtotal			\$471,450	\$473,450
Total Funding: License/Registration/Enforcement			\$471,450	\$473,450

Program Description: The Ohio Medical Transportation Board acts as the regulatory authority for all private, hospital-based, commercial ambulances, wheelchair vans (ambulettes), mobile intensive care units, medical helicopters, and fixed-wing medical aircraft operating within the state. The Board is responsible for establishing minimum operating standards for medical transportation services throughout Ohio, requires annual licensing of all regulated organizations, requires an annual vehicle permit for each vehicle, and conducts physical inspections of locations and vehicles.

Funding Sources (in order of magnitude): (1) annual licenses and permits for regulated medical transportation organizations and related vehicles, (2) 2% of seat belt fine moneys, and (3) civil penalties

Implication of the Budget: The appropriation levels, \$471,450 in FY 2008 and \$473,450 in FY 2009, appear to be sufficient to permit the Board to meet its minimum statutory requirements.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
AMB Ohio Medical Transportation Board									
4K9	915-604	Operating Expenses	---	---	---	\$ 471,450	N/A	\$ 473,450	0.42%
4N1	915-601	Operating Expenses	\$ 371,213	\$ 394,401	\$ 388,450	\$ 0	-100.00%	\$ 0	N/A
General Services Fund Group Total			\$ 371,213	\$ 394,401	\$ 388,450	\$ 471,450	21.37%	\$ 473,450	0.42%
Ohio Medical Transportation Board Total			\$ 371,213	\$ 394,401	\$ 388,450	\$ 471,450	21.37%	\$ 473,450	0.42%

Ohio Public Defender Commission

- County reimbursement rate projected at around 25%
- Goal is to maintain legal services
- Civil legal aid on the rise

Joseph Rogers, Senior Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Public Defender Commission, which was created effective January 13, 1976, pursuant to Am. Sub. H.B. 164 of the 111th General Assembly, provides, supervises, and coordinates legal representation for persons who cannot afford to hire an attorney to represent that person in criminal court. Arguably, from a fiscal perspective, the Commission's most significant role is as administrator of the subsidy program that partially reimburses counties for indigent defense expenditures related to the operation of local public defender offices or the use of appointed counsel.

Other notable Commission activities include:

- Establishing the standards and guidelines for county public defenders and appointed counsel, including a maximum fee schedule, and supervising the compliance with these standards.
- Providing technical assistance to county public defenders and appointed counsel.
- Providing legal services to inmates at the state's correctional facilities, trial level representation in some capital cases, and appellate and post-appeals representation in capital and noncapital cases.
- Serving as a portal through which funds are transferred to the Ohio Legal Assistance Foundation (OLAF) for the purpose of providing financial assistance to legal aid societies throughout the state.

The Commission itself consists of nine appointed members. The Governor appoints five of the members, including the chair. The Supreme Court of Ohio appoints the other four members. To foster a nonpartisan structure, no more than five Commission members can be from one of the two major political parties. The Commission appoints a state public defender that maintains and administers the Office of the Ohio Public Defender. The Commission and the Office of the Public Defender share a common state budget.

County Indigent Defense Services Delivery Systems

In meeting the right to counsel obligations in criminal matters, each county has the option of: (1) establishing a county public defender system, (2) establishing a joint county public defender system, (3) adopting a schedule to pay private appointed counsel, (4) contracting with the state public defender, and (5) contracting with a nonprofit corporation. A county may use one or any combination of the above options, and, in point of fact, most opt to utilize county public defender offices or appointed counsel systems.

Agency in Brief

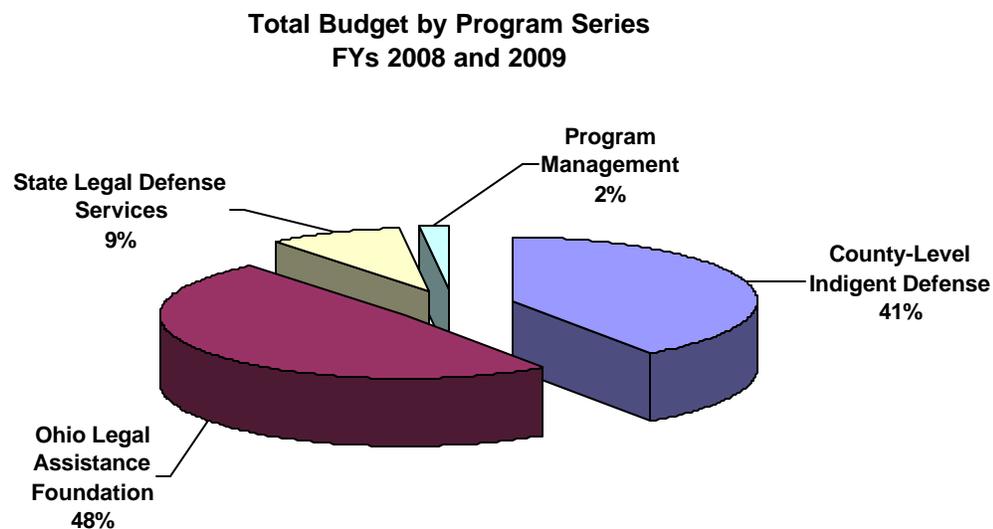
The statutory responsibilities performed by the Public Defender are financed primarily through the GRF. Also of note is the fact that an increasing portion of the Public Defender’s total annual budget, in the range of 50%, is being used to provide statutorily mandated non-GRF support to legal aid societies through the Ohio Legal Assistance Foundation. The following table selectively summarizes Public Defender appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
127	\$38.08 million	\$38.05 million	\$82.58 million	\$82.77 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007. This figure includes 117 full-time permanent employees, but does not include appointed Commission members.

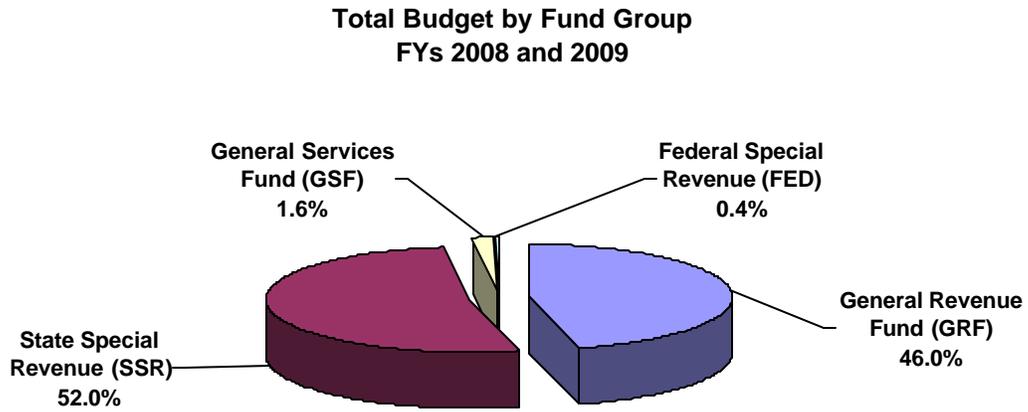
Expense by Program Series Summary

The pie chart immediately below shows the Public Defender’s total appropriations (FYs 2008 and 2009) by program series. The Public Defender’s budget is built around four program series that can be summarized as follows: (1) State Legal Defense Services, the purpose of which is to provide legal representation to indigent adults, juveniles, and incarcerated individuals in state and federal courts, (2) County-Level Indigent Defense, the purpose of which is to provide, facilitate, and improve the delivery of criminal defense services to indigent persons accused of crimes handled by common pleas, municipal, and county courts, (3) Ohio Legal Assistance Foundation, the purpose of which is to administer and fund the state’s civil legal services program, and (4) Program Management, the purpose of which is to provide necessary support services common to most state agencies, including fiscal and accounting, personnel and training, and computer information systems.



Expense by Fund Group Summary

The pie chart immediately below shows the Public Defender’s total appropriations (FYs 2008 and 2009) by fund group.



ANALYSIS OF THE BUDGET

What follows is LSC fiscal staff's analysis of the Public Defender's enacted budget covering FYs 2008 and 2009. The presentation of that budget information is organized around the following four program series.

- **Program Series 1: State Legal Defense Services**
- **Program Series 2: County-Level Indigent Defense**
- **Program Series 3: Ohio Legal Assistance Foundation**
- **Program Series 4: Program Management**

Program Series

1: State Legal Defense Services

Purpose: Provides legal representation and services to indigent adults, juveniles, and incarcerated individuals in state and federal courts when Ohio law, the Ohio Constitution, or the U.S. Constitution requires representation

The following table shows the line items that are used to fund the State Legal Defense Services program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	019-321	Public Defender Administration	\$3,610	\$3,610
GRF	019-401	State Legal Defense Services	\$5,718,916	\$5,917,261
General Revenue Fund Subtotal			\$5,722,526	\$5,920,871
General Services Fund				
101	019-602	Inmate Legal Assistance	\$33,338	\$34,638
407	109-604	County Representation	\$219,800	\$227,500
408	019-605	Client Payments	\$303,822	\$149,903
5CX	019-617	Civil Case Filing Fee	\$313,205	\$492,703
General Services Fund Subtotal			\$870,165	\$904,744
Federal Special Revenue Fund				
3S8	019-608	Federal Representation	\$350,948	\$364,917
Federal Special Revenue Fund Subtotal			\$350,948	\$364,917
Total Program Series Funding: State Legal Defense Services			\$6,943,639	\$7,190,532

This analysis focuses on the following specific programs within the State Legal Defense Services program series:

- **Program 1.01: Appeals and Postconviction Representation**
- **Program 1.02: Death Penalty Representation**
- **Program 1.03: Intake and Prison Services**
- **Program 1.04: Juvenile Legal Assistance**
- **Program 1.05: Legal Resource Center**
- **Program 1.06: Trial Services**
- **Program 1.07: Investigation Services**

Program 1.01: Appeals and Postconviction Representation

Program Description: This program provides legal representation in state and federal courts to indigent persons who claim they are unlawfully incarcerated. Attorney staff, with the assistance of support staff, review the claims of unlawful incarceration of indigent persons to determine whether their claims have arguable merit. If arguable merit is present, attorney staff litigate the claim in the appropriate court. This program has nine staff attorneys and three supervising attorneys who provide representation in over 800 cases per year where the indigent claim unlawful incarceration.

Funding Source: (1) GRF, (2) all moneys collected by the state from defendants who were provided appointed counsel or a public defender and ordered to pay all or a portion of the costs of their defense, and (3) 20%, or \$5, of a nonrefundable \$25 application fee assessed certain indigent defendants or parties in juvenile court

Implication of the Budget: The enacted budget fully funds the Public Defender's requested amounts for this program, which should enable the Public Defender to continue providing FY 2007 levels of service in FYs 2008 and 2009.

The loss of attorney staff over time has led to reductions in the number of cases that can be handled under this program, and to longer delays in the delivery of existing services. Given that there are more than 49,000 prisoners incarcerated in Ohio, the Public Defender's attorneys are unable to provide representation to every inmate requesting assistance. This program area has a total of 12 staff attorneys; thus, the Public Defender has had to develop criteria for screening the number of petitions in order that they may focus scarce resources on those cases that have arguable merit. For example, legal representation is not provided to inmates who pleaded guilty and did not have a trial.

Program 1.02: Death Penalty Representation

Program Description: The purpose of this program is to: (1) provide competent legal counsel to indigent persons under the sentence of death, (2) assist private appointed attorneys in death penalty cases, and (3) support training seminars on death penalty law to help ensure that the state bar meets requirements imposed under Ohio Supreme Court Superintendence Rule 20.

Funding Source: (1) GRF, (2) 4% of filing fees collected by municipal courts, county courts, and courts of common pleas in each new civil action or proceeding, subject to exceptions on certain matters filed in the probate division of a court of common pleas, and forwarded to the state, and (3) partial reimbursement payments received from federal courts as a result of federal courts appointing the Commission to provide legal representation in federal habeas corpus death penalty cases

Implication of the Budget: The enacted budget fully funds the Public Defender's request for this program, all of which will be allocated toward maintaining FY 2007 levels of service in FYs 2008 and 2009. The Public Defender has striven to reduce program costs by seeking reimbursements from the courts for the cost of expert witnesses and reducing travel. The Public Defender considers this program its highest priority.

Of the program's 20 attorneys, 17 are available to work on capital appeals, postconviction, and habeas corpus cases. The remaining three attorneys focus on capital trial cases. The Public Defender is the counsel of record for roughly half of the inmates on death row. These attorneys not only provide counsel during the review of death penalty cases through the state courts, but also as those cases go through the federal habeas litigation process, which is complex and time consuming. Public Defender staff does not expect any decrease in the demand for capital case legal services.

Program 1.03: Intake and Prison Services

Program Description: This program consists of three units: (1) Intake, which fields calls, handles routine questions, and receives initial requests for legal representation, (2) Records Management, which opens new case files, gathers relevant documents, delivers the files to supervisors for attorney assignment, and generates statistical reports, and (3) Prison Legal Services, which provides legal advice to inmates at the three reception centers in Ohio's prison system. Incoming inmates receive an orientation, information regarding their legal rights, and an opportunity to speak with an attorney regarding their case. The program also provides representation in select parole revocation matters.

Funding Source: (1) GRF, (2) all moneys collected by the state from defendants who were provided appointed counsel or a public defender and ordered to pay all or a portion of the costs of their defense, (3) 20%, or \$5, of a nonrefundable \$25 application fee assessed certain indigent defendants or parties in juvenile court, (4) 4% of filing fees collected by municipal courts, county courts, and courts of common pleas in each new civil action or proceeding, subject to exceptions on certain matters filed in the probate division of a court of common pleas, and forwarded to the state, and (5) quarterly legal services payments transferred from the GRF maintenance budget of the Ohio Department of Rehabilitation and Correction's Marion Correctional Institution

Implication of the Budget: The enacted budget fully funds the Public Defender's request for this program, all of which will be allocated toward maintaining FY 2007 levels of service in FYs 2008 and 2009. The Public Defender should be able to provide orientation services to around 27,000 new inmates per year, as well as representation in certain parole revocation hearings in which the parolee is entitled to counsel. During FY 2006, the Public Defender provided representation in 1,926 parole board cases; a similar annual caseload is expected in FYs 2008 and 2009.

Program 1.04: Juvenile Legal Assistance

Program Description: The purpose of this program is to: (1) provide legal assistance and representation to juveniles who have been committed to the Department of Youth Services, and (2) coordinate and provide training to defense attorneys who handle juvenile work and provide legislative advocacy on right to counsel issues and other substantive issues involving children in the juvenile justice system.

Funding Source: GRF

Implication of the Budget: The enacted budget fully funds the Public Defender's request for this program, all of which will be allocated toward maintaining FY 2007 levels of service in FYs 2008 and 2009. At this point in time, all of the costs for this program are funded with GRF moneys.

Program 1.05: Legal Resource Center

Program Description: The purpose of this program is to support the Commission's Law Library, which is maintained pursuant to section 120.04(B)(1) of the Revised Code requiring the Public Defender to maintain an office equipped with a library of adequate size, considering the needs of the office and the accessibility of other libraries, and other necessary facilities and equipment.

Funding Source: GRF

Implication of the Budget: The enacted budget fully funds the Public Defender's request for this program, all of which will be allocated toward maintaining FY 2007 levels of service in FYs 2008 and 2009. As this program focuses on legal research, and because subscription based online services are

emphasized, the major factor that drives the cost of this program are publisher prices, which steadily increase every year. The collection of materials is continually evaluated to determine if lesser-used materials can be cancelled. That said, Public Defender staff believe it can no longer eliminate materials without compromising the service to the legal staff and clientele.

Program 1.06: Trial Services

Program Description: The purpose of this program is to provide direct representation and assistance to local counsel in trial level cases to indigent defendants throughout Ohio. Given that only three staff attorneys are available, representation is provided in a limited number of cases. Generally, the only times this program provides representation is when there are no local attorneys qualified to provide representation in a case.

Funding Source: (1) GRF, (2) moneys a county is required to pay the Public Defender for legal representation when the Public Defender is designated by the court or requested by a county public defender or joint county public defender to provide legal representation for an indigent person in certain cases, and (3) moneys a county is required to pay the Public Defender for 100% of the cost of investigation or mitigation services provided by the Public Defender to private appointed counsel or to a county or joint county public defender in certain cases

Implication of the Budget: During FY 2006, the Trial Services program provided representation or assistance in 121 cases, of which 32 were completed and 89 were pending at year's end. Given the enacted level of funding for this program, the Public Defender expects to provide a similar level of trial services in FYs 2008 and 2009.

Program 1.07: Investigation Services

Program Description: The Investigation Services Program provides: (1) both criminal and mitigation investigation services for Public Defender's staff attorneys on trial and appellate level death penalty and non-death penalty cases on behalf of indigent defendants in both adult and juvenile courts in Ohio, and (2) criminal and mitigation investigation services for county public defender attorneys and court appointed attorneys on death penalty and nondeath penalty cases on behalf of indigent defendants.

Funding Source: GRF

Implication of the Budget: Given the level of funding for this program in the enacted budget, Public Defender staff expect to maintain the program's FY 2007 service levels in FYs 2008 and 2009.

Program Series**2: County-Level Indigent Defense**

Purpose: To provide, facilitate, and improve the delivery of criminal defense services to indigent persons accused of crimes handled by common pleas, municipal, and county courts

The following table shows the line items that are used to fund the County-Level Indigent Defense program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	019-403	Multi-County: State Share	\$766,402	\$762,727
GRF	019-404	Trumbull County - State Share	\$244,816	\$243,650
GRF	019-405	Training Account	\$31,324	\$31,324
GRF	019-501	County Reimbursement	\$29,834,251	\$29,572,857
General Revenue Fund Subtotal			\$30,876,793	\$30,610,558
State Special Revenue Fund				
4C7	019-601	Multi-County: County Share	\$2,181,300	\$2,288,200
4X7	019-610	Trumbull County - County Share	\$696,800	\$731,000
State Special Revenue Fund Subtotal			\$2,878,100	\$3,019,200
Total Program Series Funding: County-Level Indigent Defense			\$33,754,893	\$33,629,758

This analysis focuses on the following specific programs within the County-Level Indigent Defense program series:

- **Program 2.01: Indigent Defense Reimbursement**
- **Program 2.02: Branch Offices**
- **Program 2.03: Pro Bono Training**

Program 2.01: Indigent Defense Reimbursement

Program Description: Under this program, the Public Defender subsidizes counties for the cost of providing counsel to indigent persons in criminal and juvenile matters pursuant to the requirements of sections 120.18, 120.28, and 120.33 through 120.35 of the Revised Code. The Revised Code stipulates that the Public Defender shall reimburse the counties 50% of the costs of operating their local indigent defense systems, unless the legislature appropriates less funding than needed to reimburse at 50%, in which case each county receives a reduced share.

Funding Source: GRF

Implication of the Budget: The enacted budget appropriates \$29.8 million in FY 2008 and \$29.6 million in FY 2009 for this program, which is about \$1.1 million less than what the Public Defender initially requested in each fiscal year. This level of funding is not expected to allow the Public Defender to reimburse counties at the FY 2007 level of 28% of their annual cost of providing indigent defense legal services. The enacted level of funding corresponds to a reimbursement rate of about 25% in FY 2008 and 24% in FY 2009. The Public Defender's fiscal staff has calculated that it would need additional GRF funding in the amount of \$30,065,731 in FY 2008 and \$33,694,566 in FY 2009 to reimburse counties for the full 50% of their annual cost of providing indigent defense legal services.

Also of note is a temporary law provision associated with the enacted budget of The Judiciary/Supreme Court that requires the transfer of the total FY 2008 unencumbered appropriations in GRF line item 005-321, Operating Expenses - Judiciary/Supreme Court, to FY 2009 and appropriates the transferred amount to the Public Defender's GRF line item 019-501, County Reimbursement, in FY 2009.

Program 2.02: Branch Offices

Program Description: Under the Branch Offices program, the Public Defender provides local indigent defense services as an alternative to traditional appointed counsel or county public defender offices. The Public Defender currently operates two such offices, referred to as the Trumbull County and the Multi-County Offices, respectively. The Trumbull County Branch Office, established in FY 1985, provides local indigent defense services for Trumbull County. The Multi-County Branch Office provides local indigent defense services to ten counties in the south and southeastern part of Ohio. The ten counties are Adams, Athens, Brown, Fayette, Jackson, Meigs, Pickaway, Pike, Ross, and Washington, with public defender offices located in Athens, Ross, and Washington counties. The Multi-County Branch Office was established in January 1991. These state public defender-operated offices are authorized under section 120.04(C)(7) of the Revised Code.

Funding Source: (1) GRF, (2) payments from ten counties in south and southeastern Ohio for their portion of the costs of operating the Commission's Multi-County Branch Office, and (3) payments from Trumbull County for their portion of the costs of operating the Commission's Trumbull County Branch Office

Implication of the Budget: Although the branch office systems operate as an alternative to traditional public defender offices and appointed counsel systems, these operations are still affected by changes in state funding just like the direct indigent defense reimbursement system. As the level of state funding decreases, the state share of the branch office systems declines proportionate to the state reimbursement rate. For the FY 2008 - 2009 biennium, given the level of enacted funding for this program, the rate of state support for the branch offices will drop to 25% in FY 2008 and 24% in FY 2009.

Program 2.03: Pro Bono Training

Program Description: Under the Public Defender's Pro Bono Training program, it contracts with private and non-profit training companies to provide continuing legal education (CLE) certified seminars to attorneys who practice criminal indigent defense law. The Public Defender pays the seminar companies a fee for each attorney who attends a seminar under the program. The seminar companies presently charge \$125 per attorney for a regular one-day seminar and \$250 per attorney for the two-day Rule 20 seminars.

Funding Source: GRF

Implication of the Budget: The enacted FY 2008 and FY 2009 appropriations are identical to the program's estimated FY 2007 expenditure of \$31,324. All things being equal, this would allow the same number of attorneys to be trained, depending, of course, on whether the fees charged by seminar providers will change over the course of the next two years. There is no staff associated with this program.

Program Series**3: Ohio Legal Assistance Foundation**

Purpose: To administer and fund the state's civil legal services program

The following table shows the single line item that is used to fund the Ohio Legal Assistance Foundation program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
574	019-606	Civil Legal Aid	\$39,993,881	\$39,993,619
State Special Revenue Fund Subtotal			\$39,993,881	\$39,993,619
Total Program Series Funding: Ohio Legal Assistance Foundation			\$39,993,881	\$39,993,619

The Ohio Legal Assistance Foundation program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ **Program 3.01: Ohio Legal Assistance Foundation**

Program 3.01: Ohio Legal Assistance Foundation

Program Description: The Ohio Legal Assistance Foundation (OLAF) is a nonprofit entity, created by statute, and charged with administering state funds for Ohio's legal aid societies. The Foundation, established by Am. Sub. H.B. 152 of the 120th General Assembly, effective July 1993, develops financial support and solicits financial contributions for use in providing assistance to Ohio's legal aid societies. Moneys from four dedicated funding sources are deposited in Fund 574 and are then passed through the Public Defender to the Foundation. The Foundation then administers payments to nonprofit legal aid societies that provide legal representation to indigent persons in civil cases. These payments are distributed to legal aid societies throughout the state pursuant to a statutory formula based on poverty population. Every county is served by one or more legal aid societies.

Funding Source: (1) Interest-bearing trust accounts established and maintained by attorneys, law firms, or legal professional associations pursuant to sections 4705.09 and 4705.10 of the Revised Code, (2) interest-bearing trust accounts established and maintained by title insurance agents or title insurance companies pursuant to section 3953.231 of the Revised Code, (3) additional filing fees collected by municipal, county, and common pleas courts on each new civil action or proceeding pursuant to sections 1901.26, 1907.24, and 2303.201 of the Revised Code, and (4) gifts, bequests, donations, contributions, and income from investments

Implication of the Budget: The enacted budget fully funds the Public Defender's requested annual appropriation levels for the Ohio Legal Assistance Foundation program series. This essentially means that around \$40 million in each of FYs 2008 and 2009 was appropriated, and will be disbursed, for the purpose of supporting the state's legal aid societies.

Prior to FY 2006, of the remaining portion of each fiscal year's appropriation for line item 019-606, Civil Legal Aid, 4.5% was reserved for the Ohio Legal Assistance Foundation (OLAF) to pay for the actual, reasonable costs in administering the program. As a result of a statutory change contained in Am. Sub. H.B. 66, the main operating appropriations act for the 126th General Assembly, OLAF is now permitted to keep an additional 15% of the revenues credited to the fund. Under current law, then, this 15% is combined with the 4.5% that was previously used to administer the program, and this combined

amount is then transferred to an entirely different fund, the Legal Assistance Foundation Fund, which is not a fund of the state treasury, but rather a private fund under OLAF's custody and control.

Pursuant to division (D)(1)(c) of section 120.53 and division (A) of section 120.521 of the Revised Code, the 15% set aside is used to: (1) actively solicit and accept gifts, bequests, donations, and contributions for use in providing financial assistance to legal aid societies, (2) enhance or improve the delivery of civil legal services to indigents; and (3) operate the foundation. In each of FYs 2008 and 2009, approximately \$7.5 million, or 19.5%, of the civil legal aid revenues will be transferred to the Legal Assistance Foundation Fund. An additional \$6,119 in FY 2008 and \$6,381 in FY 2009 will be charged as administrative costs borne by the Public Defender for salaries and telephone expenses associated with managing Foundation activities.

Program Series

4: Program Management

Purpose: To provide quality support services that are responsive to the Public Defender's needs, goals, and objectives

The following table shows the line items that are used to fund the Program Management program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	019-321	Public Defender Administration	\$1,283,794	\$1,311,540
GRF	019-401	State Legal Defense Services	\$195,107	\$203,331
General Revenue Fund Subtotal			\$1,478,901	\$1,514,871
State Special Revenue Fund				
574	019-606	Civil Legal Aid	\$6,119	\$6,381
State Special Revenue Fund Subtotal			\$6,119	\$6,381
General Services Fund				
5CX	019-617	Civil Case Filing Fee	\$96,032	\$105,697
408	019-605	Client Payments	\$307,715	\$326,857
General Services Fund Subtotal			\$403,747	\$432,554
Total Program Series Funding: Program Management			\$1,888,767	\$1,953,806

The Program Management program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ Program 4.01: Program Management

Program 4.01: Program Management

Program Description: This program encompasses the Public Defender's Administrative Division, which provides the necessary services common to most state agencies, including fiscal and accounting, personnel and training, computer information systems, purchasing, fleet management, and delivery. In addition, the Administrative Division also provides services specifically mandated by Chapter 120. of the Revised Code, including: collecting reimbursement from the counties for legal

services provided by the Public Defender, processing reimbursement to the counties for indigent defense programs, and producing educational seminars and conferences.

Funding Source: (1) GRF, (2) all moneys collected by the state from defendants who were provided appointed counsel or a public defender and ordered to pay all or a portion of the costs of their defense, (3) 20%, or \$5, of a nonrefundable \$25 application fee assessed certain indigent defendants or parties in juvenile court, (4) 4% of filing fees collected by municipal courts, county courts, and courts of common pleas in each new civil action or proceeding, subject to exceptions on certain matters filed in the probate division of a court of common pleas, and forwarded to the state, and (5) an amount the Public Defender is permitted to assess the Legal Aid Fund for the reasonable costs of administering the state's legal aid society law

Implication of the Budget: The enacted budget for the Program Management program series is slightly less than the amount that the Public Defender requested for the purpose of maintaining FY 2007 staffing and service levels over the course of the FY 2008 - 2009 biennium. As a result, actions to reduce planned expenditures may need to be taken, including the possible loss of an administrative position, either through a layoff or attrition should there be a retirement.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: **FY 2007 Adj.** **FY 2008** **% Change** **FY 2009** **% Change**
FY 2006: Appropriations: **Appropriations:** **2007 to 2008:** **Appropriations:** **2008 to 2009:**

Report For: Main Operating Appropriations Bill

Version: Enacted

PUB Public Defender Commission, Ohio

GRF	019-321	Public Defender Administration	\$ 1,256,539	\$ 1,289,281	\$ 1,262,438	\$ 1,287,404	1.98%	\$ 1,315,150	2.16%
GRF	019-401	State Legal Defense Services	\$ 5,606,797	\$ 5,708,060	\$ 5,704,117	\$ 5,914,023	3.68%	\$ 6,120,592	3.49%
GRF	019-403	Multi-County: State Share	\$ 830,225	\$ 733,006	\$ 823,621	\$ 766,402	-6.95%	\$ 762,727	-0.48%
GRF	019-404	Trumbull County - State Share	\$ 268,211	\$ 240,321	\$ 256,380	\$ 244,816	-4.51%	\$ 243,650	-0.48%
GRF	019-405	Training Account	\$ 31,050	\$ 29,745	\$ 31,324	\$ 31,324	0.00%	\$ 31,324	0.00%
GRF	019-501	County Reimbursement	\$ 30,618,206	\$ 30,060,000	\$ 30,000,000	\$ 29,834,251	-0.55%	\$ 29,572,857	-0.88%
GRF	019-503	County Reimbursement - Capital Cases	\$ 726,000	---	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	019-504	Reimbursement: Mandate Assistance	\$ 1,147,719	\$ 620,491	\$ 0	\$ 0	N/A	\$ 0	N/A
General Revenue Fund Total			\$ 40,484,748	\$ 38,680,903	\$ 38,077,880	\$ 38,078,220	0.00%	\$ 38,046,300	-0.08%
101	019-602	Inmate Legal Assistance	\$ 51,153	\$ 50,078	\$ 32,338	\$ 33,338	3.09%	\$ 34,638	3.90%
406	019-603	Training and Publications	---	---	\$ 16,000	\$ 0	-100.00%	\$ 0	N/A
407	019-604	County Representation	\$ 94,723	\$ 167,176	\$ 188,810	\$ 219,800	16.41%	\$ 227,500	3.50%
408	019-605	Client Payments	\$ 161,096	\$ 197,701	\$ 650,966	\$ 611,537	-6.06%	\$ 476,760	-22.04%
5CX	019-617	Civil Case Filing Fee	---	\$ 10,830	\$ 556,800	\$ 409,237	-26.50%	\$ 598,400	46.22%
General Services Fund Group Total			\$ 306,972	\$ 425,785	\$ 1,444,914	\$ 1,273,912	-11.83%	\$ 1,337,298	4.98%
3S8	019-608	Federal Representation	\$ 309,259	\$ 305,784	\$ 315,287	\$ 350,948	11.31%	\$ 364,917	3.98%
Federal Special Revenue Fund Group Total			\$ 309,259	\$ 305,784	\$ 315,287	\$ 350,948	11.31%	\$ 364,917	3.98%
4C7	019-601	Multi-County: County Share	\$ 1,762,114	\$ 1,962,234	\$ 2,104,368	\$ 2,181,300	3.66%	\$ 2,288,200	4.90%
4X7	019-610	Trumbull County - County Share	\$ 583,325	\$ 624,033	\$ 665,860	\$ 696,800	4.65%	\$ 731,000	4.91%
574	019-606	Civil Legal Aid	\$ 14,417,013	\$ 22,421,963	\$ 52,000,000	\$ 40,000,000	-23.08%	\$ 40,000,000	0.00%
State Special Revenue Fund Group Total			\$ 16,762,453	\$ 25,008,230	\$ 54,770,228	\$ 42,878,100	-21.71%	\$ 43,019,200	0.33%
Public Defender Commission, Ohio Total			\$ 57,863,431	\$ 64,420,703	\$ 94,608,309	\$ 82,581,180	-12.71%	\$ 82,767,715	0.23%

Department of Public Safety

Sara D. Anderson, Senior Budget Analyst

- Stopgap moneys for Patrol; Task Force to study matter
- Federal REAL ID Act implementation deadline looms
- GRF checks in at 1% of total agency operating budget
- Critical ATPS update in the works

OVERVIEW

Duties and Responsibilities

The mission of the Department of Public Safety is to save lives, reduce injuries and economic loss, administer Ohio's motor vehicle laws, and preserve the safety and well being of all citizens with the most cost-effective and service-oriented methods available. For the purposes of accomplishing this mission, the Department is organized into the following eight divisions:

- **Administration.** Provides management, coordination, and oversight for the Department.
- **Ohio State Highway Patrol.** Enforces traffic laws and commercial motor safety regulations and protects state property, the Governor, and visiting dignitaries.
- **Bureau of Motor Vehicles.** Oversees driver and motor vehicle licensing and registration.
- **Investigative Unit.** Enforces Ohio's liquor, tobacco sale, and food stamp rules.
- **Emergency Management Agency.** Coordinates statewide preparation, response, and recovery to emergencies and disasters.
- **Emergency Medical Services.** Oversees the certification of emergency medical technicians (EMTs) and firefighters and provides that these people are properly trained, educated, and prepared for emergency situations.
- **Homeland Security.** Coordinates all homeland security activities of state and local agencies and oversees the licensing and regulation of private investigators and security guards.
- **Criminal Justice Services.** Administers federal financial assistance intended to improve state and local criminal and juvenile systems.

Agency in Brief

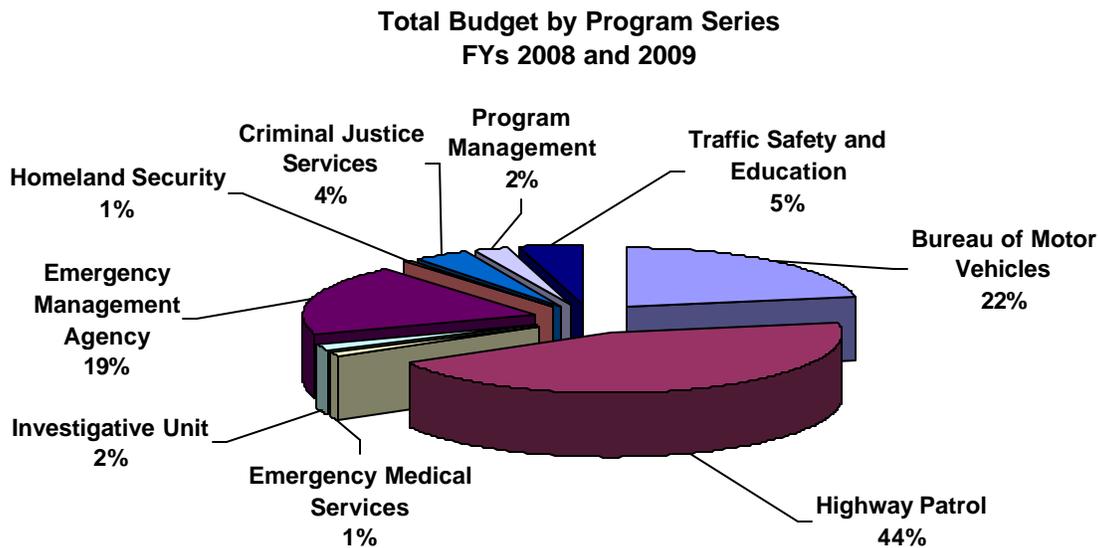
The following table selectively summarizes Public Safety appropriations and staffing information. Funding for the Department's biennial operating budget covering FYs 2008 and 2009 is split between two bills enacted by the 127th General Assembly: Am. Sub. H.B. 67, the appropriations act for programs related to transportation and public safety, and Am. Sub. H.B. 119, the main operating appropriations act.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
4,081	\$690.80 million	\$698.37 million	\$5.73 million	\$5.73 million	Am. Sub. H.B. 67 Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007. This figure includes 3,986 full-time permanent employees.

Expense by Program Series Summary

The pie chart immediately below shows total Department of Public Safety appropriations (FYs 2008 and 2009) by program series. A program series is a method of categorizing or grouping goods and/or services provided by a given agency that are closely related or similar in nature. For the purposes of this analysis, LSC fiscal staff has grouped the Department's biennial appropriations into nine program series. This appropriations information includes all of the Department's revenue streams.



Motor Vehicle Fuel Tax and Shrinkage Rate for Petroleum Products

Motor Vehicle Fuel Tax

Under the Taft administration, the Ohio State Highway Patrol was shifted from a reliance on state motor fuel tax revenues and provided with dedicated new funding from licenses and registration fees. This shift began during the FY 2004 - 2005 biennium when, in FY 2004, the motor fuel tax cash transfer was reduced to 75% of the FY 2003 receipts (a cash transfer of \$140.14 million), and, in FY 2005, the motor fuel tax transfer was reduced to 50% of the FY 2003 receipts (a cash transfer of \$94.36 million). In the FY 2006 - 2007 biennium, the motor fuel tax cash transfer was reduced to 30% of the FY 2003 receipts in FY 2006 (a cash transfer of \$57.18 million) and to 20% of the FY 2003 receipts in FY 2007 (a cash transfer of \$38.50 million). The plan was that, as of FY 2008, the Patrol would no longer receive any funding via the state motor fuel tax. The enacted transportation budget for the FY 2008 - 2009 biennium, Am. Sub. H.B. 67, however, makes temporary changes to the motor vehicle excise tax law, the

practical effect of which, as discussed in more detail below, is to generate additional revenues for the Patrol's use over the course of FYs 2008 and 2009.

In order to make up for the projected loss in revenue from the motor fuel tax, Am. Sub. H.B. 87 of the 125th General Assembly included several provisions that increased driver's license, vehicle registration, and temporary tag fees. In addition, Am. Sub. H.B. 68 of the 126th General Assembly allowed the Department to retain the entire existing \$10 fee for a special state reserved license plate and the entire existing \$35 fee for a special reserved license plate for deposit to the credit of the State Highway Safety Fund (Fund 036). Previously, \$2.50 of the \$10 fee for a special state reserved license plate, and \$30 of the \$35 fee for a special reserved license plate, was deposited to the credit of the Department of Transportation's Highway Operating Fund (Fund 002).

Shrinkage Rate for Petroleum Products

The transportation budget for the FY 2008 - 2009 biennium, as enacted by Am. Sub. H.B. 67, makes temporary changes to the tax base under the motor fuel tax (MFT). Specifically, the budget contains language reducing the number of gallons of motor fuel that a motor fuel dealer may claim as a shrinkage allowance from 3% of total gallons handled to 1% for FYs 2008 and 2009. Similarly, the number of gallons for which a retail dealer of motor fuel may claim a refund as compensation for shrinkage is temporarily reduced from 1% to 0.5% of gallonage sold to retailers. Both provisions have the effect of increasing the MFT tax base.

Current law requires motor fuel dealers (*i.e.*, wholesalers) to report and pay the MFT on the number of gallons of taxable fuel handled, but allows them to subtract 3% of those gallons as an allowance for shrinkage. Similarly, retail dealers of motor fuel are permitted to apply for a refund under the tax based on 1% of the gallons that they handle on which tax has been paid.²² Retail dealers in motor fuel do not pay the MFT directly, but they purchase fuel from wholesalers who have paid the tax. The price that retailers pay to wholesalers therefore includes the MFT.

In Am. Sub. H.B. 66 of the 126th General Assembly, temporary changes were made to both shrinkage allowances. It reduced the 3% allowance for dealers to 2.5% for FY 2006 and 1.95% for FY 2007, and it reduced the 1% allowance for retailers to 0.83% in FY 2006 and 0.65% in FY 2007. All these reductions were contained in an uncodified section of the bill (Section 557.09.07), so that in the absence of any action by the General Assembly, the shrinkage allowance for dealers would revert to 3% beginning July 1, 2007, and the allowance for retailers would revert to 1% on that date.

The effect of the Am. Sub. H.B. 67 requirement to reduce the shrinkage allowance for FYs 2008 and 2009 will be to increase the revenue to several state funds and to counties, municipalities, and townships for highway-related projects. The increased revenue results from an increase in the amount of tax paid by dealers due to an effective increase in the number of gallons that are taxable under the MFT. The amount of revenue involved is approximately \$20.5 million per year.

The transportation budget as enacted by Am. Sub. H.B. 67 contains a temporary law provision requiring the Treasurer of State, prior to making any distributions for the evaporation/shrinkage allowance listed in sections 5735.23, 5723.26, 5735.291, and 5735.30 of the Revised Code, to deposit at least the first \$1.25 million, and up to \$1.6 million, received each month to the credit of the State Highway Safety

²² Although dealers are permitted to claim a 3% allowance on other taxable gallons, they are permitted to claim just a 2% allowance on taxable gallons sold to a retailer. Together with the 1% refund that a retailer may claim, that makes the total allowance on gallons sold to retailers 3%, matching the allowance on other taxable gallons.

Fund (Fund 036). Annually, this means in the range of \$15.0 million to \$19.2 million will be credited to Fund 036 in each of FYs 2008 and 2009. The remaining revenue, estimated in the range of \$1.3 million to \$5.5 million annually, would be distributed pursuant to current law relative to the crediting of certain motor vehicle tax receipts as follows:

- 1% directed to the Department of Natural Resources (0.875% to the Waterways Safety Fund and 0.125% to the Wildlife Boater Angler Fund).
- 0.275% directed to the Department of Taxation.
- Approximately 71.3% directed to the Department of Transportation.
- Approximately 23.8% directed to counties, municipalities, and townships for highway-related projects.
- Approximately 3.6% directed to the Public Works Commission for use in the Local Transportation Infrastructure Program.

Multi-Agency Radio Communications System (MARCS)

As the deficiencies in Ohio's existing communications systems became apparent during several disasters and emergency situations in the late 1980s and early 1990s, Ohio's Multi-Agency Radio Communications System (MARCS), a state-of-the-art radio communications system, was developed to enable voice and data communications to be shared statewide by various state, local, and federal agencies. The state's Department of Administrative Services assumed the role of managing/guiding the procurement process and administering the infrastructure as MARCS became operational. The Ohio State Highway Patrol has been assigned the task of maintaining the system's tower sites.

Currently, MARCS serves 14 state agencies (of which the Department of Public Safety is one of the largest users), 138 local health departments, 172 hospitals, all 88 sheriff offices and county emergency management agencies, and more than 110 fire, police, and first responder agencies. MARCS supports voice and data services, utilizing a total of 203 radio sites and supporting approximately 19,370 total voice users and 2,251 data devices.

The MARCS program officially began on October 2, 1998; work on establishing the system began in 2000; the final communication tower was completed in December 2004; and the system became fully operational in April 2006.

MARCS implementation, construction, and equipment costs have been funded primarily through capital appropriations totaling around \$300 million, of which approximately \$275 million has been disbursed to date.

The system is set up to run in a rotary capacity, which means that the subscriber base covers the operating expenses (technical support, network operations, and remote communications), estimated at approximately \$11 million annually. Subscribers are billed based on the number of mobile voice radios, wireless mobile data units, and computer-aided dispatch terminals utilized.

Automated Title Processing System (ATPS)

The Automated Title Processing System (ATPS) is a computerized, statewide system linking all 88 clerks of courts and their branch offices for the issuance of motor vehicle and watercraft titles. The system maintains records for all motor vehicles and watercraft in Ohio and it performs the accounting functions of the related fees and taxes. The system is very complex since it maintains the title repository

of over 95 million titles on file, performs approximately 7 million new transactions annually, and provides an intricate accounting system necessary for the calculation and collection of sales taxes.

The Bureau of Motor Vehicles is planning to spend, subject to available appropriations, an estimated \$12 million over the course of FYs 2008 and 2009 to affect the planned rewrite/replacement of this system. The rewrite will replace the current ATPS, which was deployed statewide in early 2000, and cost an estimated \$15.3 million. The new version will completely change the technical infrastructure with new computers, disk storage and the operating software to run it on. The technological advances in the last six years and the lack of support for systems that are over five years old make it necessary to replace the existing ATPS.

Last fiscal year, all the county and central servers, back up storage, and uninterruptible power supply systems were replaced for \$4.4 million. This will not be a part of the currently planned rewrite.

Federal REAL ID Act

The federal REAL ID Act of 2005 is intended to deter terrorism by, among other things, establishing national standards for state-issued driver's licenses and nondriver's identification cards. The national license/ID standards cover: (1) what data must be included on the card, (2) what documentation must be presented before a card can be issued, and (3) how the states must share their databases. In the case of Ohio, implementation of these national standards will fall under the purview of the Department's Bureau of Motor Vehicles.

The REAL ID Act is scheduled to take effect on May 11, 2008, three years after the law passed. After that date, a federal agency will not be permitted to accept, for any official purpose, a driver's license or identification card issued by a state to any person unless the state is meeting the requirements specified in the REAL ID Act.

On March 2, 2007, the U.S. Department of Homeland Security released draft rules related to the implementation of the Act. Included in the draft rules is a provision that allows states to apply for an extension for implementation. States may apply for an extension that would last until December 2009. Congress has appropriated \$40 million to assist states with the implementation, a level of federal financial assistance that many have asserted is inadequate relative to the fiscal burden imposed by the Act. Thus, states are facing an uncertain future relative to meeting the implementation deadline.

The cost to Ohio for initial development of the required identification system has been estimated at \$45 million, with ongoing system maintenance costs estimated at \$16 million annually. How Ohio will finance those costs is uncertain.

Permanent and Temporary Law Provisions

The previously mentioned bills enacted by the 127th General Assembly – Am. Sub. H.B. 67 and Am. Sub. H.B. 119 – contain numerous permanent and temporary law provisions that affect not only the operations of the Department of Public Safety specifically, but issues of public safety and protection more generally, including, but not limited to, the following:

- ***Family Violence Prevention Fund.*** Existing permanent law requiring the Director of Public Safety to use money credited to the Family Violence Prevention Fund (Fund 5BK) to provide grants to family violence shelters in Ohio is amended to require that the Director also use the money to operate the Division of Criminal Justice Services in the Department of Public Safety, whose duties under continuing law as a criminal justice planning agency include the

- administration of federal family violence prevention and services funds. Related temporary law states that, in each of FYs 2008 and 2009: (1) the first \$750,000 received to the credit of Fund 5BK in each of those fiscal years be appropriated to line item 768-689, Family Violence Shelter Programs, (2) the next \$400,000 received to the credit of Fund 5BK in each of those fiscal years be appropriated to line item 768-687, Criminal Justice Services Operating, and (3) any moneys received to the credit of Fund 5BK in excess of the aforementioned appropriated amounts in each fiscal year shall, upon the approval of the Controlling Board, be disbursed to provide grants to family violence shelters in Ohio.
- **Drug Law Enforcement Fund.** Temporary law: (1) requires the Director of Budget and Management to transfer \$800,000 in cash in each of FYs 2008 and 2009 from the Attorney General's Charitable Foundations Fund (Fund 418) to the Department of Public Safety's newly created Drug Law Enforcement Fund (Fund 5ET), and (2) requires the Division of Criminal Justice Services to use the appropriated moneys for the purpose of awarding grants to local law enforcement agencies with regard to the enforcement of laws relating to illegal drug activity.
 - **Southern Ohio Drug Task Force.** Temporary law requires, notwithstanding section 3737.71 of the Revised Code, at the beginning of FYs 2008 and 2009 or as soon as possible thereafter, the Director of Budget and Management to transfer \$125,000 in cash from the Department of Commerce's State Fire Marshal Fund (Fund 546) to the Department of Public Safety's Public Safety Services Fund (Fund 5CC). Those amounts are earmarked to be distributed directly to the Southern Ohio Drug Task Force by the Division of Criminal Justice Services.
 - **EMA Disaster Preparedness and Response Grants.** Temporary law requires the Director of Budget and Management to transfer \$350,000 in cash in each of FYs 2008 and 2009 from the Attorney General's Reparations Fund (Fund 402) to Public Safety's newly created Disaster Preparedness Fund (Fund 5EX). Of those transferred amounts, \$275,000 is earmarked in FY 2008 and \$350,000 in FY 2009 for a grant to the American Red Cross Greater Columbus Chapter for implementation of programs to assist in disaster preparedness and response throughout Ohio, and \$75,000 is earmarked in FY 2008 for the Fire and Emergency Services Regionalization Project of Berea and Olmstead Falls.
 - **Ohio Task Force One – Urban Search and Rescue Unit.** Temporary law earmarks \$200,000 in GRF line item 763-403, Operating Expenses – EMA, in each fiscal year to be used to fund the Ohio Task Force One – Urban Search and Rescue Unit and other urban search and rescue programs around the state to create a stronger search and rescue capability statewide.
 - **Appropriations for the Division of Homeland Security.** Permanent law is amended to remove language, enacted when the Division of Homeland Security was created in 2003, declaring the intent of the General Assembly that the creation of the division “not result in an increase in funding appropriated to the department.” Arguably, the removal of this intent language carries no fiscal effect. Since its creation, it appears that the Division's operating expenses have been, and will continue to be, financed by moneys appropriated from the Department's Fund 840, which consists of fines collected from, or money arising from bonds or bail forfeited by, persons apprehended or arrested by Ohio State Highway Patrol troopers.
 - **Cash Balance Fund Review.** Temporary law requires the Director of Budget and Management to review, on an annual basis, the cash balances for each fund in the State Highway Safety Fund Group, with the exception of the State Highway Safety Fund (Fund

- 036) and the State Bureau of Motor Vehicles Fund (Fund 4W4), and recommend to the Controlling Board an amount to be transferred to the credit of Fund 036 or Fund 4W4, as appropriate.
- **Cash Transfers of Seat Belt Fine Revenues.** Temporary law allows the Director of Public Safety to request that the Controlling Board approve the transfer of cash between the following four funds that receive fine revenues from enforcement of the mandatory seat belt law: (1) the Trauma and Emergency Medical Services Fund (Fund 83M), (2) the Elementary School Program Fund (Fund 83N), (3) the Trauma and Emergency Medical Services Grants Fund (Fund 83P), and (4) the Seat Belt Education Fund (Fund 844).
 - **Motor Vehicle Registration.** Temporary law: (1) allows the Registrar of Motor Vehicles to deposit revenues obtained pursuant to sections 4503.02 and 4504.02 of the Revised Code, less all other available cash, to meet the cash needs of the State Bureau of Motor Vehicles Fund (Fund 4W4), (2) requires revenues deposited pursuant to this provision be used to support, in part, appropriations for operating expenses and defray the cost of manufacturing and distributing license plates and license plate stickers and enforcing the law relative to the operating and registration of motor vehicles, (3) not withstands section 4501.03 of the Revised Code, to require that the revenues obtained pursuant to sections 4503.02 and 4504.02 of the Revised Code be paid into Fund 4W4 before being paid into any other fund, and (4) requires the deposit of revenues to meet the cash needs be in approximate equal amounts on a monthly basis or as otherwise determined by the Director of Budget and Management pursuant to a plan submitted by the Registrar of Motor Vehicles.
 - **Capital Projects.** Temporary law authorizes the Registrar of Motor Vehicles to transfer cash from the State Bureau of Motor Vehicles Fund (Fund 4W4) to the State Highway Safety Fund (Fund 036) to meet its obligations for the Public Safety Office Building, Warehouse Facility, and Canton One Stop Shop capital projects.
 - **Traffic Safety Operating Fund.** Temporary law transfers the cash balance in the Traffic Safety Operating Fund (Fund 5AY) to the Highway Safety Fund (Fund 036). The provision also requires the Director of Budget and Management to cancel any existing encumbrances against line item 764-688, Traffic Safety Operating, and reestablish them against line item 764-321, Operating Expense – Highway Patrol. Once the transfers are complete, the Traffic Safety Operating Fund is abolished.
 - **Hilltop Transfer.** Temporary law authorizes the Director of Budget and Management to transfer funds from the Highway Operating Fund to the Highway Safety Fund. The amount that could be transferred would be the Department of Transportation's share of the Hilltop Building Project and is determined by the Director of Public Safety, with the agreement of the Director of Transportation.
 - **REAL ID Act Extension.** Temporary law directs the Director of Public Safety to request an extension of time to meet the requirements of the federal REAL ID Act of 2005. Absent an extension, which is permitted under federal law, states generally must comply with the REAL ID Act by May 11, 2008, or the federal government will be prohibited from accepting state-issued drivers' licenses and identification cards for official federal purposes such as boarding an airplane or entering a federal building. The Director is required to make the request as soon as practicable, but not later than October 1, 2007.

- **State Highway Patrol Funding Task Force.** Temporary law creates the State Highway Patrol Funding Task Force and requires the Task Force to study the method of funding the State Highway Patrol and issue a report of its findings to the General Assembly and the Governor by July 1, 2008. The Governor must appoint the members of the Task Force. The Task Force must include in the report a recommendation for a dedicated and stable long-term funding source for the State Highway Patrol. Upon issuing its report, the Task Force ceases to exist.
- **Lawrence County Land Conveyance.** Temporary law authorizes the South Point Board of Education to execute a deed conveying to the Superintendent of the State Highway Patrol all of the Board's right, title, and interest in certain real estate located in Lawrence County. The consideration for the conveyance is the mutual benefit accruing to the state and the South Point Board of Education from the State Highway Patrol's construction of a new patrol post on the real estate. Authority for the sale expires five years after its effective date.
- **Creation of the Federal Justice Grants Fund.** Permanent law creates the Federal Justice Grants Fund, which is in effect the renaming of the existing Justice Programs Fund (Fund 3L5), to consist of money from federal grants that is received by the Division of Criminal Justice Services for criminal justice programs and that is not required to be credited to an interest-bearing fund or account. This appears to be a state accounting-related provision carrying no readily apparent fiscal effect.
- **Creation of the Justice Program Services Fund.** Permanent law codifies the Justice Program Services Fund, which is in effect a renaming of the existing General Services Fund (Fund 4P6), to consist of money collected by the Division of Criminal Justice Services for nonfederal purposes that is not required to be credited to some other fund and to be used for costs of administering the operations of the Division of Criminal Justice Services. This appears to be a state accounting-related provision carrying no readily apparent fiscal effect.
- **Emergency Purposes/Contingencies.** Temporary law associated with the Controlling Board's budget: (1) permits the Director of Budget and Management to transfer up to \$4.0 million cash in each of FYs 2008 and 2009 from the Disaster Services Fund (Fund 5E2) to the GRF, and (2) permits the Controlling Board, at the request of the Director of Budget and Management or any state agency to transfer these funds for the purpose of providing disaster and emergency situation aid to state agencies and political subdivisions in the event of disasters and emergency situations or for other specified purposes.
- **Disaster Assistance.** Temporary law related to the Controlling Board's GRF line item 911-401, Emergency Purposes/Contingencies, permits the Department of Public Safety to request transfers from line item 911-401 to provide funding for assistance to political subdivisions and individuals made necessary by natural disasters or emergencies.
- **Disaster Services.** Temporary law associated with the Controlling Board's budget: (1) permits the Department of Public Safety to request, and the Controlling Board to approve, transfers from the Disaster Services Fund (Fund 5E2) to a Department of Public Safety fund and appropriation item to provide assistance to political subdivisions made necessary by natural disasters or emergencies, (2) allows such transfers to be requested and approved prior to or following the occurrence of any specific natural disasters or emergencies in order to facilitate the provision of timely assistance, (3) requires the Emergency Management Agency (EMA) to use the funding for the State Disaster Relief Program for disasters declared by the Governor, and the State Individual Assistance Program for disasters declared by the Governor

- and the federal Small Business Administration, and requires EMA to publish and make available application packets for those two programs, (4) requires the Controlling Board, if the Director of Budget and Management determines that sufficient funds exist, to approve requests submitted by state agencies to transfer cash and appropriation authority to any fund and appropriation item for the payment of state agency disaster relief program expenses for disasters declared by the Governor, and (5) transfers the unencumbered balance of the Disaster Services Fund at the end of FY 2008 to FY 2009 for use for the same purposes.
- **Southern Ohio Correctional Facility Cost.** Temporary law related to the Controlling Board's GRF line item 911-401, Emergency Purposes/Contingencies, permits the Division of Criminal Justice Services and the Public Defender Commission, upon approval of the Director of OBM, to request appropriations from line item 911-401 for costs related to the disturbance that occurred on April 11, 1993, at the Southern Ohio Correctional Facility in Lucasville, Ohio.
 - **Mandate Assistance.** The Controlling Board's budget contains funding of \$650,000 in each of FYs 2008 and 2009 for GRF line item 911-404, Mandate Assistance. Related temporary law requires that these appropriations be used to provide financial assistance to: (1) county prosecutors for the cost of prosecuting certain felonies that occur on the grounds of state institutions operated by the Department of Rehabilitation and Correction and the Department of Youth Services, and (2) school districts for the cost of in-service training related to child abuse detection. The Division of Criminal Justice Services would process requests for financial assistance in relation to felony prosecutions.
 - **Utility Radiological Safety Board Assessments.** The maximum amount that may be assessed per fiscal year against nuclear utilities by the Utility Radiological Safety Board for the purpose of enabling the Emergency Management Agency to fulfill its authority and duties under the statutes related to nuclear safety or the Utility Radiological Safety Board, or under agreement with the Nuclear Regulatory Commission, is capped at \$1,260,000 in each of FYs 2008 and 2009, unless the agency and the nuclear electric utility mutually agree to a higher amount by contract.
 - **Deputy Registrar Financial Transactions.** Permanent law is amended to require the Registrar of Motor Vehicles, commencing with deputy registrar contract awards that have a start date of July 1, 2008, and for all contract awards thereafter, to incorporate in the review process a score for whether or not a proposer states that the proposer will accept payment by means of a financial transaction device, including credit cards and debit cards, for all Department of Public Safety transactions conducted at that deputy registrar location. A deputy registrar cannot be required to accept payment by means of a financial transaction device unless the deputy registrar agreed to do so in the deputy registrar's contract. A county auditor that is designated a deputy registrar to choose to accept payment by means of a financial transaction device, including credit cards and debit cards, for all such transactions conducted at the auditor's office in the auditor's capacity as deputy registrar.
 - **State Vehicle Identification Exemptions.** Permanent law is amended to allow the use of license plates that do not designate a vehicle as state owned (known as "cover plates") when a motor vehicle is used to assist a crime victim and a state agency determines that the situation warrants the use of cover plates. This provision, which creates another exception to the general requirement that state vehicles be identified by the license plate as state owned, appears likely to have a negligible fiscal impact on the Department of Public Safety's Bureau of Motor Vehicles, the state agency with responsibility for the licensing of motor vehicles.

- **Limited Secondary Traffic Offense Enforcement.** Permanent law is amended to: (1) prohibit a law enforcement officer from issuing a ticket for a secondary traffic offense at a motor vehicle checkpoint or safety inspection unless the officer either makes an arrest or issues a ticket for a violation other than the secondary traffic offense, (2) prohibit a law enforcement agency that conducts a motor vehicle checkpoint expressly related to a secondary traffic offense from issuing tickets for a secondary offense but allows the agency to distribute information at such a checkpoint, and (3) define “secondary traffic offense” as any of the current offenses where a law enforcement officer is prohibited from stopping vehicles for the sole purpose of enforcing the particular traffic law (specifically, seat belt violations, certain requirements for temporary instruction permit holders and probationary license holders including curfew and occupant restrictions, and the proper restraint of children between the ages of 4 and 15). It appears that some amount of state and local court cost and fine revenues that might otherwise have been collected in the enforcement of secondary traffic offenses at checkpoints and inspections may, subsequent to the provision’s enactment, no longer be collected under similar circumstances in the future. The magnitude of the potential revenue loss to the state and any affected local jurisdiction annually is, as of this writing, uncertain.
- **Identification Verification Number for Vehicle Registration.** Permanent law is amended to allow the use of a driver’s license number or state identification number when applying for a vehicle registration, as options in addition to a person’s social security number, which is generally required under current law. The Bureau of Motor Vehicles is required to implement the new provision by September 1, 2007. The Department estimates that this provision will require approximately 1,500 hours of work at a one-time cost of around \$120,000.
- **Photo-Monitoring Devices.** Permanent law is amended to: (1) establish that a motor vehicle leasing dealer or motor vehicle renting dealer who receives a ticket for an alleged traffic law violation detected by a traffic law photo-monitoring device is not liable for a ticket issued for a vehicle that was in the care, custody, or control of a lessee or renter, but requires the dealer to notify whoever issued the ticket of the vehicle lessee or renter’s name and address, and (2) prohibit the dealer from paying such a ticket and then attempting to collect a fee or assess the lessee or renter a charge for any payment of such a ticket made on behalf of the lessee or renter. Currently, there are around ten communities in Ohio that are using photo red light traffic enforcement systems. As of this writing, the impact of these provisions on the revenue and expenditure activities of those communities is uncertain.
- **Motor Vehicle Auctions.** Permanent law is amended to: (1) allow any person to conduct not more than two auctions of classic motor vehicles (over 26 years old) per year without being licensed by the Registrar of Motor Vehicles to sell or auction motor vehicles and establishes the conditions for such an auction, (2) allow a motor vehicle auction owner licensed under the Motor Vehicle Dealer Law to: (a) conduct an auction of classic motor vehicles at the motor vehicle auction owner’s place of business and auction vehicles at that location to any person and (b) conduct an auction at a motor vehicle dealer’s place of business and auction vehicles at that location to any person, and (3) specify that an auction owner is exempt under Auctioneers’ Law only if the auction owner exclusively sells motor vehicles to a licensed motor vehicle dealer. Department of Public Safety staff have indicated that these provisions are likely to generate a one-time increase in Bureau of Motor Vehicle expenditures related to the development of the form that the auctioneer is required to file before conducting any classic motor vehicle auctions.

Vetoed Provisions

The Governor vetoed the provision in Am. Sub. H.B. 119 that would have required the Director of Budget and Management to transfer \$1,000,000 cash in FY 2008 from the Department of Public Safety's Automated Title Processing Fund (Fund 849) to the Attorney General's Title Defect Rescission Fund (Fund 4Y7).

Staffing Levels

The table below displays the staffing levels for each of the Department's divisions from FYs 2004 through 2009. The numbers presented for FYs 2007-2009 are probably best viewed as a maximum number of authorized full-time equivalent (FTE) staff positions, with the actual number being a function of available funding and vacancy rates.

Department of Public Safety Staffing Levels by Fiscal Year						
Division	2004	2005	2006	2007*	2008*	2009*
Administration	97	97	96	91	91	91
Bureau of Motor Vehicles	894	891	888	882	882	882
Emergency Management Agency	97	97	98	101	101	101
Emergency Medical Services	27	27	27	26	26	26
Investigative Unit	133	133	133	133	133	133
Ohio State Highway Patrol**	2,699	2,699	2,739	2,739	2,739	2,739
Homeland Security	10	13	15	25	25	25
Criminal Justice Services	N/A	N/A	26	25	25	25
Totals	3,957	3,957	4,022	4,022	4,022	4,022

*The staffing levels displayed in the above table for FYs 2007-2009 are estimates.

**The number of authorized uniformed personnel is around 1,580.

Note: In December 2005, Public Safety's staffing level was increased by 65 positions: 36 uniformed positions, 26 positions for the Division of Criminal Justice Services, and 3 non-uniformed Patrol positions for LEADS and the Turnpike.

ANALYSIS OF THE BUDGET

What follows is LSC fiscal staff's analysis of the Department of Public Safety's biennial operating budget covering FYs 2008 and 2009 as contained in two bills enacted by the 127th General Assembly: Am. Sub. H.B. 67 and Am. Sub. H.B. 119. The presentation of this analysis is organized around the following nine program series:

- **Program Series 1: Traffic Safety and Education**
- **Program Series 2: Bureau of Motor Vehicles**
- **Program Series 3: Ohio State Highway Patrol**
- **Program Series 4: Emergency Medical**
- **Program Series 5: Investigative Unit**
- **Program Series 6: Emergency Management Agency**
- **Program Series 7: Homeland Security**
- **Program Series 8: Criminal Justice Services**
- **Program Series 9: Program Management**

Program Series

1: Traffic Safety and Education

Purpose: To save lives, reduce injuries, and minimize loss to Ohioans through dissemination of information regarding the Department of Public Safety's safety programs and the distribution of federal funds to support safety programs

The following table shows the line items that are used to fund the Traffic Safety and Education program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund (GSF)				
4S3	766-661	Hilltop Utility Reimbursement	\$500,000	\$500,000
General Services Fund Subtotal			\$500,000	\$500,000
Highway Safety Fund (HSF)				
036	761-321	Operating Expense – Information/Education	\$3,645,598	\$3,645,598
036	761-402	Traffic Safety Match	\$277,137	\$277,137
036	766-321	Operating Expense – Administration	\$3,568,359	\$3,532,711
830	761-603	Salvage and Exchange – Administration	\$20,000	\$20,000
831	761-610	Information and Education – Federal	\$468,982	\$468,982
83N	761-611	Elementary School Seat Belt Program	\$375,000	\$375,000
832	761-612	Traffic Safety – Federal	\$16,577,565	\$16,577,565
844	761-613	Seat Belt Education Program	\$395,700	\$411,528
846	761-625	Motorcycle Safety Education	\$3,698,084	\$4,010,865
Highway Safety Fund Subtotal			\$29,026,425	\$29,319,386
Agency Fund (AGY)				
5J9	761-678	Federal Salvage/GSA	\$1,500,000	\$1,500,000
Agency Fund Subtotal			\$1,500,000	\$1,500,000
Total Funding: Traffic Safety and Education			\$31,026,425	\$31,319,386

The Traffic Safety and Education program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ **Program 1.01: Safety and Education**

Program 1.01: Safety and Education

Program Description: The Governor's Highway Safety Office, which was created pursuant to federal Highway Safety Act of 1966, uses the moneys appropriated for the Safety and Education program: (1) for the award and distribution of funds to implement Ohio's federally funded Traffic Safety Action Plan, (2) to administer and enforce rules concerning instruction required for beginning drivers of commercial trucks, cars, buses, and commercial tractors and trailers, and (3) to provide state-mandated motorcycle safety courses to the public.

Funding Source (in order of magnitude): (1) Federal funds, (2) Fund 036, which consists of moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways or to fuels used for propelling such vehicles, (3) Six dollars from each motorcycle registration and \$25 course tuition charged to all motorcycle safety program participants, except minors, (4) moneys used to make purchases of surplus federal property on behalf of local governments, (5) 16% of seat belt fine revenue, (6) charge-backs to other funds in the departments of Public Safety and Transportation, and (7) proceeds from the sale of motor vehicles and related equipment

Implication of the Budget: The enacted level of funding for the Safety and Education program for FYs 2008 and 2009 is less than what the Department requested by roughly \$700,000 and \$1.2 million, respectively. These differences are largely a function of the requested and enacted appropriations for two line items that draw their moneys from the Highway Safety Fund (Fund 036): (1) line item 761-321, Operating Expense – Information and Education, and (2) line item 766-321, Operating Expense – Administration. The Department, however, does not anticipate that these differences will cause any need for layoffs or other staffing changes.

Also of note is that the enacted budget for the Safety and Education program contains additional funding for the Motorcycle Ohio Program, which is financed exclusively by motorcycle registration and course tuition fees. This funding increase, in the range of \$1.0 million to \$1.3 million annually, will enable the program to train 1,000 and 2,000 more individuals in 2008 and 2009, respectively, by adding two motorcycle-training ranges. Currently, it is estimated that 13,000-plus Ohioans participate in the program annually statewide.

Program Series**2: Bureau of Motor Vehicles**

Purpose: To provide services relating to motor vehicle titling, registration of motor vehicles, and driver's licenses

The following table shows the line items that are used to fund the Bureau of Motor Vehicles program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund (SSR)				
539	762-614	Motor Vehicle Dealers Board	\$200,000	\$200,000
State Special Revenue Fund Subtotal			\$200,000	\$200,000
Highway Safety Fund (HSF)				
4W4	762-321	Operating Expense – BMV	\$90,394,299	\$85,145,103
4W4	762-410	Registrations Supplement	\$32,480,610	\$32,480,610
5V1	762-682	License Plate Contributions	\$2,100,000	\$2,100,000
83R	762-639	Local Immobilization Reimbursement	\$750,000	\$750,000
835	762-616	Financial Responsibility Compliance	\$5,843,830	\$6,063,600
849	762-627	Automated Title Processing Board	\$23,487,248	\$19,240,839
Highway Safety Fund Subtotal			\$155,055,987	\$145,780,152
Highway Safety Fund (HSF)				
R24	762-619	Unidentified Motor Vehicle Receipts	\$1,885,000	\$1,885,000
R52	762-623	Security Deposits	\$350,000	\$350,000
Holding Account Redistribution Fund Subtotal			\$2,235,000	\$2,235,000
Total Funding: Bureau of Motor Vehicles			\$157,490,987	\$148,215,152

This analysis focuses on the following specific programs within the Bureau of Motor Vehicles program series:

- **Program 2.01: Licensing and Registration**
- **Program 2.02: Titling of Motor Vehicles**

Program 2.01: Licensing and Registration

Program Description: The key components of the Licensing and Registration program include, but are not limited, the following:

- Registration of 12 million motor vehicles.
- Ensuring the proper collection and distribution of vehicle licensing revenue for taxing districts and other governmental entities (in FY 2006, over \$475 million was collected and distributed to over 2,300 local taxing districts and counties for the purpose of maintaining Ohio's roadways).
- Licensing and regulation of motor vehicle sales, leasing, and salvage industries (over 28,500 licenses have been issued to motor vehicle dealerships and salespersons).
- Oversight of 215 deputy registrars (private contractors) and 12 limited authority deputy registrars.

- Operation of two customer services centers, seven reinstatement offices, and central service operations.
- Credentialing process for approximately 8.8 million individuals who have driver's licenses or state identification cards, which serves as a means to identify individuals, including citizenship status, and to ensure a safe driving environment for the citizens of Ohio.
- Issuance of refunds to individuals and businesses when incorrect payments are received and to hold revenue until it is properly identified for further distribution, as well as providing a holding place for security deposits received from uninsured motorists involved in traffic accidents until notification by the courts for proper disbursement.

Funding Source (in order of magnitude): (1) Vehicle registration, driver licensing, abstracts, and reinstatement fees, (2) fines for failure to provide proof of financial responsibility, (3) specialty license plate contribution fees ranging from \$10 to \$25, (4) \$100 immobilization fee, (5) four cents from each motor vehicle title, (6) registrar receipts for which a final destination cannot be immediately determined, and (7) security deposits made by uninsured individuals involved in vehicle accidents

Implication of the Budget: The Department requested non-GRF funding totaling \$132.1 million in FY 2008 and \$128.5 million in FY 2009 to maintain existing service levels, including the payroll costs associated with around 870 or so full-time equivalent (FTE) staff positions. The enacted level of funding provides less than the Department's requested amounts by \$2.8 million in FY 2008 and \$4.0 million in FY 2009. Arguably, in the context of annual operations costing in the neighborhood of \$130 million, the enacted budget more or less fully funds the Department's requested level of annual non-GRF funding for the Licensing and Registration program. Thus, at this level of funding, it appears that the Bureau of Motor Vehicles will be able to continue their program functions. Also in the Bureau's plans is a mainframe upgrade/replacement needed in order to keep pace with technological advances as well as computer industry standards for maintenance and support. The mainframe handles over 12 million vehicle registrations issued annually and also serves as the most up-to-date central repository for approximately 8.8 million driver's licenses and identification cards.

Program 2.02: Titling of Motor Vehicles

Program Description: The Titling of Motor Vehicles program involves the development, maintenance, and ongoing support of Ohio's centralized motor vehicle titling system, related accounting system, and staff that support a repository for over 95 million motor vehicle and watercraft titles. An integral component of this process is the Automated Title Processing System (ATPS), which is a computerized system that maintains all of the motor vehicle and watercraft titles in Ohio and also links county clerks of courts and their branch offices. This system was used for over seven million title transactions in FY 2006 and kept accounting records for \$1.3 billion in sales taxes and another \$47 million in title fees.

Funding Source (in order of magnitude): (1) Various titling fees and (2) vehicle registration, driver licensing, abstracts, and reinstatement fees

Implication of the Budget: The Department requested non-GRF funding totaling \$28.1 million in FY 2008 and \$23.7 million in FY 2009 to maintain existing service levels, including the payroll costs associated with 62 full-time equivalent (FTE) staff positions. The enacted budget fully funds the Department's requested levels of annual non-GRF funding for the Titling of Motor Vehicles program. Also in these annual funding levels appears to be moneys for a planned rewrite of the ATPS that will completely change the technical infrastructure with new computers, disk storage, and software. The current ATPS was deployed statewide in early 2000.

Program Series

3: Ohio State Highway Patrol

Purpose: To provide statewide police traffic services to keep Ohio's roadways safe, provide statewide emergency response and support services to the public and criminal justice community, investigate criminal activities on state owned or leased property, and provide security for the Governor and other dignitaries

The following table shows the line items that are used to fund the Ohio State Highway Patrol program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund (GSF)				
4S2	764-660	MARCS Maintenance	\$335,862	\$389,149
General Services Fund Subtotal			\$335,862	\$389,149
Highway Safety Fund (HSF)				
036	764-033	Minor Capital Projects	\$1,250,000	\$1,250,000
036	764-321	Operating Expense – Highway Patrol	\$253,967,276	\$267,539,597
036	764-605	Motor Carrier Enforcement Expenses	\$3,061,817	\$3,340,468
831	764-610	Patrol – Federal	\$2,455,484	\$2,455,484
831	764-659	Transportation Enforcement – Federal	\$5,665,690	\$6,132,592
837	764-602	Turnpike Policing	\$10,893,146	\$11,553,959
838	764-606	Patrol Reimbursement	\$175,000	\$175,000
83C	764-630	Contraband, Forfeitures, Other	\$622,894	\$622,894
83F	764-657	Law Enforcement Automated Data System	\$7,945,555	\$8,275,898
83G	764-633	OMVI Enforcement/Education	\$650,000	\$650,000
83J	764-693	Highway Patrol Justice Contraband	\$2,100,000	\$2,100,000
83T	764-694	Highway Patrol Treasury Contraband	\$21,000	\$21,000
840	764-607	State Fair Security	\$1,396,283	\$1,396,283
840	764-617	Security and Investigations	\$6,231,916	\$6,155,385
840	764-626	State Fairgrounds Police Force	\$788,375	\$788,375
841	764-603	Salvage and Exchange – Highway Patrol	\$1,339,399	\$1,339,399
Highway Safety Fund Subtotal			\$298,563,835	\$313,796,334
Total Funding: Ohio State Highway Patrol			\$298,899,697	\$314,185,483

This analysis focuses on the following specific programs within the Ohio State Highway Patrol program series:

- **Program 3.01: Highway Enforcement**
- **Program 3.02: Non-Highway Enforcement**

Program 3.01: Highway Enforcement

Program Description: The Highway Enforcement program aims to increase highway safety by enforcing traffic laws on Ohio highways, investigating traffic crashes, assisting motorists, interdicting illegal drugs, enforcing vehicle size and weight restrictions, conducting driver's license examinations, and enforcing criminal laws related to auto title fraud.

Funding Source (in order of magnitude): (1) Fund 036, which consists of moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways or to fuels used for propelling such vehicles, (2) cash generated from temporary changes to the motor fuel excise tax shrinkage and evaporation discount and refund amounts, (3) reimbursement from the Ohio Turnpike Commission, (4) federal matching grants, (5) assets seized in drug busts, (6) proceeds from the sale of salvaged automobiles and equipment, (7) fine revenue from operating a vehicle under the influence, (8) MARCS user fees, and (9) rental fees from deputy registrars

Implication of the Budget: The Department requested non-GRF funding totaling \$283.2 million in FY 2008 and \$298.4 million in FY 2009 to maintain existing service levels, including the payroll costs associated with around 2,650 or so full-time equivalent (FTE) staff positions. The enacted budget provides less than the Department's requested levels of annual non-GRF funding by around \$672,000 in FY 2008 and \$818,000 in FY 2009. Arguably, in the context of annual operations costing in the neighborhood of \$280 million, the enacted budget more or less fully funds the Department's requested level of annual non-GRF funding for the Highway Enforcement program. Thus, at this level of funding, it appears that the Ohio State Highway Patrol will be able to continue their program functions of enforcing traffic laws on highways, investigating traffic crashes, and conducting driver's license examinations.

Program 3.02: Non-Highway Enforcement

Program Description: The Non-Highway Enforcement program provides a variety of statewide services, including: (1) off-highway investigations, (2) security for the Governor and other officials and dignitaries, Capitol Square, and other state property, (3) traffic control and security for the Ohio Expositions Commission, (4) non-highway related duties of the Ohio State Highway Patrol at the Ohio State Fair, (5) homeland security, and (6) the Law Enforcement Automated Data System (LEADS), a communication and database network that provides law enforcement agencies with immediate access to information.

Funding Source: (1) LEADS user fees from criminal justice agencies in Ohio and (2) fines resulting from arrests made by Ohio State Highway Patrol troopers

Implication of the Budget: The Department requested non-GRF funding totaling \$18.4 million in FY 2008 and \$18.7 million in FY 2009 to maintain existing service levels, including the payroll costs associated with around 105 or so full-time equivalent (FTE) staff positions. The enacted budget provides less than the Department's requested levels of annual non-GRF funding by \$2.0 million in FY 2008 and \$2.1 million in FY 2009. According to the Department, this funding difference can be absorbed and existing service levels will be maintained.

Program Series**4: Emergency Medical**

Purpose: To save lives and minimize disability in Ohio by responding to injury, illness, and fire

The following table shows the line items that are used to fund the Emergency Medical program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
Highway Safety Fund (HSF)				
83M	765-624	Operating Expenses – Trauma and EMS	\$2,587,627	\$2,587,627
83P	765-637	Trauma and EMS	\$4,429,290	\$4,562,912
831	765-610	EMS/Federal	\$582,007	\$582,007
Highway Safety Fund Subtotal			\$7,598,924	\$7,732,546
Total Funding: Emergency Medical			\$7,598,924	\$7,732,546

The Emergency Medical program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ **Program 4.01: Firefighters and Emergency Medical Technicians**

Program 4.01: Firefighters and Emergency Medical Technicians

Program Description: Under Firefighters and Emergency Medical Technicians program, the Division of Emergency Medical Services, which serves as the administrative arm of the State Board of Emergency Medical Services, performs various tasks, including, but not limited to: (1) overseeing the certification and training of Ohio's emergency medical technicians (EMTs) and firefighters, fire safety inspectors, and fire and EMS instructors, (2) administering grants that are directed primarily to local EMS agencies in support of training and patient care equipment, (3) directing the Emergency Medical Services for Children program, and (4) overseeing the Regional Physicians Advisory System. Ohio currently has more than 41,000-plus and 80,000-plus certified EMTs and firefighters, respectively.

Funding Source (in order of magnitude): (1) 82% of seat belt fine revenue and (2) federal funds

Implication of the Budget: The total amount of funding for the Emergency Medical program for FYs 2008 and 2009 is less than what the Department requested by roughly \$246,000 and \$419,000, respectively. These differences are entirely a function of the requested and enacted appropriations for line item 765-624, Operating Expenses – Trauma and EMS. According to the Department, the program should be able to operate within the enacted budget with no staff layoffs, primarily by leaving vacant positions unfilled, the practical fiscal effect of which is to reduce payroll expenses.

Program Series**5: Investigative Unit**

Purpose: To enforce laws, rules, and regulations, and reduce illegal activity, relating to alcohol, tobacco, food stamp fraud, and gambling

The following table shows the line items that are used to fund the Investigative Unit program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	769-321	Food Stamp Trafficking Enforcement Operations	\$752,000	\$752,000
General Revenue Fund Subtotal			\$752,000	\$752,000
State Special Revenue Fund (SSR)				
5CM	767-691	Federal Investigative Seizure	\$642,175	\$642,175
622	767-615	Investigative Contraband and Forfeiture	\$375,000	\$375,000
850	767-628	Investigative Unit Salvage	\$100,000	\$100,000
State Special Revenue Fund Subtotal			\$1,117,175	\$1,117,175
Liquor Control Fund (LCF)				
043	767-321	Liquor Enforcement – Operations	\$11,435,527	\$11,546,052
Liquor Control Fund Subtotal			\$11,435,527	\$11,546,052
Tobacco Master Settlement Agreement Fund (TSF)				
L87	767-406	Under-Age Tobacco Use Enforcement	\$0	\$375,000
Tobacco Master Settlement Agreement Fund Subtotal			\$0	\$375,000
Highway Safety Fund (HSF)				
831	767-610	Liquor Enforcement – Federal	\$514,184	\$514,184
831	769-610	Food Stamp Trafficking Enforcement – Federal	\$1,032,135	\$1,032,135
Highway Safety Fund Subtotal			\$1,546,319	\$1,546,319
Total Funding: Investigative Unit			\$14,851,021	\$15,336,546

The Investigative Unit program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ **Program 5.01: Investigations**

Program 5.01: Investigations

Program Description: The Investigations program includes four major enforcement responsibilities for laws, rules, and regulations pertaining to: (1) the illegal sale of alcohol beverages, (2) the illegal sale and/or trading of food stamp benefits, (3) the sale of tobacco to underage persons where a liquor permit premise is involved, and (4) the gambling and narcotics trafficking laws as they pertain to liquor permit premises.

Funding Source (in order of magnitude): (1) Liquor sales, (2) federal funds, (3) GRF, (4) seized assets and cash, and (5) sale of salvaged equipment

Implication of the Budget: The enacted amount of non-GRF funding for the Investigations program for FYs 2008 and 2009 is less than what the Department requested by roughly \$1.2 million and

\$2.0 million, respectively. These differences are almost entirely a function of the requested and enacted appropriations for Liquor Control line item 767-321, Liquor Enforcement – Operations. According to the Department, in order to avoid staff layoffs, some cost-cutting measures that can be taken are reducing travel expenses and delaying the purchase of replacement vehicles and crime laboratory equipment.

Program Series**6: Emergency Management Agency**

Purpose: To coordinate the activities of all state agencies charged with emergency management, address mitigation, preparedness, response, and recovery functions before, during, and after a disaster and minimize the effects of all hazards on the general public

The following table shows the line items that are used to fund the Emergency Management Agency (EMA) program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	763-403	Operating Expenses – EMA	\$4,164,697	\$4,164,697
General Revenue Fund Subtotal			\$4,164,697	\$4,164,697
State Special Revenue Fund (SSR)				
4V3	763-662	EMA Service and Reimbursement	\$650,000	\$650,000
5EX	768-625	Disaster Preparedness	\$350,000	\$350,000
657	763-652	Utility Radiological Safety	\$1,260,000	\$1,260,000
681	763-653	SARA Title III HAZMAT Planning	\$271,510	\$271,510
State Special Revenue Fund Subtotal			\$2,531,510	\$2,531,510
Federal Special Revenue Fund (FED)				
329	763-645	Individual Household Grants – Federal	\$13,831,920	\$13,848,251
337	763-609	Federal Disaster Relief	\$27,700,200	\$27,707,636
339	763-647	Emergency Management Assistance and Training	\$85,121,692	\$85,265,885
3N5	763-644	US DOE Agreement	\$175,000	\$175,000
Federal Special Revenue Fund Subtotal			\$126,828,812	\$126,996,772
Total Funding: Emergency Management Agency			\$133,525,019	\$133,692,979

This analysis focuses on the following specific programs within the Emergency Management Agency program series:

- **Program 6.01: Operations, Planning, and Training**
- **Program 6.02: Mitigation and Recovery**

Program 6.01: Operations, Planning, and Training

Program Description: Under the Operations, Planning, and Training program, EMA staff: (1) act as a central point of coordination with county EMA programs, (2) manage the state's Emergency Operations Center (EOC), where agencies gather to coordinate response activities during a disaster, (3) disburse roughly \$80 million in federal emergency management grant moneys annually to counties and other governmental entities, (4) guide the development, implementation, and evaluation of emergency management planning, training, and exercises, (5) oversee and develop county emergency management centers, (6) establish and manage state emergency communications and warning systems, support all EOC functions and related personnel, (7) operate the Ohio Radiological Instrument Maintenance and Calibration Laboratory, (8) liaison with the Nuclear Regulatory Commission, and (9) coordinate emergency preparedness efforts that involve radiological materials.

Funding Source (in order of magnitude): (1) Federal funds, (2) GRF, (3) Utility Radiological Safety Board assessments against nuclear electric utilities, (4) fees generated from services provided

under the STORMS maintenance contract and the radiological instrumentation contract, and (5) grant moneys awarded by the state's Emergency Response Commission

Implication of the Budget: The Department requested a mix of GRF and non-GRF funding totaling \$91.6 million (\$87.6 million non-GRF and \$4.0 million GRF) in FY 2008 and \$91.8 million (\$87.8 million non-GRF and \$4.0 million GRF) in FY 2009 to maintain existing service levels, including the payroll costs associated with 94 full-time equivalent (FTE) staff positions. The enacted budget more or less fully funds the Department's requested levels of annual GRF and non-GRF funding for the Operations, Planning, and Training program. This includes an estimated \$80.0 million to be allocated for annual federal subsidies, primarily moneys to be passed through to local governments for reimbursement of FEMA-approved local emergency management organizations for certain administrative costs (personnel, equipment, and so forth).

Program 6.02: Mitigation and Recovery

Program Description: The Mitigation and Recovery program: (1) provides funding assistance to help individuals and state and local governments recover from the impact of a disaster, and (2) supports the management and implementation of Ohio's mitigation efforts, which are intended to reduce or minimize the impact of future disasters on individuals, businesses, and property.

Funding Source (in order of magnitude): (1) Federal grants, (2) GRF, and (3) funds transferred by the Controlling Board

Implication of the Budget: The Department requested a mix of GRF and non-GRF funding totaling \$41.9 million (\$41.5 million non-GRF and \$366,235 GRF) in FY 2008 and \$41.9 million (\$41.6 million non-GRF and \$366,235 GRF) in FY 2009 to maintain existing service levels, including the payroll costs associated with 16 full-time equivalent (FTE) staff positions. The enacted budget fully funds the Department's requested levels of annual funding for the Mitigation and Recovery program. This includes an estimated \$41.0 million in federal grant moneys to be allocated annually for hazards mitigation and disaster relief.

Program Series**7: Homeland Security**

Purpose: To coordinate the state's homeland security activities

The following table shows the line items that are used to fund the Homeland Security program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund (SSR)				
5B9	766-632	Private Investigator Security Guard Provider	\$1,288,730	\$1,289,883
State Special Revenue Fund Subtotal			\$1,288,730	\$1,289,883
Highway Safety Fund (HSF)				
831	769-631	Homeland Security – Federal	\$1,500,000	\$1,552,500
840	769-632	Homeland Security – Operating	\$1,913,276	\$1,989,807
Highway Safety Fund Subtotal			\$3,413,276	\$3,542,307
Total Funding: Homeland Security			\$4,702,006	\$4,832,190

The Homeland Security program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ **Program 7.01: Homeland Security**

Program 7.01: Homeland Security

Program Description: The Homeland Security program: (1) plans, develops, and coordinates statewide resources in support of public and private entities responsible for preventing terrorism, raising awareness, reducing vulnerabilities, and responding to and recovering from terrorist acts, and (2) enforces the laws regulating the private investigator/security guard industry.

Funding Source (in order of magnitude): (1) Fines resulting from arrests made by Ohio State Highway Patrol troopers, (2) federal funds, and (3) license fees for private investigators and security guards and for businesses in this industry

Implication of the Budget: Based on the narrative accompanying the Department's biennial budget request as submitted to the Office of Budget and Management, it appears that the enacted budget fully funds the Homeland Security program's existing level of operating expenses, including the ongoing payroll costs associated with an estimated 24 full-time equivalent staff positions.

Program Series

8: Criminal Justice Services

Purpose: To administer, apply for, allocate, disburse, and account for grants that are made available pursuant to federal criminal justice acts or from other federal, state, or private sources to improve the state's criminal justice system

The following table shows the line items that are used to fund the Criminal Justice Services program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	768-424	Operating Expenses – CJS	\$814,478	\$814,478
General Revenue Fund Subtotal			\$814,478	\$814,478
General Services Fund (GSF)				
4P6	768-601	Justice Program Services	\$100,000	\$100,000
5ET	768-625	Drug Law Enforcement	\$800,000	\$800,000
General Services Fund Subtotal			\$900,000	\$900,000
State Special Revenue Fund (SSR)				
5BK	768-687	Criminal Justice Services Operating	\$400,000	\$400,000
5BK	768-689	Family Violence Shelter Programs	\$750,000	\$750,000
5CC	768-607	Public Safety Services	\$125,000	\$125,000
State Special Revenue Fund Subtotal			\$1,275,000	\$1,275,000
Federal Special Revenue Fund (FED)				
3AY	768-606	Federal Justice Grants	\$13,019,284	\$13,060,000
3L5	768-604	Justice Program	\$11,880,083	\$12,056,300
Federal Special Revenue Fund Subtotal			\$24,899,367	\$25,116,300
Total Funding: Criminal Justice Services			\$27,888,845	\$28,105,778

The Criminal Justice Services program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ **Program 8.01: Criminal Justice Services**

Program 8.01: Criminal Justice Services

Program Description: The range of the Criminal Justice Services program's functions includes, but is not limited to:

- ***Federal criminal justice grants administration.*** Disbursement and monitoring of assorted federal criminal justice system-related grant moneys to various state and local recipients for projects targeting the areas of crime, public safety, residential substance abuse and treatment, family violence prevention, and violence against women (estimated that federal grant awards will exceed a combined \$40 million over the two-year period covering FYs 2008 and 2009).
- ***Planning and evaluation.*** Provision of research, development, needs assessments, and statistical analysis on emerging trends and updated criminal justice information.

- ***Technology programs.*** Coordination of Ohio's Criminal Justice Information System plan, including development of automated systems to promote information and data sharing, maintenance of the Ohio Incident-Based Reporting System (OIBRS), a voluntary crime-reporting system, and provision of the Law Enforcement Officer's Toolkit, a subscription-based records management system.

There are three notable features to the Criminal Justice Services program. First, at one time, the Office of Criminal Justice Services, an independent state agency, performed these program activities. Effective July 2005, the Office of Criminal Justice Services was abolished and its personnel, functions, and operating budget were transferred to the newly created Division of Criminal Justice Services within the Department of Public Safety. Second, the level of staffing for this program, as measured by the number of full-time equivalents (FTEs), has steadily decreased over the course of the last five biennia or so. As a reference point, the program's staffing level was around 62 FTEs over the course of the FY 2000-2001 biennium; the number of program staff currently stands at 25 FTEs. Third, the changing structure and magnitude of federal criminal justice grant programs has significantly decreased the amount of money available for state administrative purposes.

Funding Source (in order of magnitude): (1) Federal funds, (2) GRF, (3) fees for certificates of birth and death and for the filing of a divorce decree or dissolution, and (4) fees charged to law enforcement agencies for goods and services

Implication of the Budget: The Department requested a mix of GRF and non-GRF funding totaling \$27.0 million (\$25.6 million non-GRF and \$1.4 million GRF) in FY 2008 and \$27.2 million (\$25.8 million non-GRF and \$1.4 million GRF) in FY 2009 to maintain existing service levels, including the payroll costs associated with 25 full-time equivalent (FTE) staff positions. The enacted budget provides a level of funding that appears to permit the Division of Criminal Justice Services to maintain existing staffing and service levels.

Program Series**9: Program Management**

Purpose: To provide overall direction and leadership in support of the Department's varied missions as well as to support retirement of bond debt related to various capital projects

The following table shows the line item that is used to fund the Program Management program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
Highway Safety Fund (HSF)				
036	761-401	Lease Rental Payments	\$13,929,500	\$14,017,100
036	766-321	Operating Expense – Administration	\$893,477	\$929,125
Highway Safety Fund Subtotal			\$14,822,977	\$14,946,225
Total Funding: Program Management			\$14,822,977	\$14,946,225

This analysis focuses on the following specific programs within the Program Management program series:

- **Program 9.01: Program Management**
- **Program 9.02: Debt Service**

Program 9.01: Program Management

Program Description: The purpose of the Program Management program is to cover the operating costs of the director's office, including the director and assistant director, chief legal officer, two legislative liaisons, and the public information officer.

Funding Source: Fund 036, which consists of moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways or to fuels used for propelling such vehicles

Implication of the Budget: Based on the narrative accompanying the Department's biennial budget request as submitted to the Office of Budget and Management, it appears that the enacted budget fully funds the ongoing operating expenses of the director's office, including eight existing full-time equivalent (FTE) staff positions.

Program 9.02: Debt Service

Program Description: The Debt Service program/line item picks up the state's debt service tab that must be paid to the Ohio Building Authority (OBA) for its obligations incurred as a result of issuing bonds that cover the Department's capital appropriations.

Funding Source: (1) Cash transferred from the Department of Transportation's Highway Operating Fund (Fund 002) to cover its portion of the Hilltop Building Project, (2) cash transferred from the State Bureau of Motor Vehicles Fund (Fund 4W4) to meet the Bureau's obligations for certain capital projects, and (3) moneys appropriated from the Highway Safety Fund (Fund 036), which consists of moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways or to fuels used for propelling such vehicles

Implication of the Budget: It appears that the enacted budget provides a level of funding that will be sufficient to pay existing bonded debt related to the Hilltop building, the Alum Creek Warehouse facility, Center School renovation, and the Multi-Agency Radio Communications System (MARCS).

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

DHS Public Safety, Department of

GRF	763-403	Operating Expenses - EMA	\$ 3,786,536	\$ 4,130,506	\$ 4,164,697	\$ 4,164,697	0.00%	\$ 4,164,697	0.00%
GRF	763-507	Individual and Households Program - State	\$ 4,522,086	\$ 791,599	\$ 1,650,000	\$ 0	-100.00%	\$ 0	N/A
GRF	768-424	Operating Expenses - CJS	----	\$ 868,809	\$ 1,276,192	\$ 814,478	-36.18%	\$ 814,478	0.00%
GRF	768-502	Mandate Assistance	----	\$ 5,932	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	768-505	SOCF Judicial & Defense Costs	----	\$ 42,450	\$ 44,994	\$ 0	-100.00%	\$ 0	N/A
GRF	769-321	Food Stamp Trafficking Enforcement Operations	\$ 761,139	\$ 732,258	\$ 752,000	\$ 752,000	0.00%	\$ 752,000	0.00%
General Revenue Fund Total			\$ 9,069,761	\$ 6,571,553	\$ 7,887,883	\$ 5,731,175	-27.34%	\$ 5,731,175	0.00%
5ET	768-625	Drug Law Enforcement	----	----	----	\$ 800,000	N/A	\$ 800,000	0.00%
General Services Fund Group Total			----	----	----	\$ 800,000	N/A	\$ 800,000	0.00%
3V8	768-605	Federal Program Purposes FFY01	----	\$ 41,034	\$ 0	----	N/A	----	N/A
Federal Special Revenue Fund Group Total			----	\$ 41,034	\$ 0	----	N/A	----	N/A
5CC	768-607	Public Safety Services	----	\$ 375,000	\$ 325,000	\$ 125,000	-61.54%	\$ 125,000	0.00%
5EX	768-690	Disaster Preparedness	----	----	----	\$ 350,000	N/A	\$ 350,000	0.00%
State Special Revenue Fund Group Total			----	\$ 375,000	\$ 325,000	\$ 475,000	46.15%	\$ 475,000	0.00%
L87	767-406	Under-Age Tobacco Use Enforcement	----	----	----	\$ 0	N/A	\$ 375,000	N/A
Tobacco Master Settlement Agreement Fund Group			----	----	----	\$ 0	N/A	\$ 375,000	N/A
Public Safety, Department of Total			\$ 9,069,761	\$ 6,987,588	\$ 8,212,883	\$ 7,006,175	-14.69%	\$ 7,381,175	5.35%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2006: *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* % Change 2007 to 2008: *FY 2009 Appropriations:* % Change 2008 to 2009:

Report For: Transportation Budget

Version: Enacted

DHS Public Safety, Department of

4P6	768-601	Justice Program Services	---	\$ 16,783	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
4S2	764-660	MARCS Maintenance	\$ 283,398	\$ 522,338	\$ 612,186	\$ 335,862	-45.14%	\$ 389,149	15.87%
4S3	766-661	Hilltop Utility Reimbursement	\$ 229,537	\$ 253,742	\$ 500,000	\$ 500,000	0.00%	\$ 500,000	0.00%
533	763-601	State Disaster Relief	\$ 6,856,492	\$ 10,428,246	\$ 8,779,172	---	N/A	---	N/A
General Services Fund Group Total			\$ 7,369,428	\$ 11,221,109	\$ 9,991,358	\$ 935,862	-90.63%	\$ 989,149	5.69%
329	763-645	Individual Household Grants--Federal	---	\$ 5,047,416	\$ 21,717,710	\$ 13,831,920	-36.31%	\$ 13,848,251	0.12%
337	763-609	Federal Disaster Relief - State Assistance	\$ 55,418,896	\$ 50,626,110	\$ 27,819,161	\$ 27,700,200	-0.43%	\$ 27,707,636	0.03%
339	763-647	Emergency Management Assistance and Training	\$ 86,452,052	\$ 106,713,302	\$ 129,622,000	\$ 85,121,692	-34.33%	\$ 85,265,885	0.17%
3AY	768-606	Federal Justice Grants	---	\$ 2,451,774	\$ 11,500,000	\$ 13,019,284	13.21%	\$ 13,060,000	0.31%
3BF	764-692	Federal Contraband, Forfeiture, and Other	---	\$ 965,027	\$ 1,942,040	---	N/A	---	N/A
3L5	768-604	Justice Program	---	\$ 26,580,878	\$ 25,214,623	\$ 11,880,083	-52.88%	\$ 12,056,300	1.48%
3N5	763-644	US DOE Agreement	\$ 68,476	\$ 31,764	\$ 275,000	\$ 175,000	-36.36%	\$ 175,000	0.00%
Federal Special Revenue Fund Group Total			\$ 141,939,424	\$ 192,416,271	\$ 218,090,534	\$ 151,728,179	-30.43%	\$ 152,113,072	0.25%
4V3	763-662	EMA Service and Reimbursement	\$ 473,864	\$ 473,050	\$ 696,446	\$ 650,000	-6.67%	\$ 650,000	0.00%
539	762-614	Motor Vehicle Dealers Board	\$ 128,780	\$ 130,823	\$ 239,902	\$ 200,000	-16.63%	\$ 200,000	0.00%
5B9	766-632	Private Investigator and Security Guard Provider	\$ 1,074,908	\$ 960,291	\$ 1,188,716	\$ 1,288,730	8.41%	\$ 1,289,883	0.09%
5BK	768-687	Criminal Justice Services Operating	---	\$ 0	\$ 0	\$ 400,000	N/A	\$ 400,000	0.00%
5BK	768-689	Family Violence Shelter Programs	---	\$ 417,910	\$ 750,000	\$ 750,000	0.00%	\$ 750,000	0.00%
5CM	767-691	Federal Investigative Seizure	---	\$ 63,380	\$ 642,175	\$ 642,175	0.00%	\$ 642,175	0.00%
622	767-615	Investigative Contraband and Forfeiture	\$ 328,005	\$ 254,025	\$ 404,111	\$ 375,000	-7.20%	\$ 375,000	0.00%
657	763-652	Utility Radiological Safety	\$ 1,018,913	\$ 1,169,307	\$ 1,260,000	\$ 1,260,000	0.00%	\$ 1,260,000	0.00%
681	763-653	SARA Title III HAZMAT Planning	\$ 461,703	\$ 255,135	\$ 271,510	\$ 271,510	0.00%	\$ 271,510	0.00%
850	767-628	Investigative Unit Salvage	---	\$ 65,985	\$ 120,000	\$ 100,000	-16.67%	\$ 100,000	0.00%
State Special Revenue Fund Group Total			\$ 3,486,174	\$ 3,789,906	\$ 5,572,860	\$ 5,937,415	6.54%	\$ 5,938,568	0.02%
036	761-321	Operating Expense - Information and Education	\$ 2,613,595	\$ 2,893,068	\$ 3,645,599	\$ 3,645,598	0.00%	\$ 3,645,598	0.00%
036	761-401	Lease Rental Payments	\$ 11,960,812	\$ 13,217,918	\$ 14,407,000	\$ 13,929,500	-3.31%	\$ 14,017,100	0.63%
036	761-402	Traffic Safety Match	\$ 277,137	\$ 277,137	\$ 277,137	\$ 277,137	0.00%	\$ 277,137	0.00%
036	764-033	Minor Capital Projects	\$ 1,877,269	\$ 1,717,964	\$ 1,250,000	\$ 1,250,000	0.00%	\$ 1,250,000	0.00%

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Line Item Detail by Agency			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
DHS Public Safety, Department of									
036	764-321	Operating Expense - Highway Patrol	\$ 217,213,901	\$ 226,956,905	\$ 237,364,989	\$ 253,967,276	6.99%	\$ 267,539,597	5.34%
036	764-605	Motor Carrier Enforcement Expenses	\$ 2,497,344	\$ 2,499,007	\$ 2,670,912	\$ 3,061,817	14.64%	\$ 3,340,468	9.10%
036	766-321	Operating Expense - Administration	\$ 4,225,947	\$ 4,036,735	\$ 4,461,836	\$ 4,461,836	0.00%	\$ 4,461,836	0.00%
4W4	762-321	Operating Expense - BMW	\$ 70,266,269	\$ 63,731,549	\$ 73,702,629	\$ 90,394,299	22.65%	\$ 85,145,103	-5.81%
4W4	762-410	Registrations Supplement	\$ 27,468,521	\$ 23,999,341	\$ 32,480,610	\$ 32,480,610	0.00%	\$ 32,480,610	0.00%
5AY	764-688	Traffic Safety Operating	\$ 1,390,707	\$ 2,173,181	\$ 1,999,437	----	N/A	----	N/A
5V1	762-682	License Plate Contributions	\$ 1,321,713	\$ 1,573,782	\$ 2,388,568	\$ 2,100,000	-12.08%	\$ 2,100,000	0.00%
830	761-603	Salvage & Exchange - Administration	\$ 5,400	----	\$ 22,070	\$ 20,000	-9.38%	\$ 20,000	0.00%
831	761-610	Information & Education - Federal	\$ 119,803	\$ 1,313,574	\$ 2,379,118	\$ 468,982	-80.29%	\$ 468,982	0.00%
831	764-610	Patrol - Federal	\$ 7,295,592	\$ 2,985,738	\$ 3,047,698	\$ 2,455,484	-19.43%	\$ 2,455,484	0.00%
831	764-659	Transportation Enforcement - Federal	\$ 4,239,788	\$ 4,740,024	\$ 5,027,091	\$ 5,665,690	12.70%	\$ 6,132,592	8.24%
831	765-610	EMS/Federal	\$ 4,545,069	\$ 1,898,570	\$ 632,007	\$ 582,007	-7.91%	\$ 582,007	0.00%
831	767-610	Liquor Enforcement - Federal	\$ 256,736	\$ 295,256	\$ 514,184	\$ 514,184	0.00%	\$ 514,184	0.00%
831	769-610	Food Stamp Trafficking Enforcement - Federal	\$ 813,404	\$ 943,773	\$ 1,032,135	\$ 1,032,135	0.00%	\$ 1,032,135	0.00%
831	769-631	Homeland Security - Federal	----	----	\$ 0	\$ 1,500,000	N/A	\$ 1,552,500	3.50%
832	761-612	Traffic Safety - Federal	\$ 12,271,775	\$ 11,035,166	\$ 16,577,564	\$ 16,577,565	0.00%	\$ 16,577,565	0.00%
835	762-616	Financial Responsibility Compliance	\$ 4,372,393	\$ 4,159,373	\$ 6,551,535	\$ 5,843,830	-10.80%	\$ 6,063,600	3.76%
837	764-602	Turnpike Policing	\$ 8,967,515	\$ 8,877,843	\$ 10,240,900	\$ 10,893,146	6.37%	\$ 11,553,959	6.07%
838	764-606	Patrol Reimbursement	\$ 75,785	\$ 75,619	\$ 222,108	\$ 175,000	-21.21%	\$ 175,000	0.00%
83C	764-630	Contraband, Forfeiture, Other	\$ 1,173,982	\$ 1,153,017	\$ 622,894	\$ 622,894	0.00%	\$ 622,894	0.00%
83F	764-657	Law Enforcement Automated Data System	\$ 6,805,165	\$ 6,638,779	\$ 7,544,260	\$ 7,945,555	5.32%	\$ 8,275,898	4.16%
83G	764-633	OMVI Enforcement/Education	\$ 405,704	\$ 523,981	\$ 820,927	\$ 650,000	-20.82%	\$ 650,000	0.00%
83J	764-693	Highway Patrol Justice Contraband	----	----	\$ 2,113,824	\$ 2,100,000	-0.65%	\$ 2,100,000	0.00%
83M	765-624	Operating Expenses - Trauma and EMS	\$ 2,259,556	\$ 2,218,933	\$ 2,587,628	\$ 2,587,627	0.00%	\$ 2,587,627	0.00%
83N	761-611	Elementary School Seat Belt Program	\$ 196,223	\$ 132,616	\$ 447,895	\$ 375,000	-16.28%	\$ 375,000	0.00%
83P	765-637	Trauma and EMS	\$ 6,776,237	\$ 3,937,133	\$ 5,836,744	\$ 4,429,290	-24.11%	\$ 4,562,912	3.02%
83R	762-639	Local Immobilization Reimbursement	\$ 534,219	\$ 558,139	\$ 850,000	\$ 750,000	-11.76%	\$ 750,000	0.00%
83T	764-694	Highway Patrol Treasury Contraband	----	----	\$ 21,000	\$ 21,000	0.00%	\$ 21,000	0.00%
840	764-607	State Fair Security	\$ 997,318	\$ 1,119,951	\$ 1,496,283	\$ 1,396,283	-6.68%	\$ 1,396,283	0.00%
840	764-617	Security and Investigations	\$ 9,040,311	\$ 9,902,934	\$ 8,145,192	\$ 6,231,916	-23.49%	\$ 6,155,385	-1.23%
840	764-626	State Fairgrounds Police Force	\$ 647,791	\$ 748,634	\$ 788,375	\$ 788,375	0.00%	\$ 788,375	0.00%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
DHS Public Safety, Department of									
840	769-632	Homeland Security Operating	----	----	\$ 0	\$ 1,913,276	N/A	\$ 1,989,807	4.00%
841	764-603	Salvage and Exchange - Highway Patrol	\$ 1,396,924	\$ 2,773,026	\$ 1,339,399	\$ 1,339,399	0.00%	\$ 1,339,399	0.00%
844	761-613	Seat Belt Education Program	\$ 436,591	\$ 596,190	\$ 482,095	\$ 395,700	-17.92%	\$ 411,528	4.00%
846	761-625	Motorcycle Safety Education	\$ 1,860,762	\$ 1,975,894	\$ 2,991,171	\$ 3,698,084	23.63%	\$ 4,010,865	8.46%
847	761-622	Film Production Reimbursement	\$ 807	----	\$ 0	----	N/A	----	N/A
849	762-627	Automated Title Processing Board	\$ 9,127,996	\$ 10,727,287	\$ 13,146,218	\$ 23,487,248	78.66%	\$ 19,240,839	-18.08%
State Highway Safety Fund Group Total			\$ 425,736,062	\$ 422,408,036	\$ 470,129,032	\$ 510,027,743	8.49%	\$ 516,663,269	1.30%
043	767-321	Liquor Enforcement - Operations	\$ 9,333,615	\$ 9,653,151	\$ 10,423,976	\$ 11,435,527	9.70%	\$ 11,546,052	0.97%
Liquor Control Fund Group Total			\$ 9,333,615	\$ 9,653,151	\$ 10,423,976	\$ 11,435,527	9.70%	\$ 11,546,052	0.97%
5J9	761-678	Federal Salvage/GSA	----	\$ 207,073	\$ 5,730,750	\$ 1,500,000	-73.83%	\$ 1,500,000	0.00%
Agency Fund Group Total			----	\$ 207,073	\$ 5,730,750	\$ 1,500,000	-73.83%	\$ 1,500,000	0.00%
R24	762-619	Unidentified Motor Vehicle Receipts	\$ 1,482,965	\$ 1,462,633	\$ 1,887,483	\$ 1,885,000	-0.13%	\$ 1,885,000	0.00%
R27	764-608	Patrol Fee Refunds	\$ 16,349	----	\$ 0	----	N/A	----	N/A
R52	762-623	Security Deposits	\$ 249,668	\$ 309,834	\$ 350,000	\$ 350,000	0.00%	\$ 350,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 1,748,982	\$ 1,772,467	\$ 2,237,483	\$ 2,235,000	-0.11%	\$ 2,235,000	0.00%
Public Safety, Department of Total			\$ 589,613,684	\$ 641,468,013	\$ 722,175,993	\$ 683,799,726	-5.31%	\$ 690,985,110	1.05%

Department of Rehabilitation and Correction

Joseph Rogers, Senior Budget Analyst

- One in four state employees works for DRC
- Five straight years of record level inmate intake
- Inmate population projected to hit 50,000 and beyond
- Enacted budget: tight but manageable?
- Medicaid reimbursement moneys may be at hand

OVERVIEW

Duties and Responsibilities

Conceptually and historically, the Department of Rehabilitation and Correction (DRC) can be viewed as the administrator of a felony sanctioning system comprised of three relatively distinct components: (1) reception centers where inmates are assessed and assigned to the appropriate correctional institution, (2) a large, multi-location physical plant in which inmates are housed, secured, and serviced, and (3) a variety of release mechanisms through which inmates are returned to the community and potentially subject to state supervision and control.

As its most basic mission, the Department is charged with the supervision of felony offenders committed to the custody of the state, which includes housing and services provided to them in a statewide network of prisons, and, following their release from incarceration, controlling and monitoring them through a community supervision system administered by the Adult Parole Authority.

The Department also manages a package of community control sanctions (supervision and control services, halfway house beds, and subsidies) that provide judges with a range of sentencing options that reduce or eliminate the time that offenders spend in prison or jail.

Starting with FY 1994, the Department began directing a considerable amount of moneys into what are known as prison diversion and jail population reduction programs. The reality, however, continues to be that the lion's share of the Department's capital and operating budgets are devoted toward the building and management of correctional institutions and the inmates who inhabit them.

Local Government Impact

The principal local fiscal impacts generated by the Department's budget will be felt through activities and funds handled by the Division of Parole and Community Services. The Division of Parole and Community Services provides a mix of direct supervision and control services, as well as subsidy and contract dollars, to local jurisdictions for the handling of felons and misdemeanants. This has the practical effect of saving such jurisdictions, in particular counties, money that might otherwise have to be allocated for their local criminal justice systems.

In the wake of the major restructuring of the state's felony sentencing framework enacted by Am. Sub. S.B. 2 of the 121st General Assembly, the purpose of the Department's community sanctions

funding has, theoretically at least, been to reduce prison and jail populations by diverting felony and misdemeanor offenders into alternative community controls.

Pressures on Cost of Doing Business

The nature and size of the Department's institutional operations – at the end of FY 2007 it was composed of 32 correctional facilities, more than 49,000 inmates, and 14,000-plus staff – make its payroll and maintenance costs especially sensitive to changes in the costs of doing business. And in the “prison business” the economic pressures are always pushing the costs associated with the delivery of essential goods and services upward (security, medical care, food, clothing, utilities, and so forth). Inflation is not a factor over which the Department has much control and it has the potential to wield a profound fiscal impact on institutional agency budgets.

Payroll and Related Expenses. The Department's staff, which totals close to 14,500 paid positions, will generate an estimated total FY 2008 payroll of \$986.9 million and an estimated total FY 2009 payroll of \$1.03 billion, including pay raises and step increases. Of this total staff, approximately 13,419 are paid by the GRF, the payroll costs of which are estimated at \$913.5 million in FY 2008 and \$954.6 million in FY 2009. Thus, any kind of pay raises, in particular those that automatically kick in as a result of collective bargaining agreements, have a noticeable fiscal effect on the Department's bottom line payroll costs, in particular those absorbed by the GRF. The Department has allowed for an inflationary increase in payroll-related expenses of 3.5% in FY 2008 and 3.5% in FY 2009.

In addition to pay raises, other historical sources of payroll cost increases include, but are not limited to, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation. Also of note are payroll-related expenditures that include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management (OBM) for payroll processing, the state merit system, central accounting, collective bargaining, the employee assistance program, and the equal employment opportunity program.

Population Dynamics. The Department has reported significant inmate population growth over the past couple of years, and projects this growth in inmate intake to extend through the FY 2008 - 2009 biennium. Between July 1, 1999 and July 1, 2005, the total inmate population actually decreased by 5.7%, or 2,672 inmates. That population trend, however, has since been completely reversed. Between July 2005 and August 2007, the inmate population grew by 11.8%, or 5,218 inmates, reaching 49,488, the highest population total since the total number of inmates peaked at 49,029 in 1998. The Department has previously estimated, based on projected intake and release trends, that the total inmate population will reach 53,603 by the end of FY 2009.

The basic dynamic driving this inmate population growth is five or so years of record level intake. The Department's release mechanisms, which had masked that reality for some period of time, can no longer keep pace. It is currently the case that the number of offenders that are entering the prison system noticeably outnumber the number of offenders that are leaving the prison system. The net result is the expansion of the total inmate population.

A departmental analysis has revealed that, of current inmate intake, about 62% of the offenders have a sentence of less than one year in duration, and nearly one third of those offenders have a sentence of less than three months. Empirically, this suggests the possibility that local jails are at their capacity and other community-based sanctions are insufficient to handle the volume and nature of felony caseloads handled by the judges of the courts of common pleas. In some local jurisdictions, the state-run prison system may represent the only viable residential sanctioning option for the courts, even for a stay of relatively short duration.

In response to the record level population growth and the required number of inmate beds, the Department has reactivated all prison pods, wings, and dormitories that had been closed in previous years. This has made more than 1,700 new beds available. Under the enacted level of funding for institutional operations, the Department has stated that, although inmate crowding will be an ongoing problem, with careful management of available resources, it can handle this population pressure through FYs 2008 and 2009.

The Department currently does not plan any new construction or to reactivate either the Orient Correctional Institution, which was closed in 2002, or the Lima Correctional Institution, which closed in 2004. From the Department's perspective, not only would it be extremely costly to reactivate either of those closed correctional institutions, but the enacted budget does not provide enough funding to make such a strategy a viable option at this time.

Medical Services Costs. Inflation has had a particularly notable impact on medical/healthcare services delivered in correctional institutions. The Department's inflation rate for medical/healthcare services has been around 10%. Some of the inflationary factors driving up DRC's cost of delivering institutional medical services include the following: (1) the contract with the OSU Medical Center to provide inpatient medical care to inmates, (2) the diagnosis and treatment of Hepatitis C, an increasing concern for corrections systems across the country, (3) the newer diagnostic tests and improvements in the standards of care, (4) the difficulty of hiring and retaining qualified nursing staff, which forces the use of overtime and the contracting of higher cost agency nursing services to meet minimum staffing requirements, (5) the escalating prices of prescription medications, and (6) the resolution of a class action lawsuit alleging that the correctional health care delivery system in Ohio is constitutionally inadequate.

Agency in Brief

The following table selectively summarizes Department of Rehabilitation and Correction appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
14,529	\$1.76 billion	\$1.81 billion	\$1.54 billion	\$1.59 billion	Am. Sub. H.B. 119

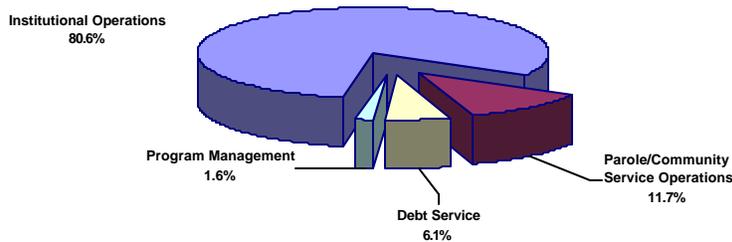
*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007. This figure includes 14,492 full-time permanent employees.

While it is certainly true that the cost of providing today's levels of service tomorrow is a more expensive proposition, the Department has asserted that, generally speaking, the enacted budget provides a level of funding sufficient to cover projected pay increases and to support the continuation of FY 2007 levels of services without having to layoff any staff. Given their growing population and inflationary pressures, this will not necessarily be an easy task. The enacted budget will not provide any resources that the Department could use to plan and prepare for emergencies, such as catastrophic inmate medical expenses. The Department has stated that it will have to be very careful in the management of their tight budgetary environment, and plans to cut back and reduce expenditures wherever possible, including the delay of maintenance activities and equipment purchases.

Expense by Program Series Summary

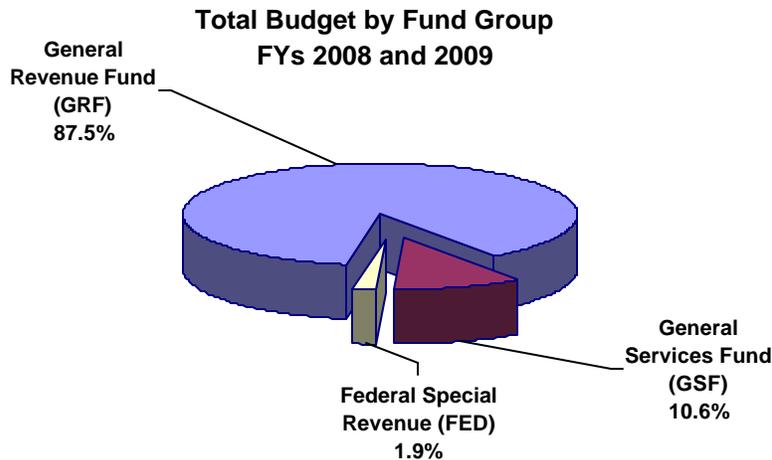
The pie chart immediately below shows the Department of Rehabilitation and Correction’s total enacted appropriations (FYs 2008 and 2009) by program series. The Department’s budget is built around four program series that can be summarized, in order of magnitude, as follows: (1) Institutional Operations, the purpose of which is to provide housing, security, maintenance, food, treatment programming, and other support services for adults sentenced to the custody of the Department, (2) Parole and Community Service Operations, the purpose of which is to provide community supervision for felony offenders, jail inspection services, victim services, and programs that fund community correction options to prison and jail, (3) Debt Management, the purpose of which is to ensure payment of bond service charges for obligations issued by the Ohio Building Authority to finance the cost of the Department’s capital appropriations, and (4) Program Management, the purpose of which is to provide centralized leadership and support for the state prison system and community corrections programs.

Total Budget by Program Series FYs 2008 and 2009



Expense by Fund Group Summary

The pie chart immediately below shows the Department of Rehabilitation and Correction’s total enacted appropriations (FYs 2008 and 2009) by fund group. This information is shown for the GRF and for all funds.



Staffing Levels

The table below summarizes the number of staff that DRC paid, or will pay, on the last pay period of FYs 2002 through 2009. As of March 2007, the number of authorized full-time equivalent (FTE) staff positions was 15,667; the number of paid staff was 14,476. Of that number of paid staff, 13,419, or 92.7%, were covered by moneys appropriated from the GRF.

Under the enacted level of funding, the Department has stated that it should be able to maintain its current filled number of 14,000-plus staff positions, which means that it will probably not have to reduce payroll-related operating expenses by implementing layoffs. The Department also plans to closely examine any positions that become vacant through attrition, and in order to protect scarce budget resources, may be very selective in hiring any replacements.

The above-noted difference between authorized (15,667) and paid (14,476) staff positions is not all that surprising, especially for a large institutional agency. At any given time, a state agency may be carrying some mix of vacant staff positions that are: (1) authorized, but may or will never be filled, (2) authorized, but not funded, (3) authorized, but vacant due to hiring freezes or budgetary constraints, and (4) authorized, but temporarily vacant due to attrition or other personnel changes.

Over the course of FYs 2002 and 2003, the Department eliminated more than 1,800 staff positions. In the subsequent biennia covering FYs 2004 - 2005 and 2006 - 2007, the Department did not eliminate any additional staff positions for budgetary reasons.

Rehabilitation and Correction Staffing Levels by Fiscal Year*								
Program	2002	2003	2004	2005	2006	2007**	2008***	2009***
Administration	1,203	1,211	1,211	1,241	1,258	1,256	1,261	1,261
Parole/Community Operations	1,047	1,053	1,065	1,076	1,058	1,067	1,053	1,053
Education Services	467	436	431	471	458	437	451	451
Facility Maintenance	536	537	538	550	548	539	542	542
Medical Services	507	527	497	502	565	609	628	628
Mental Health Services	575	539	551	562	537	542	541	541
Recovery Services	146	131	133	136	134	128	145	145
Security	8,120	8,118	7,968	8,034	7,811	7,975	7,999	7,999
Support Services	1,206	1,169	1,166	1,200	1,210	1,206	1,214	1,214
Unit Management	736	695	681	716	720	719	721	721
TOTALS	14,543	14,416	14,241	14,488	14,299	14,478	14,555	14,555

* The number of staff by program that DRC paid or will pay on the last pay period of FYs 2002 through 2006.

** The number of staff by program that DRC paid through March 3, 2007.

*** The number of staff by program that DRC expects to pay.

Percentage of State Workforce. What is not clearly evident from the Department's staffing levels in the above table is the bigger picture into which these "numbers" fit. As of this writing, of the total number of state employees, around 25% work for the Department, that is one in four state employees. Additionally, roughly 13%, or approximately one in six, of all state employees are correction officers who work for the Department.

Privatized Correctional Institutions. The Department's staffing levels do not include the Lake Erie Correctional Institution and the North Coast Correctional Treatment Facility, which are state-owned prisons whose operations have been contracted out to private-sector vendors. If those two correctional facilities were not to be privatized, the Department would need approximately 500 total additional staff for their activation and operation.

ANALYSIS OF THE BUDGET

What follows is LSC fiscal staff's analysis of the Department of Rehabilitation and Correction's enacted biennial operating budget covering FYs 2008 and 2009. The presentation of that budget information is organized around the following four program series.

- **Program Series 1: Institutional Operations**
- **Program Series 2: Parole and Community Service Operations**
- **Program Series 3: Program Management**
- **Program Series 4: Debt Service**

Program Series

1: Institutional Operations

Purpose: To provide housing, security, maintenance, food, treatment programming, and other support services for adults sentenced to the custody of the Department.

The following table shows the line items that are used to fund the Institutional Operations program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	501-321	Institutional Operations	\$892,162,864	\$928,980,197
GRF	501-403	Prisoner Compensation	\$8,599,255	\$8,599,255
GRF	502-321	Mental Health Services	\$70,112,063	\$73,405,363
GRF	505-321	Institution Medical Services	\$199,073,620	\$198,337,805
GRF	506-321	Institution Education Services	\$23,784,868	\$24,847,502
GRF	507-321	Institution Recovery Services	\$7,319,028	\$7,664,520
General Revenue Fund Subtotal			\$1,201,051,698	\$1,241,834,642
General Services Fund (GSF)				
148	501-602	Services and Agriculture	\$104,485,807	\$108,290,058
200	501-607	Ohio Penal Industries	\$39,395,391	\$40,845,414
483	501-605	Property Receipts	\$393,491	\$393,491
4B0	501-601	Sewer Treatment Services	\$2,331,003	\$2,407,018
4D4	501-603	Prisoner Programs	\$20,967,703	\$20,967,703
4S5	501-608	Education Services	\$4,564,072	4,564,072
593	501-618	Laboratory Services	\$5,799,999	\$5,799,999
5AF	501-609	State and Non-Federal Awards	\$15,001	\$15,001
5H8	501-617	Offender Financial Responsibility	\$500,000	\$500,000
5L6	501-611	Information Technology Services	\$3,741,980	\$3,741,980
General Services Fund Subtotal			\$182,194,447	\$187,524,736
Federal Special Revenue Fund (FED)				
323	501-619	Federal Grants	\$12,183,715	\$12,183,715
3CJ	501-621	Medicaid Inpatient Services	\$11,600,000	\$15,500,000
3S1	501-615	Truth-in-Sentencing Grants	\$8,709,142	\$8,709,142
Federal Special Revenue Fund Subtotal			\$32,492,857	\$36,392,857
Total Program Series Funding: Institutional Operations			\$1,415,739,002	\$1,465,752,235

This analysis focuses on the following specific programs within the Institutional Operations program series:

- **Program 1.01: Institutional Operations**
- **Program 1.02: Medical Services**
- **Program 1.03: Recovery Services**
- **Program 1.04: Education Services**
- **Program 1.05: Mental Health Services**

Program 1.01: Institutional Operations

Program Description: This program provides for the maintenance of buildings and contents, utilities, support services, and secure supervision for 49,000-plus offenders. The facilities are held in compliance with all standards and requirements of federal, state, and local statutes and ordinances. This program oversees institutional improvements, including renovation and construction projects, as well as the structures, equipment, and conditions that ensure the safety and security of all inmates and staff. Institutional operations further include the legal and ethical responsibilities of providing adequate housing, food, clothing, work therapy, and spiritual support to the inmates. The Ohio Penal Industries provide job opportunities, work experience, and training for inmates along with offering inmate programming, including self-help, stress management, enhancement of life skills, communication, anger control, and pre-parole planning. The total personnel supported by this program in FY 2007 is estimated to be approximately 11,634.

Within the Institutional Operations program are the following functional areas:

- **Facility Administration.** This functional area involves the management of institutional operations and provides oversight of the institutions to ensure that desired outcomes are attained through the most efficient use of limited resources without compromising the safety or security of inmates and staff.
- **Security:** The primary objective of this functional area is to prevent escapes and to maintain a safe living and working environment. Over 99% of all security expenditures are related to staffing, and more than 7,800 employees are assigned to security.
- **Unit Management.** This functional area involves the management of inmate behavior proactively through direct and frequent communication between staff and inmates. Unit Management staff attempt to diffuse inmate crisis situations and to develop inmate profiles to determine security risks. About 97% of all unit management expenditures are related to staffing, the size of which is approximately 733 employees.
- **Support Services.** The purpose of this functional area is to provide adequate food, clothing, laundry services, work therapy, and spiritual support to inmates. Approximately 51.4 million inmate meals are prepared annually. This functional area also: (1) provides work experience and training through Ohio Penal Industries, which has one or more shops in most of the Department's correctional institutions, (2) operates ten institutional farms that collectively encompass more than 10,890 acres, and (3) provides both job opportunities for inmates housed in minimum-security camps and food products for use by the Department. Currently, there are approximately 1,229 employees designated as Support Services staff.
- **Facility Maintenance:** This functional area provides for the upkeep of buildings and structures, as well as the management of institutional improvements, renovations, and construction projects. It is also responsible for physical plant operations, including heating, ventilation, plumbing, and electrical service, and conducts preventive maintenance, including

painting, roofing, and asbestos management. Just under one-third of all Facility Maintenance expenditures are related to staffing. The FY 2007 funding level currently supports about 548 employees.

Funding Source: (1) GRF, (2) money transferred from GRF line items 501-321, Institutional Operations, and 501-403, Prisoner Compensation, (3) proceeds from the sale of excess crops and older animals, (4) revenue generated from the manufacture and sale of various goods and services to the state and its political subdivisions, (5) revenue from contracts with political subdivisions under which the latter are permitted to tap into a correctional facility's sewage treatment facility, (6) rent and utility charges collected from departmental personnel who live in housing under the Department's control, (7) pro-rated charges assessed to each of the Department's institutions and its Division of Parole and Community Services that reflect the relative benefit each receives from information technology upgrades and enhancements, and (8) federal funds

Implication of the Budget: The Department has stated that the enacted budget should provide sufficient funding to cover its future cost of delivering existing FY 2007 service levels in FYs 2008 and 2009, including the fiscal pressures associated with a growing inmate population and anticipated pay increases. That said, in order to live within its means during the FY 2008 - 2009 biennium, the Department will have to closely monitor its finances and constrain expenditures where appropriate, which could mean some reductions in maintenance expenses and delays in equipment purchases.

Lima Correctional Institution Committee (Section 377.10): The enacted budget contains a temporary law provision that: (1) creates the Lima Correctional Institution Study Committee to procure an independent study of the highest and best use for the closed Lima Correctional Institution, (2) earmarks \$50,000 in FY 2008 from GRF line item 501-321, Institutional Operations, to fund the feasibility study, and (3) requires the Committee to submit a report of its findings by April 1, 2008, subsequent to which the Committee will cease to exist.

Program 1.02: Medical Services

Program Description: This program provides for the delivery of comprehensive healthcare services by qualified personnel at all correctional institutions, as well as centralized specialty acute and chronic care in affiliation with The Ohio State University Medical Center. Other health services provided onsite include optometry, podiatry, dentistry, basic X-ray and laboratory services, nutritional counseling, and education.

Funding Source: (1) GRF, (2) costs of incarceration or supervision that may be assessed against and collected from an offender as a debt to the state, including, but not limited to, any user fee or copayment for services, assessments for damage or destruction to institutional property, restitution to another offender or staff member, cost of housing and feeding, cost of supervision, and cost of any ancillary services, (3) payments collected from entities that receive laboratory services, and (4) federal Medicaid reimbursement funds

Implication of the Budget: Although this program is funded at a level greater than the requested biennial amount by about \$71.5 million, the Department cannot be fully confident that the enacted funding levels for each of FYs 2008 and 2009 will be adequate to cover future medical needs. The projection of what would be required for the continuation of existing levels of medical services was made over a year ago in the Department's initial budget submission to the Office of Budget and Management. The validity of any such projection is strongly affected by a number of variables such as inflation, new technology, and individual catastrophic medical emergencies in which the Department may spend millions of dollars for the medical treatment of a single inmate.

Medicaid Inpatient Services. A not so readily apparent funding initiative in the enacted budget is a plan to tap into the state's Medicaid program for the purposes of collecting federal reimbursement for the provision of certain inmate medical services. Federal law currently allows a state to be reimbursed for the cost of inpatient hospital care so long as the inmate is hospitalized in a facility that is external to, and unaffiliated with, a correctional institution. Several states currently receive such federal Medicaid reimbursements.

To date, the Ohio Department of Job and Family Services (JFS), through its rules, has interpreted federal regulations in such a manner that inmates in Ohio's prisons are not eligible for Medicaid reimbursement. DRC is currently working with JFS to change the rule in question so that inmates will be eligible for Medicaid reimbursement.

Under this planned change, when a Medicaid-eligible inmate is hospitalized, DRC will initially pay for the treatment, send a reimbursement claim to JFS, and JFS will then bill the federal government. If allowed, the federal government will reimburse the state for eligible medical services less the appropriate state match, and the revenue will be deposited in the state treasury to the credit of DRC's newly created Medicaid Inpatient Services Fund (Fund 3CJ). At this point, DRC is uncertain as to how much revenue this will likely generate annually for its institutional medical services program. That said, the enacted budget appropriates \$11.6 million and \$15.5 million in FYs 2008 and 2009, respectively, for Medicaid-funded inpatient medical services. As this potential federal reimbursement mechanism is still under development, no cash has actually been received and deposited to the credit of Fund 3CJ.

HIV/AIDS Testing Reentry Pilot Program (Section 377.10): The enacted budget contains a temporary law provision requiring up to \$250,000 of the GRF moneys appropriated to line item 505-321, Institution Medical Services, be used for the HIV/AIDS testing reentry pilot program at the Mansfield Correctional Institution. Under that pilot program, prior to a prisoner's release from custody at the Mansfield Correctional Institution, the Department will be: (1) required to examine and test a prisoner for HIV infection and any sexually transmitted disease, and (2) permitted to examine and test involuntarily a prisoner who refuses to be tested.

Program 1.03: Recovery Services

Program Description: This program provides a range of alcohol and other drug (AOD) treatment services for inmates under the jurisdiction of the Department. Treatment services are available in every correctional institution. Treatment modalities include therapeutic communities, residential and outpatient programs, counseling groups, and ancillary services such as education and support/fellowship activities, e.g., Alcoholics Anonymous and Narcotics Anonymous.

Funding Source: (1) GRF, (2) moneys received by the Department from commissions on telephone systems established for the use of prisoners, (3) state and nonfederal award funds, and (4) federal funds

Implication of the Budget: The Department has stated that the enacted levels of funding for the Recovery Services program should be sufficient to permit the continuation of existing FY 2007 levels of services in each of FYs 2008 and 2009. At this point in time, the Department does not anticipate the need to reduce staff. Existing levels of service in this program will likely be maintained.

Therapeutic Communities (Section 219.10): A temporary law provision tied to the enacted budget for the Department of Alcohol and Drug Addiction Services requires that, of the moneys appropriated to GRF line item 038-401, Treatment Services, \$750,000 in each of FYs 2008 and 2009 be used for the Department of Rehabilitation and Correction's Therapeutic Communities Program.

Program 1.04: Education Services

Program Description: This program exists as a statutory mandate requiring the Department to establish and operate a school system that is approved and chartered by the Ohio Department of Education and designated as the Ohio Central School System. Under the program, educational programs are provided to inmates to allow them to complete adult basic education courses, earn Ohio certificates of high school equivalence, or pursue vocational training. To do so, the Department employs appropriately certified teachers, administrators, and support staff, and provides classrooms, shops, and other appropriate facilities and necessary furniture, books, stationery, supplies, and equipment.

Funding Source: (1) GRF, (2) commissions on collect call telephone systems established for the use of inmates, (3) nonfederal money transferred from the Ohio Department of Education, and (4) federal education grants

Implication of the Budget: The Department has stated that, under the enacted budget, the levels of funding appropriated for the Education Services program should be sufficient to permit the continuation of existing FY 2007 levels of services in each of FYs 2008 and 2009. At this point in time, the Department does not anticipate the need to reduce staff. Existing levels of service in this program will likely be maintained.

Program 1.05: Mental Health Services

Program Description: This program provides treatment and care for inmates with various mental health needs. These services include: (1) outpatient treatment and behavior management services for inmates in the general prison population, (2) psychiatric services, including outpatient, residential, crisis, and inpatient care, (3) sex offender services, and (4) pre-parole evaluations that provide the Parole Board with clinical risk assessments to assist in identifying high-risk offenders.

Funding Source: GRF

Implication of the Budget: The enacted budget does not provide the level of funding that the Department has calculated would be necessary to maintain the program's FY 2007 mental health service levels over the course of FYs 2008 and 2009. At this time, the Department is investigating a number of ways to cutback on expenditures, which may include the need to trim program staff either through attrition or direct layoffs. No final decisions have yet been made by the Department.

Program Series**2: Parole and Community Service Operations**

Purpose: To protect Ohio citizens by ensuring appropriate supervision of adult offenders in community punishments, which are effective and hold offenders accountable

The following table shows the line items that are used to fund the Parole and Community Service Operations program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund (GRF)				
GRF	501-405	Halfway House	\$41,214,205	\$41,214,205
GRF	501-407	Community Nonresidential Programs	\$16,514,626	\$16,547,367
GRF	501-408	Community Misdemeanor Programs	\$9,313,076	\$9,313,076
GRF	501-501	Community Residential Programs - CBCF	\$57,104,132	\$57,104,132
GRF	503-321	Parole and Community Operations	\$79,296,672	\$82,739,767
General Revenue Fund Subtotal			\$203,442,711	\$206,918,547
General Services Fund (GSF)				
4L4	501-604	Transitional Control	\$2,051,451	\$2,051,451
5H8	501-617	Offender Financial Responsibility	\$2,000,000	\$2,000,000
General Services Fund Subtotal			\$4,051,451	\$4,051,451
Federal Special Revenue Fund (FED)				
323	501-619	Federal Grants	\$14,638	\$14,638
Federal Special Revenue Fund Subtotal			\$14,638	\$14,638
Total Program Series Funding: Parole and Community Service Operations			\$207,508,800	\$210,984,636

This program series provides community supervision for felony offenders, jail inspection services, victim services, and programs that fund community correction options to prison and jail. Community corrections programs provide punishment for lower-risk offenders, which include electronic house arrest, day reporting, and intensive supervision. This analysis focuses on the following specific programs within the Parole and Community Service Operations program series:

- **Program 2.01: Parole and Community Service Operations**
- **Program 2.02: Halfway Houses**
- **Program 2.03: Community-Based Correctional Facilities**
- **Program 2.04: Non-Residential Felony Programs**
- **Program 2.05: Non-Residential Misdemeanor Programs**

Program 2.01: Parole and Community Service Operations

Program Description: The activities grouped under Parole and Community Service Operations provide offender release and community supervision services, jail inspection services, and victim services. The largest component of the program contains the Adult Parole Authority (APA). The APA is responsible for the release of offenders from prison (including operation of the Parole Board) and their supervision in the community thereafter (including offenders placed on parole, post-release control, and transitional control). The APA also provides pre-sentence investigation and supervision services to the courts of common pleas in 53 counties. Additional areas include the Office of Victim Services and the Bureau of Adult Detention.

Funding Source: (1) GRF, (2) money collected from prisoners who are transferred to transitional control that may be required to pay “reasonable expenses” incurred by the Department in the supervision and confinement of those prisoners while under transitional control, (3) costs of incarceration or supervision that may be assessed against and collected from an offender as a debt to the state, including, but not limited to, any user fee or copayment for services, assessments for damage or destruction to institutional property, restitution to another offender or staff member, cost of housing and feeding, cost of supervision, and cost of any ancillary services, and (4) federal funds

Implication of the Budget: The enacted level of funding in FYs 2008 and 2009 for the Parole and Community Service Operations program should be sufficient to cover the current cost of doing business in the future, including the payroll-related expenditures associated with 1,065 staff positions. This program is predominantly staff driven. According to the Department, staff layoffs are not anticipated under the levels of funding contained in the enacted budget and the program should be able to continue providing FY 2007 levels of service in the next biennium. That said, it appears likely that the average caseload of the APA’s parole officers will continue to rise and stress its community supervision operations over the course of the next biennium.

Program 2.02: Halfway Houses

Program Description: This is a community residential program that provides supervision and treatment services for offenders released from state prisons, referred by courts of common pleas, or sanctioned because of a violation of conditions of supervision. The services provided under this program include drug and alcohol treatment, electronic monitoring, job placement, educational programs, and specialized programs for sex offenders and mentally ill offenders. In FY 2007, through the Bureau of Community Sanctions, the Department contracted with private/not-for-profit organizations to provide a total of 1,711 halfway house beds, serving approximately 7,496 offenders.

Funding Source: GRF

Implication of the Budget: The levels of funding contained in the enacted budget for the Halfway Houses program in each of FYs 2008 and 2009 are about \$609,000 above the FY 2007 estimated expenditure level. Even though the cost of doing today’s business tomorrow will likely be higher, the enacted levels should be sufficient for the continuation of the existing FY 2007 level of halfway house programming and services in FYs 2008 and 2009. That said, however, as per diem costs increase, it seems likely that the same level of funding would in all likelihood purchase fewer services.

In November 2006, the Department requested, and the Controlling Board approved, a transfer of \$14.2 million in unspent GRF moneys – originally appropriated for, but no longer needed to pay, debt service obligations – for other purposes. Of those unspent GRF moneys, \$5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs. Specifically relevant herein is that \$2.0 million of that \$5.0 million in transferred community sanction money was appropriated to the Halfway Houses program. A chunk of that additional GRF money will likely be encumbered and disbursed in FY 2008 to pay for certain program additions or enhancements initiated during the latter part of FY 2007.

Based on information provided by the Department, the enacted budget will have a tangible impact in the following areas, listed in decreasing intensity of supervision:

- **Beds.** The available GRF funding will support a current network of 1,711 halfway house beds that serve approximately 7,496 offenders annually. Halfway house beds turn over approximately every three months, thus a single bed will serve four offenders annually. As

DRC moves more offenders out of a relatively expensive institutional environment and into its transitional control program, halfway house beds are, from the Department's perspective, a much more efficient use of scarce budgetary resources. The level of funding in the enacted budget for FYs 2008 and 2009, along with encumbered FY 2007 funding, will support ongoing activities, plus an increase of about ten additional halfway house beds in FY 2009 targeted for transitional control.

- ***Permanent Supportive Housing.*** This is a new program initiative in the Halfway Houses program's menu of services that has largely been funded with the previously noted November 2006 Controlling Board transfer. This program is not a sanction, but really a service for the offenders and their families that experience chronic homelessness. These offenders may or may not be subject to supervision by the APA, but typically have some form of disability, mental health and/or substance abuse problem, or other medical problem for which the offender receives ongoing treatment. Under this initiative, subject to eligibility and availability, the offender and his or her family may be placed in a DRC-paid apartment unit. The Department contracts with the Corporation for Supportive Housing, which in turn subcontracts with building managers and landlords to make units available around the state. The contractor also monitors the offender/tenant to help make sure that the appropriate treatment and rehabilitative services are being delivered. The Department funded 75 of these permanent supportive housing units in FY 2007, and plans to maintain this number in FYs 2008 and 2009.
- ***Independent Housing.*** The independent housing component is for offenders under the supervision of the APA who do not require expensive treatment services. The most significant immediate issue for these predominantly lower-risk offenders is homelessness. Offenders in this predicament are provided three months of temporary transitional housing in independent, nonprofit housing agencies licensed by DRC, until the offender can get a permanent residence reestablished. At the enacted level of funding, the Department should be able to maintain current FY 2007 levels of service through FYs 2008 and 2009.
- ***Ancillary Outpatient Services.*** Ancillary outpatient services involve the placement of higher-risk offenders, mostly sex offenders and some with other mental health needs, into outpatient treatment and counseling services. These offenders, who are traditionally very difficult to place, are not residents of halfway houses, but are under the supervision of the APA. Under current law, about 10% of the Halfway Houses program's budget can be spent on nonresidential, or outpatient treatment. The Department currently spends about 5% for these needs. Throughout the course of FY 2007, this component of the Halfway Houses program will deliver treatment services to about 1,100 offenders. Under the enacted budget, approximately the same number of offenders will receive these services in FYs 2008 and 2009. The Department is also currently in the process of renegotiating the contracts for these services in an attempt to reduce costs.
- ***Electronic Home Monitoring.*** Electronic home monitoring (EHM) is used for: (1) the step down of inmates transitioning toward release, and (2) as a sanction for technical violations for those inmates who have been released and are under some form of supervision. The Department has purchased a total of about 181 slots available for monitoring offenders. These slots typically turnover about five times per year and will create a monitoring capacity for about 747 offender placements by the end of FY 2007, at a per placement cost of about \$8 per day. Under the enacted budget, the Department projects the potential loss of approximately 20 slots in FYs 2008 and 2009. The loss of these 20 slots will mean that approximately 120 fewer offenders will be subject to EHM in the next biennium.

Since FY 2002, the Department has had plans for the development of a number of additional halfway house beds that have not received the necessary funding. The status of these projects is as follows:

- **Cuyahoga County.** The county was to host a 100-bed halfway house facility. The level of funding available in FYs 2004 and 2005 was not sufficient for that plan to move forward. In FY 2007, however, the Department created the Cleveland Transition Center, which is a licensed reentry center, including, but not limited to, 100 halfway house beds, mental health services, and job placement provided by the Ohio Department of Job and Family Services. There is also a global positioning system (GPS) monitoring component. The Department used federal Truth-in-Sentencing grant moneys to fund this center. The funding will only be available through FY 2008, and the Halfway House line item cannot support this center in FY 2009, so the Department is seeking alternate funding sources.
- **Allen County.** The county was seeking to renovate an existing site to host a 50-bed halfway house facility for “hard-to-place” offenders. The Department has not yet spent any funds on planning or preparing the Allen County site where this facility will be located. As of this writing, it appears that this is no longer considered a viable project.
- **Warren County.** The county hosts the 65-bed Turtle Creek halfway house facility that was completed during the FY 2002-2003 biennium, and the Department only has the resources to pay for daily operations of approximately 54 beds. The Turtle Creek Facility is fully functional, and part of DRC’s statewide network of halfway house beds.
 - **Ross County.** The Department is looking at sites for a 70-bed halfway house facility in Ross County to serve the southeastern part of the state, which currently has no halfway house beds. This project is still in the planning stage and would not likely be built any sooner than FY 2010.

Program 2.03: Community-Based Correctional Facilities (CBCFs)

Program Description: The CBCF program provides subsidy funds for the operation of community-based correctional facilities (CBCFs), which can be formed by counties or groups of counties with populations of 200,000 or more. These facilities exist for the diversion of nonviolent felony offenders from state prison and are operated by facility governing boards, which are advised by judicial advisory boards.

The state provides 100% of the financing for the construction, renovation, maintenance, and operation of these residential facilities, each of which house up to 200 felony offenders and offer services such as education, job training, and substance abuse treatment as an alternative to incarceration in a state correctional institution.

Funding Source: GRF

Implication of the Budget: Currently, there are 18 operational CBCFs providing beds to 87 of 88 counties. The total number of available CBCF beds stands at 1,944, permitting the diversion of approximately 5,385 felony offenders annually with an average length of stay of around four months. Cuyahoga County is the lone county not currently being served by a CBCF. Under the enacted budget, the CBCF program will be appropriated about \$1.0 million more in each fiscal year than the FY 2007 estimated expenditure of \$56.1 million. Given the cost of doing today’s business tomorrow will likely be higher, the Department plans to operate very close to FY 2007 continuation service levels in FYs 2008 and 2009, which includes the activation of 24 previously unfunded beds in Lucas County.

In November 2006, the Department requested, and the Controlling Board approved, a transfer of \$14.2 million in unspent GRF moneys – originally appropriated for, but no longer needed to, pay debt service obligations – for other purposes. Of those unspent GRF moneys, \$5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs. Specifically relevant herein is that \$1.0 million of that \$5.0 million in transferred community sanction money was appropriated to the CBCFs program.

In FY 2007, part of the previously noted \$1.0 million transferred to CBCFs by the Controlling Board was used to reestablish residential substance abuse funding that was lost in FY 2006. This revenue, along with the enacted FYs 2008 and 2009 funding levels, will provide moneys for the residential substance abuse programs at the CBCFs in Trumbull, Montgomery, and Jefferson counties. The Department will also add 78 female CBCF beds located in Seneca, Loraine, Summit, Union, and Scioto counties. These additional services should continue through the upcoming FY 2008 - 2009 biennium.

The lone remaining CBCF is a 200-bed facility that has been planned for some time in Cuyahoga County. The county has been scheduled to receive capital funding for construction. For several years, it has been unclear when that CBCF planned for Cuyahoga County would be constructed and operational due to ongoing problems locating a suitable site. Cuyahoga County officials have now selected two potential sites for this project, and are also in the process of creating the required facility governing and advisory boards. When the final decisions are made, this project will be ready to move forward. Getting this site online carries notable potential as felony commitments from Cuyahoga County alone typically make up around one-fifth, or 20%, of annual prison population intake.

Program 2.04: Non-Residential Felony Programs

Program Description: This program, through the authority of the Community Corrections Act, provides grants to counties to operate intensive supervision and other community sanctions programming for felony offenders in lieu of prison or jail commitments. During FY 2007, grants under this program funded 48 programs in 45 counties, providing sanctions for nearly 9,689 offenders. The purpose of the program is to provide the judges of the courts of common pleas with sentencing alternatives for felony offenders, such as intensive supervision, day reporting, work release, community service, counseling, drug testing, and electronic monitoring.

Funding Source: GRF

Implication of the Budget: In November 2006, the Department requested, and the Controlling Board approved, a transfer of \$14.2 million in unspent GRF moneys – originally appropriated for, but no longer needed to, pay debt service obligations – for other purposes. Of those unspent GRF moneys, \$5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs. Specifically relevant herein is that \$1.0 million of that \$5.0 million in transferred community sanction money was appropriated for community nonresidential felony programs.

Over the course of FY 2007, the Department reevaluated and reorganized some of the existing felony diversion programs around the state. With the availability of the additional funding in FY 2007, the Department added some new programs for felony “non-support” offenders, or those convicted of not paying child support. The Department has also added \$500,000 in funding for more treatment in 17 programs across the state.

Under the enacted budget, the Department anticipates being able to continue to provide current FY 2007 levels of program support in FYs 2008 and 2009. Approximately 90% of these program grants cover the staffing-related costs of local programs.

Program 2.05: Non-Residential Misdemeanor Programs

Program Description: This program provides grants, through the authority of the Community Corrections Act, to counties and cities to operate pre-trial release, probation, or other local programs for misdemeanor offenders in lieu of confinement in jail. These local programs provide sentencing options for municipal courts and county courts for the purpose of diverting offenders from local jails, which is a more expensive form of sanctioning. Jail diversion programs include, but are not limited to, intensive supervision, standard probation, electronic monitoring, drug testing, day reporting, work release, and community service. This program currently funds 111 programs in 80 counties, and provides alternatives to confinement for around 20,762 offenders each year.

Funding Source: GRF

Implication of the Budget: In November 2006, the Department requested, and the Controlling Board approved, a transfer of \$14.2 million in unspent GRF moneys – originally appropriated for, but no longer needed to, pay debt service obligations – for other purposes. Of that those unspent GRF moneys, \$5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs. Specifically relevant herein is that \$1.0 million of that \$5.0 million in transferred community sanction money was appropriated for community nonresidential misdemeanor programs.

With the availability of additional GRF funding in FY 2007, the Department added \$500,000 for new jail diversion programs in nine counties to help alleviate jail crowding. Two of these counties had no jail diversion programs. The Department also added \$500,000 in funding for more treatment services in 13 programs across the state.

Under the enacted budget, the Department anticipates being able to continue to provide current FY 2007 levels of program support in FYs 2008 and 2009.

Program Series**3: Program Management**

Purpose: To provide quality corrections in Ohio and provide centralized leadership and support for the state prison system and community corrections programs

The following table shows the line items that are used to fund the Program Management program series, as well as the enacted funding levels.

Fund Group	ALI	Title	FY 2008	FY 2009
GRF	504-321	Administrative Operations	\$27,554,198	\$28,658,273
GSF	501-609	State and Non-Federal Awards	\$247,717	\$247,717
GSF	501-606	Training Academy Receipts	\$75,190	\$75,190
Total Program Series Funding: Program Management			\$27,877,105	\$28,981,180

The Program Management program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ **Program 3.01: Program Management**

Program 3.01: Program Management

Program Description: This program essentially guides all of the correctional institutions and provides oversight and coordination for all departmental operations. It includes the following administrative operations: Office of the Director, Office of Human Resources (personnel, employee relations, training/assessment center, and labor relations), Public Information Office, Legal Services Division, Office of the Chief Inspector, Office of Prisons, Office of Administration (business administration, penal industries, information and technology services, and construction, activation, and maintenance), Legislative Office, and the Office of Policy and Offender Reentry.

Funding Source: (1) GRF, (2) state and nonfederal award funds, and (3) charges to individuals from outside the Department for training received at the Corrections Training Academy.

Implication of the Budget: According to the Department, the enacted level of funding in FYs 2008 and 2009 for Program Management services will permit it to cover the current FY 2007 cost of doing business in the future, including the payroll-related expenditures associated with 276 staff positions.

Program Series**4: Debt Service**

Purpose: To ensure payment of bond service charges for obligations issued by the Ohio Building Authority to finance the cost of the Department's capital appropriations.

The following table shows the lone and relatively large GRF line item that is used to fund this program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	501-406	Lease Rental Payments	\$107,607,100	\$109,224,900
Total Program Series Funding: Debt Service			\$107,607,100	\$109,224,900

The Debt Service program series only contains one program as noted below. A relatively brief discussion of that program then follows.

■ **Program 4.01: Debt Service**

Program 4.01: Debt Service

Program Description: This program/line item picks up the state's debt service tab that must be paid to the Ohio Building Authority (OBA) for its obligations incurred as a result of issuing bonds that cover the Department's capital appropriations. The appropriation authority and actual spending levels are set and controlled by the Office of Budget and Management (OBM), and not by DRC. The moneys made available as a result of these bonds have financed the design, construction, renovation, and rehabilitation phases of various departmental capital projects, as well as the construction and renovation costs associated with local projects (community-based correctional facilities and jails).

Funding Source: GRF

Implication of the Budget: Under the enacted budget, the level of debt service funding appropriated should be sufficient to meet the Department's legal and financial obligations to the OBA in both of the next two fiscal years. There are also two notable features of DRC's debt service obligations. First, since the start of FY 1991, the General Assembly has authorized departmental capital appropriations that total well in excess of \$1.0 billion, which are financed exclusively by bonds issued by OBA. The cumulative fiscal effect of these bond moneys is reflected in the Department's relatively large annual repayment stream. Second, the enacted level of debt service funding in each of FYs 2008 and 2009 is smaller than in previous years which likely reflects several factors, including: retired bonds, refinanced bonds, and smaller biennial capital budgets.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2006: *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* % Change 2007 to 2008: *FY 2009 Appropriations:* % Change 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

DRC Rehabilitation and Correction, Department of

GRF	501-321	Institutional Operations	\$ 832,814,124	\$ 853,758,145	\$ 879,084,276	\$ 892,162,864	1.49%	\$ 928,980,197	4.13%
GRF	501-403	Prisoner Compensation	\$ 8,599,255	\$ 8,599,255	\$ 8,599,255	\$ 8,599,255	0.00%	\$ 8,599,255	0.00%
GRF	501-405	Halfway House	\$ 39,063,681	\$ 38,083,909	\$ 40,605,128	\$ 41,214,205	1.50%	\$ 41,214,205	0.00%
GRF	501-406	Lease Rental Payments	\$ 139,758,583	\$ 119,406,396	\$ 119,320,761	\$ 107,607,100	-9.82%	\$ 109,224,900	1.50%
GRF	501-407	Community Nonresidential Programs	\$ 15,436,108	\$ 15,244,830	\$ 16,270,567	\$ 16,514,626	1.50%	\$ 16,547,367	0.20%
GRF	501-408	Community Misdemeanor Programs	\$ 8,194,289	\$ 8,163,754	\$ 9,175,444	\$ 9,313,076	1.50%	\$ 9,313,076	0.00%
GRF	501-501	Community Residential Programs - CBCF	\$ 56,380,070	\$ 55,063,445	\$ 56,054,445	\$ 57,104,132	1.87%	\$ 57,104,132	0.00%
GRF	502-321	Mental Health Services	\$ 63,950,084	\$ 68,468,763	\$ 66,506,224	\$ 70,112,063	5.42%	\$ 73,405,363	4.70%
GRF	503-321	Parole and Community Operations	\$ 74,576,039	\$ 77,922,059	\$ 80,608,911	\$ 79,296,672	-1.63%	\$ 82,739,767	4.34%
GRF	504-321	Administrative Operations	\$ 25,708,422	\$ 27,336,072	\$ 28,147,730	\$ 27,554,198	-2.11%	\$ 28,658,273	4.01%
GRF	505-321	Institution Medical Services	\$ 142,230,076	\$ 167,127,241	\$ 179,703,683	\$ 199,073,620	10.78%	\$ 198,337,805	-0.37%
GRF	506-321	Institution Education Services	\$ 22,562,495	\$ 23,638,009	\$ 23,114,615	\$ 23,784,868	2.90%	\$ 24,847,502	4.47%
GRF	507-321	Institution Recovery Services	\$ 6,643,138	\$ 6,971,800	\$ 7,090,212	\$ 7,319,028	3.23%	\$ 7,664,520	4.72%
General Revenue Fund Total			\$ 1,435,916,365	\$ 1,469,783,677	\$ 1,514,281,251	\$ 1,539,655,707	1.68%	\$ 1,586,636,362	3.05%
148	501-602	Services and Agricultural	\$ 91,249,705	\$ 99,182,882	\$ 95,207,827	\$ 104,485,807	9.74%	\$ 108,290,058	3.64%
200	501-607	Ohio Penal Industries	\$ 26,840,763	\$ 33,499,259	\$ 38,000,000	\$ 39,395,391	3.67%	\$ 40,845,414	3.68%
483	501-605	Property Receipts	\$ 225,544	\$ 229,936	\$ 393,491	\$ 393,491	0.00%	\$ 393,491	0.00%
4B0	501-601	Sewer Treatment Services	\$ 1,805,459	\$ 1,549,476	\$ 1,758,177	\$ 2,331,003	32.58%	\$ 2,407,018	3.26%
4D4	501-603	Prisoner Programs	\$ 14,553,031	\$ 15,689,669	\$ 20,967,703	\$ 20,967,703	0.00%	\$ 20,967,703	0.00%
4L4	501-604	Transitional Control	\$ 1,516,782	\$ 1,717,194	\$ 2,051,452	\$ 2,051,451	0.00%	\$ 2,051,451	0.00%
4S5	501-608	Education Services	\$ 3,444,255	\$ 2,935,030	\$ 4,564,072	\$ 4,564,072	0.00%	\$ 4,564,072	0.00%
571	501-606	Training Academy Receipts	\$ 37,227	\$ 41,906	\$ 75,190	\$ 75,190	0.00%	\$ 75,190	0.00%
593	501-618	Laboratory Services	\$ 4,443,115	\$ 5,305,860	\$ 5,799,999	\$ 5,799,999	0.00%	\$ 5,799,999	0.00%
5AF	501-609	State and Non-Federal Awards	\$ 60,482	\$ 120,057	\$ 262,718	\$ 262,718	0.00%	\$ 262,718	0.00%
5H8	501-617	Offender Financial Responsibility	\$ 1,211,195	\$ 1,434,561	\$ 2,500,000	\$ 2,500,000	0.00%	\$ 2,500,000	0.00%
5L6	501-611	Information Technology Services	----	\$ 212,551	\$ 3,741,980	\$ 3,741,980	0.00%	\$ 3,741,980	0.00%
General Services Fund Group Total			\$ 145,387,558	\$ 161,918,381	\$ 175,322,609	\$ 186,568,805	6.41%	\$ 191,899,094	2.86%
323	501-619	Federal Grants	\$ 9,102,318	\$ 9,358,588	\$ 12,198,353	\$ 12,198,353	0.00%	\$ 12,198,353	0.00%
3CJ	501-621	Medicaid Inpatient Services	----	----	----	\$ 11,600,000	N/A	\$ 15,500,000	33.62%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
DRC Rehabilitation and Correction, Department of									
3S1	501-615	Truth-In-Sentencing Grants	\$ 4,264,508	\$ 2,066,224	\$ 26,127,427	\$ 8,709,142	-66.67%	\$ 8,709,142	0.00%
Federal Special Revenue Fund Group Total			\$ 13,366,826	\$ 11,424,812	\$ 38,325,780	\$ 32,507,495	-15.18%	\$ 36,407,495	12.00%
Rehabilitation and Correction, Department of Total			\$ 1,594,670,750	\$ 1,643,126,870	\$ 1,727,929,640	\$ 1,758,732,007	1.78%	\$ 1,814,942,951	3.20%

Department of Youth Services

Matthew L. Stiffler, Budget Analyst

- Staffing and service levels vulnerable in FY 2009?
- Juvenile court subsidies essentially flat-funded
- Federal juvenile justice funding continues to drop
- Partnerships for Success initiative gets cash

OVERVIEW

Duties and Responsibilities

The Department of Youth Services (DYS) is a cabinet-level agency managed by a director appointed by the Governor. The Department's role is to enhance public safety through the confinement of juvenile felony offenders and the provision or support of various institutional and community-based programs to aid in the rehabilitation of delinquent juveniles.

In order to perform that mission, the Department most notably:

- Operates eight juvenile correctional facilities.
- Operates six regional parole offices.
- Distributes around \$48.0 million in annual RECLAIM and youth services subsidies to juvenile courts.
- Funds twelve community correctional facilities (CCFs).
- Contracts with, and oversees, the Paint Creek Youth Center, a privately run facility.

The Department currently has 2,100-plus funded full-time staff positions and a total FY 2007 budget estimated at \$291.27 million, of which \$252.29 million, or 86.6%, is drawn from the state's GRF.

Agency in Brief

The following table selectively summarizes Department of Youth Services appropriations and staffing information.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
2,213	\$293.63 million	\$299.07 million	\$259.22 million	\$263.89 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 15, 2007. This figure includes 2,131 full-time permanent employees.

Staffing Levels

Arguably, GRF funding is the critical component affecting the Department's ability to deliver the most appropriate juvenile justice system services, financing close to 90% of its total annual operating budget. Working within the fiscal parameters established by the Office of Budget and Management, the Department requested a total of \$259.21 million in GRF funding for each of FYs 2008 and 2009, which included moneys to be allocated to fund 2,189.9 FTEs (full-time equivalent staff positions) in FY 2008 and 2,076.1 FTEs in FY 2009. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007 (2,228.0), the Department's budget narrative seemed to suggest that it could lose up to 150 or so funded FTEs over the course of the next biennium in operational areas related to institutions (121.3 FTEs), parole (11.3 FTEs), and program management (19.3 FTEs). Three-quarters, or 75%, of that projected reduction in funded FTEs was to occur in FY 2009.

The enacted budget provides more than the Department's requested levels of GRF support by \$10,428 in FY 2008 and \$4,680,086 in FY 2009. These funding levels, in particular the appropriated FY 2009 amount, suggest that, if the number of funded FTEs does decrease, as the Department's budget narrative anticipated, then the magnitude of that reduction may be considerably less dramatic. The enacted budget does not appear to keep pace with the Department's increasing cost-of-doing-business. For example, mandated pay raises, payroll charges, and service delivery costs will make the Department's ability to maintain current activity levels problematic.

Subsequent to its biennial budget submission and the release of the executive-recommended budget, the Department revisited some of the funding and FTE-related issues noted immediately above. More specifically, its estimated number of funded FY 2007 FTEs was revised downward from 2,228.0 to 2,127.9, a decrease of 100.1 FTEs. Relative to the funding levels contained in the enacted budget, which are unchanged from the annual funding amounts provided under the executive-recommended budget, it appears that the Department anticipates largely maintaining its current staffing level in FY 2008, but will have trouble meeting the payroll expenses related to around 85.0 FTEs in FY 2009.

Notable Budget Components

The Department's activities can be viewed as having four notable components or program series, each of which is discussed in more detail below.

(1) Juvenile Court Subsidies

The Department currently has three GRF-funded juvenile court subsidy programs: (1) the RECLAIM County Subsidy, (2) the Youth Services Block Grant, and (3) the Community Correctional Facilities (CCFs) program. In FY 2007, an estimated \$67.58 million will be distributed from these three subsidy programs. It appears that, generally speaking, the amount of this departmental money distributed collectively to juvenile courts and counties constitutes a significant portion of the locally available juvenile treatment and program service dollars. Under the enacted budget, the total amount to be distributed through these juvenile court subsidy programs will be \$68.37 million in FY 2008 and \$68.75 million in FY 2009. Two of these three subsidy programs – RECLAIM and Youth Services Block Grant – are discussed in more detail immediately below.

RECLAIM Ohio. The RECLAIM Ohio (Reasoned and Equitable Community and Local Alternatives to the Incarceration of Minors) program was launched as a pilot in January 1994 and implemented statewide in 1995. RECLAIM Ohio provides juvenile courts with funding to develop community-based programs for juvenile offenders. In doing so, the program is intended to reduce the

number of commitments sentenced to the custody of the Department, while ideally only the most serious offenders would be committed to the Department.

In FY 2007, counties will retain an estimated \$30.0 million in RECLAIM Ohio funding for local programs. These funds provide the juvenile courts with tools to treat juveniles where there is an increased likelihood of success (i.e., decreased recidivism).

Under RECLAIM Ohio, the Department and juvenile courts have developed what might be termed a symbiotic relationship. Because the Department provides as much as half of a juvenile court's annual budget, a juvenile court can arguably be viewed as highly dependent on the Department for funding. When the Department's funding is reduced, not only the Department, but also local governments experience budget reductions. The Department believes that, if funding to juvenile courts is significantly reduced, it increases the likelihood that juvenile courts will end up placing more juveniles into the care and custody of the Department.

Youth Services Block Grant. At the end of FY 2001, the Department was administering three distinct subsidy programs grouped under what was then termed the Independent Court Subsidies program series. Those three subsidy programs were as follows:

- (1) **Rehabilitation Subsidy.** Supported bricks and mortar rehabilitation programs in 19 counties; eliminated in the FY 2002-2003 biennial operating budget.
- (2) **Detention Subsidies.** Provided a maximum of \$156,928 in each fiscal year to county detention centers; largely phased out in FY 2002 and then completely eliminated in FY 2003.
- (3) **Youth Services.** Provides funding to juvenile courts to divert nonfelony juveniles from the juvenile justice system.

Due to GRF expenditure reductions instituted over the course of budget cuts, the Rehabilitation and Detention subsidy programs were eliminated at the close of FY 2002, leaving the Youth Services Block Grant and RECLAIM Ohio as the core of state financial assistance for juvenile court programs and services. Under the Youth Services Block Grant, moneys are distributed to juvenile courts to provide services to juveniles that have not been adjudicated delinquent for a felony; such services typically fund nonsecure community programs that emphasize prevention, diversion, and correctional services.

(2) Institutional Operations

The Institutional Operations program series captures all of the services and activities that the Department provides to the delinquent children in their care and custody, including, but not limited to, behavioral health services, medical services, security, education, and food services. This program series represents the core of the Department's day-to-day activities and is a significant component of its annual operating budget. Under the enacted budget, 51% of the Department's annual operating budget has been allocated for institutional operations.

(3) Parole Operations

The Department supervises juveniles released from its institutions through the Division of Parole and Community Services, which operates six regional parole offices. Parole operations are divided into two branches: (1) Parole Operations and (2) Contract Treatment, the latter involving contractor delivery of residential and nonresidential treatment services to delinquent children on parole services. Over time, the fiscal emphasis on residential services has decreased, while the funding to nonresidential services has

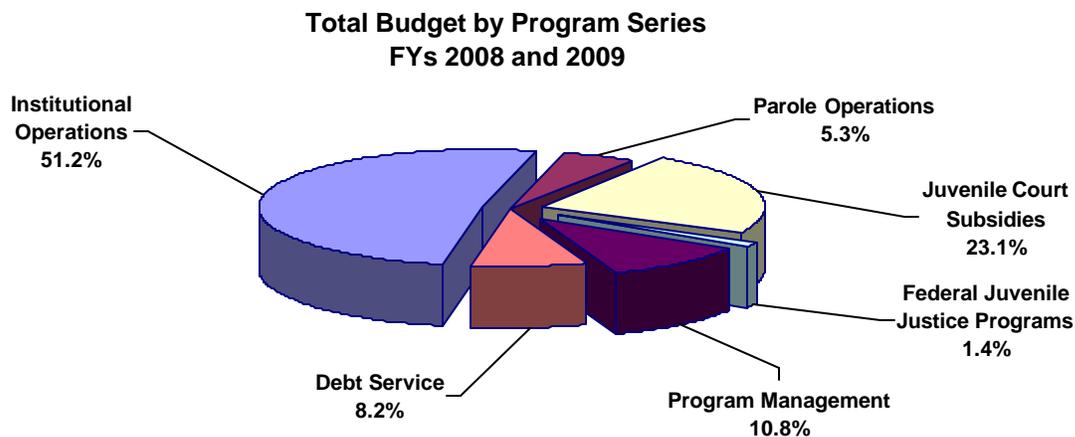
increased. In order to absorb GRF budget reductions that would be in effect over the course of FYs 2004 and 2005, the Department opted to close the Athens Regional Office, reducing the number of regional parole offices from seven to six. Under the enacted budget, roughly 5% of the Department's annual operating budget has been allocated for parole operations, virtually all of which will be supported by GRF appropriations.

(4) Federal Juvenile Justice Programs

The Department is designated as the state agency to administer all juvenile justice grants provided to Ohio through the federal Office of Juvenile Justice and Delinquency Prevention. These moneys are distributed as subgrants to state agencies, local governments, and nonprofit agencies for implementing various programs that address the problem of juvenile delinquency and its prevention. Under the enacted budget, around \$4.0 million has been allocated annually for federal grant distributions.

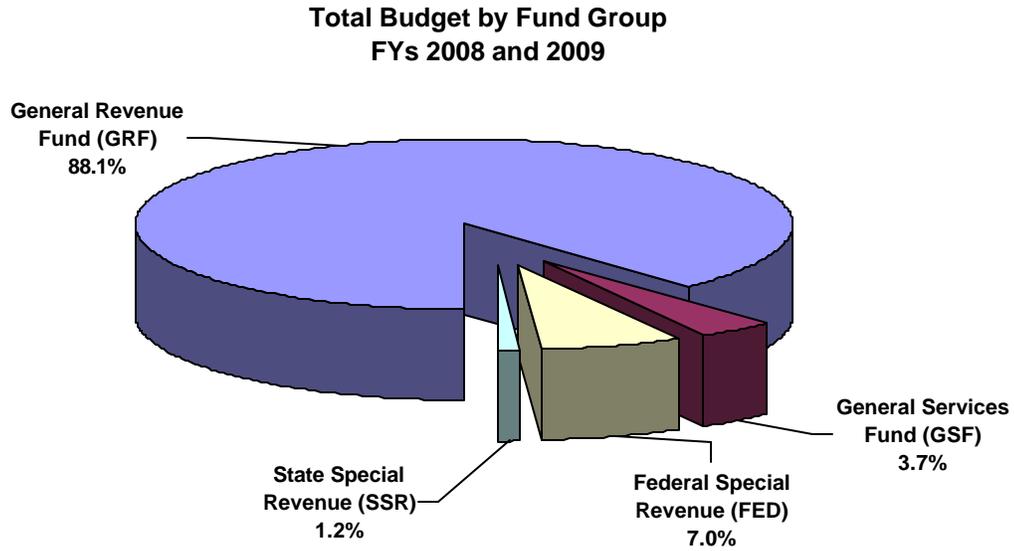
Expense by Program Area Summary

The pie chart immediately below shows the Department of Youth Services' total enacted appropriations (FYs 2008 and 2009) by program series.



Expense by Fund Group Summary

The pie chart immediately below shows the Department of Youth Services' total enacted appropriations (FYs 2008 and 2009) by fund group.



ANALYSIS OF THE BUDGET

What follows is LSC fiscal staff's analysis of the Department of Youth Services' enacted biennial operating budget covering FYs 2008 and 2009. The presentation of that budget information is organized around the following six program series.

- **Program Series 1: Institutional Operations**
- **Program Series 2: Parole Operations**
- **Program Series 3: Juvenile Court Subsidies**
- **Program Series 4: Federal Juvenile Justice Grants**
- **Program Series 5: Program Management**
- **Program Series 6: Debt Service**

The table below summarizes the enacted funding levels for each of the six program series in FYs 2008 and 2009.

Program Series	FY 2008	FY 2009
Institutional Operations	\$150,339,100	\$152,877,863
Parole Operations	\$15,576,514	\$15,989,830
Juvenile Court Subsidies	\$68,373,878	\$68,747,679
Federal Juvenile Justice Grants	\$4,226,849	\$3,863,596
Program Management	\$30,904,993	\$33,379,541
Debt Service	\$24,207,700	\$24,208,700
Total Enacted Funding	\$293,629,034	\$299,067,209

The rest of this section analyzing the enacted budget contains a more detailed discussion of each of the Department's six program series.

Program Series

1: Institutional Operations

Purpose: To provide corrective and rehabilitative services to youth in departmental institutions

The following table shows the line items that are used to fund the Institutional Operations program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	470-401	RECLAIM Ohio	\$131,320,085	\$132,957,145
General Revenue Fund Subtotal			\$131,320,085	\$132,957,145
State Special Revenue Fund				
147	470-612	Vocational Education	\$2,074,710	\$2,141,823
State Special Revenue Fund Subtotal			\$2,074,710	\$2,141,823
General Services Fund				
175	470-613	Education Reimbursement	\$8,881,457	\$9,383,510
479	470-609	Employee Food Service	\$137,666	\$137,666
General Services Fund Subtotal			\$9,019,123	\$9,521,176
Federal Special Revenue Fund				
321	470-601	Education	\$5,016,813	\$5,276,641
321	470-606	Nutrition	\$2,908,369	\$2,981,078
Federal Special Revenue Fund Subtotal			\$7,925,182	\$8,257,719
Total Program Series Funding: Institutional Operations			\$150,339,100	\$152,877,863

This analysis focuses on the following specific programs within the Institutional Operations program series:

- **Program 1.01: Behavioral Health Services**
- **Program 1.02: Medical Services**
- **Program 1.03: Security/Unit Management**
- **Program 1.04: Education**
- **Program 1.05: Food Services**
- **Program 1.06: Maintenance**
- **Program 1.07: Facility Management**
- **Program 1.08: General Program Services**
- **Program 1.09: Support Services**
- **Program 1.10: Private Facility Contracts**

The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the Institutional Operations program's services and expenditures. Based on the funding and related staffing scenarios discussed in that document, LSC fiscal staff discerned that, relative to the estimated number of funded FTEs in FY 2007, the Department could have considerable difficulty meeting the payroll and related expenses associated with the equivalent of around 120.0 full-time Institutional Operations staff (expressed as FTEs) over the course of the next biennium, with FY 2009 being particularly problematic for approximately 94.0 FTEs.

Subsequent to its biennial budget submission and the release of the executive-recommended budget, the Department revisited some of these funding and FTE-related issues. Relative to the funding levels contained in the enacted budget, which are unchanged from the annual funding amounts provided under the executive-recommended budget, it appears that the Department anticipates largely maintaining its FY 2007 Institutional Operations staffing level in FY 2008, but will have trouble meeting the payroll expenses related to around 75.0 FTEs in FY 2009.

Program 1.01: Behavioral Health Services

Program Description: The program is comprised of two parts: (1) mental health services, and (2) substance abuse treatment services. Based on the narrative accompanying the Department's biennial operating budget submission, at any given time, around 30% of institutionalized youth are on the mental health caseload, i.e., being followed by psychology and/or psychiatry staff due to ongoing mental health concerns, and at least 25% of all institutionalized youth are on psychotropic medications. Both federal and state law mandates that institutionalized youth receive behavioral health care.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the Behavioral Health Services program. In FY 2006, the program's expenditures totaled \$3.57 million and its funded personnel level was the equivalent of 41.5 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 41.5 FTEs, was \$4.35 million. The Department requested GRF funding totaling \$4.56 million in each of FYs 2008 and 2009. According to the Department's biennial budget request, in FY 2008, their requested funding level would support 41.0 FTEs, and, in FY 2009, it would fund 38.6 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that up to 3.0 FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of GRF Behavioral Health Services program support by around \$129,000 in FY 2008 and \$69,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding will not be sufficient to fully fund all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.02: Medical Services

Program Description: The moneys appropriated for the Medical Services program fund nursing and medical services, including primary health care, emergency and obstetrical services, hospitalization, dental, pharmacy, radiology, optometry, laboratory, preventative health care, and health care supplies and equipment for all institutionalized juveniles.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the Medical Services program. In FY 2006, the program's expenditures totaled \$12.58 million and its funded personnel level was the equivalent of 71.0 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 71.0 FTEs, was \$12.69 million. The Department requested GRF funding totaling \$13.13 million in each of FYs 2008 and 2009. According to the Department's

biennial budget request, in FY 2008, their requested funding level would support 70.0 FTEs, and, in FY 2009, it would support 66.0 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that up to 5.0 FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of GRF Medical Services program support by around \$741,000 in FY 2008 and \$642,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding will not be sufficient to fully fund all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.03: Security/Unit Management

Program Description: The moneys appropriated for the Security/Unit Management program fund: (1) basic supervision and control of youth, (2) continuous monitoring and inspection of security systems and hardware, and (3) provide for a safe and orderly atmosphere.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the Security/Unit Management program. In FY 2006, the program's expenditures totaled \$53.64 million and its funded personnel level was the equivalent of 908.0 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 908.0 FTEs, was \$56.04 million. The Department requested GRF funding totaling \$58.56 million in each of FYs 2008 and 2009. According to the Department's biennial budget request, in FY 2008, their requested funding level would support 895.1 FTEs, and, in FY 2009, it would support 844.5 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that in the range of 60.0 or so FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of GRF Security/Unit Management program support by \$1.69 million in FY 2008 and around \$839,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding will not be sufficient to fully fund all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.04: Education

Program Description: The purpose of the Education program is to: (1) provide the school age juveniles in the Department's custody with the opportunity to work toward high school graduation or a GED, (2) assist juveniles with the development of job-training skills, and (3) provide remediation and services for juveniles with learning disabilities. The Department operates its own school district under a charter from the Ohio Department of Education.

Funding Sources (in order of magnitude): (1) Education payments, (2) GRF, and (3) federal moneys

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the Education program. In FY 2006, the program's expenditures totaled \$13.79 million and its funded personnel level was the equivalent of 236.3 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 236.3 FTEs, was \$21.07 million. The Department requested a mix of GRF and non-GRF funding totaling \$21.81 million in FY 2008 and \$22.64 million in FY 2009. According to the Department's biennial budget request, in FY 2008, their requested funding level would support 231.5 FTEs, and, in FY 2009, it would support 228.1 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that around 8.0 FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides more than the Department's requested levels of Education program support by around \$88,000 in FY 2008 and \$176,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding may protect some, but not all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.05: Food Services

Program Description: Under the Food Services program, the Department provides three meals and two snacks per day to delinquent children institutionalized in its juvenile correctional facilities. The funding pays for food, equipment, and staff.

Funding Source (in order of magnitude): (1) GRF, (2) federal moneys, and (3) miscellaneous cafeteria moneys

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the Food Services program. In FY 2006, the program's expenditures totaled \$9.30 million and its funded personnel level was the equivalent of 139.0 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 139.0 FTEs, was \$9.72 million. The Department requested a mix of GRF and non-GRF funding totaling \$10.09 million in FY 2008 and \$10.16 million in FY 2009. According to the Department's biennial budget request, in FY 2008, their requested funding level would support 137.0 FTEs, and, in FY 2009, it would support 129.3 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that around 10.0 FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of Food Services program support by around \$200,000 in FY 2008 and \$134,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding will not be sufficient to fully fund all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.06: Maintenance

Program Description: The purpose of the Maintenance program is to address issues involving the physical plant of the Department's juvenile correctional facilities, including, but not limited to, heating/ventilation, plumbing, equipment, and security systems.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the Maintenance program. In FY 2006, the program's expenditures totaled \$10.72 million and its funded personnel level was the equivalent of 80.0 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 80.0 FTEs, was \$10.55 million. The Department requested GRF funding totaling \$10.67 million in each of FYs 2008 and 2009. According to the Department's biennial budget request, in FY 2008, their requested funding level would support 78.9 FTEs, and, in FY 2009, it would support 74.4 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that around 6.0 FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of Maintenance program support by around \$59,000 in FY 2008 and \$56,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding will not be sufficient to fully fund all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.07: Facility Management

Program Description: The Facility Management program includes a broad area of responsibility that coordinates and oversees the workings of the Department's eight juvenile correctional facilities, and includes the following types of personnel: superintendents, deputy superintendents, labor relations officers, and core support staff (e.g., administrative assistants, human service program administrators, executive secretaries, secretaries, clerks, and office assistants).

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the Facility Management program. In FY 2006, the program's expenditures totaled \$6.27 million and its funded personnel level was the equivalent of 76.0 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 76.0 FTEs, was \$8.14 million. The Department requested GRF funding totaling \$8.48 million in each of FYs 2008 and 2009. According to the Department's biennial budget request, in FY 2008, their requested funding level would support 74.9 FTEs, and, in FY 2009, it would support 70.6 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that around 5.0 FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of Facility Management program support by around \$237,000 in FY 2008 and \$134,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding will not be sufficient to fully fund all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.08: General Program Services

Program Description: This program provides funding for staff responsible for: (1) reception assessments, (2) social services, (3) religious services, and (4) recreational services.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the General Program Services program. In FY 2006, the program's expenditures totaled \$10.96 million and its funded personnel level was the equivalent of 183.5 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 183.5 FTEs, was \$12.26 million. The Department requested GRF funding totaling \$12.81 million in each of FYs 2008 and 2009. According to the Department's biennial budget request, in FY 2008, their requested funding level would support 180.9 FTEs, and, in FY 2009, it would support 170.6 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that around 13.0 FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of General Program Services program support by around \$367,000 in FY 2008 and \$182,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding will not be sufficient to fully fund all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.09: Support Services

Program Description: The Support Services program provides funding for: (1) laundry services, (2) storeroom services, (3) training personnel, (4) fiscal departments, (5) records personnel, and (6) personnel services.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures of the Support Services program. In FY 2006, the program's expenditures totaled \$9.02 million and its funded personnel level was the equivalent of 115.5 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 115.5 FTEs, was \$10.75 million. The Department requested GRF funding totaling \$10.93 million in each of FYs 2008 and 2009. According to the Department's biennial budget request, in FY 2008, their requested funding level would support 113.9 FTEs, and, in FY 2009, it would support 107.4 FTEs. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department's narrative suggested that around 8.0 FTEs were in jeopardy, depending on where the cuts are made, over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of Support Services program support by around \$78,000 in FY 2008 and more than requested by around \$26,000 in FY 2009. From LSC fiscal staff's perspective, it would appear that the enacted level of funding will not be sufficient to fully fund all of the positions identified by the Department as being vulnerable at the requested funding level. The Department may still have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Program 1.10: Private Facility Contracts

Program Description: The Private Facility Contracts program supports a contract the Department has with the Lighthouse Youth Center (Paint Creek). Paint Creek is a private nonprofit residential treatment facility for 50 males between the ages of 15 and 18 committed to DYS for felony 1 or felony 2 offenses. The facility is located on 32 acres outside the Village of Bainbridge in Ross County. The facility has been operating since 1986 as a program of Lighthouse Youth Center of Cincinnati, Ohio.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the services and expenditures associated with the Paint Creek contract. In FY 2006, the Paint Creek contract cost the Department \$2.45 million. Its estimated FY 2007 cost was \$2.63 million. The Department requested GRF funding totaling \$2.69 million in each of FYs 2008 and 2009. The enacted budget provides more than the Department's requested levels of support for the Paint Creek contract by around \$13,000 in FY 2008 and \$95,000 in FY 2009. As of this writing, with the levels of enacted funding, it appears that the Department will be able to maintain the contract, which provides 50 beds available 365 days a year equaling 18,250 bed days. This assumes that the Department will be able to negotiate a per diem rate that does not exceed approximately \$148 in FY 2008 and \$153 in FY 2009.

Program Series**2: Parole Operations**

Purpose: To ensure public safety through parole supervision, while assisting youth in developing competency and accountability

The following table shows the line items that are used to fund the Parole Operations program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	472-321	Parole Operations	\$15,356,904	\$15,764,729
General Revenue Fund Subtotal			\$15,356,904	\$15,764,729
Federal Special Revenue Fund				
321	470-614	Title IV -E Reimbursements	\$219,610	\$225,101
Federal Special Revenue Fund Subtotal			\$219,610	\$225,101
Total Program Series Funding: Parole Operations			\$15,576,514	\$15,989,830

This analysis focuses on the following specific programs within the Parole Operations program series:

- **Program 2.01: Parole Operations**
- **Program 2.02: Contract Treatment Services**

Program 2.01: Parole Operations

Program Description: The Parole Operations program provides funding for the Department's six regional parole office operations (e.g., safety vehicles and equipment, staff training, office maintenance, security and maintenance of youth records, and other confidential correspondence).

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the Parole Operations program's services and expenditures. In FY 2006, the program's expenditures totaled \$11.76 million and its funded personnel level was the equivalent of 162.0 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 162.0 FTEs, was \$13.36 million. The Department requested GRF funding totaling \$13.69 million in each of FYs 2008 and 2009, which included moneys to be allocated to fund 159.7 FTEs in FY 2008 and 150.7 FTEs in FY 2009. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department indicated it could lose up to 11.0 funded FTEs over the course of the next biennium.

The enacted budget provides less than the Department's requested levels of GRF Parole Operations program support by approximately \$385,000 in FY 2008 and \$43,000 in FY 2009. From LSC fiscal staff's perspective, this apparent funding gap suggests that the Department may have difficulty retaining existing staff and service levels, particularly in light of anticipated salary and related payroll expenses.

Subsequent to its biennial budget submission and the release of the executive-recommended budget, the Department revisited some of the funding and FTE-related issues noted immediately above.

Relative to the funding levels contained in the enacted budget, which are unchanged from the annual funding amounts provided under the executive-recommended budget, it appears that the Department anticipates largely maintaining its current Parole Operations staffing level in FY 2008, but will have trouble meeting the payroll expenses related to an estimated 5.0 FTEs in FY 2009.

Program 2.02: Contract Treatment Services

Program Description: The Contract Treatment Services program provides residential and community-based (nonresidential) treatment services for delinquent children on parole. These contract services include, but are not limited to, residential placement for difficult to place youth (mental health facilities, group homes, foster care), substance abuse programming, mental health programming, surveillance, sex offender counseling, electronic monitoring, and home-based counseling.

The bulk of the program's funding is in the form of GRF appropriations, which are used for residential placements. The program's non-GRF funding is in the form of moneys recouped from federal Title IV-E reimbursements and are used to support nonresidential programming. All of the program's moneys are allocated for contracted services; none of the Department's staffing and related administrative costs are charged directly to the moneys allocated for these purposes.

Funding Source (in order of magnitude): (1) GRF, and (2) federal reimbursement payments

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about the Contract Treatment Services program's services and expenditures. In FY 2006, the actual amount expended on contract treatment services was \$2.80 million, a level of spending that appears to have been supported by moneys generated by one-time savings in other departmental operations. The Department estimated that the expenditure level for contract treatment services would drop to \$1.82 million in FY 2007.

The Department requested a mix of GRF and non-GRF funding totaling \$2.08 million in FY 2008 and \$2.09 million in 2009 to maintain the level of FY 2007 residential and nonresidential contract treatment services, and, if possible, partially restore these contract services to their FY 2006 levels. The enacted budget provides more than the Department's requested levels of program support by approximately \$180,000 in FY 2008 and \$246,000 in FY 2009. Presumably, as a result of this increased level of funding, a larger number of youth can be served in the future than will have been the case in FY 2007. That said, the number of youth served would be a direct function of their needs, the availability of the appropriate services, the daily cost of servicing those needs, and the length of time that those services are delivered.

Juvenile Aftercare Program (Section 219.10). A temporary law provision tied to the enacted budget for the Department of Alcohol and Drug Addiction Services requires that, of the moneys appropriated to GRF line item 038-401, Treatment Services, \$2.5 million in FY 2009 be used for the Juvenile Aftercare Program to provide community-based alcohol and other drug treatment to parolees from the Department of Youth Services.

Program Series**3: Juvenile Court Subsidies**

Purpose: To provide funding to juvenile courts and counties for the development, implementation, and operation of secure and nonsecure community programs for at-risk, unruly, and delinquent youth

The following table shows the line items that are used to fund the Juvenile Court Subsidies program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	470-401	RECLAIM Ohio	\$49,815,291	\$50,189,092
GRF	470-510	Youth Services	\$18,558,587	\$18,558,587
General Revenue Fund Subtotal			\$68,373,878	\$68,747,679
Total Program Series Funding: Juvenile Court Subsidies			\$68,373,878	\$68,747,679

This analysis focuses on the following specific programs within the Juvenile Court Subsidies program series:

- **Program 3.01: Youth Services Block Grant**
- **Program 3.02: RECLAIM County Subsidy**
- **Program 3.03: Community Correctional Facilities (CCFs)**

Program 3.01: Youth Services Block Grant

Program Description: The purpose of the Youth Services Block Grant program is to distribute funds to juvenile courts to provide services to juveniles that have not been adjudicated delinquent for a felony; such services typically fund nonsecure community programs that emphasize prevention, diversion, and correctional services.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management estimated the Youth Services Block Grant program's total FY 2007 expenditures at \$18.56 million, an amount that would support in the range of 360-370 local programs funded all or in part through this grant program. The Department requested that same amount – \$18.56 million – for each of FYs 2008 and 2009, and also noted that, as the cost of delivering services continued to rise, it was likely that fewer youth would be served. The enacted budget provides the requested level of funding for the Youth Services Block Grant program.

The amount of GRF funding disbursed annually in support of the Youth Services Block Grant program has remained flat at around \$18.6 million since FY 2002. As these moneys are used solely for subsidy purposes, there is no direct fiscal impact on the Department. At the local level, these funds are used by a juvenile court for probation, conflict mediation, diversion, and specialized educational services for offenders. Presumably, as the costs of those services rise, if a juvenile court cannot locate adequate financial resources, then the court will likely be forced to institute cutbacks in programming.

Program 3.02: RECLAIM County Subsidy

Program Description: The RECLAIM Ohio (Reasoned and Equitable Community and Local Alternatives to the Incarceration of Minors) program, launched as a pilot program in January 1994 and implemented statewide in 1995, provides funding to juvenile courts for the purpose of developing community-based programs for juvenile offenders. By giving a juvenile court the option of treating juvenile offenders locally, counties are able to retain state funds that may be used for the development of local correctional options, developing community correctional facilities (CCFs), or contracting directly with private organizations.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management estimated the RECLAIM County Subsidy program's total FY 2007 expenditures at \$30.0 million, an amount identical to FY 2006. In FY 2006, that level of funding supported 360-plus local programs and served 26,000-plus youth and their families. The Department anticipated that, as a result of the combination of the increasing cost of doing business and flat funding, programs and youth would be negatively affected in FY 2007. The clear implication was that there would be a decrease in the number of local programs funded and the number of youth served.

The Department requested \$30.9 million in annual GRF funding for this subsidy program, a \$900,000 increase from the prior year, in order to more or less maintain the number of local programs funded and youth served. The enacted budget provides \$300,000 less than the requested amounts of GRF funding in each fiscal year.

The amount of the RECLAIM County Subsidy program money has not significantly changed in the last several fiscal years. In fact, in FY 2002, the program's subsidy totaled \$33.4 million. As previously mentioned, these funds are provided to counties to subsidize their local programming for delinquent youth who would otherwise be sent to the custody of the Department. With the reduction of funds and inflation-driven cost increases, these state moneys are purchasing less programming today for the juvenile courts than was the case at the beginning of this decade.

The Department has noted repeatedly over the years that, if funding to juvenile courts is significantly reduced from the \$30 million annual figure, then the juvenile courts may end up placing more juveniles into the care and custody of the Department, at considerably greater expense, due to a lack of appropriate local alternatives for these juveniles.

RECLAIM Ohio (Section 419.10). The enacted budget contains a temporary law provision earmarking \$25,000 in each fiscal year for distribution from GRF line item 470-401, RECLAIM Ohio, directly to the Lighthouse Youth Services Wrap-Around program.

Balance in County Felony Delinquent Care and Custody Fund (R.C. 5139.43). The enacted budget amends current law to limit the balance in a county's Felony Delinquent Care and Custody Fund at the end of each fiscal year, beginning June 30, 2008, to the total moneys allocated to the county for the care and custody of felony delinquents during the previous fiscal year, unless the county has applied for and been granted an exemption by the Director of Youth Services. The Department of Youth Services will be required to: (1) withhold an amount equal to any money in the county's Felony Delinquent Care and Custody Fund that exceeds the limit at the end of each fiscal year from future payments to the county and reallocate the amount withheld, and (2) adopt rules for the withholding and reallocation of the excess funds and for the criteria and process for a county to obtain an exemption from the withholding requirement.

From the Department's perspective, this change to prior law will enable it to adjust RECLAIM County Subsidy allocations up or down based on the amount that each county has remaining at the end of the fiscal year. The practical effect is to create the potential for unused county funds to be redistributed to other counties and more youth would ultimately be served.

Program 3.03: Community Correctional Facilities (CCFs)

Program Description: The moneys appropriated for the CCF program provide funding for in excess of 300 beds at 12 community correctional facilities located around the state. The beds are for felony adjudicated delinquent children who would otherwise be committed to a state juvenile correctional facility. CCFs are local, secure county-operated facilities and are fully funded by the Department. The facilities are typically able to provide more individualized care for juvenile offenders by keeping them closer to their communities and support a better transition to community settings following release.

Funding Source: GRF

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management estimated the CCF program's total FY 2007 expenditures at \$19.03 million, an amount that would support 354 beds for youth that might otherwise have been committed to a state juvenile correctional facility. The Department requested that same amount – \$19.03 million – for each of FYs 2008 and 2009, and also noted that, as the cost of servicing those local beds continued to rise, it was likely that level of funding would support up to 30 or so fewer beds.

The enacted budget provides more than the Department's requested levels of CCF program support by approximately \$190,000 in FY 2008 and \$564,000 in FY 2009. The Department anticipates that this level of funding will permit continued support of 354 CCF beds and serve an estimated 985 youth in each of the next two fiscal years.

Program Series**4: Federal Juvenile Justice Grants**

Purpose: To provide federal subgrants to local governments and nonprofit agencies for implementing various programs that address the problem of juvenile delinquency and its prevention

The following table shows the line items that are used to fund the Federal Juvenile Justice Grants program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
Federal Special Revenue Fund				
3BH	470-630	Federal Juvenile Programs FFY 06	\$100,000	\$50,000
3BT	470-634	Federal Juvenile Programs	\$300,000	\$50,000
3BY	470-635	Federal Juvenile Programs FFY 07	\$753,350	\$200,000
3BZ	470-636	Federal Juvenile Programs FFY 08	\$0	\$653,350
3V5	470-604	Juvenile Justice & Delinquency Prevention	\$2,500,000	\$2,500,000
3Z9	470-626	Federal Juvenile Programs FFY 05	\$142,253	\$0
321	470-603	Juvenile Justice Prevention	\$51,000	\$30,000
321	470-617	Americorps Programs	\$380,246	\$380,246
Federal Special Revenue Fund Subtotal			\$4,226,849	\$3,863,596
Total Program Series Funding: Federal Juvenile Justice Grants			\$4,226,849	\$3,863,596

This analysis focuses on the lone program that constitutes the Federal Juvenile Justice Grants program series as follows:

■ **Program 4.01: Juvenile Justice Programs**

Program 4.01: Juvenile Justice Programs

Program Description: This program consists of a single umbrella program – Juvenile Justice Programs – the purpose of which is to distribute federal funds as subgrants to local governments and nonprofit agencies for implementing various programs that address the problem of juvenile delinquency and its prevention. Currently, the Department has oversight and administrative responsibilities for four federally funded grants, three of which are awarded through the Office of Juvenile Justice and Delinquency Prevention (OJJDP) and one of which is an Americorps grant provided through the Corporation for National Community Services.

The three OJJDP grant programs include: (1) Title V incentive funds, which must be used for prevention and early intervention programs for at-risk youth and/or for youth that have had informal contact with the juvenile justice system for nonviolent acts or status offenses, (2) Title II formula funds, which are awarded to state and local agencies in roughly a half-dozen program areas that include delinquency prevention, family strengthening, substance abuse, mental health, alternatives to detention, and juvenile justice system improvements, and (3) Juvenile Accountability Block Grant (JABG) moneys, which are awarded to juvenile courts to provide programs and services to youth already involved in the juvenile justice system

Arguably, the most notable feature of the Department's federal juvenile justice grant programs is the ongoing reduction in the amount of money allocated for distribution to states and local governments. In FY 2001, the amount of juvenile justice grant money awarded to Ohio totaled \$10.9 million. Thereafter, that total annual amount began a steady decline and now sits at around \$4.0 million. The practical effect of this drop in federal funding is not only that noticeably less money is available to fund local programs, but less money is available for the Department's administrative costs as well.

Funding Source (in order of magnitude): (1) Federal juvenile justice and delinquency program grants, and (2) federal Americorps grant

Implication of the Budget: Under the enacted budget, the Department received, as per its request for juvenile justice programs, total federal funding of \$4.23 million in FY 2008 and \$3.86 million in FY 2009. With its anticipated level of federal grant funding for these juvenile justice programs, the Department's expectations can be summarized as follows:

- Title V moneys, which are dramatically reduced, will only support implementation of one program.
- Title II moneys will fund approximately 37 local programs in 19 counties and one state program in each of FYs 2008 and 2009.
- JABG moneys will fund approximately 35 local programs in 20 counties and five to eight state programs in each of FYs 2008 and 2009.
- Americorps moneys will support 25 member positions.

Thus, at this point in time, unless more federal grant moneys than expected are awarded to Ohio, the federal grants distributed in the future are likely to be fewer in number and/or smaller in magnitude.

Program Series**5: Program Management**

Purpose: To provide oversight of departmental institutions, private facilities, community correctional facilities, and parole operations, as well as the administration of county subsidies

The following table shows the line items that are used to fund the Program Management program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	470-401	RECLAIM Ohio	\$5,202,921	\$7,452,894
GRF	477-321	Administrative Operations	\$14,754,420	\$14,754,419
General Revenue Fund Subtotal			\$19,957,341	\$22,207,313
General Services Fund				
175	470-613	Education Reimbursement	\$1,103,578	\$1,167,215
4A2	470-602	Child Support	\$328,657	\$328,657
4G6	470-605	General Operational Funds	\$49,713	\$50,955
4G6	470-631	SCALE Program	\$100,000	\$100,000
5BN	470-629	E-RATE Program	\$200,000	\$200,000
General Services Fund Subtotal			\$1,781,948	\$1,846,827
Federal Special Revenue Fund				
3BY	470-635	Federal Juvenile Programs FFY 07	\$150,000	\$150,000
3V5	470-604	Juvenile Justice & Delinquency Prevention	\$250,000	\$250,000
321	470-601	Education	\$185,347	\$196,468
321	470-610	Rehabilitation Programs	\$36,000	\$36,000
321	470-614	Federal Program Services	\$5,943,060	\$6,091,636
321	470-617	Americorps Programs	\$83,454	\$83,454
321	470-633	Project Re-entry	\$1,017,843	\$1,017,843
Federal Special Revenue Fund Subtotal			\$7,665,704	\$7,825,401
State Special Revenue Fund				
5BH	470-628	Partnerships for Success	\$1,500,000	\$1,500,000
State Special Revenue Fund Subtotal			\$1,500,000	\$1,500,000
Total Program Series Funding: Program Management			\$30,904,993	\$33,379,541

This analysis focuses on the lone program that constitutes the Program Management program series as follows:

■ **Program 5.01: Program Management**

Program 5.01: Program Management

Program Description: The Program Management program series consists of a single program – Program Management – the purpose of which is to provide oversight, management, and staff support to all divisions of the Department.

Funding Source (in rough order of magnitude): (1) GRF, (2) federal and state entitlements, (3) federal and state education funds, (4) federal juvenile justice programs grants, and (5) one-time federal and state grant awards

Implication of the Budget: The biennial budget request submitted by the Department to the Office of Budget and Management provides certain details about Program Management's services and expenditures. In FY 2006, the program's expenditures totaled \$23.17 million and its funded personnel level was the equivalent of 216.0 full-time staff (expressed as FTEs). The program's total estimated FY 2007 expenditure, including 215.2 FTEs, was \$29.70 million.

The Department requested a mix of GRF and non-GRF funding totaling \$28.0 million in FY 2008 and \$28.23 million in FY 2009, which included moneys to be allocated to fund 207.0 FTEs in FY 2008 and 195.9 FTEs in FY 2009. Under that funding scenario, relative to the estimated number of funded FTEs in FY 2007, the Department indicated it could lose up to 19.0 funded FTEs over the course of the next biennium. As will be the case for any of the Department's labor-intensive programs, payroll-related expenses (salary, fringe benefits, and various administrative charges) will continue to drive up the costs of doing business and present a problematic environment in which to maintain existing staff and service levels. Another issue of concern raised in the Department's biennial budget request is the need to maintain, enhance, and replace critical information systems and data processing activities.

The enacted budget provides more than the Department's requested levels of Program Management support by \$2.89 million in FY 2008 and \$5.15 million in FY 2009. This apparent surplus in enacted funding in comparison to the requested funding would suggest that the Department may be able to maintain Program Management staff and service levels in the next biennium. However, the effect of the enacted budget on agency-critical management information system initiatives is, as of this writing, uncertain.

Subsequent to its biennial budget submission and the release of the executive-recommended budget, the Department revisited some of the funding and FTE-related issues noted immediately above. Relative to the funding levels contained in the enacted budget, which are unchanged from the annual funding amounts provided under the executive-recommended budget, it appears that the Department anticipates having trouble meeting the payroll expenses related to around 14.0 FTEs spread over the next biennium.

It should also be noted that this enacted level of funding includes \$1.5 million of non-GRF Children's Trust Fund moneys in each fiscal year to continue support for the Department's Partnerships for Success Project, funding that was not explicitly requested in the biennial budget request submitted to OBM.

The project's purpose is to build capacity within counties to effectively prevent and respond to child and adolescent problem behaviors, while promoting positive youth development. The current number of participating counties is 39. According to the Department, these cash transfers will allow an additional five counties to receive a subsidy in FY 2008, followed by another five counties in FY 2009, which would bring the total number of participating counties up to 49 by the close of the next biennium. A participating county is funded over a two-year period, after which the Department continues to provide technical assistance and training tailored to the circumstances of each county being served.

Program Series**6: Debt Service**

Purpose: To ensure payment of bond service charges for obligations issued by the Ohio Building Authority to finance the cost of the Department's capital appropriations

The following table shows the lone line item that is used to fund the Debt Service program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	470-412	Lease Rental Payments	\$24,207,700	\$24,208,700
Total Program Series Funding: Debt Service			\$24,207,700	\$24,208,700

This analysis focuses on the lone program that constitutes the Debt Service program series as follows:

■ **Program 6.01: Debt Service**

Program 6.01: Debt Service

Program Description: This program/line item picks up the state's debt service tab that must be paid to the Ohio Building Authority (OBA) for its obligations incurred as a result of issuing bonds that cover the Department's capital appropriations. The appropriation authority and actual spending levels are set and controlled by the Office of Budget and Management (OBM), and not by the Department.

The moneys made available as a result of these bonds have financed the design, construction, renovation, and rehabilitation phases of various departmental capital projects, as well as the construction and renovation costs associated with local projects (community correctional facilities, county detention centers, and the like).

Funding Source: GRF

Implication of the Budget: Under the debt service funding level in the enacted budget, the state will be able to meet its legal and financial obligations to the OBA.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: *FY 2006:* *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* *% Change 2007 to 2008:* *FY 2009 Appropriations:* *% Change 2008 to 2009:*

Report For: Main Operating Appropriations Bill

Version: Enacted

DYS Youth Services, Department of

GRF	470-401	RECLAIM Ohio	\$ 167,928,345	\$ 175,472,783	\$ 182,134,588	\$ 186,338,297	2.31%	\$ 190,599,131	2.29%
GRF	470-412	Lease Rental Payments	\$ 19,862,281	\$ 19,797,581	\$ 21,882,700	\$ 24,207,700	10.62%	\$ 24,208,700	0.00%
GRF	470-510	Youth Services	\$ 18,608,587	\$ 18,558,588	\$ 18,558,587	\$ 18,558,587	0.00%	\$ 18,558,587	0.00%
GRF	472-321	Parole Operations	\$ 14,842,526	\$ 14,704,451	\$ 14,962,871	\$ 15,356,904	2.63%	\$ 15,764,729	2.66%
GRF	477-321	Administrative Operations	\$ 14,173,384	\$ 14,395,852	\$ 14,754,419	\$ 14,754,420	0.00%	\$ 14,754,419	0.00%
General Revenue Fund Total			\$ 235,415,123	\$ 242,929,255	\$ 252,293,165	\$ 259,215,908	2.74%	\$ 263,885,566	1.80%
175	470-613	Education Reimbursement	\$ 5,477,162	\$ 7,250,867	\$ 9,981,099	\$ 9,985,035	0.04%	\$ 10,550,725	5.67%
479	470-609	Employee Food Service	\$ 81,394	\$ 170,135	\$ 137,666	\$ 137,666	0.00%	\$ 137,666	0.00%
4A2	470-602	Child Support	\$ 257,514	\$ 197,706	\$ 328,657	\$ 328,657	0.00%	\$ 328,657	0.00%
4G6	470-605	General Operational Funds	\$ 783	\$ 6,459	\$ 48,500	\$ 49,713	2.50%	\$ 50,955	2.50%
4G6	470-631	SCALE Program	---	---	\$ 195,043	\$ 100,000	-48.73%	\$ 100,000	0.00%
5BN	470-629	E-Rate Program	---	\$ 43,169	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%
General Services Fund Group Total			\$ 5,816,853	\$ 7,668,336	\$ 10,890,965	\$ 10,801,071	-0.83%	\$ 11,368,003	5.25%
321	470-601	Education	\$ 1,648,822	\$ 1,641,417	\$ 4,945,600	\$ 5,202,160	5.19%	\$ 5,473,109	5.21%
321	470-603	Juvenile Justice Prevention	\$ 1,492,981	\$ 1,123,128	\$ 2,006,504	\$ 51,000	-97.46%	\$ 30,000	-41.18%
321	470-606	Nutrition	\$ 2,507,232	\$ 2,691,973	\$ 2,837,433	\$ 2,908,369	2.50%	\$ 2,981,078	2.50%
321	470-610	Rehabilitation Programs	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	0.00%	\$ 36,000	0.00%
321	470-614	Title IV-E Reimbursements	\$ 2,482,375	\$ 2,606,762	\$ 6,012,361	\$ 6,162,670	2.50%	\$ 6,316,737	2.50%
321	470-617	AmeriCorps Programs	\$ 111,809	\$ 241,617	\$ 463,700	\$ 463,700	0.00%	\$ 463,700	0.00%
321	470-632	Juvenile Sexual Assault & PREA Initiative	---	---	\$ 1,497,470	\$ 0	-100.00%	\$ 0	N/A
321	470-633	Project Re-Entry	---	---	\$ 1,017,843	\$ 1,017,843	0.00%	\$ 1,017,843	0.00%
3BH	470-630	Federal Juvenile Programs FFY 06	---	\$ 378,301	\$ 1,071,041	\$ 100,000	-90.66%	\$ 50,000	-50.00%
3BT	470-634	Federal Juvenile Programs	---	---	\$ 1,000,037	\$ 300,000	-70.00%	\$ 50,000	-83.33%
3BY	470-635	Federal Juvenile Programs FFY 07	---	---	\$ 0	\$ 903,350	N/A	\$ 350,000	-61.26%
3BZ	470-636	Federal Juvenile Programs FFY 08	---	---	\$ 0	\$ 0	N/A	\$ 653,350	N/A
3V5	470-604	Juvenile Justice/Delinquency Prevention	\$ 3,509,392	\$ 3,297,783	\$ 3,216,365	\$ 2,750,000	-14.50%	\$ 2,750,000	0.00%
3V9	470-608	Federal Juvenile Programs FFY 01	\$ 574,379	---	\$ 0	\$ 0	N/A	\$ 0	N/A
3W0	470-611	Federal Juvenile Programs FFY 02	\$ 612,142	\$ 353,619	\$ 0	\$ 0	N/A	\$ 0	N/A
3Z8	470-625	Federal Juvenile Programs FFY 04	\$ 3,175,855	\$ 402,974	\$ 275,466	\$ 0	-100.00%	\$ 0	N/A

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>DYS Youth Services, Department of</i>									
3Z9	470-626	Federal Juvenile Programs FFY 05	\$ 297,597	\$ 1,084,994	\$ 200,000	\$ 142,253	-28.87%	\$ 0	-100.00%
Federal Special Revenue Fund Group Total			\$ 16,448,584	\$ 13,858,567	\$ 24,579,820	\$ 20,037,345	-18.48%	\$ 20,171,817	0.67%
147	470-612	Vocational Education	\$ 1,590,188	\$ 1,866,669	\$ 2,009,866	\$ 2,074,710	3.23%	\$ 2,141,823	3.23%
4W3	470-618	Help Me Grow	\$ 3,194	\$ 538	\$ 0	\$ 0	N/A	\$ 0	N/A
5BH	470-628	Partnerships for Success	---	\$ 1,253,250	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
5J7	470-623	Residential Treatment Services	\$ 299,939	---	\$ 0	\$ 0	N/A	\$ 0	N/A
State Special Revenue Fund Group Total			\$ 1,893,321	\$ 3,120,457	\$ 3,509,866	\$ 3,574,710	1.85%	\$ 3,641,823	1.88%
<i>Youth Services, Department of Total</i>			\$ 259,573,881	\$ 267,576,615	\$ 291,273,816	\$ 293,629,034	0.81%	\$ 299,067,209	1.85%

Tax Provisions

Jean Botomogno, Senior Economist
Phil Cummins, Economist
Isabel Louis, Economist
Ross Miller, Senior Economist
Ruhaiza Ridzwan, Economist

- Homestead tax exemption expanded
- Local government funds freeze lifted
- New funding method and distribution procedures for local government funds started

INTRODUCTION

Am. Sub. H.B. 119 (H.B. 119) makes few changes to Ohio's tax structure and generally maintains the framework established by Am. Sub. H.B. 66 of the 126th General Assembly. The expansion of the homestead exemption (property tax relief targeted to the elderly and disabled) is the most significant tax proposal in the operating budget for FYs 2008-2009. The increased expenditures for the homestead exemption will not be paid from existing GRF tax revenues. Instead, GRF interest savings from the "securitization" of tobacco settlement moneys will pay for the expansion of the program.²³ H.B. 119 ends the "freeze" of the local government funds, and provides a new funding method and new deposit and distribution procedures for those funds.

REAL PROPERTY TAX

Homestead Exemption

The operating budget act expands the homestead exemption to \$25,000 of market value for homeowners who are either (a) age 65 or older, (b) permanently and totally disabled, or (c) surviving spouses age 59 to 64 of persons who applied and qualified for the tax reduction under (a) or (b). Under previous law, applicants with income under \$27,000 were eligible for three tiers of property tax exemptions ranging from \$1,130 up to \$5,700 of taxable value. The income ceiling for eligibility and the three tiers of exemptions are eliminated. Tax relief will be at the effective millage rate for the real property. Participants in the current homestead exemption program are to receive the greater of the tax relief under the current program or that provided by the new program. The state will reimburse school districts and other local governments for forgone tax receipts. The change would be effective for tax year 2007 for real property, paid one year in arrears, and tax year 2008 for homeowners whose primary residences are taxed as manufactured or mobile homes, paid concurrently.

The initial application deadline for the expanded homestead exemption is October 1, 2007. For homesteads in housing cooperatives, the nonprofit corporation that owns and operates the housing cooperative was to obtain applications from the auditor and provide them to occupants by August 1. Applications were to be returned to the corporation by September 1, and the corporation is to file them with the auditor by October 1. For an applicant whose request for a homestead exemption is denied, the auditor's deadline in CY 2007 to notify the applicant of the reason for the denial is extended to November 1.

²³Details of the securitization of the Tobacco Master Settlement Agreement (MSA) stream of payments are available in another section of this document.

The additional cost to the state for reimbursing school districts and other units of local government for forgone tax revenues is estimated at \$128.5 million in FY 2008, \$257 million in FY 2009, and growing amounts in future years.

County auditors will be compensated for the additional costs of administering the expanded homestead exemption, in an amount equal to 1% of property tax relief reimbursement paid to counties for the homestead exemption and the 2.5% rollback. The reimbursement to the county auditor for expenses relating to the homestead exemption is to be paid on the first day of August of each year. The estimated cost to the state for compensation to county auditors is \$3 million in FY 2009. However, H.B. 119 leaves in place compensation provided in current law (R.C. 323.156), of 2% of the amount of these reductions, which appears to imply total compensation to county treasurers and auditors equaling 3% of these costs.

The expected cost of the expanded homestead exemption to the state in FYs 2008 and 2009 about equals the savings on GRF interest associated with the securitization of future tobacco settlement payments, according to the estimates in the executive budget proposal. The securitization is a borrowing to be repaid with future tobacco settlement payments. Anticipated homestead exemption costs of \$128.5 million in FY 2008 and \$257 million in FY 2009 approximate the sum of (1) interest savings to the GRF from use of proceeds from the tobacco securitization in lieu of funds from issuance of GRF-backed bonds for capital needs of primary, secondary, and higher education facilities, plus (2) interest earnings to the GRF from investment of proceeds from the tobacco securitization that have not yet been spent for educational facilities. Specific amounts are not appropriated for these purposes in H.B. 119, but instead, in Section 518.03, the Director of Budget and Management is required to determine appropriate amounts, following issuance of the bonds, and to transfer or increase appropriations with Controlling Board approval to the line items from which the reimbursements to school districts and other local governments are paid. Interest charges on the securitization would initially accrue at an annual rate of \$252 million to \$265 million per year for borrowing \$5.04 billion at the interest rates of 5% to 5.25% estimated in the executive budget proposal, but these interest charges would be non-GRF.

Real Estate Assessment Fund

County real estate assessment funds are used to defray the expenses of county auditors' property and estate tax-related duties and of boards of revision. The percentages of property tax collections credited to these funds was generally increased July 1 and will increase again in CY 2011. Percentages of tax collections paid to county real estate assessment funds previously ranged from 3.5% of collections, for amounts up to \$100,000, down to 0.6% for amounts in excess of \$150 million. Since July 1, they have ranged from 4% to 0.585%. These ranges will be from 4% to 0.75% beginning in CY 2011.

LOCAL GOVERNMENT FUNDS

Am. Sub. H.B. 119 continues to "freeze" distributions to the three local government funds – Local Government Fund (LGF), Local Government Revenue Assistance Fund (LGRA), and Library and Local Government Support Fund (LLGSF) – until the end of CY 2007 (first half of FY 2008). Under the "freeze," amounts that would otherwise be credited to the local funds are credited instead to the GRF. The "freeze" affects deposits and distributions of receipts from the personal income tax, the sales and use tax, the corporation franchise tax, the public utilities excise tax, and the kilowatt-hour tax.

During the "freeze" period, monthly distributions from the local funds to each county undivided local fund will equal the previously frozen amounts for the corresponding month in the first half of FY 2007. However, only five monthly deposits will be made (July through November) to each local fund. No deposits will be made in December and monthly amounts that would otherwise be credited to

the local funds are credited to the GRF. However, local governments would continue to receive their distributions in December. Under current local funds deposit and distribution procedures, local funds revenue allocations are deposited one month ahead of the distributions to each county undivided local fund. The distributions from the local funds to each county's undivided local fund for the month of July through December 2007 will be based on the deposits made in June through November 2007.

H.B. 119 makes several changes to the local funds after the expiration of the "freeze." Beginning in January 2008, the Local Government Fund (LGF) and Local Government Revenue Assistance Fund (LGRAF) will be merged into one fund. The merged fund will continue to use the Local Government Fund (LGF) name.

The operating budget act also provides a new local government funding method and new deposit and distribution procedures for local government funds. According to the new funding method, all tax revenues previously credited to the local funds will instead be credited to the GRF. Subsequently, in each month, a percentage of total tax revenues credited to the GRF in the preceding month will be credited to each local fund – 3.68% to the LGF and 2.22% to the LLGSF. The enacted budget requires the Director of Budget and Management to develop a schedule that identifies the specific tax revenue sources that will be used to make monthly credits from the GRF to the LGF and LLGSF for distribution to the local governments. The tax revenue sources may be revised from time to time if necessary.

SALES AND USE TAX

Sales Tax Exemption For School Fundraising Sales

The operating budget act removes the six-day limitation on the number of days in a year that a student or school-related organization may conduct fundraising sales. Previously, such sales were exempted only if conducted on six or fewer days per year. This provision will reduce state revenue by up to \$1.0 million each year of the biennium. The potential revenue loss to local governments (from the local permissive and transit authority sales taxes) may be up to \$0.2 million per year.

Sales of Motor Vehicles to Nonresidents

H.B. 119 imposes the sales tax on motor vehicle purchases by nonresidents unless the purchaser's home state has no similar tax or does not provide a credit against its tax for taxes paid in Ohio. Under previous law, sales to nonresidents were exempt. Am. Sub. H.B. 119 grants an exemption if the nonresident's state provides a similar nonresident exception, does not provide a credit for sales or use tax paid to this state, or does not impose a sales or use tax on the ownership or use of motor vehicles. If a nonresident's state does not provide a nonresident exception and the nonresident would pay lower net tax if the sale occurred in the nonresident's state, the Ohio tax is reduced to the amount that would be collected by the nonresident's state, with a .5% tax portion distributed to the county in which the sale occurs. According to the Department of Taxation, the tax will apply to residents of Michigan, Indiana, South Carolina, California, Florida, Washington, Arizona, and Massachusetts. Changes to the taxation of motor vehicle sales to nonresidents apply only to outright sales, and not to leases or rentals. Also, if a motor vehicle sale to a nonresident is exempted from taxation under another provision of existing law, the modified tax computation does not apply. The enacted budget requires motor vehicle dealers to remit payment of the sales and use tax due on motor vehicles purchased by nonresidents using the Ohio Business Gateway until June 30, 2008. H.B. 119 provides for the distribution of five-sixtieths of the tax revenue collected from such sales to the county where the sale is situated under origin-based siting.

The taxation of motor vehicle sales to nonresidents may increase revenues to the GRF by up to \$29.0 million in FY 2008 and \$30.0 million in FY 2009. Revenue gain to local governments may be up to \$2.6 million in each year of the biennium.

Sourcing of Sales

Under current law, a vendor that sells a taxable good or service to a person is required to collect the Ohio sales tax and any sales or use tax imposed by the state and the county or transit authority where the sale is deemed to be taxable under "situs" or sourcing rules. Since CY 2003, vendors have been required to use a new set of sourcing rules called destination-based sourcing for determining where a sale is taxable. Under these rules, a sale generally is taxable where the consumer takes possession of the goods, at the consumer's address, or where the service is performed. Because the destination-based sourcing rules do not assign the tax to the point of sale, a vendor selling to multiple taxing jurisdictions (including other states) must determine the use tax rates of those other jurisdictions. To assist vendors with this effort, the Streamlined Sales and Use Tax Agreement (SSTA) authorizes vendors to use certified service providers, which calculate the appropriate tax, collect it, and remit it to the appropriate state on the vendor's behalf. To provide time for vendors to convert to the destination-based sourcing rules and for certified service provider services to be established, Ohio law provided a transition period. The general deadline for conversion to the destination-based rules was May 1, 2006, subject to a significant exception: for vendors whose sales to consumers in other jurisdictions are less than \$30 million per year, the deadline to start the new sourcing rules was extended until December 31, 2007.

The enacted budget authorizes retail vendors with annual delivery sales in Ohio of less than \$500,000 to continue to use origin-based situs rules for determining the appropriate sales tax jurisdiction. H.B. 119 authorizes all retail vendors currently using origin-based situs to continue to do so if the Tax Commissioner determines that the Streamlined Sales and Use Tax Agreement does not allow origin-based situs by vendors with delivery sales of less than \$500,000. The enacted budget also authorizes out-of-state sellers with annual delivery sales in Ohio of less than \$500,000 to collect Ohio use taxes at a single uniform rate if the Commissioner makes that determination, and provides for the distribution of use tax collected at a single uniform rate to counties and transit authorities.

This provision has no direct fiscal effect on state revenue. The elimination of the requirement for all vendors to convert to destination-based sourcing might prevent Ohio from becoming a party to the SSTA. If Ohio is excluded from the SSTA, the use tax (imposed on Ohio residents when they make remote purchases outside Ohio) may not be collected and remitted to Ohio if remote vendors (located in other states) choose not to apply destination-based sourcing for Ohio purchases because the state is not a member of SSTA. Thus, Ohio may potentially forgo potential revenue gains from the taxation of certain remote sales. The provision generally affects the distribution of certain sales tax revenues to local governments, but does not substantially change the total amount of revenue collected by all local governments within the state. The magnitude of the potential shifting of taxable sales, and the net fiscal effect on various local jurisdictions is indeterminate.

Remittance and Reporting Requirements

The enacted budget modifies the sales and use tax remittance and reporting requirements for persons required to remit taxes by electronic funds transfer by requiring only one remittance of estimated tax per month instead of two. The remittances will be based on 75% of anticipated liability for the current month plus unpaid liabilities for the previous month (instead of actual concurrent collections or past liability). The act also authorizes the Tax Commissioner to require reporting and remittance through alternative electronic means, including the Ohio Business Gateway. These provisions appear to have no fiscal effect.

COMMERCIAL ACTIVITY TAX

H.B. 119 essentially keeps the commercial activity tax (CAT) untouched. Taxpayers will pay 60% and 80% of their tax liability in FY 2008 and FY 2009, respectively. However, Am. Sub. H.B. 67 (transportation budget bill, 127th General Assembly) eliminated the possibility of triggered upward adjustments in the commercial activity tax rate when CAT revenue falls more than 10% below revenue targets during the test periods (FY 2009 and FY 2011), while retaining the possibility of downward rate adjustments for any test period when revenue exceeds the target by more than 10%.

The enacted budget dedicates 70% of annual CAT revenue in FY 2019 and thereafter to the School District Tangible Personal Property Tax Replacement Fund (SDRF). Moneys in the fund are to be appropriated for school funding. Previously, 100% of post-FY 2018 CAT revenue was to be distributed to the GRF. The act reduces to 30% distributions to the GRF. Also, H.B. 119 maintains the end of distributions to the Local Government Tangible Personal Property Tax Replacement Fund in FY 2018. The bill also makes various technical corrections to existing law's provisions reimbursing school districts and other taxing units for the phase-out of business personal property taxation. These provisions have no fiscal effect in the biennium. The enacted budget allows the expiration of the temporary petroleum industry two-year exemption from the CAT.

PERSONAL INCOME TAX

Income Tax Deduction for Organ Donation Expenses

H.B. 119 allows an income tax deduction of up to \$10,000 for specified expenses, such as travel, lodging, and wages forgone by a taxpayer in connection with the donation of one or more of the taxpayer's human organs to another human being. A taxpayer may use this tax deduction only once for all taxable years beginning with taxable year 2007. This provision will decrease revenue from the personal income tax by an estimated \$147,000 in FY 2008. The revenue loss may increase in future years if this tax deduction measure encourages more taxpayers to donate their organs.

MUNICIPAL INCOME TAX

Exemption for Compensation Paid to Employees of Air Force Bases

H.B. 119 exempts from municipal income taxes the compensation paid to an employee who works within the boundaries of an Air Force base, unless the person resides within the municipal corporation. This exemption may not create a revenue loss to the extent municipal corporations are not currently taxing the compensation of nonresidents who work at Ohio's Air Force bases. Am. Sub. H.B. 119 also requires that, for any future annexation or merger of any territory lying within the boundaries of a United States military base in Ohio, a municipal corporation must obtain the approval of the Secretary of Defense of the United States.

Disclosure of Aggregated Data

The operating budget act allows a municipal corporation to authorize its tax administrator, by ordinance or resolution, to publish tax-related statistics in a manner that does not disclose information with respect to individual taxpayers. This change is expected to have no fiscal effect.

CORPORATE FRANCHISE TAX

Tax Credits for Alternative Fuels

H.B. 119 authorizes, for FY 2008 and FY 2009, nonrefundable corporation franchise tax and personal income tax credits for retail sales through a metered pump of E85 blend fuel and blended biodiesel fuels.²⁴ The credits have no carry forward provision. The tax credits will reduce state revenues from the personal income tax and the corporation franchise tax in FY 2008 and FY 2009 by less than \$1.0 million each year. The revenue loss will be limited to the biennium for the corporate franchise tax (which will be eliminated in FY 2010 for nonfinancial corporations²⁵). Revenue loss from the personal income tax credit may extend beyond the biennium to FY 2010, although the fiscal effect may be minimal. The tax credits also will reduce revenues to local governments from the distribution of state receipts from the personal income and the corporation franchise taxes.

Extension of the Coal Tax Credit

H.B. 119 extends from January 1, 2008, to January 1, 2010, the \$1 per ton corporation franchise tax credit for electric companies burning Ohio coal, and the income tax credit for individuals or estates that are proprietors or pass-through entity investors. This provision may reduce GRF revenue by up to \$2.6 million in FY 2009. The loss to local governments (from the distribution of corporation franchise and personal income tax revenues to local government funds) may be of up to \$150,000. The GRF revenue loss in FY 2010 may be minimal because the credit will only apply against the personal income tax.

KILOWATT-HOUR TAX

The operating budget act reduces the tax rate for self-assessing commercial or industrial electricity purchasers starting the meter reading period that includes July 1, 2008. Currently self-assessors pay a tax of \$0.00075 per kilowatt hour for the first 504 million kilowatt hours used in a year, plus a tax of 4% of the "total price" of electricity purchased, where total price is defined to be the total amount paid for electricity. The budget act reduces the 4% tax rate for self-assessors to 3.5%. H.B. 119 also eliminates the shares of revenue that formerly were distributed to the Local Government Fund and the Local Government Revenue Assistance Fund, and increases the share going to the GRF by a corresponding amount. Under the new distribution formula, the revenue loss from the decrease in tax rate will be approximately \$3.7 million per year for the GRF, \$1.5 million per year for the School District Property Tax Replacement Fund, and \$0.7 million annually for the Local Government Property Tax Replacement Fund. These revenue losses will begin in FY 2009.

KILOWATT-HOUR TAX AND NATURAL GAS (MCF) TAX

The enacted budget ensures that payments from the Local Government Property Tax Replacement Fund, funded by portions of these taxes, that derive from county-wide levies be apportioned among the various levies and levy purposes instead of the county general fund. H.B. 119 also provides that replacement payments to each local taxing unit must be retained by the county in the county

²⁴ E85 is a blend of 85% ethanol and 15% gasoline. E20, a blend of biodiesel fuel and 80% diesel fuel, is expected to generate the bulk of sales of biodiesel fuel blends.

²⁵ Am. Sub. H.B. 66 of the 126th General Assembly.

undivided income tax fund if the amount to be distributed is less than \$5; any such retained amounts must be added to the next distribution amount. These provisions would affect the distribution of property tax replacement payments between various funds and jurisdictions at the local level. The first provision would shift a portion of such payments from a county's general fund to another fund, depending on the reason for the levy that is responsible for that portion of the payment. For example, payments that derive from a county MR/DD levy will now go to the fund that supports the county's MR/DD board, while such payments currently go to the general fund. The second provision may delay very small payments to local taxing units within a county.

H.B. 119 extends from CY 2008 to CY 2009 the time during which a new school district, created between CY 2000 and CY 2004, will receive 100% of its utility property tax replacement payments for current fixed-rate levy losses. The payments were scheduled to begin phasing out in CY 2009 at 75%; the phase-out resumes in CY 2010 with no other changes to the former schedule. This provision may increase the payment made to Manchester Local School District from the School District Property Tax Replacement Fund by approximately \$1.0 million in FY 2009, which would reduce the amount available for transfer to the Half-Mill Equalization Fund or to the GRF by an equivalent amount.

The operating budget act requires the Director of Budget and Management to transfer excess School District Property Tax Replacement Fund balances to the Half-Mill Equalization Fund to the extent required to make half-mill equalization payments, and then to transfer any remaining funds to the GRF. Previous law permitted the Ohio School Facilities Commission to request the Controlling Board to transfer any balance remaining in the fund, after such payments are made, to the Public School Building Fund.

H.B. 119 also provides additional property tax replacement payments to a school district that has a nuclear power plant located within its territory, if the district experiences a reduction of greater than 10% in the assessed value of electric company tangible personal property between tax years 2005 and 2006. This may increase payments from the School District Property Tax Replacement Fund to one of the two school districts in Ohio, Perry Local School District and Benton Carroll Salem LSD, in which a nuclear plant is located. Any such increase in payments would reduce the amount available for transfer to the Half-Mill Equalization Fund or to the GRF by an equivalent amount.

CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

The operating budget act repeals the \$300 per month cigarette excise tax and use tax exemptions for cigarettes brought into Ohio for personal consumption. The potential GRF revenue gain from the repeal will be up to \$25 million per year according to the Department of Taxation. However, actual collections will depend on enforcement of this provision, and the revenue increase may be less.

H.B. 119 clarifies that "other tobacco product" has the same meaning as "tobacco product" under the cigarette tax law. The bill includes certain retail dealers in the definition of persons that are authorized recipients of tobacco products as long as the person purchases cigarettes with the appropriate tax stamp affixed. The bill also specifies that an individual who possesses packs of cigarettes without tax stamps is guilty of a minor misdemeanor for a first offense if the number of cigarettes is 1,200 (generally sixty packs) or less, and holds an individual guilty of a first degree misdemeanor for a subsequent offense. These provisions have no fiscal effect.

TANGIBLE PERSONAL PROPERTY TAX

H.B. 119 requires tangible personal property leased to a telephone, telegraph, or interexchange telecommunications company (other than in a sale and leaseback transaction) to be taxed at the same assessment percentage as is general business personal property until the general business property tax is completely phased out at the end of tax year 2008, unless the property is used to render public utility service. In tax years 2009 and 2010, that property will be assessed at the phase-down percentage applying to such property that is used to render public utility service, and the value of the property will be determined in the same manner as property owned by those companies. Tangible personal property of a telephone, telegraph, or interexchange telecommunications company shall be valued in the same manner as other public utility property. Those companies will continue to file a single return with the Tax Commissioner instead of with county auditors. The \$10,000 exemption for personal property is not applicable to any personal property valued under the public utility property valuation law.

Under these provisions, assessment percentages for tangible personal property leased to a telephone, telegraph, or interexchange telecommunications company, other than in a sale-leaseback transaction, and not used to render public utility service, are 12.5% in tax year 2007, 6.25% in tax year 2008, 10% in tax year 2009, 5% in tax year 2010, and 0% thereafter. If these companies would otherwise have been subject on this property in all years to the phase-out schedule for telecommunications property, the assessment rates would have been 7.5 percentage points higher in tax year 2007 and 8.75 percentage points higher in tax year 2008. The cost of this provision to local governments is uncertain. State reimbursements to local governments for forgone tax receipts would not be affected by this change.

SCHOOL DISTRICT INCOME TAX

H.B. 119 authorizes school boards to levy an income tax to be apportioned between permanent improvements and current operating expenses. Prior law does not appear to have precluded such levies, but the enacted budget requires that the respective portions levied for current expenses and permanent improvements each year be limited by the apportionment. It also permits the board of education of a school district in which a school district income tax is levied to reduce the tax rate by a multiple of 0.25% without voter approval. Permitting a board of education to lower the school district income tax rate without seeking voter approval may avoid the cost of obtaining approval to make such a change through an election.

MOTOR FUEL TAX AND MOTOR FUEL USE TAX

Am. Sub. H.B. 67, the transportation budget act, reduced the motor fuel tax shrinkage and evaporation discount and refund amounts for the FY 2008 - 2009 biennium. Under current law, a motor fuel dealer that files a complete and timely monthly tax report is entitled to deduct a discount equal to 3% of the fuel gallonage the dealer received minus 1% of the fuel gallonage sold to retailers. Am. Sub. H.B. 66 of the 126th General Assembly reduced the discount percentages for the FY 2006-2007 biennium. H.B. 67 reduced the percentages to 1% (minus 0.5% of gallonage sold to retailers). Similarly, retailers who purchase fuel on which the motor fuel tax has been paid are granted a refund of 1% of the taxes paid under current law, and H.B. 119 reduces this percentage to 0.5%. In addition, H.B. 67 permitted retailers to claim a vendor discount for motor fuel they purchase, with the discount equaling 0.9% of the fuel tax paid on the fuel purchased. Am. Sub. H.B. 119 amends this section of H.B. 67 to permit motor fuel dealers to claim this discount.

These provisions will increase revenue from the tax by approximately \$20.5 million in both FY 2008 and FY 2009. H.B. 67 specifies that between \$15 million and \$19.2 million of this amount is to be transferred each year to the Highway Safety Fund (Fund 036). This leaves an increase between \$1.3 million and \$5.5 million each year to be shared by several state funds and local governments. Specifically, the Highway Operating Fund (Fund 002) would receive an increase of about 71.3%, the Waterways Safety Fund (Fund 086) would receive 0.875%, the Wildlife Boater Angler Fund (Fund 5P2) would receive 0.125%, and the Local Transportation Improvement Program Fund (Fund 052) would receive about 3.6%. Municipalities, counties, and townships would share the remaining approximately 23.8% of the increase.

LODGING TAX

H.B. 119 authorizes a county with a population greater than 65,000 and less than 70,000, and which last increased its tax rate to 3% in November 1984, to increase lodging taxes by not more than 1% to pay the expenses of the county's convention and visitors' bureau to promote travel and tourism. The only county in this population range, based on the 2000 Census, is Marion County. Data from the Department of Taxation indicate that Marion County's 3% tax raised \$297,810 in CY 2005, divided among the county and two of its subdivisions. A 1% additional tax might raise about \$100,000. The provision is permissive, and probably will result in higher lodging taxes.

The enacted budget authorizes a county with a population of less than 250,000 to extend lodging taxes for up to an additional 15 years to continue to pay costs of acquiring, constructing, equipping, and improving a municipal educational and cultural facility. Current law allows this tax to be levied for this purpose for up to 15 years. Based on information published by the Department of Taxation, this provision appears to apply only to Fairfield County and raised about \$110,000 in calendar year 2005. Its extension will likely result in higher lodging taxes than otherwise.

Also, H.B. 119 allows a charter county to increase its lodging tax by up to 1% for up to ten years, to be used to pay the costs of improving, expanding, equipping, financing, or operating a convention center by a convention and visitors' bureau. This provision applies only to Summit County and is permissive. Data from the Department of Taxation indicate that Summit County and its political subdivisions raised \$4,088,484 in 2005 from lodging taxes at rates from 3% to 4.5%. An additional 1% tax might raise somewhat more than \$1 million per year.

MISCELLANEOUS TAX PROVISIONS

Pass-Through Treatment For Job Creation And Retention Tax Credits

The enacted budget requires recipients of job creation and job retention tax credits that are organized as partnerships, S corporations, limited liability companies, or other pass-through entities to elect pass-through treatment of the credit. The provision has no fiscal effect.

Delinquency Collection Funds for Foreclosure Prevention

Up to \$3 million in a county's delinquent tax and assessment collection fund may be used, under H.B. 119, for foreclosure prevention and for abating nuisances in the form of deteriorated residential buildings in foreclosure, if the county's population exceeds 1.2 million and the board of county commissioners adopts a resolution authorizing such use. Only Cuyahoga County would qualify, based on the population restriction. The money must be expended before July 1, 2008.

TIF Exemption Applications Retroactive Effective Date

Resolutions adopted by a board of township trustees of a limited home rule township pursuant to Chapter 504. and section 5709.73 of the Revised Code in December 2005 are deemed, under the bill, to have had an immediate effective date if the board unanimously adopts a resolution so declaring. This applies to TIF exemption applications for exemption under R.C. 5709.73 pending before the Tax Commissioner on July 1 and to applications filed or refiled within 90 days thereafter. The fiscal effect of this provision is unclear.

Muskingum Watershed Conservancy District

H.B. 119 specifies the notification requirements for the Muskingum Watershed Conservancy District in imposing a maintenance assessment scheduled to begin collection in CY 2008. The District will be required to send such notice, by U.S. mail, to each person who owns property within the territorial boundaries of the district that is a commercial or industrial parcel subject to the assessment. Such property would include any parcel classified by a county auditor as commercial or industrial according to the county auditor's use codes as listed in the Conservancy Appraisal Record of that District. The notice is to be sent not later than 90 days prior to the date on which the maintenance assessment is scheduled to begin collection.

County Convention Centers

The operating budget act authorizes a board of county commissioners of a county with a population greater than 400,000 to purchase, lease, construct, enlarge, improve, rebuild, equip, or furnish a convention center, if the population of the largest city in that county comprises more than one-third of the county's population. It changes the statutory criteria governing which counties may issue securities for, and operate and maintain, an arena or convention center, also authorizing these actions in a county with a population over 400,000 in which the largest city has more than one-third of the population. Based on 2000 Census figures, Cuyahoga, Franklin, Hamilton, Summit, and Lucas counties would qualify.

Earmark for the Ohio Grape Industries Fund

H.B. 119 extends through June 30, 2009 the two cents earmark of wine tax revenues that is credited to the Ohio Grape Industries Fund. In FY 2006 and FY 2007, appropriations to the Fund were \$1.3 million and \$1.1 million.

Clarification of Tax Base Change for the Foreign Insurers' Tax

H.B. 119 clarifies a change made in previous legislation to the tax base of this tax. The tax is administered by the Department of Insurance, and the details of the clarification are described in that Department's section of this document.

Tobacco Securitization

Edward Millane, Budget Analyst

Phil Cummins, Economist

Jason Phillips, Budget Analyst

- Net proceeds from the securitization estimated to be \$5.04 billion
- Proceeds will be used to finance school construction; GRF debt service savings to be used to expand property tax relief
- Nonschool facilities related tobacco budget programs have two fiscal years to secure new funding sources or phase down their activities

INTRODUCTION

In November 1998, as part of the Tobacco Master Settlement Agreement (MSA), the state of Ohio, along with more than 40 other states, the District of Columbia, and several territories ended litigation against leading domestic tobacco manufacturers to obtain relief for state health care costs related to smoking. In exchange for the settlement, Ohio received annual payments that, at the time the settlement was announced, were estimated to total \$10.1 billion over 26 years (from FY 2000 to FY 2025). Under the MSA, payments were to continue in perpetuity. Once received by the state, MSA dollars were deposited into the Tobacco MSA Fund (Fund 087). The dollars collected interest while in Fund 087 and then were distributed to various trust funds pursuant to the allocations established in former Revised Code section 183.02 shortly after the end of the fiscal year in which the dollars were received.

The budget authorizes the securitization of Ohio's payments to be received over the next 40 or more years under the MSA and specifies that the proceeds be used for spending on the construction of school buildings and higher education facilities throughout the state. Since these capital costs will not be financed with bonds serviced by GRF, the required GRF debt service payments for the School Facilities Commission (SFC) and higher education will be lower in the next three years. Under the budget, GRF moneys that would otherwise be used to finance bonds issued for SFC and higher education projects in the next three years will be used to expand the Homestead Exemption Program.

ANALYSIS OF THE BUDGET

K-12 School and Higher Education Facilities Construction

The budget creates the Buckeye Tobacco Settlement Financing Authority for the securitization of up to 100% of Ohio payments to be received over the next 40 or more years under the Tobacco Master Settlement Agreement. The budget requires that at least 75.0% of the aggregate net proceeds of the obligations issued with tobacco securitization moneys must be paid to the School Building Program Assistance Fund (Fund 032) and limits the use of net proceeds to SFC and other capital facilities projects. It also provides that any net proceeds in excess of \$5.0 billion must be deposited into that fund to assist SFC with additional support for school facilities projects.

When the tobacco payment securitization plan was initially proposed last March, the Office of Budget and Management (OBM) estimated that it would raise about \$5 billion; however, the heightened risk aversion recently evident in financial markets, if it continues, could result in issuance of this debt on less favorable terms than anticipated earlier. The sale is expected to take place this fall. The obligations will not be general obligations of the state and will not be secured by the full faith and credit of the state.

According to OBM's original estimates, \$2.20 billion would fully fund all of the tobacco funding allocated by former section 183.02 of the Revised Code to the Education Facilities Trust Fund (Fund N87) and the Education Facilities Endowment Fund (Fund P87) for FY 2008 through FY 2025. The remaining \$2.84 billion would be used to pay for the capital costs of SFC (\$1.92 billion) and higher education (\$0.92 billion) over the next three years. In May 2007, SFC offered funding to 44 districts. Anticipating the additional funding from the tobacco securitization, SFC offered funding to another 57 districts in July 2007. SFC has now offered assistance to over half of the school districts in the state.

Since these capital costs will not be financed with bonds serviced by GRF, the required GRF debt service payments for SFC and higher education will be lower in the next three years. Under the budget, GRF moneys that would otherwise be used to finance bonds issued for primary and secondary school construction and higher education projects in the next three years will be used to expand the Homestead Exemption Program.

The Homestead Exemption

The Homestead Exemption is a property tax reduction granted to homeowners who are at least 65 years of age or are permanently and totally disabled and to their surviving spouses meeting certain conditions. The operating budget act expands the homestead exemption to \$25,000 of market value and eliminates an income ceiling for eligibility along with two additional tiers of increasing exemptions at lower incomes. Tax relief will be at the effective millage rate for the real property rather than at the gross rate under the previous program. Participants in the prior homestead exemption program are to receive the greater of the tax relief under that program or the new program. The state will reimburse school districts and other local governments for forgone tax receipts. The change is effective for tax year 2007 for real property, paid one year in arrears, and tax year 2008 for homeowners whose primary residences are taxed as manufactured or mobile homes, paid concurrently.

The initial application deadline for the expanded homestead exemption is October 1, 2007. For homesteads in housing cooperatives, the nonprofit corporation that owns and operates the housing cooperative was required to obtain applications from the auditor and provide them to occupants by August 1. Applications were due to be returned to the corporation by September 1, and the corporation is to file them with the auditor by October 1. For an applicant whose request for a homestead exemption is denied, the auditor's deadline in CY 2007 to notify the applicant of the reason for the denial is extended to November 1.

The additional cost to the state for reimbursing school districts and other units of local government for forgone tax revenues is estimated at \$128.5 million in FY 2008, \$257 million in FY 2009, and growing amounts in future years.

County auditors will be compensated for the additional costs of administering the expanded homestead exemption, in an amount equal to 1% of property tax relief reimbursement paid to counties for the homestead exemption and the 2.5% rollback. The reimbursement to the county auditor for expenses relating to the homestead exemption is to be paid on the first day of August of each year. The estimated cost to the state for compensation to county auditors is \$3 million in FY 2009. However, budget language leaves in place compensation provided in current law (R.C. 323.156), of 2% of the amount of these reductions, which appears to imply total compensation to county treasurers and auditors equaling 3% of these costs.

The expected cost of the expanded homestead exemption to the state in FYs 2008 and 2009 about equals the savings on GRF interest associated with the securitization of future tobacco settlement payments, according to the estimates in the executive budget proposal. The securitization is a borrowing

to be repaid with future tobacco settlement payments. Anticipated homestead exemption costs of \$128.5 million in FY 2008 and \$257 million in FY 2009 approximate the sum of (1) interest savings to the GRF from use of proceeds from the tobacco securitization in lieu of funds from issuance of GRF-backed bonds for capital needs of primary, secondary, and higher education facilities, plus (2) interest earnings to the GRF from investment of proceeds from the tobacco securitization that have not yet been spent for educational facilities. Specific amounts are not appropriated for these purposes in the budget. Instead, Section 518.03 of the main operating budget act requires the Director of Budget and Management to determine appropriate amounts, following issuance of the bonds, and to transfer or increase appropriations with Controlling Board approval to the line items from which the reimbursements to school districts and other local governments are paid. Interest charges on the securitization would initially accrue at an annual rate of \$252 million to \$265 million per year for borrowing \$5.04 billion at the interest rates of 5% to 5.25% estimated in the executive budget proposal, but these interest charges would be non-GRF.

Tobacco Budget Programs

As a result of the securitization and the repeal of the Tobacco Master Settlement Agreement Fund and the schedule for transferring moneys in that fund to various other trust funds, the following funds will no longer receive scheduled MSA payments: the Tobacco Use Prevention and Cessation Trust Fund (Fund H87), the Southern Ohio Agricultural and Community Development Trust Fund (Fund K87), Ohio's Public Health Priorities Trust Fund (Fund L87), the Biomedical Research and Technology Transfer Trust Fund (Fund M87), the Education Facilities Trust Fund (Fund N87), the Education Facilities Endowment Fund (Fund P87, which was repealed), and the Education Technology Trust Fund (Fund S87). Additionally, the Attorney General and Tax Commissioner will no longer receive transferred funds from the Tobacco Master Settlement Agreement Fund to their respective tobacco settlement enforcement funds (Funds U87 and T87) to cover enforcement costs.

Transfers from MSA Funds

While the above funds will no longer receive scheduled MSA payments, the budget includes three provisions for transferring moneys out of some of them. First, the budget continues to direct interest earnings of the Education Facilities Trust Fund (Fund N87) to the School Facilities Commission Fund (Fund 5E3), which pays for the operating expenses of the Commission. Next, the budget directs \$40 million to be transferred from the Education Facilities Endowment Fund (Fund P87) to the GRF in FY 2008, presumably before Fund P87 is abolished. Finally, the budget requires \$9.98 million be transferred from the Tobacco MSA Fund (Fund 087) to the GRF on July 1, 2007, or as soon as possible thereafter and before any other transfers from Fund 087 are made.

FY 2009 Funding Allocations

For selected programs, the budget replaces MSA funding with other resources in FY 2009, in many instances, the GRF. Altogether, the budget shifts over \$16.3 million from MSA funds to the GRF for FY 2009. The table below summarizes the FY 2009 funding allocations for the selected tobacco budget programs by agency and line item and compares them to the FY 2008 funding provided for those programs by Sub. S.B. 321 of the 126th General Assembly, the most recent tobacco budget act. Under the executive budget proposal, programs not related to school facilities will have two fiscal years to secure new funding sources or continue their phase down of activities.

Tobacco Budget Program Funding Crosswalk, FYs 2008-2009				
	Sub. S.B. 321/126th General Assembly (MSA) appropriations		Am. Sub. H.B. 119/127th General Assembly appropriations	
Agency	Old Line Item	FY 2008	New Line Item	FY 2009
Department of Alcohol and Drug Addiction Services (ADA)	L87 038-403, Urban Minority Alcoholism & Drug Abuse Outreach Programs	\$500,000	GRF 038-404, Prevention Services ²⁶	\$500,000
	L87 038-405, Juvenile Offender Aftercare Program	\$3,000,000	GRF 038-401, Treatment Services ¹	\$3,000,000
Attorney General (AGO)	J87 055-635, Law Enforcement Tech., Training & Facility Enhancements	\$3,350,000 ²⁷	N/A	\$0
	U87 055-402, Tobacco Settlement Oversight, Admin. & Enforcement	\$723,797	N/A ²⁸	\$0
Department of Development (DEV)	M87 195-435, Biomedical Research & Technology Transfer Trust Fund	\$21,416,437	5AD 195-677, Economic Development Contingency ¹ (transfer from Unclaimed Funds)	\$19,400,000
eTech Ohio Commission (ETC)	S87 935-602, Education Technology Trust Fund	\$4,350,000	N/A	\$0
Department of Health (DOH)	L87 440-414, Uncompensated Care	\$3,855,050	GRF 440-511, Uncompensated Care & Emergency Medical Assistance	\$3,500,000
Commission on Minority Health (MIH)	L87 149-402, Minority Health & Academic Partnership Grants	\$1,090,000	GRF 149-501, Minority Health Grants ¹	\$1,000,000
Dept. of Public Safety (DHS)	L87 767-406, Under-Age Tobacco Use Enforcement	\$610,560	L87 767-406, Under-Age Tobacco Use Enforcement ²⁹	\$375,000
Southern Ohio Agricultural and Comm. Development Foundation (SOA)	5M9 945-601, Operating Expenses	\$475,220	GRF 945-321, Operating Expenses	\$475,220
	K87 945-602, S OH Agr. Comm. Dev. Fndtn.	\$7,513,251	GRF 945-501, S OH Agr. Comm. Dev. Fndtn.	\$7,513,251
Department of Taxation (TAX)	T87 110-402, Tobacco Settlement Enforcement	\$328,034	GRF 110-404, Tobacco Settlement Enforcement	\$328,034
Tobacco Prevention Foundation (TUP)	5M8 940-601, Operating Expenses	\$1,717,159	N/A ³⁰	\$0

²⁶ Other programs are also funded out of this line item.

²⁷ Am. Sub. H.B. 119 amended Sub. S.B. 321, the most recent tobacco budget, to increase the appropriation in this line item in FY 2008 from \$0 to \$3,350,000.

²⁸ The executive budget proposal included \$723,797 in GRF funding for Tobacco Settlement Enforcement in line item 055-404 in FY 2009. However, the budget does not provide this appropriation.

²⁹ Am. Sub. H.B. 119 appropriated funding for FY 2009 out of Fund L87 using the same line item that is used for the program in the Tobacco Budget.

³⁰ The budget provided no appropriation in FY 2009 for the Tobacco Prevention Foundation, but allowed the Foundation to form a nonprofit corporation to raise money to aid it in carrying out its duties.

Local Government Provisions

- Provisions affect local courts, law enforcement, and government administration

Terry Steele, Budget Analyst

OVERVIEW

This section addresses various budget and policy issues applicable to local government entities. Typically, these provisions do not neatly fit with the law and funding changes affecting state agencies that are described in the other sections of this analysis. The items are organized by subject matter, with a brief summary of their fiscal impact on the applicable political subdivisions.

PUBLIC SAFETY AND COURTS

Child Custody and Military Service

(R.C. 3109.041)
Counties, Cities

This provision allows a parent who is subject to an order allocating parental rights and responsibilities or in relation to whom an action to allocate parental rights and responsibilities is pending to apply to the court for a hearing to expedite an allocation or modification proceeding if a parent subject to such an order or in relation to whom the case is pending is ordered to active military service in the uniformed services (U.S. armed forces, Army National Guard, or Air National Guard when engaged in active duty for training, or the commissioned corps of the U.S. Public Health Service) for a period of more than 30 days. It also requires the parent who is ordered to active military service to notify the other parent who is subject to the order, or in relation to whom the case is pending, of the order to active military service.

Additionally, the court is required to schedule a hearing upon receipt of the application and hold the hearing not later than 30 days after receipt of the application, but must give the case priority if exigent circumstances exist. The provision also limits the conditions under a prior decree allocating parental rights and responsibilities can be modified.

As a result, some local courts may temporarily forego filing fee revenues that might otherwise have been collected in one fiscal year only to collect it in a subsequent fiscal year. The effect of these potential temporary shifts in the collection of filing fee revenues in any given year is likely to be minimal.

Enforcement of Traffic Laws on Streets Located Immediately Adjacent to Political Subdivision Boundaries

(R.C. 2935.03 and 4513.35)

Counties, Municipalities, Villages, and Townships

The bill clarifies that law enforcement officers from one jurisdiction may enforce state traffic laws on all portions of a street or highway that is located in an adjoining jurisdiction when the portion of the street or highway is located immediately adjacent to the boundaries of two jurisdictions. It also provides that all fines collected from persons who are charged by law enforcement officers from the adjoining jurisdiction are to be paid to the adjoining jurisdiction. The fiscal implication of this provision is uncertain.

Public Nuisance in Subsidized Housing

(R.C. 3767.41)

Counties, Cities, Villages, and Townships

This provision establishes "public nuisance in subsidized housing" as a separate category of public nuisance that a judge may find and order to be abated. The provision requires a judge to apply federal quality standards in determining whether subsidized housing is a public nuisance, and requires any conveyance of subsidized housing that is a public nuisance to be made pursuant to federal guidelines. It also prohibits subsidized housing that is a public nuisance from being conveyed to abate the nuisance unless the purchaser agrees to enter into a federal contract and continue to operate the housing as subsidized housing. The fiscal effect of this provision would depend on the frequency with which judges use this type of public nuisance order.

ELECTIONS

Apportionment of Election Expenses

(R.C. 3501.17)

Counties, Cities, Villages, and Townships

This permanent law provision includes in the list of expenses to be divided between subdivisions conducting elections: the costs incurred for intermittent employees of the board of elections; placing and removing voting machines; printing precinct voter registration lists; supplies for printing voter verified paper audit trails; and contractors engaged to prepare, program, test, and operate voting machines. It also defines a "subdivision" that must be charged for the costs of conducting an election as any board of county commissioners, board of township trustees, legislative authority of a municipal corporation, board of education, or any other board, commission, district, or authority that is empowered to levy taxes or permitted to receive tax settlement moneys. This provision may result in possible increases in elections costs for certain subdivisions and decreases in county expenditures because it allows certain election expenses now paid by counties to be passed on to other subdivisions.

Elections Funding

(R.C. 3501.17)

Counties

This provision permits a Board of County Commissioners, at the request of the Board of Elections, to establish an elections revenue fund for the purpose of accumulating revenue withheld by or paid to the county for the conduct of elections. It further permits the Board of County Commissioners to transfer money into that fund from any other fund of the political subdivision from which such payments lawfully may be made. The provision has no apparent fiscal effect, but provides a new accounting mechanism to handle election revenues and expenditures.

VARIOUS LOCAL GOVERNMENT ADMINISTRATION PROVISIONS

Application of Landlord Registration Law

(R.C. 5323.021, 5323.01, and 5323.99)

Counties

The bill updates the landlord registration law to require the county auditor to provide an owner of a residential rental property located in a county that has a population of more than 200,000 with notice of the requirement to file certain specified information and the requirement to update that information. It also permits the county auditor to impose a \$150 special assessment on the residential rental property, which may be appealed to the county board of revision, and increases from 10 to 60 the number of days an owner of residential rental property has to update any changes in information about the property.

Additionally, the bill eliminates the requirement that information filed with the county auditor regarding residential rental property include the year in which the rental units were built and provides that the information filed with the county auditor may be maintained on the tax list or the real property record, rather than on both the tax duplicate and real property record.

These changes could result in potential increases in filing costs for counties with populations greater than 200,000 persons. There is also a potential decrease in costs for allowing the record to be maintained on either the tax duplicate or real property record instead of both. There might be additional costs for required notifications to residential property owners, and possible gains in fine revenues from any rental property owner that violates the provision.

Bidding Threshold for Joint Fire and Ambulance Districts

(R.C. 505.376)

Counties, Cities, Villages, and Townships

This provision raises the threshold above which competitive bidding procedures apply to an expenditure of a joint fire and ambulance district (other than employee salaries) from \$25,000 to \$50,000. There could be a potential decrease in administrative costs associated with the contracting process, as there would likely be fewer contracts subject to competitive bidding; however, the overall fiscal effect on contract costs is uncertain.

Competitive Bidding for Township Fire Departments

(R.C. 505.37)

Townships

This provision establishes a competitive bidding requirement and procedure for expenditures by township trustees for fire fighting purposes in excess of \$50,000. Currently, no bidding requirement exists for regular township fire departments. The provision may increase administrative costs to townships. However, if through the competitive bidding process, the costs of certain projects are lower than what was previously paid, any new administrative contracting costs could be offset.

Contracts Between Political Subdivisions

(R.C. 2744.02)

Counties, Cities, Villages, and Townships

This provision provides that the defenses and immunities of political subdivisions under current law apply to governmental and proprietary functions performed by a political subdivision and its employees, whether performed on behalf of that political subdivision or another political subdivision. This potentially reduces liability costs to political subdivisions that have contracted to complete work for other political subdivisions.

Maintenance and Beautification of Township Cemeteries

(R.C. 517.08)

Townships

This provision permits townships to use the proceeds from selling cemetery lots to maintain and beautify cemetery grounds. While there is no direct fiscal effect, this provision simply gives townships the authority to use this revenue for the above stated purpose, rather than relying on general funds.

Membership of Board of Trustees of a Regional Arts and Cultural District

(R.C. 3381.04)

Municipalities

This provision increases, from three to five, the number of members of a board of trustees of any regional arts and cultural district created under the alternative procedure by the exclusive action of a county with a population of 500,000 or more. There is no fiscal impact associated with this provision.

Proxy Attendance and Voting by Members of Regional Councils of Government

(R.C. 3381.04)

Municipalities

The provision authorizes the by-laws of a regional council of governments whose members include at least eight counties to allow proxy attendance and voting. There is no fiscal impact associated with this provision.

Secretary of Defense Approval for Annexations and Mergers

(R.C. 709.01) Municipalities

The provision requires the approval of the Secretary of Defense of the United States before territory lying within the boundaries of any United States military base may be annexed to or merged with a municipal corporation under any annexation or merger procedure. There is no fiscal impact associated with this provision.

Single County Ditch Law

(R.C. 6131.23.01) Municipalities

The provision increases the maximum repayment period from 10 to 30 semiannual installments that a board of county commissioners may allow landowners for payment of an assessment under the Single County Ditch Law, and increases the maximum repayment period from 16 to 30 semiannual installments for bonds that are sold for an improvement under that law.

Township Authority to Lend Money

(R.C. 505.705 and 6119.06) Townships

This provision clarifies that a board of township trustees may agree to grant or lend money from the township general revenue fund to another political subdivision that has authority to provide water or sanitary sewerage within the township. The provision may result in future revenues to townships for any interest gained from lending money to other political subdivisions for the described purposes, dependent upon the terms of the loan.

Township Zoning Modifications

(R.C. 519.12) Townships

This provision changes the vote required for the board of township trustees to deny or modify the recommendations of the township zoning commission from unanimous to two-thirds. This provision has no fiscal effect.

LOCAL GOVERNMENT TAXATION

In addition to the items mentioned above, the budget act contains provisions affecting local government fund distributions. The budget also lays out new terms under which counties with populations of over 400,000 and whose largest city accounts for more than one-third of that population may buy, lease, improve, or operate convention centers, and also alters the existing statutory criteria which such projects can be financed. The provision would apply to five of Ohio's largest counties. Finally, the budget includes statutory language that sets out new notification requirements that apply to the Muskingum Watershed Conservancy District when it decides to impose a new maintenance assessment. For further details about these items, please consult the section entitled "Tax Provisions."

Revenue Distribution Funds

- Local government funds continue to "freeze" until end of CY 2007 and start new funding methods in CY 2008

Ruhaiza Ridzwan, Economist

OVERVIEW

Revenue Distribution Funds are used by the state to collect and distribute, as directed by state law, moneys to local governments and to organizations, school districts, libraries, transit authorities, other state funds, and other states. Each of the funds is administered by a state agency, but the funds are not included as part of the budget of the administering agency. The moneys are not spent by the agencies, but are distributed as directed by state law. The funds are presented together to highlight their role in the redistribution function of state government.

Appropriations for FY 2008 are \$5.18 billion. This amount is \$369.5 million greater than adjusted appropriations for FY 2007, a 7.7% increase. Appropriations for FY 2009 are \$5.44 billion. This amount is \$260.4 million greater than appropriations for FY 2008, a 5.0% increase.

ANALYSIS OF THE BUDGET

Local Government Funds

The enacted budget continues to "freeze" the deposits to and distributions from the three local government funds – Local Government Fund (LGF or Fund 069), Local Government Revenue Assistance Fund (LGRAF or Fund 064), and Library and Local Government Support Fund (LLGSF or Fund 065) – in the first six months of FY 2008. Monthly distributions from LGF, LGRAF, and LLGSF to each county's undivided local government fund, undivided local government revenue assistance fund, and undivided library and local government support fund will equal the previously frozen amounts for the corresponding month in the first six months of FY 2007.

During the "freeze" period, the deposits from tax receipts for credit to the local government funds will be based on the current deposit methods in advance of the distributions to the county undivided local government funds. Therefore, only five monthly deposits will be made to the three local funds (each in July through November) for money that will be distributed to the undivided county local government funds for the months of August through December. The distributions for the month of July 2007 are based on the deposits made in June 2007. The amount was deposited in FY 2007 but distributed in FY 2008. No deposits will be made to the local funds in December, instead the tax receipts will be credited to the GRF.

Beginning in January 2008, the LGF and LGRAF will be combined into one fund that keeps the name Local Government Fund. The LLGSF remains the same. In addition, all tax revenues previously credited to the LGF, LGRAF, and LLGSF will instead be credited to the GRF. The budget also changes the pattern of monthly deposits and distributions beginning in January 2008. Monthly deposits and distributions will be made in the same month, based on the previous month's actual GRF total tax receipts.

The budget requires the Director of Budget and Management to make monthly distributions from the GRF to the two local funds (LGF and LLGSF) for distribution to local governments. Each month, 3.68% of total tax revenues credited to the GRF in the preceding month is to be credited to the LGF and 2.22% of that total tax revenue is to be credited to the LLGSF.

Recent state operating budgets (H.B. 94 of the 124th General Assembly, H.B. 95 of the 125th General Assembly, and H.B. 66 of the 126th General Assembly) included "temporary adjustments to local government distributions." After growing through FY 2001, distributions were frozen and reduced in FYs 2002 and 2003 and remained at the FY 2003 level for FYs 2004, 2005, 2006, and 2007.³¹ Tax receipts that would otherwise be credited to the local funds were instead credited to the GRF. The "freeze" affected deposits and distributions of receipts from the personal income tax, the sales and use tax, the corporate franchise tax, the public utilities excise tax, and the kilowatt-hour tax.

³¹ H.B. 94 froze, for FY 2002 and FY 2003, deposits into and distributions from the Local Government Fund and the Local Government Revenue Assistance Fund at the levels of FY 2001. Deposits into and distributions from the Library and Local Government Support Fund were also frozen at the FY 2001 level, except that distributions to each county undivided library and local government support fund were further reduced by the county's pro-rata share of any transfers made from the Library and Local Government Support Fund to the OPLIN (Ohio Public Library Information Network) Technology Fund.

H.B. 95 froze, for FY 2004 and FY 2005, deposits into and distributions from the three local government funds at the lower of the formula amount or the amount that those funds received in FY 2003. For the Library and Local Government Support Fund, the FY 2003 amount was the amount before the transfer to the OPLIN Technology Fund under Section 70 of H.B. 94 of the 124th General Assembly.

H.B. 66 froze, for FY 2006 and FY 2007, deposits into and distributions from the three local government funds at the lower of the formula amount or the amount that those funds received in FY 2005.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

RDF Revenue Distribution Funds

085	800-900	Volunteer Fire Fighters' Dependents Fund	\$ 267,075	\$ 256,050	\$ 280,000	\$ 300,000	7.14%	\$ 300,000	0.00%
Volunteer Firefighters Dependents Fund Group Tot			\$ 267,075	\$ 256,050	\$ 280,000	\$ 300,000	7.14%	\$ 300,000	0.00%
062	110-900	Resort Area Excise Tax	\$ 729,905	\$ 633,948	\$ 0	\$ 0	N/A	\$ 0	N/A
062	110-962	Resort Area Excise Tax	----	----	\$ 1,075,000	\$ 1,000,000	-6.98%	\$ 1,000,000	0.00%
063	110-900	Permissive Tax Distribution	\$ 1,495,845,328	\$ 1,588,009,559	\$ 0	\$ 0	N/A	\$ 0	N/A
063	110-963	Permissive Tax Distribution	----	----	\$ 1,706,969,960	\$ 1,778,662,000	4.20%	\$ 1,849,000,000	3.95%
067	110-900	School District Income Tax	\$ 170,329,420	\$ 202,416,785	\$ 0	\$ 0	N/A	\$ 0	N/A
067	110-967	School District Income Tax	----	----	\$ 254,000,000	\$ 325,000,000	27.95%	\$ 350,000,000	7.69%
4P8	001-698	Cash Management Improvement Fund	\$ 488,874	\$ 1,139,069	\$ 3,000,000	\$ 3,050,000	1.67%	\$ 3,100,000	1.64%
608	001-699	Investment Earnings	\$ 103,649,876	\$ 230,116,915	\$ 187,759,237	\$ 250,000,000	33.15%	\$ 250,000,000	0.00%
Agency Fund Group Total			\$ 1,771,043,403	\$ 2,022,316,276	\$ 2,152,804,197	\$ 2,357,712,000	9.52%	\$ 2,453,100,000	4.05%
R45	110-617	International Fuel Tax Distribution	\$ 39,082,263	\$ 44,952,537	\$ 50,000,000	\$ 50,000,000	0.00%	\$ 50,000,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 39,082,263	\$ 44,952,537	\$ 50,000,000	\$ 50,000,000	0.00%	\$ 50,000,000	0.00%
049	038-900	Indigent Drivers Alcohol Treatment	\$ 1,544,545	\$ 1,545,064	\$ 1,865,000	\$ 1,797,000	-3.65%	\$ 1,832,000	1.95%
050	762-900	International Registration Plan Distribution	\$ 35,470,341	\$ 41,471,701	\$ 55,000,000	\$ 54,475,631	-0.95%	\$ 55,565,143	2.00%
051	762-901	Auto Registration Distribution	\$ 441,631,205	\$ 475,302,909	\$ 475,000,000	\$ 500,000,000	5.26%	\$ 539,000,000	7.80%
054	110-900	Local Government Property Tax Replacement-Utility	\$ 90,679,570	\$ 90,540,118	\$ 0	\$ 0	N/A	\$ 0	N/A
054	110-954	Local Government Property Tax Replacement - Utility	----	----	\$ 90,000,000	\$ 93,250,000	3.61%	\$ 95,125,000	2.01%
060	110-900	Gasoline Excise Tax Fund	\$ 265,387,036	\$ 335,331,862	\$ 0	\$ 0	N/A	\$ 0	N/A
060	110-960	Gasoline Excise Tax Fund	----	----	\$ 349,000,000	\$ 375,000,000	7.45%	\$ 375,000,000	0.00%
064	110-900	Local Government Revenue Assistance	\$ 94,597,556	\$ 94,597,555	\$ 0	\$ 0	N/A	\$ 0	N/A
064	110-964	Local Government Revenue Assistance	----	----	\$ 94,605,130	\$ 42,400,000	-55.18%	\$ 0	-100.00%
065	110-900	Library and Local Government Support Fund	\$ 457,970,324	\$ 457,970,324	\$ 0	\$ 0	N/A	\$ 0	N/A
065	110-965	Library/Local Government Support Fund	----	----	\$ 458,510,155	\$ 460,000,000	0.32%	\$ 464,500,000	0.98%
066	800-900	Undivided Liquor Permits	\$ 13,883,112	\$ 13,801,948	\$ 14,300,000	\$ 13,500,000	-5.59%	\$ 13,500,000	0.00%
068	110-900	State and Local Government Highway Distribution	\$ 218,762,760	\$ 205,759,257	\$ 0	\$ 0	N/A	\$ 0	N/A
068	110-968	State and Local Government Highway Distribution	----	----	\$ 235,542,000	\$ 240,250,000	2.00%	\$ 242,500,000	0.94%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>RDF Revenue Distribution Funds</i>									
069	110-900	Local Government Fund	\$ 674,010,506	\$ 676,312,187	\$ 0	\$ 0	N/A	\$ 0	N/A
069	110-969	Local Government Fund	----	----	\$ 677,137,989	\$ 730,700,000	7.91%	\$ 785,000,000	7.43%
081	110-900	Local Government Property Tax Replacement-Business	----	\$ 19,623,652	\$ 0	\$ 0	N/A	\$ 0	N/A
081	110-981	Local Government Property Tax Replacement - Business	----	----	\$ 158,166,000	\$ 262,500,000	65.96%	\$ 366,800,000	39.73%
082	110-900	Horse Racing Tax	\$ 128,403	\$ 114,143	\$ 0	\$ 0	N/A	\$ 0	N/A
082	110-982	Horse Racing Tax	----	----	\$ 130,000	\$ 125,000	-3.85%	\$ 130,000	4.00%
083	700-900	Ohio Fairs Fund	\$ 2,234,115	\$ 2,068,917	\$ 2,450,000	\$ 2,277,000	-7.06%	\$ 2,325,000	2.11%
Revenue Distribution Fund Group Total			\$ 2,296,299,473	\$ 2,414,439,637	\$ 2,611,706,274	\$ 2,776,274,631	6.30%	\$ 2,941,277,143	5.94%
Revenue Distribution Funds Total			\$ 4,106,692,214	\$ 4,481,964,500	\$ 4,814,790,471	\$ 5,184,286,631	7.67%	\$ 5,444,677,143	5.02%

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