

Public Works Commission

(H.B. 94 Portion)

- First time the PWC has had a line item in the main budget bill
- 2.7% increase from FY01 to FY02, 7.8% increase from FY02 to FY03 in this debt service line item

OVERVIEW

The Public Works Commission (PWC) is responsible for the implementation of two infrastructure assistance programs for local governments: the State Capital Improvements Program (SCIP) and the Local Transportation Improvements Program (LTIP). The transportation budget bill, H.B. 73, contained the operating dollars for both programs, and the capital dollars for the LTIP. H.B. 94 is the first main operating budget to contain a line item for the PWC. In the past, this line item, which provides debt service on outstanding general obligation bonds issued by the Treasurer's Office for the SCIP program, was appropriated in the budget of the Commissioners of the Sinking Fund.

The staff of the Public Works Commission has been reduced over time from a high of 18 to 12 in the upcoming biennium. Twelve staff represents a reduction of one position from the current biennium.

The Budget

H.B. 94 contains only one line item for PWC. That line item provides the appropriation for the debt service on the State Capital Improvements General Obligation Bonds that provide most of the funding for the SCIP program. The Executive Proposal requested \$135,693,200 in FY 2002, and \$146,210,200 in FY 2003 for line item GRF 150-907, State Capital Improvements General Obligation Debt Service. These amounts represent increases of 2.7% and 7.8%, respectively, over the FY 2001 and FY 2002 appropriations. The schedule showing the dates and amounts of bonds that have been issued under this program is shown below.

The State Capital Improvements Program (SCIP)

The State Capital Improvements Program provides low-interest loans and grants to local governments. Funding for SCIP comes from bonds originally authorized by a constitutional amendment approved by voters in November 1987, and then re-authorized by voter approval in November 1995, and from loan repayments. SCIP moneys can be used to fund the following infrastructure facilities for local governments:

- Roadways and bridges;
- Fresh water supply treatment and distribution systems;
- Waste water collection and treatment facilities;
- Storm sewer systems and solid waste disposal facilities.
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SCIP program funds are allocated to one of two SCIP subprograms, with remaining funds being available to the Public Works Districts described below. The first SCIP subprogram is the Small Government Program (SGP), which provides funding for villages and townships with populations of less than 5,000. SGP gives smaller subdivisions, which have projects that may not be as highly prioritized as other district projects, a second opportunity for assistance. A \$12 million maximum is available each fiscal year for the SGP. The second SCIP subprogram is the Emergency Assistance Program, which provides \$2.5 million each fiscal year for the immediate preservation of health, safety, and welfare. Moneys for emergency assistance are awarded at the discretion of PWC's director.

After moneys are allocated to the above subprograms, PWC allocates remaining moneys to the 19 District Public Works Integrating Committees on a per-capita basis.¹ The 19 District Committees evaluate proposed infrastructure projects using ten criteria established in the Ohio Revised Code. How those criteria are weighted and applied is up to the each committee's discretion. The district committees use the criteria to rank the proposed programs in the district. A list of these project rankings is then submitted to PWC for review and final approval.

In addition to revenues derived from bond issuance, the SCIP program is funded in part by a Revolving Loan Program (RLP). In FY 2001, the commission released about \$14.5 million from the Revolving Loan Fund for the RLP; this amount should increase to about \$18 million in FY 2002 and \$20 million in FY 2003. These allocations will pay for 50 to 80 loans each fiscal year. SCIP requires each District to

¹ Note that allocations are made to the districts and not to the counties. Despite this, the per capita share by county must still be computed. If a county's per capita share would be less than \$300,000, PWC must allocate to the district in which that county is located an amount equal to the difference between \$300,000 and the county's per capita share.

allocate a percentage of their budgets for loans. All repayments of loans made under SCIP are deposited into the RLP fund. These moneys are disbursed back to the integrating committees to be used for loans. Appropriations for RLP were made in the last capital reappropriations budget, Sub. S.B. 245 of the 123rd General Assembly. To date, PWC has approved over 900 loans under SCIP.

SCIP Bond Schedule

Program Year	Fiscal Year	Issuance Date	Issuance Amount	Date Applications Received	Date Projects Released
1	89	12/88	\$120,000,000	06/89-11/89	06/89-11/89
2	90	12/89	\$120,000,000	12/89-02/90	01/90-04/90
3	91	--	--	12/90-01/91	01/91-04/91
4	92	12/91	\$120,000,000	09/91-01/92	01/92-04/92
5	93	12/92	\$120,000,000	03/92-08/92	07/92-09/92
6 ²	93	12/93	\$120,000,000	10/92-01/93	12/92-03/93
7	94	02/94	\$120,000,000	10/92-05/93	03/93-07/93
8	95	02/95	\$120,000,000	01/94-03/94	07/94
9	96	01/96	\$120,000,000	01/95-03/95	07/95
10	97	01/97	\$120,000,000	01/96-03/96	07/96
11	98	01/98	\$120,000,000	01/97-03/97	07/97
12 ³	99	07/98	\$120,000,000	01/98-03/98	07/98
13	00	07/99	\$120,000,000	01/99-03/99	07/99
14	01	07/00	\$120,000,000	01/00-03/00	07/00
15	02	07/01	\$120,000,000	01/01-03/01	07/01
16	03	07/02	\$120,000,000	01/02-03/02	07/02
17	04	07/03	\$120,000,000	01/03-03/03	07/03
18	05	07/04	\$120,000,000	01/04-03/04	07/04
19	06	07/05	\$120,000,000	01/05-03/05	07/05
20	07	07/06	\$120,000,000	01/06-03/06	07/06
Total:			\$2,400,000,000		

² Three bond issuances of \$120 million each were authorized for the FY 1993-1994 biennium in order to accelerate the program (supported program years 5, 6, and 7).

³ This is the first year in which bonds were sold under the new authorization.

PERMANENT AND TEMPORARY LAW

Permanent Law

There are no permanent law provisions.

Temporary Law

State Capital Improvements General Obligation Debt Service

This provision specifies that appropriation item 15-907, State Capital Improvements General Obligation Debt Service, shall be used to pay all debt service and financing costs at the times they are required to be made pursuant to section 151.01, 151.08 and 164.10 of the Revised Code. Payments shall be made by an intrastate transfer voucher, as determined by the Office of the Sinking Fund or the Director of Budget and Management.

LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

<i>Fund ALI ALI Title</i>	<i>Revised Estimated 2001</i>	<i>As Introduced 2002</i>	<i>House Sub Bill 2002</i>	<i>% Change Est. 2001 to House 2002</i>	<i>As Introduced 2003</i>	<i>House Sub Bill 2003</i>	<i>% Change House 2002 to House 2003</i>
<i>PWC Public Works Commission</i>							
GRF 150-907 St. Capital Improv. G.O. Debt Svc.	\$0	\$ 135,693,200	\$ 135,693,200	N/A	\$ 146,210,200	\$ 146,210,200	7.8%
General Revenue Fund Total	\$ 0	\$ 135,693,200	\$ 135,693,200	N/A	\$ 146,210,200	\$ 146,210,200	7.8%
038 150-321 Operating Expenses	\$1,019,665	\$ 958,456	\$ 958,456	-6.0%	\$ 1,016,207	\$ 1,016,207	6.0%
Local Infrastructure Improvement Fund Group Total	\$ 1,019,665	\$ 958,456	\$ 958,456	-6.0%	\$ 1,016,207	\$ 1,016,207	6.0%
052 150-402 Loc Trans Impv Prog Operating	\$450,980	\$ 401,481	\$ 401,481	-11.0%	\$ 426,089	\$ 426,089	6.1%
052 150-701 Local Transportation Improvmt Prog	\$67,500,000	\$ 74,000,000	\$ 74,000,000	9.6%	\$ 76,000,000	\$ 76,000,000	2.7%
Local Transportation Improvement Program Fund Group	\$ 67,950,980	\$ 74,401,481	\$ 74,401,481	9.5%	\$ 76,426,089	\$ 76,426,089	2.7%
<i>Total All Budget Fund Groups</i>							
	\$ 68,970,645	\$ 211,053,137	\$ 211,053,137	206.0%	\$ 223,652,496	\$ 223,652,496	6.0%

General Revenue Fund

GRF 150-907 St. Capital Improv. G.O. Debt Svc.

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$0	\$0	\$0	\$0	\$135,693,200	\$146,210,200
	N/A	N/A	N/A	N/A	7.8%

Source: GRF

Legal Basis: Main operating budget bill of the 124th G.A.

Purpose: To pay all debt service and financing costs of the State Capital Improvements Program

Local Infrastructure Improvement Fund Group

038 150-321 Operating Expenses

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$801,481	\$893,784	\$850,325	\$1,019,665	\$958,456	\$1,016,207
	11.5%	-4.9%	19.9%	-6.0%	6.0%

Source: LIF: investment earnings

Legal Basis: ORC 164.08 (Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item pays for the administrative costs of the State Capital Improvement Program, and supports about 70 percent of operations.

Local Transportation Improvement Program Fund Group

052 150-402 Loc Trans Impv Prog Operating

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$341,148	\$382,972	\$348,789	\$450,980	\$401,481	\$426,089
	12.3%	-8.9%	29.3%	-11.0%	6.1%

Source: 052: portion of one cent of the motor vehicle fuel tax (pursuant to ORC 5735.23, and subject to the limitation of ORC 5735.05, primarily the repair and replacement of local roads and bridges)

Legal Basis: ORC 164.14 (originally established by Am. Sub. H.B. 298 of the 119th G.A.)

Purpose: This line item pays for the administrative costs of the Local Transportation Improvement Program, and supports about 30 percent of operations.

052 150-701 Local Transportation Improvment Prog

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$59,045,912	\$54,279,283	\$64,664,422	\$67,500,000	\$74,000,000	\$76,000,000
	-8.1%	19.1%	4.4%	9.6%	2.7%

Source: 052: one cent of the motor vehicle fuel tax (pursuant to ORC 5735.23, and subject to the limitation of ORC 5735.05, primarily the repair and replacement of local roads and bridges)

Legal Basis: ORC 164.14 (Am. Sub. H.B. 381 of the 118th G.A.)

Purpose: Moneys are used to provide grants to local governments to finance roads and bridges.

As Introduced

As Passed by the House

Temporary Law Changes**Subject: State Capital Improvements General Obligation Debt Service****Section: 88****Section: 90****ALI: 150-907**

Requires appropriation item 150-907, State Capital Improvements General Obligation Debt Service, be used to pay debt service, and authorizes either the Office of the Sinking Fund or the Director of Budget and Management to make any necessary fund transfers to accomplish that.

No change.

This provision has no net fiscal effect.
