

Department of Development

House Agriculture & Development Subcommittee

*Allison Thomas, Economist
Legislative Service Commission*

March 18, 2003

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LSC Redbook

for the

Department of Development

House Agriculture & Development Subcommittee

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<i>Attachment: LSC Budget Spreadsheet By Line Item</i>	

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Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC Redbook reflects the 2.5% reduction made as a result of the Governor's January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the Redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation line items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.

Department of Development

- The Third Frontier Project is agency's first priority
- \$10 million in each fiscal year proposed for Economic Development Contingency Fund
- Recordation fee proposed to serve as funding source of Housing Trust Fund

OVERVIEW

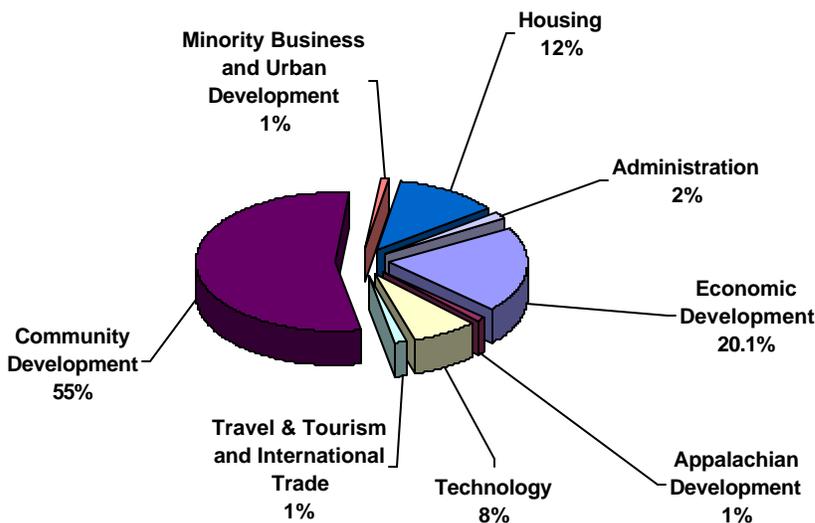
The Department of Development (DEV) facilitates economic and community development in Ohio through activities that include business financial assistance, industrial training, technology development, international trade promotion, housing development, urban development, and travel and tourism promotions.

Slight funding increases proposed for the Department of Development in FY 2004 provide the basis for the Department's budget proposal for the FY 2004-2005 biennium. Estimated FY 2003 expenditures of \$692,756,024, which are based on the agency's FY 2003 disbursements and include \$12.7 million in Roadwork Development funds administered by the Department but appropriated in the transportation budget bill, are 0.2% below FY 2002 actual expenditures of \$694,096,645. Executive-recommended funding for FY 2004 totals \$743,441,857, an increase of 7.3% from FY 2003 estimated levels, and \$757,796,122 for FY 2005, a 1.9% increase over FY 2004 recommendation levels; both of these figures include the \$12.7 million appropriated in H.B. 87, the current transportation budget bill, for roadwork development.

At the fund group level, notable FY 2004 executive-recommended changes in funding levels include those of the General Revenue Fund (-14.3%), General Services Fund (-19.5%), Federal Special Revenue Fund (+17.3%), State Special Revenue Fund (+13.8%), and the Facilities Establishment Fund (+3.0 %). Overall decreased GRF funding primarily reflects the elimination of the GRF as the funding source for four housing line items; these ALIs will be funded by SSR funds under the Governor's recommendations. Increased funding for the State Special Revenue Fund Group primarily consists of a funding shift for the Housing Trust Fund; an increase in the county recordation fee will serve as the new funding source for the Housing Trust Fund, which shows an increase of 81.0% in FY 2004. Increases in federal funds are reflected through significant increases in available Oil Overcharge funds (+240.0%), Housing & Urban Development (+66.7%), HEAP Weatherization (+55.8%), Federal Projects (+40.9%), and the Home Energy Assistance Block Grant (+37.2%). Increased funding for the Facilities Establishment Fund Group consists of a \$5.8 million increase in the Facilities Establishment line item.

For FY 2005, the executive budget recommends flat funding for all budget fund groups except the GRF, for which appropriations increased by 13.0%.

Appropriations by Program Series - FY 2004



Summary of Appropriation Changes

The following list provides a quick reference to the various executive-recommended changes for the FY 2004-2005 biennium.

Economic Development

1. *Small Business Development (GRF 195-404)*: Exhibiting a decrease of \$255,990 in FY 2004 and flat funded in FY 2005, this line item serves as a GRF match to federal funds that assist small businesses in procuring government contracts.
2. *Business Development Grants (GRF 195-412)*: Additional subsidy funds of \$890,552 and \$979,608, each reflecting a 10% increase, are added in FYs 2004 and 2005, respectively. These funds are a potential source of moneys for the steel industry, the auto industry, or to complement the goals of the Third Frontier program.
3. *Economic Development Division and Regional Offices (GRF 195-415)*: A 21.8% increase in funding in FY 2004, equaling \$1.2 million, will fund the programs of the Governor’s Economic Development Regional Offices and administration of the Economic Development Division. The executive recommendations changed the name of the line item from Regional Offices and Economic Development.
4. *Urban/Rural Initiative (GRF 195-417)*: At the core budget level of nearly \$600,000 for each year of the biennium, two or three projects can be funded through this program. This decreased funding level reflects the diminished interest in the program during FY 2003. Program dollars were not available to non-earmarked projects in FY 2002 as the line item was fully earmarked; interest in the program did not resume in FY 2003.

5. *Investment in Training Grants (GRF 195-434)*: Funding for this program increased by 10% in each fiscal year; the program's scope includes the Fuel Cell Industry Initiative and the Steel Development Initiative.
6. *Economic Development Contingency (GRF 195-515)*: Funded at \$10 million in each fiscal year, this line item will fund economic development projects for which appropriations would not otherwise be available. This proposal was originally enacted as a GRF transfer of \$25 million over the FY 2002-2003 biennium in Am. Sub. H.B. 299 of the 124th General Assembly.
7. *Small Business Administration (FED 195-609)*: Additional funding of \$366,324 reflects a 9.6% increase in FY 2004 federal funding, with flat funding continued in FY 2005.
8. *Facilities Establishment (FEF 195-615)*: A 10.0% increase in funding over FY 2003 estimated expenditure levels increases the available funds for job creation and retention projects. Preference is given to industrial and manufacturing companies that create high-wage jobs as defined under the Governor's Third Frontier agenda.
9. *Rural Development Initiative (FEF 195-627)*: Created in Am. Sub. H.B. 405 of the 124th General Assembly, this program complements the Rural Industrial Park Loan Program by providing grants for the development of new industrial parks. Flat funding of \$5 million in each year of the biennium is continued.
10. *Enterprise Zone Operating (SSR 195-630)*: This line item received flat funding in FYs 2004 and 2005 from FY 2003 expenditure levels.
11. *Job Creation Tax Credit (SSR 195-634)*: This line item also received flat funding in FYs 2004 and 2005 from FY 2003 expenditure levels.
12. *State Special Projects (SSR 195-639)*: Reduced funding of almost \$539,000 in FY 2004 reflects a decrease of 49.9%.
13. *Rural Industrial Park Loan (FEF 195-647)*: Flat funding of this program reflects continued interest in the program over the past biennia.
14. *Urban Redevelopment Loans (FEF 195-650)*: This line item also received flat funding of \$10 million in each fiscal year.
15. *Third Frontier Research & Commercialization (GRF 195-905)*: This new line item will provide debt service for the upcoming ballot issue relating to the Governor's proposed applied research and technology commercialization bond issue, if approved. The appropriations provided are debt service estimates for FY 2005.

Appalachian Development

1. *Governor's Office of Appalachia (GRF 195-416)*: Receiving a 6% increase in funding over FY 2003 spending levels, the GOA represents the interests of Appalachian Ohio in state government and also provides grants to small projects that do not meet other grant program requirements.
2. *Appalachian Regional Commission (GRF 195-502)*: Funding of \$238,274 for FY 2004 reflects a 12.8% increase over the FY 2003 level. Moneys are used to pay dues for the federal ARC program.

3. *First Frontier (SSR 195-641)*: Funding in each fiscal year decreased by \$150,000 under FY 2003 levels, reflecting a 23.1% decline in funding used to match marketing efforts in targeted counties for company expansions or relocations in the Appalachian area.

Technology Development

1. *Thomas Edison Program (GRF 195-401)*: Receiving an increase of 11.8% in funding for FY 2004, the Thomas Edison Program coordinates and aligns the state's technology programs and supports the Governor's Third Frontier Project, the Fuel Cell Initiative, and the Aerospace and Defense Advisory Council.
2. *Coal Research Development (GRF 195-408)*: With funding totaling just under \$600,000 in each year of the biennium, this line item supports the administrative activities of the Coal Development Office. Coal research and development projects are funded from appropriation line item 195-632, Coal Research and Development Fund, with funds that are provided from the sale of bonds.
3. *Third Frontier Action (GRF 195-422)*: Exhibiting an increase of 39.0% over FY 2003 spending levels, this line item is a major component of the Governor's Third Frontier Project by providing grant awards to technology-based economic development projects that create high-wage jobs and high-growth companies in Ohio. Executive recommendations include a name change from Technology Action to Third Frontier Action.

Community Development

1. *Utility Bill Credits (GRF 195-505)*: Previously funded at \$5 million in FY 2003, this program is not funded in the FY 2004-2005 biennium. Energy assistance for eligible low-income Ohio households with elderly and/or totally and permanently disabled members will continue through adjustments in the SSR Universal Service - Percentage of Income Payment Plan (PIPP) and line item FED 195-610, Oil Overcharge.
2. *Housing and Urban Development (FED 195-603)*: Increasing by \$2 million in FY 2004, or 66.7%, this line item mainly provides assistance through two federal programs, Housing People with AIDS and Emergency Shelter Grants.
3. *Home Energy Assistance Block Grant (FED 195-611)*: Funding of \$85.0 million in each fiscal year reflects a 37.2% increase over FY 2003 spending levels. This level of funding will assist 250,000 households.
4. *Community Services Block Grant (FED 195-612)*: An additional \$3 million in federal funding has been added to this line item to increase the number of grants issued to community action agencies for various services including healthy start, elderly, and after-school programs.
5. *HEAP Weatherization (FED 195-614)*: Increasing by 55.8% or nearly \$6 million over FY 2003 spending levels, this federally-funded program will provide weatherization assistance to approximately 6,100 homes.
6. *Universal Service (SSR 195-659)*: For each fiscal year, \$170 million has been proposed for this program that was created under S.B. 3, the Electric Deregulation Bill of the 123rd General Assembly. The Universal Service Fund provides funding for the Percentage of Income Payment Program (PIPP), as well as for consumer education and low-income customer assistance programs.

7. *Energy Efficiency Revolving Loan Fund (SSR 195-660)*: Funding of \$12 million for each fiscal year reflects this initiative that was also created under electric deregulation. The Energy Efficiency Revolving Loan Program provides loans for projects that improve energy efficiency in a cost-effective manner while benefiting the economic and environmental welfare of Ohio's citizens.

Housing Development

1. *Transitional & Permanent Housing (GRF 195-406)*
Community Development Corporation Grants (GRF 195-431)
Emergency Shelter Housing Grants (GRF 195-440)
Low and Moderate Income Housing (GRF 195-441)

The Executive has proposed eliminating GRF funding for these programs. Instead, these activities will be funded through the Housing Trust Fund (HTF); an increase in county recordation fees will serve as the proposed funding source for the HTF. Previously, the entire GRF appropriation line item 195-441, Low & Moderate Income Housing, was transferred into the line item 195-638, Low & Moderate Income Housing Trust Fund.

2. *Low & Moderate Income Housing Trust Fund (SSR 195-638)*: The Executive has proposed eliminating GRF funding for the HTF and replacing that funding source with an increase in county recorder fees. The \$40 million increase in funding levels in each year of the biennium represents an 81.0% increase over FY 2003 GRF spending levels. The four GRF line items will be transferred to the HTF under the executive recommendations.

Travel and Tourism Promotion

1. *Travel and Tourism (GRF 195-407)*: Receiving a 12.8% reduction in funding, this line item funds the marketing activities of the Travel and Tourism division.
2. *Travel and Tourism Grants (GRF 195-507)*: FY 2004 funding decreased by \$171,563 or 17.0% from FY 2003 levels. These moneys are used to support travel and tourism activities around the state. A decrease in funding will result in a decrease in marketing efforts for travel and tourism.

Urban Development

1. *Urban Development (GRF 195-426)*: Funding of \$558,632 in FY 2004 and \$586,563 in FY 2005 will be used to support the activities of the Office of Urban Development. The Office administers and implements the Clean Ohio Revitalization program, Remediation fund, and Assistance fund.
2. *Clean Ohio Operating (COF 195-663)*: Interest earnings on Clean Ohio bonds generate the funding for this program, which is flat funded at \$150,000 in each year of the biennium. This line item funds the administrative activities of the program.

Administration/Strategic Research*

1. *Operating Expenses (GRF 195-321)*: This newly created line item, which combines and replaces appropriation line items 195-100, Personal Services; 195-200, Maintenance; and 195-300, Equipment, decreased in funding by 8.3%.
2. *State Marketing Program (GRF 195-433)*: This newly created line item will fund a business development-marketing program that will help establish Ohio's brand identity in the high technology

knowledge-based economy. The Executive proposes funding of \$750,000 and \$1 million in FYs 2004 and 2005, respectively. Marketing funds were previously provided by a PUCO agreement with public utilities.

3. *Supportive Services (GSF 195-605)*: In FY 2004, appropriations of \$7.4 million reflect a decrease in funds of \$2.1 million or 22.2% from FY 2003 spending levels. This General Services Fund line item supports activities of the Director's Office, Legal, Legislative Affairs, Communications, Human Resources, Fiscal, Audit, IT, and Facilities Management.

* The Office of Strategic Research is now included in Administration, Program Series 11.

Issues of Interest

I. Third Frontier Project

The Third Frontier Project is Ohio's economic development initiative to invest \$1.6 billion over a ten-year period in its research and development (R&D) technologies, workforce, and future. The initiative is composed of multiple parts: (1) funding of \$500 million over a ten-year period to the existing programs, (2) \$50 million per year for ten years for the Wright Brothers Capital Fund to provide competitive grants for capital assets, (3) a proposed \$500 million bond issue for applied research and technology commercialization, (4) \$100 million fixed-asset Innovation Ohio Loan Program for targeted industry sectors in Ohio, (5) other initiatives of the project, and (6) programs not included in the Third Frontier Project related to it within the Department of Development.

The initiative is intended to coordinate these components with the state's existing technology programs to better align the state's economic development programs, maximize their impact, and leverage other funding sources. Discussions of this initiative began with the Ohio Plan Study Committee. Created in Am. Sub. H.B. 94 of the 124th General Assembly, it was designed to promote collaborative efforts among state government, higher education, business, and industry to identify research and growth opportunities in science and technology in Ohio.

The most recent capital budget, H.B. 675 of the 124th General Assembly, created both the Third Frontier Commission and the Third Frontier Advisory Board. The Commission will coordinate the many initiatives of the Third Frontier Project, while the Board will counsel and advise the Commission on issues such as strategic planning for Commission programs, budget and funding priorities, RFP criteria, coordination of programs, progress measures and methodologies, and studies relating to the goals of the Third Frontier Project. The Commission, composed of the Director of Development, Chancellor of the Board of Regents, and the Governor's Science and Technology Advisor, will assume the responsibilities of the Biomedical Research and Technology Transfer Commission (BRTTC) and the Technology Action Board on July 1, 2003, and have authority to make grants under the programs by using their appropriated funds. The Third Frontier Advisory Board will be comprised of 16 members (nine business representatives, five university or nonprofit research institutions, one member from the House of Representatives and one member from the Senate).

(1) Continued Funding of Existing Programs

Third Frontier Action Fund

The first part of the Third Frontier Project is the continued funding of current programs. Currently called the Technology Action Fund and renamed in the next budget, the Third Frontier Action Fund is

administered by the ODOD and provides competitive grants for entrepreneurial activities and R&D. Funded by GRF appropriation line item 195-422, Third Frontier (Technology) Action Fund, the program seeks to encourage the creation of quality job opportunities in technology-driven sectors. In February 2003, the Governor announced the most recent round of awards under the Technology Action Fund: twelve grants totaling nearly \$9.5 million for early stage capital, technology commercialization, and fuel cell technology projects. (See Additional Fact and Figures section for a list of the most recent round of Technology Action awards.)

Biomedical Research and Technology Transfer Trust Fund

House Bill 675 of the 124th General Assembly transferred the BRTTC to ODOD beginning July 1, 2003; this includes the transfer of existing FY 2004 appropriations of \$25.5 million in Fund M87, to appropriation line item 195-435, Biomedical Research and Technology Transfer Trust Fund, that were made in the most recent tobacco budget (Am. Sub. S.B. 242 of the 124th General Assembly). The BRTTC Trust Fund receives its revenues from payments made to the state under the master settlement agreement with major American tobacco companies. It provides grants for biomedical research and technology transfer projects to improve the health of Ohioans and provide economic development opportunities within the state. The Trust Fund's previous allotment from the settlement was \$30.0 million in FY 2002 and \$25.5 million in FY 2003. During FYs 2002-2003, \$31.7 million was awarded for genome and cancer research, with an additional \$25 million in awards expected in May 2003.

(2) Wright Brothers Capital Fund

Amended Substitute Senate Bill 261 of the 124th General Assembly provided the first new appropriation of funds for the initiative – \$50 million of bond obligations for the Board of Regents to the credit of the Higher Education Improvement Fund (Fund 034) for the Wright Brothers Capital Fund program; H.B. 675 of the 124th General Assembly provided the second installment of funds to the tune of another \$50 million. This translates into \$100 million of spending authority for the acquisition, renovation, or construction of facilities and the purchase of equipment for research programs, technology development, product development, and commercialization programs over FYs 2003 and 2004; of the \$50 million appropriated in Am. Sub. S.B. 261, up to \$20 million will be used to create Wright Centers of Innovation in the areas of information technology, advanced materials, power and propulsion, instruments, and controls and electronics; up to \$20 million will be used to create Wright Centers of Innovation in biomedical technology, which will be combined with the competition for funds from the biomedical trust fund; and up to \$10 million will be used for capital grants to support smaller capital improvements projects involving research and commercialization in the aforementioned technology areas not related to biosciences. The \$50 million appropriated in H.B. 675 will be subject to an RFP to be issued in late spring of 2003 and awarded in the fall of 2003. The bonds will be issued under the authority granted in Article VIII, Section 2n of the Ohio Constitution. In order to comply with the Higher Education Improvement Fund's constitutional requirements, this program must fund projects involving capital improvements and capital facilities at state-supported and state-assisted institutions of higher education. Appropriation line item CAP-068, Third Frontier Project, provides the authority for such activities.

The funds will be used for grants, which will be awarded on a competitive basis and will be administered by the Department of Development, for capital assets, specifically buildings and equipment for conducting research and commercializing new technologies at the Wright Centers of Innovation. The Wright Centers are intended to draw together Ohio business and industry, higher education and nonprofit research institutions, and the state to pursue research and development opportunities.

(3) Innovation Ohio Fund

The third component of the Third Frontier Initiative is the Innovation Ohio Fund. This \$100 million proposal is for fixed-asset loans in targeted industry sectors across Ohio. The purpose of the initiative is to build upon Ohio's strengths, allowing for high growth in these sectors and for high-wage companies to remain competitive in the industry. Program funding will be generated from economic development bonds that will be backed by liquor profits. Liquor profits currently support economic development bonds that fund the Department of Development's Facilities Establishment Fund, which includes programs such as the 166 Direct Loan Program; in FY 2002, approximately \$16 million was used toward debt service for these issues. To date, no appropriations have been made for this program. Loans will be subject to approval by the Development Financing Advisory Board and the Controlling Board.

(4) Proposed Bond Issue

The fourth component of the Third Frontier Project is a \$500 million bond issue to support research and technology commercialization, which breaks down into \$50 million each year for ten years. These activities would be non-capital in nature and would complement the capital activities of the Wright Brothers Capital Fund. While this issue will not be placed on the ballot until November 2003, the Executive recommends \$7,360,000 in appropriation authority in FY 2005 for debt service payments in appropriation line item 195-905, Third Frontier Research and Commercialization General Obligation Debt Service.

(5) Other Initiatives

Fuel Cell Initiative

The Governor has incorporated a \$100 million initiative to invest in research, demonstration projects, and job creation in the fuel cell industry. Three areas will be the focus of the project: Ohio's research capabilities at universities and technology leaders, demonstration projects using hydrogen infrastructure, and the expansion of the fuel cell industry to attract companies and high-wage jobs. Projects are funded through various economic development programs, including Third Frontier (Technology) Action.

Economic Development Initiatives

Ohio Research Commercialization Grant Program: Proposed in both S.B. 1 and H.B. 1 of the current General Assembly, the program provides commercialization grants solely to businesses that receive federal R&D funding under the Small Business Innovation Research (SBIR) program, the federal Small Business Technology Transfer Program, or other similar federal programs designated as eligible by the Director of Development.

Research and Development Loan Fund: Also proposed in S.B. 1 and H.B.1, this program will create a loan fund to attract new R&D facilities to the state. Currently, the bill restricts assistance to 75% of total eligible project costs for an R&D project that involves the discovery of new technological information that will be used to develop new or improved products or processes.

Research Park Infrastructure Assistance Fund: This initiative will provide enhanced assistance through the Roadwork Development Account (629) to communities developing research or technology parks.

Re-Authorization of Technology Investment Tax Credit Program: This initiative provides limited tax credits for investments in qualified small Ohio technology companies.

Broadband Initiative

Ohio Broadband Link: This new ODOD program will combine the purchasing power of businesses to help them obtain affordable rates on broadband services through negotiated contracts and bulk purchasing. The funding recommended, \$500,000 in FY 2004, will be used to cover contract and other expenses related to the program. Rural areas and industrial and office parks will be targeted. (See Economic Development Program Series in the Analysis of the Executive Proposal section.)

eVantage Ohio: This ODOD program, currently offered through the Small Business Development Center network, trains small businesses in the use of e-commerce. The funding recommended (\$400,000 in FY 2004) will allow the Department to provide hands-on training workshops, technology referral services, and follow-up consulting at a reduced rate to businesses comprised of less than 50 employees. No specific geographical area will be targeted. (See Economic Development Program Series in the Analysis of the Executive Proposal section.)

Dark Fiber/Third Frontier Network: Funded through the Board of Regents' OARNet, the network directly links Ohio colleges and research facilities to facilitate collaboration on state-of-the-art research projects.

eCommunities: This program will be a pilot program designed to allow the state to provide new broadband services to rural Ohio communities as well as provide educational assistance to local small businesses about broadband services.

Coordinating Council: Executive order will create a council to coordinate all state broadband activities.

(6) Other Related Development Programs

Coal Research & Development (Fund 046, 195-632)

The Coal Development Office co-supports R&D efforts that use Ohio coal in an environmentally sound, economic manner. The program is open to municipal, rural, investor-owned utilities, and other power generators who produce electricity-using coal, as well as Ohio research institutions that study mechanisms critical to emission formation and methods of control, or for uses of coal as feedstock for other processes.

Thomas Edison Program (GRF 195-401)

The Thomas Edison Program assists companies, large and small, 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, with a strong emphasis on bio/medical.

II. Clean Ohio Revitalization Fund

In November 2000, Ohio voters approved Issue 1, the \$400 million Clean Ohio bond fund that is comprised of two portions: \$200 million for brownfield redevelopment and \$200 million for greenspace preservation. Over the life of the program, funds are distributed in the following manner:

<i>Clean Ohio Conservation Fund (greenspace)</i>		<i>Clean Ohio Revitalization Fund (brownfield)</i>	
Clean Trails (DNR) -	\$25 million	Clean Ohio Revitalization (DEV) -	\$160 million
Agricultural Easements (AGR) -	\$25 million	<u>Clean Ohio Assistance (DEV/EPA) -</u>	<u>\$40 million</u>
<u>Greenspace Preservation (PWC) -</u>	<u>\$150 million</u>		\$200 million
	\$200 million		

Through these programs, the participating agencies are able to align the various components of brownfield revitalization, farmland preservation, stream and watershed restoration and protection, open space conservation, and outdoor recreation. Key characteristics that define the program include local government involvement, public involvement, open public records, and the leveraging of investments.

Brownfield Redevelopment

Brownfield redevelopment is the portion of the program that is administered by the Department of Development's Office of Urban Development. The goal of brownfield redevelopment is to revitalize blighted neighborhoods by returning abandoned or under-utilized industrial properties to productive uses. Funds are dispersed on a first-come, first-serve basis. An open application cycle has been established for grants, loans, and loan guarantees. The Voluntary Action Program (VAP), administered by the Ohio EPA, addresses brownfield contamination, however, it will be separate from the Clean Ohio Fund. The VAP's goal is to direct site cleanup activities to achieve state standards and not to further economic development.

Eligible brownfield redevelopment applicants include incorporated communities, counties, nonprofit and for-profit entities, port authorities and community urban redevelopment corporations. Projects include the assessment of contamination, the treatment, removal, disposal of, containment or controlling of hazardous substances or petroleum, and will attempt to achieve standards that are protective of public health and the environment – an environmental component must be part of the project, and a clear economic impact must be shown within a five-year period. In the summer of 2002, the first round of Clean Ohio Revitalization funding that totaled \$39.7 million was released for 16 projects. In 2003, \$40 million is available through the second round of Clean Ohio Revitalization funding; an additional \$10 million is available for clean up and assessment grants through the Clean Ohio Assistance Fund.

III. Recordation Fee Increase Proposed as New Funding Source for HTF

The issue of finding a codified or dedicated funding source for the HTF has been a popular topic discussed much in the last decade. Discussions first began with the appointment of a Governor's Advisory Committee on Funding of the Housing Trust Fund (GACFHTF) in 1992 after the creation of the HTF by a constitutional amendment in 1990.

Real Estate Transaction Fee

The FYs 1996-1997 budget appears to be the first operating budget in which a dedicated funding source for the HTF was proposed. The executive budget proposal included a 50% increase in the real estate

transaction fee, a fee assessed by the county auditor when the title to real property is transferred from one owner to another. The *Governor's Blue Book for the Executive Budget for Fiscal Years 1996 and 1997* referenced spending authority of \$9.8 million in FY 1996 and \$13.0 million in FY 1997 that would be supported by revenue generated from the real estate transaction fee increase.¹ In addition to the revenue generated by the real estate conveyance fee, \$3 million in General Revenue Funds were also proposed as a revenue source. The real estate transaction increase was not enacted. Instead, the HTF received \$10 million in interest income from the Budget Stabilization Fund in each fiscal year.

Recordation Fee

The issue of finding a codified revenue source for the HTF was again revisited during the following operating budget. The *Governor's Blue Book for the Executive Budget for Fiscal Years 1998 and 1999* proposed an increase to the Department of Development appropriation line item 195-638, Low & Moderate Income Housing Trust Fund, through an increase to the fees paid to county recorders. The increase of \$6.9 million in FY 1998 (a 52.9% increase above FY 1997 spending estimates of \$13 million) and \$5.6 million in FY 1999 (a 28.3% increase above the FY 1998 appropriation recommendation) would be supported by a 50% increase in county recorder fees.² The revenues resulting from the fee increase were to be transferred to the General Revenue Fund. In addition to the fee increase, the executive proposed the transfer of any investment earnings accrued during FYs 1998 and 1999 by the Human Services Stabilization Fund into the HTF. While the transfer from the Human Services Stabilization Fund was enacted, the recordation fee increase was not.

Both the Executive and the former Legislative Budget Office (LBO) estimated that the 50% increase in county recorder fees would produce \$19.9 million in FY 1998 and \$25.5 million in FY 1999. The 1992 GACFHTF estimates were based upon an estimate that 2.6 million transactions were filed annually at all county recorders in Ohio; the LBO estimate assumed just over 2.5 million transactions.

Because the recordation fee increase was not enacted in the biennial operating budget, H.B. 452 of the 122nd General Assembly was introduced to address the issue of finding a permanent revenue source for the HTF. It increased the county recorder fees by 50% and required that additional revenue be transferred to the HTF. The bill also included a provision that allowed 1% of the fees to be retained by county recorders for administrative costs; this differs from the one-half percent proposed for administrative fees under the FYs 1998-1999 executive operating budget proposal. A summary of H.B. 452 shows that recorder fees range in size from \$.50 - \$50.00. Because H.B. 452 did not limit the fee increases to only mortgage transactions, LSC's analysis follows H.B. 452's approach and considers fee increases to all transactions carried out by the county recorder. House Bill 452 was never reported from the House Finance and Appropriations Committee.

Recordation Fee Update for Current Budget Proposal

Annual estimates of aggregate county recorder revenues are not tracked by the Ohio County Recorders Association. The most recent information available is from a survey conducted in 1998. In 1998, county recorders collected a total of \$66 million in revenues (Ohio County Recorders' Association). Based upon the 1998 county recorder revenue estimate, the additional 100% in fees would have generated

¹ Office of Budget and Management, *Governor's Blue Book for the Executive Budget for Fiscal Years 1996 and 1997*, K2.2 and K2.7 (January 1995).

² Office of Budget and Management, *Governor's Blue Book for the Executive Budget for Fiscal Years 1998 and 1999*, E93 and E97 (February 1997).

\$65.3 million (\$66 million less a 1% admin. fee of \$660,000) of funding for the HTF. We think that this 1998 estimate is reasonable for 2003.

Although the housing and real estate markets show significant growth over the past several years (from 1998 to the third quarter of 2002, new single-family home sales increased by 15.2% across the U.S. and by 13.4% in the midwest; existing single-family home sales grew by 8.7% across the U.S. and by 8.0% in the midwest for the same period of time) forecasts for the future are not as optimistic, as sales are expected to decline. This could make 1995 or 1998 revenue estimates reasonable approximations for the next several years. DRI-WEFA/Global Insight forecasts that national sales of new homes will begin to decline, projecting decreases of 6.8% in 2003, 1.6% in 2004, and 0.4% in 2005; existing homes sales are projected to decline by 7.2% in 2003, and 3.8% in 2004, with a slight increase of 1.1% in 2005.³ The U.S. Department of Housing and Urban Development estimated the sale of new homes in 1998 at 886,000 units, or 1.1% below 2004 projections; the sale of existing homes in 1998 was 4,970,000 units, or 0.3% below 2004 projections.⁴ In lieu of additional data, LSC believes the 1998 estimates to be reasonable. A 5% decrease in revenues would still net \$62.1 million for the HTF. In addition, it should be noted that other filings besides housing-related documents are also assessed a fee. These revenue estimates are thus based on all fees collected by a county recorder's office; there may be fees included in this estimate that were not tapped to increase under H.B. 452 or the executive budget proposals.

The Executive recommends the implementation of a recordation fee equal to 100% of the fees currently retained by the county recorder's office. According to the Governor's Blue Book, the fee is estimated to generate \$36.4 million in FY 2004 and \$48.6 million in FY 2005. The revenue will be used as the dedicated funding source for the Housing Trust Fund.

Proposed Funding Changes to Housing Trust Fund			
Program	FY 2003 Estimated Spending	FY 2004 Executive Recommendations	% Change
Transitional/Permanent Housing (GRF 195-406)	\$2,538,848	\$0	-100.0%
Community Development Corporations (GRF 195-431)	\$1,709,684	\$0	-100.0%
Emergency Shelter Grants (GRF 195-440)	\$2,299,436	\$0	-100.0%
Low & Moderate Income Housing Trust (SSR 195-638)*	\$22,103,807	\$40,000,000	+81.0%
Total	\$28,651,775	\$40,000,000	+39.6%

* Because the entirety of GRF appropriation line item 195-441, Low and Moderate Income Housing, is transferred to the SSR appropriation line item 195-638, Low and Moderate Income Trust, for expenditure on HTF programs, it is not reflected in the chart above. Including the GRF line item in the chart would cause a double counting of dollars in an expenditure sense, since the GRF dollars are accounted for in the SSR expenditure figure. The Governor's Blue Book includes the spending in appropriation line item 195-441, Low and Moderate Income Housing, and not in appropriation line item 195-638, Low and Moderate Income Housing Trust, to show the amount of GRF (\$21.9 million) that would not be used toward HTF programs in the upcoming biennium. The chart above shows the net change in the amount of spending on HTF programs that is proposed by the Executive. (See also, Housing Program Series for more information on the specific programs of the HTF, the proposed appropriations, and changes in spending levels.)

³ DRI-WEFA/Global Insight. *U.S. Economic Outlook: Housing Market Indicators* (January 2003).

⁴ Office of Policy Development and Research, Table 6 and Table 7.

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 the 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 multifamily housing, manufacturing facilities, environmental, energy and utility projects, redevelopment of distressed areas, and student loans.

Ohio’s volume cap for CY 2003 is \$1,360,845,859, which is determined on a per capita basis (\$75). The per capita variable was raised from \$62.50 to \$75 in the CY 2002 calculations and is indexed for inflation.

The Department is responsible for monitoring Ohio’s Volume Cap Program and allocation. There are seven categories of volume cap allocation: Ohio Housing Finance Agency, Multi-Family Housing, Qualified Small Issue (also called Industrial Revenue Bonds), Student Loans, Exempt Facilities, Director’s Discretionary, and a Carry Forward portion. In order to be eligible for financing through the Volume Cap Program, projects funded must:

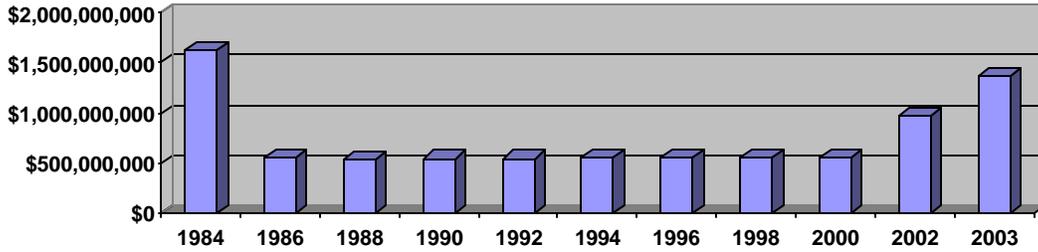
- (1) Involve mortgage loans to low-income home buyers; student loans (which are allocated every two years); the construction or improvement of certain types of manufacturing facilities through qualified small issue bonds that are for the construction or improvement of certain types of manufacturing facilities where the borrower has not invested more than \$10 million in fixed assets in the respective county for three years prior to and after the date of issuance of the bonds; or solid waste treatment equipment or pollution abatement facilities, known as exempt facilities; and
- (2) Projects receiving bond assistance must not have been in service for at least two years prior to the date of the bond issue.

The CY 2003 volume cap allocation of \$1,360,845,859 consists of the \$856,595,025 CY 2003 allocation and the Carry Forward portion of \$504,250,834 from CY 2002. The following is a breakdown of the volume cap allocation by category for CY 2002 and CY 2003:

Volume Cap Allocation			
Category	CY 2002 Allocation (1/1/02)	CY 2002 <u>Unused</u> Allocation	CY 2003 Allocation (1/1/03)
OHFA	\$224,000,000	\$227,782,259	\$300,000,000
Multi-Family	\$56,000,000	\$0	\$100,000,000
Qualified Small Issue	\$100,000,000	\$0	\$100,000,000
Student Loans	\$44,000,000	\$0	\$44,000,000
Exempt Facilities	\$44,000,000	\$0	\$85,000,000
Director’s Discretionary	\$385,015,575	\$276,518,575	\$227,595,025
Carry Forward	\$114,361,264	\$0	\$504,250,834
TOTAL	\$967,376,839	\$504,300,834	\$1,360,845,859

Administrative expenses of this program are funded by appropriation line item 195-654, Volume Cap Administration, in Fund 617, for which the Executive proposed \$200,000 of funding in each year of the upcoming biennium. Prior to FY 2000, the administrative expenses of the program were funded through appropriation line item 195-625, Economic Development Financing.

Ohio Volume Cap Authorizations 1984-2003



ANALYSIS OF EXECUTIVE PROPOSAL

Economic Development

Program Series 1

Purpose: The Economic Development Division assists and promotes the creation, expansion, and attraction of employment-generating enterprises in Ohio. The Division carries out this purpose by providing information, grants, loans, training, counseling, and technical assistance.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-404	Small Business Development	\$1,740,722	\$1,740,722
GRF	195-412	Business Development Grants	9,796,082	10,775,690
GRF	195-415	Economic Development Division & Regional Offices	6,814,283	6,645,589
GRF	195-417	Urban/Rural Initiative Grant Program	589,390	589,390
GRF	195-434	Investment in Training Grants	13,450,250	14,795,275
GRF	195-436	Labor/Management Cooperation	811,869	811,869
GRF	195-515	Economic Development Contingency	10,000,000	10,000,000
GRF	195-905	Third Frontier Research & Commercialization	0	7,360,000
	Subtotal-GRF	General Revenue Fund	43,202,596	52,718,535
037	195-615	Facilities Establishment	63,931,149	63,931,149
4Z6	195-647	Rural Industrial Park Loan Program	5,000,000	5,000,000
5D1	195-649	Port Authority Bond Reserves	0	0
5D2	195-650	Urban Redevelopment Loans	10,475,000	10,475,000
5H1	195-652	Family Farm Loan Guarantee	1,500,000	1,500,000
5S8	195-627	Rural Development Initiative	5,000,000	5,000,000
	Subtotal-FEF	Facilities Establishment Fund	85,906,149	85,336,149
308	195-609	Small Business Administration	4,196,381	4,296,381
	Subtotal-FSR	Federal Special Revenue	4,196,381	4,296,381
4F2	195-639	State Special Projects	540,183	290,183
4S0	195-630	Enterprise Zone Operating	211,900	211,900
4S1	195-634	Job Creation Tax Credit Operating	375,800	375,800
451	195-625	Economic Development Financing Operating	2,358,310	2,358,310
617	195-654	Volume Cap Administration	200,000	200,000
	Subtotal-SSR	State Special Revenue Fund	3,686,193	3,436,193
4W0	195-629*	Roadwork Development*	12,699,900	12,699,900
	Subtotal-HOF	Highway Operating Fund	12,699,900	12,699,900
Total funding: Economic Development*			\$149,691,219	\$159,057,158

*Includes Roadwork Development appropriation authority provided by H.B. 87 of the 125th General Assembly. (The Transportation Budget Bill.)

Specific programs within the Economic Development program series that this analysis will focus on include:

- **BUSINESS DEVELOPMENT AND FINANCING**
- **EMPLOYEE-RELATED PROGRAMS**
- **SMALL AND DEVELOPING BUSINESS**
- **MINORITY BUSINESS DEVELOPMENT AND FINANCING**
- **ECONOMIC DEVELOPMENT REGIONAL OFFICES**
- **MARKETING, PROMOTION & ADVERTISING - Special Projects Division**
- **ENTERPRISE ZONE ADMINISTRATION**

Business Development And Financing

Program Description: The Ohio Department of Development's Economic Development Division provides businesses with assistance ranging 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 grant programs which support economic development through infrastructure assistance. Also included under this division are the Site Selection System, the Investment in Training Program, and loans and grants governed by Revised Code Chapter 166. and implemented through the Facilities Establishment Fund, which include 166 Direct Loans, Rural Industrial Park Loans, Rural Development Initiative Grants, Urban Redevelopment Loans, and the Family Farm Loan Guarantee Program.

The Office of Business Development has three sections: the Credit and Finance Section that manages the state's business loan portfolio and analyzes loan applications and provides recommendations regarding appropriate loan terms; the Loan and Grant Servicing Section that monitors all existing loans and grants; and the Key Projects Section, which focuses on larger and more complex economic development deals and manages the Site Selection System. Beginning in FY 2004, the Department is proposing to move the Volume Cap Program from the Office of Tax Incentives to the Office of Business Development, Credit and Finance Section.

Funding Source: GRF, SSR, HOF, FED, fees, loan repayments, interest earnings

Line Items: 195-412, Business Development Grants; 195-629, Roadwork Development; 195-615, Facilities Establishment; 195-650, Urban Redevelopment Loans; 195-652, Family Farm Loan; 195-627, Rural Development Initiative; 195-625, Economic Development Financing Operating; 195-654, Volume Cap Administration

Implication of the Executive Recommendation: The executive budget recommends the following changes in appropriations for these subsidy programs:

195-412 Business Development

- **An additional \$890,552 in FY 2004 and \$979,608 in FY 2005**

According to the Department, in FY 2002, 48 projects were funded through this line item resulting in the creation of 3,296 new jobs, the retention of 11,385 existing jobs, and the infusion of \$453 million of private investment. Following the vision of the Third Frontier Project, the program will continue to focus on high-wage jobs in high growth industries. The average project assistance is \$144,000; this

appropriation increase translates into an additional six projects in FY 2004. The Governor has also committed \$5 million, split between this line item and appropriation line item 195-434, Investment in Training Grants, over a three-year period for his Steel Initiative.

195-615 Facilities Establishment

- **An additional \$5.8 million per year over FY 2003 estimated expenditures**

In FY 2002, \$54.3 million in financing funded 29 projects with 1,651 new jobs created, 6,022 jobs retained and \$233 million in private investments leveraged. Under the increased appropriation level, the Department, on average, can assist an additional three projects. The Department has historically sought and received additional appropriation authority for this account above originally budgeted funding levels.

195-650 Urban Redevelopment Loans

- **Flat funding for each FY of the biennium**

Flat funding for the upcoming biennium will allow the agency to continue at existing levels.

195-652 Family Farm Loan

- **Thirty-three percent decrease in funding in FY 2004**

In FY 2002, this program committed only \$724,000 of the \$2.2 million allocation. The Department believes that the \$1.5 million appropriation historically meets the program's demand and could fund approximately 25 loan guarantees throughout the state.

195-654 Volume Cap Administration

- **Flat biennial funding of \$200,000 per year**

Since the Tax Reform Act of 1986, the federal government has imposed limits on the amount of bonds deemed exempt from federal income tax laws. These bonds are issued and administered by the Department for a variety of purposes including affordable single and multifamily housing, manufacturing facilities, environmental, energy and utility projects, redevelopment of distressed areas, and student loans. Ohio's allocation for 2003 is \$856.6 million.

Permanent and Temporary Law: The executive budget contains permanent and temporary law changes for the Enterprise Zone Program and the Rural Industrial Park Loan Program. Discussion of these provisions can be found in the Permanent and Temporary Law section of this document.

Employee-Related Programs

Program Description: The Ohio Investment in Training Program (OITP), funded in appropriation line item 195-434, assists companies by financially supporting employee training. 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 focus of the program continues to be assisting company-customized employee training, especially in the Building and Construction Trades, the Fuel Cell Industry Initiative, the Information Technology

Initiative, and the Steel Development Initiative. The Governor's Steel Development Initiatives requires a \$5 million (total) set-aside over the next three years split between this line item and appropriation line item 195-412, Business Development Grants, beginning in FY 2002; the Fuel Cell Initiative requires a \$1 million set-aside over the next three years, beginning in July 2003. During FY 2002, nearly 43,000 employees received training, with an average cost of \$267 per person trained; also, 41,000 jobs were retained, over 9,000 jobs were created, and \$273 million of additional business capital investments were leveraged.

The Ohio Labor/Management Cooperation Program, funded in appropriation line item 195-436, 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. During the past two years, more than 450 client sites have been assisted to institute or expand cooperative workplace programs; more than 40 companies have been able to investigate the option of becoming employee-owned through this program.

Funding Source: GRF

Line Items: 195-434, Investment in Training Grants; 195-436, Labor/Management Cooperation

Implication of the Executive Recommendation: The executive budget recommends the following changes in appropriations for these subsidy programs: a 10.0% increase in each FY; \$1.2 million in FY 2004 and \$1.3 million in FY 2005 in appropriation line item 195-434, Investment in Training; and a 12.8% decrease in FY 2004 and flat funding in FY 2005 for appropriation line item 195-436, Labor/Management Cooperation.

Small and Developing Business

Program Description: The Ohio 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 (see Economic Development Regional Offices), the NxLevel Entrepreneurship Training Initiative, the International Trade Assistance Program, and the Ohio Manufacturing, Defense and Technology Program.

Funding Source: GRF, FSR-CDFA 59.037, Small Business Development Center

Line Items: 195-404, Small Business Development; 195-609, Small Business Administration

Implication of the Executive Recommendation: executive-recommended funding for FYs 2004-2005 allows the basic program infrastructure to be supported and a reduced staffing level (five positions were eliminated by attrition and layoffs). There were no supplemental funds requested for this program.

Economic Development Regional Offices

Program Description: The purpose of the Governor's 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 12 regional offices assist with the

Department's mission of retaining, expanding, and creating new employment opportunities in the state, and act as liaisons between their region and state government.

Funding Source: GRF

Line Item: 195-415, Economic Development Division and Regional Offices

Implication of the Executive Recommendation: The executive budget recommends continued funding levels for this subprogram series at the core budget level. Also funded in the executive budget are two supplemental requests: a joint request for the funding of the Ohio Broadband Link and eVantage Ohio programs, and a second request relating to the Third Frontier Project.

Ohio Broadband Link

This new program will combine the purchasing power of businesses to help them obtain affordable rates on broadband services through negotiated contracts and bulk purchasing. The funding recommended, \$500,000 in FY 2004, will be used to cover contract and other expenses related to the program. Rural areas, industrial, and office parks will be targeted.

eVantage Ohio

This program, currently offered through the Small Business Development Center network, trains small businesses in the use of e-commerce. The funding recommended, \$400,000 in FY 2004, will allow the Department to provide hands-on training workshops, technology referral services, and follow-up consulting at a reduced rate to businesses comprised of less than 50 employees. No specific geographical area will be targeted.

Third Frontier Project

Supplemental funds in this line item will be used to solidify the state's commitment to high-tech research. Approximately \$500,000 of this line item will be used to retain experienced professionals who will provide technical reviews, marketing assistance, and additional studies on strategic issues; the remainder of the supplemental funding, \$330,000 in FY 2004 and \$500,000 in FY 2005, will be used to support the operating costs of the Governor's Regional Offices.

Marketing, Promotion & Advertising - Special Projects Division (see also Administration Program Series)

Program Description: The Special Projects Division produces all the materials to promote Ohio as a location to do business, including print and broadcast advertisements designed to create sales leads. All efforts are made to create a favorable brand awareness of Ohio among business decision makers. The office coordinates the Department's commercial website www.connectohio.com and sales campaigns that have included advertisements in the Wall Street Journal and Newsweek.

Funding Source: SSR

Line Item: 195-639, State Special Projects

Implication of the Executive Recommendation: The executive budget recommends \$540,183 in FY 2004, a reduction of \$538,899 or 49.9%, and \$290,183 in FY 2005, a decrease of \$250,000 or 46.3%

for line item 195-639. Appropriation levels directly dictate how much advertising and promotional material will be produced.

Appropriation line item 195-433, State Marketing Program, belongs to the Administration program series, and complements the activities of the Special Projects Division.

Enterprise Zone Administration

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 Ohio 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 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 non-distressed 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: SSR: application fees, fines, and penalties

Line Item: 195-630, Enterprise Zone Operating

Implication of the Executive Recommendation: The executive budget recommends flat funding of \$211,900 for each fiscal year for this subprogram series, which fulfilled the agency's request.

Appalachian Development**Program Series 2**

Purpose: The Appalachian Development Program seeks to improve the standard of living for residents of Ohio's 29 Appalachian counties by providing federal and state assistance in the form of loans and grants for economic and community development. Activities in the region are administered with the help of three local development districts located in Marietta, Cambridge, and Portsmouth.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-414	First Frontier Match	\$399,987	\$399,987
GRF	195-416	Governor's Office of Appalachia	4,634,434	4,918,967
GRF	195-501	Appalachia Local Development Districts	380,080	380,080
GRF	195-502	Appalachian Regional Commission Dues	238,274	246,803
	Subtotal-GRF	General Revenue Fund	5,652,775	5,945,837
308	195-602	Appalachian Regional Commission	350,200	350,200
	Subtotal-FSR	Federal Special Revenue Fund Group	350,200	350,200
4H4	195-641	First Frontier	500,000	500,000
	Subtotal-SSR	State Special Revenue Fund Group	500,000	500,000
Total funding: Appalachian Development			\$6,502,975	\$6,796,037

Specific programs within the Appalachian Development program series that this analysis will focus on include:

- **GOVERNOR'S OFFICE OF APPALACHIA**
- **FIRST FRONTIER PROGRAM**

Governor's Office Of Appalachia

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 federal Appalachian Regional Commission provides funding for such 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: GRF, FSR–CDFA 23.011, Appalachian State Research, Technical Assistance and Demonstration Projects

Line Items: 195-416, Governor's Office of Appalachia; 195-501, Appalachian Local Development Districts; 195-502, Appalachian Regional Commission Dues; 195-602, Appalachian Regional Commission

Implication of the Executive Recommendation: The executive budget recommends the following changes in appropriations for these subsidy programs:

195-502 Appalachian Regional Commission Dues

- **Increase of 12.8%, or \$27,000 in FY 2004 and an increase of 3.6% or \$8,500 in FY 2005**

An additional funding in FYs 2004 and 2005 will be used to pay dues to the Appalachian Regional Commission (ARC) and represent Ohio's proportional share of support for the ARC in Washington, D.C. During FY 2002, Ohio's participation has empowered the region to receive \$3,922,814 in ARC grants, leveraging \$5,251,204 in other federal funds, \$355,629,751 in state funds, and \$12,623,115 in local funds.

First Frontier Program

195-641 First Frontier

- **Decrease of \$150,000 in FYs 2004 and 2005**

Program Description: The First Frontier Program assists Ohio's rural and Appalachian counties with business marketing efforts to attract economic development opportunities to their communities. The program has produced special Ohio marketing supplements focusing on Appalachian Ohio, which have been published in economic development publications, and larger media such as Forbes and the Wall Street Journal.

Funding Source: GRF, SSR – local government contributions

Line Items: 195-414, First Frontier Match; 195-641, First Frontier

Implication of the Executive Recommendation: The executive budget recommends slightly decreased funding levels for this subprogram series for marketing efforts. Staffing levels have been reduced to accommodate reduced funding levels.

Technology Development**Program Series 3**

Purpose: The Technology Development program series consists of many programs that support Ohio economic development through research, development, and commercialization of advanced systems, processes, and products. The Thomas Edison Program seeks to stimulate technological innovation and business development throughout the state. The Governor’s Third Frontier Project is technologically driven and stands as the centerpiece of the Department’s technology program series.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-401	Thomas Edison Program	\$18,256,392	\$18,774,084
GRF	195-408	Coal Research and Development	588,041	599,802
GRF	195-422	Third Frontier Action	19,169,000	20,685,900
GRF	195-906	Coal Research/Dev G.O. Debt Service	7,231,200	9,185,100
	Subtotal-GRF	General Revenue Fund	45,244,633	49,244,886
046	195-632	Coal Research and Development	13,168,357	13,168,357
	Subtotal-CRD	Coal Research and Development Fund	13,168,357	13,168,357
Total funding: Technology Development			\$58,412,990	\$62,413,243

Specific programs within the Technology Development program series that this analysis will focus on include:

- **THOMAS EDISON PROGRAM**
- **THIRD FRONTIER ACTION**
- **COAL DEVELOPMENT OFFICE AND COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATION DEBT SERVICE**

Thomas Edison Program

Program Description: The Thomas Edison Program provides companies, large and small, 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, with a strong emphasis on bio/medical startups. Services are delivered through five major program components: Edison Technology Centers, Edison Technology Incubators, Edison Federal Commercialization Centers, University-based Centers of Excellence, and the Small Business Innovation Research Program. The overall goal of the Technology Division is to coordinate all Department and state technology activities and functions. Also funded through this line item is support for the Third Frontier Project, the Ohio Fuel Cell Initiative, and the Ohio Aerospace and Defense Advisory Council.

The following are programs funded by this line item and administered by the Grants Administration section of the Division:

- **Edison Technology Centers**

These centers develop and deploy critical technologies, and deliver associated services to enhance industrial competitiveness that drives economic growth. Services offered include workforce development

and training, electronic commerce, quality standards, regulatory compliance, pollution prevention, shop floor problem solving, product and process improvement, applied R&D collaboratives, and financing.

- **Edison Technology Incubators**

Incubators contribute to the formation and enhanced survival rate of new technology-oriented companies in Ohio that produce high wage jobs and create wealth for the state. They provide start-up businesses with quality entrepreneurial and business services, and access to below market rate office, laboratory, and manufacturing space.

- **Edison Federal Technology Commercialization Centers**

Federal Technology Transfer Centers include the Great Lakes Industrial Technology Center (GLITeC), which provides for technology transfer to NASA Glenn through NASA and Department funding, and Wright Technology Network (WTN), which supports technology transfers from the Air Force Research Laboratory (AFRL) Technical Directorates in Dayton through AFRL and Department funding.

- **University-based Centers of Excellence**

This item includes the Advanced Liquid Crystalline Optical Materials Center (ALCOM) at Kent State University. It also previously funded the Center for Industrial Sensors and Measurement (CISM) at The Ohio State University.

The Technology Business Assistance Team acts as a resource and referral network for technology businesses tapping into programs such as the Small Business Innovation Research Program, the Technology Investment Tax Credit Program, and venture capital programs.

- **Small Business Innovation Research Program**

This program assists companies applying for research funds through the federal Small Business Innovation Research (SBIR) Program. The SBIR awards are granted to small businesses in amounts of up to \$100,000 (Phase I) and up to \$750,000 (Phase II). Ohio's SBIR Office assists businesses in identifying research topics for research and development projects, educational services, workshops and conferences.

Funding Source: GRF

Line Item: 195-401, Thomas Edison Program

Implication of the Executive Recommendation: The executive budget recommends core-level funding of \$18,256,392 in FY 2004, an increase of 11.8% from the FY 2003 estimated expenditures, and \$18,774,084 for FY 2005, a 2.8% increase over FY 2004 appropriations. This line item funds the four components of the Technology Division: Grants Administration, Technology Business Assistance, Office Administration-Special Projects, and Research and Development Administration.

Third Frontier Action

Program Description: The Third Frontier Action Fund, currently known as the Technology Action Fund but changed in the executive proposal, provides competitive grant support to public and private Ohio entities for research and development funding. Previous funding priorities include Biotechnology,

Information Technology, Materials and Materials Processing, and Microsystems/Sensors. (See Issues of Interest – Third Frontier Project in the Overview section for information about the changes to the program.)

Ohio Research Commercialization Grant Program

These funds will be used to provide augmenting funds to recipients of federal research and development funding. Competitive grant funds will be provided to recipients of Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) Phase I awards to be used for commercial and related business activities. The program will focus on small businesses. This program is created in statute in both H.B. 1 and S.B. 1 of the current General Assembly.

Funding Source: GRF

Line Item: 195-422, Third Frontier Action

Implication of the Executive Recommendation: Executive-recommended funding of approximately \$19.2 million in FY 2004 and \$20.7 million in FY 2005 represent increases of 39.0% and 7.9% over FY 2003 spending and FY 2004 appropriations, respectively. After two executive reductions, the Technology Action Fund received \$12,962,600 of appropriation authority in FY 2002 and used it to distribute grants for venture capital and pre-seed funds, liquid crystal development, genomics, and drug research. Nearly \$9.5 million was just awarded for FY 2003 under the program for early stage capital, technology commercialization, and fuel cell technology projects. In line with the goals of the Third Frontier Project, the program focuses on the creation of high-wage jobs in high-growth industries. Supplemental funding was also provided in the executive recommendations for two and three-year grant awards. (See Additional Facts and Figures section for a list of the most recent grants awarded under the program.)

Coal Development Office and Coal Research/Development General Obligation Debt Service

Program Description: The purpose of the Coal Development Office is to co-support research and development efforts that can use Ohio coal in an environmentally sound, economic manner. The program is open to municipal, rural, investor-owned utilities and other power generators who produce electricity-using coal. It is also open to Ohio research institutions studying mechanisms critical to emission formation and methods of control, or for uses of coal as feedstock for other processes.

Funding Source: GRF, CDF-proceeds from the sale of coal development bonds

Line Items: 195-408, Coal Research and Development; 195-632, Coal Research and Development

Implication of the Executive Recommendation: The executive budget recommends continued funding levels for this subprogram series at reduced staffing levels. According to the Department, the Coal Development Office currently administers approximately \$147 million of projects through the Coal Research and Development Fund. Appropriation line item 195-906, Coal Research/Development General Obligation Debt Service, exhibits a decrease of \$2.7 million, or 27.2%, for FY 2004 and an increase of nearly \$2.0 million, or 27.0%, for FY 2005.

Program Description: This line item supports debt service payments for general obligation bonds issued by the state to support a coal research, development, and deployment R&D program.

Funding Source: GRF

Line Item: 195-906, Coal Research/Development General Obligation Debt Service

Implication of the Executive Recommendation: The executive-recommended funding of approximately \$7.2 million and \$9.2 million for FYs 2004 and 2005, respectively.

Community Development**Program Series 4**

Purpose: The Community Development program provides funding to benefit low- and moderate-income individuals and families through infrastructure improvements, local economic development activities, services for homeless persons, and heating and weatherization services.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-497	CDBG Operating Match	\$1,107,400	\$1,107,400
GRF	195-498	State Match Energy	100,000	100,000
GRF	195-505	Utility Bill Credits	0	0
	Subtotal- GRF	General Revenue Fund	1,207,400	1,207,400
3K8	195-613	Community Development Block Grant	65,000,000	65,000,000
3K9	195-611	Home Energy Assistance Block Grant	85,036,000	85,036,000
3K9	195-614	HEAP Weatherization	16,219,479	16,219,479
3L0	195-612	Community Services Block Grant	25,235,000	25,235,000
3V1	195-619	TANF Housing	0	0
308	195-603	Housing & Urban Development	5,000,000	5,000,000
308	195-605	Federal Projects	15,300,248	15,300,248
308	195-618	Energy Federal Grants	3,397,659	3,397,659
335	195-610	Oil Overcharge	8,500,000	8,500,000
	Subtotal - FSR	Federal Special Revenue	223,688,386	223,688,386
444	195-607	Water & Sewer Commission Loans	523,775	523,775
5M4	195-659	Universal Service	170,000,000	170,000,000
5M5	195-660	Energy Efficiency Revolving Loan	12,000,000	12,000,000
611	195-631	Water & Sewer Administration	15,713	15,713
	Subtotal – SSR	State Special Revenue	182,539,488	182,539,488
Total funding: Community Development			\$407,435,274	\$407,435,274

Specific programs within the Community Development program series that this analysis will focus on include:

- **COMMUNITY SERVICES**
- **ENERGY ASSISTANCE/ENERGY EFFICIENCY**
- **SMALL CITIES CDBG AND PUBLIC WORKS INFRASTRUCTURE DEVELOPMENT**

Community Services

Program Description: The Office of Community Services administers funds for programs that provide the following: alleviate unemployment and underemployment, provide education opportunities, conduct workshops on the efficient use of available income, provide housing and supportive services, provide for emergency needs, and lessen starvation and malnutrition. Local Community Action Agencies are responsible for delivering services within Ohio's communities. For federal FY 2002, approximately 60,000 children received services through the Community Food Nutrition Program. The Community

Food Nutrition Program was designed to alleviate hunger among children in underserved areas by providing direct nutrition and anti-hunger services to low-income children. Ninety-five percent of the Community Services Block Grant funds are passed on to local non-profit service providers; the remaining 5% of the grant is used for state administration, training, and technical assistance to the local providers.

Funding Source: CFDA 93.569, Community Services Block Grant

Line Item: 195-612, Community Services Block Grant

Implication of the Executive Recommendation: Anticipated federal funding reflects a 14.0% increase over FY 2003 levels. This funding will apparently allow for an increase in programming.

Energy Assistance/Energy Efficiency

Program Description: The energy programs, administered by the Office of Community Services as well as the Office of Energy Efficiency, seek to increase the availability of safe, accessible, and energy efficient housing and to educate the public about energy efficiency. Several programs are operated or administered by the Department and can be categorized by their objectives, as follows:

- To provide moneys for installation of weatherization materials. Technical assistance is provided to incorporate energy efficiency techniques into new construction and housing rehabilitation projects that use public funds in order to create a market demand for energy efficient housing;
- To improve the energy efficiency of Ohio's industries;
- To provide information regarding energy efficiency to schools and to conduct training for professionals in energy efficient design and construction;
- To assist low- to moderate-income households in paying for winter heating fuel and offset some housing expense for program participants; and
- To provide financial assistance to customers for eligible energy efficiency products and services for residential, small business, local government, and non-profit organization use.

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. (See Additional Facts and Figures section.) 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.

The following is a breakdown of households that are assisted under the HEAP Program:

HEAP Assistance By Income		
Federal Poverty Level	Households Assisted	Portion of Total HEAP Assistance
Below 75%	68,780	61.5%
75%-100%	20,254	18.1%
101%-125%	12,350	11.0%
126%-150%	10,506	9.4%
TOTAL	111,890	100.0%

At the recommended funding level approximately 250,000 households can receive regular HEAP moneys; regular winter heating assistance ranges from \$155-\$350 and the maximum amount of emergency heating or summer electric assistance that can be received is \$175. In FY 2002, 234,930 households received regular heating assistance, 123,251 received emergency heating assistance, 62,263 received summer electric assistance, and 8,500 air conditioning units were distributed to households with a medical need (e.g., asthma or other breathing conditions).

Universal Service Fund and Percentage of Income Payment (PIPP)

Percentage of Income Payment (PIPP) is an extended payment arrangement that is based on a percentage of household income. Households with incomes at or below 50% of federal poverty guidelines are allowed to pay a smaller percentage of income, but households with incomes up to 150% of the guidelines are eligible to participate. Moneys from the Universal Service Fund are used to reimburse electric utility companies for amounts unpaid by eligible low-income customers participating in PIPP, currently 155,000 accounts. This fund is also used for education programs related to the PIPP and for administration of the PIPP program. The appropriations for each fiscal year of the new biennium are \$170 million, an increase of \$10 million over FY 2003 estimates.

For the first five years after the starting date of electric competition, the universal service rider (moneys that are assessed to all customers compensate for non-payments) must be the sum of the level of the PIPP rider in existence, an amount equal to the level of funding for low-income energy efficiency programs included in electric utility rates and any additional amount necessary and sufficient to fund the low-income energy assistance programs. The Office of Community Services will administer the PIPP for electricity customers.

Ohio Energy Credit Program/Utility Bill Credits

Previously known as the Ohio Energy Credits Program, Utility Bill Credits provided one-time cash payments or credit to qualified elderly or disabled individuals for winter heating costs. Qualified individuals had incomes at or below 150% of federal poverty guidelines; the program previously served nearly 130,000 families. This program was previously funded through the General Revenue Fund. The executive recommendations have eliminated GRF funding for this program in the next biennium. Energy assistance for eligible low-income Ohio households with elderly and/or totally and permanently disabled members will continue through adjustments in the Percentage of Income Payment Plan (PIPP) and line item 195-610, Oil Overcharge, both non-GRF sources.

Energy Efficiency Revolving Loan Program and Fund

The Energy Efficiency Revolving Loan Program supports certain energy efficiency projects throughout the state. Moneys in the Energy Efficiency Revolving Loan Fund, created in Sub. S.B. 3 of the 123rd General Assembly, are used to support investments in products, technologies, or services for residential, small business, local government, non-profit, 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. The revenue target cannot exceed \$15 million in any year through 2005 or \$5 million thereafter. The fund is capped at \$100 million, and when reached, no additional funds will be provided by utility customers. Additional revenues will be generated from loan repayments and revenues remitted by municipal electric companies who choose to participate in the program. Financial assistance will be obtained in conjunction with approved financial institutions in the form of below market loans.

Home Weatherization Assistance Program (HWAP)

The Office of Energy Efficiency operates the federal 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.

Households with incomes at or below 125% of the U.S. Department of Energy poverty guidelines or households participating in HEAP, Temporary Assistance for Needy Families, or Supplemental Security Income qualify for this program, which incurs no cost for participants. The Department plans on assisting 6,183 homes with the appropriated funding. On average, participating households save \$184 per year on energy bills.

In addition to lower utility costs for participants, appliances and materials used in the weatherization are apparently more environmentally sound, resulting in a reduction of carbon dioxide emissions. The executive recommendations are for \$16.2 million in each fiscal year.

Funding Source: GRF; CFDA 93.568, Low-Income Energy Assistance; CFDA 81.041, State Energy Program; revenues from the rider on retail electric service, customer payments under PIPP, revenues remitted from municipal electric utilities and rural cooperatives, and private sector agreements.

Line Items: 195-611, Home Energy Efficiency Block Grant; 195-614, HEAP Weatherization; 195-618, Energy Federal Grants; 195-498, State Match Energy; 195-505, Utility Bill Credits; 195-610, Oil Overcharge; 195-659, Universal Service; 195-660, Energy Efficiency Revolving Loan

Implication of the Executive Recommendation: These levels will allow for the expansion of the heating and energy assistance programs. FY 2004 recommended levels for these programs represent an 11.9% increase in moneys available for the heating assistance and energy efficiency programs. Much of this increase is related to the \$23 million increase in federally funded HEAP program.

Small Cities CDBG and Public Works Infrastructure Development

Program Description: The objectives of the Small Cities Local Economic Development Program are to create and retain permanent, private-sector job opportunities, principally for low- and moderate-income persons. In addition, the program seeks to expand and retain business and industry in Ohio communities.

During the next two years, the Department hopes to award local economic development projects that will assist 117 small businesses, leverage \$355 million in other funds, create 1,000 jobs, and retain 155 jobs.

The objectives of the Small Cities Downtown Revitalization Competitive Program are to aid in the revitalization of central business districts, to aid in the elimination of slums and blight, and to create and retain permanent, private-sector job opportunities for low- and moderate-income persons. As a result of this funding, the Department hopes to renovate 98 central business district facades and building interiors and complete six major streetscape projects.

Funding Source: CFDA 14.228, Community Development Block Grant

Line Item: 195-613, Community Development Block Grant

Implication of the Executive Recommendation: Anticipated federal funding reflects a 0.1% decrease for FY 2004 over estimated FY 2003 levels and a decrease flat funding in FY 2005. These levels allow for continued services.

Infrastructure Improvements

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 non-metropolitan 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. At the core budget level, the Department expects to improve 331,945 linear feet of streets, 960,850 linear feet of water or sewer lines, 10,935 linear feet of flood and drainage facilities, and 74,070 linear feet of curbs and sidewalks, and to construct or rehabilitate nine water or wastewater treatment facilities.

Funding Source: GRF; CFDA 14.228, Community Development Block Grant; and loan repayments from local governments

Line Items: 195-497, CDBG Operating Match; 195-607, Water & Sewer Commission Loans; 195-613, Community Development Block Grant

Implication of the Executive Recommendation: Executive-recommended levels would allow for a continuation of services. Fiscal year 2002 recommendations for public works projects are \$66.7 million or 0.1% less than estimated spending in FY 2003; however, two of the line items that fund these projects also fund other community development projects, so it is difficult to conclude that spending in this program area will decrease. Fiscal year 2005 levels are flat funded.

Housing Development**Program Series 5**

Purpose: The Department offers grants, loans, loan guarantees, and tax credits to create housing opportunities for low- and moderate-income individuals and families.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-406	Transitional/Permanent Housing	\$0	\$0
GRF	195-431	Community Development Corporation Grants	0	0
GRF	195-440	Emergency Shelter Housing Grants	0	0
GRF	195-441	Low & Moderate Income Housing	0	0
Subtotal – GRF		General Revenue Fund	0	0
3V1	195-601	HOME Program	\$40,000,000	\$40,000,000
380	195-622	Housing Development Operating	\$5,606,080	\$5,667,627
Subtotal – FSR		Federal Special Revenue	\$45,606,080	\$45,667,627
445	195-617	Housing Finance Operating	\$5,040,843	\$4,983,738
646	195-638	Low & Moderate Income Housing Trust	\$40,000,000	\$40,000,000
Subtotal - SSR		State Special Revenue	\$45,040,843	\$44,983,738
Total funding: Housing Development			\$90,646,923	\$90,651,365

Moneys are also available in line item 195-613, Community Development Block Grant (see Community Development section). An additional estimated \$9 million from this federal line item may be available in each fiscal year for the Community Housing Improvement Program (CHIP).

Specific programs within the Housing Development program series that this analysis will focus on include:

- **OHIO HOUSING FINANCE AGENCY**
- **OFFICE OF HOUSING AND COMMUNITY PARTNERSHIPS**
- **HOUSING TRUST FUND**
- **HOMELESSNESS ASSISTANCE**

Ohio Housing Finance Agency

Program Description: The Ohio Housing Finance Agency (OHFA), created January 1983 by H.B. 1, operates home ownership programs that provide downpayment assistance and low-interest mortgage loans for low- to moderate-income persons and families who meet federal income eligibility guidelines. This assistance is primarily in the form of loans, loan guarantees, grants, and tax credits. In addition to individual assistance, OHFA also provides assistance to developers for construction, rehabilitation, or other support for housing units used by income or needs-qualified residents. The Ohio Housing Finance Agency also conducts inspections on properties receiving federal Section 8 housing assistance moneys and for properties receiving tax credits for housing development.

(1) Single Family Assistance

First-Time Homebuyer Program

The largest program operated by OHFA is the First-Time Homebuyer program. Over 85,000 Ohioans have received assistance with purchasing their first homes through this program that was started in 1983; in FY 2002, 2,000 families became homeowners through the program. As of mid-February 2003, the interest rates on these loans are below market rate -- prospective homeowners not using downpayment assistance can qualify for mortgage rates starting at 5.25% and buyers using downpayment assistance can qualify for rates starting at 5.75%. 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 and is available on a first-come, first-serve basis. Revenues from tax-exempt bonds issued under the state's Volume Cap Allocation support these two programs. Under Chapter 175. of the Revised Code, OHFA is authorized to issue Mortgage Revenue Bonds to fund this program; to date, \$4.7 billion in Mortgage Revenue Bonds have been issued.

Mortgage Credit Certificate Program

The Mortgage Credit Certificate Program was created to help reduce a homebuyer's federal income tax liability. Under this program, 10% of a homebuyer's annual mortgage interest payment can be used as a tax credit, with the remaining 90% of the interest taken as an itemized deduction. For targeted areas, 20% of the interest payment can be used as a tax credit, with the remaining 80% taken as an itemized deduction. To date, \$803 million in Mortgage Credit Certificates have been issued representing 13,500 loans.

(2) Multi-Family Assistance

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 the Internal Revenue Service Section 42, provide the private and non-profit 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 ten years, provided proper compliance is followed for 30 years.

According to the Department of Development, since 1987, the Ohio Housing Finance Agency has used the housing credit to facilitate the development of over 60,000 affordable multifamily rental units in Ohio, totaling over \$216 million of credits awarded.

Affordable Housing Loans

Seed, construction, and bridge loan assistance is provided under this program through five funding mechanisms: seed money loan, compensating balance loans, equity bridge loans, direct loans, and loan guarantees. Moneys for this program are provided through Unclaimed Funds that are collected by the Department of Commerce.

Multifamily Bond Program

Revenues produced by bonds issued under the state's Volume Cap Allocation also support this program, which supports low-interest mortgages for projects that involve new construction or rehabilitation. Assistance is usually provided in conjunction with the Housing Credit Program.

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. Funding for this program comes from a number of sources. The Housing Trust Fund 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. About \$7 million of the HOME Program funds are earmarked for the Housing Development Assistance Program. (See section entitled *Office of Housing and Community Partnerships* for information on the HOME Program.) The Office of Housing and Community Partnerships previously administered this program.

(3) Housing Management

Section 8 Housing

The Ohio Housing Finance Agency is governed by new federal mandates that increase the frequency of inspection of properties receiving tax credits and Section 8 moneys. Until FY 2001, HUD required 20% of properties be inspected annually so that each property is inspected at least once in five years; currently HUD requires that 25% of all properties must be inspected each year. The Section 8 Housing Assistance Payment (HAP) to OHFA for Section 8 services rendered was approximately \$50.2 million representing 109 projects in FY 2002. Of that \$50.2 million, \$2.4 million is the administrative fee collected by OHFA under the HUD contract. This figure fluctuates annually based on the number of units occupied, family size and family income levels.

The Housing and Urban Development (HUD) funds the Section 8 Tenant-Based program, which provides rental subsidies, determined by tenant incomes, directly to tenants. The tenant pays approximately 30% of his or her income, towards rent and utilities, and HUD pays the remainder of the rent up to the Fair Market Value for the particular area. The Housing and Urban Development provides subsidies to local public housing authorities that administer the program.

The Ohio Housing Finance Agency serves as contract administrator for 109 projects with 8,572 units under the Owner-Based program until the federal rental assistance contracts on the majority of these properties expire in the next five years. The Ohio Housing Finance Agency estimates that approximately 40 contracts will expire in early 2004 and 50 more by June 2005. 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: Service fees; revenues from Mortgage Revenue Bonds; federal moneys for Section 8 inspections

Line Items: 195-622, Housing Development Operating; 195-617, Housing Finance Operating; 195-638, Low and Moderate Income Housing Trust; (also previously funded through 195-441, Low and Moderate Income Housing)

Implication of the Executive Recommendation: Appropriation line items 195-622, Housing Development Operating, and 195-617, Housing Finance Operating, funded at \$10.6 million reflects a combined increase of 34.4%, or \$2.7 million for FY 2004 and flat funding in FY 2005. Due to the change in funding source for the Housing Trust Fund and its programs, it is difficult to generate a comparison between FY 2003 estimated spending levels and FY 2004 recommended appropriation amounts for the Housing Trust Fund Programs. After the consolidation of the four line items into appropriation line item 195-638, Low and Moderate Income Housing Trust, appropriations for those programs increased by just under \$18 million, or 81.0%. During FY 2003, these three appropriation line items supported 104 employees; for FYs 2004 and 2005, staffing levels are expected to remain fairly constant with a potential increase of five to six positions.

Office Of Housing And Community Partnerships

Program Description: The Office of Housing and Community Partnerships administers federal Housing and Urban Development (HUD) programs that allocate grants based on community-wide planning. These moneys are used to create rental and homeownership opportunities for low-income and special needs populations. These programs require a state match that was previously paid out of the GRF, but under the executive recommendations, this program will be supported by an increase in county recorder fees that will be transferred to the Housing Trust Fund. The grants are awarded to local governments, community housing development organizations, and community development corporations.

To receive federal HUD moneys, each year the state is required to submit a Consolidated Plan, a comprehensive document that discusses the program’s purpose and priorities. The Consolidated Plan for Federal Fiscal Year (FFY) 2003 outlines the housing programs administered by the Office of Housing and Community Partnerships, as well as the Ohio Housing Trust Fund Programs and other economic development and community development programs. According to the Consolidated Plan, approximately \$88.9 million in federal moneys are expected to be available for FFY 2003 for all economic development, community development, and housing development programs. The Office of Housing and Community Partnerships does not expect to receive any federal General Funds this year, which have in the past been a significant resource for the Supportive Housing and Emergency Shelter Programs. Since estimates for FFY 2003 have yet to be generated, the following estimates for state FY 2004 and 2005 available moneys are based on FFY 2002 estimates, along with executive recommendations.

Estimated Available Moneys for Local Government Housing Assistance - FY 2003	
Federal Program	FFY 2003 Estimated Awards
Community Development Block Grant (CDBG)	\$56.5 million
Home Investment Partnerships Program (HOME)	\$28.4 million
McKinney Emergency Shelter Grant (ESG) Program	\$3.0 million
Housing Opportunities for Persons with AIDS (HOPWA) Program	\$1.0 million
Total	\$88.9 million

HOME Program

Appropriation line item 195-601, HOME Program, provides spending authority of \$40 million in each fiscal year for the Home Investment Partnerships Program (HOME). The Home Investment Partnerships Program provides grants for community-planned new housing construction and rehabilitation for low- and very-low income persons and families. Prior to FY 2002, moneys for this program were combined with those of most of the other local government assistance programs in line item 195-603, Housing and Urban Development. Estimated spending for FY 2003 in appropriation line item 195-601 was \$40 million. The HOME Program requires a 25% match of qualified housing dollars; the ESG Program requires, after the first \$100,000 of federal funds, that funds be matched 100% with state or local funds.

Community Housing Improvement Program

The Community Housing Improvement Program (CHIP) provides funding to local governments to rehabilitate existing housing, construct new housing and to make emergency repairs. Funds are also available for public and supportive service programs, such as home maintenance education, lead-hazard screening and job counseling. For FFY 2003, this program is expected to receive \$9 million from the CDB grant and \$18 million from HOME Program funding. In the past, this program has also received Housing Trust Fund dollars.

TANF Housing Program

During FYs 2002 and 2003, ODOD was given one-time use of \$5.2 million in FY 2002 and \$6.5 million in FY 2003 for the TANF Housing Program. Although funds were once again requested in the next biennium for this program, the executive did not recommend funding for it.

Funding Source: CFDA 14.241, Housing Opportunities for Persons with AIDS; CFDA 14.228, Community Development Block Grant; CFDA 14.239, Home Investment Partnerships; CFDA 14.235, Supportive Housing Demonstration-Permanent Housing for the Handicapped Homeless; grants, gifts, and private donations; recorder fees that will be transferred to the Housing Trust Fund

Line Items: 195-601, HOME Program; 195-603, Housing & Urban Development; 195-613, Community Development Block Grant (see Community Development Program Series); 195-638, Low and Moderate Income Housing Trust Fund (that was previously funded through GRF appropriation line item 195-431, Community Development Corporation Grants)

Implication of the Executive Recommendation: Executive-recommended funding levels would allow for an increase in services. Twenty-eight FTEs are employed by the OHCP; staffing levels are projected to decrease by one FTE in the upcoming biennium.

Housing Trust Fund

Program Description: The Housing Trust Fund (HTF), administered by the Ohio Housing Finance Agency, subsidizes very low- to moderate-income persons by providing low-interest loans and some grants. Most of the programs provide loans for downpayment assistance or rental housing development and grants for preservation projects. Eligible recipients for trust fund moneys vary by program, but include low-income homebuyers, developers, resident homeowners, and landlords. Income guidelines for OHTF moneys require 75% of moneys be used for households with 50% of the median area income.

The executive budget recommends a new funding source for the Housing Trust Fund in appropriation line item 195-638, Low and Moderate Income Housing Trust; Four previously funded GRF line items: 195-406, Transitional/Permanent Housing; 195-431, Community Development Corporation Grants; 195-440, Emergency Shelter Grants; and 195-441, Low and Moderate Income Housing, were previously funded through GRF dollars, but under this executive recommendation, an increase in county recorder fees would serve as the new revenue source. Prior to FY 2002, sources of funding included transfers from the GRF line item to the SSR Low and Moderate Income Housing Trust Fund, transfers of up to \$25 million (\$12 million per year) from the interest gained from the Human Services Budget Stabilization (Rainy Day) Fund, and moneys from the Department of Commerce’s Unclaimed Funds. The executive recommends this change to provide a codified and dedicated funding source for the Housing Trust Fund in place of GRF dollars.

Proposed Funding Changes to Housing Trust Fund			
Program	FY 2003 Estimated Spending	FY 2004 Executive Recommendations	% Change
Transitional/Permanent Housing (GRF 195-406)	\$2,538,848	\$0	-100.0%
Community Development Corporations (GRF 195-431)	\$1,709,684	\$0	-100.0%
Emergency Shelter Grants (GRF 195-440)	\$2,299,436	\$0	-100.0%
Low & Moderate Income Housing Trust (SSR 195-638)*	\$22,103,807	\$40,000,000	+81.0%
Total	\$28,651,775	\$40,000,000	+39.6%

* Because the entirety of GRF appropriation line item 195-441, Low and Moderate Income Housing, is transferred to the SSR appropriation line item 195-638, Low and Moderate Income Trust, for expenditure on HTF programs, it is not reflected in the chart above. Including the GRF line item in the chart would cause a double counting of dollars in an expenditure sense, since the GRF dollars are accounted for in the SSR expenditure figure. The Governor’s Bluebook includes the spending in appropriation line item 195-441, Low and Moderate Income Housing, and not in appropriation line item 195-638, Low and Moderate Income Housing Trust, to show the amount of GRF (\$21.9 million) that would not be used toward HTF programs in the upcoming biennium. The chart above shows the net change in the amount of spending on HTF programs that is proposed by the executive. (See Issues of Interest for more information on the use of county recorder fees as the revenue source for the HTF.)

Request for Proposals Program

The Requests for Proposals (RFPs) program remains the one of the most-active trust fund programs. The RFPs fund primarily supportive housing and provide moneys for down payment assistance and emergency repairs by targeting certain priority housing activities that may be difficult to fund through other state and federal housing programs. The program also provides supportive services to help individuals and families access and maintain safe, decent, and affordable housing and maintain self-sufficiency. To date, 74 grants have been issued totaling \$5.5 million in FY 2003 under the RFP Program. The RFP program is evolving to fund more creation and retention of homes rather than services; this follows OHFA’s goal of changing the trust fund to more of a revenue-generator.

Housing Development Assistance Program

Please see the previous section entitled *Ohio Housing Finance Agency*.

Community Housing Improvement Program

Please see the previous section entitled *Office of Housing and Community Partnerships*.

House the Assembly Built

The Ohio General Assembly has also participated directly in Ohio Housing Trust Fund activities through the House the Assembly Built initiative. This program is a dynamic partnership between Habitat for Humanity International and its local affiliates, state legislators, and local businesses and volunteers committed to strengthening neighborhoods and communities by building one affordable home with low-income families in each legislative district in the nation. In FY 2002, \$700,000 was allocated to the project in each year of the current biennium, along with \$600,000 in FY 2001. These contributions are part of the \$5 million initiative of the Ohio General Assembly.

(For a list of the accomplishments of the Housing Trust Fund in FY 2002, please see the Additional Facts and Figures section of the redbook.)

Funding Source: County recorder fees transferred to the Housing Trust Fund; grants, gifts, and private donations; one-time transfers from various sources, as designated by the General Assembly

Line Items: 195-638, Low and Moderate Income Housing Trust; (Previously GRF-funded appropriation line items 195-406, Transitional/Permanent Housing; 195-431, Community Development Corporation Grants; 195-440, Emergency Shelter Grants; and 195-441, Low and Moderate Income Housing)

Implication of the Executive Recommendation: Anticipated funding allows for continued programming. Due to the change in funding source for the Housing Trust Fund and its programs, it is difficult to generate a comparison between FY 2003 estimated spending levels and FY 2004 recommended appropriation amounts for the Housing Trust Fund Programs. After the consolidation of the four line items into appropriation line item 195-638, Low and Moderate Income Housing Trust, appropriations for those programs increased by just under \$18 million, or 81.0%, totaling \$40 million in each year of the biennium. (See Proposed Funding Changes to HTF chart above.)

Homelessness Assistance

Program Description: The Emergency Shelter Grant/Transitional Housing programs provide grants to eligible nonprofit organizations and units of local government to meet the housing needs of homeless Ohioans. These funds can be used for administrative and operating costs and for supportive services. Approximately \$2.6 million will be awarded through the federal ESG grant and \$600,000 under the federal Community Development Block Grant in FFY 2003 for the Emergency Shelter Grant Program.

Funding Source: CFDA 14.231 Emergency Shelter Grant Program; CFDA 14.235 Supportive Housing Demonstration-Permanent Housing for the Handicapped Homeless; county recorder fees transferred to the Housing Trust Fund (previously funded with GRF dollars)

Line Items: 195-638, Low and Moderate Income Housing Trust (previously funded through GRF line items: 195-406, Transitional/Permanent Housing; 195-440, Emergency Shelter Housing Grants); 195-603, Housing & Urban Development

Implication of the Executive Recommendation: Due to the change in funding source for the Housing Trust Fund and its programs, it is difficult to generate a comparison between FY 2003 estimated spending levels and FY 2004 recommended appropriation amounts for the Housing Trust Fund Programs. After the consolidation of the four line items into appropriation line item 195-638, Low and Moderate Income Housing Trust, appropriations for those programs increased by just under \$18 million, or 81.0%. This recommendation would allow for continued services.

International Trade**Program Series 6**

Purpose: The International Trade Division carries out international trade promotion activities for Ohio through its eight full-service trade offices and its shared trade presence offices through the Council of Great Lakes Governors. The Division is responsible for helping promote trade exports and promote new and expanded foreign direct investment activities in Ohio.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-432	International Trade	\$5,236,353	\$5,236,353
	Subtotal-GRF	General Revenue Fund	5,236,353	5,236,353
136	195-621	International Trade	24,915	24,915
	Subtotal-GSF	General Services Fund	24,915	24,915
Total funding: International Trade			\$5,261,268	\$5,261,268

International Trade

Program Description: The International Trade Division (ITD) promotes trade opportunities, especially exports, between Ohio businesses and key foreign markets. The ITD operates eight full-service trade offices located in Columbus, Brussels, Hong Kong, Johannesburg, Mexico City, Tel Aviv, Tokyo, and Toronto, and holds joint venture trade presence offices in Buenos Aires, Santiago, and Sao Paulo. Other activities include business trade missions, trade shows, export assistance, and E-awards, which are grants to companies or organizations that have created export-related jobs or have helped Ohio achieve international success.

Funding Source: GRF

Line Items: 195-434, International Trade; 195-621, International Trade; 195-636, General Reimbursements

Implication of the Executive Recommendation: The executive budget recommends continued funding levels for this subprogram series.

Travel and Tourism Promotion

Program Series 7

Purpose: The Division of Travel and Tourism is responsible for activities that promote Ohio’s travel and film industries.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-407	Travel & Tourism	\$4,549,345	\$4,549,345
GRF	195-507	Travel & Tourism Grants	840,000	840,000
	Subtotal-GRF	General Revenue Fund	5,389,345	5,389,345
Total funding: Travel and Tourism			\$5,389,345	\$5,389,345

Travel And Tourism Promotion And Administration

Program Description: Travel and Tourism Promotion 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 website, 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, subsidies for local travel and tourism events have been provided for through line item 195-507, Travel & Tourism Grants.

Funding Source: GRF

Line Items: 195-407, Travel and Tourism; 195-507, Travel and Tourism Grants

Implication of the Executive Recommendation: Executive-recommended funding for FYs 2004 and 2005 contains core-level funding for Travel and Tourism operations. Supplemental requests for additional grant moneys and funding for the continued development of marketing campaigns, such as the Advertising Match Program, was not funded in the executive recommendations.

195-507 Travel and Tourism Grants

- **An decrease of \$171,563 in FYs 2004 and 2005**

Executive-recommended funding for this line item reflects the following grant allocations:

<u>T & T Grant</u>	<u>FY 2004</u>	<u>FY 2005</u>
Outdoor Dramas*	\$ 160,000	\$ 160,000
Cincinnati Film Commission	\$ 40,000	\$ 40,000
The Wilds	\$ 600,000	\$ 600,000
<u>U.S. Senior Open – Toledo</u>	<u>\$ 40,000</u>	<u>\$ 0</u>
Total Funding	\$ 840,000	\$ 800,000

*The Outdoor Dramas include Trumpet in the Land, Blue Jacket, Tecumseh, and the Becky Thatcher Showboat Drama.

Minority Business Development**Program Series 9**

Purpose: The Division of Minority Business Affairs (DMBA) provides assistance to minority businesses through the Minority Contractors and Business Assistance Program (MCBAP), Management and Technical Services and Procurement Technical Assistance Centers (PTAC). In addition, the DMBA provides financial assistance to Minority Business Enterprises through the Minority Direct Loan, Ohio Mini-Loan Guarantee and Minority Business Bonding programs.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-405	Minority Business Development Division	\$1,620,755	\$1,669,378
	Subtotal-GRF	General Revenue Fund	1,620,755	1,669,378
4W1	195-646	Minority Business Enterprise Loan	2,580,597	2,580,597
450	195-624	Minority Business Bonding Program Admin	13,563	13,563
	Subtotal-SSR	State Special Revenue Fund	2,594,160	2,594,160
5S9	195-628	Capital Access Loan Program	3,000,000	3,000,000
	Subtotal-FEF	Facilities Establishment Fund	3,000,000	3,000,000
Total funding: Minority Business Development			\$7,214,915	\$7,263,538

Minority Business Development And Financing

Program Description: The DMBA is responsible for assisting minority business enterprises and historically underutilized business enterprises in accessing programs within the Department and in obtaining government or commercial financing for business expansions. The Division administers the Minority Business Contractors and Business Assistance Program, issues grants to local Minority Contractor and Business Assistance Program offices located around the state, and assists minority businesses procure public and private sector contracts.

EDGE Program

A new 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 component that will pair larger companies as mentors to EDGE Program participants to benefit both companies commercially. This program will be funded through appropriation line item 195-405, Minority Business Development Division in conjunction with the Department of Administrative Services.

Funding Source: GRF, SSR, FEF, loan repayments, fees, interest earnings

Line Items: 195-405, Minority Business Development; 195-609, Small Business Administration; 195-624, Minority Business Bonding Program Administration; 195-628, Capital Access Loan Program; 195-646, Minority Business Enterprise Loan

Implication of the Executive Recommendation: The executive budget recommends continued funding levels for this subprogram series.

Urban Development**Program Series 10**

Purpose: The Office of Urban Development manages the activities of the Clean Ohio Revitalization Fund, which includes overseeing the future rounds of competitive funding while providing administrative oversight of all approved projects.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-426	Clean Ohio Implementation	\$558,632	\$586,563
	Subtotal-GRF	General Revenue Fund	558,632	586,563
003	195-663	Clean Ohio – Operating	150,000	150,000
	Subtotal-COF	Clean Ohio Revitalization Fund	150,000	150,000
Total funding: Urban Development			\$708,632	\$736,563

Clean Ohio Revitalization Program

Program Description: The Office of Urban Development manages a portfolio of 16 projects that received approximately \$40 million in the first round of Clean Ohio funding. The office will continue to provide administrative oversight to approved projects to ensure compliance with statutory requirements while overseeing upcoming rounds of funding. The office continues to staff and support the Clean Ohio Council.

Funding Source: GRF, proceeds from the sale of Clean Ohio Revitalization bonds, interest earnings

Line Items: 195-426, Clean Ohio Administration; 195-663, Clean Ohio – Operating (Fund 003). Although appropriated in the capital budget and not the operating budget, CAP-001, Clean Ohio Revitalization, provides \$40 million in capital funds and CAP-002, Clean Ohio Assistance Program, provides \$10 million in capital funds for the Clean Ohio Program; appropriation line item 195-663, Clean Ohio – Operating, is funded with interest earned on bond revenues in Fund 003.

Implication of the Executive Recommendation: The executive budget recommends continued funding levels for this subprogram series.

Administration

Program Series 11

Purpose: The Administration Offices 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. Previously its own program series (8), 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, and is now included in Administration, Program Series 11.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	195-100	Personal Services	\$0	\$0
GRF	195-200	Maintenance	0	0
GRF	195-300	Equipment	0	0
GRF	195-321	Operating Expenses	2,695,236	3,020,115
GRF	195-433	State Marketing Program	750,000	1,000,000
	Subtotal-GRF	General Revenue Fund	3,445,236	4,020,115
135	195-605	Supportive Services	7,417,068	7,539,686
685	195-636	General Reimbursements	1,316,012	1,232,530
	Subtotal-GSF	General Services Fund	8,733,080	8,772,216
Total funding: Administration/Operations Division			\$12,178,316	\$12,792,331

Administration

Program Description: The Administration program series consists of the following areas: Director’s Office; Legal; Legislative Affairs; Communications, Special Projects and Graphics; Human Resources; Fiscal; Audit; Information Technology; and Facilities Management.

Funding Source: GRF, GSF-indirect cost allocation to all Divisions within the department

Line Items: 195-321, Operating Expenses (previously 195-100, Personal Services; 195-200, Maintenance; 195-300, Equipment); 195-605, Supportive Services; 195-636, General Reimbursements

Implication of the Executive Recommendation: The executive budget recommends the following changes in appropriations for these subprograms as follows:

195-321 Operating Expenses

- **A decrease of \$244,429 in FY 2004 and an increase of \$324,879 in FY 2005**

Three line items: 195-100, Personal Services; 195-200, Maintenance; and 195-300, Equipment, have been restructured into one line item to accommodate management flexibility. The FY 2004 funding represents a decrease of 8.3%; the FY 2005 funding represents a 12.1% increase over FY 2004 appropriation levels.

- **A decrease of \$2.1 million in FY 2004 and an increase of \$122,618 in FY 2005**

Executive-recommended funding reflects a 22.2% decrease below estimated FY 2003 levels and a 1.7% increase above FY 2004 appropriation levels reflect the full funding of this line item in the executive recommendations. Revenues in this line item are generated from the indirect allocation plan, a plan approved by the U.S. Department of Energy that applies indirect cost rates for payroll expenses to programs. These indirect costs can only be applied to costs that are shared by all programs (i.e., Director's Office, Legal, Fiscal). The actual source of funds can vary widely from GRF to federal to Facilities Establishment Funds.

195-636 General Reimbursements

- **Flat funding in FY 2004 and a 6.3% decrease of \$83,482 in FY 2005**

Marketing, Promotion, and Advertising (also see Economic Development Program Series)

Program Description: This new initiative represents a business development-marketing program within the Department that will help to establish a brand identity for Ohio in the high technology knowledge-based economy. Funding in this line item will help promote the Department's graduate program by linking high tech jobs with the Third Frontier Program.

Funding Source: GRF

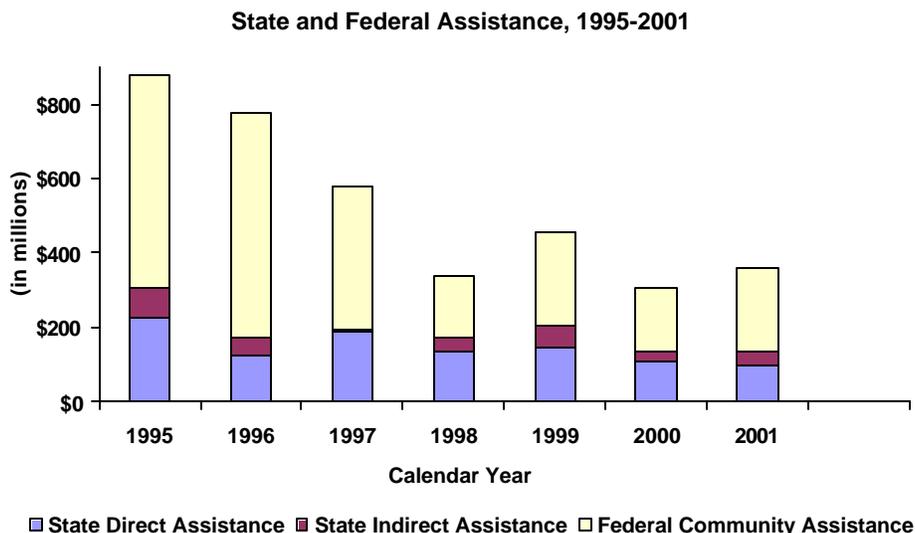
Line Item: 195-433, State Marketing Program

Implication of the Executive Recommendation: The executive budget recommends funding for 195-433 to be \$750,000 in FY 2004 and \$1,000,000 in FY 2005, significantly less than the supplemental request of \$8,800,000 in FY 2004 and \$10,800,000 in FY 2005. According to the Department, the reduced funding will only allow the Department to make a small impact in establishing Ohio's brand identity. This program was established to replace the extinguished PUCO settlements that previously provided marketing moneys to the Department.

ADDITIONAL FACTS AND FIGURES

Economic Development

State Economic Development Spending Is Steady Despite Federal Decline



- State and federal funds administered by the Ohio Department of Development (ODOD) include: **direct assistance**, ODOD financial assistance for business attraction and expansion projects that include job creation, retention, and training; **indirect assistance**, ODOD funding programs that improve an entity's competitiveness but are not measurable in terms of employment increases; and **community assistance**, quality-of-life enhancements at the local level that are mainly federally funded and administered by ODOD. These figures are supported by programs of ODOD's Community Development Division, Division of Minority Business Affairs, Economic Development Division, Technology Division, and the Ohio Housing Finance Agency.
- Total calendar year (CY) 2001 spending of \$361,962,325 reflects a 58.7% decrease from total 1995 spending of \$876,689,236; however, 2001 spending levels increased 17.7% from \$307,456,753 in CY 2000.

Technology Development: Technology (Third Frontier) Action Fund

The Technology (Third Frontier) Action Fund, line item 195-422, was created to provide support for public and private research projects that will advance the state's science and technology priorities, offer the potential for economic growth, and leverage other non-state financing sources. Because the Third Frontier Commission does not assume the responsibilities of this program until July 1, 2003, these awards were recommended by the Technology Action Board. Initiatives supported by the Fund are consistent with Ohio's strategic goals for science and technology as defined by Third Frontier Project. Recent priorities of the program include:

- **Early State Capital**
- **Technology Commercialization**
- **Fuel Cell Technology**

The Governor announced the most recent round of awards on February 27, 2003. These projects have not yet been approved by the Controlling Board.

Project	Award
<u>Early Stage Capital:</u>	
Case Western Reserve University <i>Case Technology Ventures</i>	\$1,000,000
Queen City Angels <i>QCA First Fund</i>	\$1,000,000
BioEnterprise Corporation <i>Organization of BioEnterprise Seed Fund</i>	\$350,000
<u>Technology Commercialization:</u>	
Gene Express, Inc. <i>Commercialization of Service and Reagents for RT-PCR</i>	\$1,000,000
The Research Institute-University Hospitals of Cleveland <i>Cell Lines Culture for Influenza Vaccine Production</i>	\$410,000
PolyDisplay, Inc. <i>Ultra-Thin Full Color Flexible Liquid Crystal Displays</i>	\$383,784
Theken Surgical, LLC <i>Spinal Implant Development</i>	\$728,532
YSI, Inc. <i>Rapid Detection of Bioterrorism Agents in Water Supply</i>	\$923,535
<u>Fuel Cell Technology:</u>	
EMTEC <i>Materials and Processes for Solid Oxide Fuel Cells</i>	\$865,027
SOFCo <i>Sulfur Tolerant Solid Oxide Fuel Cell Power Systems</i>	\$791,108
Vanner, Inc. <i>Power Conversion/Dist Equipment for Vehicle Electrification</i>	\$1,000,000
Technology Management, Inc. <i>Solid Oxide Fuel Cell Development & Commercialization</i>	\$999,762
TOTAL	\$9,451,748

Community And Housing Development

OHIO HOUSING TRUST FUND AWARDS	
FY 2002	
<u>PROGRAM</u>	<u>FUNDS AWARDED</u>
Housing Development Assistance Program (HDAP)	\$11,048,021
Request for Proposals (RFP)	\$6,500,000
Migrant Housing Labor Camp Improvements Program	\$295,500
Special Projects Program	
AmeriCorps Project	\$180,000
AmeriCorps/VISTA Project	\$100,000
Circle of Hope II	\$360,000
House the Assembly Built	\$700,000
Service Coordination Program	\$233,500
Section 8 Outreach and Training Program	\$50,000
Administration	\$942,272
TOTAL	\$20,409,293

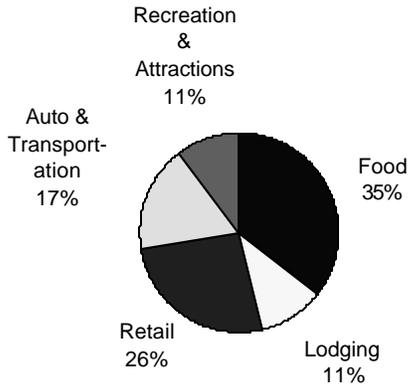
In FY 2002 the Ohio Housing Trust Fund accomplished the following:

- Home repair/rehabilitation of 1,164 units;
- New construction of 11 migrant housing units;
- Construction/rehabilitation of 1,613 rental units and 118 homeownership units;
- Supportive Services with housing (case management, budgeting, life skills, substance abuse counseling, etc.) for 1,430 individuals;
- Down payment assistance for 102 households;
- Homelessness prevention (short-term rental assistance, utility assistance, mortgage assistance, etc.) for 9,647 households; and
- Service coordination for 5,023 case visits.

(From Ohio Housing Trust Fund Status Report FY 2002)

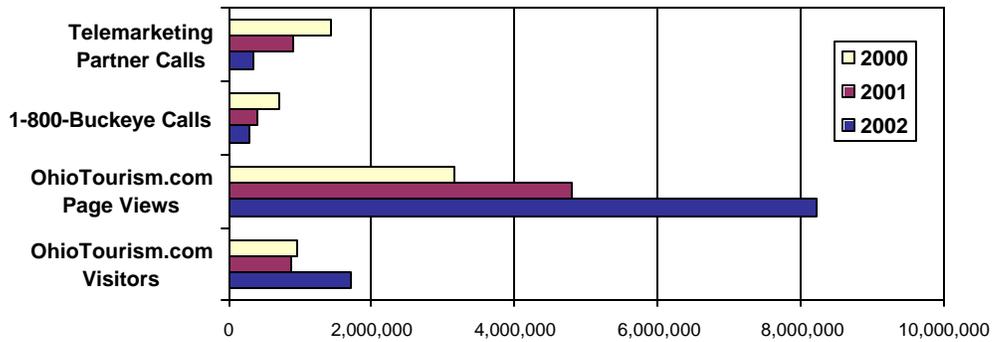
Travel & Tourism Division

SPENDING BY OHIO TRAVELERS – CY 2001



CATEGORY	SPENDING
FOOD	\$8.1 BILLION
RETAIL	\$5.9 BILLION
AUTO & TRANSPORTATION	\$3.9 BILLION
LODGING	\$2.5 BILLION
RECREATION & ATTRACTIONS	\$2.4 BILLION
TOTAL	\$23.1 BILLION

OhioTourism.com and 1-800-BUCKEYE Usage



	OhioTourism.com Visitors	OhioTourism.com Page Views	1-800-Buckeye Calls	Telemarketing Partner Calls
□ 2000	951,203	3,147,918	710,951	1,428,858
■ 2001	888,411	4,792,195	402,170	895,825
■ 2002	1,711,207	8,225,158	292,199	334,159

Administration

Department of Development Staffing Levels				
			<i>Estimated*</i>	<i>Estimated*</i>
Program Series/Division	2002	2003	2004	2005
Economic Development	91	78	78	78
Appalachian Development	4	3	3	3
Technology Development	23	25	25	25
Community Development	138	132	132	132
Housing Development	85	86	86	86
International Trade	24	20	20	20
Travel and Tourism	17	11	11	11
Strategic Research	12	7	7	7
Minority Business Development	12	11	11	11
Urban Development	2	3	3	3
Administration	111	90	90	90
Totals	519	466	466	466

These staffing levels reflect the number of full time positions (FTEs) employed by Development as identified in the Department’s agency two most recent biennial budget requests and as reflected through recent Controlling Board actions. These figures include interns employed by Development.

*Please note that the estimated numbers for FYs 2004 and 2005 are subject to change. The Department has not finalized staffing levels relating to the most recent executive order cuts.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the Department's activities and spending decisions during the next biennium.

Permanent Law Provisions

Duties of the Department of Development (R.C. section 122.04)

This change adds the "promotion of economic growth in Ohio" to the duties of the Department of Development. There is no direct fiscal effect associated with this provision.

Name Change for the Ohio One-Stop Business Permit Center (R.C. section 122.08)

The bill changes the name of the Ohio One-Stop Business Permit Center, which is operated by the Department's Office of Small Business, to the Ohio First-Stop Business Connection. There is no direct fiscal impact associated with this provision.

Eliminates the Defense Conversion Assistance Program (R.C. section 122.12)

The statute creating the Defense Conversion Assistance Program is eliminated in the bill. This program has not received funding since FY 2001.

Removes Written Determination Requirement for Rural Industrial Park Loan Program (R.C. section 122.25)

This change in permanent law removes the requirement that the Director of Development must provide the Joint Legislative Committee on Tax Incentives with copies of the Director's written determinations on job relocations under the Rural Industrial Park Loan Program. This change has no direct fiscal impact.

Changes to the Clean Ohio Council Membership (R.C. section 122.651)

The bill adds the Lieutenant Governor or the Lieutenant Governor's designee as a member of the Clean Ohio Council. The bill also removes the Director of Development as the chairperson of the Council and instead requires the Governor to appoint a member of the Council to serve as chairperson. The bill requires the Director of Development to serve as vice-chairperson unless appointed to be chairperson of the Council by the Governor; if the Director of Development is appointed chairperson, then the Council must select a vice-chairperson from among its members. There is no direct fiscal impact from this change in law.

Removes Deadline for Use of Clean Ohio Revitalization Fund Investment Earnings (R.C. section 122.658)

The deadline, July 26, 2001, after which investment earnings credited to the Clean Ohio Revitalization Fund, can no longer be used to pay costs incurred by the Department of Development or the Environmental Protection Agency for purposes of the brownfield portion of the Clean Ohio Program is eliminated from permanent law. This change means that investment earnings can be used for those purposes indefinitely, and appropriations of \$150,000 in each fiscal year have been recommended by the Executive in this budget proposal.

Encouraging Diversity, Growth, and Equity (EDGE) Program Implementation and Bonding Requirements (R.C. sections 122.87, 122.88, 122.90, and 122.153)

The bill requires the Director of Development to assist the Director of Administrative Services in the implementation of the EDGE Program, and requires them to issue a detailed report to the Governor by December 31, 2003, regarding the implementation of the EDGE Program. The bill also allows the Director of Development to guarantee bonds executed by sureties for minority business enterprises and EDGE business enterprises as principals on contracts with the state and any political subdivision or instrumentality, or any person as the obligee and establishes parameters for such guaranty bonds. This change may increase the administrative expenditures of the Department relating to the issuance of the detailed report, as well as the expenditures relating to the bond guarantees.

Change in Ohio Housing Finance Agency (OHFA) Chairperson and Election of Vice-Chairperson (R.C. section 175.03)

The bill removes the Director of Development or the Director's designee as the chair of the OHFA, and instead directs the Governor to appoint the Chairperson. The bill permits any OHFA member to be elected to vice-chairperson; this change allows the Director of Commerce or the Director of Development or either of their designees to serve as vice-chairperson, if elected. There is no direct fiscal effect associated with this provision.

Housing Trust Fund Fees Collected by County Recorders (R.C. sections 175.21, 175.22, 317.32, 317.36, 319.63, 1563.42, 1792.59, 2505.13, 4141.23, 4509.60, 5111.021, 5310.15, 5719.07, 5727.56, 5733.22, 6101.09, 6115.09)

The bill establishes 45 different Housing Trust Fund fees that county recorders must collect. These fees are in addition to the service fees that recorders currently charge when items are filed for recording. The amount of the new fee is equal to the amount recorders charge as a base fee for the particular service, thereby doubling the amount of fees that recorders charge. These new fees will provide a dedicated source of funding for the Department of Development (ODOD) and the Ohio Housing Finance Agency (OHFA) because the fees are included in "permanent" law. The county auditor will transfer the fees to the Treasurer of State for deposit directly into the Housing Trust Fund, which exist under continuing law and is one source of revenue for ODOD and OHFA programs. New fees include:

- a \$5 housing trust fund fee when maps of abandoned mines are filed;
- a \$2 fee when a certificate is filed for the release of a property tax lien;
- a fee of \$50 when a zoning resolution is filed; and
- a fee of \$1 per page for photocopying a document other than at the time of recording.

The change allows county auditors to retain 1% of the amount collected for expenses if the auditor pays amounts to the Treasurer of State in timely manner. The change also requires that amounts received by the Treasurer over \$50 million must be deposited in the state's General Revenue Fund (GRF).

- The bill stipulates new requirements for expenditure of moneys from the Housing Trust Fund including: not more than 6% of current year appropriation authority for transitional and permanent housing program;

- not more than 5% for grants and loans to community development corporations and the Ohio Community Development Finance Fund (a private nonprofit corporation);
- at least \$100,000 for training and technical assistance to nonprofit development organizations in underserved areas;
- not more than 7% for the emergency shelter housing grants program,
- at least \$250,000 to the Department of Aging for the resident services coordinator program (proposed elsewhere in bill); and
- not more than 6% for administration of the Housing Trust Fund.

Please see *Issues of Interest* in the Overview Section for an analysis of the use of county recorder fees as a revenue source for the Housing Trust Fund. This provision has a direct fiscal effect on local governments, in particular requiring county recorders to collect additional fees and transmit them to the Treasurer of the State. Provided that the county recorders transmit these Housing Trust Fund fees in a timely manner, they are permitted to retain 1% of the fees collected for administrative expenses.

Enterprise Zone Authority Extended (R.C. sections 5709.62, 5709.63, and 5709.632)

The bill extends the authority of a municipal corporation or board of county commissioners to enter into enterprise zone agreements to June 30, 2009. The law was scheduled to expire on June 30, 2004. If the enterprise zone agreement pertains to an enterprise zone certified by the Director of Development before July 22, 1994, then the authority is extended until October 15, 2009.

Temporary Law Provisions

Thomas Edison Program – Operating Expenses (Section 38.01)

Temporary law requires that funds from appropriation line item 195-401, Thomas Edison Program, must be used for cooperative public and private efforts in technological innovation to promote the development and transfer of technology by and to Ohio businesses that will lead to the creation of jobs. Temporary law earmarks no more than \$2 million in FY 2004 and \$2.3 million in FY 2005 to be used for the Technology Division's operating expenses in administering this program.

Small Business Development (Section 38.02)

Temporary law provides grants to support Small Business Development Centers and other local activity promoting small business through technical, financial and management consultation services, and operations of the 1st-Stop Business Permit Center.

Minority Business Development Division (Section 38.02)

Temporary law requires that no more than \$1,060,000, but no less than \$954,000 in each fiscal year can be used to fund minority contractors and business assistance organizations.

Coal Research Development (Section 38.03)

Temporary law specifies that the appropriation for line item 195-408, Coal Development Office, shall be used for administrative costs of the Coal Development Office.

Business Development (Section 38.04)

Temporary law earmarks funds for Business Development Grants, used for attracting and retaining business opportunities within the state. Funds, not to be released prior to Controlling Board approval, will be used for infrastructure improvements, both to political subdivisions and private businesses with the purpose of creating or retaining a significant number of jobs within the state. Grant awards can be made only when the project's viability hinges on an award of funds, all other public and private sources of financing have been considered, and the funds act as a catalyst for the infusion of other financing sources into the project.

First Frontier Match (Section 38.05)

Temporary law specifies that appropriation line item 195-414, First Frontier Match, must be used as matching funds for local, regional, or state marketing campaigns for "targeted" counties, counties with populations of 175,000 or less. Moneys may be used for either marketing programs by individual targeted counties or for regional marketing campaigns including at least one targeted county.

Economic Development Division and Regional Office (Section 38.05)

Temporary law requires that appropriation line item 195-415, Economic Development Division and Regional Offices, be used for operating expenses of the Economic Development Division and the regional economic development offices, and grants for cooperative economic development ventures.

Governor's Office of Appalachia (Section 38.06)

The section requires that funds in appropriation line item 195-416, Governor's Office of Appalachia, be used for the administrative expenses of planning and liaison activities or special project grants for the Governor's Office of Appalachia. Temporary law also requires that up to \$250,000 in each fiscal year must be used to match federal funds from the Appalachian Regional Commission to provide job training to impact the Appalachian Region of Ohio.

Urban/Rural Initiative (Section 38.06)

Temporary law requires that appropriation line item 195-417, Urban/Rural Initiative, shall be used to make Urban and Rural Initiative Grants.

Third Frontier Action Fund (Section 38.07)

The bill requires that funds in appropriation line item 195-422, Third Frontier Action Fund, must be used to make technology-related grants, which must be approved by the Third Frontier Commission and the Controlling Board. Temporary law also requires that no more than 6% of the line item can be used in each fiscal year for operating expenditures. Additionally, \$1.5 million within the biennium must be made available for proposal analysis, research, analyses, and marketing efforts deemed necessary to receive and disseminate information about science and technology related opportunities.

Science and Technology Collaboration (Section 38.07)

The bill requires the Department of Development to collaborate with the Board of Regents and the Third Frontier Commission to ensure implementation of a coherent state strategy with respect to science and technology. The bill requires that the Third Frontier Commission annually review various programs in ODOD and BOR in relation to their overall contribution to the state's science and technology strategy.

International Trade (Section 38.08)

Temporary law appropriates funds to operate and maintain Ohio's out-of-state trade offices, to fund the International Trade Division and to assist Ohio manufacturers and agriculture producers in exporting to foreign countries in conjunction with the Department of Agriculture. The appropriation allows up to \$35,000 to be used to purchase gifts for foreign representatives or dignitaries.

Ohio Investment in Training Program (Section 38.09)

Temporary law requires funds from line item 195-434, Investment in Training Grants, be used to promote training through grants for the reimbursements of eligible training expenses.

CDBG Operating Match and State Operating Match (Section 38.10)

Temporary law requires appropriation line item 195-497, CDBG Operating Match, to be used to provide matching funds as required by the U.S. Department of Housing and Urban Development for the federally funded Community Development Block Grant; appropriation line item 195-498, State Energy Match, must be used to provide matching funds as required by the U.S. Department of Energy for the State Energy Plan.

Travel and Tourism Grants (Section 38.11)

Temporary law earmarks the following: up to \$160,000 in each fiscal year of the biennium be used to support the outdoor dramas Trumpet in the Land, Blue Jacket, Tecumseh and the Becky Thatcher Showboat Drama; \$40,000 in each fiscal year for the Cincinnati Film Commission; \$600,000 in each fiscal year for the International Center for the Preservation of Wild Animals; and \$40,000 in FY 2004 for the U.S. Senior Open in Toledo.

Coal Research and Development General Obligation Debt Service (Section 38.12)

Temporary law requires that line item 195-906, Coal Research and Development General Obligation Debt Services, be used to pay all debt service and financing costs during the next biennium. The Office of the Sinking Fund or the Director of Budget and Management shall effectuate the required payments by an intrastate transfer voucher.

Third Frontier Research and Commercialization General Obligation Debt Service (Section 38.12)

The bill requires that funds in appropriation line item 195-905, Third Frontier Research & Commercialization General Obligation Debt Service, be used to pay the costs and debt service on obligations issued for research and development under Section 2p of Article VIII, Ohio Constitution.

Supportive Services (Section 38.13)

Temporary law provides credits for the cost of central service operations by a division of the Department. A plan assessing the operating costs of the Department's divisions must be approved by the Office of Budget and Management by August 1st of each fiscal year.

General Reimbursement (Section 38.13)

Temporary law requires that appropriation line item 195-636, General Reimbursements shall be used for conference and subscription fees and other reimbursable costs. Revenues received consist of fees charged for conferences, subscriptions and other administrative costs.

HEAP Weatherization (Section 38.14)

Temporary law requires that 15% of federal funds received in appropriation line item 195-611, Home Energy Assistance Block Grant, be transferred to the HEAP Weatherization line item to be used for home weatherization services.

State Special Projects (Section 38.14)

The bill requires that private-sector funds received from utility companies be deposited into this account and used to pay the expenses of verifying income-eligibility levels of HEAP applicants, to market economic development activities, and to leverage additional federal funds. Temporary law also requires state funds be used to match federal housing grants for the homeless.

Minority Business Enterprise Loan (Section 38.15)

Temporary law authorizes all repayments from line item 195-411, Minority Development Financing Advisory Board Loan Program, and the Ohio Mini-Loan Guarantee Program be deposited into the Minority Business Enterprise Loan Fund (Fund 4W1) to pay all operating costs of the Minority Business Enterprise Loan Fund.

Minority Business Bonding Fund (Section 38.15)

Temporary law permits that upon the recommendation of the Minority Development Financing Advisory Board up to \$10 million of unclaimed funds administered by the Director of Commerce may be allocated to the Minority Business Bonding Program over the biennium. It allows cash to be transferred by the Director of Budget and Management from the Department of Commerce's Unclaimed Funds Fund (Fund 543) to the Department of Development's Minority Business Bonding Fund (Fund 449), but only if such funds are needed for payment of losses arising from the Minority Business Bonding Program. This transfer can only occur after an initial transfer of \$2.7 million is made via the Controlling Board. Moneys transferred for this purpose by the Director of Budget and Management may be held by the Treasurer of State in custodial funds. A direct fiscal impact results from the transfer of up to \$10 million of Unclaimed Funds from the Department of Commerce to the Department of Development.

Minority Business Bonding Fund Administration (Section 38.15)

Temporary law requires that investment earnings of the Minority Business Bonding Fund shall be credited to line item 195-624, Minority Business Bonding Program Administration Fund.

Economic Development Financing Operating (Section 38.16)

Temporary law requires that appropriation line item 195-625, Economic Development Financing Operating, shall be used for the operating expenses of financial assistance programs authorized under the Economic Development Programs in the Revised Code.

Universal Service Fund (Section 38.16)

Temporary law requires that appropriation time 195-659, Universal Service Fund, shall be used to provide electric utility assistance payments for Percentage of Income Payment Plan (PIPP) electric accounts; to fund targeted energy efficiency and customer education services to PIPP customers; and to cover the Department's administrative costs related to the Universal Service Fund programs. The fiscal impact is \$170 million per year to this fund.

Energy Efficiency Revolving Loan Fund (Section 38.16)

Temporary law established that line item 195-660, the Energy Efficiency Revolving Loan Fund, be used to provide financial assistance to customers for eligible energy efficiency projects for residential, commercial and industrial businesses, local government, educational institutions, nonprofit and agriculture customers, and to pay for the program administrative costs. Direct fiscal ramifications stem from the appropriation of \$12 million for this program.

Volume Cap Administration (Section 38.16)

Temporary law requires that appropriation line item 195-654, Volume Cap Administration, be used for administrative expenses of the Volume Cap program. Revenues received by the fund consist of application fees, forfeited deposits, and interest earned from the custodial account.

Facilities Establishment Fund (Section 38.17)

Temporary law requires that appropriation line item 195-615, Facilities Establishment, shall be used for purposes of the Facilities Establishment Fund. Temporary law also requires that up to \$1.8 million can be transferred from the Facilities Establishment Fund (Fund 037) to the Economic Development Financing Operating Fund (Fund 451). Up to \$20,475,000 has been earmarked for transfer over the biennium to the Urban Development Loans Fund (Fund 5D2) for the purpose of the removing barriers to urban core development. Temporary law also permits up to \$5 million to be transferred to the Rural Industrial Park Loan Fund (Fund 4Z6).

Family Farm Loan Program (Section 38.17)

Temporary law allows up to \$1.5 million per fiscal year to be transferred from the Facilities Establishment Fund (Fund 037) to the Family Farm Loan Fund (Fund 5H1); these transferred moneys must be used for loan guarantees.

Rural Development Initiative Fund (Section 38.17)

The bill permits the Director of Budget and Management to transfer \$5 million in each fiscal year for the Rural Development Initiative Fund from the Facilities Establishment Fund (Fund 037); these moneys can be used to make grants to applicants in Appalachian counties and in rural distressed counties. Preference must be given to applicants in Appalachian counties. To be eligible for assistance, the applicant must also

qualify and receive funding under the Rural Industrial Park Loan Program. The Fund is set to sunset on June 30, 2007.

Capital Access Loan Program (Section 38.17)

Temporary law requires that appropriation line item 195-628, Capital Access Loan Program, must be used for operating, program, and administrative expenses of the program. The bill permits the transfer of up to \$3 million from the Facilities Establishment Fund (Fund 037) to the Capital Access Loan Program Fund (Fund 5S9) to be used to assist participating financial institutions in making program loans to eligible businesses that face barriers in accessing working capital and obtaining fixed asset financing.

Clean Ohio Operating Expenses (Section 38.18)

Temporary law requires funds in appropriation line item 195-663, Clean Ohio Operating, to be used by ODOD for administering the Clean Ohio Revitalization Fund.

REQUESTS NOT FUNDED

Information in this section was derived from analysis of the agency’s budget submission and information provided by the Governor’s office of Budget & Management concerning the funding of specific agency requests, which may or may not convey precisely the degree to which requests were not funded or whether an agency will or will not proceed with an initiative in whole or in part. The breakdown conforms to the multiple program series of the agency.

ECONOMIC DEVELOPMENT- P001						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF 195-905	\$0	\$0	\$0	\$0	\$7,360,000	\$7,360,000
GRF 195-515	\$12,500,000	\$10,000,000	(\$2,500,000)	\$12,500,000	\$10,000,000	(\$2,500,000)
TOTAL	\$12,500,000	\$10,000,000	(\$2,500,000)	\$12,500,000	\$17,360,000	\$4,860,000

The ODOD did not request appropriation authority that would be used to pay for debt service on bonds issued for research and commercialization under the Governor’s Third Frontier Project. The executive recommendations included funding for debt service on these bonds. With a reduced level of funding for appropriation line item 195-515, Economic Development Contingency, the Department will not be able to provide as many economic development projects with assistance.

APPALACHIAN DEVELOPMENT – P002						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF 195-414	\$483,984	\$399,987	(\$83,997)	\$483,984	\$399,987	(\$83,997)

Line item 195-414, First Frontier Match, provides funding for marketing campaigns in targeted Appalachian counties with populations of less than 175,000 residents and grants relating to these purposes. The program matches state dollars with local funds to produce marketing programs; the requested funding would have provided additional moneys for these activities. While this program was not fully funded, a State Marketing Program was funded in appropriation line item 195-433, State Marketing Program, and will provide a statewide marketing strategy for establishing a brand identity for Ohio.

TECHNOLOGY DEVELOPMENT – P003						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF 195-408	\$634,162	\$588,041	(\$46,121)	\$697,578	\$599,802	(\$97,776)

Funding in this line item provides administrative support for the program. Currently, the Ohio Coal Development Office is operating at a reduced staffing level; the additional funds would have been used to provide an increased capacity for compliance monitoring of projects and a higher level of reporting of the success of the program.

COMMUNITY DEVELOPMENT – P004						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF 195-505	\$5,000,000	\$0	(\$5,000,000)	\$5,000,000	\$0	(\$5,000,000)

The Department requested \$5.0 million for the Utility Bill Credits Program. The executive recommendations have eliminated funding for this program; instead, assistance will be available to elderly and disabled low-income households through the Percentage of Income Payment Plan (PIPP) and appropriation line item 195-610, Oil Overcharge.

HOUSING DEVELOPMENT – P005						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
3K8 195-613	\$164,041	\$0	(\$164,041)	\$164,041	\$0	(\$164,041)
3X3 195-619	\$6,500,000	\$0	(\$6,500,000)	\$6,500,000	\$0	(\$6,500,000)
445 195-617	\$190,551	\$0	(\$190,551)	\$181,341	\$0	(\$181,341)
TOTAL	\$6,854,592	\$0	(\$6,854,592)	\$6,845,382	\$0	(\$6,845,382)

The executive did not approve the use of Community Development Block Grant funds (Fund 3K8) for emergency shelters; funding will be provided for these activities under the Housing Trust Fund. The executive also did not approve continued funding of the TANF Housing Program (Fund 3X3). Additionally, the Department will not be able to implement a new component of the housing development program, a loan-financing program offered by the Treasurer of State (through Fund 445). Funds requested were for administrative expenses of the program, including review of applications and authorization of the pooling of loans to be purchased as a marketable security by the Treasurer.

TRAVEL & TOURISM – P007						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF 195-407	\$5,887,388	\$4,549,345	(\$1,338,043)	\$6,476,127	\$4,549,345	(\$1,926,782)
GRF 195-507	\$1,037,500	\$840,000	(\$197,500)	\$1,037,500	\$840,000	(\$197,500)
TOTAL	\$6,924,888	\$5,389,345	(\$1,535,543)	\$7,513,627	\$5,389,345	(\$2,124,282)

Appropriations in these line items assist local and regional organizations with their tourism marketing and promotion efforts. Reduced funding of this line item causes less money to be available for travel and tourism grants and marketing promotions. The Department will be unable to implement its new program of seeking out and forming marketing partnerships with private sector companies.

URBAN DEVELOPMENT – P010						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF 195-426	\$585,233	\$558,632	(\$26,601)	\$643,756	\$586,563	(\$57,193)

Funds not provided for in the executive recommendation were to be used for additional staffing in the Office of Urban Development. Staff levels will remain the same under this appropriation level.

ADMINISTRATION – P011						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF 195-100	\$2,695,236	\$0	(\$2,695,236)	\$3,020,115	\$0	(\$3,020,115)
GRF 195-200	\$454,227	\$0	(\$454,227)	\$449,227	\$0	(\$449,227)
GRF 195-300	\$197,408	\$0	(\$197,408)	\$167,000	\$0	(\$167,000)
GRF 195-321	\$0	\$2,695,236	\$2,695,236	\$0	\$3,020,115	\$3,020,115
GRF 195-433	\$8,800,000	\$750,000	(\$8,050,000)	\$10,800,000	\$1,000,000	(\$9,800,000)
TOTAL	\$12,146,871	\$3,445,000	(\$8,701,635)	\$14,436,342	\$4,020,115	(\$10,416,227)

Three of the Department’s line items: 195-100, Personal Services; 195-200, Maintenance; and 195-300, Equipment, have been restructured into a new single line item 195-321, Operating Expenses, to better accommodate management flexibility. In the executive recommendations, the Strategic Research Program Series, formerly Program Series 8, has been included in the Administration Program Series, Series 11. Funds requested but not provided in the executive recommendations were to be used for the ongoing replacement of hardware and software, and computer maintenance. Additionally, the Office of Strategic Research did not receive all of the funding that it requested.

Included in the Administration Program Series is a request for funding of a state marketing program in appropriation line item 195-433, State Marketing Program. Significantly reduced funding of this line item will greatly reduce the Department’s ability to administer a statewide marketing program, which will be administered through appropriation line item 195-433, State Marketing Program.

Clean Ohio Revitalization Fund

003 195-663 Clean Ohio Operating

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$0	\$150,000	\$150,000	\$150,000
	N/A	N/A	N/A	0.0%	0.0%

Source: CLF: Interest earned on Clean Ohio Revitalization Fund

Legal Basis: Section 10 of Am. Sub. H.B. 3 of the 124th G.A. and Section 41 of Am. Sub. H.B. 94 of the 124th G.A.

Purpose: This line item provides moneys for the implementation and expenses associated with administering the Clean Ohio Revitalization Fund, under Article VIII, Section 2o of the Ohio Constitution. Revitalization bonds are issued to finance brownfield revitalization projects; debt service is paid by the Department of Commerce from liquor profits. Interest earnings on the Clean Ohio Revitalization Fund pay for these expenses. GRF line item 195-426, Clean Ohio Implementation, also funds expenses associated with the Clean Ohio Revitalization Fund.

General Revenue Fund

GRF 195-100 Personal Service

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$2,575,572	\$2,503,241	\$2,426,520	\$2,363,771	\$0	\$0
	-2.8%	-3.1%	-2.6%	-100.0%	N/A

Source: GRF

Legal Basis: ORC 122

Purpose: This line item provides funds for payroll and fringe benefits for a portion of the Department of Development personnel. Beginning in FY 2004, three line items: 195-100, Personal Services, 195-200, Maintenance, and 195-300, Equipment, will be transferred to appropriation item 195-321, Operating Expenses.

GRF 195-200 Maintenance

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$642,069	\$560,335	\$555,675	\$486,614	\$0	\$0
	-12.7%	-0.8%	-12.4%	-100.0%	N/A

Source: GRF

Legal Basis: ORC 122

Purpose: This line item provides funds for a portion of the Department of Development maintenance costs. Beginning in FY 2004, three line items: 195-100, Personal Services, 195-200, Maintenance, and 195-300, Equipment, will be transferred to appropriation item 195-321, Operating Expenses.

GRF 195-300 Equipment

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$135,659	\$65,526	\$66,448	\$89,280	\$0	\$0
	-51.7%	1.4%	34.4%	-100.0%	N/A

Source: GRF

Legal Basis: ORC 122

Purpose: This line item provides funds for a portion of the Department of Development equipment costs. Beginning in FY 2004, three line items: 195-100, Personal Services, 195-200, Maintenance, and 195-300, Equipment, will be transferred to appropriation item 195-321, Operating Expenses.

GRF 195-321 Operating Expenses

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$0	\$0	\$2,695,236	\$3,020,115
	N/A	N/A	N/A	N/A	12.1%

Source: GRF

Legal Basis: Proposed in the main operating appropriations bill of the 125th G.A.

Purpose: Beginning in FY 2004, this line item will fund the payroll, fringe benefits, maintenance, and equipment costs for the agency; three line items: 195-100, Personal Services, 195-200, Maintenance, and 195-300, Equipment, will be transferred to this line item.

GRF 195-401 Thomas Edison Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$25,030,630	\$25,022,180	\$18,514,946	\$16,334,934	\$18,256,392	\$18,774,084
	0.0%	-26.0%	-11.8%	11.8%	2.8%

Source: GRF

Legal Basis: ORC 122.33 and Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: This line item supports various technology development activities including seven Edison Technology Centers, ten Edison Technology Incubators, Great Lakes Industrial Technology Center (GLITeC), Great Lakes Manufacturing Technology Center (GLMTC), Wright Technology Network (WTN), NASA Glenn Research Center, and Lake Erie Manufacturing Extension Center.

Since FY 1990, funds in this account have supported the Small Business Innovation Research Program. Since FY 1996, this account has provided funding for the Center for Advanced Liquid Crystalline Optical Materials (ALCOM) at Kent State University. Funding for the Center for Industrial Sensors and Measurement (CISM) at The Ohio State University has been discontinued.

GRF 195-404 Small Business Development

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$2,420,300	\$2,539,499	\$2,294,712	\$1,996,712	\$1,740,722	\$1,740,722
	4.9%	-9.6%	-13.0%	-12.8%	0.0%

Source: GRF

Legal Basis: ORC 122.08 (originally established by Am. Sub. S.B. 239 and Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: This line item provides matching funds (1:1) to the federally funded Small Business Development Center (SBDC) program reflected in line item 195-609, Federal Projects Small Business. Grants are awarded to 38 local affiliates to fund activities that promote small businesses, including 1st-Stop Business Enterprise Centers, Small Business Registrar, Women’s Business Resource Program, as well as the eVantage Ohio program. Activities may include technical assistance, financial assistance, and management consultation.

GRF 195-405 Minority Business Development Division

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$2,041,985	\$2,373,482	\$2,218,355	\$1,859,103	\$1,620,755	\$1,669,378
	16.2%	-6.5%	-16.2%	-12.8%	3.0%

Source: GRF

Legal Basis: ORC 122.92 through ORC 122.93 (originally established by Am. Sub. H.B. 155 of the 111th G.A.)

Purpose: Moneys from this account support the Minority Business Development Division’s activities as an advocate for minority businesses, as a facilitator of services offered by the Department, and as a consultant providing technical, managerial and counseling services. Historically, these funds have paid for staff operating expenses and various minority business assistance programs, including the Minority Business Information System (MBIS), the Minority Contractors and Business Assistance Program (MCBAP) in the state's major urban centers, and the Ohio Procurement Technical Assistance Program. During the FYs 2003-03, at least \$1.06 million in each FY is used to fund minority contractors and business assistance organizations.

A new 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 component that will pair larger companies as mentors to EDGE Program participants to benefit both companies commercially. The EDGE program will be funded through this line item and will operate in conjunction with the Department of Administrative Services.

Assistance to minority businesses is also provided in (FED Fund 308) appropriation item 195-609, Small Business Administration.

GRF 195-406 Transitional & Permanent Housing

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$2,828,614	\$2,545,853	\$2,922,213	\$2,538,848	\$0	\$0
	-10.0%	14.8%	-13.1%	-100.0%	N/A

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This item supports grants awarded to local governments and eligible nonprofit organizations for the provision of transitional and permanent housing for homeless persons. Grant moneys may be combined with federal or local subsidies and used for renovation, conversion, repair, maintenance, operating, and supportive services for both new and existing housing for homeless persons.

Beginning in FY 2004, the GRF will no longer act as the funding stream for housing programs. The executive budget proposes to replace the GRF with an increase in county recorder fees that will serve as the new permanent funding source for the Housing Trust Fund. The executive proposes to shift this program to appropriation item 195-638, Low and Moderate Income Housing Trust Fund.

GRF 195-407 Travel and Tourism

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$6,034,792	\$6,916,480	\$4,405,656	\$5,218,368	\$4,549,345	\$4,549,345
	14.6%	-36.3%	18.4%	-12.8%	0.0%

Source: GRF

Legal Basis: ORC 122.07 (originally established by Am. Sub. H.B. 155 of the 111th G.A.)

Purpose: Moneys in this line item are used to promote travel and tourism in Ohio. The operating expenses of the Division of Travel and Tourism, as well as advertising and marketing costs, are paid from this line item. Activities include the state's travel and tourism website, 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 by this appropriation item 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, subsidies for local travel and tourism events have been provided for through line item 195-507, Travel & Tourism Grants.

GRF 195-408 Coal Research Development

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$598,433	\$582,376	\$573,802	\$562,099	\$588,041	\$599,802
	-2.7%	-1.5%	-2.0%	4.6%	2.0%

Source: GRF

Legal Basis: ORC 1551.30 through 1551.36 and 1555 (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: These moneys pay for the administrative costs of evaluating and processing research proposals and grant administration, which contribute to the development of clean coal technology as a major energy resource.

GRF 195-409 Energy Credit Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$660,512	\$4,094	\$0	\$0	\$0
	N/A	-99.4%	-100.0%	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established by Am Sub. S.B. 245 of the 123rd G.A.)

Purpose: This item funded operating expenses and other expenses related to administration of public utility and energy efficiency programs.

Under Electric Deregulation, these activities and administrative expenses are now funded through line items 195-659, Universal Service, and 195-660, Energy Efficiency Revolving Loan Program. This line item previously funded the administrative costs of the Utility Bill Credits Program, which was funded through appropriation item 195-505, Utility Bill Credits, prior to FY 2004.

GRF 195-410 Defense Conversion Assistance

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$568,777	\$896,375	\$128,958	\$0	\$0	\$0
	57.6%	-85.6%	-100.0%	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 122.12 and by Sub. H.B. 715 of the 120th G.A.)

Purpose: This line item funded the operations and activities of Ohio's Defense Conversion Assistance Program, an effort providing technical, financial and educational assistance to communities faced with adverse impacts attributed to reductions in federal defense spending. Biennial appropriations included matching funds for: (1) nine federally-accepted Technology Reinvestment Project (TRP) proposals that leveraged \$83.9 million in total project funds, and (2) subsidy moneys for the National Center for Industrial Competitiveness (NCIC) which attracted an additional \$10 million in federal funds.

GRF 195-411 Minority Development Financing Advisory Board

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$35,818	\$0	\$0	\$0	\$0	\$0
		N/A	N/A	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This item supported partial operations of the minority loan programs. Prior to FY 1990, these costs were covered by revenues derived from bond premiums and interest income through the former General Services Fund line item 195-624, Minority Contractor's Bonding Program Administration (now State Special Revenue Fund line item 195-624, Minority Business Bonding Program Administration).

These activities are now funded through line item 195-626, Minority Business Enterprise Loan Fund, and 195-405, Minority Business Development Division.

GRF 195-412 Business Development Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$8,041,778	\$17,139,161	\$6,622,400	\$8,905,530	\$9,796,082	\$10,775,690
	113.1%	-61.4%	34.5%	10.0%	10.0%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. H.B. 1064 of the 112th G.A.)

Purpose: Funding from this line item provides "412" incentive grants for infrastructure financing that is used to attract and retain business opportunities in Ohio. Grant awards, provided to governmental units or directly to a business for capital assets, may be considered only when (1) the project viability hinges on an award of 412 funds, (2) all other public or private sources of financing have been considered, and (3) these funds trigger other financing sources into the project. The Director of Development may recommend an alternative use of funds when a situation of extraordinary economic development opportunity or need arises. Moneys in this line item are subject to Controlling Board approval. Historically, these moneys have also supported the Ohio Steel Futures program.

Beginning in FY 2003, appropriation item 195-515, Economic Development Contingency, serves as an extension of the activities of the Business Development Grant Program.

GRF 195-414 First Frontier Match

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$516,113	\$437,165	\$493,639	\$389,987	\$399,987	\$399,987
	-15.3%	12.9%	-21.0%	2.6%	0.0%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Controlling Board on August 3, 1992)

Purpose: The First Frontier program supports partnerships that develop and execute marketing programs for economic development purposes. The program pays for national and international advertising and promotional activities pertaining to local economic development opportunities, which benefit both the region and the state. The program, originally available only in Ohio's Appalachian counties, was previously funded through line item 195-641, First Frontier, and line item 195-605, Supportive Services. A local match is required and is used to assist with advertising costs.

This line item was first funded in Am. Sub. H.B. 152 of the 120th G.A. to provide matching funds (1:1) for local governments or local economic development organizations located in counties with a population under 175,000 residents. Funds in this line item are used for marketing programs by "targeted counties" or regional marketing campaigns which include at least one "targeted county."

GRF 195-415 Economic Development Division & Regional Offices

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$6,343,064	\$6,101,074	\$6,563,313	\$5,594,975	\$6,814,283	\$6,645,589
	-3.8%	7.6%	-14.8%	21.8%	-2.5%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This item currently funds the administrative costs for the Office of Business Development (including 412 Business Development, 629 Road Work Development, Site Selection, Steel Development Initiative, and Ohio Port Authority Council), the Office of Training (including 195-434, Ohio Investment in Training Program), and the Governor's Regional Economic Development Offices.

Beginning in FY 2004, this line item will also fund the Ohio Broadband Link and eVantage Ohio programs, and expenses relating to the Third Frontier Project.

GRF 195-416 Governor's Office of Appalachia

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$811,325	\$1,775,403	\$2,491,594	\$4,372,324	\$4,634,434	\$4,918,967
	118.8%	40.3%	75.5%	6.0%	6.1%

Source: GRF

Legal Basis: ORC 107.21 and Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am Sub. H.B. 152 of the 120th G.A.)

Purpose: This item was created to provide matching funds (1:1) to support two federal projects: the ARC Technical Assistance Program and the Fund for Appalachian Industrial Retraining (FAIR) Program. The Governor's Office of Appalachia acts as an advocate to promote and assist Ohio's 29 Appalachia counties by improving the region through various economic and community development activities.

Up to \$250,000 in each FY is used to match federal funds from the Appalachian Development Commission for job training through the FAIR program; \$4.4M in each FY is used for projects to further the goals of the Appalachian Regional Commission; and \$500,000 in each FY is distributed in grants by the Appalachian Energy Grant Authority to support manufacturing.

GRF 195-417 Urban/Rural Initiative

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$5,138,089	\$2,019,950	\$1,315,244	\$676,065	\$589,390	\$589,390
	-60.7%	-34.9%	-48.6%	-12.8%	0.0%

Source: GRF

Legal Basis: ORC 122.20 and Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (established by Am. Sub. H.B. 442 of the 121st G.A.)

Purpose: This item was created to make grants to eligible applicants as provided for in sections 122.19 to 122.22 of the Revised Code. Grants under the Urban and Rural Initiative Grant program have been used for land acquisition, infrastructure improvements, voluntary actions or renovation of existing structures.

In Am. Sub. H.B. 94 of the 124th G.A., over \$965,000 in FY 2002 was earmarked for improving community and infrastructure improvements.

GRF 195-418 School-to-Work Training Initiative

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$249,144	\$39,663	\$0	\$0	\$0	\$0
	-84.1%		N/A	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item supported the implementation of school-to-work training activities. Temporary law required the department to provide opportunities for exchanges between business and labor to identify young worker training needs including curriculum development, training processes, testing and financing. This line also provided funding for up to six school-to-work demonstration projects for the purpose of training mentors that will directly oversee student workers.

GRF 195-421 Environmental Clean-up

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$1,446,060	\$72,515	\$0	\$0	\$0
	N/A	-95.0%	-100.0%	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established by Controlling Board action on August 26, 1996)

Purpose: Funds were transferred from line item 195-412, Business Development Grants, through a Controlling Board action and were used to pay the state's portion of environmental remediation costs at the state-owned site operated by North Star Steel in Youngstown; the environmental remediation allowed North Star Steel to expand their facilities.

GRF 195-422 Third Frontier Action Fund

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$563,828	\$6,124,503	\$12,590,896	\$13,790,000	\$19,169,000	\$20,685,900
	986.2%	105.6%	9.5%	39.0%	7.9%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item was created in the FY 1998-1999 biennium "to enhance Ohio's competitive position in federal research and development competitions, and to provide targeted funding for high priority technology initiatives." Originally, the Governor's Science and Technology Council established guidelines for the allocation of funds, and the Governor's Science Advisor managed the account. A fourteen-member Technology Action Board, chaired by the Governor's Science and Technology Advisor, promulgates rules, develops guidelines, oversees program activities, and approves grants. Release of grants is subject to Controlling Board approval.

This line item supports designated technology projects, including \$500,000 for the EMTEK/Delphi Project for Wire Break Technology in both FY 2002 and FY 2003.

Beginning in FY 2004, the executive proposes to abolish the Technology Action Board and establish the Third Frontier Commission to approve funding of projects under the Third Frontier Project. This line item was formerly called Technology Action Fund.

GRF 195-426 Clean Ohio Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$285,669	\$518,730	\$558,632	\$586,563
	N/A	N/A	81.6%	7.7%	5.0%

Source: GRF

Legal Basis: Section 10 of Am. Sub. H.B. 3 of the 124th G.A. and Article VIII, Section 2o of the Ohio Constitution

Purpose: This line item provided moneys for the administration of the Clean Ohio Revitalization Fund, under Article VIII, Section 2o of the Ohio Constitution. Revitalization bonds are issued to finance brownfield revitalization projects; debt service is paid by the Department of Commerce from liquor profits.

Am. Sub. H.B. 3 of the 124th G.A. eliminated funding of line item 195-510, Issue 1 Implementation, and created this line item to fund the expenses associated with the Clean Ohio Revitalization Fund.

GRF 195-428 Project 100

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$1,000,000	\$3,000,000	\$0	\$0	\$0	\$0
	200.0%		N/A	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: This one-time initiative provided matching funds for a federal initiative aimed at promoting the development and application of composites and composite processing technologies for use in infrastructure development, specifically for bridge deck replacement with composite materials. The National Composite Center, located in Kettering (Montgomery County), worked with Wright-Patterson Materials Laboratory to further develop standards for bridge sections made of polymer composite materials.

GRF 195-429 Y2K Compliance

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$10,000,000	\$0	\$0	\$0	\$0	\$0
		N/A	N/A	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: As a one-time initiative for the FY 2000-2001 biennium, these moneys served as seed funding for loans to local governments in need of assistance with computer system adaptations for the accurate reading of century dates or Y2K compliance. These funds were transferred to Development line item 195-658, Local Government Y2K Loan Program, in the General Services Fund Group, by the Director of Budget and Management.

GRF 195-431 Community Development Corporation Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$2,693,404	\$2,835,509	\$1,908,236	\$1,709,684	\$0	\$0
	5.3%	-32.7%	-10.4%	-100.0%	N/A

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This line item provides competitively awarded grants to community-based nonprofit corporations for training, technical assistance and capacity-building assistance. Grants are awarded for local development activities that benefit low- and moderate-income neighborhoods and that create affordable housing programs and permanent jobs in distressed areas of the state. The grant made to each community can not exceed local contributions to a project. Since FY 1990, this line item also includes funding for the Community Development Finance Fund (CDFF). The CDFF helps local, nonprofit organizations create affordable housing by matching local funds with state funds. The funds then leverage below market-rate loans from Ohio banks that finance local housing projects.

Beginning in FY 2004, the GRF will no longer act as the funding stream for housing programs. The executive budget proposes to replace the GRF with an increase in county recorder fees that will serve as the new permanent funding source for the Housing Trust Fund. The executive proposes to shift this program to appropriation item 195-638, Low and Moderate Income Housing Trust Fund.

GRF 195-432 International Trade

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$5,562,215	\$5,145,447	\$5,357,015	\$4,492,713	\$5,236,353	\$5,236,353
	-7.5%	4.1%	-16.1%	16.6%	0.0%

Source: GRF

Legal Basis: ORC 122.04(e) and 122.05 (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: These moneys support the division's out-of-state trade offices located in Brussels, Hong Kong, Johannesburg, Mexico City, Tel Aviv, Tokyo, and Toronto, as well as activities conducted by the Columbus office. The division assists Ohio manufacturers with exporting products to foreign markets. Trade presences in Brazil, Argentina and Chile are also funded through this line item.

GRF 195-433 State Marketing Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$0	\$0	\$750,000	\$1,000,000
	N/A	N/A	N/A	N/A	33.3%

Source: GRF

Legal Basis: Proposed in the main operating appropriations bill of the 125th G.A.

Purpose: This new initiative represents a business development marketing program within the Department that will help to establish a brand identity for Ohio in the high technology knowledge-based economy. Funding in this line item will help promote the department's graduate retention program by linking high tech jobs with the Third Frontier Program.

GRF 195-434 Investment in Training Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$11,250,636	\$14,809,270	\$14,473,692	\$12,227,500	\$13,450,250	\$14,795,275
	31.6%	-2.3%	-15.5%	10.0%	10.0%

Source: GRF

Legal Basis: ORC 122.01 (originally established by Am. Sub. H.B. 238 of the 116th G.A., and prior to that in Department of Education line item 200-514, Post Secondary Vocational Education)

Purpose: In an effort to expand operations, or retain or create jobs, funds in this line item provide for technical and financial assistance for employee training programs at new or existing companies. Historically, these moneys have supported job training for areas with high unemployment, and customized training assistance for construction workers.

During the FY 2002-2003 biennium, the Industrial Training Grants program name was changed to the Investment in Training Grants to better reflect the scope of the program.

GRF 195-436 Labor/Management Cooperation

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$1,015,382	\$1,042,071	\$1,043,606	\$931,262	\$811,869	\$811,869
	2.6%	0.1%	-10.8%	-12.8%	0.0%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This line item supports a network of area labor-management councils and university based labor-management centers which supply information on cooperative processes and provide specific training activities through an employee ownership program. The line item also supports a construction worker substance screening program and the Governor's Labor Liaison, who serves as a point of contact for labor organizations in the Governor's Office.

GRF 195-440 Emergency Shelter Housing Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$3,153,029	\$2,665,555	\$2,384,772	\$2,299,436	\$0	\$0
	-15.5%	-10.5%	-3.6%	-100.0%	N/A

Source: GRF

Legal Basis: ORC 122.66-122.702 (originally established by Sub. H.B. 515 of the 116th G.A. in the Department of Health; Am. Sub. H.B. 111 of the 118th G.A. transferred this line item to the Department of Development)

Purpose: This line item is used to make grants to private, nonprofit organizations, with preference given to emergency housing shelters. Grants from this program are awarded on a 50% matching basis (often coupled with federal funds), and cannot exceed \$120,000. Grant awards can pay for administrative costs, shelter operating costs, and supportive services, as determined by the department. An in-house review committee evaluates grant applications, determines grant amounts on a formula basis, and makes funding recommendations to the Director of Development.

Beginning in FY 2004, the GRF will no longer act as the funding stream for housing programs. The executive budget proposes to replace the GRF with an increase in county recorder fees that will serve as the new permanent funding source for the Housing Trust Fund. The executive proposes to shift this program to appropriation item 195-638, Low and Moderate Income Housing Trust Fund.

GRF 195-441 Low and Moderate Income Housing

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$7,760,000	\$7,527,200	\$17,535,257	\$15,380,138	\$0	\$0
	-3.0%	133.0%	-12.3%	-100.0%	N/A

Source: GRF

Legal Basis: ORC 175.21-175.25 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item was originally created to provide seed funding for activities of the Low and Moderate Income Housing Trust Fund. These funds are transferred to line item 195-638, Low and Moderate Income Housing Trust Fund, by the Director of the Office of Budget and Management via intrastate transfer voucher. Funds are used for the construction of new housing, renovation of existing housing, supportive services and the Migrant Housing Labor Camp Improvements Program.

ORC 175.21 requires that no more than 6% of the fund can be used for administrative expenses, that at least 45% funds awarded during a fiscal year must be used to make grants and loans to nonprofit organizations under ORC 175.22, and that not less than 45% of the funds awarded during a fiscal year must be used to make grants and loans for activities that will provide housing and housing assistance to families and individuals in rural areas and small cities that would not be eligible to participate as a participating jurisdiction under the "HOME Investment Partnerships Act," 104 Stat. 4094 (1990), 42 U.S.C. 12701 note, 12721.

Beginning in FY 2004, the GRF will no longer act as the funding stream for housing programs. The executive budget proposes to replace the GRF with an increase in county recorder fees that will serve as the new permanent funding source for the Housing Trust Fund. The executive proposes to shift this program to appropriation item 195-638, Low and Moderate Income Housing Trust Fund.

GRF 195-497 CDBG Operating Match Total

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$1,150,490	\$1,175,364	\$1,147,020	\$1,108,012	\$1,107,400	\$1,107,400
	2.2%	-2.4%	-3.4%	-0.1%	0.0%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

Purpose: These moneys are used to match federal funds received in line item 195-613, Community Development Block Grants. Larger cities directly receive funding from the federal government; for smaller cities and jurisdictions, the Department distributes the balance of the funding that is received in this line item.

GRF 195-498 State Match Energy

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$138,904	\$115,531	\$112,995	\$128,305	\$100,000	\$100,000
	-16.8%	-2.2%	13.5%	-22.1%	0.0%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

Purpose: These moneys are used to match federal funds received in line item 195-618, Energy Federal Grants, which are used to fund various energy projects, including energy conservation programs. The State Energy Plan includes outreach, client education, funding to public schools that incorporate energy education into their curriculum, information sharing to the general public and workshops.

GRF 195-501 Appalachian Local Development Districts

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$450,597	\$461,053	\$450,369	\$435,974	\$380,080	\$380,080
	2.3%	-2.3%	-3.2%	-12.8%	0.0%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 171 of the 117th G.A.)

Purpose: This line item provides funding to three regional organizations (Buckeye Hills in Marietta, Ohio Mideast Governments Association (OMEGA) in Cambridge and Ohio Valley Regional Development District (OVRDC) in Portsmouth) to aid in the development of all 29 counties in Appalachian Ohio. Moneys are used by these organizations to provide technical assistance to local governments, to serve as regional clearinghouse for information and to assist in planning functions.

GRF 195-502 Appalachian Regional Commission Dues

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$190,000	\$194,400	\$216,613	\$211,198	\$238,274	\$246,803
	2.3%	11.4%	-2.5%	12.8%	3.6%

Source: GRF

Legal Basis: ORC 107.21 (originally established by Controlling Board on November 18, 1965)

Purpose: These moneys provide the dues for Ohio's participation in the programs of the Appalachian Regional Commission (ARC). These programs benefit Ohio's 29 designated Appalachian counties in such areas as public facilities, highways and access road construction, health facilities operation, and childcare. Member states receive a share of the annual administrative budget for the Appalachian Regional Commission and the Office of the States' Washington representative. Each member state's share of the ARC budget is in the same proportion as the ARC funds it received during the previous two years for highway, access road and area development; other funding outside of the proportional distribution is also available for Ohio projects. Funds received in appropriation item 195-602, Appalachian Regional Commission, are tied to the dues that Ohio pays to the ARC.

GRF 195-505 Utility Bill Credits

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$7,493,625	\$6,805,365	\$4,899,177	\$0	\$0
	N/A	-9.2%	-28.0%	-100.0%	N/A

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by H.B. 657 of the 113th G.A.)

Purpose: This program provides cash payments for winter heating assistance to low-income elderly and disabled individuals. These payments are income-qualified based on federal guidelines that adjust income levels for family size. The program was originally administered by the Auditor of State, but Controlling Board action transferred responsibility to the Ohio Department of Taxation in FY 1986, who continued to administer the program until FY 2002. Am. Sub. H.B. 3 of the 123rd G.A. transferred the program from Taxation to Development in FY 2002.

Beginning in FY 2004, the executive proposes to eliminate funding for this program; energy assistance for eligible low-income households with elderly and/or totally and permanently disabled members will continue to be available through the Percentage of Income Payment Plan (PIPP) program and in line item 195-610, Oil Overcharge.

GRF 195-507 Travel and Tourism Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$1,841,950	\$1,599,000	\$1,205,525	\$1,011,563	\$840,000	\$840,000
	-13.2%	-24.6%	-16.1%	-17.0%	0.0%

Source: GRF

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: Moneys in this line item assist local and regional organizations with their tourism marketing and promotion efforts. As with past state tourism grants (previously through line item 195-407, Travel and Tourism), state funds are matched with local funds at a minimum ratio of one to one.

During the FY 2002-2003 biennium, temporary language earmarked nearly all of these funds for specific projects, including \$200,000 in each year for Ohio's outdoor dramas and \$750,000 in each fiscal year for the International Center for the Preservation of Wild Animals. Historically, all funding in this line item has been earmarked as grants.

GRF 195-513 Empowerment Zones/Ent/Communit

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$100,000	\$1,187,379	\$374,313	\$0	\$0	\$0
	1087.4%	-68.5%	-100.0%	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: This line item provided the state matching funds necessary to receive federal Urban Supplemental Empowerment Zone or Urban Enterprise Community funds, as designated by the U.S. Department of Housing and Urban Development. In FY 1996, state matching moneys of \$4,000,000 were used to leverage \$99 million in federal funds as a one-time grant. Three Ohio communities - Cincinnati, Columbus, and Portsmouth - were selected from over 500 applications nationwide to receive this one-time federal assistance, aimed at reversing the adverse effects of severely distressed, impoverished communities.

Federal funds were not recommended for this program in FY 2002.

GRF 195-515 Economic Development Contingency

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$0	\$9,750,000	\$10,000,000	\$10,000,000
	N/A	N/A	N/A	2.6%	0.0%

Source: GRF

Legal Basis: Proposed in the main operating appropriations bill of the 125th G.A.

Purpose: This new appropriation item will provide grants similar in nature to the Business Development Grant program, which is funded through appropriation item 195-412, Business Development Grants.

GRF 195-905 Third Frontier Research & Commercialization General Obligation Debt Service

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$0	\$0	\$0	\$7,360,000
	N/A	N/A	N/A	N/A	N/A

Source: GRF

Legal Basis: Proposed in the main operating appropriations bill of the 125th G.A.

Purpose: This line item will pay for the debt service of bonds issued under the Third Frontier Research and Commercialization Program. These bonds are likely to appear on the November 2003 ballot, for approval by Ohio voters.

GRF 195-906 Coal Research/Development General Obligation Debt Service

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$7,722,912	\$9,938,600	\$7,231,200	\$9,185,100
	N/A	N/A	28.7%	-27.2%	27.0%

Source: GRF

Legal Basis: ORC 151.07 (originally established by Section 15 of Article VIII of the Ohio Constitution, approved by voters on November 5, 1985)

Purpose: This line item pays debt service on bonds issued to provide moneys for financial assistance for research and development of clean coal technology that will encourage the use of Ohio coal. Not more than \$100 million in bonds may be outstanding in any single calendar year. Prior to FY 2002 this item was paid from the budget of the Commissioners of the Sinking Fund.

General Services Fund Group

135 195-605 Supportive Services

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$7,403,781	\$7,889,914	\$7,720,446	\$9,531,708	\$7,417,068	\$7,539,686
	6.6%	-2.1%	23.5%	-22.2%	1.7%

Source: GSF: Indirect cost charges to various other DEV line items

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Controlling Board on September 30, 1971)

Purpose: This line item pays for (1) internal services provided by the Director's Office, Legal, Legislative Affairs, Communications, Special Projects and Graphics, Human Resources, Fiscal, Audit, Information Technology, and Facilities Management; and (2) purchased services for business marketing and workshops; and (3) discretionary subsidies.

136 195-621 International Trade

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$1,778	\$0	\$0	\$24,915	\$24,915	\$24,915
		N/A	N/A	0.0%	0.0%

Source: GSF: Grants from the U.S. Department of Commerce

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: This line item funds activities of the Division of International Trade.

5F7 195-658 Local Government Y2K Loan Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$1,570,835	\$4,777,256	\$0	\$0	\$0	\$0
	204.1%		N/A	N/A	N/A

Source: GSF: A transfer from General Revenue Fund item 195-429, Y2K Compliance

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: As a one-time initiative for the FY 2000-2001 biennium, these moneys provided loans to counties, municipal corporations and townships to assist with computer system and technical adaptations needed for the accurate reading of century dates.

685 195-636 General Reimbursements

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$949,668	\$1,020,618	\$827,616	\$1,323,020	\$1,316,012	\$1,232,530
	7.5%	-18.9%	59.9%	-0.5%	-6.3%

Source: GSF: (1) Various Department of Development line items and (2) interagency payments to support activities in the Washington Office.

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This line item provides for reimbursement of staff salaries, conference fees, pool car charges, graphics and print charges and other expenses.

Beginning in FY 1996, this line item has paid for the marketing of economic development opportunity campaigns resulting from agreements facilitated by the Public Utilities Commission of Ohio.

Federal Special Revenue Fund Group

308 195-602 Appalachian Regional Commission

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$121,289	\$188,484	\$298,822	\$350,200	\$350,200	\$350,200
	55.4%	58.5%	17.2%	0.0%	0.0%

Source: FED: CDFA 23.011, Appalachian State Research, Technical Assistance, and Demonstration Projects

Legal Basis: ORC 107.21 (originally established by Controlling Board on November 18, 1965)

Purpose: Moneys pay for operating expenses of the Ohio Office of Appalachia and also for training and technical assistance activities. Required matching funds (1:1) come from line item 195-416, Governor's Office of Appalachia.

308 195-603 Housing & Urban Development

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$21,055,780	\$22,214,970	\$3,588,280	\$3,000,000	\$5,000,000	\$5,000,000
	5.5%	-83.8%	-16.4%	66.7%	0.0%

Source: FED: CFDA 14.241, Housing Opportunities for Persons with AIDS; CFDA 14.231, Emergency Shelter Grant Program

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Controlling Board on October 24, 1968)

Purpose: Funds in this line item provide community development services according to federal guidelines contained in each grant. The Housing for People with AIDS (HOPWA) program provides formula and project grants for the creation of rental housing, supportive services, housing finance counseling, and other services for persons with Acquired Immune Deficiency Syndrome (AIDS). The McKinney Emergency Shelter Grants (ESG) program provides formula grants to local governments and non-profit organizations that create or rehabilitate housing for the homeless and provide supportive services for the homeless. The large decrease in funding for FY 2002 represents the transfer of the HOME Investment Partnerships (HOME) program to the newly created Fund 3V1, line item 195-601, HOME Program; this change was necessitated by a change in the federal tracking system and software program.

308 195-605 Federal Projects

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$8,258,893	\$9,141,939	\$10,052,222	\$10,855,501	\$15,300,248	\$15,300,248
	10.7%	10.0%	8.0%	40.9%	0.0%

Source: FED: CFDA 81.042, Weatherization Assistance for Low-Income Persons

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Controlling Board on September 30, 1977)

Purpose: Home Weatherization Assistance Program (HWAP) provides funding for the weatherization of low-income households through the installation of weatherization materials and the education of eligible low-income clients about ways to reduce energy consumption and maintain materials that have been installed.

308 195-609 Small Business Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$2,910,691	\$4,420,332	\$3,511,222	\$3,830,057	\$4,196,381	\$4,296,381
	51.9%	-20.6%	9.1%	9.6%	2.4%

Source: FED: CFDA 59.037, Small Business Development Center (SBDC);

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 298 of the 119th G.A.)

Purpose: The SBDC grant requires equal matching funds or in-kind services from both state and local sources (\$1 Federal: \$1 State: \$1 Local). Appropriation item 195-404, Small Business Development, provides matching funds to the federal funds received in this line item that provide grants to promote small businesses.

308 195-618 Energy Federal Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$2,209,115	\$2,431,202	\$3,389,199	\$2,803,561	\$3,397,659	\$3,397,659
	10.1%	39.4%	-17.3%	21.2%	0.0%

Source: FED: CDFA 81.041, State Energy Conservation; CFDA 81.105, Energy Conservation for Institutional Buildings; National Industrial Competitiveness (NICE 3) grant

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 100 of the 115th G.A.)

Purpose: Moneys in this line item fund various energy projects including energy conservation programs. These federal dollars are matched with state funds provided in line item 195-498, State Energy Match. The State Energy Plan includes outreach, client education, funding to public schools that incorporate energy education into their curriculum, information sharing to the general public and workshops.

335 195-610 Oil Overcharge

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$6,423,482	\$5,359,894	\$1,664,616	\$2,500,000	\$8,500,000	\$8,500,000
	-16.6%	-68.9%	50.2%	240.0%	0.0%

Source: FED: CFDA 99.999, Oil Overcharge, which is from out-of-court legal settlements between the federal government and major oil companies, resulting from allegations claiming that oil companies overcharged consumers during the 1970's through a disregard of federal pricing policies

Legal Basis: ORC 5117.22 (originally established by Controlling Board action on November 17, 1983)

Purpose: Funds are distributed to the states by the federal government according to formulas based on each oil company's share of the market in each state. Funds are earmarked for energy conservation programs found in line items 195-605, Federal Projects, 195-611, Home Energy Assistance Program, and 195-618, Energy Grants. Each time a state wishes to receive these funds, it must submit plans which demonstrate that the proposed conservation programs:

1. Benefit the class of consumers injured by the oil company's overcharges, and
2. Expand conservation efforts, not supplant existing funds ear-marked for conservation.

The courts also require that interest earned on these funds be used to support the same programs that are eligible to receive the funds. This line item also supports activities of the Third Frontier Project, including fuel cell demonstration projects.

Beginning in FY 2004, the executive proposals to eliminate funding for GRF appropriation item 195-505, Utility Bill Credits, and use \$1.5 million of funds from this line item to provide energy assistance to low-income households.

380 195-622 Housing Development Operating

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$4,087,992	\$4,102,266	\$4,598,727	\$3,954,961	\$5,606,080	\$5,667,627
	0.3%	12.1%	-14.0%	41.7%	1.1%

Source: FED: CFDA 14.156, Section 8 HAP Administration. This line item receives an administrative fee equal to 3 percent of the average fair market rent for a two-bedroom unit.

Legal Basis: ORC 128.03 (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

Purpose: The Ohio Housing Finance Agency receives fees as payment as a contract administrator for the federal Housing Assistance Program (Section 8) for housing projects by monitoring tenant income eligibility. Fair market rents are determined by the U.S. Department of Housing and Urban Development (HUD).

3K8 195-613 Community Development Block Grant

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$63,913,759	\$58,760,990	\$60,918,095	\$65,088,961	\$65,000,000	\$65,000,000
	-8.1%	3.7%	6.8%	-0.1%	0.0%

Source: FED: CFDA 14.228, Community Development Block Grant

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A.

Purpose: The grant provides funds to community action programs and loans for state economic development projects to help low-income persons achieve self-sufficiency. Federal guidelines limit administration costs to 5 percent of the total grant amount; 95 percent is passed on to providers according to a formula specified in the current State Consolidated Plan. The moneys provide community development block grants for non-entitlement communities and programs that do not directly receive their funding from the federal government. The CDBG program requires a 50:50 state match which is provided by line item 195-497, State Match, for all administrative costs.

3K9 195-611 Home Energy Assistance Block Grant

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$57,520,858	\$72,826,093	\$81,242,929	\$62,000,000	\$85,036,000	\$85,036,000
	26.6%	11.6%	-23.7%	37.2%	0.0%

Source: FED: CFDA 93.568, Low-Income Energy Assistance (established by the "Low-Income Energy Assistance Act of 1981," 95 Stat. 893, 42 U.S.C.A. 862)

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. H.B. 1266 of the 113th G.A. and fund 3K9 established by H.B. 152 of the 120th G.A.)

Purpose: Funds are used to assist low-income households in meeting energy costs. The block grant allows up to 10 percent of the total grant amount to pay for administrative expenses. Fifteen percent of the funds received through this block grant are transferred to line item 195-614, HEAP Weatherization, for weatherization activities.

3K9 195-614 HEAP Weatherization

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$7,988,610	\$10,327,673	\$18,703,104	\$10,412,041	\$16,219,479	\$16,219,479
	29.3%	81.1%	-44.3%	55.8%	0.0%

Source: FED: CFDA 93.568, Low-Income Home Energy Assistance (15 percent set-aside for weatherization)

Legal Basis: ORC 4928.55 (originally established by Am. H.B. 1266 of the 113th G.A. and Fund 3K9 established by H.B. 152 of the 120th G.A.)

Purpose: HEAP (Home Energy Assistance Program) moneys in this line item fund home weatherization projects for low-income households throughout the state.

3L0 195-612 Community Services Block Grant

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$19,805,175	\$20,122,906	\$25,451,595	\$22,135,000	\$25,235,000	\$25,235,000
	1.6%	26.5%	-13.0%	14.0%	0.0%

Source: FED: CFDA 93.569, Community Services Block Grant; CFDA 93.571, CSBG/Community Food & Nutrition

Legal Basis: ORC 122.68 (originally established by Controlling Board in October 26, 1981 and fund 3L0 established by H.B. 152 of the 120th G.A.)

Purpose: The grant provides funds to community action programs and state economic opportunity offices to help low-income persons achieve self-sufficiency. Federal guidelines limit administration costs to 5 percent of the total grant amount; 95 percent are passed on to providers according to a formula specified in the current CSBG State Plan.

3V1 195-601 HOME Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$28,000,621	\$40,000,000	\$40,000,000	\$40,000,000
	N/A	N/A	42.9%	0.0%	0.0%

Source: FED: CFDA 14.239, HOME Investment Partnerships Program

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A.

Purpose: A fund created in FY 2002 that accommodate the transfer of the HOME Investment Partnerships (HOME) program that was previously funded in line item 195-603, Housing and Urban Development (Fund 308); this change was necessitated by a change in the federal tracking system and software program. This fund provides grants for housing rehabilitation, tenant-based rental assistance, assistance to homebuyers, acquisition of housing, and new construction of housing. Funding may also be used for the development of non-luxury housing and for site acquisition, site improvements, demolition, and relocation. Up to 10 percent of grant may be used for administrative costs. For rental housing, at least 90 percent must benefit families with incomes at or below 60 percent of the area median income and the other 10 percent must benefit families earning less than 80 percent of the area median income. For owner-occupied housing, families earning less than 80 percent of the area median income are eligible for assistance. A match of 25 percent is required.

3X3 195-619 TANF Housing Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$1,547,587	\$6,500,000	\$0	\$0
	N/A	N/A	320.0%	-100.0%	N/A

Source: FED: TANF Block Grant

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. and Am. Sub. H.B. 299 of the 124th G.A.

Purpose: Funds provide supportive services for low-income families related to housing or homelessness, including housing counseling. It also provides grants to nonprofit organizations to assist Title IV-A eligible families with incomes at or below 200 percent of the federal poverty guidelines with down-payment assistance for homeownership or down-payment assistance toward the purchase of mobile homes, to provide emergency home repair funding and emergency rent and mortgage assistance for Title IV-A eligible families with incomes at or below 200 percent of the federal poverty guidelines; and to provide operating support for family emergency shelter programs. The funds cannot be used to match federal funds.

State Special Revenue Fund Group

444 195-607 Water & Sewer Commission Loans

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$446,668	\$148,096	\$174,029	\$523,775	\$523,775	\$523,775
	-66.8%	17.5%	201.0%	0.0%	0.0%

Source: SSR: Seed moneys from the G.A. and loan repayments from local governments

Legal Basis: ORC 1525.11 (originally established by Am. Sub. H.B. 946 of the 106th G.A.)

Purpose: Moneys in the line item are used to make loans in the form of advances to boards of county commissioners. These loans are used to meet that part of the cost of extending water and sewer lines which is financed by deferred sewer and water tax assessments provided for agricultural land. Principal and interest on loans made from this fund are not due until the land converts in use from agricultural to commercial or residential. Repayment of loans to this fund allow it to function as a revolving loan fund. Two percent of all loans made from this fund are transferred to appropriation item 195-631, Water and Sewer Administration (Fund 611), for administrative expenses of the program.

445 195-617 Housing Finance Operating

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$4,015,392	\$4,035,387	\$3,891,521	\$3,968,184	\$5,040,843	\$4,983,738
	0.5%	-3.6%	2.0%	27.0%	-1.1%

Source: SSR: Agency-generated revenues

Legal Basis: ORC 175.02 (originally established by Am. Sub. H.B. 1 of the 115th G.A.)

Purpose: Moneys in this line item are used to support the administration of the following 6 programs: (1) First-time Homebuyer, (2) Down payment Assistance, (3) Mortgage Credit Certificate, (4) Federal Housing Tax Credit, (5) Affordable Housing Loan and (6) Multifamily Housing Loan.

450 195-624 Minority Business Bonding Program Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$0	\$13,563	\$13,563	\$13,563
	N/A	N/A	N/A	0.0%	0.0%

Source: SSR: Premiums charged and collected by the Minority Development Financing Advisory Board (MDFAB); interest income earned from the moneys held in trust for the Minority Business Bonding Fund

Legal Basis: ORC 122.88(C)

Purpose: Administrative expenses of the minority business bonding program are paid from this line item. Any moneys in this line item which exceed the amount needed to fund the appropriation authority are held as a loss reserve to pay claims arising from defaults on surety bonds underwritten in accordance with ORC 122.89.

451 195-625 Economic Development Financing Operating

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$1,345,403	\$1,477,448	\$2,173,181	\$2,143,917	\$2,358,310	\$2,358,310
	9.8%	47.1%	-1.3%	10.0%	0.0%

Source: SSR: Loan and loan guarantee application fees, processing fees and loan servicing fees

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. S.B. 227 of the 115th G.A.)

Purpose: Funds in this line item are used to develop and monitor financial assistance programs to aid the expansion of Ohio business, manufacturing, and research enterprises. The Facilities Establishment Fund (Fund 037) reimburses this fund for actual expenditures, with Controlling Board approval. Beginning in FY 2000-2001, a portion of the administrative expenses were shifted from this account to line item 195-654, Volume Cap Administration.

4F2 195-639 State Special Projects

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$297,589	\$1,459,399	\$889,110	\$1,079,082	\$540,183	\$290,183
	390.4%	-39.1%	21.4%	-49.9%	-46.3%

Source: SSR: (1) Vendor fees from utility companies, (2) payments from utility companies facilitated by the Public Utilities Commission of Ohio, and (3) funds from the Department of Human Services

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Controlling Board action on June 29, 1992)

Purpose: This line item is used as a general account for the deposit of private sector funds from utility companies and other miscellaneous state funds. Private sector moneys pay for expenses incurred by the Home Energy Assistance Program (HEAP), which verifies income eligibility criteria for clients who also participate in their utilities Percent of Income Payment Plan. The line also pays for the administration of the Supplemental Assistance for Facilities to Assist the Homeless (SAFAH) program. Finally, the line pays for the marketing of economic development opportunities via certain agreements facilitated by the Public Utilities Commission of Ohio.

4H4 195-641 First Frontier

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$492,219	\$426,553	\$493,621	\$650,000	\$500,000	\$500,000
	-13.3%	15.7%	31.7%	-23.1%	0.0%

Source: SSR: Funds from local governments or local economic development organizations to participate in First Frontier marketing initiatives

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Controlling Board on August 3, 1992)

Purpose: The First Frontier program supports partnerships that develop and execute marketing programs for economic development purposes. The program pays for national and international advertising and promotional activities pertaining to local economic development opportunities, which benefit both the region and the state. Originally available only in Ohio's Appalachian counties, the program was funded through line item 195-641, First Frontier, and line item 195-605, Supportive Services. Funds received by this line item are to be matched on a 1:1 basis with funds from line item 195-414, First Frontier.

4S0 195-630 Enterprise Zone Operating

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$227,064	\$293,593	\$202,382	\$211,900	\$211,900	\$211,900
	29.3%	-31.1%	4.7%	0.0%	0.0%

Source: SSR: Application fees and penalties collected as required by the Ohio Enterprise Zone and Community Reinvestment Area Programs

Legal Basis: ORC 5709.68 and 3735.672 (originally established by Controlling Board action on September 26, 1994 and by Am. Sub. S.B. 19 of the 120th G.A. which created the Community Reinvestment Area (CRA) Program Administration Fund and the Enterprise Zone Program Administration Fund)

Purpose: Funds are used to pay the administrative costs of these programs, through the Office of Tax Incentives.

4S1 195-634 Job Creation Tax Credit Operating

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$244,265	\$247,898	\$371,627	\$375,800	\$375,800	\$375,800
	1.5%	49.9%	1.1%	0.0%	0.0%

Source: SSR: Application and servicing fees from recipients of tax credits through the Ohio Job Creation Tax Credit program

Legal Basis: ORC 122.17 (originally established by Controlling Board on July 27, 1994 and by Sub. S.B. 363 of the 119th G.A. the Ohio Job Creation Tax Credit program)

Purpose: Moneys in this account pay the administrative costs of operating and monitoring the Tax Credit program, including professional and technical staff necessary to carry out program provisions. The program allows qualifying companies that promise to create at least 25 full-time jobs, to receive a credit against their state corporate income or franchise tax. The company's compliance period is twice the length of the actual credit period.

4W1 195-646 Minority Business Enterprise Loan

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$714,458	\$429,440	\$701,758	\$2,580,598	\$2,580,597	\$2,580,597
	-39.9%	63.4%	267.7%	0.0%	0.0%

Source: SSR: Facilities Establishment Fund

Legal Basis: ORC 122.80 (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: Provides funding for loans processed by the Minority Development Financing Advisory Board (formerly the Minority Development Financing Commission-MDFC).

586 195-653 Scrap Tire Loans & Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$3,468,077	\$1,726,283	\$418,004	\$0	\$0	\$0
	-50.2%	-75.8%	-100.0%	N/A	N/A

Source: SSR: Funds transferred from the Ohio Environmental Protection Agency

Legal Basis: Discontinued line item (originally established by Am. Sub. S.B. 165 of the 120th G.A.- Scrap Tire Loan and Grant Program)

Purpose: The Scrap Tire Loan and Grant program provided funding for public and private projects that remove scrap tires from the solid waste stream and put them to a beneficial use. Prior to FY 2000, these funds were part of line item 195-615, Facilities Establishment. This program was transferred to the Department of Natural Resources in FY 2002.

5M4 195-659 Universal Service

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$48,012,386	\$221,704,133	\$160,000,000	\$170,000,000	\$170,000,000
	N/A	361.8%	-27.8%	6.3%	0.0%

Source: SSR: Revenues from the rider on retail electric service; customer payments under the PIPP; revenues remitted from municipal electric utilities and rural cooperatives

Legal Basis: ORC 4928.55 and S.B. 3 of the 123rd General Assembly (originally established by Controlling Board action on September 25, 2000 and Am. Sub. S.B. 3 of the 123rd General Assembly)

Purpose: Provides funding for low-income households at or below 150% of the federal poverty level in the form of customer assistance and consumer education programs. Program participants pay a percentage of their monthly utility bills and the Percentage of Income Payment Plan (PIPP) program pays the remainder of the bill. This fund reimburses electric utilities for amounts unpaid by participants of the PIPP program.

5M5 195-660 Energy Efficiency Revolving Loan

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$67,598	\$482,119	\$12,000,000	\$12,000,000	\$12,000,000
	N/A	613.2%	2389.0%	0.0%	0.0%

Source: SSR: Riders on retail electric distribution rates, based on the aggregate revenue target for a given year divided by the number of customers of electric distribution utilities; revenues from loan repayments; revenues remitted by municipal electric companies and rural electric cooperatives

Legal Basis: ORC 4928.55 and Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Sub. S.B. 3 of the 123rd G.A.)

Purpose: Supports investments in products, technologies, or services for residential, small business, local government, non-profit, agricultural, or other such entities to improve energy efficiency. The fund is limited to appropriations of not more than \$15 million per year through 2005 and not more than \$5 million per year after 2005, for a ten year period or until it reaches \$100 million, whichever is first.

611 195-631 Water & Sewer Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$245	\$180	\$12,115	\$15,713	\$15,713	\$15,713
	-26.5%	6630.8%	29.7%	0.0%	0.0%

Source: SSR: Two percent of all loans made from line item 195-607, Water and Sewer

Legal Basis: ORC 1525.11 (originally established by Am. S.B. 363 of the 116th G.A.)

Purpose: Moneys pay for administrative costs of the Water and Sewer Loan program, which is funded through appropriation item 195-607, Water and Sewer Commission Loans (Fund 444).

617 195-654 Volume Cap Administration

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$91,337	\$132,369	\$168,892	\$200,000	\$200,000	\$200,000
	44.9%	27.6%	18.4%	0.0%	0.0%

Source: SSR: Application fees and deposits for program participation

Legal Basis: Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: Funds will be used to pay for program operations. Before FY 2000, this program was funded from line item 195-625, Economic Development Financing Operating.

646 195-638 Low & Moderate Income Housing Trust Fund

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$20,758,724	\$17,520,038	\$22,420,621	\$22,103,807	\$40,000,000	\$40,000,000
	-15.6%	28.0%	-1.4%	81.0%	0.0%

Source: SSR: GRF appropriation transfers (195-441, Low and Moderate Income Housing), grants, gifts and private contributions; also, one-time transfers from various sources, as designated by the G.A.; as of FY 2002 GRF appropriations will be available only in 195-441

Legal Basis: ORC 175.21 (originally established by Controlling Board action on June 29, 1992)

Purpose: The HTF provides grants and loans for qualifying housing projects serving low and moderate-income persons. These funds are transferred from line item 195-441, Low and Moderate Income Housing, by the Director of the Office of Budget and Management via intrastate transfer voucher. The appropriation authority given represents the actual amount of the transfer and does not represent additional dollars to the fund. Funds are used for the construction of new housing, renovation of existing housing, supportive services and the Migrant Housing Labor Camp Improvements program.

Beginning in FY 2004, the GRF will no longer act as the funding stream for housing programs. The executive budget proposes to replace the GRF with an increase in county recorder fees that will serve as the new permanent funding source for the Housing Trust Fund. The executive proposes to shift four line items to appropriation item 195-638, Low & Moderate Income Housing Trust Fund: 195-406, Transitional and Permanent Housing; 195-431, Community Development Corporation Grants; 195-440, Emergency Shelter Housing Grants; and 195-441, Low and Moderate Income Housing.

Coal Research/Development Fund

046 195-632 Coal Research & Development Fund

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$9,380,000	\$11,045,517	\$14,131,765	\$13,168,357	\$13,168,357	\$13,168,357
	17.8%	27.9%	-6.8%	0.0%	0.0%

Source: 046: Coal bond proceeds

Legal Basis: ORC 151.07 (originally established by Section 15 of Article VIII of the Ohio Constitution, approved by voters on November 5, 1985 and by Am. Sub. H.B. 750 of the 116th G.A.)

Purpose: The moneys are used to fund programs that seek to find ways to burn clean Ohio coal with fewer emissions in a manner that meets federal clean air standards.

Facilities Establishment Fund

037 195-615 Facilities Establishment

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$30,338,049	\$48,016,948	\$31,371,779	\$58,119,226	\$63,931,149	\$63,931,149
	58.3%	-34.7%	85.3%	10.0%	0.0%

Source: 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits), (2) loan repayments, (3) investment interest, (4) service fees charged for direct loans or loan guarantees, and (5) escrow fees

Legal Basis: ORC 166.03 and Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Sub. S.B. 313 of the 112th G.A.)

Purpose: This item provides funds for 166 Direct Loans, 166 Direct Loan Guarantees, and 166 Regional Loans to businesses to help support numerous economic development activities, (e.g., land purchase, acquiring or improving existing facilities, constructing new business facilities, machinery and equipment purchase), while focusing on fixed asset acquisition. This line item also funds the Ohio Enterprise Bond Fund, which provides credit enhancement for borrowers that cannot access the investment-grade debt markets.

The Department of Commerce, Division of Liquor Control, pays for debt service through line item 800-633, Development Assistance Debt Service.

This account also provides funding for the Minority Business Enterprise Loans, the Rural Industrial Park Loan Program, Port Authority Bond Reserves, Urban Redevelopment Loans, Capital Access Loan Program, Rural Development Initiative, and the Family Farm Loan Program.

4Z6 195-647 Rural Industrial Park Loan

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$1,534,463	\$3,370,000	\$5,000,000	\$5,000,000	\$5,000,000
	N/A	119.6%	48.4%	0.0%	0.0%

Source: 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits), (2) loan repayments, (3) investment interest, (4) service fees, and (5) escrow fees

Legal Basis: ORC 166.24 and Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 440 of the 121st G.A.)

Purpose: This item was created to make loans to eligible applicants as provided for in sections 122.24 to 122.26 of the Revised Code. Loans under the Rural Industrial Park Loan program may be used in an eligible area for land acquisition, infrastructure improvements, or construction, renovation or improvements of existing industrial park buildings. Principal and interest of loans made under this program can be deferred for up to five years until facilities acquire tenants. This program is scheduled to sunset on June 30, 2007.

5D1 195-649 Port Authority Bond Reserves

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$2,000,000	\$1,000,000	\$2,500,000	\$0	\$0
	N/A	-50.0%	150.0%	-100.0%	N/A

Source: 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits), (2) loan repayments, (3) investment interest, (4) service fees, and (5) escrow fees

Legal Basis: ORC 4582.06 (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Created in FY 1998, this account is used to assist any port authority in establishing or supplementing bond reserve funds for any bond issuance. The Director of Development shall develop program guidelines for the transfer and release of funds. No port authority shall receive more than \$2 million. The transfer and release of funds are subject to Controlling Board approval.

Beginning in FY 2004, the executive recommends that this program no longer be funded.

5D2 195-650 Urban Redevelopment Loans

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$202,000	\$1,917,582	\$2,020,000	\$10,475,000	\$10,475,000	\$10,475,000
	849.3%	5.3%	418.6%	0.0%	0.0%

Source: 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits), (2) loan repayments, (3) investment interest, (4) service fees, and (5) escrow fees

Legal Basis: ORC 166.07 and Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Funding in this item is used to assist in urban core redevelopment. Program guidelines for the transfer and release of funds requires, among other things, the completion of all appropriate environmental assessments before state assistance is committed. The transfer and release of funds are subject to Controlling Board approval.

5H1 195-652 Family Farm Loan Guarantee

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$1,108,699	\$1,597,203	\$1,473,619	\$2,246,375	\$1,500,000	\$1,500,000
	44.1%	-7.7%	52.4%	-33.2%	0.0%

Source: 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits), (2) loan repayments, (3) investment interest, (4) service fees, and (5) escrow fees

Legal Basis: ORC 166.03.1 and Section 41 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 621 of the 122nd G.A.)

Purpose: Moneys in this line item support the Family Farm Loan Guarantee program administered by the Department of Agriculture. Eligible projects may include land acquisition, construction, reconstruction, rehabilitation, renovation or enlarging of agricultural buildings, or machinery and equipment acquisition.

5S8 195-627 Rural Development Initiative

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$0	\$5,000,000	\$5,000,000	\$5,000,000
	N/A	N/A	N/A	0.0%	0.0%

Source: 037: Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits)

Legal Basis: Am. Sub. H.B. 405 of the 124th G.A.

Purpose: The program provides grants to eligible applicants in Appalachian and rural counties. Preference will be given to applicants in Appalachian counties designated as distressed by the Appalachian Regional Commission. Grants are only provided to applicants who also qualify and receive funding under the Department's Rural Industrial Park Loan Program. Release of these funds is subject to Controlling Board approval.

The program is set to sunset on June 30, 2007.

5S9 195-628 Capital Access Loan Program

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$0	\$0	\$97,353	\$3,000,000	\$3,000,000	\$3,000,000
	N/A	N/A	2981.6%	0.0%	0.0%

Source: 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits), (2) loan repayments, (3) investment interest, (4) service fees, and (5) escrow fees

Legal Basis: Am. Sub. H.B. 405 of the 124th G.A.

Purpose: This program is structured to reach groups of borrowers not as well served by other programs, such as minority-owned businesses and low- and moderate-income communities. The Capital Access Program encourages state chartered financial institutions to make loans to for profit or non-profit small businesses that are having difficulty obtaining business loans through conventional underwriting standards. The program establishes a unique loan "guarantee" reserve pool at an 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 program.

The total amount of money deposited into the Capital Access Loan Program Fund from the Facilities Establishment Fund cannot exceed \$3 million during any fiscal year. The program is due to sunset on June 30, 2007.

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2002</i>	<i>Estimated 2003</i>	<i>Executive 2004</i>	<i>% Change 2003 to 2004</i>	<i>Executive 2005</i>	<i>% Change 2004 to 2005</i>
DEV Development, Department of								
003	195-663	Clean Ohio Operating	---	\$150,000	\$ 150,000	0.0%	\$ 150,000	0.0%
Clean Ohio Revitalization Fund Total			----	\$ 150,000	\$ 150,000	0.0%	\$ 150,000	0.0%
GRF	195-100	Personal Service	\$ 2,426,520	\$2,363,771	\$ 0	-100.0%	\$ 0	N/A
GRF	195-200	Maintenance	\$ 555,675	\$486,614	\$ 0	-100.0%	\$ 0	N/A
GRF	195-300	Equipment	\$ 66,448	\$89,280	\$ 0	-100.0%	\$ 0	N/A
GRF	195-321	Operating Expenses	----	\$0	\$ 2,695,236	N/A	\$ 3,020,115	12.1%
GRF	195-401	Thomas Edison Program	\$ 18,514,946	\$16,334,934	\$ 18,256,392	11.8%	\$ 18,774,084	2.8%
GRF	195-404	Small Business Development	\$ 2,294,712	\$1,996,712	\$ 1,740,722	-12.8%	\$ 1,740,722	0.0%
GRF	195-405	Minority Business Development Division	\$ 2,218,355	\$1,859,103	\$ 1,620,755	-12.8%	\$ 1,669,378	3.0%
GRF	195-406	Transitional & Permanent Housing	\$ 2,922,213	\$2,538,848	\$ 0	-100.0%	\$ 0	N/A
GRF	195-407	Travel and Tourism	\$ 4,405,656	\$5,218,368	\$ 4,549,345	-12.8%	\$ 4,549,345	0.0%
GRF	195-408	Coal Research Development	\$ 573,802	\$562,099	\$ 588,041	4.6%	\$ 599,802	2.0%
GRF	195-409	Energy Credit Administration	\$ 4,094	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-410	Defense Conversion Assistance	\$ 128,958	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-412	Business Development Grants	\$ 6,622,400	\$8,905,530	\$ 9,796,082	10.0%	\$ 10,775,690	10.0%
GRF	195-414	First Frontier Match	\$ 493,639	\$389,987	\$ 399,987	2.6%	\$ 399,987	0.0%
GRF	195-415	Economic Development Division & Regional Offices	\$ 6,563,313	\$5,594,975	\$ 6,814,283	21.8%	\$ 6,645,589	-2.5%
GRF	195-416	Governor's Office of Appalachia	\$ 2,491,594	\$4,372,324	\$ 4,634,434	6.0%	\$ 4,918,967	6.1%
GRF	195-417	Urban/Rural Initiative	\$ 1,315,244	\$676,065	\$ 589,390	-12.8%	\$ 589,390	0.0%
GRF	195-421	Environmental Clean-up	\$ 72,515	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-422	Third Frontier Action Fund	\$ 12,590,896	\$13,790,000	\$ 19,169,000	39.0%	\$ 20,685,900	7.9%
GRF	195-426	Clean Ohio Administration	\$ 285,669	\$518,730	\$ 558,632	7.7%	\$ 586,563	5.0%
GRF	195-431	Community Development Corporation Grants	\$ 1,908,236	\$1,709,684	\$ 0	-100.0%	\$ 0	N/A
GRF	195-432	International Trade	\$ 5,357,015	\$4,492,713	\$ 5,236,353	16.6%	\$ 5,236,353	0.0%
GRF	195-433	State Marketing Program	----	\$0	\$ 750,000	N/A	\$ 1,000,000	33.3%
GRF	195-434	Investment in Training Grants	\$ 14,473,692	\$12,227,500	\$ 13,450,250	10.0%	\$ 14,795,275	10.0%
GRF	195-436	Labor/Management Cooperation	\$ 1,043,606	\$931,262	\$ 811,869	-12.8%	\$ 811,869	0.0%

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
DEV Development, Department of								
GRF	195-440	Emergency Shelter Housing Grants	\$ 2,384,772	\$2,299,436	\$ 0	-100.0%	\$ 0	N/A
GRF	195-441	Low and Moderate Income Housing	\$ 17,535,257	\$15,380,138	\$ 0	-100.0%	\$ 0	N/A
GRF	195-497	CDBG Operating Match Total	\$ 1,147,020	\$1,108,012	\$ 1,107,400	-0.1%	\$ 1,107,400	0.0%
GRF	195-498	State Match Energy	\$ 112,995	\$128,305	\$ 100,000	-22.1%	\$ 100,000	0.0%
GRF	195-501	Appalachian Local Development Districts	\$ 450,369	\$435,974	\$ 380,080	-12.8%	\$ 380,080	0.0%
GRF	195-502	Appalachian Regional Commission Dues	\$ 216,613	\$211,198	\$ 238,274	12.8%	\$ 246,803	3.6%
GRF	195-505	Utility Bill Credits	\$ 6,805,365	\$4,899,177	\$ 0	-100.0%	\$ 0	N/A
GRF	195-507	Travel and Tourism Grants	\$ 1,205,525	\$1,011,563	\$ 840,000	-17.0%	\$ 840,000	0.0%
GRF	195-513	Empowerment Zones/Ent/Communit	\$ 374,313	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-515	Economic Development Contingency	---	\$9,750,000	\$ 10,000,000	2.6%	\$ 10,000,000	0.0%
GRF	195-905	Third Frontier Research & Commercialization Gener	---	\$0	\$ 0	N/A	\$ 7,360,000	N/A
GRF	195-906	Coal Research/Development General Obligation De	\$ 7,722,912	\$9,938,600	\$ 7,231,200	-27.2%	\$ 9,185,100	27.0%
General Revenue Fund Total			\$ 125,284,340	\$ 130,220,902	\$ 111,557,725	-14.3%	\$ 126,018,412	13.0%
135	195-605	Supportive Services	\$ 7,720,446	\$9,531,708	\$ 7,417,068	-22.2%	\$ 7,539,686	1.7%
136	195-621	International Trade	---	\$24,915	\$ 24,915	0.0%	\$ 24,915	0.0%
685	195-636	General Reimbursements	\$ 827,616	\$1,323,020	\$ 1,316,012	-0.5%	\$ 1,232,530	-6.3%
General Services Fund Group Total			\$ 8,548,061	\$ 10,879,643	\$ 8,757,995	-19.5%	\$ 8,797,131	0.4%
308	195-602	Appalachian Regional Commission	\$ 298,822	\$350,200	\$ 350,200	0.0%	\$ 350,200	0.0%
308	195-603	Housing & Urban Development	\$ 3,588,280	\$3,000,000	\$ 5,000,000	66.7%	\$ 5,000,000	0.0%
308	195-605	Federal Projects	\$ 10,052,222	\$10,855,501	\$ 15,300,248	40.9%	\$ 15,300,248	0.0%
308	195-609	Small Business Administration	\$ 3,511,222	\$3,830,057	\$ 4,196,381	9.6%	\$ 4,296,381	2.4%
308	195-618	Energy Federal Grants	\$ 3,389,199	\$2,803,561	\$ 3,397,659	21.2%	\$ 3,397,659	0.0%
335	195-610	Oil Overcharge	\$ 1,664,616	\$2,500,000	\$ 8,500,000	240.0%	\$ 8,500,000	0.0%
380	195-622	Housing Development Operating	\$ 4,598,727	\$3,954,961	\$ 5,606,080	41.7%	\$ 5,667,627	1.1%
3K8	195-613	Community Development Block Grant	\$ 60,918,095	\$65,088,961	\$ 65,000,000	-0.1%	\$ 65,000,000	0.0%
3K9	195-611	Home Energy Assistance Block Grant	\$ 81,242,929	\$62,000,000	\$ 85,036,000	37.2%	\$ 85,036,000	0.0%
3K9	195-614	HEAP Weatherization	\$ 18,703,104	\$10,412,041	\$ 16,219,479	55.8%	\$ 16,219,479	0.0%

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
DEV Development, Department of								
3L0	195-612	Community Services Block Grant	\$ 25,451,595	\$22,135,000	\$ 25,235,000	14.0%	\$ 25,235,000	0.0%
3V1	195-601	HOME Program	\$ 28,000,621	\$40,000,000	\$ 40,000,000	0.0%	\$ 40,000,000	0.0%
3X3	195-619	TANF Housing Program	\$ 1,547,587	\$6,500,000	\$ 0	-100.0%	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 242,967,017	\$ 233,430,282	\$ 273,841,047	17.3%	\$ 274,002,594	0.1%
444	195-607	Water & Sewer Commission Loans	\$ 174,029	\$523,775	\$ 523,775	0.0%	\$ 523,775	0.0%
445	195-617	Housing Finance Operating	\$ 3,891,521	\$3,968,184	\$ 5,040,843	27.0%	\$ 4,983,738	-1.1%
450	195-624	Minority Business Bonding Program Administration	---	\$13,563	\$ 13,563	0.0%	\$ 13,563	0.0%
451	195-625	Economic Development Financing Operating	\$ 2,173,181	\$2,143,917	\$ 2,358,310	10.0%	\$ 2,358,310	0.0%
4F2	195-639	State Special Projects	\$ 889,110	\$1,079,082	\$ 540,183	-49.9%	\$ 290,183	-46.3%
4H4	195-641	First Frontier	\$ 493,621	\$650,000	\$ 500,000	-23.1%	\$ 500,000	0.0%
4S0	195-630	Enterprise Zone Operating	\$ 202,382	\$211,900	\$ 211,900	0.0%	\$ 211,900	0.0%
4S1	195-634	Job Creation Tax Credit Operating	\$ 371,627	\$375,800	\$ 375,800	0.0%	\$ 375,800	0.0%
4W1	195-646	Minority Business Enterprise Loan	\$ 701,758	\$2,580,598	\$ 2,580,597	0.0%	\$ 2,580,597	0.0%
586	195-653	Scrap Tire Loans & Grants	\$ 418,004	\$0	\$ 0	N/A	\$ 0	N/A
5M4	195-659	Universal Service	\$ 221,704,133	\$160,000,000	\$ 170,000,000	6.3%	\$ 170,000,000	0.0%
5M5	195-660	Energy Efficiency Revolving Loan	\$ 482,119	\$12,000,000	\$ 12,000,000	0.0%	\$ 12,000,000	0.0%
611	195-631	Water & Sewer Administration	\$ 12,115	\$15,713	\$ 15,713	0.0%	\$ 15,713	0.0%
617	195-654	Volume Cap Administration	\$ 168,892	\$200,000	\$ 200,000	0.0%	\$ 200,000	0.0%
646	195-638	Low & Moderate Income Housing Trust Fund	\$ 22,420,621	\$22,103,807	\$ 40,000,000	81.0%	\$ 40,000,000	0.0%
State Special Revenue Fund Group Total			\$ 254,103,113	\$ 205,866,339	\$ 234,360,684	13.8%	\$ 234,053,579	-0.1%
046	195-632	Coal Research & Development Fund	\$ 14,131,765	\$13,168,357	\$ 13,168,357	0.0%	\$ 13,168,357	0.0%
Coal Research/Development Fund Total			\$ 14,131,765	\$ 13,168,357	\$ 13,168,357	0.0%	\$ 13,168,357	0.0%
037	195-615	Facilities Establishment	\$ 31,371,779	\$58,119,226	\$ 63,931,149	10.0%	\$ 63,931,149	0.0%
4Z6	195-647	Rural Industrial Park Loan	\$ 3,370,000	\$5,000,000	\$ 5,000,000	0.0%	\$ 5,000,000	0.0%
5D1	195-649	Port Authority Bond Reserves	\$ 1,000,000	\$2,500,000	\$ 0	-100.0%	\$ 0	N/A
5D2	195-650	Urban Redevelopment Loans	\$ 2,020,000	\$10,475,000	\$ 10,475,000	0.0%	\$ 10,475,000	0.0%
5H1	195-652	Family Farm Loan Guarantee	\$ 1,473,619	\$2,246,375	\$ 1,500,000	-33.2%	\$ 1,500,000	0.0%

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2002</i>	<i>Estimated 2003</i>	<i>Executive 2004</i>	<i>% Change 2003 to 2004</i>	<i>Executive 2005</i>	<i>% Change 2004 to 2005</i>
<i>DEV Development, Department of</i>								
5S8	195-627	Rural Development Initiative	---	\$5,000,000	\$ 5,000,000	0.0%	\$ 5,000,000	0.0%
5S9	195-628	Capital Access Loan Program	\$ 97,353	\$3,000,000	\$ 3,000,000	0.0%	\$ 3,000,000	0.0%
Facilities Establishment Fund Total			\$ 39,332,751	\$ 86,340,601	\$ 88,906,149	3.0%	\$ 88,906,149	0.0%
Total All Budget Fund Groups			\$ 684,367,047	\$ 680,056,124	\$ 730,741,957	7.5%	\$ 745,096,222	2.0%