

# Department of Development

## House Agriculture and Development Subcommittee

*Kerry Sullivan, Budget Analyst*

*Legislative Service Commission*

*March 10, 2005*

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# LSC Redbook

## for the

### Department of Development

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*March 10, 2005*

# Department of Development

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- Total funding is \$853 million in FY 2006 and \$869 million in FY 2007
- Agency priority programs, including various economic development and workforce training programs, the Third Frontier Initiative, the Ohio Business Development Coalition, and the Worker Guarantee Program receive – at least – continuation funding and – in some cases – increased funding

## OVERVIEW

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

Overall, the executive funding recommendation for the Department of Development totals \$852,963,868 in FY 2006 and \$868,963,554 in FY 2007.<sup>1</sup> This represents a decrease in FY 2006 of 5.2% from FY 2005 appropriations, and in FY 2007, an increase of 1.9% above FY 2006 appropriations. Notable changes in specific appropriation authorities and/or new appropriations are described below.

### Summary of Notable Appropriation Changes/New Appropriations

The following list provides a quick reference to various executive-recommended changes for the FY 2006-2007 biennium.

#### **Economic Development/Workforce Training**

1. *Business Development Grants (GRF 195-412)*: This line item receives additional subsidy funds of \$2.8 million in each of FYs 2006 and 2007, reflecting a 32% increase above FY 2005 appropriations. These funds are a potential source of moneys for companies seeking to make capital investments that retain or create jobs in Ohio.
2. *Urban/Rural Initiative (GRF 195-417)*: Funding for this line item is eliminated starting in FY 2006. The elimination of funding reflects a perceived lack of interest in the program starting in FY 2004. During FYs 2002 and 2003, only a small proportion of program dollars were available to non earmarked projects. Because the line item had been fully earmarked, interest in the program did not resume in FY 2004.

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<sup>1</sup> Totals for FYs 2006 and 2007 do not include an executive-recommended appropriation of \$12,699,900 in each fiscal year to Fund 4W0, Roadwork Development. The fund receives moneys from the Highway Operating Fund (Department of Transportation) and is appropriated under H.B. 68, the Transportation Budget Bill.

3. *Clean Ohio Implementation (GRF 195-426)*: A decrease of approximately \$68,000 to this line item in each of FYs 2006 and 2007 is due to an increased reliance on interest from bond proceeds, deposited to Fund 003 (*COF 195-663, Clean Ohio Operating*). Fund 003 receives an increase in appropriation of \$200,000 in FYs 2006 and 2007 when compared to FY 2005 levels.
4. *Economic Development Contingency (GRF 195-515)*: The line item receives \$10 million in appropriation authority in FY 2006, and then receives no funding in FY 2007. In FY 2007, the line item is replaced with *GSF 195-677, Economic Development Contingency* and is appropriated \$10 million in that year. Revenue to the GSF line item (and all line items under Fund 5AD) originates from a transfer of unclaimed funds, as provided under Section 203.99.54 of H.B. 66 of the 126th General Assembly.
5. *Investment in Training Expansion (GSF 195-667)*: The line item was originally established under Sub. H.B. 427 of the 125th General Assembly to supplement grant funding provided under *GRF 195-434, Investment in Training Grants*. Initially, the GSF line item received \$12.8 million in FY 2005 appropriation authority. In FYs 2006 and 2007, the line item receives \$5 million. Revenue to the fund (Fund 5AD) originates from a transfer of unclaimed funds.
6. *Worker Guarantee Program (GSF 195-668)*: The line item was originally established under Sub. H.B. 427 of the 125th General Assembly as a means of providing eligible employers with the skilled workers they require to grow their businesses in Ohio. Eligible employers include those who create at least 100 high-paying, full-time jobs over three years. In FYs 2006 and 2007, the line item receives \$3 million in appropriation authority. Revenue to the fund (Fund 5AD) originates from a transfer of unclaimed funds.
7. *Promote Ohio (SSR 195-676)*: The line item is newly established under H.B. 66 of the 126th General Assembly and is appropriated \$5 million in each of FYs 2006 and 2007. Revenue to the line item originates from a transfer of unclaimed funds, as provided under Section 203.99.54 of the bill. Moneys in the line item will be used to supplement private funding for the Ohio Business Development Coalition.
8. *Industrial Site Improvements (SSR 195-674)*: Funding for the line item is eliminated starting in FY 2006. The line item was established under Sub. H.B. 427 of the 125th General Assembly to provide grants to eligible counties for the improvement of commercial or industrial areas when these improvements created new jobs or preserved existing jobs. One-time funding to the line item originated from a transfer from the Liquor Control Fund (Fund 043) within the Department of Commerce.

## **Technology Development**

9. *Wright Operating Grants (GSF 195-669)*: Funding for the program is eliminated starting in FY 2006. The line item was established under Sub. H.B. 427 of the 125th General Assembly to provide support to nonbioscience-oriented Wright Centers and Wright Capital Projects (funded by the Board of Regents under CAP-068, Third Frontier). The line item received its revenue from a transfer of unclaimed funds. It is expected that some, if not all, of the funding for this program can be replaced by grants, if the Governor's proposed bond issue passes.
10. *Innovation Ohio (FEF 195-664)*: The line item was originally established under Am. Sub. H.B. 1 of the 125th General Assembly to support the Innovation Ohio Loan Fund Program, as established under sections 166.12 to 166.16 of the Revised Code. The line item is appropriated

\$50 million in each of FYs 2006 and 2007. Revenue is derived from the sale of economic development bonds, proceeds from which are deposited to the Facilities Establishment Fund Group.

11. *Research and Development (FEF 195-665)*. The line item was originally established under Am. Sub. H.B. 1 of the 125th General Assembly to support the Research and Development Loan Fund Program, as established under sections 166.17 to 166.21 of the Revised Code. The line item is appropriated \$50 million in each of FYs 2006 and 2007. Revenue is derived from the sale of research and development bonds, proceeds from which are deposited to the Facilities Establishment Fund Group.

### **Community Development**

12. *Federal Projects (FED 195-605)*: Appropriations to this line item decrease by approximately \$3.8 million in FYs 2006 and 2007 when compared to FY 2005 levels. The line item receives federal funding from the U.S. Department of Energy's Home Weatherization Assistance Program (HWAP).
13. *Oil Overcharge (FED 195-610)*: Appropriations to this line item decrease by \$5.5 million in FYs 2006 and 2007 when compared to FY 2005 levels. The line item was established to receive settlement payments from oil companies for violations of price controls during the Arab oil embargos of the 1970s. The funds (and interest earnings) have been allocated over the past 20 years for various energy conservation programs approved by the U.S. Department of Energy.
14. *State Special Projects (SSR 195-639)*: Appropriations to this line item decrease approximately 97% from FY 2005 levels (some \$9.8 million). In FY 2005, the Department received a one-time settlement payment from SBC Communications, resulting in a significant increase in the line item's appropriation authority under Controlling Board action. In FYs 2006 and 2007, appropriation authority returns to its historical level.

### **International Trade**

15. *International Trade (GSF 195-621)*: Funding for this line item is eliminated starting in FY 2006. Formerly, the fund received moneys from the Council of Great Lakes Governors to jointly administer a trade office in Johannesburg, South Africa. The Johannesburg office closed in FY 2004 and the International Trade Division does not expect the fund to receive additional funding during the FY 2006-2007 biennium.

### **Travel and Tourism Promotion**

16. *Travel and Tourism (GRF 195-404)*: Funding in FY 2006 decreases \$236,500 from FY 2005 levels (3.4%), and an additional \$100,000 in FY 2007. This line item funds the marketing activities of the Travel and Tourism Division.
17. *Travel and Tourism Grants (GRF 195-507)*: Funding in FYs 2006 and 2007 decreases by \$63,500 or 6.6% from FY 2005 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.

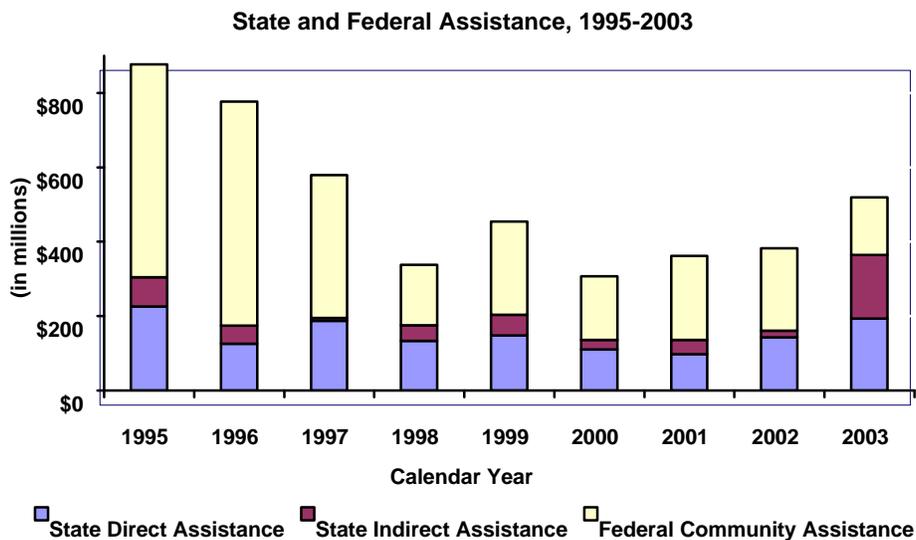
**Program Management**

- 18. *Supportive Services (GSF 195-605)*: Funding in FY 2006 decreases by approximately \$89,000 from FY 2005 levels, but is restored to FY 2005 levels in FY 2007. The line item supports activities of the Director’s Office, Legal, Legislative Affairs, Communications, Human Resources, Fiscal, Audit, IT, and Facilities Management.
- 19. *General Reimbursements (GSF 195-636)*: Funding in FYs 2006 and 2007 decreases by approximately \$230,000 from FY 2005 levels. The line item provides reimbursement payments to participants attending department-sponsored events, such as training sessions, foreign trade missions, trade shows, awards and recognition events, and co-sponsored events involving other agencies.

**Issues of Interest**

**I. Economic Development**

State and federal funds administered by the Department of Development 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 within the Department’s Economic Development Division, Division of Minority Business Affairs, Technology Division, and the Community and Housing Development Divisions.



Total calendar year (CY) 2003 spending of \$519,207,827 reflects a 40.8% decrease from total 1995 spending of \$876,689,236; however, 2003 spending levels increased 35.7% from \$382,660,974 in CY 2002.

**(A) Financial Assistance Programs**

The Department of Development provides assistance to firms interested in expanding or locating their operations in Ohio. In February 2004, *Site Selection Magazine* designated Ohio as the number one state in the nation in new and expanding business facilities, capturing the Governor's Cup Award for 2003. In CY 2004, the Department completed projects with more than 193 firms committed to locating or expanding in Ohio. These companies have committed to create more than 16,037 jobs within three years and retain 37,683 positions, providing an average hourly wage of \$16.97 and representing nearly \$3.4 billion in investment. Integral to the Department's economic development initiatives are the following programs:

- **Business Development Grants:** In CY 2004, the Department made grants to 73 companies and/or communities totaling \$13.4 million. These grants generated some \$1.7 billion in investments, created 3,897 jobs, and retained 10,590 jobs. Under the executive budget proposal, *GRF 195-412, Business Development Grants*, receives increased appropriations totaling \$11.75 million in each fiscal year (a 32% increase above FY 2005 appropriations).
- **Ohio Investment in Training Program (OITP):** In CY 2004, a total of \$13.5 million in OITP grants and Appalachian retraining grants were awarded to 239 Ohio companies to train 44,223 people. Under the executive budget proposal, *GRF 195-434, Investment in Training Grants*, receives continuation funding of \$12.2 million each fiscal year. In addition, a newly established line item, *GSF 195-667, Investment in Training Expansion* receives \$5 million each fiscal year. Funding for the GSF line item originates from a transfer of unclaimed funds.
- **166 Direct Loans and Ohio Enterprise Bond Loans:** In CY 2004, the state Controlling Board approved approximately \$111 million in Direct Loans and bonds to 47 companies. These projects sparked investments exceeding \$371 million, created 2,250 jobs, and retained 7,828 jobs. The Controlling Board also approved \$7 million in Regional 166 Direct Loans to 36 companies, resulting in the investment of over \$26 million, the creation of 383 jobs, and the retention of 169 jobs.
- **Job Creation Tax Credit Program:** In CY 2004, these tax credit agreements represented a commitment of more than \$1 billion in investment, the creation of 9,652 jobs, and the retention of 27,650 jobs.

**(B) Third Frontier Project**

The Third Frontier Project is Ohio's economic development initiative to invest over \$1 billion over a ten-year period for the purpose of expanding high-tech research capabilities, promoting innovation, encouraging company formation, and creating high-paying jobs in the state of Ohio. The initiative is composed of multiple parts: (i) funding of \$500 million over a ten-year period to existing Third Frontier programs, (ii) \$500 million for ten years for the Wright Brothers Capital Fund to provide competitive grants for capital assets, (iii) \$100 million for the Innovation Ohio Loan Program for targeted industry sectors in Ohio, (iv) \$200 million for the Research and Development Loan Program for capital investments in research facilities, (v) a proposed bond issue for applied research and technology commercialization (S.J.R. 1 and H.J.R. 2 of the 126th General Assembly), (vi) other initiatives of the project, and (vii) programs not included in the Third Frontier Project, but 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.

H.B. 675 of the 124th General Assembly created both the Third Frontier Commission and the Third Frontier Advisory Board. The Commission coordinates the many initiatives of the Third Frontier Project, while the Board counsels and advises 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 is composed of the Director of Development, Chancellor of the Board of Regents, and the Governor’s Science and Technology Advisor. The Third Frontier Advisory Board consists of sixteen members (nine business representatives, five university or nonprofit research institutions, one member from the House of Representatives and one member from the Senate).

**i. Continued Funding of Existing Programs**

***Third Frontier Action Fund***

The first part of the Third Frontier Project is the continued funding of current programs. The Third Frontier Action Fund is administered by the ODOD and provides competitive grants for entrepreneurial activities and research and development (R&D). Funded by *GRF 195-422, Third Frontier Action Fund*, the program seeks to encourage the creation of quality job opportunities in technology-driven sectors. In January 2005, the Controlling Board approved the most recent round of awards under the Technology Action Fund: 12 grants totaling nearly \$9.5 million for early stage capital and fuel cell technology projects.

<b>Project</b>	<b>Award</b>
<b><u>Early Stage Capital:</u></b>	
Cleveland Clinic Foundation <i>BioValidation Fund</i>	\$1,000,000
Draper Triangle Partners II, LLC <i>Draper Triangle Ventures II, LP</i>	\$1,000,000
Ohio TechAngel Fund, LLC <i>Ohio TechAngel Fund</i>	\$1,000,000
Queen City Angels <i>QCA First Fund II</i>	\$1,000,000
Children’s Hospital Medical Center <i>TOMORROW Fund</i>	\$500,000
JumpStart, Inc. <i>2005 JumpStart Evergreen Technology Validation Fund</i>	\$500,000
Blue Chip Venture Company, Ltd. <i>Blue Chip Validation Fund</i>	\$1,000,000

<b>Project</b>	<b>Award</b>
<b><u>Fuel Cell Technology:</u></b>	
NexTech Materials, Ltd. <i>Auxiliary Power for Transportation</i>	\$898,137
GrafTech International, Ltd. <i>Development of a Unique Natural Graphite Gas Diffusion Layer for PEM Fuel Cells</i>	\$602,044
EMTEC <i>Enabling Low-Cost MEA Manufacturing for PEM Fuel Cells in Ohio</i>	\$719,200
Velocys, Inc. <i>Microchannel Hydrogen Generator for Fuel Cell</i>	\$899,068
MetaMateria Partners, LLC <i>Nanostructured Cathode for High Performance Fuel Cell</i>	\$346,913
<b>TOTAL</b>	<b>\$9,465,362</b>

***Biomedical Research and Technology Transfer Trust Fund***

On July 1, 2003 the Biomedical Research and Technology Transfer Commission (BRTTC) was abolished and all of its functions were transferred to the Third Frontier Commission, which acts as the successor to the BRTTC. The Biomedical Research and Technology Transfer Trust Fund receives revenues from payments made to the state under the tobacco master settlement agreement with major American tobacco companies. It provides grants for biomedical research and technology transfer projects that improve the health of Ohioans and provide economic development opportunities within the state. Under Sub. H.B. 434 of the 125th General Assembly, the Trust Fund's allotment from the settlement was \$24.1 million in FY 2005 and \$23.9 million in FY 2006.

**ii. Wright Brothers Capital Fund**

Am. Sub. S.B. 261 of the 124th General Assembly provided the first authority to issue bonds and the first 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. Spending authority (which has been subsequently renewed under other capital appropriation and capital reappropriation bills) is intended for the acquisition, renovation, or construction of facilities and the purchase of equipment for research programs, technology development, product development, and commercialization programs. Bonds are issued under the authority granted in Article VIII, Section 2n of the Ohio Constitution. To comply with the Higher Education Improvement Fund's constitutional requirements, the 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.

Funding under the program is to be used for grants, which are awarded on a competitive basis and are 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.

### **iii. Innovation Ohio Loan Fund Program**

Under the Innovation Ohio Loan Fund Program, \$100 million in revolving loan funds are intended 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 FYs 2006 and 2007, \$50 million are appropriated to line item 195-664, Innovation Ohio.

### **iv. Research and Development Loan Fund Program**

Under the Research and Development Loan Fund Program, an eventual \$200 million in revolving loan funds is intended for research and development projects that design, create, or formulate new or enhanced products, equipment, or processes, and conduct scientific or technological inquiry and experimentation in the physical sciences with the goal of increasing scientific knowledge that may reveal the bases for new or enhanced products, equipment, or processes. Under this program, the state provides loans ranging from \$5 million to \$25 million for up to 50% of eligible capital costs to companies investing a minimum of \$10 million in fixed assets. In FYs 2006 and 2007, \$50 million are appropriated to line item 195-665, Research and Development.

### **v. Proposed Bond Issue**

Under the current General Assembly, S.J.R. 1 and H.J.R. 2 have been introduced for the purpose of submitting to the voters a proposed amendment to the Constitution to issue bonds for the purpose of fostering job creation, economic development, and science and technology-based research and development. At this time, the total amount of the bond proposal is unknown, as are the specific details of the new bond program. Under the executive budget recommendation, \$13.91 million in FY 2007 have been appropriated for debt service payments in appropriation line item 195-905, Third Frontier Research and Commercialization General Obligation Debt Service.

### **vi. Other Initiatives**

#### ***Fuel Cell Initiative***

Under the Governor's Fuel Cell Initiative, Ohio envisions that the state will be a national leader in the manufacturing of fuel cell systems, components, and balance-of-plant equipment. The state's strategy is to promote the growth of a fuel cell industry cluster and to stimulate early market demand. In keeping with this strategy, Ohio seeks to focus funding on a fuel cell cluster that has begun to emerge in the state. Fifty-one entities are members of Ohio's Fuel Cell Coalition, have participated in the Fuel Cell Workshop, and are members of the Power Partnership for Ohio (a Wright Center based at Case Western Reserve University) or have received fuel cell funding from the state. There are 32 companies, 11 academic institutions, and 8 governmental entities included in this group. The cluster consists of four main categories: end-users; fuel cell stack developers/integrators; material, component, and balance-of-plant suppliers; and research and technology services.

For the past two years, Ohio's fuel cell investments have largely been made in the areas of research and early stage product development. Investment vehicles have included the Third Frontier Action Fund, the

Wright Centers of Innovation, and the Wright Projects Program. As of January 2005, investments by the state have totaled nearly \$36 million.

A complete description of Ohio's Fuel Cell Initiative can be found in a document recently published by the Department of Development's Technology Division entitled *Ohio's Fuel Cell Roadmap*. It is located on-line at [http://www.thirdfrontier.com/documents/OhiosFCRoadmapRpt-FINAL\\_000.pdf](http://www.thirdfrontier.com/documents/OhiosFCRoadmapRpt-FINAL_000.pdf).

### ***Economic Development Initiatives***

*Ohio Research Commercialization Grant Program:* The program is designed to improve the commercial viability of Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR), and Advanced Technology Program (ATP) research and development projects. The intent is to improve the ability of small technology companies to assess and realize the commercial potential of research projects and to promote the competitiveness of these companies through the augmentation of federal research and development funding. Under Am. Sub. H.B. 1 of the 125th General Assembly, the program provides commercialization grants solely to businesses that receive federal R&D funding.

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

*Research and Development Investment Tax Credit:* Designed to encourage Ohio's corporations to invest in increased research and development activities, companies must invest in "qualified research expenses," which can include both in-house research and contract research expenses. "Qualified" research is undertaken for the purpose of discovering information that is technological in nature and the application of which is intended to be useful in the development of a new or improved product, process, technique, formula, or invention. The credit equals 7% of the excess amount of qualified research expenses incurred by the company.

*Research and Development Sales Tax Exemption:* This program provides an exemption from state and county sales tax for companies that purchase equipment for research and development activities. This includes research and development activity in both direct and pure research.

*Net Worth Tax Exemption for High-Tech Start-Up Companies:* This program provides an exemption from the state corporate franchise tax to technology companies that are fewer than three years old.

### ***e-Business Initiative***

*Small Communities Broadband Planning Program:* This program is modeled after the Appalachian Regional Telecommunications Planning Program currently administered by the Rural Ohio Technology Infrastructure Group. Grants provide rural communities throughout Ohio with resources necessary to identify the demand for broadband and to develop plans to access needed levels of services at an affordable price for the locality. In addition, the Small Communities Broadband Negotiations Training Program will provide training for leaders from underserved rural and small communities, located in SBC services areas, to learn how to effectively negotiate service packages between the community and appropriate broadband providers.

*e-Communities Business Assistance Program:* This program will bring together economic development interests in selected communities and leverage them with insights, expertise, resources, and experienced consultants to drive sustainable business success within and between business entities. During an 18-month time period, e-communities services will be provided in at least four small communities that are

located in SBC service areas and will assist at least 100 businesses to use broadband technology as a job creation engine.

*The e-Vantage Program:* This program provides small business owners with knowledge and tools for getting connected to the global economy. Experienced instructors provide instruction during 12 hands-on training sessions during which small business owners learn how to outline specifications that meet e-Business solutions for their company's short- and long-term needs, best practices on IT vendor selection and negotiation, and how to profitably implement new e-Business plans. The training also covers marketing, sales, service, customer management, production, security, finance, supply chain, web site design, and operations management.

*Third Frontier Network:* Funds under this program provide opportunities for technology-based businesses that are working with faculty and researchers at universities that are part of the Third Frontier Network to have direct connections to a fiber optic high-speed network. Funds are used to enhance business access to university resources, particularly to the advanced computing service that assists with the development of new products, and to permit the university and business staff to collaborate more effectively.

#### **vii. Other Related Development Programs**

##### ***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. Under the executive budget recommendation, the Thomas Edison Program is appropriated \$15,454,838 in each of FYs 2006 and 2007.

## **II. Ohio Business Development Coalition**

In his January 2004 State of the State address, Governor Taft announced an initiative to create a not-for-profit sales and marketing arm for Ohio that would position the state for aggressive competition in business investment and expansion opportunities. In response, the Department of Development formed the Ohio Business Development Coalition (OBDC) and charged it with developing and executing a targeted, proactive marketing and sales strategy for Ohio.

The OBDC is a 501(c) 6 organization, funded through a combination of public and private sector funds. A self-appointed Board of Directors leads the coalition with representation from the business community, corporate marketing, communications professionals, and regional and local economic development professionals. The primary objective of the OBDC is to provide the Department of Development and economic regional development organizations with qualified leads and effective tools to both retain and expand Ohio companies, and to attract new companies to Ohio.

Specific goals of the OBDC are to:

- Leverage market research currently being coordinated by the Department of Development to develop targeted sales messages and presentations for targeted companies; specific criteria that business decision-makers consider before expanding a business will be identified in the research;

- Develop an overall (brand) positive repetitive message that best explains what sets Ohio apart from other states; Ohio will "sell" itself much like a product does;
- Increase Top Mind of Awareness for Ohio in targeted industries by 20% each year;
- Produce 20 qualified leads per quarter;
- Develop sales presentations for each of the target industries within 18 months; and
- Communicate, develop, and maintain a contact/liaison list of Ohio companies, adding 75 per quarter.

Initial start-up money for the OBDC was provided in the form of an \$8.1 million appropriation to Fund 4F2, State Special Projects. Additionally, \$5 million in each of FYs 2006 and 2007 have been appropriated to line item 195-676, Promote Ohio. Revenue to the line item originates from a transfer of unclaimed funds, as provided under Section 203.99.54 of H.B. 66. Moneys in the line item are to be used to supplement private funding for the OBDC.

### **III. Worker Guarantee Program**

Sub. H.B. 427 of the 125th General Assembly created the Worker Guarantee Program, and under the executive funding recommendations, the program is appropriated \$3 million in each of FYs 2006 and 2007. The program is designed to guarantee employers the skilled workers they need to fill new job openings and grow their businesses in Ohio.

Eligible companies include those who create at least 100 high-paying, full-time jobs over a three-year period and who demonstrate, prior to the commitment of state funds, that the availability of those skilled workers is a major factor in the employer's decision to locate or expand in Ohio. Activities eligible for funding through the Worker Guarantee Program include job assessment services, screening and testing of potential employees, customized training activities, and any other training or related service determined by the Director of Development. Local workforce development service providers may include a combination of public and private entities best equipped to meet the unique workforce development needs of a company. Providers may include community colleges, technical or vocational schools, one-stop centers, or any other entity designated by the Director.

Under the program, state-matching funds totaling one-third of a project's cost will be provided for each approved project. The employer and the local community are each required to provide matching funds totaling one-third of a project's cost.

### **IV. Volume Cap**

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

Ohio's volume cap for CY 2005 is \$2,548,438,259, which is determined on a per capita basis (\$80).

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, the following must apply:

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 2005 volume cap allocation of \$2,548,438,259 consists of \$916,720,880 in the CY 2005 allocation and a Carry Forward portion of \$1,631,717,379 from CYs 2002 to 2004. The following is a breakdown of the volume cap allocation by category for CY 2005:

<b>Volume Cap Allocation</b>		
<b>Category</b>	<b>CY 2005 Allocation (1/3/05)</b>	<b>Adjusted Set-Asides</b>
<b>Ohio Housing Finance Agency</b>	\$300,000,000	\$1,811,717,379
<b>Multi-Family Housing</b>	\$120,000,000	\$120,000,000
<b>Qualified Small Issue</b>	\$100,000,000	\$100,000,000
<b>Student Loans</b>	\$44,000,000	\$44,000,000
<b>Exempt Facilities</b>	\$85,000,000	\$85,000,000
<b>Director’s Discretionary</b>	\$267,720,880	\$267,720,880
<b>Carry Forward</b>	\$1,631,717,379	\$120,000,000
<b>TOTAL</b>	<b>\$2,548,438,259</b>	<b>\$2,548,438,259</b>

Administrative expenses of this program are funded by appropriation line item 195-654, Volume Cap Administration (Fund 617), for which the executive budget recommendation appropriates \$200,000 in each of FYs 2006 and 2007.

## **V. Ohio Housing Finance Agency**

The Ohio Housing Finance Agency (OHFA) was established in 1983 as an agency within the Department of Development. Under Am. Sub. H.B. 431 of the 125th General Assembly (signed by the Governor on February 1, 2005 with a delayed effective date of July 1, 2005), the Ohio Housing Finance Agency will become an independent state agency.

The rationale for establishing the Ohio Housing Finance Agency as an independent agency was to enable the agency to operate in a more business-like manner by transferring administrative and operational

control of the agency to a more empowered Board of Directors.<sup>2</sup> In testimony before the Senate Finance and Financial Institutions Committee, the Executive Director of the Ohio Housing Finance Agency submitted that the creation of an independent OHFA would provide for the following:

- To allow OHFA to be more flexible and to react more quickly to market opportunities that enhance programming and better serve its customers;
- To allow OHFA to be directly governed by an autonomous Board of Directors, enabling the agency to focus specifically on its mission of creating, preserving, and managing affordable housing; and
- To allow for operational efficiencies in terms of nonduplicated accounting procedures and decreased operating costs, as well as estimated annual savings of approximately \$381,000 (net of one-time start-up costs).

Under the provisions of Am. Sub. H.B. 431 and the executive budget recommendation, two funds within the Department of Development's budget that formerly supported operating costs for OHFA have been eliminated. These are (FED) Fund 380,<sup>3</sup> Housing Development Operating, and (SSR) Fund 445,<sup>4</sup> Housing Finance Operating. Any remaining cash balances in these funds at the end of FY 2005 are to be transferred to OHFA's newly established operating fund, (GSF) Fund 5AZ, Housing Finance Agency Personal Services. The Low- and Moderate-Income Housing Trust Fund (Fund 646), which provides grants and loans for qualifying housing projects serving low- and moderate-income persons, will continue to be administered by the Department of Development.

### ***Housing Trust Fund***

The Low- and Moderate-Income Housing Trust Fund (Housing Trust Fund, or HTF), administered by the Department of Development, subsidizes very low- to moderate-income persons by providing low-interest loans and some grants. Most of the programs provide loans for down payment 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 HTF moneys require 75% of moneys be used for households with 50% of the median area income.

Under Am. Sub. H.B. 95 of the 125th General Assembly, the revenue source for the Housing Trust Fund shifted from the General Revenue Fund to county recordation fees. In addition to several OHFA programs, a portion of the HTF provides support to programs and activities of the Community Development Division at the Department of Development. The following table shows the breakdown of HTF funds used for OHFA programs, OHFA payroll, CDD programs, and CDD payroll.

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<sup>2</sup> State Representative Michelle Schneider in sponsor testimony, submitted to the House State Government Committee on March 23, 2004.

<sup>3</sup> Fund 380 supports Section 8 contract administration personnel and the OHFA Development Loan Program.

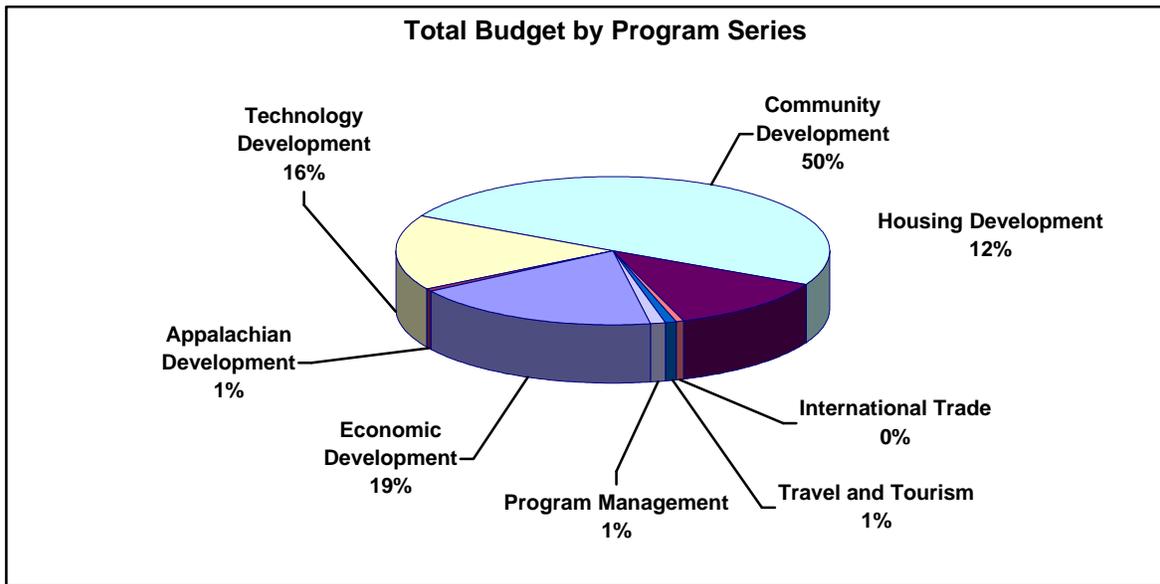
<sup>4</sup> Fund 445 supports administration of OHFA's single-family program and housing credit program.

Expenditures of the Housing Trust Fund					
Fiscal Year	OHFA Programs*	OHFA Payroll + Admin	CDD Programs	CDD Payroll + Admin	Total OHFA + CDD
2002	\$11,281,521	\$516,977	\$8,185,500	\$400,000	\$20,368,998
2003	\$13,388,288	\$674,585	\$6,530,000	\$400,000	\$21,018,373
2004	\$20,603,853	\$531,253	\$21,781,800	\$1,100,000	\$35,461,978

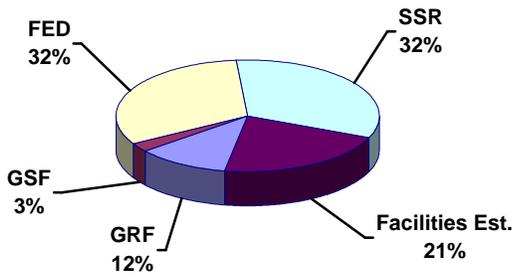
\*Based on funds encumbered in each fiscal year

Total spending by OHFA from the HTF in FYs 2002, 2003, and 2004 total \$11.8 million, \$14.1 million, and \$21.1 million, respectively. The Housing Trust Fund receives appropriations of \$46 million in FY 2006 and \$48 million in FY 2007.

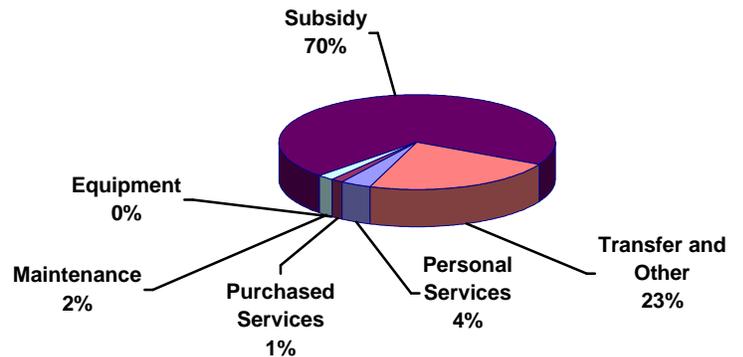
**Breakdown of Department of Development's Total Budget**



**Total Budget by Fund Group**



**Total Budget by Object Code**



**Staffing Levels**

Department of Development Staffing Levels						
Program Series/Division				<i>Estimated</i>		
	2002	2003	2004	2005	2006	2007
Economic Development	91	78	77	82	82	82
Appalachian Development	4	3	3	5	5	5
Technology Development	23	25	21	20	20	20
Community Development	138	132	130	130	127	125
Housing Development (OHFA only)	85	86	91	89	0	0
International Trade	24	20	19	18	18	18
Travel and Tourism	17	11	11	14	14	14
Strategic Research	12	7	7	7	7	7
Minority Business Development	12	11	10	10	10	10
Urban Development	2	3	5	5	5	5
Administration	111	90	73	78	77	76
Communications	0	0	13	12	12	12
<b>Totals</b>	519	466	460	470	377	374

## **MASTER TABLE: EXECUTIVE'S RECOMMENDATIONS FOR FY 2006 AND FY 2007**

The following table provides a comprehensive presentation of the Executive's recommendations for each of the agency's line items and the programs each line item supports. Please note that some line items may provide funding for multiple program series and/or programs. See the Analysis of Executive Proposal section for more information on specific program funding.

<b>Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>General Revenue Fund</b>				
<b>GRF</b>	<b>195-321</b>	<b>Operating Expenses</b>	<b>\$ 2,688,908.00</b>	<b>\$ 2,688,908.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 1,479,482.00	\$ 1,440,003.00
		Program: Marketing, Promotion, and Advertising	\$ 1,479,482.00	\$ 1,440,003.00
		<u>Program Series 8: Program Management</u>	\$ 1,209,426.00	\$ 1,248,905.00
		Program: Program Management	\$ 1,209,426.00	\$ 1,248,905.00
<b>GRF</b>	<b>195-401</b>	<b>Thomas Edison Program</b>	<b>\$ 15,454,838.00</b>	<b>\$ 15,454,838.00</b>
		<u>Program Series 3: Technology Development</u>	\$ 15,454,838.00	\$ 15,454,838.00
		Program: Thomas Edison Program	\$ 15,454,838.00	\$ 15,454,838.00
<b>GRF</b>	<b>195-404</b>	<b>Small Business Development</b>	<b>\$ 1,740,722.00</b>	<b>\$ 1,740,722.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 1,740,722.00	\$ 1,740,722.00
		Program: Small and Developing Business	\$ 1,740,722.00	\$ 1,740,722.00
<b>GRF</b>	<b>195-405</b>	<b>Minority Business Development Division</b>	<b>\$ 1,580,291.00</b>	<b>\$ 1,580,291.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 1,580,291.00	\$ 1,580,291.00
		Program: Minority Business Development	\$ 1,580,291.00	\$ 1,580,291.00
<b>GRF</b>	<b>195-407</b>	<b>Travel and Tourism</b>	<b>\$ 6,812,845.00</b>	<b>\$ 6,712,845.00</b>
		<u>Program Series 7: Travel and Tourism Promotion</u>	\$ 6,812,845.00	\$ 6,712,845.00
		Program: Travel and Tourism Promotion	\$ 6,812,845.00	\$ 6,712,845.00
<b>GRF</b>	<b>195-412</b>	<b>Business Development Grants</b>	<b>\$ 11,750,000.00</b>	<b>\$ 11,750,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 11,750,000.00	\$ 11,750,000.00
		Program: Business Development and Financial Incentives	\$ 11,750,000.00	\$ 11,750,000.00
<b>GRF</b>	<b>195-414</b>	<b>First Frontier Match</b>	<b>\$ 250,000.00</b>	<b>\$ 250,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 250,000.00	\$ 250,000.00
		Program: Marketing, Promotion, and Advertising	\$ 250,000.00	\$ 250,000.00
<b>GRF</b>	<b>195-415</b>	<b>Economic Development Division and Regional Offices</b>	<b>\$ 5,794,975.00</b>	<b>\$ 5,894,975.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 5,794,975.00	\$ 5,894,975.00
		Program: Business Development and Financial Incentives	\$ 2,031,087.00	\$ 2,128,773.00
		Program: Investment in Training	\$ 315,088.00	\$ 317,402.00
		Program: Regionalization of Economic Development	\$ 3,448,800.00	\$ 3,448,800.00
<b>GRF</b>	<b>195-416</b>	<b>Governor's Office of Appalachia</b>	<b>\$ 4,122,372.00</b>	<b>\$ 4,122,372.00</b>
		<u>Program Series 2: Appalachian Development</u>	\$ 4,122,372.00	\$ 4,122,372.00
		Program: Appalachian Development	\$ 4,122,372.00	\$ 4,122,372.00
<b>GRF</b>	<b>195-422</b>	<b>Third Frontier Action Fund</b>	<b>\$ 16,790,000.00</b>	<b>\$ 16,790,000.00</b>
		<u>Program Series 3: Technology Development</u>	\$ 16,790,000.00	\$ 16,790,000.00

<b>Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
		Program: Third Frontier Program	\$ 16,790,000.00	\$ 16,790,000.00
<b>GRF</b>	<b>195-426</b>	<b>Clean Ohio Implementation</b>	<b>\$ 300,000.00</b>	<b>\$ 300,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 300,000.00	\$ 300,000.00
		Program: Business Development and Financial Incentives	\$ 300,000.00	\$ 300,000.00
<b>GRF</b>	<b>195-432</b>	<b>International Trade</b>	<b>\$ 4,223,787.00</b>	<b>\$ 4,223,787.00</b>
		<u>Program Series 6: International Trade</u>	\$ 4,223,787.00	\$ 4,223,787.00
		Program: International Trade	\$ 4,223,787.00	\$ 4,223,787.00
<b>GRF</b>	<b>195-434</b>	<b>Investment in Training Grants</b>	<b>\$ 12,227,500.00</b>	<b>\$ 12,227,500.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 12,227,500.00	\$ 12,227,500.00
		Program: Investment in Training	\$ 12,227,500.00	\$ 12,227,500.00
<b>GRF</b>	<b>195-436</b>	<b>Labor/Management Cooperation</b>	<b>\$ 811,869.00</b>	<b>\$ 811,869.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 811,869.00	\$ 811,869.00
		Program: Small and Developing Business	\$ 811,869.00	\$ 811,869.00
<b>GRF</b>	<b>195-497</b>	<b>CDBG Operating Match Total</b>	<b>\$ 1,040,956.00</b>	<b>\$ 1,040,956.00</b>
		<u>Program Series 4: Community Development</u>	\$ 853,584.00	\$ 853,584.00
		Program: Downtown Revitalization	\$ 42,680.00	\$ 42,680.00
		Program: Public Works/Infrastructure Development	\$ 665,795.00	\$ 665,795.00
		Program: Local Government Economic Development	\$ 145,109.00	\$ 145,109.00
		<u>Program Series 5: Housing Development</u>	\$ 187,372.00	\$ 187,372.00
		Program: Local Government Housing Assistance	\$ 187,372.00	\$ 187,372.00
<b>GRF</b>	<b>195-498</b>	<b>State Match Energy</b>	<b>\$ 94,000.00</b>	<b>\$ 94,000.00</b>
		<u>Program Series 4: Community Development</u>	\$ 94,000.00	\$ 94,000.00
		Program: Energy Efficiency	\$ 94,000.00	\$ 94,000.00
<b>GRF</b>	<b>195-501</b>	<b>Appalachian Local Development Districts</b>	<b>\$ 380,080.00</b>	<b>\$ 380,080.00</b>
		<u>Program Series 2: Appalachian Development</u>	\$ 380,080.00	\$ 380,080.00
		Program: Appalachian Development	\$ 380,080.00	\$ 380,080.00
<b>GRF</b>	<b>195-502</b>	<b>Appalachian Regional Commission Dues</b>	<b>\$ 246,803.00</b>	<b>\$ 246,803.00</b>
		<u>Program Series 2: Appalachian Development</u>	\$ 246,803.00	\$ 246,803.00
		Program: Appalachian Development	\$ 246,803.00	\$ 246,803.00
<b>GRF</b>	<b>195-507</b>	<b>Travel and Tourism Grants</b>	<b>\$ 900,000.00</b>	<b>\$ 900,000.00</b>
		<u>Program Series 7: Travel and Tourism Promotion</u>	\$ 900,000.00	\$ 900,000.00
		Program: Travel and Tourism Promotion	\$ 900,000.00	\$ 900,000.00
<b>GRF</b>	<b>195-515</b>	<b>Economic Development Contingency</b>	<b>\$ 10,000,000.00</b>	<b>\$ -</b>
		<u>Program Series 1: Economic Development</u>	\$ 10,000,000.00	\$ -

<b>Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
		Program: Business Development and Financial Incentives	\$ 10,000,000.00	\$ -
<b>GRF</b>	<b>195-905</b>	<b>Third Frontier Research and Commercialization</b>	<b>\$ -</b>	<b>\$ 13,910,000.00</b>
		<u>Program Series 3: Technology Development</u>	\$ -	\$ 13,910,000.00
		Program: Third Frontier Program	\$ -	\$ 13,910,000.00
<b>General Revenue Fund Subtotal</b>			<b>\$ 97,209,946.00</b>	<b>\$ 101,119,946.00</b>
<b>General Services Fund Group</b>				
<b>Fund 135</b>	<b>195-605</b>	<b>Supportive Services</b>	<b>\$ 7,450,000.00</b>	<b>\$ 7,539,686.00</b>
		<u>Program Series 8: Program Management</u>	\$ 7,450,000.00	\$ 7,539,686.00
		Program: Program Management	\$ 7,450,000.00	\$ 7,539,686.00
<b>Fund 5AD</b>	<b>195-667</b>	<b>Investment in Training Expansion</b>	<b>\$ 5,000,000.00</b>	<b>\$ 5,000,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 5,000,000.00	\$ 5,000,000.00
		Program: Investment in Training	\$ 5,000,000.00	\$ 5,000,000.00
<b>Fund 5AD</b>	<b>195-668</b>	<b>Worker Guarantee Program</b>	<b>\$ 3,000,000.00</b>	<b>\$ 3,000,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 3,000,000.00	\$ 3,000,000.00
		Program: Investment in Training	\$ 3,000,000.00	\$ 3,000,000.00
<b>Fund 5AD</b>	<b>195-677</b>	<b>Economic Development Contingency</b>	<b>\$ -</b>	<b>\$ 10,000,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ -	\$ 10,000,000.00
		Program: Business Development and Financial Incentives	\$ -	\$ 10,000,000.00
<b>Fund 685</b>	<b>195-636</b>	<b>General Reimbursements</b>	<b>\$ 1,000,000.00</b>	<b>\$ 1,000,000.00</b>
		<u>Program Series 8: Program Management</u>	\$ 1,000,000.00	\$ 1,000,000.00
		Program: Program Management	\$ 1,000,000.00	\$ 1,000,000.00
<b>General Services Fund Subtotal</b>			<b>\$ 16,450,000.00</b>	<b>\$ 26,539,686.00</b>
<b>Federal Special Revenue Fund Group</b>				
<b>Fund 308</b>	<b>195-602</b>	<b>Appalachian Regional Commission Dues</b>	<b>\$ 600,660.00</b>	<b>\$ 600,660.00</b>
		<u>Program Series 2: Appalachian Development</u>	\$ 600,660.00	\$ 600,660.00
		Program: Appalachian Development	\$ 600,660.00	\$ 600,660.00
<b>Fund 308</b>	<b>195-603</b>	<b>Housing and Urban Development</b>	<b>\$ 5,000,000.00</b>	<b>\$ 5,000,000.00</b>
		<u>Program Series 5: Housing Development</u>	\$ 5,000,000.00	\$ 5,000,000.00
		Program: Homelessness Assistance	\$ 5,000,000.00	\$ 5,000,000.00
<b>Fund 308</b>	<b>195-605</b>	<b>Federal Projects</b>	<b>\$ 15,300,249.00</b>	<b>\$ 15,300,249.00</b>
		<u>Program Series 4: Community Development</u>	\$ 15,300,249.00	\$ 15,300,249.00
		Program: Energy Efficiency	\$ 15,300,249.00	\$ 15,300,249.00
<b>Fund 308</b>	<b>195-609</b>	<b>Small Business Administration</b>	<b>\$ 4,296,381.00</b>	<b>\$ 4,296,381.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 4,296,381.00	\$ 4,296,381.00

<b>Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
		Program: Small and Developing Business	\$ 3,796,381.00	\$ 3,796,381.00
		Program: Minority Business Development	\$ 500,000.00	\$ 500,000.00
<b>Fund 308</b>	<b>195-618</b>	<b>Energy Federal Grants</b>	<b>\$ 3,397,659.00</b>	<b>\$ 3,397,659.00</b>
		<u>Program Series 4: Community Development</u>	\$ 3,397,659.00	\$ 3,397,659.00
		Program: Energy Efficiency	\$ 3,397,659.00	\$ 3,397,659.00
<b>Fund 335</b>	<b>195-610</b>	<b>Oil Overcharge</b>	<b>\$ 3,000,000.00</b>	<b>\$ 3,000,000.00</b>
		<u>Program Series 4: Community Development</u>	\$ 3,000,000.00	\$ 3,000,000.00
		Program: Energy Efficiency	\$ 3,000,000.00	\$ 3,000,000.00
<b>Fund 3AE</b>	<b>195-643</b>	<b>Workforce Development Initiatives</b>	<b>\$ 5,800,000.00</b>	<b>\$ 5,800,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 5,800,000.00	\$ 5,800,000.00
		Program: Investment in Training	\$ 5,800,000.00	\$ 5,800,000.00
<b>Fund 3K8</b>	<b>195-613</b>	<b>Community Development Block Grant</b>	<b>\$ 65,000,000.00</b>	<b>\$ 65,000,000.00</b>
		<u>Program Series 4: Community Development</u>	\$ 53,300,000.00	\$ 53,300,000.00
		Program: Downtown Revitalization	\$ 2,700,000.00	\$ 2,700,000.00
		Program: Public Works/Infrastructure Development	\$ 41,600,000.00	\$ 41,600,000.00
		Program: Local Government Economic Development	\$ 9,000,000.00	\$ 9,000,000.00
		<u>Program Series 5: Housing Development</u>	\$ 11,700,000.00	\$ 11,700,000.00
		Program: Local Government Housing Assistance	\$ 11,000,000.00	\$ 11,000,000.00
		Program: Homelessness Assistance	\$ 700,000.00	\$ 700,000.00
<b>Fund 3K9</b>	<b>195-611</b>	<b>Home Energy Assistance Block Grant</b>	<b>\$ 90,500,000.00</b>	<b>\$ 90,500,000.00</b>
		<u>Program Series 4: Community Development</u>	\$ 90,500,000.00	\$ 90,500,000.00
		Program: Energy Efficiency	\$ 90,500,000.00	\$ 90,500,000.00
<b>Fund 3K9</b>	<b>195-614</b>	<b>HEAP Weatherization</b>	<b>\$ 16,219,478.00</b>	<b>\$ 16,219,478.00</b>
		<u>Program Series 4: Community Development</u>	\$ 16,219,478.00	\$ 16,219,478.00
		Program: Energy Efficiency	\$ 16,219,478.00	\$ 16,219,478.00
<b>Fund 3L0</b>	<b>195-612</b>	<b>Community Services Block Grant</b>	<b>\$ 25,235,000.00</b>	<b>\$ 25,235,000.00</b>
		<u>Program Series 4: Community Development</u>	\$ 25,235,000.00	\$ 25,235,000.00
		Program: Services to Alleviate Poverty	\$ 25,235,000.00	\$ 25,235,000.00
<b>Fund 3V1</b>	<b>195-601</b>	<b>HOME Program</b>	<b>\$ 40,000,000.00</b>	<b>\$ 40,000,000.00</b>
		<u>Program Series 5: Housing Development</u>	\$ 40,000,000.00	\$ 40,000,000.00
		Program: Local Government Housing Assistance	\$ 30,000,000.00	\$ 30,000,000.00
		Program: For-Profit and Not-for-Profit Housing Development	\$ 10,000,000.00	\$ 10,000,000.00
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$ 274,349,427.00</b>	<b>\$ 274,349,427.00</b>
<b>State Special Revenue Fund Group</b>				

<b>Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Fund 444</b>	<b>195-607</b>	<b>Water and Sewer Commission Loans</b>	<b>\$ 523,775.00</b>	<b>\$ 523,775.00</b>
		<u>Program Series 4: Community Development</u>	\$ 523,775.00	\$ 523,775.00
		Program: Public Works/Infrastructure Development	\$ 523,775.00	\$ 523,775.00
<b>Fund 450</b>	<b>195-624</b>	<b>Minority Business Bonding Program Administration</b>	<b>\$ 53,967.00</b>	<b>\$ 53,967.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 53,967.00	\$ 53,967.00
		Program: Minority Business Development	\$ 53,967.00	\$ 53,967.00
<b>Fund 451</b>	<b>195-625</b>	<b>Economic Development Financing Operating</b>	<b>\$ 2,358,311.00</b>	<b>\$ 2,358,311.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 2,358,311.00	\$ 2,358,311.00
		Program: Business Development and Financial Incentives	\$ 2,358,311.00	\$ 2,358,311.00
<b>Fund 4F2</b>	<b>195-639</b>	<b>State Special Projects</b>	<b>\$ 290,183.00</b>	<b>\$ 290,183.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 8,000.00	\$ 8,000.00
		Program: Marketing, Promotion, and Advertising	\$ 8,000.00	\$ 8,000.00
		<u>Program Series 4: Community Development</u>	\$ 282,183.00	\$ 282,183.00
		Program: Energy Efficiency	\$ 282,183.00	\$ 282,183.00
<b>Fund 4F2</b>	<b>195-676</b>	<b>Promote Ohio</b>	<b>\$ 5,000,000.00</b>	<b>\$ 5,000,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 5,000,000.00	\$ 5,000,000.00
		Program: Marketing, Promotion, and Advertising	\$ 5,000,000.00	\$ 5,000,000.00
<b>Fund 4H4</b>	<b>195-641</b>	<b>First Frontier</b>	<b>\$ 500,000.00</b>	<b>\$ 500,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 500,000.00	\$ 500,000.00
		Program: Marketing, Promotion, and Advertising	\$ 500,000.00	\$ 500,000.00
<b>Fund 4S0</b>	<b>195-630</b>	<b>Enterprise Zone Operating</b>	<b>\$ 275,000.00</b>	<b>\$ 275,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 275,000.00	\$ 275,000.00
		Program: Tax Incentives	\$ 275,000.00	\$ 275,000.00
<b>Fund 4S1</b>	<b>195-634</b>	<b>Job Creation Tax Credit Operating</b>	<b>\$ 375,800.00</b>	<b>\$ 375,800.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 375,800.00	\$ 375,800.00
		Program: Tax Incentives	\$ 375,800.00	\$ 375,800.00
<b>Fund 4W1</b>	<b>195-646</b>	<b>Minority Business Enterprise Loan</b>	<b>\$ 2,580,597.00</b>	<b>\$ 2,580,597.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 2,580,597.00	\$ 2,580,597.00
		Program: Minority Business Development	\$ 2,580,597.00	\$ 2,580,597.00
<b>Fund 5M4</b>	<b>195-659</b>	<b>Universal Service</b>	<b>\$ 210,000,000.00</b>	<b>\$ 210,000,000.00</b>
		<u>Program Series 4: Community Development</u>	\$ 210,000,000.00	\$ 210,000,000.00
		Program: Energy Efficiency	\$ 210,000,000.00	\$ 210,000,000.00
<b>Fund 5M5</b>	<b>195-660</b>	<b>Energy Efficiency Loan and Grant</b>	<b>\$ 12,000,000.00</b>	<b>\$ 12,000,000.00</b>
		<u>Program Series 4: Community Development</u>	\$ 12,000,000.00	\$ 12,000,000.00

<b>Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
		Program: Energy Efficiency	\$ 12,000,000.00	\$ 12,000,000.00
<b>Fund 5X1</b>	<b>195-651</b>	<b>Exempt Facility Inspection</b>	<b>\$ 25,000.00</b>	<b>\$ 25,000.00</b>
		<u>Program Series 4: Community Development</u>	\$ 25,000.00	\$ 25,000.00
		Program: Energy Efficiency	\$ 25,000.00	\$ 25,000.00
<b>Fund 611</b>	<b>195-631</b>	<b>Water and Sewer Administration</b>	<b>\$ 15,713.00</b>	<b>\$ 15,713.00</b>
		<u>Program Series 4: Community Development</u>	\$ 15,713.00	\$ 15,713.00
		Program: Public Works/Infrastructure Development	\$ 15,713.00	\$ 15,713.00
<b>Fund 617</b>	<b>195-654</b>	<b>Volume Cap Administration</b>	<b>\$ 200,000.00</b>	<b>\$ 200,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 200,000.00	\$ 200,000.00
		Program: Business Development and Financial Incentives	\$ 200,000.00	\$ 200,000.00
<b>Fund 646</b>	<b>195-638</b>	<b>Low and Moderate Income Housing Trust Fund</b>	<b>\$ 46,000,000.00</b>	<b>\$ 48,000,000.00</b>
		<u>Program Series 5: Housing Development</u>	\$ 46,000,000.00	\$ 48,000,000.00
		Program: For-Profit and Not-for-Profit Housing Development	\$ 23,000,000.00	\$ 24,000,000.00
		Program: Housing Trust Fund	\$ 23,000,000.00	\$ 24,000,000.00
<b>State Special Revenue Fund Subtotal</b>			<b>\$ 280,198,346.00</b>	<b>\$ 282,198,346.00</b>
<b>Facilities Establishment Fund Group</b>				
<b>Fund 009</b>	<b>195-664</b>	<b>Innovation Ohio</b>	<b>\$ 50,000,000.00</b>	<b>\$ 50,000,000.00</b>
		<u>Program Series 3: Technology Development</u>	\$ 50,000,000.00	\$ 50,000,000.00
		Program: Third Frontier Program	\$ 50,000,000.00	\$ 50,000,000.00
<b>Fund 010</b>	<b>195-665</b>	<b>Research and Development</b>	<b>\$ 50,000,000.00</b>	<b>\$ 50,000,000.00</b>
		<u>Program Series 3: Technology Development</u>	\$ 50,000,000.00	\$ 50,000,000.00
		Program: Third Frontier Program	\$ 50,000,000.00	\$ 50,000,000.00
<b>Fund 037</b>	<b>195-615</b>	<b>Facilities Establishment</b>	<b>\$ 63,931,149.00</b>	<b>\$ 63,931,149.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 63,931,149.00	\$ 63,931,149.00
		Program: Business Development and Financial Incentives	\$ 63,931,149.00	\$ 63,931,149.00
<b>Fund 4Z6</b>	<b>195-647</b>	<b>Rural Industrial Park Loan</b>	<b>\$ 3,000,000.00</b>	<b>\$ 3,000,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 3,000,000.00	\$ 3,000,000.00
		Program: Business Development and Financial Incentives	\$ 3,000,000.00	\$ 3,000,000.00
<b>Fund 5D2</b>	<b>195-650</b>	<b>Urban Redevelopment Loans</b>	<b>\$ 10,475,000.00</b>	<b>\$ 10,475,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 10,475,000.00	\$ 10,475,000.00
		Program: Business Development and Financial Incentives	\$ 10,475,000.00	\$ 10,475,000.00
<b>Fund 5H1</b>	<b>195-652</b>	<b>Family Farm Loan Guarantee</b>	<b>\$ 1,000,000.00</b>	<b>\$ 1,000,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 1,000,000.00	\$ 1,000,000.00
		Program: Business Development and Financial Incentives	\$ 1,000,000.00	\$ 1,000,000.00

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<b>Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Fund 5S8</b>	<b>195-627</b>	<b>Rural Development Initiative</b>	<b>\$ 3,000,000.00</b>	<b>\$ 3,000,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 3,000,000.00	\$ 3,000,000.00
		Program: Business Development and Financial Incentives	\$ 3,000,000.00	\$ 3,000,000.00
<b>Fund 5S9</b>	<b>195-628</b>	<b>Capital Access Loan Program</b>	<b>\$ 3,000,000.00</b>	<b>\$ 3,000,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 3,000,000.00	\$ 3,000,000.00
		Program: Small and Developing Business	\$ 3,000,000.00	\$ 3,000,000.00
<b>Facilities Establishment Fund Subtotal</b>			<b>\$ 184,406,149.00</b>	<b>\$ 184,406,149.00</b>
<b>Clean Ohio Revitalization Fund Group</b>				
<b>Fund 003</b>	<b>195-663</b>	<b>Clean Ohio Operating</b>	<b>\$ 350,000.00</b>	<b>\$ 350,000.00</b>
		<u>Program Series 1: Economic Development</u>	\$ 350,000.00	\$ 350,000.00
		Program: Business Development and Financial Incentives	\$ 350,000.00	\$ 350,000.00
<b>Clean Ohio Revitalization Fund Subtotal</b>			<b>\$ 350,000.00</b>	<b>\$ 350,000.00</b>
<b>Agency Total Funding</b>			<b>\$ 852,963,868.00</b>	<b>\$ 868,963,554.00</b>

## ANALYSIS OF EXECUTIVE PROPOSAL

### Program Series 1

### Economic Development

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

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

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	195-321	Operating Expenses	\$1,479,482	\$1,440,003
GRF	195-404	Small Business Development	\$1,740,722	\$1,740,722
GRF	195-405	Minority Business Development Division	\$1,580,291	\$1,580,291
GRF	195-412	Business Development Grants	\$11,750,000	\$11,750,000
GRF	195-414	First Frontier Match	\$250,000	\$250,000
GRF	195-415	Economic Development Division and Regional Offices	\$5,794,975	\$5,894,975
GRF	195-426	Clean Ohio Implementation	\$300,000	\$300,000
GRF	195-434	Investment in Training Grants	\$12,227,500	\$12,227,500
GRF	195-436	Labor/Management Cooperation	\$811,869	\$811,869
GRF	195-515	Economic Development Contingency	\$10,000,000	\$0
<b>General Revenue Fund Subtotal</b>			<b>\$45,934,839</b>	<b>\$35,995,360</b>
<b>General Services Fund</b>				
5AD	195-667	Investment in Training Expansion	\$5,000,000	\$5,000,000
5AD	195-668	Worker Guarantee Program	\$3,000,000	\$3,000,000
5AD	195-677	Economic Development Contingency	\$0	\$10,000,000
<b>General Services Fund Subtotal</b>			<b>\$8,000,000</b>	<b>\$18,000,000</b>
<b>Federal Special Revenue Fund</b>				
308	195-609	Small Business Administration	\$4,296,381	\$4,296,381
3AE	195-643	Workforce Development Initiatives	\$5,800,000	\$5,800,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$10,096,381</b>	<b>\$10,096,381</b>
<b>State Special Revenue Fund</b>				
450	195-624	Minority Business Bonding Program Administration	\$53,967	\$53,967
451	195-625	Economic Development Financing Operating	\$2,358,311	\$2,358,311
4F2	195-639	State Special Projects	\$8,000	\$8,000
4F2	195-676	Promote Ohio	\$5,000,000	\$5,000,000
4H4	195-641	First Frontier	\$500,000	\$500,000
4S0	195-630	Enterprise Zone Operating	\$275,000	\$275,000
4S1	195-634	Job Creation Tax Credit Operating	\$375,800	\$375,800
4W1	195-646	Minority Business Enterprise Loan	\$2,580,597	\$2,580,597

Fund	ALI	Title	FY 2006	FY 2007
617	195-654	Volume Cap Administration	\$200,000	\$200,000
<b>State Special Revenue Fund Subtotal</b>			<b>\$11,351,675</b>	<b>\$11,351,675</b>
<b>Facilities Establishment Fund</b>				
037	195-615	Facilities Establishment	\$63,931,149	\$63,931,149
4Z6	195-647	Rural Industrial Park Loan	\$3,000,000	\$3,000,000
5D2	195-650	Urban Redevelopment Loans	\$10,475,000	\$10,475,000
5H1	195-652	Family Farm Loan Guarantee	\$1,000,000	\$1,000,000
5S8	195-627	Rural Development Initiative	\$3,000,000	\$3,000,000
5S9	195-628	Capital Access Loan Program	\$3,000,000	\$3,000,000
<b>Facilities Establishment Fund Subtotal</b>			<b>\$84,406,149</b>	<b>\$84,406,149</b>
<b>Clean Ohio Revitalization Fund</b>				
003	195-663	Clean Ohio - Operating	\$350,000	\$350,000
<b>Clean Ohio Revitalization Fund Subtotal</b>			<b>\$350,000</b>	<b>\$350,000</b>
<b>Total Funding: Economic Development</b>			<b>\$160,139,044</b>	<b>\$160,199,565</b>

This analysis focuses on the following specific programs within the Economic Development program series:

- ***Business Development and Financial Incentives***
- ***Investment in Training***
- ***Small and Developing Business***
- ***Minority Business Development***
- ***Tax Incentives***
- ***Regionalization of Economic Development***
- ***Marketing, Promotion, and Advertisement***

***Business Development and Financial Incentives***

***Program Description:*** Programs within the Department of Development’s Economic Development Division assist and promote economic growth by providing financial assistance and various support services to companies and communities throughout the state. Assistance ranges from direct financial assistance to small business counseling. The division also provides specialized funding for various activities, including Clean Ohio funding to revitalize underutilized "brownfield" sites.

The Office of Business Development assists companies looking to expand or locate in Ohio by structuring incentive packages, providing information on the state’s business assistance programs, and conducting site and building searches. The Office administers the 412 Business Development and 629 Roadwork Development (funded under the Transportation Budget Bill) grant programs, which support economic development through infrastructure assistance. The division also administers all loans and grants governed under Chapter 166. of the Revised Code and implemented through the Facilities Establishment Fund (including 166 Direct Loans, Rural Industrial Park Loans, Rural Development Initiative Grants, Urban Redevelopment Loans, and the Family Farm Loan Guarantee Program).

The Office of Business Development has three sections: the Credit and Finance Section that manages the state’s business loan portfolio, 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.

**Funding Source:** General Revenue Fund, unclaimed funds, various program participation fees, various program loan repayments, economic development bond proceeds, investment interest

**Line Items:**

- GRF 195-412, Business Development Grants
- GRF 195-415, Economic Development Division and Regional Offices
- GRF 195-426, Clean Ohio Implementation
- GRF 195-515, Economic Development Contingency
- 5AD 195-677, Economic Development Contingency
- 451 195-625, Economic Development Financing Operating
- 617 195-654, Volume Cap Administration
- 037 195-615, Facilities Establishment
- 4Z6 195-647, Rural Industrial Park Loan
- 5D2 195-650, Urban Redevelopment Loans
- 5H1 195-652, Family Farm Loan Guarantee
- 5S8 195-627, Rural Development Initiative
- 003 195-663, Clean Ohio Operating

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program total \$108,395,547 in FY 2006 and \$108,493,233 in FY 2007 (excluding appropriations to line item 195-629, Roadwork Development). An increase of nearly 32% is provided for the Business Development Grants Program.

**Temporary and Permanent Law Provisions:**

**Business Development Grants:** Under Section 203.99.09 of H.B. 66, line item 195-412, Business Development Grants, is to be used as an incentive for attracting and retaining business opportunities for the state. Projects must create or retain a significant number of jobs for Ohioans. Grant awards may be considered only when (1) the project's viability hinges on an award of funds, (2) all other public or private sources of financing have been considered, and (3) the funds act as a catalyst for the infusion into the project of other financing sources. The Department of Development's primary goal must be to award funds to political subdivisions for off-site infrastructure improvements, though the Director may recommend the funds be used in an alternative manner when considered appropriate to meet an extraordinary economic development opportunity or need.

**Economic Development Financing Operating:** Separate language under Section 203.99.45 requires that line item 195-625, Economic Development Financing Operating, be used for the operating expenses of financial assistance programs authorized under Chapter 166. of the Revised Code and under sections 122.43 and 122.45 of the Revised Code. Under Section 203.99.48, up to \$1.8 million in cash may be transferred from the Facilities Establishment Fund (Fund 037) to the Economic Development Financing Operating Fund (Fund 451) each fiscal year, subject to Controlling Board approval.

**Volume Cap Administration:** Additionally, line item 195-654, Volume Cap Administration, is to be used for expenses related to the administration of the Volume Cap Program. Revenues received by the Volume Cap Administration Fund (Fund 617) must consist of application fees, forfeited deposits, and interest earned from the custodial account held by the Treasurer of State.

*Facilities Establishment Fund:* Section 203.99.48 requires that line item 195-615, Facilities Establishment, be used for the purposes described under Chapter 166. of the Revised Code. The following transfers from the Facilities Establishment Fund (Fund 037) are authorized under this section:

- Up to \$1.8 million each fiscal year to the Economic Development Financing Operating Fund (Fund 451), subject to Controlling Board approval.
- Up to \$20.95 million in cash to the Urban Redevelopment Loan Fund (Fund 5D2) over the course of the biennium. The Director of Development is authorized to develop program guidelines for the transfer and release of these funds.
- Up to \$3 million in each fiscal year may be transferred from the Facilities Establishment Fund (Fund 037) to the Rural Industrial Park Loan Fund (Fund 4Z6), subject to Controlling Board approval.
- Up to \$1 million in each fiscal year to the Family Farm Loan Guarantee Fund (Fund 5H1), subject to Controlling Board approval. Financial assistance provided for loan guarantees, provided via Fund 5H1, is to be repaid to Fund 5H1. When the Family Farm Loan Guarantee Fund ceases to exist, all outstanding balances, loan repayments, and outstanding obligations shall revert to the Facilities Establishment Fund.
- Up to \$3 million each fiscal year to the Rural Development Initiative Fund (Fund 5S8), subject to Controlling Board approval.
- Up to \$3 million each fiscal year to the Capital Access Loan Program Fund (Fund 5S9), subject to Controlling Board approval.

*Rural Development Initiative Fund:* The Rural Development Initiative Fund (Fund 5S8) is also entitled to receive moneys from the Facilities Establishment Fund (Fund 037), up to \$3 million each fiscal year on an as-needed basis and subject to Controlling Board approval. The Director of Development is authorized to make grants from this fund to eligible applicants in Appalachian counties and rural counties that are designated as distressed (with priority given to Appalachian counties designated as distressed by the federal Appalachian Regional Commission). Only applicants who also qualify for and receive funding under the Rural Industrial Park Loan Program are eligible to receive grant awards from Fund 5S8. The Rural Development Initiative Fund (Fund 5S8) is set to expire on June 30, 2007. All moneys remaining in the fund after that date are to revert to the Facilities Establishment Fund (Fund 037).

*Clean Ohio Operating:* Section 203.99.51 specifies that line item 195-663, Clean Ohio Operating, is to be used by the Department of Development in administering sections 122.65 to 122.658 of the Revised Code (the Clean Ohio Program).

### **Investment in Training**

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

The Worker Guarantee Program is designed to guarantee employers the skilled workers they need to fill new job openings and grow their businesses in Ohio. Eligible companies includes those who create at least 100 high-paying, full-time jobs over a three-year period and who demonstrate, prior to the

commitment of state funds, that the availability of those skilled workers is a major factor in the employer's decision to locate or expand in Ohio. Activities eligible for funding through the Worker Guarantee Program include job assessment services, screening and testing of potential employees, customized training activities, and any other training or related service determined by the Director of Development.

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

**Line Items:**

- GRF 195-415, Economic Development Division and Regional Offices
- GRF 195-434, Investment in Training Grants
- 5AD 195-667, Investment in Training Expansion
- 5AD 195-668, Worker Guarantee Program
- 3AE 195-643, Workforce Development Initiatives

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program total \$26,342,588 in FY 2006 and \$26,344,902 in FY 2007. A new line item, Investment in Training Expansion (GSF 195-667), which was established to supplement grant funding provided under line item 195-434, Investment in Training Grants, receives \$5 million in appropriation authority each year. Additionally, the Worker Guarantee Program is continued, and provides funds to assess, train, and screen employees for companies creating 100 or more jobs. Funding also supports the Governor's Workforce Policy Board, which is working to improve Ohio's employment and training services through systematic workforce development change.

**Temporary and Permanent Law Provisions:**

**Investment in Training Expansion:** Section 203.99.24 of H.B. 66 specifies that line item 195-667, Investment in Training Expansion, is to be used to promote training through grants for the reimbursement of eligible training expenses.

**Worker Guarantee Program:** Separate language under Section 203.99.36 describes the Worker Guarantee Program (line item 195-668) and requires that benefited employers must create at least 100 high-paying, full-time jobs over a three-year period and must demonstrate prior to the commitment of state funds, that the availability of the skilled workers provided under the program is a major factor in the employer's decision to locate or expand in Ohio. Other details related to the program, including eligible costs and employer and local match requirements, are described under this section.

**Unclaimed Funds Transfer:** Prior to June 30, 2006, the Director of Commerce is required to transfer to the Job Development Initiative Fund (Fund 5AD), up to \$8 million in unclaimed funds. Prior to June 30, 2007, the Director of Commerce is required to make an additional transfer of \$18 million in unclaimed funds to the Job Development Initiative Fund (Fund 5AD).

**Small and Developing Business**

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

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

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

**Funding Source:** General Revenue Fund, Small Business Development Center funds, program participation fees, program loan repayments, economic development bond proceeds, investment interest

**Line Items:**

- GRF 195-404, Small Business Development
- GRF 195-436, Labor/Management Cooperation
- 308 195-609, Small Business Administration
- 5S9 195-628, Capital Access Loan Program

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program totals \$9,348,972 in each of FYs 2006 and 2007. In addition to supporting the Small Business Development Center Program, funding also supports the Governor's Small Business Advisory Council in soliciting the concerns and priorities of small business owners, and continues the Capital Access Loan Program, an economic development tool that encourages lending to small businesses for growth and expansion.

**Temporary and Permanent Law Provisions:**

**Small Business Development:** Section 203.99.06 of H.B. 66 requires that line item 195-404, Small Business Development, be used to ensure that the unique needs and concerns of small business are addressed. Additionally, the line item may be used to provide grants to local organizations to support the operation of Small Business Development Centers and other local economic development activities promoting small business, and for the cost of administering the Small Business Development Center Program.

**Capital Access Loan Program:** Separate language under section 203.99.48 requires that line item 195-628, Capital Access Loan Program, be used for operating, program, and administrative expenses of the program. Program funds are to be used to assist participating financial institutions in making loans to eligible businesses that face barriers in accessing working capital and obtaining fixed asset financing. The Director of Budget and Management is authorized to transfer up to \$3 million each fiscal year, on an as-needed basis, from the Facilities Establishment Fund (Fund 037) to the Capital Access Loan Program Fund (Fund 5S9), subject to Controlling Board approval.

### **Minority Business Development**

**Program Description:** This program aids in the creation of a business environment that is sensitive to the needs of small, disadvantaged, and minority businesses. Information is provided to minority business owners through the Minority Contractors and Business Assistance Program, the Office of Technical Services, and the Office of Procurement Services.

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

**Funding Source:** General Revenue Fund, Small Business Development Center funds, program participation fees, interest income, loan principal and interest repayments

#### ***Line Items:***

- GRF 195-405, Minority Business Development Division
- 308 195-609, Small Business Administration
- 450 195-624, Minority Business Bonding Program Administration
- 4W1 195-646, Minority Business Enterprise Loan

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program totals \$4,714,855 in each of FYs 2006 and 2007. Funding will support activities to assist targeted businesses, including the EDGE Program, and continues programs that provide loans, bond guarantees, and loan guarantees to assist minority and small businesses with growth and development.

#### ***Temporary and Permanent Law Provisions:***

**Minority Business Development Division:** Section 203.99.06 of H.B. 66 requires that up to \$1.06 million, but not less than \$954,000 in each fiscal year from line item 195-405, Minority Business Development Division, be used to fund minority contractors and business assistance organizations. The Minority Business Development Division is authorized to determine the number of minority contractors and business assistance organizations necessary and the amount of funding to be provided to each.

**Minority Business Enterprise Loan Program:** Separate language under Section 203.99.42 refers to the Minority Business Enterprise Loan Program and specifies that repayments from the Minority Development Financing Advisory Board Loan Program and the Ohio Mini-Loan Guarantee Program are to be deposited to the Minority Business Enterprise Loan Fund (Fund 4W1). All operating costs of administering the Minority Business Enterprise Loan Program are to be paid from this fund.

**Minority Business Bonding Program:** Additionally, upon the recommendation of the Minority Development Financing Advisory Board, the Director of Development is authorized to pledge up to \$10 million in unclaimed funds over the course of the FY 2006-2007 biennium for the Minority Business Bonding Program. A transfer from the Department of Commerce's Unclaimed Funds Fund (Fund 543) may only occur if funds are needed for the payment of losses arising from the Minority Business Bonding

Program, and only after proceeds of the initial transfer of \$2.7 million by the Controlling Board to the program has been used for that purpose.

### **Tax Incentives**

**Program Description:** The Office of Tax Incentives provides technical assistance to both local government and business clients to successfully implement various state and local tax incentive programs permitted under the 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 nondistressed based area;
- (3) Provide technical assistance to local economic development officials considering a property tax incentive; and
- (4) Report to the Governor, General Assembly, and other interested parties on the performance of property tax projects throughout the state.

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

### **Line Items:**

- 4S0 195-630, Enterprise Zone Operating
- 4S1 195-634, Job Creation Tax Credit Operating

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program totals \$650,800 in each of FYs 2006 and 2007. Funding will support administration of the Job Creation Tax Credit (JCTC) and the Job Retention Tax Credit (JRTC) programs, which are available to companies with proposed projects that meet statutory and administrative requirements regarding job creation and retention. Funding also supports the Ohio Tax Credit Authority, an independent board that approves JCTC and JRTC projects and oversees the execution of existing tax credit agreements.

### **Regionalization of Economic Development**

**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:** General Revenue Fund

**Line Items:** GRF 195-415, Economic Development Division and Regional Offices

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program totals \$3,448,800 in each of FYs 2006 and 2007. Funding will support the operation of 12

regional offices, located in Youngstown, Marietta, Cambridge, Akron, Cleveland, Chillicothe, Mansfield, Cincinnati, Dayton, Lima, Toledo, and Columbus.

***Temporary and Permanent Law Provisions:*** Under Section 203.99.12 of H.B. 66, line item 195-415, Economic Development Division and Regional Offices, is to be used for the operating expenses of the Economic Development Division and the regional economic development offices and for grants for cooperative economic development ventures.

### **Marketing, Promotion, and Advertisement**

***Program Description:*** This program promotes the programs and services of the Department of Development, plans economic development-related events, responds to media inquiries, and coordinates marketing programs that promote the state as a favorable site for business expansion and relocation.

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

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:*** General Revenue Fund, vendor fees and other payments from utility companies, unclaimed funds, matching funds from local governments/economic development organizations who participate in First Frontier marketing initiatives

#### ***Line Items:***

- GRF 195-321, Operating Expenses
- GRF 195-414, First Frontier Match
- 4F2 195-639, State Special Projects
- 4F2 195-676, Promote Ohio
- 4H4 195-641, First Frontier

***Implication of Executive Recommendation:*** The executive budget recommendation for this program is \$7,237,482 in FY 2006 and \$7,198,003 in FY 2007. Funding will assist with the operation of the Ohio Business Development Coalition (through line item 195-676, Promote Ohio), and will support the operation of the Office of Marketing Communications. Additionally, funds will be used to provide a state match to local funds used for economic development promotional campaigns for rural and Appalachian counties.

***Temporary and Permanent Law Provisions:***

*First Frontier Match:* Under Section 203.99.12 of H.B. 66, line item 195-414, First Frontier Match, is to be used to provide matching funds to targeted counties for the purpose of marketing state, regional, and local characteristics that may attract economic development.

*Unclaimed Funds Transfer:* Prior to June 30, 2006 and again, prior to June 30, 2007, the Director of Commerce is required to transfer \$5 million in unclaimed funds to the State Special Projects Fund (Fund 4F2).

**Program Series 2**

**Appalachian Development**

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

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

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	195-416	Governor's Office of Appalachia	\$4,122,372	\$4,122,372
GRF	195-501	Appalachian Local Development Districts	\$380,080	\$380,080
GRF	195-502	Appalachian Regional Commission Dues	\$246,803	\$246,803
<b>General Revenue Fund Subtotal</b>			<b>\$4,749,255</b>	<b>\$4,749,255</b>
<b>Federal Special Revenue Fund</b>				
308	195-602	Appalachian Regional Commission	\$600,660	\$600,660
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$600,660</b>	<b>\$600,660</b>
<b>Total Funding: Appalachian Development</b>			<b>\$5,349,915</b>	<b>\$5,349,915</b>

**Appalachian Development**

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

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

**Line Items:**

- GRF 195-416, Governor's Office of Appalachia
- GRF 195-501, Appalachian Local Development Districts
- GRF 195-502, Appalachian Regional Commission Dues
- 308 195-602, Appalachian Regional Commission

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$5,349,915 in each of FYs 2006 and FY 2007. Funding will provide continued support of Appalachian development activities, including participation in federal Appalachian Regional Commission efforts.

**Temporary and Permanent Law Provisions:** Under Section 203.99.15 of H.B. 66, line item 195-416, Governor's Office of Appalachia, is to be used for administrative costs associated with planning and

liaison activities for the Governor's Office of Appalachia. Those funds not expended for administrative purposes may be used for special project grants within the Appalachian Region. Additionally, \$250,000 each fiscal year must be used to match federal funds from the Appalachian Regional Commission, and up to \$4,122,372 each fiscal year must be used in conjunction with other federal and state dollars to provide financial assistance to projects in Ohio's Appalachian counties.

**Program Series 3**

**Technology Development**

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

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

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	195-401	Thomas Edison Program	\$15,454,838	\$15,454,838
GRF	195-422	Third Frontier Action Fund	\$16,790,000	\$16,790,000
GRF	195-905	Third Frontier Research and Commercialization Debt Service	\$0	\$13,910,000
<b>General Revenue Fund Subtotal</b>			<b>\$32,244,838</b>	<b>\$46,154,838</b>
<b>Facilities Establishment Fund</b>				
037	009	Innovation Ohio	\$50,000,000	\$50,000,000
037	010	Research and Development	\$50,000,000	\$50,000,000
<b>Facilities Establishment Fund Subtotal</b>			<b>\$100,000,000</b>	<b>\$100,000,000</b>
<b>Total Funding: Technology Development</b>			<b>\$132,244,838</b>	<b>\$146,154,838</b>

This analysis focuses on the following specific programs within the Technology Development program series:

- **Thomas Edison Program**
- **Third Frontier Program**

**Thomas Edison Program**

**Program Description:** The Thomas Edison Program provides companies with research and technology resources in Ohio’s key manufacturing sectors, including primary metals, metal fabrication, rubber, transportation (both automobile and aerospace), and electrical machinery and equipment. The Edison Program also provides assistance with the formation of new, technology-oriented businesses, 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.

*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 of Development 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.

*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:*** General Revenue Fund

***Line Items:*** GRF 195-401, Thomas Edison Program

***Implication of Executive Recommendation:*** The executive budget recommendation for this program is \$15,454,838 in each of FYs 2006 and FY 2007. Funding will provide continued support for seven Edison Centers, eight Edison Incubators, and a technology commercialization center to assist new and existing businesses in product-based technology. Additionally, the program provides support for the Governor's Fuel Cell Initiative, the Ohio Venture Capital Association, and the Ohio Aerospace and Defense Council.

***Temporary and Permanent Law Provisions:*** Section 203.99.03 of H.B. 66 requires that line item 195-401, Thomas Edison Program, be used for the following: for the purposes of sections 122.28 to 122.38 of the Revised Code, to provide funds 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, and to provide for the administration of the program by the Technology Division (not more than \$2 million in FY 2006 and not more than \$2.3 million in FY 2007 may be used for operating expenses by the Technology Division).

### **Third Frontier Program**

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

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

**Line Items:**

- GRF 195-422, Third Frontier Action Fund
- GRF 195-905, Third Frontier Research and Commercialization Debt Service
- 009 195-664, Innovation Ohio
- 010 195-665, Research and Development

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program total \$116,790,000 in FY 2006 and \$130,700,000 in FY 2007. Funding will provide continued support for Third Frontier Action awards, will provide required payments on bonds projected to be issued for Third Frontier projects (under S.J.R 1 and H.J.R 2), and will maintain funding for the Innovation Ohio Loan Program and the Research and Development Loan Program.

**Temporary and Permanent Law Provisions:**

**Third Frontier Action Fund:** Section 203.99.18 of H.B. 66 requires that line item 195-422, Third Frontier Action Fund, be used to make grants under sections 184.01 and 184.02 of the Revised Code. Not more than 6% of moneys in this line item may be used for operating expenses. Additionally, not more than \$1.5 million over the course of the biennium may be used for proposal evaluation, research and analyses, and marketing efforts considered necessary to receive and disseminate information about science and technology-related opportunities in the state.

**Alignment Programs:** Separate language under Section 203.99.18 requires the Department of Development to work in close collaboration with the Board of Regents (BOR), the Air Quality Development Authority, and the Third Frontier Commission to ensure implementation of a coherent state strategy with respect to science and technology. Specific line items within the budgets of these agencies are identified as "Alignment Program" line items. Alignment Programs are to be managed and administered in accordance with the following objectives: (1) to build on existing competitive research strengths, (2) to encourage new and emerging discoveries and commercialization of products and ideas that will benefit the Ohio economy, and (3) to assure improved collaboration among Alignment Programs with programs administered by the Third Frontier Commission and with other state programs that are intended to improve economic growth and job creation.

**Third Frontier Research and Commercialization Grant Program:** Under Section 203.99.33 line item 195-905, Third Frontier Research and Commercialization General Obligation Debt Service, is to be used to pay debt service and related financing costs during the period from July 1, 2005 to June 30, 2007, on obligations issued for research and development purposes. This language is associated with the proposed bond initiative described under S.J.R. 1 and H.J.R. 2, introduced during the 126th General Assembly.

**Innovation Ohio Loan Program:** Section 203.99.48 specifies that line item 195-664, Innovation Ohio, is to be used to provide for Innovation Ohio purposes, including loan guarantees and loans under Chapter 166. and particularly sections 166.12 to 166.16 of the Revised Code.

**Research and Development:** Additionally under Section 203.99.48, line item 195-665, Research and Development, is to be used to provide for research and development purposes, including loans, under Chapter 166. and particularly sections 166.17 to 166.21 of the Revised Code.

**Program Series 4**

**Community Development**

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

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

<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>General Revenue Fund</b>				
GRF	195-497	CDBG Operating Match	\$853,584	\$853,584
GRF	195-498	State Match Energy	\$94,000	\$94,000
<b>General Revenue Fund Subtotal</b>			<b>\$947,584</b>	<b>\$947,584</b>
<b>Federal Special Revenue Fund</b>				
308	195-605	Federal Projects	\$15,300,249	\$15,300,249
308	195-618	Energy Federal Grants	\$3,397,659	\$3,397,659
335	195-610	Oil Overcharge	\$3,000,000	\$3,000,000
3K8	195-613	Community Development Block Grant	\$53,300,000	\$53,300,000
3K9	195-611	Home Energy Assistance Block Grant	\$90,500,000	\$90,500,000
3K9	195-614	HEAP Weatherization	\$16,219,478	\$16,219,478
3L0	195-612	Community Services Block Grant	\$25,235,000	\$25,235,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$206,952,386</b>	<b>\$206,952,386</b>
<b>State Special Revenue Fund</b>				
444	195-607	Water and Sewer Commission Loans	\$523,775	\$523,775
4F2	195-639	State Special Projects	\$282,183	\$282,183
5M4	195-659	Universal Service	\$210,000,000	\$210,000,000
5M5	195-660	Energy Efficiency Loan and Grant	\$12,000,000	\$12,000,000
5X1	195-651	Exempt Facility Inspection	\$25,000	\$25,000
611	195-631	Water and Sewer Administration	\$15,713	\$15,713
<b>State Special Revenue Fund Subtotal</b>			<b>\$222,846,671</b>	<b>\$222,846,671</b>
<b>Total Funding: Community Development</b>			<b>\$430,746,641</b>	<b>\$430,746,641</b>

This analysis focuses on the following specific programs within the Community Development program series:

- ***Downtown Revitalization***
- ***Services to Alleviate Poverty***
- ***Energy Efficiency***
- ***Public Works/Infrastructure Development***
- ***Local Government Economic Development***

### **Downtown Revitalization**

**Program Description:** This program administers the Comprehensive Downtown Revitalization Program, which is supported by the Small Cities Community Development Block Grant Program. The objective of the Small Cities Community Development Block Grant Program is to create and retain permanent, private-sector job opportunities, principally for low- and moderate-income persons and to aid in the revitalization of central business districts and in the elimination of slums and blight. In the upcoming biennium, funding will support the stabilization of central business districts with deteriorating infrastructure systems by annually improving 16,400 linear feet of streets, 2,000 linear feet of water or sewer lines, 6,000 linear feet of flood and drainage facilities, and 64,000 square feet of curbs and sidewalks; renovating 360 central business district facades and building interiors, and completing 20 major streetscape projects.

**Funding Source:** General Revenue Fund, federal Community Development Block Grant

#### ***Line Items:***

- GRF 195-497, CDBG Operating Match
- 3K8 195-613, Community Development Block Grant

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$2,742,680 in each of FYs 2006 and 2007.

**Temporary and Permanent Law Provisions:** Section 203.99.27 of H.B. 66 specifies that line item 195-497, CDBG Operating Match, is to be used to provide matching funds as requested by the U.S. Department of Housing and Urban Development to administer the federally funded Community Development Block Grant Program.

### **Services to Alleviate Poverty**

**Program Description:** This program administers federal funds provided through the Community Services Block Grant and the Community Food and Nutrition Initiatives Program. The Community Services Block Grant supports activities that address unemployment and underemployment, inadequate education, inefficient and/or ineffective use of income, inadequate housing, inability to meet emergency needs, incomplete use of available programs and services, and starvation and malnutrition. Funds are provided to 52 community action agencies serving all 88 Ohio counties. The Community Food and Nutrition Initiatives Program works to alleviate hunger in the general population and specifically among children through expansion of participation in child nutrition programs. Grants are awarded to the Children's Hunger Alliance and the Ohio Association of Second Harvest Food Banks for activities related to the objectives of the federal funding.

**Funding Source:** Federal Community Services Block Grant

**Line Items:** 3L0 195-612, Community Services Block Grant

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$25,235,000 in each of FYs 2006 and 2007. Funding will provide continued support for awards and administration of grants for the Community Services Block Grant and Community Food and Nutrition Initiatives programs at levels consistent with FY 2005.

## **Energy Efficiency**

### ***Program Description:***

*Energy Efficiency Loan and Grant Program:* The Office of Energy Efficiency administers the Energy Efficiency Loan and Grant Program, which supports certain energy efficiency projects throughout the state. Moneys in the Energy Efficiency Loan and Grant Fund are used to support investments in products, technologies, or services for residential, small business, local government, nonprofit, agricultural, or other entities for improving energy efficiency in a cost-effective manner. Revenues to the fund include a surcharge on retail electric distribution rates, based on an aggregate revenue target for a given year, divided by the number of customers of electric distribution utilities in the state. 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 Energy Assistance Program (HEAP):* This federal program assists eligible households in paying for their primary heating fuel. When federal funds are reduced, moneys are augmented by supplemental oil overcharge funds. Through the regular HEAP program, grants are awarded to nonprofit agencies that administer moneys to households with incomes at or below 150% of U.S. Department of Health and Human Services poverty guidelines. The recipient households are provided 10% to 35% of their primary heating fuel costs for December, January, and February. Emergency HEAP provides eligible families up to \$175 to prevent disconnection of heating service, to restore heating services, to perform heating system repairs, or for emergency fuel delivery.

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

*Universal Service:* The Percentage of Income Payment (PIPP) program 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.

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

### ***Line Items:***

- GRF 195-498, State Match Energy
- 3K9 195-611, Home Energy Assistance Block Grant

- 3K9 195-614, HEAP Weatherization
- 308 195-605, Federal Projects
- 308 195-618, Energy Federal Grants
- 335 195-610, Oil Overcharge
- 4F2 195-639, State Special Projects
- 5M4 195-659, Universal Service
- 5M5 195-660, Energy Efficiency Loan and Grants
- 5X1 195-651, Exempt Facility Inspection

***Implication of Executive Recommendation:*** The executive budget recommendation for all aspects of this program total \$350,818,569 in each of FYs 2006 and 2007. In addition to supporting the programs described above, funding will provide support to the Governor's Smart Energy and Fuel Cell Initiatives, for the development of methods for the performance of energy audits of buildings, for the preparation or identification of curricula or source materials for training persons conducting energy audits, the continuation of education efforts for energy conservation, and financial assistance for innovative projects and technologies.

***Temporary and Permanent Law Provisions:***

***State Energy Match:*** Under Section 203.99.27 of H.B. 66, line item 195-498, State Match Energy, is to be used to provide matching funds as required by the U.S. Department of Energy to administer the federally funded State Energy Plan.

***HEAP Weatherization:*** Separate language under Section 203.99.39 relates to the HEAP Weatherization Program and specifies that 15% of federal funds received by the state for the Home Energy Assistance Block Grant shall be deposited to line item 195-614, HEAP Weatherization, to provide home weatherization services in the state.

***Universal Service:*** Under Section 203.99.45, line item 195-659, Universal Service, is to be used to provide payments to regulated electric utility companies for low-income customers enrolled in the Percentage of Income Payment Plan (PIPP), to fund targeted energy efficiency and customer education services for PIPP customers, and to cover the Department's administrative costs related to Universal Service Fund Programs.

***Public Works/Infrastructure Development***

***Program Description:*** Community Development Block Grant moneys are also used for infrastructure improvements, including wastewater treatment, flood and drainage, water and sewer, streets and bridges, and sidewalk construction in nonmetropolitan areas. The primary beneficiaries must be low- and moderate-income individuals. Grants for public works projects are awarded based on a formula allocation, requiring collective planning. Program effectiveness is measured by comparisons of projected to actual performance outcomes. In the upcoming biennium, funding will support the improvement of 710,000 linear feet of streets, 2,600,000 linear feet of water or sewer lines, 75,000 linear feet of flood and drainage facilities, and 200,000 linear feet of curbs and sidewalks, and to construct or rehabilitate 40 water or wastewater treatment facilities.

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

***Line Items:***

- GRF 195-497, CDBG Operating Match
- 3K8 195-613, Community Development Block Grant
- 444 195-607, Water and Sewer Commission Loans
- 611 195-631, Water and Sewer Administration

***Implication of Executive Recommendation:*** The executive budget recommendation for this program is \$42,805,283 in each of FYs 2006 and 2007. Funding will support programs to counties and cities for infrastructure and public service improvements, and provide limited funding for some housing rehabilitation. Funding will also support water and sanitary sewer projects to ensure safe drinking water and proper disposal of sanitary waste.

***Temporary and Permanent Law Provisions:*** Section 203.99.27 of H.B. 66 specifies that line item 195-497, CDBG Operating Match, is to be used to provide matching funds as requested by the U.S. Department of Housing and Urban Development to administer the federally funded Community Development Block Grant Program.

**Local Government Economic Development**

***Program Description:*** This program aims to stabilize communities experiencing economic distress by supporting local programs that create and retain jobs, improve infrastructure, and provide training. The assistance is targeted to low- and moderate-income populations and entrepreneurs.

***Funding Source:*** General Revenue Fund, federal Community Development Block Grant

***Line Items:***

- GRF 195-497, CDBG Operating Match
- 3K8 195-613, Community Development Block Grant

***Implication of Executive Recommendation:*** The executive budget recommendation for this program is \$9,145,109 in each of FYs 2006 and 2007. Funding will support efforts to stabilize communities by improving 130,000 linear feet of streets, 22,000 linear feet of water or sewer lines, 13,300 linear feet of flood and drainage systems, assisting 65 small businesses, and by training 500 individuals. These investments are expected to result in the creation of 1,000 jobs and the retention of 325 jobs.

***Temporary and Permanent Law Provisions:*** Section 203.99.27 of H.B. 66 specifies that line item 195-497, CDBG Operating Match, is to be used to provide matching funds as requested by the U.S. Department of Housing and Urban Development to administer the federally funded Community Development Block Grant Program.

**Program Series 5**

**Housing Development**

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

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

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	195-497	CDBG Operating Match	\$187,372	\$187,372
<b>General Revenue Fund Subtotal</b>			<b>\$187,372</b>	<b>\$187,372</b>
<b>Federal Special Revenue Fund</b>				
3K8	195-613	Community Development Block Grant	\$11,700,000	\$11,700,000
3V1	195-601	HOME Program	\$40,000,000	\$40,000,000
308	195-603	Housing and Urban Development	\$5,000,000	\$5,000,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$56,700,000</b>	<b>\$56,700,000</b>
<b>State Special Revenue Fund</b>				
646	195-638	Low and Moderate Income Housing Trust	\$46,000,000	\$48,000,000
<b>State Special Revenue Fund Subtotal</b>			<b>\$46,000,000</b>	<b>\$48,000,000</b>
<b>Total Funding: Housing Development</b>			<b>\$102,887,372</b>	<b>\$104,887,372</b>

This analysis focuses on the following specific programs within the Housing Development program series:

- **Local Government Housing Assistance**
- **For-Profit and Not-for-Profit Housing Development**
- **Housing Trust Fund**
- **Homelessness Assistance**

**Local Government Housing Assistance**

**Program Description:** This program administers federal grants to eligible units of local government through the Community Housing Improvement Program (CHIP) and the HOME Investment Partnership Program. These programs provide funding to local governments to rehabilitate existing housing, construct new housing, and to make emergency repairs in order to increase the available housing stock for low- and moderate-income Ohioans. Funds are also available for public and supportive service programs such as home maintenance education, lead-hazard screening, and job counseling. During the upcoming biennium, program funds will enable the Department of Development to repair 1,600 housing units, rehabilitate 1,000 housing units, construct 130 housing units, provide down payment assistance to 28 households, and provide homebuyer information/counseling to 400 households.

**Funding Source:** General Revenue Fund, federal Community Development Block Grant, federal HOME Investment Partnership Program grant

***Line Items:***

- GRF 195-497, CDBG Operating Match
- 3K8 195-613, Community Development Block Grant
- 3V1 195-601, HOME Program

***Implication of Executive Recommendation:*** The executive budget recommendation for this program is \$41,187,372 in each of FYs 2006 and 2007.

***Temporary and Permanent Law Provisions:*** Section 203.99.27 of H.B. 66 specifies that line item 195-497, CDBG Operating Match, is to be used to provide matching funds as requested by the U.S. Department of Housing and Urban Development to administer the federally funded Community Development Block Grant Program.

***For-Profit and Not-for-Profit Housing Development***

***Program Description:*** Two of the housing programs administered by the Department of Development are the Housing Development Assistance Program (HDAP) and the Community Housing Development Organization (CHDO) Competitive Operating Grant Program. These programs are designed to develop and provide financing for eligible housing projects to expand the supply of decent, safe, and affordable housing in Ohio. These funds provide not-for-profit organizations, private developers, and lenders in Ohio with matching funds to complete housing projects. The primary goals and objectives of the programs are to conserve and expand the affordable housing stock in order to provide suitable living environments for low- and moderate-income populations and well as provide long-term solutions for affordable housing.

Eligible recipients submit applications, which include projected outcomes, cost estimates, budgets, and beneficiary data. Subsequently, each award recipient is required to submit six-month status and final performance reports reflecting the progress of the funded activities, and each award is monitored prior to the closeout of the award to ensure that the projections were met.

***Funding Source:*** Federal Home Investment Partnership Program grant, Housing Trust Fund fees, grants, gifts, and private contributions

***Line Items:***

- 3V1 195-601, HOME Program
- 646 195-638, Low and Moderate Income Housing Trust

***Implication of Executive Recommendation:*** The executive budget recommendation for this program is \$33,000,000 in FY 2006 and \$34,000,000 in FY 2007. Program funding is expected to support the construction of 800 rental units, the rehabilitation of 300 rental units, down payment assistance to 3,000 households, subsidy payments to 22,000 rental units, and the development of 3,000 new housing units.

***Housing Trust Fund***

***Program Description:*** The Low and Moderate Income Housing Trust Fund (Housing Trust Fund, or HTF) subsidizes low- to moderate-income persons by providing low-interest loans and some grants. Housing Trust Fund programs include the Housing Assistance Request for Proposals Program, the Special Project Program, Emergency Shelter Grant Program, the transitional and permanent housing

programs, the community development corporation programs, and the Resident Services Coordination Program. Housing Trust Fund programs fund housing construction, improvement, repair, rehabilitation, supportive services, homelessness prevention, business assistance, and training activities. Not-for-profit organizations and certain units of local government are eligible to participate in Housing Trust Fund programs in order to complete housing and community development activities across the state. Most of the programs provide loans for down payment 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 Housing Trust fund moneys require 75% of moneys be used for households with 50% of the median area income.

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

***Line Items:*** 646 195-638, Low and Moderate Income Housing Trust

***Implication of Executive Recommendation:*** The executive budget recommendation for this program is \$23,000,000 in FY 2006 and \$24,000,000 in FY 2007. Program funding is expected to provide supportive services to 6,400 households, to repair or rehabilitate 2,000 housing units, provide homelessness prevention assistance to 25,000 households, business assistance to 120 businesses, training and technical assistance to 3,000 persons, and tenant/landlord mediation services to 1,100 households.

### **Homelessness Assistance**

***Program Description:*** Two of the housing programs administered by the Department of Development are the Emergency Shelter Grant (ESG) Program and the Housing Opportunities for Persons with AIDS (HOPWA) Program. These programs fund housing, supportive services, and homelessness prevention activities by providing local governments and not-for-profit organizations with matching funds to complete housing projects across the state. The goals of the programs are to provide long-term solutions for affordable housing, address the issue of homelessness, and provide short-term emergency assistance, social, and other public services for low-income Ohioans.

***Funding Source:*** Federal Community Development Block Grant, federal Housing Opportunities for Persons with AIDS, and Emergency Shelter Grant Program grants

***Line Items:***

- 3K8 195-613, Community Development Block Grant
- 308 195-603, Housing and Urban Development

***Implication of Executive Recommendation:*** The executive budget recommendation for this program is \$5,700,000 in each of FYs 2006 and 2007. Funding will provide support for housing projects across the state in partnership with local governments and not-for-profit organizations, resulting in rental assistance to 900 households, mortgage payment assistance to 100 households, supportive services to 900 households, and utility payment assistance to 800 households.

**Program Series 6**

**International Trade**

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

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

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	195-432	International Trade	\$4,223,787	\$4,223,787
<b>General Revenue Fund Subtotal</b>			<b>\$4,223,787</b>	<b>\$4,223,787</b>
<b>Total Funding: International Trade</b>			<b>\$4,223,787</b>	<b>\$4,223,787</b>

**International Trade**

**Program Description:** The International Trade Division promotes trade opportunities, especially exports, between Ohio businesses and key foreign markets. The Division operates seven full-service trade offices located in Columbus, Brussels, Hong Kong, 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:** General Revenue Fund

**Line Items:** GRF 195-432, International Trade

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$4,223,787 in each of FYs 2006 and 2007. Funding will provide continued support in Ohio's efforts to strengthen Ohio's economy through international business and export promotion, foreign direct investment attraction, and international business missions.

**Temporary and Permanent Law Provisions:** Under Section 203.99.21 of H.B. 66, line item 195-432, International Trade, is to be used to operate and maintain Ohio's out-of-state trade offices. Additionally, the Director of Development is authorized to contract with foreign nationals to staff foreign offices. This line item is also to be used to fund the International Trade Division and to assist Ohio manufacturers and agricultural producers in exporting to foreign countries in conjunction with the Department of Agriculture. Up to \$35,000 of the line item may be used to purchase gifts for representatives of foreign governments or dignitaries of foreign countries.

**Program Series 7**

**Travel and Tourism Promotion**

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**Purpose:** This program series consists of an integrated marketing campaign including print, television, on-line, and radio advertising, regional and national public relations, the DiscoverOhio.com web site, and the 1-800-BUCKEYE call center.

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

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	195-407	Travel and Tourism	\$6,812,845	\$6,712,845
GRF	195-507	Travel and Tourism Grants	\$900,000	\$900,000
<b>General Revenue Fund Subtotal</b>			<b>\$7,712,845</b>	<b>\$7,612,845</b>
<b>Total Funding: Travel and Tourism Promotion</b>			<b>\$7,712,845</b>	<b>\$7,612,845</b>

**Travel and Tourism Promotion**

**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 web site, www.ohiotourism.com, 1-800-BUCKEYE phone line, market research, advertising, the Ohio Film Commission, and statewide publications (Discover Ohio Calendar of Events and Visitor's Guide and Travel Planner). Activities funded through the Division are experiencing a shift from information-based publications that are mailed to customers to web based information that is accessed directly by the consumer. Since FY 1996, subsidies for local travel and tourism events have been provided for through line item 195-507, Travel & Tourism Grants.

**Funding Source:** General Revenue Fund

**Line Items:**

- GRF 195-407, Travel and Tourism
- GRF 195-507, Travel and Tourism Grants

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$7,712,845 in FY 2006 and \$7,612,845 in FY 2007. Funding will be directed toward television, print, radio, on-line, and public relations advertising, web site development, and the 1-800-BUCKEYE call center and fulfillment.

**Temporary and Permanent Law Provisions:** Section 203.99.30 of H.B. 66 requires that line item 195-507, Travel and Tourism Grants, be used to provide grants to local organizations to support various local travel and tourism events in Ohio.

**Program Series 8**

**Program Management**

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

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

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	195-321	Operating Expenses	\$1,209,426	\$1,248,905
<b>General Revenue Fund Subtotal</b>			<b>\$1,209,426</b>	<b>\$1,248,905</b>
<b>General Services Fund</b>				
135	195-605	Supportive Services	\$7,450,000	\$7,539,686
685	195-636	General Reimbursements	\$1,000,000	\$1,000,000
<b>General Services Fund Subtotal</b>			<b>\$8,450,000</b>	<b>\$8,539,686</b>
<b>Total Funding: Program Management</b>			<b>\$9,659,426</b>	<b>\$9,788,591</b>

**Program Management**

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

**Funding Source:** General Revenue Fund, interagency payments and indirect cost charges to other Department of Development line items

**Line Items:**

- GRF 195-321, Operating Expenses
- 135 195-605, Supportive Services
- 685 195-636, General Reimbursements

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$9,659,426 in FY 2006 and \$9,788,591 in FY 2007. Funding will provide continued support for centralized services to ensure efficient operation of the Department of Development.

**Temporary and Permanent Law Provisions:**

**Supportive Services Fund:** Section 203.99.36 of H.B. 66 authorizes the Director of Development to assess divisions of the Department for the cost of central service operations. A division's payments are to the Supportive Services Fund (Fund 135).

*General Reimbursements:* Additionally under Section 203.99.36, line item 195-636, General Reimbursements, is to be used for conference and subscription fees and other reimbursable costs.

## REQUESTS NOT FUNDED

The following tables highlight various program and line item requests within the Department of Development's overall budget request to the Office of Budget and Management that were not fully funded under the executive budget proposal.

<b>Program Management</b>						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
195-321	\$2,838,908	\$2,688,908	(\$150,000)	\$2,838,908	\$2,688,908	(\$150,000)
195-605	\$7,539,686	\$7,450,000	(\$89,686)	\$7,539,686	\$7,539,686	\$0
195-636	\$1,232,530	\$1,000,000	(\$232,530)	\$1,232,530	\$1,000,000	(\$232,530)
<b>TOTALS</b>	<b>\$11,611,124</b>	<b>\$11,138,908</b>	<b>(\$472,216)</b>	<b>\$11,611,124</b>	<b>\$11,228,594</b>	<b>(\$382,530)</b>

GRF 195-321, Operating Expenses, and GSF 195-605, Supportive Services, support payroll, fringe benefits, maintenance, and equipment costs for agency and staff expenses within the various offices encompassed in the Program Management program series. Supportive Services receives revenue from indirect cost charges to various other Department of Development line items.

GSF 195-636, General Reimbursements, provides for the reimbursement of payments made by participants attending department-sponsored events. Registration fees paid by participants are deposited into this account and expenses related to the event are paid from this account. Administrative costs paid from this fund include departmental pool car operations, maintenance and replacement, central office supply bulk purchases, quick copy center maintenance and replacement, general postal operations, equipment maintenance, graphics, and other miscellaneous services provided throughout the Department.

<b>Travel and Tourism Promotion</b>						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
195-407	\$7,049,345	\$6,812,845	(\$236,500)	\$7,049,345	\$6,712,845	(\$336,500)
195-507	\$963,500	\$900,000	(\$63,500)	\$963,500	\$900,000	(\$63,500)
<b>TOTALS</b>	<b>\$8,012,845</b>	<b>\$7,712,845</b>	<b>(\$300,000)</b>	<b>\$8,012,845</b>	<b>\$7,612,845</b>	<b>(\$400,000)</b>

Reductions to GRF 195-407, Travel and Tourism, and GRF 195-507, Travel and Tourism Grants, are likely to result in a reduced number of grant awards being available for tourism marketing and promotion efforts. Moneys in GRF 195-507, Travel and Tourism, are used to provide state match funds to local funds at a minimum ratio of one to one.

<b>Economic Development</b>						
<b>Fund Line Item</b>	<b>FY 2006 Requested</b>	<b>FY 2006 Recommended</b>	<b>Difference</b>	<b>FY 2007 Requested</b>	<b>FY 2007 Recommended</b>	<b>Difference</b>
195-426	\$368,730	\$300,000	(\$68,730)	\$368,730	\$300,000	(\$68,730)
195-664	\$55,000,000	\$50,000,000	(\$5,000,000)	\$55,000,000	\$50,000,000	(\$5,000,000)
195-647	\$5,000,000	\$3,000,000	(\$2,000,000)	\$5,000,000	\$3,000,000	(\$2,000,000)
195-652	\$1,500,000	\$1,000,000	(\$500,000)	\$1,500,000	\$1,000,000	(\$500,000)
195-627	\$5,000,000	\$3,000,000	(\$2,000,000)	\$5,000,000	\$3,000,000	(\$2,000,000)
<b>TOTALS</b>	<b>\$66,868,730</b>	<b>\$57,300,000</b>	<b>(\$9,568,730)</b>	<b>\$66,868,730</b>	<b>\$57,300,000</b>	<b>(\$9,568,730)</b>

The majority of reduced funding levels highlighted in the table above are for programs that receive revenue from the sale of economic development bonds. Line items 195-664, Innovation Ohio; 195-647, Rural Industrial Park Loan; 195-652, Family Farm Loan Guarantee; and 195-627, Rural Development Initiative, are all funded under the Facilities Establishment Fund Group. Additionally, all but the Innovation Ohio Loan Program are to receive a transfer of funds (under temporary law) from the Facilities Establishment Fund (Fund 037) to support the appropriations recommended under the executive budget proposal. Reductions to GRF 195-426, Clean Ohio Implementation, are offset by increased appropriations to the Clean Ohio Operating Fund (Fund 003), which is supported by interest earned from the sale of Clean Ohio Revitalization bonds.

## General Revenue Fund

### GRF 195-100 Personal Service

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,426,520	\$2,350,207	\$9,964	\$0	\$0	\$0
	-3.1%	-99.6%	-100.0%	N/A	N/A

**Source:** GRF

**Legal Basis:** Discontinued line item

**Purpose:** This line item provided 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, were transferred to appropriation item 195-321, Operating Expenses.

### GRF 195-200 Maintenance

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$555,675	\$462,998	\$58,973	\$0	\$0	\$0
	-16.7%	-87.3%	-100.0%	N/A	N/A

**Source:** GRF

**Legal Basis:** Discontinued line item

**Purpose:** This line item provided 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, were transferred to appropriation item 195-321, Operating Expenses.

### GRF 195-300 Equipment

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$66,448	\$73,633	\$0	\$0	\$0	\$0
	10.8%	-100.0%	N/A	N/A	N/A

**Source:** GRF

**Legal Basis:** Discontinued line item

**Purpose:** This line item provided 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, were transferred to appropriation item 195-321, Operating Expenses.

**GRF 195-321 Operating Expenses**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$2,182,544	\$2,838,908	<b>\$2,688,908</b>	<b>\$2,688,908</b>
	N/A	N/A	30.1%	-5.3%	0.0%

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** This line item funds the payroll, fringe benefits, maintenance, and equipment costs for the agency; prior budgets funded three line items -- 195-100, Personal Services, 195-200, Maintenance, and 195-300, Equipment -- that were transferred into this line item.

**GRF 195-401 Thomas Edison Program**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$18,514,946	\$16,308,887	\$13,786,526	\$15,454,838	<b>\$15,454,838</b>	<b>\$15,454,838</b>
	-11.9%	-15.5%	12.1%	0.0%	0.0%

**Source:** GRF

**Legal Basis:** ORC 122.33 and Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

**Purpose:** This line item supports the Thomas Edison Program, which strives to provide technology-based opportunities that (1) increase the competitive position of Ohio's critical manufacturing sectors through advanced business practices (e.g. e-business and lean manufacturing technologies), (2) accelerate the growth of emerging industries (e.g. biotechnology, IT, advanced materials, power and propulsion, and instruments, controls, and sensors), and (3) nurture the success of high-technology, high-growth start-up companies.

Through support of various technology development entities, such as the seven Edison Technology Centers, seven Edison Technology Incubators, one federal technology transfer center -- the Great Lakes Industrial Technology Center (GLITeC)/Battelle Memorial Institute -- and CAMP, Inc. and TechSolve, Inc. (both part of the Manufacturing Extension Program) assistance is provided to all types of companies; whether they are large or small, mature or early-stage. A major portion of the Edison resources supports efforts directed towards small- to medium-sized mature companies in Ohio's manufacturing industries that utilize advanced materials, factory automation, life sciences, food processing technologies, materials joining, high-speed machining and IT.

This line item previously provided funding for the Center for Advanced Liquid Crystalline Optical Materials (ALCOM) at Kent State University and the Center for Industrial Sensors and Measurement (CISM) at The Ohio State University.

**GRF 195-404 Small Business Development**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,294,712	\$2,049,714	\$1,561,957	\$1,740,722	<b>\$1,740,722</b>	<b>\$1,740,722</b>
	-10.7%	-23.8%	11.4%	<b>0.0%</b>	<b>0.0%</b>

**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 to the federally funded Small Business Development Center (SBDC) program reflected in line item 195-609, Small Business Administration. Grants are awarded to 38 local affiliates to fund activities that promote small businesses. The line item also supports the 1st-Stop Business Connection and the eVantage Ohio programs. Activities may include technical assistance, financial management assistance, business plan development, human resource consultation, and management consultation.

**GRF 195-405 Minority Business Development Division**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,218,355	\$1,859,143	\$1,553,124	\$1,580,291	<b>\$1,580,291</b>	<b>\$1,580,291</b>
	-16.2%	-16.5%	1.7%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 122.92 through 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 ODOD, 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.

The Encouraging Diversity, Growth and Equity (EDGE) Program was started under an Executive Order in December 2002 and is 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 pairs larger companies as mentors to EDGE Program participants to benefit both companies commercially. The EDGE program is funded through this line item and operates in conjunction with the Department of Administrative Services.

**GRF 195-406 Transitional & Permanent Housing**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,922,213	\$3,929,511	\$681,381	\$0	\$0	\$0
	34.5%	-82.7%	-100.0%	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 grants awarded to local governments and eligible nonprofit organizations for the provision of transitional and permanent housing for homeless persons. Grant moneys were 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.

Starting in FY 2004, county recordation fees took the place of GRF funding for the majority of ODOD and Ohio Housing Finance Agency housing programs. After this change, the Transitional and Permanent Housing program transferred to State Special Revenue line item 195-638, Low and Moderate Income Housing Trust Fund.

**GRF 195-407 Travel and Tourism**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,405,656	\$4,490,755	\$4,431,422	\$7,049,345	\$6,812,845	\$6,712,845
	1.9%	-1.3%	59.1%	-3.4%	-1.5%

**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 within 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.DiscoverOhio.com](http://www.DiscoverOhio.com) (previously [www.OhioTourism.com](http://www.OhioTourism.com)), 1-800-BUCKEYE phone line, market research, public relations, advertising, and statewide publications (Discover Ohio Calendar of Events and Travel Planner). Also funded is an Advertising Match Program that provides funding to statewide travel partners to supplement advertising opportunities. Activities funded by this appropriation item are experiencing a shift from printed 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 through GRF line item 195-507, Travel & Tourism Grants.

**GRF 195-408 Coal Research Development**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$573,802	\$488,776	\$195	\$0	\$0	\$0
	-14.8%	-100.0%	-100.0%	N/A	N/A

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

**Purpose:** These moneys paid 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.

In FY 2004, the Coal Development Office was transferred from the Department of Development to the Air Quality Development Authority.

**GRF 195-409 Energy Credit Administration**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,094	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	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 Loan and Grant.

**GRF 195-410 Defense Conversion Assistance**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$128,958	\$0	\$478,882	\$0	\$0	\$0
	-100.0%	N/A	-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:** The line item formerly supported grants to local communities to pay for the costs associated with the research and preparation of response plans for military installations in Ohio, including Wright Patterson Air Force Base, Springfield Air National Guard Base, and other Ohio military installations in the state for the U.S. Department of Defense Base Realignment and Closure (BRAC) 2005 Program.

Additionally, the line item previously 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 195-412 Business Development Grants**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$6,622,400	\$8,375,716	\$6,983,133	\$8,905,530	\$11,750,000	\$11,750,000
	26.5%	-16.6%	27.5%	31.9%	0.0%

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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.

**GRF 195-414 First Frontier Match**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$493,639	\$334,229	\$192,417	\$250,000	<b>\$250,000</b>	<b>\$250,000</b>
	-32.3%	-42.4%	29.9%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$6,563,313	\$5,527,392	\$5,425,617	\$5,594,975	<b>\$5,794,975</b>	<b>\$5,894,975</b>
	-15.8%	-1.8%	3.1%	<b>3.6%</b>	<b>1.7%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

**Purpose:** This item currently funds the administrative costs for 12 regional economic development offices whose purpose is to enhance the overall business climate of the state by providing outreach assistance to local governments, businesses, and professional economic development agencies. These offices assist with ODO's mission of retaining, expanding, and creating new employment opportunities in the state, and act as liaisons between their region and state government.

**GRF 195-416 Governor's Office of Appalachia**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,491,594	\$4,617,536	\$5,053,684	\$4,122,372	<b>\$4,122,372</b>	<b>\$4,122,372</b>
	85.3%	9.4%	-18.4%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 107.21; Section 38 of Am. Sub. H.B. 95 of the 125th 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 Appalachian counties by improving the region through various economic and community development activities.

**GRF 195-417 Urban/Rural Initiative**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,315,244	\$1,838,911	\$1,061,875	\$150,000	<b>\$0</b>	<b>\$0</b>
	39.8%	-42.3%	-85.9%	<b>-100.0%</b>	<b>N/A</b>

**Source:** GRF

**Legal Basis:** ORC 122.20; Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally 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 in ORC 122.19 through 122.22. Grants under the Urban and Rural Initiative Grant program have been used for land acquisition, infrastructure improvements, voluntary actions, or renovation of existing structures.

**GRF 195-421 Environmental Clean-up**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$72,515	\$0	\$0	\$0	<b>\$0</b>	<b>\$0</b>
	-100.0%	N/A	N/A	<b>N/A</b>	<b>N/A</b>

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established by Controlling Board 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 leased to and 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$12,590,896	\$16,902,454	\$16,696,859	\$16,790,000	<b>\$16,790,000</b>	<b>\$16,790,000</b>
	34.2%	-1.2%	0.6%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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. Later, the fourteen-member Technology Action Board granted awards. Beginning in FY 2004, the Third Frontier Commission will develop guidelines, oversee program activities, and approve grants under the Third Frontier Project. Release of grants is subject to Controlling Board approval.

Up to 6% of the appropriation may be used for administrative expenses with an additional \$1.5 million available for proposal evaluation, research and analyses, and marketing efforts deemed necessary to receive and disseminate information about science and technology-related opportunities in the state.

**GRF 195-426 Clean Ohio Implementation**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$285,669	\$387,827	\$315,143	\$368,730	<b>\$300,000</b>	<b>\$300,000</b>
	35.8%	-18.7%	17.0%	<b>-18.6%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Section 10 of Am. Sub. H.B. 3 of the 124th G.A. and authorized by Article VIII, Section 2o of the Ohio Constitution

**Purpose:** This line item provides 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 195-431 Community Development Corporation Grants**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,908,236	\$2,160,187	\$254,375	\$0	\$0	\$0
	13.2%	-88.2%	-100.0%	N/A	N/A

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

**Purpose:** This line item provided competitively awarded grants to community-based nonprofit corporations for training, technical assistance and capacity-building assistance. Grants were awarded for local development activities that benefited low- and moderate-income neighborhoods and that created affordable housing programs and permanent jobs in distressed areas of the state. Grants made to communities could not exceed local contributions to a project. Since FY 1990, this line item also included funding for the Community Development Finance Fund (CDFS). The CDFS 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.

Starting in FY 2004, county recordation fees took the place of GRF funding for the majority of ODOD and Ohio Housing Finance Agency housing programs. After this change, the Community Development Corporation Grants program transferred to State Special Revenue line item 195-638, Low and Moderate Income Housing Trust Fund.

**GRF 195-432 International Trade**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$5,357,015	\$4,109,397	\$3,691,349	\$4,223,787	\$4,223,787	\$4,223,787
	-23.3%	-10.2%	14.4%	0.0%	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 of International Trade's activities to assist Ohio manufacturers and service companies to increase their exports to foreign markets and to attract foreign direct investment in Ohio. The Division has an office in Columbus and international trade offices located in Brussels, Belgium; Hong Kong, People's Republic of China; Mexico City, Mexico; Tel Aviv, Israel; Tokyo, Japan; and Toronto, Canada. Also funded through this line item are trade presences in Sao Paulo, Brazil; Santiago, Chile; and Buenos Aires, Argentina. The trade presences in Brazil, Argentina and Chile are funded through a partnership with the Council of Great Lakes Governors. Each office is responsible for not only their specific city and country, but also for a larger region of the globe in which it is located. For example, the Tel Aviv office represents Ohio's trade interest throughout Israel and the Middle East.

**GRF 195-434 Investment in Training Grants**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$14,473,692	\$13,288,007	\$10,612,580	\$12,227,500	<b>\$12,227,500</b>	<b>\$12,227,500</b>
	-8.2%	-20.1%	15.2%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

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

**Purpose:** The Ohio Investment in Training Program (OITP) is an economic development incentive used to encourage companies to undertake projects in Ohio that will result in new capital investments and the creation or retention of jobs. The OITP provides financial support for training needed by expanding companies and by employers who need to retrain incumbent workers to remain competitive with U.S. and international competitors.

**GRF 195-436 Labor/Management Cooperation**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,043,606	\$1,098,542	\$861,240	\$811,869	<b>\$811,869</b>	<b>\$811,869</b>
	5.3%	-21.6%	-5.7%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,384,772	\$2,373,235	\$327,056	\$0	\$0	\$0
	-0.5%	-86.2%	-100.0%	N/A	N/A

**Source:** GRF

**Legal Basis:** Discontinued line item (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 was used to make grants to private, nonprofit organizations, with preference given to emergency housing shelters. Grants from this program were awarded on a 50% matching basis (often coupled with federal funds), and could not exceed \$120,000. Grant awards could pay for administrative costs, shelter operating costs, and supportive services, as determined by the department. An in-house review committee evaluated grant applications, determined grant amounts on a formula basis, and made funding recommendations to the Director of Development.

Starting in FY 2004, county recordation fees took the place of GRF funding for the majority of ODOD and Ohio Housing Finance Agency housing programs. After this change, the Emergency Shelter Housing Grants program transferred to State Special Revenue line item 195-638, Low and Moderate Income Housing Trust Fund.

**GRF 195-441 Low and Moderate Income Housing**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$17,535,257	\$15,317,900	\$0	\$0	\$0	\$0
	-12.6%	-100.0%	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 was originally created to provide seed funding for activities of the Low and Moderate Income Housing Trust Fund as these funds were 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 were 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 5% of the fund can be used for administrative expenses, that at least 45% of 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 50% of the funds awarded during a fiscal year 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.

Starting in FY 2004, county recordation fees took the place of GRF funding for the majority of ODOD and Ohio Housing Finance Agency housing programs. After this change, this program transferred to State Special Revenue line item 195-638, Low and Moderate Income Housing Trust Fund.

**GRF 195-497 CDBG Operating Match Total**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,147,020	\$1,136,422	\$1,107,400	\$1,040,956	\$1,040,956	\$1,040,956
	-0.9%	-2.6%	-6.0%	0.0%	0.0%

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

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

**GRF 195-498 State Match Energy**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$112,995	\$131,595	\$100,000	\$94,000	<b>\$94,000</b>	<b>\$94,000</b>
	16.5%	-24.0%	-6.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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 curricula, information sharing to the general public, and workshops.

**GRF 195-501 Appalachian Local Development Districts**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$450,369	\$446,792	\$393,856	\$380,080	<b>\$380,080</b>	<b>\$380,080</b>
	-0.8%	-11.8%	-3.5%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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 a regional clearinghouse for information, and to assist in planning functions.

**GRF 195-502 Appalachian Regional Commission Dues**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$216,613	\$216,613	\$238,274	\$246,803	<b>\$246,803</b>	<b>\$246,803</b>
	0.0%	10.0%	3.6%	<b>0.0%</b>	<b>0.0%</b>

**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 pay 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. ARC funds are distributed to local governments and nonprofit organizations. 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$6,805,365	\$5,024,670	\$0	\$0	<b>\$0</b>	<b>\$0</b>
	-26.2%	-100.0%	N/A	<b>N/A</b>	<b>N/A</b>

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established by H.B. 657 of the 113th G.A.)

**Purpose:** This program provided cash payments for winter heating assistance to low-income elderly and disabled individuals. These payments were 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, which 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.

GRF funding for the program was eliminated in FY 2004. Energy assistance for eligible low-income households with elderly and/or totally and permanently disabled members continues to be available through the Percentage of Income Payment Plan (PIPP) program (line item 195-659, Universal Service) and through line item 195-611, Home Energy Assistance Block Grant.

**GRF 195-507 Travel and Tourism Grants**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,205,525	\$1,030,516	\$1,015,000	\$963,500	<b>\$900,000</b>	<b>\$900,000</b>
	-14.5%	-1.5%	-5.1%	<b>-6.6%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

**Purpose:** Moneys in this line item assist Ohio-based organizations with their tourism marketing and promotion efforts. State funds are matched with local funds at a minimum ratio of one to one.

**GRF 195-513 Empowerment Zones/Enterprise Communities**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$374,313	\$415,385	\$170,268	\$0	<b>\$0</b>	<b>\$0</b>
	11.0%	-59.0%	-100.0%	<b>N/A</b>	<b>N/A</b>

**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 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 have not been recommended for this program since FY 2002.

**GRF 195-515 Economic Development Contingency**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$7,600,000	\$10,000,000	<b>\$10,000,000</b>	<b>\$0</b>
	N/A	N/A	31.6%	<b>0.0%</b>	<b>-100.0%</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 299 of the 124th G.A.)

**Purpose:** This appropriation item provides grants similar in nature to the Business Development Grant program (GRF 195-412, Business Development Grants). Moneys are used for large capital investment projects that have the capacity to create or retain a significant number of jobs. Projects that receive funding are also under serious competition from other states.

Under the executive budget proposal, the line item receives \$10 million in appropriation authority in FY 2006, and then receives no funding in FY 2007. In FY 2007, the line item is replaced with GSF 195-677, Economic Development Contingency and is appropriated \$10 million in that year. Revenue to the GSF line item (and all line items under Fund 5AD) originates from a transfer of unclaimed funds, as proposed under section 203.99.54 of H.B. 66 of the 126th General Assembly.

**GRF 195-516 Shovel Ready Sites**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$2,350,000	<b>\$0</b>	<b>\$0</b>
	N/A	N/A	N/A	<b>-100.0%</b>	<b>N/A</b>

**Source:** GRF

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** This line item funds the Shovel Ready Sites Program. Under this program, the Director of Development contracted for pilot projects with three port authorities, two from urban counties with populations ranging from 200,000 to 600,000 residents, and one from a rural county. The moneys were used to leverage federal funds, local funds, or both, to provide grants for the preparation of sites for immediate construction for infrastructure in the state.

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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$0	\$13,910,000
	N/A	N/A	N/A	N/A	N/A

**Source:** GRF

**Legal Basis:** Proposed in the Main Operating Appropriations Bill of the 126th G.A.

**Purpose:** Under the current General Assembly, S.J.R. 1 and H.J.R. 2 have been introduced for the purpose of submitting to the voters, a proposed amendment to the constitution to issue bonds for the purpose of fostering job creation, economic development, and science and technology-based research and development. At this time, the total amount of the bond proposal is unknown, as are the specific details of the new bond program. Under the executive budget recommendation, \$13.91 million in FY 2007 has been appropriated for debt service payments in this line item.

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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$7,722,912	\$9,946,131	\$0	\$0	\$0	\$0
	28.8%	-100.0%	N/A	N/A	N/A

**Source:** GRF

**Legal Basis:** Discontinued line item (authorized by Section 15 of Article VIII of the Ohio Constitution, approved by voters on November 5, 1985)

**Purpose:** This line item paid debt service on bonds issued to provide moneys for financial assistance for research and development of clean coal technology to 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.

In FY 2004, the Coal Development Office was transferred from the Department of Development to the Air Quality Development Authority.

## General Services Fund Group

### 135 195-605 Supportive Services

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$7,720,446	\$7,030,962	\$7,032,597	\$7,539,686	\$7,450,000	\$7,539,686
	-8.9%	0.0%	7.2%	-1.2%	1.2%

**Source:** GSF: Indirect cost charges to various other Department of Development line items

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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; (2) purchased services for business marketing and workshops; and (3) discretionary subsidies.

### 136 195-621 International Trade

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$17,213	\$7,702	\$24,915	\$0	\$0
	N/A	-55.3%	223.5%	-100.0%	N/A

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

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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.

### 5AD 195-667 Investment in Training Expansion

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$12,800,000	\$5,000,000	\$5,000,000
	N/A	N/A	N/A	-60.9%	0.0%

**Source:** GSF: Unclaimed funds that have been reported by the holders of unclaimed funds as provided by section 169.05 of the Revised Code

**Legal Basis:** Section 5 of Sub. H.B. 427 of the 125th G.A., which amended Sections 38 and 38.20 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** The Investment in Training Expansion appropriation item is used for the same purposes and in the same manner as GRF appropriation item 195-434, Investment in Training Grants. Specifically, moneys are used to provide grants for the reimbursement of eligible training expenses. Grants are made to expanding companies and employers who need to retrain incumbent workers in order to remain competitive with other U.S. and international competitors.

**5AD 195-668 Worker Guarantee Program**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$3,000,000	<b>\$3,000,000</b>	<b>\$3,000,000</b>
	N/A	N/A	N/A	<b>0.0%</b>	<b>0.0%</b>

**Source:** GSF: Unclaimed funds that have been reported by the holders of unclaimed funds as provided by section 169.05 of the Revised Code

**Legal Basis:** Section 5 of Sub. H.B. 427 of the 125th G.A., which amended Sections 38 and 38.20 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** This appropriation item funds the Worker Guarantee Program, which provides financial assistance to employers who, under the program, are required to create at least 100 high-paying, full-time jobs over a three-year period and who must demonstrate, prior to the commitment of state funds, that the availability of those skilled workers is a major factor in the employer's decision to locate or expand in Ohio.

Activities eligible for funding through the Worker Guarantee Program include job assessment services, screening and testing of potential employees, customized training activities, and other training or related service approved by the Director of Development. For each approved project, state funds total one-third of a project's cost. The employer and the local community must each provide one-third of a project's cost as well.

**5AD 195-669 Wright Operating Grants**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$10,000,000	<b>\$0</b>	<b>\$0</b>
	N/A	N/A	N/A	<b>-100.0%</b>	<b>N/A</b>

**Source:** GSF: Unclaimed funds that have been reported by the holders of unclaimed funds as provided by section 169.05 of the Revised Code

**Legal Basis:** Section 5 of Sub. H.B. 427 of the 125th G.A., which amended Sections 38 and 38.20 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** Wright Operating Grants are used to provide support to the nonbioscience-oriented Wright Centers and Wright Capital Projects funded by the Board of Regents appropriation item CAP-068, Third Frontier, created by Am. Sub. S.B. 261 of the 124th General Assembly. Grants go to support specifically defined near-term commercialization projects requiring major capital acquisitions and improvements at Ohio higher education institutions and nonprofit research organizations. Projects must involve one or more Ohio companies and be in the areas of advanced materials, power and propulsion, information technology, and instruments, controls and electronics.

**5AD 195-677 Economic Development Contingency**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$0	\$10,000,000
	N/A	N/A	N/A	N/A	N/A

**Source:** GSF: Unclaimed funds that have been reported by the holders of unclaimed funds as provided by section 169.05 of the Revised Code

**Legal Basis:** Proposed in the Main Operating Appropriations Bill of the 126th G.A.

**Purpose:** This line item is intended to replace previous appropriations made to GRF 195-515, Economic Development Contingency. Moneys will be used for large capital investment projects that have the capacity to create or retain a significant number of jobs. Revenue to this GSF line item (and all line items under Fund 5AD) originates from a transfer of unclaimed funds, as provided under section 203.99.54 of H.B. 66 of the 126th General Assembly.

**685 195-636 General Reimbursements**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$827,616	\$697,671	\$295,475	\$1,232,530	\$1,000,000	\$1,000,000
	-15.7%	-57.6%	317.1%	-18.9%	0.0%

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

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

**Purpose:** This line item provides for the reimbursement of payments made by participants attending department-sponsored events. Registration fees paid by participants are deposited into this account and expenses related to the event are paid from this account. Events include department-sponsored training sessions, foreign trade missions, trade shows, awards and recognition events, and co-sponsored events involving other agencies. Administrative costs paid from this fund include departmental pool car operations, maintenance and replacement, central office supply bulk purchases, quick copy center maintenance and replacement, general postal operations equipment maintenance, graphics, and other miscellaneous services provided throughout the Department.

## Federal Special Revenue Fund Group

### 308 195-602 Appalachian Regional Commission

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$298,822	\$242,362	\$298,272	\$600,660	<b>\$600,660</b>	<b>\$600,660</b>
	-18.9%	23.1%	101.4%	<b>0.0%</b>	<b>0.0%</b>

**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.

Federal funds include Workforce Investment Act funds transferred from the Ohio Department of Job and Family Services and Flex-E-Grant funds, Funds for Appalachian Industrial Retraining (FAIR), and Consolidated Technical Assistance Grants from the Appalachian Regional Commission.

### 308 195-603 Housing & Urban Development

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,588,280	\$4,261,421	\$4,669,493	\$5,000,000	<b>\$5,000,000</b>	<b>\$5,000,000</b>
	18.8%	9.6%	7.1%	<b>0.0%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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 Persons 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 grants to local governments and nonprofit organizations that create or rehabilitate homeless shelters and provide supportive services for the homeless.

**308 195-605 Federal Projects**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$10,052,222	\$16,877,244	\$19,000,209	\$19,062,706	<b>\$15,300,249</b>	<b>\$15,300,249</b>
	67.9%	12.6%	0.3%	<b>-19.7%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on September 30, 1977)

**Purpose:** The 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 to maintain weatherization materials.

**308 195-609 Small Business Administration**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,511,222	\$3,684,493	\$3,763,821	\$4,296,381	<b>\$4,296,381</b>	<b>\$4,296,381</b>
	4.9%	2.2%	14.1%	<b>0.0%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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 plus Local). A portion of GRF line item 195-404, Small Business Development, provides matching funds for this purpose. The federal funds received in this line item fund grants to promote small businesses.

**308 195-618 Energy Federal Grants**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,389,199	\$2,762,738	\$2,956,923	\$3,397,659	<b>\$3,397,659</b>	<b>\$3,397,659</b>
	-18.5%	7.0%	14.9%	<b>0.0%</b>	<b>0.0%</b>

**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 38 of Am. Sub. H.B. 95 of the 125th 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 Match Energy. The State Energy Plan includes outreach, client education, funding to public schools that incorporate energy education into their curricula, information sharing to the general public, and workshops.

Under the provisions of Am. Sub. H.B. 431 of the 125th General Assembly, and the executive budget recommendation under H.B. 66 of the 126th General Assembly, two funds within the Department of Development's budget that formerly supported operating costs for OHFA have been eliminated. These are (FED) Fund 380 , Housing Development Operating, and (SSR) Fund 445 , Housing Finance Operating. Any remaining cash balances in these funds at the end of FY 2005 are to be transferred to OHFA's newly established operating fund, (GSF) Fund 5AZ, Housing Finance Agency Personal Services.

**335 195-610 Oil Overcharge**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,664,616	\$2,583,640	\$1,718,021	\$8,500,000	<b>\$3,000,000</b>	<b>\$3,000,000</b>
	55.2%	-33.5%	394.8%	<b>-64.7%</b>	<b>0.0%</b>

**Source:** FED: CFDA 99.999, Oil Overcharge (Petroleum Violation Escrow Fund, resulting from court settlements with oil companies for violations of price controls during the Arab oil embargos of the 1970s); current revenue to the fund is generated from interest on investment.

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

**Purpose:** Settlement funds were distributed to the states by the federal government according to formulas based on each oil company's share of the market in each state. Use of funds are stringently restricted and regulated by the U.S. Department of Energy. Historically, moneys have been used for energy conservation programs found in line items 195-605, Federal Projects, 195-611, Home Energy Assistance Block Grant, and 195-618, Federal Energy Grants. Each time a state wishes to draw from the settlement funds, it must submit plans demonstrating that the proposed conservation programs (1) benefit the class of consumers injured by the oil company's overcharges and (2) expand conservation efforts, without supplanting existing funds earmarked for conservation.

The courts require that interest earned on these funds be used to support the same programs that are eligible to receive the funds. Currently, most of the moneys that remain in this fund have been earmarked for the Third Frontier Project's Fuel Cell Initiative.

**380 195-622 Housing Development Operating**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,598,727	\$4,176,658	\$4,233,775	\$5,667,627	\$0	\$0
	-9.2%	1.4%	33.9%	-100.0%	N/A

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

**Legal Basis:** ORC 175.12 (originally established by Am. Sub. H.B. 291 of the 115th G.A. which transferred ORC 128.03 to ORC 175.12)

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

Under the provisions of Am. Sub. H.B. 431 of the 125th General Assembly, and the executive budget recommendation under H.B. 66 of the 126th General Assembly, two funds within the Department of Development's budget that formerly supported operating costs for the Ohio Housing Finance Agency (OHFA) have been eliminated. These are (FED) Fund 380 , Housing Development Operating, and (SSR) Fund 445 , Housing Finance Operating. Any remaining cash balances in these funds at the end of FY 2005 are to be transferred to OHFA's newly established operating fund, (GSF) Fund 5AZ, Housing Finance Agency Personal Services.

**3AE 195-643 Workforce Development Initiatives**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$357,664	\$5,800,000	\$5,800,000	\$5,800,000
	N/A	N/A	1521.6%	0.0%	0.0%

**Source:** FED: CFDA 17.258, U.S. Department of Labor Workforce Investment Act funds passed through from the Ohio Department of Job and Family Services

**Legal Basis:** Originally established by Controlling Board July 21, 2003

**Purpose:** Two initiatives, the Governor's Ohio Workforce Policy Board and the Third Frontier Internship Program, are funded through this line item to promote cooperation and collaboration among agencies administering the Workforce Investment Act (WIA), and to develop and improve a statewide system of select activities funded under WIA. The goal of WIA is to increase employment, job retention, and earnings and occupational skill attainment of participants.

The Third Frontier Internship Program was created to develop a skilled and competitive workforce by developing a pool of talented workers for businesses, creating student work experiences for Ohio residents, enriching the educational experience of college students, and exposing educators to workplace job skills and training required by employers in a business environment.

**3K8 195-613 Community Development Block Grant**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$60,918,095	\$55,114,171	\$57,845,224	\$65,000,000	<b>\$65,000,000</b>	<b>\$65,000,000</b>
	-9.5%	5.0%	12.4%	<b>0.0%</b>	<b>0.0%</b>

**Source:** FED: CFDA 14.228, Community Development Block Grant

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$81,242,929	\$87,110,010	\$84,125,862	\$85,036,000	<b>\$90,500,000</b>	<b>\$90,500,000</b>
	7.2%	-3.4%	1.1%	<b>6.4%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. H.B. 1266 of the 113th G.A.; 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% 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$18,703,104	\$15,517,099	\$14,684,322	\$16,219,479	<b>\$16,219,478</b>	<b>\$16,219,478</b>
	-17.0%	-5.4%	10.5%	<b>0.0%</b>	<b>0.0%</b>

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

**Legal Basis:** ORC 4928.55 (originally established by Am. H.B. 1266 of the 113th G.A.; 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. During the FY 2004-2005 biennium, \$200,000 in each fiscal year will be used for grants to the Ohio Weatherization Training Center, administered by the Corporation for Ohio Appalachian Development.

**3L0 195-612 Community Services Block Grant**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$25,451,595	\$25,185,963	\$25,990,324	\$25,235,000	<b>\$25,235,000</b>	<b>\$25,235,000</b>
	-1.0%	3.2%	-2.9%	<b>0.0%</b>	<b>0.0%</b>

**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; Fund 3L0 established by H.B. 152 of the 120th G.A.)

**Purpose:** The grant provides funds to community action agencies to help low-income persons achieve self-sufficiency. Federal guidelines limit administration costs to 5% of the total grant amount; 95% is passed on to providers according to a formula specified in the current CSBG State Plan.

**3V1 195-601 HOME Program**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$28,000,621	\$26,096,926	\$29,778,715	\$40,000,000	<b>\$40,000,000</b>	<b>\$40,000,000</b>
	-6.8%	14.1%	34.3%	<b>0.0%</b>	<b>0.0%</b>

**Source:** FED: CFDA 14.239, HOME Investment Partnerships Program

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** Fund 3V1 was created in FY 2002 to accommodate the transfer of the HOME Investment Partnerships (HOME) program previously funded through Fund 308, line item 195-603, Housing and Urban Development. This change was necessitated by a change in the federal tracking system and software program. The moneys appropriated to this fund provide 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 affordable housing and for site acquisition, site improvements, demolition, and relocation. Up to 10% of grant moneys may be used for administrative costs. For rental housing, at least 90% must benefit families with incomes at or below 60% of the area median income and the other 10% must benefit families earning less than 80% of the area median income. For owner-occupied housing, families earning less than 80% of the area median income are eligible for assistance. A match of 25% is required.

**3X3 195-619 TANF Housing Program**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,547,587	\$5,015,081	\$3,797,971	\$0	\$0	\$0
	224.1%	-24.3%	-100.0%	N/A	N/A

**Source:** FED: TANF Block Grant

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 94 and Am. Sub. H.B. 299 of the 124th G.A.)

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

**State Special Revenue Fund Group**

**444 195-607 Water & Sewer Commission Loans**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$174,029	\$212,440	\$343,176	\$523,775	\$523,775	\$523,775
	22.1%	61.5%	52.6%	0.0%	0.0%

**Source:** SSR: Seed moneys from the General Assembly 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 this 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,891,521	\$3,580,520	\$3,717,284	\$4,983,738	\$0	\$0
	-8.0%	3.8%	34.1%	-100.0%	N/A

**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.

Under the provisions of Am. Sub. H.B. 431 of the 125th General Assembly, and the executive budget recommendation under H.B. 66 of the 126th General Assembly, two funds within the Department of Development's budget that formerly supported operating costs for the Ohio Housing Finance Agency (OHFA) have been eliminated. These are (FED) Fund 380 , Housing Development Operating, and (SSR) Fund 445 , Housing Finance Operating. Any remaining cash balances in these funds at the end of FY 2005 are to be transferred to OHFA's newly established operating fund, (GSF) Fund 5AZ, Housing Finance Agency Personal Services.

**450 195-624 Minority Business Bonding Program Administration**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$53,967	\$53,967	\$53,967
	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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,173,181	\$1,949,853	\$1,602,122	\$2,358,311	<b>\$2,358,311</b>	<b>\$2,358,311</b>
	-10.3%	-17.8%	47.2%	<b>0.0%</b>	<b>0.0%</b>

**Source:** SSR: Facilities Establishment Fund and commitment fees

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. S.B. 227 of the 115th G.A.)

**Purpose:** Funds in this line item are used to pay administrative costs related to the development and monitoring of Chapter 166 financial assistance programs. These programs 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.

**4F2 195-639 State Special Projects**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$889,110	\$663,754	\$151,573	\$10,109,453	<b>\$290,183</b>	<b>\$290,183</b>
	-25.3%	-77.2%	6569.7%	<b>-97.1%</b>	<b>0.0%</b>

**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 Job and Family Services

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board 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.

**4F2 195-676 Promote Ohio**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	<b>\$5,000,000</b>	<b>\$5,000,000</b>
	N/A	N/A	N/A	<b>N/A</b>	<b>0.0%</b>

**Source:** SSR: Unclaimed funds that have been reported by the holders of unclaimed funds as provided by Section 169.05 of the Revised Code

**Legal Basis:** Proposed in the Main Operating Appropriations Bill of the 126th G.A.

**Purpose:** Moneys in this appropriation item will be used to supplement private funding for the Ohio Business Development Coalition.

**4H4 195-641 First Frontier**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$493,621	\$334,229	\$201,950	\$500,000	<b>\$500,000</b>	<b>\$500,000</b>
	-32.3%	-39.6%	147.6%	<b>0.0%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$202,382	\$111,979	\$207,103	\$211,900	<b>\$275,000</b>	<b>\$275,000</b>
	-44.7%	84.9%	2.3%	<b>29.8%</b>	<b>0.0%</b>

**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 on September 26, 1994)

**Purpose:** Am. Sub. S.B. 19 of the 120th G.A. created the Community Reinvestment Area (CRA) Program Administration Fund and the Enterprise Zone Program Administration Fund. Moneys in this line item are used to pay the administrative costs of these programs, through the Office of Tax Incentives.

**4S1 195-634 Job Creation Tax Credit Operating**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$371,627	\$335,623	\$290,664	\$375,800	<b>\$375,800</b>	<b>\$375,800</b>
	-9.7%	-13.4%	29.3%	<b>0.0%</b>	<b>0.0%</b>

**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)

**Purpose:** Sub. S.B. 363 of the 119th G.A. created the Ohio Job Creation Tax Credit program. Moneys in this account pay the administrative costs of operating and monitoring the 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$701,758	\$448,942	\$720,794	\$2,580,597	<b>\$2,580,597</b>	<b>\$2,580,597</b>
	-36.0%	60.6%	258.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** SSR: Primarily loan principal and interest repayments; miscellaneous revenue is received through the Attorney General's Revenue Recovery program

**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, or MDFC).

**586 195-653 Scrap Tire Loans & Grants**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$418,004	\$550,438	\$0	\$0	<b>\$0</b>	<b>\$0</b>
	31.7%	-100.0%	N/A	<b>N/A</b>	<b>N/A</b>

**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.)

**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.

**5AR 195-674 Industrial Site Improvements**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$5,000,000	<b>\$0</b>	<b>\$0</b>
	N/A	N/A	N/A	<b>-100.0%</b>	<b>N/A</b>

**Source:** SSR: Transfer of \$5 million from the Liquor Control Fund (Fund 043)

**Legal Basis:** Section 5 of Sub. H.B. 427 of the 125th G.A., which amended Sections 38 and 38.18 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** Moneys in this appropriation item are used to make grants to eligible counties for the improvement of commercial or industrial areas when these improvements create new jobs or preserve existing jobs. Eligible counties are defined under section 122.95 of the Revised Code. Eligible improvements include: expanding, remodeling, renovating, and modernizing existing buildings and structures; remediating environmentally contaminated property that could cause Ohio or the U.S. EPA to identify the property as contaminated; and infrastructure improvements.

**5M4 195-659 Universal Service**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$221,704,133	\$192,738,056	\$195,141,707	\$210,000,000	<b>\$210,000,000</b>	<b>\$210,000,000</b>
	-13.1%	1.2%	7.6%	<b>0.0%</b>	<b>0.0%</b>

**Source:** SSR: Revenues from the rider on retail electric service; customer payments under the PIPP; revenues remitted from municipal electric utilities and rural cooperatives on an opt-in basis

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

**Purpose:** Moneys in this account provide 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. Beginning in FY 2004, funds from this line item will replace funding in GRF appropriation item 195-505, Utility Bill Credits.

**5M5 195-660 Energy Efficiency Loan and Grant**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$482,119	\$871,260	\$1,112,059	\$12,000,000	<b>\$12,000,000</b>	<b>\$12,000,000</b>
	80.7%	27.6%	979.1%	<b>0.0%</b>	<b>0.0%</b>

**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; Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Sub. S.B. 3 of the 123rd G.A.)

**Purpose:** Moneys in this account support 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.

**5X1 195-651 Exempt Facility Inspection**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$50,000	\$25,000	\$25,000
	N/A	N/A	N/A	-50.0%	0.0%

**Source:** SSR: Application fees for exempt facility certificates equal to one-half of one per cent of the total exempt facility project cost, not to exceed \$2,000. The Department of Development receives half of this fee if the Director is required to provide the opinion for an application.

**Legal Basis:** Section 5709.212 of the Revised Code

**Purpose:** Moneys are used to administer section 5709.211 of the Revised Code, which requires the Director of Development to assist the Tax Commissioner in determining whether certain facilities (energy conversion facilities, solid waste energy conversion facilities, and thermal efficiency improvement facilities) are primarily designed, constructed, installed, and used as exempt facilities for the purpose of exempt facility certification. Certification provides tax-exempt status to costs incurred while procuring materials and equipment necessary to the operation of these facilities.

**5Y6 195-648 Economic Development Contingency**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$1,000,000	\$0	\$0
	N/A	N/A	N/A	-100.0%	N/A

**Source:** SSR: Payments received by the state pursuant to a series of settlements with ten brokerage firms, known as the Global Analysts Settlement Agreements

**Legal Basis:** As needed line item (originally established by Controlling Board on November 15, 2004)

**Purpose:** Moneys in this appropriation item support economic development projects for which appropriations are not otherwise available. Proposed spending from this account must be approved by the Controlling Board and all requests must provide a detailed explanation of the planned use of the funds.

**611 195-631 Water & Sewer Administration**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$12,115	\$15,641	\$13,065	\$15,713	\$15,713	\$15,713
	29.1%	-16.5%	20.3%	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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$168,892	\$118,937	\$78,072	\$200,000	<b>\$200,000</b>	<b>\$200,000</b>
	-29.6%	-34.4%	156.2%	<b>0.0%</b>	<b>0.0%</b>

**Source:** SSR: Application fees and deposits for program participation

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

**Purpose:** Funds are 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$22,420,621	\$18,348,622	\$26,750,033	\$45,000,000	<b>\$46,000,000</b>	<b>\$48,000,000</b>
	-18.2%	45.8%	68.2%	<b>2.2%</b>	<b>4.3%</b>

**Source:** SSR: Housing Trust Fund fees collected by county recorders, grants, gifts and private contributions; also, one-time transfers from various sources, as designated by the G.A.

**Legal Basis:** ORC 175.21; Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on June 29, 1992)

**Purpose:** The Housing Trust Fund provides grants and loans for qualifying housing projects serving low- and moderate-income persons. These funds were previously 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; however, beginning in FY 2004, revenues for the Housing Trust Fund will be generated from housing trust fund fees that collected by county recorders. The new housing trust fund fees are equal to the amounts currently charged in service fees by county recorders, thereby doubling the amounts currently charged by county recorders. The Housing Trust Fund fees become effective August 1, 2003. Funds are used for the construction of new housing, renovation of existing housing, and supportive services.

The programs of the following four GRF line items have been transferred 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

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$14,131,765	\$8,484,681	\$0	\$0	\$0	\$0
	-40.0%	-100.0%	N/A	N/A	N/A

**Source:** 046: Coal bond proceeds

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 750 of the 116th G.A. and authorized by Section 15 of Article VIII of the Ohio Constitution)

**Purpose:** This program was transferred from the Department of Development to the Air Quality Development Authority beginning in FY 2004. The bond proceeds are used to fund programs that seek to find ways to burn Ohio coal with fewer emissions in a manner that meets federal clean air standards.

## Facilities Establishment Fund

### 009 195-664 Innovation Ohio

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$53,029	\$50,000,000	\$50,000,000	\$50,000,000
	N/A	N/A	94188.0%	0.0%	0.0%

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

**Legal Basis:** ORC 166.16; Section 38 of Am. Sub. H.B. 95 of the 125th G.A.

**Purpose:** Moneys in this line item support the Innovation Ohio program and shall be used to support Innovation Ohio purposes, including loans and loan guarantees. Allowable innovation costs include the costs of research and development of eligible innovation projects; obtaining or creating any requisite software or computer hardware related to an eligible innovation project; testing, perfecting, and marketing of such products and services; and creating and protecting intellectual property related to an eligible innovation project, including costs of securing appropriate patent, trademark, trade secret, trade dress, copyright, or other form of intellectual property protection for an eligible innovation project. Targeted innovation industry sectors include those involving the production or use of advanced materials, instruments, controls and electronics, power and propulsion, biosciences, and information technology, or other sectors as designated by the Director of Development.

**010 195-665 Research and Development**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$50,000,000	<b>\$50,000,000</b>	<b>\$50,000,000</b>
	N/A	N/A	N/A	<b>0.0%</b>	<b>0.0%</b>

**Source:** 037: (1) Funds received from obligations issued for research and development purposes under ORC 166.08, (2) loan repayments, (3) service fees, and (4) investment earnings

**Legal Basis:** ORC 166.20; Section 3 of Am. Sub. H.B. 1 of the 125th G.A.

**Purpose:** With Controlling Board approval, funds may be used for the purpose of paying eligible costs of research and development projects. The projects are to stimulate research and development, thereby giving Ohioans access to high-value technology employment opportunities. Under this program, the state will provide loans ranging from \$5 million to \$25 million for up to 50% of eligible capital costs to companies investing a minimum of \$10 million in fixed assets. The fund will assist businesses to create research facilities for the purpose of discovering technological information that will be useful in the development of a new or improved product, process, technique, formula, or invention or in the creative application of existing technology in a new manner.

**037 195-615 Facilities Establishment**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$31,371,779	\$53,433,611	\$37,453,944	\$63,931,149	<b>\$63,931,149</b>	<b>\$63,931,149</b>
	70.3%	-29.9%	70.7%	<b>0.0%</b>	<b>0.0%</b>

**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; Section 38 of Am. Sub. H.B. 95 of the 125th 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 guarantees 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 Rural Industrial Park Loan Program, Urban Redevelopment Loans, Capital Access Loan Program, Rural Development Initiative, and the Family Farm Loan Program.

**4Z6 195-647 Rural Industrial Park Loan**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,370,000	\$1,200,000	\$1,364,924	\$5,000,000	<b>\$3,000,000</b>	<b>\$3,000,000</b>
	-64.4%	13.7%	266.3%	<b>-40.0%</b>	<b>0.0%</b>

**Source:** 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits) and (2) loan repayments

**Legal Basis:** ORC 122.24; Section 38 of Am. Sub. H.B. 95 of the 125th 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 ORC 122.24 through 122.26. 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,000,000	\$2,000,000	\$0	\$0	<b>\$0</b>	<b>\$0</b>
	100.0%	-100.0%	N/A	<b>N/A</b>	<b>N/A</b>

**Source:** 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits) and (2) loan repayments

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

**Purpose:** Created in FY 1998, this account was used to assist any port authority in establishing or supplementing bond reserve funds for any bond issuance. Under the program, no port authority was permitted to receive more than \$2 million. The transfer and release of funds were subject to Controlling Board approval.

**5D2 195-650 Urban Redevelopment Loans**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,020,000	\$3,210,540	\$1,309,668	\$10,475,000	<b>\$10,475,000</b>	<b>\$10,475,000</b>
	58.9%	-59.2%	699.8%	<b>0.0%</b>	<b>0.0%</b>

**Source:** 037: (1) Facilities Establishment Fund (economic development bond proceeds for which debt service is supported by liquor profits) and (2) loan repayments

**Legal Basis:** ORC 166.07; Section 38 of Am. Sub. H.B. 95 of the 125th 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,473,619	\$639,554	\$152,000	\$1,500,000	<b>\$1,000,000</b>	<b>\$1,000,000</b>
	-56.6%	-76.2%	886.8%	<b>-33.3%</b>	<b>0.0%</b>

**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, and (4) service fees

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th 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**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$500,000	\$1,359,412	\$5,000,000	<b>\$3,000,000</b>	<b>\$3,000,000</b>
	N/A	171.9%	267.8%	<b>-40.0%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by 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 due to sunset on June 30, 2007.

**5S9 195-628 Capital Access Loan Program**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$97,353	\$425,542	\$590,614	\$3,000,000	<b>\$3,000,000</b>	<b>\$3,000,000</b>
	337.1%	38.8%	407.9%	<b>0.0%</b>	<b>0.0%</b>

**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:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by 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 small and minority-owned businesses. 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 a 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.

## Clean Ohio Fund

**003 195-663 Clean Ohio Operating**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$90,885	\$150,000	<b>\$350,000</b>	<b>\$350,000</b>
	N/A	N/A	65.0%	<b>133.3%</b>	<b>0.0%</b>

**Source:** CLR: Interest earned on Clean Ohio Revitalization Fund

**Legal Basis:** Section 38 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 3 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.

## LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
<b>DEV Development, Department of</b>								
GRF	195-100	Personal Service	\$ 9,964	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-200	Maintenance	\$ 58,973	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-321	Operating Expenses	\$ 2,182,544	\$2,838,908	\$ 2,688,908	-5.3%	\$ 2,688,908	0.0%
GRF	195-401	Thomas Edison Program	\$ 13,786,526	\$15,454,838	\$ 15,454,838	0.0%	\$ 15,454,838	0.0%
GRF	195-404	Small Business Development	\$ 1,561,957	\$1,740,722	\$ 1,740,722	0.0%	\$ 1,740,722	0.0%
GRF	195-405	Minority Business Development Division	\$ 1,553,124	\$1,580,291	\$ 1,580,291	0.0%	\$ 1,580,291	0.0%
GRF	195-406	Transitional & Permanent Housing	\$ 681,381	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-407	Travel and Tourism	\$ 4,431,422	\$7,049,345	\$ 6,812,845	-3.4%	\$ 6,712,845	-1.5%
GRF	195-408	Coal Research Development	\$ 195	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-410	Defense Conversion Assistance	\$ 478,882	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-412	Business Development Grants	\$ 6,983,133	\$8,905,530	\$ 11,750,000	31.9%	\$ 11,750,000	0.0%
GRF	195-414	First Frontier Match	\$ 192,417	\$250,000	\$ 250,000	0.0%	\$ 250,000	0.0%
GRF	195-415	Economic Development Division & Regional Offices	\$ 5,425,617	\$5,594,975	\$ 5,794,975	3.6%	\$ 5,894,975	1.7%
GRF	195-416	Governor's Office of Appalachia	\$ 5,053,684	\$4,122,372	\$ 4,122,372	0.0%	\$ 4,122,372	0.0%
GRF	195-417	Urban/Rural Initiative	\$ 1,061,875	\$150,000	\$ 0	-100.0%	\$ 0	N/A
GRF	195-422	Third Frontier Action Fund	\$ 16,696,859	\$16,790,000	\$ 16,790,000	0.0%	\$ 16,790,000	0.0%
GRF	195-426	Clean Ohio Implementation	\$ 315,143	\$368,730	\$ 300,000	-18.6%	\$ 300,000	0.0%
GRF	195-431	Community Development Corporation Grants	\$ 254,375	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-432	International Trade	\$ 3,691,349	\$4,223,787	\$ 4,223,787	0.0%	\$ 4,223,787	0.0%
GRF	195-434	Investment in Training Grants	\$ 10,612,580	\$12,227,500	\$ 12,227,500	0.0%	\$ 12,227,500	0.0%
GRF	195-436	Labor/Management Cooperation	\$ 861,240	\$811,869	\$ 811,869	0.0%	\$ 811,869	0.0%
GRF	195-440	Emergency Shelter Housing Grants	\$ 327,056	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-497	CDBG Operating Match Total	\$ 1,107,400	\$1,040,956	\$ 1,040,956	0.0%	\$ 1,040,956	0.0%
GRF	195-498	State Match Energy	\$ 100,000	\$94,000	\$ 94,000	0.0%	\$ 94,000	0.0%
GRF	195-501	Appalachian Local Development Districts	\$ 393,856	\$380,080	\$ 380,080	0.0%	\$ 380,080	0.0%
GRF	195-502	Appalachian Regional Commission Dues	\$ 238,274	\$246,803	\$ 246,803	0.0%	\$ 246,803	0.0%
GRF	195-507	Travel and Tourism Grants	\$ 1,015,000	\$963,500	\$ 900,000	-6.6%	\$ 900,000	0.0%

## LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
<b>DEV Development, Department of</b>								
GRF	195-513	Empowerment Zones/Enterprise Communities	\$ 170,268	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-515	Economic Development Contingency	\$ 7,600,000	\$10,000,000	\$ 10,000,000	0.0%	\$ 0	-100.0%
GRF	195-516	Shovel Ready Sites	\$ 0	\$2,350,000	\$ 0	-100.0%	\$ 0	N/A
GRF	195-905	Third Frontier Research & Commercialization Gener	\$ 0	\$0	\$ 0	N/A	\$ 13,910,000	N/A
<b>General Revenue Fund Total</b>			<b>\$ 86,845,094</b>	<b>\$ 97,184,206</b>	<b>\$ 97,209,946</b>	<b>0.0%</b>	<b>\$ 101,119,946</b>	<b>4.0%</b>
135	195-605	Supportive Services	\$ 7,032,597	\$7,539,686	\$ 7,450,000	-1.2%	\$ 7,539,686	1.2%
136	195-621	International Trade	\$ 7,702	\$24,915	\$ 0	-100.0%	\$ 0	N/A
5AD	195-667	Investment in Training Expansion	\$ 0	\$12,800,000	\$ 5,000,000	-60.9%	\$ 5,000,000	0.0%
5AD	195-668	Worker Guarantee Program	\$ 0	\$3,000,000	\$ 3,000,000	0.0%	\$ 3,000,000	0.0%
5AD	195-669	Wright Operating Grants	\$ 0	\$10,000,000	\$ 0	-100.0%	\$ 0	N/A
5AD	195-677	Economic Development Contingency	---	\$0	\$ 0	N/A	\$ 10,000,000	N/A
685	195-636	General Reimbursements	\$ 295,475	\$1,232,530	\$ 1,000,000	-18.9%	\$ 1,000,000	0.0%
<b>General Services Fund Group Total</b>			<b>\$ 7,335,774</b>	<b>\$ 34,597,131</b>	<b>\$ 16,450,000</b>	<b>-52.5%</b>	<b>\$ 26,539,686</b>	<b>61.3%</b>
308	195-602	Appalachian Regional Commission	\$ 298,272	\$600,660	\$ 600,660	0.0%	\$ 600,660	0.0%
308	195-603	Housing & Urban Development	\$ 4,669,493	\$5,000,000	\$ 5,000,000	0.0%	\$ 5,000,000	0.0%
308	195-605	Federal Projects	\$ 19,000,209	\$19,062,706	\$ 15,300,249	-19.7%	\$ 15,300,249	0.0%
308	195-609	Small Business Administration	\$ 3,763,821	\$4,296,381	\$ 4,296,381	0.0%	\$ 4,296,381	0.0%
308	195-618	Energy Federal Grants	\$ 2,956,923	\$3,397,659	\$ 3,397,659	0.0%	\$ 3,397,659	0.0%
335	195-610	Oil Overcharge	\$ 1,718,021	\$8,500,000	\$ 3,000,000	-64.7%	\$ 3,000,000	0.0%
380	195-622	Housing Development Operating	\$ 4,233,775	\$5,667,627	\$ 0	-100.0%	\$ 0	N/A
3AE	195-643	Workforce Development Initiatives	\$ 357,664	\$5,800,000	\$ 5,800,000	0.0%	\$ 5,800,000	0.0%
3K8	195-613	Community Development Block Grant	\$ 57,845,224	\$65,000,000	\$ 65,000,000	0.0%	\$ 65,000,000	0.0%
3K9	195-611	Home Energy Assistance Block Grant	\$ 84,125,862	\$85,036,000	\$ 90,500,000	6.4%	\$ 90,500,000	0.0%
3K9	195-614	HEAP Weatherization	\$ 14,684,322	\$16,219,479	\$ 16,219,478	0.0%	\$ 16,219,478	0.0%
3L0	195-612	Community Services Block Grant	\$ 25,990,324	\$25,235,000	\$ 25,235,000	0.0%	\$ 25,235,000	0.0%
3V1	195-601	HOME Program	\$ 29,778,715	\$40,000,000	\$ 40,000,000	0.0%	\$ 40,000,000	0.0%
3X3	195-619	TANF Housing Program	\$ 3,797,971	\$0	\$ 0	N/A	\$ 0	N/A

## LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
<b>DEV Development, Department of</b>								
<b>Federal Special Revenue Fund Group Total</b>			\$ 253,220,596	\$ 283,815,512	\$ 274,349,427	-3.3%	\$ 274,349,427	0.0%
444	195-607	Water & Sewer Commission Loans	\$ 343,176	\$523,775	\$ 523,775	0.0%	\$ 523,775	0.0%
445	195-617	Housing Finance Operating	\$ 3,717,284	\$4,983,738	\$ 0	-100.0%	\$ 0	N/A
450	195-624	Minority Business Bonding Program Administration	\$ 0	\$53,967	\$ 53,967	0.0%	\$ 53,967	0.0%
451	195-625	Economic Development Financing Operating	\$ 1,602,122	\$2,358,311	\$ 2,358,311	0.0%	\$ 2,358,311	0.0%
4F2	195-639	State Special Projects	\$ 151,573	\$10,109,453	\$ 290,183	-97.1%	\$ 290,183	0.0%
4F2	195-676	Promote Ohio	---	\$0	\$ 5,000,000	N/A	\$ 5,000,000	0.0%
4H4	195-641	First Frontier	\$ 201,950	\$500,000	\$ 500,000	0.0%	\$ 500,000	0.0%
4S0	195-630	Enterprise Zone Operating	\$ 207,103	\$211,900	\$ 275,000	29.8%	\$ 275,000	0.0%
4S1	195-634	Job Creation Tax Credit Operating	\$ 290,664	\$375,800	\$ 375,800	0.0%	\$ 375,800	0.0%
4W1	195-646	Minority Business Enterprise Loan	\$ 720,794	\$2,580,597	\$ 2,580,597	0.0%	\$ 2,580,597	0.0%
5AR	195-674	Industrial Site Improvements	\$ 0	\$5,000,000	\$ 0	-100.0%	\$ 0	N/A
5M4	195-659	Universal Service	\$ 195,141,707	\$210,000,000	\$ 210,000,000	0.0%	\$ 210,000,000	0.0%
5M5	195-660	Energy Efficiency Loan and Grant	\$ 1,112,059	\$12,000,000	\$ 12,000,000	0.0%	\$ 12,000,000	0.0%
5X1	195-651	Exempt Facility Inspection	\$ 0	\$50,000	\$ 25,000	-50.0%	\$ 25,000	0.0%
5Y6	195-648	Economic Development Contingency	---	\$1,000,000	\$ 0	-100.0%	\$ 0	N/A
611	195-631	Water & Sewer Administration	\$ 13,065	\$15,713	\$ 15,713	0.0%	\$ 15,713	0.0%
617	195-654	Volume Cap Administration	\$ 78,072	\$200,000	\$ 200,000	0.0%	\$ 200,000	0.0%
646	195-638	Low & Moderate Income Housing Trust Fund	\$ 26,750,033	\$45,000,000	\$ 46,000,000	2.2%	\$ 48,000,000	4.3%
<b>State Special Revenue Fund Group Total</b>			\$ 230,329,602	\$ 294,963,254	\$ 280,198,346	-5.0%	\$ 282,198,346	0.7%
009	195-664	Innovation Ohio	\$ 53,029	\$50,000,000	\$ 50,000,000	0.0%	\$ 50,000,000	0.0%
010	195-665	Research and Development	\$ 0	\$50,000,000	\$ 50,000,000	0.0%	\$ 50,000,000	0.0%
037	195-615	Facilities Establishment	\$ 37,453,944	\$63,931,149	\$ 63,931,149	0.0%	\$ 63,931,149	0.0%
4Z6	195-647	Rural Industrial Park Loan	\$ 1,364,924	\$5,000,000	\$ 3,000,000	-40.0%	\$ 3,000,000	0.0%
5D2	195-650	Urban Redevelopment Loans	\$ 1,309,668	\$10,475,000	\$ 10,475,000	0.0%	\$ 10,475,000	0.0%
5H1	195-652	Family Farm Loan Guarantee	\$ 152,000	\$1,500,000	\$ 1,000,000	-33.3%	\$ 1,000,000	0.0%
5S8	195-627	Rural Development Initiative	\$ 1,359,412	\$5,000,000	\$ 3,000,000	-40.0%	\$ 3,000,000	0.0%

## LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2004</i>	<i>Estimated 2005</i>	<i>Executive 2006</i>	<i>% Change 2005 to 2006</i>	<i>Executive 2007</i>	<i>% Change 2006 to 2007</i>
<b><i>DEV Development, Department of</i></b>								
5S9	195-628	Capital Access Loan Program	\$ 590,614	\$3,000,000	\$ 3,000,000	0.0%	\$ 3,000,000	0.0%
<b>Facilities Establishment Fund Total</b>			<b>\$ 42,283,591</b>	<b>\$ 188,906,149</b>	<b>\$ 184,406,149</b>	<b>-2.4%</b>	<b>\$ 184,406,149</b>	<b>0.0%</b>
003	195-663	Clean Ohio Operating	\$ 90,885	\$150,000	\$ 350,000	133.3%	\$ 350,000	0.0%
<b>Clean Ohio Fund Total</b>			<b>\$ 90,885</b>	<b>\$ 150,000</b>	<b>\$ 350,000</b>	<b>133.3%</b>	<b>\$ 350,000</b>	<b>0.0%</b>
<b><i>Total All Budget Fund Groups</i></b>			<b>\$ 620,105,542</b>	<b>\$ 899,616,252</b>	<b>\$ 852,963,868</b>	<b>-5.2%</b>	<b>\$ 868,963,554</b>	<b>1.9%</b>