

# Department of Development

**House Agriculture and Development Subcommittee**

*Brian D. Hoffmeister, Budget Analyst  
Legislative Service Commission*

*April 11, 2007*

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# LSC Redbook

## for the

### Department of Development

#### House Agriculture and Development Subcommittee

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**ATTACHMENTS:**

- Catalog of Budget Line Items
- LSC Budget Spreadsheet By Line Item

*April 11, 2007*

# Department of Development

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- Total funding is \$1.18 billion in FY 2008 and \$1.15 billion in FY 2009
- Agency priorities under the new administration include efficient and alternative energy projects, workforce development, and the Job Ready Site program

## OVERVIEW

The Ohio Department of Development (DEV) 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 \$1,180,763,736 in FY 2008 and \$1,154,357,876 in FY 2009.<sup>1</sup> This represents an increase in FY 2008 of 3.5% from FY 2007 estimated spending levels, and in FY 2009, a decrease of 2.2% below FY 2008 levels. Notable changes in specific appropriation authorities and/or new appropriations are described below.

## Issues of Interest

### I. Economic Development

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

#### (A) Financial Assistance Programs

The Department of Development provides assistance to firms interested in expanding or locating their operations in Ohio. Since 1999, DEV has directly assisted in more than 1,030 company projects,

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<sup>1</sup> Totals for FYs 2008 and 2009 do not include an executive-recommended appropriation of \$18,699,900 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. 67, the Transportation Budget Bill.

creating more than 99,000 new jobs and retaining approximately 163,000 jobs with company investments in Ohio's economy exceeding \$12.2 billion. In FY 2006, DEV's Business Development programs awarded 146 grants and 63 loans totaling over \$140.9 million to businesses located in or moving to Ohio. The Department projects that loans in FY 2007 will create approximately 5,600 new full-time jobs at an average wage rate of \$14.50, an increase over the previous biennium where 4,482 new jobs were created at an average rate of \$13.65 per hour. While job creation is important, however, the Department responded to LSC that a priority for it under the Strickland Administration will be to focus more on measuring the success of these programs through the increased income generated rather than just the number of jobs created.

The programs that are central to the Department's economic development initiatives include the following:

- **Rapid Outreach Grants.** This program is newly renamed from Business Development Grants. In FY 2006, the Department made 65 Business Development Grants to companies and/or communities totaling \$12.2 million. The grants ranged in size from \$25,000 to \$3 million, generated some \$2.3 billion in investments, over 6,400 jobs, and retained over 26,000 jobs. Under the executive budget proposal, GRF 195-412, Rapid Outreach Grants, receives increased appropriations totaling \$16.1 million in each fiscal year (a 37% increase above FY 2007 appropriations).
- **166 Direct Loans and Ohio Enterprise Bond Loans.** In FY 2006, the Department provided 28 loans totaling \$39 million under the 166 Direct Loan program. These loans created 1,907 jobs, retained 2,242 at-risk jobs, and sparked total investment of approximately \$135 million. The Ohio Enterprise Bond Fund Loan program has provided seven loans through FY 2006, totaling \$42 million.
- **Innovation Ohio Loans.** In FY 2006, there were ten loans from the Innovation Ohio Loan Fund for a total of \$10 million, creating 297 jobs and retaining 79 jobs. Total investment generated by this program in FY 2006 was \$14,461,420.
- **Research & Development Investment Loans.** In FY 2006, the Research & Development Investment Loan program has provided seven loans totaling \$17 million, creating 390 jobs and retaining 1,035 jobs. Total investment generated by this program in FY 2006 was approximately \$113 million.

### **(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:

- (1) Funding of \$500 million over a ten-year period to existing Third Frontier programs;
- (2) \$500 million for ten years for the Wright Capital Fund to provide competitive grants for capital assets;
- (3) \$100 million for the Innovation Ohio Loan Program for targeted industry sectors in Ohio;

- (4) \$200 million for the Research and Development Loan Program for capital investments in research facilities;
- (5) A bond issue for applied research and technology commercialization (approved by voters in November 2005);
- (6) Other initiatives of the project; and
- (7) 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, request for proposals (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).

Total appropriations to the various Third Frontier programs from its initial funding in FY 2002 through the 126th General Assembly equal approximately \$954.6 million in operating and capital funding. The following table displays each fund supporting Third Frontier projects and programs and the total amount that has been appropriated for Third Frontier activities.

<b>Appropriations for Third Frontier Programs through the 126th General Assembly</b>	
<b>Fund</b>	<b>Total Appropriations</b>
General Revenue Fund	\$109,070,000
Job Development Initiatives Fund	\$10,000,000
Third Frontier Research & Development Fund	\$202,645,084
Biomedical Research & Technology Transfer Trust Fund	\$73,475,797
Innovation Ohio Loan Fund	\$255,000,000
Higher Education Improvement Fund	\$304,360,000
<b>Total All Funds</b>	<b>\$954,550,881</b>

***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 provides competitive grants for entrepreneurial activities. 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 FY 2006, the Controlling Board

approved 17 grants under the Third Frontier Action Fund totaling over \$15 million for pre-seed funds, fuel cell technology projects, and research commercialization grants.

<b>FY 2006 Third Frontier Action Fund Grants</b>		
<b>Category</b>	<b>No. of Grants</b>	<b>Total Amount Awarded</b>
Fuel Cell Initiative	7	\$6,446,679
Pre-Seed Funding	4	\$6,585,921
Research Commercialization Grants	6	\$1,997,793
<b>Total</b>	<b>17</b>	<b>\$15,030,393</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. 321 of the 126th General Assembly, the Trust Fund's allotment from the settlement was \$27.5 million in FY 2007 and \$21.4 million in FY 2008. Programs supported by these funds include Wright Centers of Innovation in Biosciences, Wright Mega-Centers of Innovation, and the Biomedical Research Commercialization Program.

### **Research and Development Fund**

The voters of Ohio approved state Issue 1 in November of 2005, authorizing the issuance of up to \$500 million in bonds to finance research and development projects under the Third Frontier program. These projects are competitively selected by the Third Frontier Commission with the purpose of fostering job creation, economic development, and science and technology-based research and development. Proceeds of the bonds are deposited into the Third Frontier Research and Development Fund (Fund 011). Am. Sub. S.B. 236 of the 126th General Assembly appropriated \$200 million in the current biennium for research and development projects, as well as additional funds for Third Frontier operating expenses.

The executive recommendations for the upcoming biennium appropriates \$94 million in FY 2008 and \$72 million in FY 2009 for these projects through line item 195-687, as well as \$1.9 million for Third Frontier operating expenses in line item 195-686. In addition, \$14.3 million in FY 2008 and \$24.5 million in FY 2009 are slated for debt service payments in appropriation line item 195-905, Third Frontier Research & Development General Obligation Debt Service.

**NextGen Network \$20 Million Earmark in FY 2008.** In FY 2008, \$20 million is earmarked for use by the Office of Information Technology to partner with the Ohio Supercomputer Center's OSCnet in order to create a new statewide computer network. The NextGen Network, as it will be known, is to be formed via migrating state agencies' networks onto the backbone of the existing OSCnet network. This is to be funded by an earmark of \$20 million in line item 195-687, Third Frontier Research and Development Projects.

### **Wright 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 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. The most recent appropriation was \$50 million in Am. Sub. H.B. 699 of the 126th General Assembly.

### ***Innovation Ohio Loan Fund Program***

Under the Innovation Ohio Loan Fund Program, \$100 million in revolving loan funds in each biennium 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 is generated from economic development bonds backed by liquor profits. In each of FYs 2008 and 2009, \$50 million are appropriated to line item 195-664, Innovation Ohio.

### ***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 \$1 million to \$25 million for up to 50% of eligible capital costs to companies investing a minimum of \$2 million in fixed assets. In each of FYs 2008 and 2009, \$50 million are appropriated to line item 195-665, Research and Development Investment Loan Fund.

### ***Other Initiatives***

***Fuel Cell Initiative.*** Under the 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. 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. The Department has also given support to organizations such as the Ohio Fuel Cell Coalition. Currently, there are 90 businesses, academic institutions, and local governments who are members of the Coalition.

As of January 2007, the state has awarded approximately \$25 million in grants from the Third Frontier's dedicated fuel cell programs. In addition, other investments have been made through vehicles such as the Third Frontier Action Fund, the Wright Centers of Innovation, and the Wright Capital Projects

program. Ohio's fuel cell investments have largely been made in the areas of research and early stage product development.

**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. Originally authorized by Am. Sub. H.B. 1 of the 125th General Assembly, the program provides commercialization grants solely to businesses that receive federal R&D funding.

**Third Frontier Network.** Funds under this program are administered by the Board of Regents and 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.

#### **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. Under the executive budget recommendation, funding for the Thomas Edison Program is slated at \$18,578,483 in each of FYs 2008 and 2009.

#### **(C) Job Ready Site Program**

Am. Sub. S.B. 236 of the 126th General Assembly created the Job Ready Site (JRS) program. The program awards grants to local governments, authorities, and economic development corporations for projects primarily intended for commercial, industrial, or manufacturing use. Grants are used for such costs as acquisition, construction, renovation, planning, demolition, and remediation. The goal of the program is to stimulate the development of large parcels of land and/or buildings for subsequent placement on the market in an effort to attract economy-shifting development projects to the state. The Department intends to do this by building an inventory of sites for large-scale end use development with regional impact. The program is funded through bond proceeds authorized by state Issue 1, which also funds the Third Frontier Research and Development Fund.

Grants are issued from capital funding through appropriation line item CAP-003, Job Ready Site. The initial funding was \$30 million in Am. Sub. S.B. 346, followed up by the most recent appropriation of \$30 million in Am. Sub. H.B. 699 of the 126th General Assembly, for a total of \$60 million in capital funds. The Controlling Board approved the first round of grants to be issued under the JRS program in December of 2006. These encompass 18 grants for a total of \$51.5 million. Operating costs of the program are accounted for in Fund 012, line item 195-688. Appropriations for this line item are \$1,246,155 in each of FYs 2008 and 2009. Additionally, debt service for the bonds is paid out of GRF line item 195-912, Job Ready Site Development – Go Debt, slated for \$4,359,400 in FY 2008 and \$8,232,500 in FY 2009.

## II. Workforce Development

As relayed to LSC, another priority of the Strickland Administration is to develop an educated and skilled workforce in Ohio in order to keep up with the demands of the 21st century economy. The Department of Development is adjusting its priorities for the coming biennium by paying close attention to its workforce development programs and developing changes to help it accomplish those goals, especially through linking business development with workforce development. Workforce programs operated by the Department include the Ohio Investment in Training Program (OITP) and the Workforce Guarantee Program, as well as support for the operation of the Governor's Ohio Workforce Policy Board, which works to implement programs under the provisions of the federal Workforce Investment Act (WIA), through a memorandum of understanding with the Ohio Department of Job and Family Services.

**Ohio Investment in Training Program (OITP).** This program provides funds to businesses in the form of grants to encourage projects that will result in new capital investment 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 in the domestic and international marketplaces. In FY 2006, the OITP supported training activities in 343 projects statewide and resulted in the training of 53,953 incumbent workers. The program supported the creation of approximately 11,218 new jobs, the retention of 21,413 jobs, and new fixed-asset investment of just over \$2.9 billion. Appropriations for Investment in Training Program grants are \$12,594,325 in each of FYs 2008 and 2009.

**Workforce Guarantee Program.** This program is designed to guarantee employers the skilled workers they need to fill new job openings and grow their businesses in Ohio through direct financial assistance. Eligible companies include those who create at least 20 high-paying, full-time jobs over a one-year period and who demonstrate, prior to the commitment of state funds, that the availability of those skilled workers is a major factor in the employer's decision to locate or expand in Ohio. Activities eligible for funding through the 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. Appropriations for this program are \$1,000,000 in FY 2008, with no funding currently slated for FY 2009.

**Governor's Ohio Workforce Policy Board.** The Board was established to implement the federal Workforce Investment Act and connect Ohio's workforce development activities with other economic development, education, and training initiatives in the state. The Board operates around four committees staffed by individuals supported through Department of Development funding. The Board also convenes a team of interagency workforce development professionals to facilitate the implementation of workforce development initiatives that require interagency collaboration. The Department provides funding for the Board's operation through a memorandum of understanding (MOU) with the Ohio Department of Job and Family Services. Funding is provided through federal line item 195-643, Workforce Development Initiatives, which are WIA funds passed through from ODJFS. Proposed funding is \$5,839,900 in FY 2008 and \$5,860,000 in FY 2009.

### III. Energy

Another priority for the new Administration is energy policy, specifically developing new projects and programs to facilitate clean and efficient energy generation and use in the state. The Office of Energy Efficiency (OEE) in the Community Development Division oversees the Department's energy programs, including programs that provide energy efficiency and payment assistance to low-income customers as well as programs for grants and loans to businesses to develop efficient energy use strategies.

One recent example is the \$5 million Ohio Wind Production and Manufacturing Incentive, authorized by H.B. 251 of the 126th General Assembly and funded by a rider on electric utilities through the Advanced Energy Fund. Eligible applicants include large, utility-scale wind projects producing over 5 megawatts of electricity and smaller community wind projects. Plans are for the production incentive to be paid at one cent per kilowatt-hour generated, with an additional incentive of 0.2 cents per kilowatt-hour for projects that utilize Ohio-manufactured wind turbines. Overall, the Governor's recommendations boost funding in the Advanced Energy line item from \$12 million in FY 2007 to \$17 million in both FYs 2008 and 2009.

According to OEE, there have been recent large cash balances in funds associated with energy programs, and the Department is developing strategies for using these funds. As of March 23, 2007, OEE has active grants totaling approximately \$59 million. Of this, approximately \$48.2 million supports low-income needs through community action agencies and other nonprofit or local governmental entities. The following table breaks down the current energy grants overseen by OEE.

<b>Active Energy Grants as of March 23, 2007</b>	
<b>Program</b>	<b>Amount</b>
<b>Non-Low Income Energy Grants</b>	
State Energy Program Special Projects	\$993,511
State Energy Program	\$7,053,165
Energy Loan Fund Program	\$2,198,354
Alternative Fuel Transportation Program	\$595,000
<b>Total Non-Low Income</b>	<b>\$10,840,030</b>
<b>Low-Income Energy Grants</b>	
U.S. Department of Energy Home Weatherization Assistance Program (HWAP)	\$12,755,703
U.S. Department of Health & Human Services (HHS)	\$16,948,834
Universal Service Fund – Electric Partnership Program	\$18,497,864
American Electric Power Low -Income Customer Fund	\$800,000
<b>Total Low-Income</b>	<b>\$48,202,401</b>
<b>Total All Energy Grants</b>	<b>\$59,042,431</b>

### 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.

The Department is responsible for monitoring Ohio's Volume Cap Program and allocation. There are five categories of volume cap allocation: Single-Family Housing/Mortgage Bonds, Multi-Family Housing, Qualified Small Issue (also called Industrial Revenue Bonds), Student Loans, and Exempt Facilities. Additionally, there is a Director's Discretionary component and a Carry Forward component to the volume cap allocation.

Ohio's volume cap allocation for 2007 is \$974 million, determined on a basis of \$85 per capita, increased from \$80. This is in addition to the Carry Forward from previous volume cap allocations.

In order to be eligible for financing through the Volume Cap Program, the project must involve one of the following: 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, but only 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.

Administrative expenses of this program are funded by appropriation line item 195-654, Volume Cap Administration (Fund 617), for which the executive recommends \$200,000 in each of FYs 2008 and 2009.

## **V. Tax Incentives**

The Office of Tax Incentives (OTI) oversees both state and local tax incentive programs to create and retain jobs and foster new capital investment. The Office administers programs such as the Job Creation Tax Credit, enterprise zones, and community reinvestment areas, as well as provides technical assistance to communities and companies interested in tax increment financing (TIFs), Joint Economic Development Districts, and other incentives. Quite obviously, recent changes in the state's tax system have had an effect on how the Office is able to administer its programs. Reforms to the personal property tax have impacted enterprise zones and other local tax incentives, causing OTI to perform an increasing technical assistance role, and placing an increased focus on community reinvestment areas. In addition, the competitiveness of the Job Creation Tax Credit has been affected. In 2005, the lowest tax credit rate offered in that program was 55%, whereas in 2006 the rate was as low as 20% for some eligible recipients.

Beginning in FY 2008, the administrative costs for OTI would now be provided for by line item 195-630, Tax Incentive Programs (Fund 4S0). Previously, the Job Creation Tax Credit had its own line item, 195-634, Job Creation Tax Credit Operating, (Fund 4S1). This rationale is to fund all administrative expenses for the tax incentive programs via a single source. Recommended funding is \$650,800 in each of FYs 2008 and 2009.

## Summary of Notable Appropriation Changes/New Appropriations

The following list provides a quick reference to various executive-recommended changes in line item funding proposed for the FY 2008-2009 biennium.

### Economic Development/Workforce Training

- (1) ***Rapid Outreach Grants (GRF 195-412)***. This line item has been renamed from Business Development Grants. This program receives appropriations of \$16,102,500 in each of FYs 2008 and 2009. This is an increase of \$4,352,500, or 37% above FY 2007 appropriations. These funds are a potential source of funds for companies seeking to make capital investments that retain or create jobs in Ohio.
- (2) ***Economic Development Contingency (GSF 195-677)***. This line item receives a significant increase in appropriations in FY 2009 (from \$9,275,000 to \$28,675,000) as a result of the Governor's proposed Tobacco Securitization Plan. This is because on a temporary basis, this line item will fund the Biomedical Research and Commercialization Program. Previously, the Biomedical Research and Technology Transfer Trust Fund (BRTTF) funded the Biomedical Research and Commercialization Program through Fund M87 using funds from the Tobacco Master Settlement Agreement. Tobacco funds have been provided for Fund M87 through FY 2008. Under the Governor's plan, tobacco funds will no longer be used to fund the BRTTF after FY 2008, so \$19.4 million is being appropriated to line item 195-677, Economic Development Contingency, in FY 2009 (funded via Unclaimed Funds transfers) as a transitional measure until an alternate funding source can be identified if the program is to continue.
- (3) ***Job Ready Site Operating (GRF 195-688)***. The Job Ready Site Program was established by Am. Sub. S.B. 236 of the 126th General Assembly to provide grants to local governments, authorities, and economic development corporations for projects primarily intended for commercial, industrial, or manufacturing use. This line item supports the program's operating expenses and would receive \$1,246,155 in each fiscal year. This is an increase of 67% over the initial start-up appropriation in FY 2007 of \$746,155.
- (4) ***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. Recommended appropriations are \$2 million in FY 2008, a decrease of 60% from FY 2007 levels, with no appropriation in FY 2009. Revenue originates from a transfer of unclaimed funds.
- (5) ***Workforce Guarantee Program (GSF 195-668)***. This line item undergoes a slight name change from the Worker Guarantee Program. It 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 20 high-paying, full-time jobs over the course of one year. Recommended funding for FY 2008, is \$1 million, two-thirds below estimated FY 2007 spending levels. The program receives no funding in FY 2009.
- (6) ***Tax Incentive Programs (SSR 195-630)***. There is a proposed increase of 136.7% from \$275,000 in FY 2007 to \$650,800 in each of FYs 2008 and 2009. This is a result of combining the operating expenses for the Department's tax credit programs into a single line item. Previously, Job Creation Tax Credit Operating was its own line item. It is

eliminated in this budget and its functions are now funded under this line item, which was formerly named Enterprise Zone Operating.

- (7) **Marketing Initiatives (SSR 195-676).** The line item was originally established under H.B. 66 of the 126th General Assembly as Promote Ohio. It would be funded at \$5 million in FY 2008 and \$1 million in FY 2009. 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).** This 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. Funding for the line item is earmarked through a transfer of \$4.5 million in each fiscal year from the Advanced Energy Fund. Recommended funding of \$4.5 million in FY 2008 represents an 80% increase over estimated FY 2007 spending.

### Technology Development

- (9) **Third Frontier Operating (Third Frontier R&D Fund Group 195-686).** This line item was established under Am. Sub. S.B. 236 of the 126th General Assembly to support the administration of projects receiving funding from line item 195-687, Third Frontier Research and Development Projects. The line item received an initial appropriation of \$1,932,056 in FY 2007 and funding would remain the same in FYs 2008 and 2009. Revenue is derived from the sale of taxable development assistance bonds, proceeds from which are deposited to the Third Frontier Research & Development Fund.
- (10) **Third Frontier Research and Development Projects (Third Frontier R&D Fund Group 195-687).** The line item was established under Am. Sub. S.B. 236 of the 126th General Assembly to support research and development projects under the Third Frontier Program, as established under section 184.19 of the Revised Code. The line item received an initial appropriation of \$100 million in FY 2007 and is appropriated \$94 million in FY 2008 and \$72 million in FY 2009. Revenue is derived from the sale of taxable development assistance bonds, proceeds from which are deposited to the Third Frontier Research & Development Fund (Fund 011).
- (11) **R&D Taxable Bond Projects (Third Frontier R&D Fund Group 195-692).** This is a new line item, the Third Frontier Research and Development Taxable Bond Fund (Fund 014), established in Am. Sub. H.B. 699 of the 126th General Assembly, the capital bill for FYs 2007-2008. The fund consists of the net proceeds of federally taxable obligations and investment earnings. Moneys will be used for the same purposes as those under line item 195-687, Third Frontier Research and Development Projects (Fund 011).

### Community Development

- (12) **Ohio Main Street Program (GRF 195-520).** This line item was created as part of the Strickland Administration's Turnaround Ohio initiative effort to revitalize Ohio's cities and towns. Funds will be used as a grant to Heritage Ohio, a statewide nonprofit organization, in order to provide assistance to designated Main Street communities and further the efforts of the Main Street Program to improve central business districts.

- (13) ***Federal Projects (FED 195-605).*** Appropriations to this line item increase by approximately \$2.3 million (9.4%) in FYs 2008 and 2009 when compared to estimated FY 2007 spending levels. The line item receives federal funding from the U.S. Department of Energy's Home Weatherization Assistance Program (HWAP).
- (14) ***Energy Conservation & Emerging Technology (FED 195-610).*** Formerly named Oil Overcharge. Appropriations to this line item decrease by \$800,000 in FYs 2008 and 2009 when compared to estimated FY 2007 spending 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.
- (15) ***TANF Heating Assistance (FED 195-685).*** This line item receives appropriation authority of \$45 million in FY 2008 and \$15 million in FY 2009. The FY 2008 appropriation is 24.8% below the FY 2007 estimate and the FY 2009 appropriation is 66.7% below the FY 2008 appropriation.
- (16) ***State Special Projects (SSR 195-639).*** Appropriations to this line item increase approximately 78.6% from FY 2007 spending levels, from \$290,183 to \$518,393. The executive budget proposes to use the State Special Projects Fund (Fund 4F2), whose primary revenue source is private-sector funds from utility companies and other fees, to match federal homelessness grants, and to market economic development opportunities in the state. The bill also provides for a transfer of up to \$2.5 million of unclaimed funds into Fund 4F2 in each of FYs 2008 and 2009.
- (17) ***Advanced Energy Programs (SSR 195-660).*** This item was formerly named "Energy Efficiency Loan and Grant." Appropriations for each of FYs 2008 and 2009 are \$17 million, or 41.7% above the estimated FY 2007 spending level of \$12 million. Funds are used as financial assistance to customers for eligible residential, commercial, and industrial advanced energy projects, as well as projects for local governments, educational institutions, and nonprofit organizations. This fund also provides a transfer of \$4.5 million in each of FYs 2008 and 2009 to the Industrial Site Improvement Fund.

## **International Trade**

- (18) ***International Trade (GRF 195-432).*** Appropriations to this line item increase by 10.1% in FY 2008 from estimated FY 2007 spending levels. Funding is \$4,650,501 for each of FYs 2008 and 2009. Additional funds will be used for a new trade office in Australia, in addition to a possible new office in India and either one new office or an enhanced existing office in China as provided for in Sub. S.B. 80 of the 127th General Assembly, which as of this writing has passed the Senate.
- (19) ***International Trade Cooperative Projects (GSF 195-691).*** This is a new line item within the new International Trade Cooperative Projects (Fund 5W6). The fund is to consist of moneys received from private and nonprofit organizations involved in cooperative agreements related to import/export and foreign direct investment activities, as well as cash transfers from other state agencies or state and local governments. Moneys in this fund will be used to encourage, promote, and assist trade and commerce between Ohio and foreign countries. Proposed funding for FYs 2008 and 2009 is \$300,000 in each fiscal year.

## Travel and Tourism Promotion

- (20) ***Travel and Tourism (GRF 195-407)***. Funding in FY 2008 increases \$900,000 from estimated FY 2007 levels (13.4%), and is the same in FY 2009. Funding is \$7,612,845 in both fiscal years. This line item funds the marketing of Ohio as a tourism destination. Funding is provided to statewide constituents through a cooperative marketing program and a research-based marketing program undertaken by the Division of Travel and Tourism.
- (21) ***Travel and Tourism Grants (GRF 195-507)***. Funding in FYs 2008 and 2009 decreases by \$312,500 or 26.9% from estimated FY 2007 levels. These moneys are used to support travel and tourism-oriented entities around the state. Funding in the bill for this line item covers four grants under this program.
- (22) ***Travel and Tourism Cooperative Projects (GSF 195-690)***. This is a new line item within the new Travel and Tourism Cooperative Projects Fund (Fund 5W5). The fund is to consist of grants, gifts, and other contributions made for the marketing and promotion of travel and tourism in Ohio. Appropriations are \$350,000 for each of FYs 2008 and 2009.

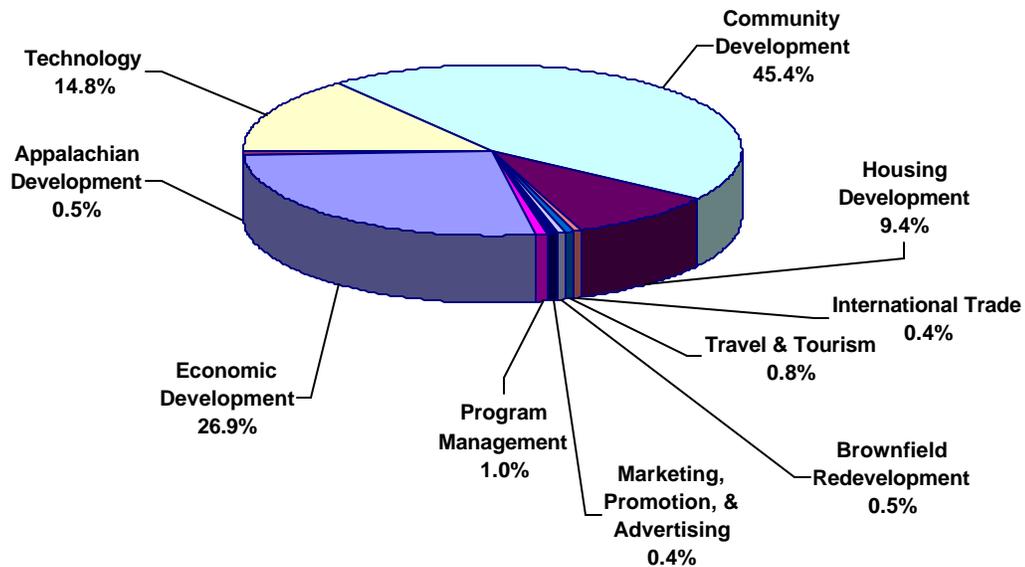
## Program Management

- (23) ***Operating Expenses (GRF 195-321)***. For FYs 2008 and 2009, funding for administrative and other costs formerly covered by this line item would instead be allocated to GSF appropriation item 195-684, Supportive Services (Fund 135).
- (24) ***Supportive Services (GSF 195-684)***. Funding in FY 2008 increases by \$4,159,718 from estimated FY 2007 levels owing to this line item assuming the primary administrative costs associated with program management in the Department. Funding in this line item effectively takes the place of funding in GRF line item 195-321, Operating Expenses, which is eliminated in the Governor's funding proposal. The line item supports activities of the Director's Office, Legal, Legislative Affairs, Communications, Human Resources, Fiscal, Audit, IT, and Facilities Management. The increase to this line item and the elimination of 195-321 is a result of Development's desire to move its operating costs entirely to non-GRF sources in order that they be funded out of assessments on operating programs.
- (25) ***Direct Cost Recovery Expenditures (GSF 195-636)***. This line item has been renamed from General Reimbursement. Funding in FYs 2008 and 2009 is even with estimated FY 2007 levels at \$800,000. 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.

## Summary of Executive Recommendations for FYs 2008-2009

Community Development is the largest program series funded through the Department of Development at 45.4% of the Department's total budget for the biennium. The bulk of this program series is funded through federal grants, also explaining the large portion of the Department's budget under the subsidy object code. Economic Development is the next largest program series at 26.9%, followed by Technology, and Housing Development. The remaining program series combined make up a total of 3.6% of the Department's FYs 2008-2009 budget.

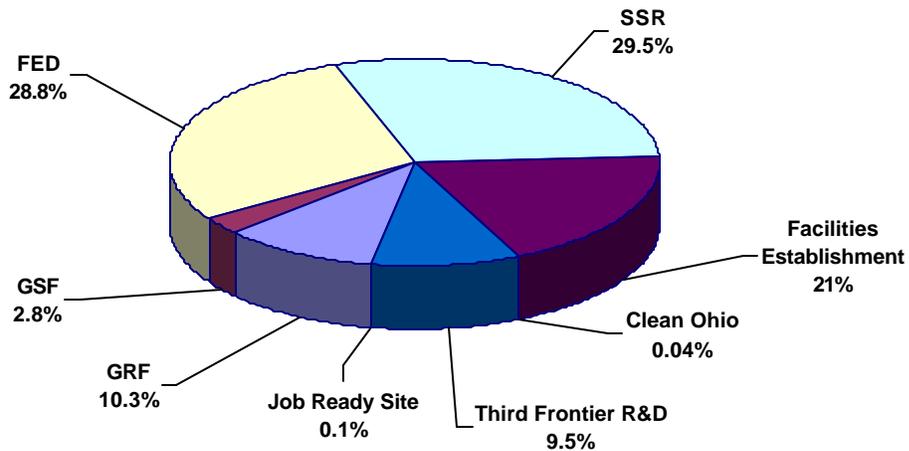
Total Budget by Program Series



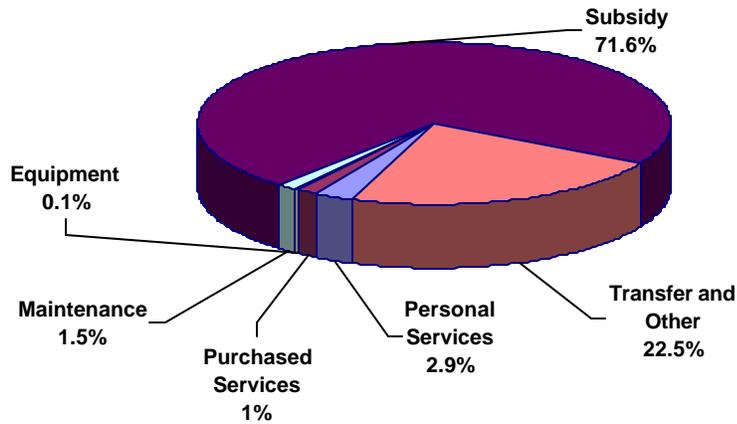
Federal and State Special Revenue funds make up approximately the same amounts of the budget for FYs 2008 and 2009 at 28.8% and 29.5%, respectively. The Facilities Establishment Fund Group comprises 21% of the Department's budget, while General Revenue funds only make up 10.3%.

The total recommended budget for FYs 2008 and 2009 is \$2,335,121,612. Broken down by year, this is \$1,180,763,736 in FY 2008 and \$1,154,357,876 in FY 2009. Note again that this does not include \$18,699,900 appropriated in each fiscal year for the Roadwork Development Grant program, which was appropriated through the FYs 2008-2009 transportation budget in Am. Sub. H.B. 67 of the 127th General Assembly.

**Total Budget by Fund Group**



**Total Budget by Object Code**



## Staffing Levels

The Department experienced a sharp decrease in staffing after the transition to independence of the Ohio Housing Finance Agency. In the FY 2008-2009 biennium, funded full-time staffing is expected to change for some divisions due to changing priorities, new programs such as the Job Ready Site program, and shifts due to the implementation of a voluntary Early Retirement Incentive plan.

Department of Development – Full-Time Staffing Levels						
Program Series/Division	2004	2005	2006	Estimated		
				2007	2008	2009
Economic Development	77	82	82	82	61	61
Appalachian Development	3	5	5	5	4	4
Technology Development	21	20	20	20	27	27
Community Development	130	131	131	131	140	140
Housing Development (OHFA only)	91	93	0	0	0	0
International Trade	19	18	18	18	17	17
Travel and Tourism	11	14	13	13	14	14
Regional Offices	*	*	*	*	28	28
Minority Business Development	10	10	10	10	9	9
Urban Development	5	5	5	5	9	9
Operations	93	92	91	90	95	95
<b>Totals</b>	<b>460</b>	<b>470</b>	<b>375</b>	<b>374</b>	<b>404</b>	<b>404</b>

\*The Regional Offices Division was previously included in this table under Economic Development.

## MASTER TABLE: EXECUTIVE'S RECOMMENDATIONS FOR FY 2008 AND FY 2009

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.

Executive Recommendations for FY 2008 and FY 2009, By Line Item and Program				
Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	195-401	<b>Thomas Edison Program</b>	<b>\$18,578,483</b>	<b>\$18,578,483</b>
		<u>Program Series 3: Technology Development</u>	\$18,578,483	\$18,578,483
		Program: Thomas Edison Program	\$16,578,483	\$16,578,483
		Program: Technology Programs – Other	\$2,000,000	\$2,000,000
GRF	195-404	<b>Small Business Development</b>	<b>\$1,792,944</b>	<b>\$1,792,944</b>
		<u>Program Series 1: Economic Development</u>	\$1,792,944	\$1,792,944
		Program: Small and Developing Business	\$1,792,944	\$1,792,944
GRF	195-405	<b>Minority Business Development Division</b>	<b>\$1,780,000</b>	<b>\$1,780,000</b>
		<u>Program Series 1: Economic Development</u>	\$1,780,000	\$1,780,000
		Program: Minority Business Development	\$1,780,000	\$1,780,000
GRF	195-407	<b>Travel and Tourism</b>	<b>\$7,612,845</b>	<b>\$7,612,845</b>
		<u>Program Series 7: Travel and Tourism Promotion</u>	\$7,612,845	\$7,612,845
		Program: Travel and Tourism Promotion	\$7,612,845	\$7,612,845
GRF	195-412	<b>Rapid Outreach Grants</b>	<b>\$16,102,500</b>	<b>\$16,102,500</b>
		<u>Program Series 1: Economic Development</u>	\$16,102,500	\$16,102,500
		Program: Financial Incentives – Grants	\$16,102,500	\$16,102,500
GRF	195-415	<b>Economic Development Division and Regional Offices</b>	<b>\$7,306,824</b>	<b>\$7,286,824</b>
		<u>Program Series 1: Economic Development</u>	\$7,306,824	\$7,286,824
		Program: Business Development	\$2,740,355	\$2,720,355
		Program: Workforce Development	\$367,684	\$367,684
		Program: Regionalization of Economic Development	\$4,198,785	\$4,198,785
GRF	195-416	<b>Governor's Office of Appalachia</b>	<b>\$4,746,043</b>	<b>\$4,746,043</b>
		<u>Program Series 2: Appalachian Development</u>	\$4,746,043	\$4,746,043
		Program: Appalachian Development	\$4,746,043	\$4,746,043
GRF	195-422	<b>Third Frontier Action Fund</b>	<b>\$16,790,000</b>	<b>\$16,790,000</b>
		<u>Program Series 3: Technology Development</u>	\$16,790,000	\$16,790,000
		Program: Third Frontier Program	\$16,790,000	\$16,790,000
GRF	195-426	<b>Clean Ohio Implementation</b>	<b>\$309,000</b>	<b>\$309,000</b>
		<u>Program Series 8: Brownfield Redevelopment</u>	\$309,000	\$309,000
		Program: Clean Ohio	\$309,000	\$309,000
GRF	195-432	<b>International Trade</b>	<b>\$4,650,501</b>	<b>\$4,650,501</b>
		<u>Program Series 6: International Trade</u>	\$4,650,501	\$4,650,501
		Program: International Trade	\$4,650,501	\$4,650,501
GRF	195-434	<b>Investment in Training Grants</b>	<b>\$12,594,325</b>	<b>\$12,594,325</b>
		<u>Program Series 1: Economic Development</u>	\$12,594,325	\$12,594,325
		Program: Workforce Development	\$12,594,325	\$12,594,325

<b>Executive Recommendations for FY 2008 and FY 2009, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2008</b>	<b>FY 2009</b>
GRF	195-436	<b>Labor/Management Cooperation</b>	<b>\$836,225</b>	<b>\$836,225</b>
		<u>Program Series 1: Economic Development</u>	\$836,225	\$836,225
		Program: Small and Developing Business	\$836,225	\$836,225
GRF	195-497	<b>CDBG Operating Match Total</b>	<b>\$1,072,184</b>	<b>\$1,072,184</b>
		<u>Program Series 4: Community Development</u>	\$889,909	\$889,909
		Program: Local Gov't Community & Economic Development	\$192,990	\$192,990
		Program: Public Works/Infrastructure Development	\$696,919	\$696,919
		<u>Program Series 5: Housing Development</u>	\$182,275	\$182,275
		Program: Community Housing Improvement Program	\$182,275	\$182,275
GRF	195-498	<b>State Match Energy</b>	<b>\$96,820</b>	<b>\$96,820</b>
		<u>Program Series 4: Community Development</u>	\$96,820	\$96,820
		Program: Energy Efficiency	\$96,820	\$96,820
GRF	195-501	<b>Appalachian Local Development Districts</b>	<b>\$391,482</b>	<b>\$391,482</b>
		<u>Program Series 2: Appalachian Development</u>	\$391,482	\$391,482
		Program: Appalachian Development	\$391,482	\$391,482
GRF	195-502	<b>Appalachian Regional Commission Dues</b>	<b>\$254,208</b>	<b>\$254,208</b>
		<u>Program Series 2: Appalachian Development</u>	\$254,208	\$254,208
		Program: Appalachian Development	\$254,208	\$254,208
GRF	195-507	<b>Travel and Tourism Grants</b>	<b>\$850,000</b>	<b>\$850,000</b>
		<u>Program Series 7: Travel and Tourism Promotion</u>	\$850,000	\$850,000
		Program: Travel and Tourism Promotion	\$850,000	\$850,000
GRF	195-520	<b>Ohio Main Street Program</b>	<b>\$250,000</b>	<b>\$250,000</b>
		<u>Program Series 4: Community Development</u>	\$250,000	\$250,000
		Program: Local Gov't Community & Economic Development	\$250,000	\$250,000
GRF	195-905	<b>Third Frontier Research &amp; Development GO Debt Service</b>	<b>\$14,349,500</b>	<b>\$24,523,400</b>
		<u>Program Series 3: Technology Development</u>	\$14,349,500	\$24,523,400
		Program: Third Frontier Program	\$14,349,500	\$24,523,400
GRF	195-912	<b>Job Ready Site Development – GO Debt</b>	<b>\$4,359,400</b>	<b>\$8,232,500</b>
		<u>Program Series 1: Economic Development</u>	\$4,359,400	\$8,232,500
		Program: Financial Incentives – Grants	\$4,359,400	\$8,232,500
<b>General Revenue Fund Subtotal</b>			<b>\$114,723,284</b>	<b>\$128,750,284</b>
<b>General Services Fund Group</b>				
Fund 135	195-684	<b>Supportive Services</b>	<b>\$11,699,404</b>	<b>\$11,321,444</b>
		<u>Program Series 9: Marketing, Promotion, and Advertising</u>	\$1,232,537	\$1,117,118
		Program: Marketing, Promotion, and Advertising	\$1,232,537	\$1,117,118
		<u>Program Series 10: Program Management</u>	\$10,466,867	\$10,204,326
		Program: Program Management	\$10,466,867	\$10,204,326
Fund 5AD	195-667	<b>Investment in Training Expansion</b>	<b>\$2,000,000</b>	<b>\$0</b>
		<u>Program Series 1: Economic Development</u>	\$2,000,000	\$0
		Program: Workforce Development	\$2,000,000	\$0
Fund 5AD	195-668	<b>Workforce Guarantee Program</b>	<b>\$1,000,000</b>	<b>\$0</b>
		<u>Program Series 1: Economic Development</u>	\$1,000,000	\$0
		Program: Workforce Development	\$1,000,000	\$0
Fund 5AD	195-677	<b>Economic Development Contingency</b>	<b>\$9,275,000</b>	<b>\$28,675,000</b>
		<u>Program Series 1: Economic Development</u>	\$9,275,000	\$28,675,000
		Program: Financial Incentives – Grants	\$9,275,000	\$28,675,000

<b>Executive Recommendations for FY 2008 and FY 2009, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Fund 5W5</b>	<b>195-690</b>	<b>Travel and Tourism Cooperative Projects</b>	<b>\$350,000</b>	<b>\$350,000</b>
		<u>Program Series 7: Travel and Tourism Promotion</u>	\$350,000	\$350,000
		Program: Travel and Tourism Promotion	\$350,000	\$350,000
<b>Fund 5W6</b>	<b>195-691</b>	<b>International Trade Cooperative Projects</b>	<b>\$300,000</b>	<b>\$300,000</b>
		<u>Program Series 6: International Trade</u>	\$300,000	\$300,000
		Program: International Trade	\$300,000	\$300,000
<b>Fund 685</b>	<b>195-636</b>	<b>Direct Cost Recovery Expenditures</b>	<b>\$800,000</b>	<b>\$800,000</b>
		<u>Program Series 10: Program Management</u>	\$800,000	\$800,000
		Program: Program Management	\$800,000	\$800,000
<b>General Services Fund Subtotal</b>			<b>\$25,424,404</b>	<b>\$41,446,444</b>
<b>Federal Special Revenue Fund Group</b>				
<b>Fund 308</b>	<b>195-602</b>	<b>Appalachian Regional Commission</b>	<b>\$475,000</b>	<b>\$475,000</b>
		<u>Program Series 2: Appalachian Development</u>	\$475,000	\$475,000
		Program: Appalachian Development	\$475,000	\$475,000
<b>Fund 308</b>	<b>195-603</b>	<b>Housing and Urban Development</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>
		<u>Program Series 5: Housing Development</u>	\$6,000,000	\$6,000,000
		Program: Housing and Supportive Assistance for the Homeless	\$6,000,000	\$6,000,000
<b>Fund 308</b>	<b>195-605</b>	<b>Federal Projects</b>	<b>\$27,000,000</b>	<b>\$27,000,000</b>
		<u>Program Series 3: Technology Development</u>	\$5,000,000	\$5,000,000
		Program: Technology Programs – Other	\$5,000,000	\$5,000,000
		<u>Program Series 4: Community Development</u>	\$17,000,000	\$17,000,000
		Program: Energy Efficiency	\$17,000,000	\$17,000,000
		<u>Program Series 8: Brownfield Redevelopment</u>	\$5,000,000	\$5,000,000
		Program: Brownfield Revolving Loan Fund	\$5,000,000	\$5,000,000
<b>Fund 308</b>	<b>195-609</b>	<b>Small Business Administration</b>	<b>\$4,296,381</b>	<b>\$4,396,381</b>
		<u>Program Series 1: Economic Development</u>	\$4,296,381	\$4,396,381
		Program: Small and Developing Business	\$3,796,381	\$3,796,381
		Program: Minority Business Development	\$500,000	\$600,000
<b>Fund 308</b>	<b>195-618</b>	<b>Energy Federal Grants</b>	<b>\$3,400,000</b>	<b>\$3,400,000</b>
		<u>Program Series 4: Community Development</u>	\$3,400,000	\$3,400,000
		Program: Energy Efficiency	\$3,400,000	\$3,400,000
<b>Fund 335</b>	<b>195-610</b>	<b>Energy Conservation &amp; Emerging Technology</b>	<b>\$2,200,000</b>	<b>\$2,200,000</b>
		<u>Program Series 4: Community Development</u>	\$2,200,000	\$2,200,000
		Program: Energy Efficiency	\$2,200,000	\$2,200,000
<b>Fund 3AE</b>	<b>195-643</b>	<b>Workforce Development Initiatives</b>	<b>\$5,839,900</b>	<b>\$5,860,000</b>
		<u>Program Series 1: Economic Development</u>	\$5,839,900	\$5,860,000
		Program: Workforce Development	\$5,839,900	\$5,860,000
<b>Fund 3BJ</b>	<b>195-685</b>	<b>TANF Heating Assistance</b>	<b>\$45,000,000</b>	<b>\$15,000,000</b>
		<u>Program Series 4: Community Development</u>	\$45,000,000	\$15,000,000
		Program: Services to Alleviate Poverty	\$45,000,000	\$15,000,000
<b>Fund 3K8</b>	<b>195-613</b>	<b>Community Development Block Grant</b>	<b>\$65,000,000</b>	<b>\$65,000,000</b>
		<u>Program Series 4: Community Development</u>	\$53,950,000	\$53,950,000
		Program: Local Gov't Community & Economic Development	\$11,700,000	\$11,700,000
		Program: Public Works/Infrastructure Development	\$42,250,000	\$42,250,000
		<u>Program Series 5: Housing Development</u>	\$11,050,000	\$11,050,000
		Program: Community Housing Improvement Program	\$11,050,000	\$11,050,000

<b>Executive Recommendations for FY 2008 and FY 2009, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Fund 3K9</b>	<b>195-611</b>	<b>Home Energy Assistance Block Grant</b>	<b>\$110,000,000</b>	<b>\$110,000,000</b>
		<u>Program Series 4: Community Development</u>	\$110,000,000	\$110,000,000
		Program: Services to Alleviate Poverty	\$110,000,000	\$110,000,000
<b>Fund 3K9</b>	<b>195-614</b>	<b>HEAP Weatherization</b>	<b>\$22,000,000</b>	<b>\$22,000,000</b>
		<u>Program Series 4: Community Development</u>	\$22,000,000	\$22,000,000
		Program: Energy Efficiency	\$22,000,000	\$22,000,000
<b>Fund 3L0</b>	<b>195-612</b>	<b>Community Services Block Grant</b>	<b>\$25,235,000</b>	<b>\$25,235,000</b>
		<u>Program Series 4: Community Development</u>	\$25,235,000	\$25,235,000
		Program: Services to Alleviate Poverty	\$25,235,000	\$25,235,000
<b>Fund 3V1</b>	<b>195-601</b>	<b>HOME Program</b>	<b>\$40,000,000</b>	<b>\$40,000,000</b>
		<u>Program Series 5: Housing Development</u>	\$40,000,000	\$40,000,000
		Program: Community Housing Improvement Program	\$30,000,000	\$30,000,000
		Program: Housing Development Assistance Program	\$10,000,000	\$10,000,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$356,446,281</b>	<b>\$326,566,381</b>
<b>State Special Revenue Fund Group</b>				
<b>Fund 444</b>	<b>195-607</b>	<b>Water and Sewer Commission Loans</b>	<b>\$523,775</b>	<b>\$523,775</b>
		<u>Program Series 4: Community Development</u>	\$523,775	\$523,775
		Program: Local Gov't Community & Economic Development	\$3,775	\$3,775
		Program: Public Works/Infrastructure Development	\$520,000	\$520,000
<b>Fund 450</b>	<b>195-624</b>	<b>Minority Business Bonding Program Administration</b>	<b>\$53,967</b>	<b>\$53,967</b>
		<u>Program Series 1: Economic Development</u>	\$53,967	\$53,967
		Program: Minority Business Development	\$53,967	\$53,967
<b>Fund 451</b>	<b>195-625</b>	<b>Economic Development Financing Operating</b>	<b>\$2,483,311</b>	<b>\$2,483,311</b>
		<u>Program Series 1: Economic Development</u>	\$2,483,311	\$2,483,311
		Program: Business Development	\$2,483,311	\$2,483,311
<b>Fund 4F2</b>	<b>195-639</b>	<b>State Special Projects</b>	<b>\$518,393</b>	<b>\$518,393</b>
		<u>Program Series 1: Economic Development</u>	\$435,993	\$283,343
		Program: Small and Developing Business	\$435,993	\$283,343
		<u>Program Series 4: Community Development</u>	\$82,400	\$82,400
		Program: Services to Alleviate Poverty	\$82,400	\$82,400
		<u>Program Series 9: Marketing, Promotion, and Advertising</u>	\$0	\$152,650
		Program: Marketing, Promotion, and Advertising	\$0	\$152,650
<b>Fund 4F2</b>	<b>195-676</b>	<b>Marketing Initiatives</b>	<b>\$5,000,000</b>	<b>\$1,000,000</b>
		<u>Program Series 9: Marketing, Promotion, and Advertising</u>	\$5,000,000	\$1,000,000
		Program: Marketing, Promotion, and Advertising	\$5,000,000	\$1,000,000
<b>Fund 4S0</b>	<b>195-630</b>	<b>Tax Incentive Programs</b>	<b>\$650,800</b>	<b>\$650,800</b>
		<u>Program Series 1: Economic Development</u>	\$650,800	\$650,800
		Program: Tax Incentives	\$650,800	\$650,800
<b>Fund 4W1</b>	<b>195-646</b>	<b>Minority Business Enterprise Loan</b>	<b>\$2,580,597</b>	<b>\$2,580,597</b>
		<u>Program Series 1: Economic Development</u>	\$2,580,597	\$2,580,597
		Program: Minority Business Development	\$2,580,597	\$2,580,597
<b>Fund 5AR</b>	<b>195-674</b>	<b>Industrial Site Improvements</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>
		<u>Program Series 1: Economic Development</u>	\$4,500,000	\$4,500,000
		Program: Financial Incentives – Grants	\$4,500,000	\$4,500,000
<b>Fund 5CG</b>	<b>195-679</b>	<b>Alternative Fuel Transportation</b>	<b>\$1,500,000</b>	<b>\$1,000,000</b>
		<u>Program Series 4: Community Development</u>	\$1,500,000	\$1,000,000
		Program: Energy Efficiency	\$1,500,000	\$1,000,000

<b>Executive Recommendations for FY 2008 and FY 2009, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Fund 5DU</b>	<b>195-689</b>	<b>Energy Projects</b>	<b>\$840,000</b>	<b>\$840,000</b>
		<u>Program Series 4: Community Development</u>	\$840,000	\$840,000
		Program: Energy Efficiency	\$840,000	\$840,000
<b>Fund 5M4</b>	<b>195-659</b>	<b>Low Income Energy Assistance</b>	<b>\$245,000,000</b>	<b>\$245,000,000</b>
		<u>Program Series 4: Community Development</u>	\$245,000,000	\$245,000,000
		Program: Services to Alleviate Poverty	\$230,000,000	\$230,000,000
		Program: Energy Efficiency	\$15,000,000	\$15,000,000
<b>Fund 5M5</b>	<b>195-660</b>	<b>Advanced Energy Programs</b>	<b>\$17,000,000</b>	<b>\$17,000,000</b>
		<u>Program Series 4: Community Development</u>	\$17,000,000	\$17,000,000
		Program: Energy Efficiency	\$17,000,000	\$17,000,000
<b>Fund 5X1</b>	<b>195-651</b>	<b>Exempt Facility Inspection</b>	<b>\$25,000</b>	<b>\$25,000</b>
		<u>Program Series 4: Community Development</u>	\$25,000	\$25,000
		Program: Energy Efficiency	\$25,000	\$25,000
<b>Fund 611</b>	<b>195-631</b>	<b>Water and Sewer Administration</b>	<b>\$15,713</b>	<b>\$15,713</b>
		<u>Program Series 4: Community Development</u>	\$15,713	\$15,713
		Program: Public Works/Infrastructure Development	\$15,713	\$15,713
<b>Fund 617</b>	<b>195-654</b>	<b>Volume Cap Administration</b>	<b>\$200,000</b>	<b>\$200,000</b>
		<u>Program Series 1: Economic Development</u>	\$200,000	\$200,000
		Program: Business Development	\$200,000	\$200,000
<b>Fund 646</b>	<b>195-638</b>	<b>Low and Moderate Income Housing Trust Fund</b>	<b>\$53,000,000</b>	<b>\$53,000,000</b>
		<u>Program Series 5: Housing Development</u>	\$53,000,000	\$53,000,000
		Program: Community Housing Improvement Program	\$1,905,400	\$1,905,400
		Program: Housing Development Assistance Program	\$22,633,050	\$22,633,050
		Program: Not-for-Profit Housing and Community Development	\$10,101,800	\$10,101,800
		Program: Housing and Supportive Assistance for the Homeless	\$18,359,750	\$18,359,750
<b>State Special Revenue Fund Subtotal</b>			<b>\$333,891,556</b>	<b>\$329,391,556</b>
<b>Facilities Establishment Fund Group</b>				
<b>Fund 009</b>	<b>195-664</b>	<b>Innovation Ohio</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>
		<u>Program Series 1: Economic Development</u>	\$50,000,000	\$50,000,000
		Program: Financial Incentives – Loans	\$50,000,000	\$50,000,000
<b>Fund 010</b>	<b>195-665</b>	<b>Research and Development Investment Loan Fund</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>
		<u>Program Series 1: Economic Development</u>	\$50,000,000	\$50,000,000
		Program: Financial Incentives – Loans	\$50,000,000	\$50,000,000
<b>Fund 037</b>	<b>195-615</b>	<b>Facilities Establishment</b>	<b>\$110,000,000</b>	<b>\$110,000,000</b>
		<u>Program Series 1: Economic Development</u>	\$110,000,000	\$110,000,000
		Program: Financial Incentives – Loans	\$110,000,000	\$110,000,000
<b>Fund 4Z6</b>	<b>195-647</b>	<b>Rural Industrial Park Loan</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>
		<u>Program Series 1: Economic Development</u>	\$3,000,000	\$3,000,000
		Program: Financial Incentives – Loans	\$3,000,000	\$3,000,000
<b>Fund 5D2</b>	<b>195-650</b>	<b>Urban Redevelopment Loans</b>	<b>\$5,475,000</b>	<b>\$5,475,000</b>
		<u>Program Series 1: Economic Development</u>	\$5,475,000	\$5,475,000
		Program: Financial Incentives – Loans	\$5,475,000	\$5,475,000
<b>Fund 5S8</b>	<b>195-627</b>	<b>Rural Development Initiative</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>
		<u>Program Series 1: Economic Development</u>	\$3,000,000	\$3,000,000
		Program: Financial Incentives – Grants	\$3,000,000	\$3,000,000

<b>Executive Recommendations for FY 2008 and FY 2009, By Line Item and Program</b>				
<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Fund 5S9</b>	<b>195-628</b>	<b>Capital Access Loan Program</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>
		<u>Program Series 1: Economic Development</u>	\$3,000,000	\$3,000,000
		Program: Minority Business Development	\$3,000,000	\$3,000,000
<b>Facilities Establishment Fund Subtotal</b>			<b>\$224,475,000</b>	<b>\$224,475,000</b>
<b>Clean Ohio Revitalization Fund Group</b>				
<b>Fund 003</b>	<b>195-663</b>	<b>Clean Ohio Operating</b>	<b>\$625,000</b>	<b>\$550,000</b>
		<u>Program Series 8: Brownfield Redevelopment</u>	\$625,000	\$550,000
		Program: Clean Ohio	\$625,000	\$550,000
<b>Clean Ohio Revitalization Fund Subtotal</b>			<b>\$625,000</b>	<b>\$550,000</b>
<b>Third Frontier Research &amp; Development Fund Group</b>				
<b>Fund 011</b>	<b>195-686</b>	<b>Third Frontier Operating</b>	<b>\$1,932,056</b>	<b>\$1,932,056</b>
		<u>Program Series 3: Technology Development</u>	\$1,932,056	\$1,932,056
		Program: Third Frontier Program	\$1,932,056	\$1,932,056
<b>Fund 011</b>	<b>195-687</b>	<b>Third Frontier Research &amp; Development Projects</b>	<b>\$94,000,000</b>	<b>\$72,000,000</b>
		<u>Program Series 3: Technology Development</u>	\$94,000,000	\$72,000,000
		Program: Third Frontier Program	\$94,000,000	\$72,000,000
<b>Fund 014</b>	<b>195-692</b>	<b>Research &amp; Development Taxable Bond Projects</b>	<b>\$28,000,000</b>	<b>\$28,000,000</b>
		<u>Program Series 3: Technology Development</u>	\$28,000,000	\$28,000,000
		Program: Third Frontier Program	\$28,000,000	\$28,000,000
<b>Third Frontier Research &amp; Development Fund Subtotal</b>			<b>\$123,932,056</b>	<b>\$101,932,056</b>
<b>Job Ready Site Development Fund Group</b>				
<b>Fund 012</b>	<b>195-688</b>	<b>Job Ready Site Operating</b>	<b>\$1,246,155</b>	<b>\$1,246,155</b>
		<u>Program Series 1: Economic Development</u>	\$1,246,155	\$1,246,155
		Program: Business Development	\$1,246,155	\$1,246,155
<b>Job Ready Site Development Fund Subtotal</b>			<b>\$1,246,155</b>	<b>\$1,246,155</b>
<b>Agency Total Funding</b>			<b>\$1,180,763,736</b>	<b>\$1,154,357,876</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 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	195-404	Small Business Development	\$1,792,944	\$1,792,944
GRF	195-405	Minority Business Development Division	\$1,780,000	\$1,780,000
GRF	195-412	Rapid Outreach Grants	\$16,102,500	\$16,102,500
GRF	195-415	Economic Development Division and Regional Offices	\$7,306,824	\$7,286,824
GRF	195-434	Investment in Training Grants	\$12,594,325	\$12,594,325
GRF	195-436	Labor/Management Cooperation	\$836,225	\$836,225
GRF	195-912	Job Ready Site Development – General Obligation Debt	\$4,359,400	\$8,232,500
<b>General Revenue Fund Subtotal</b>			<b>\$44,772,218</b>	<b>\$48,625,318</b>
<b>General Services Fund</b>				
5AD	195-667	Investment in Training Expansion	\$2,000,000	\$0
5AD	195-668	Workforce Guarantee Program	\$1,000,000	\$0
5AD	195-677	Economic Development Contingency	\$9,275,000	\$28,675,000
<b>General Services Fund Subtotal</b>			<b>\$12,275,000</b>	<b>\$28,675,000</b>
<b>Federal Special Revenue Fund</b>				
308	195-609	Small Business Administration	\$4,296,381	\$4,396,381
3AE	195-643	Workforce Development Initiatives	\$5,839,900	\$5,860,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$10,136,281</b>	<b>\$10,256,381</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	\$2,483,311	\$2,483,311
4F2	195-639	State Special Projects	\$435,993	\$283,343
4S0	195-630	Tax Incentive Programs	\$650,800	\$650,800
4W1	195-646	Minority Business Enterprise Loan	\$2,580,597	\$2,580,597
5AR	195-674	Industrial Site Improvements	\$4,500,000	\$4,500,000
617	195-654	Volume Cap Administration	\$200,000	\$200,000
<b>State Special Revenue Fund Subtotal</b>			<b>\$10,904,668</b>	<b>\$10,752,018</b>
<b>Facilities Establishment Fund</b>				
009	195-664	Innovation Ohio	\$50,000,000	\$50,000,000
010	195-665	Research and Development Investment Loan Fund	\$50,000,000	\$50,000,000
037	195-615	Facilities Establishment	\$110,000,000	\$110,000,000

<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2008</b>	<b>FY 2009</b>
4Z6	195-647	Rural Industrial Park Loan	\$3,000,000	\$3,000,000
5D2	195-650	Urban Redevelopment Loans	\$5,475,000	\$5,475,000
5S8	195-627	Rural Development Initiative	\$3,000,000	\$3,000,000
5S9	195-628	Capital Access Loan Program	\$3,000,000	\$3,000,000
<b>Facilities Establishment Fund Subtotal</b>			<b>\$224,475,000</b>	<b>\$224,475,000</b>
<b>Job Ready Site Development Fund</b>				
012	195-688	Job Ready Site Operating	\$1,246,155	\$1,246,155
<b>Job Ready Site Development Fund Subtotal</b>			<b>\$1,246,155</b>	<b>\$1,246,155</b>
<b>Total Funding: Economic Development</b>			<b>\$304,809,322</b>	<b>\$482,983,282</b>

The Economic Development program series contains the following programs:

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

## **Business Development**

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

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

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

Staff duties for the loan and grant programs are divided across two sections of the Office of Financial Incentives. The Credit and Finance Section manages the state's business loan portfolio, analyzes loan applications, and provides recommendations regarding appropriate loan terms. The Loan and Grant Servicing Section monitors all existing loans and grants, including loans and grants governed under Chapter 166. of the Revised Code and implemented through the Facilities Establishment Fund (including 166 Direct Loans, Rural Industrial Park Loans, Rural Development Initiative Grants, Urban Redevelopment Loans, and the Family Farm Loan Guarantee Program).

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

**Line Items:** GRF, 195-415, Economic Development Division and Regional Offices; 451, 195-625, Economic Development Financing Operating; 617, 195-654, Volume Cap Administration; 012, 195-688, Job Ready Site Operating

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program total \$6,669,821 in FY 2008 and \$6,649,821 in FY 2009. Funding will support approximately 37 employees who review and administer financial incentive programs. (See also the temporary law provision entitled Facilities Establishment Fund under Financial Incentives – Loans.)

## Temporary Law Provisions

**Economic Development Financing Operating Fund.** There are two temporary law provisions affecting this fund:

- **Section 263.20.70.** Temporary law under this section requires State Special Revenue Fund appropriation item 195-625, Economic Development Financing Operating, to be used for the operating expenses of financial assistance programs authorized under Chapter 166. and sections 122.43 and 122.45 of the Revised Code.
- **Section 263.20.80.** Temporary law under this section earmarks \$1,800,000 in cash in each fiscal year to be transferred from the Facilities Establishment Fund (Fund 037) to the Economic Development Financing Operating Fund (Fund 451), subject to Controlling Board approval.

**Job Ready Site Operating (Section 263.20.90).** Temporary language under this section specifies that Job Ready Site Development Fund appropriation item 195-688, Job Ready Site Operating, shall be used for operating expenses incurred by administering the Job Ready Site Program, including certain expenses of the District Public Works Integrating Committees, audit and accountability activities, and costs associated with formal certifications verifying that site infrastructure is in place and functional.

## Financial Incentives – Grants

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

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

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

**Line Items:** GRF, 195-412, Rapid Outreach Grants; GRF, 195-912, Job Ready Site Development – General Obligation Debt; 5AD, 195-677, Economic Development Contingency; 5AR, 195-674, Industrial Site Improvements; 5S8, 195-627, Rural Development Initiative

**Implication of Executive Recommendation:** Funds will be disbursed to businesses and communities for infrastructure improvements, land development, building construction, and machinery and equipment purposes in order to stimulate additional private investment in new or expanded business facilities. Funding for these grants under the executive recommendations totals \$37,236,900 in FY 2008 and \$60,510,000 in FY 2009, not counting funds already appropriated for the Roadwork Development Grant program.

### Temporary Law Provisions

**Rapid Outreach Grants (Section 263.10.30).** Temporary language in this section specifies that line item 195-412, Rapid Outreach 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.

**Global Analyst Settlement Payments (Section 263.20.70).** Temporary law in this section requires all payments received by the state pursuant to settlements reached by the U.S. Securities and Exchange Commission with ten brokerage firms to be deposited into the Economic Development Contingency Fund (Fund 5Y6), which shall be used to support economic development projects for which appropriations would not otherwise be available, subject to Controlling Board approval.

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

**Volume Cap Administration (Section 263.20.70).** Temporary law specifies that 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.

**Rural Development Initiative Fund (Section 263.20.80).** Temporary law under this section permits the Rural Development Initiative Fund (Fund 5S8) to receive moneys from the Facilities Establishment Fund (Fund 037) for grants to eligible applicants in Appalachian counties, with preference given to those applicants in counties designated as distressed by the federal Appalachian Regional Commission. The Rural Development Initiative Fund shall cease to exist after June 30, 2009, and all moneys remaining in the fund after that date shall revert to the Facilities Establishment Fund. It also specifies that grants made from the Rural Development Initiative Fund may only go to applicants who

also qualify for and receive funding under the Rural Industrial Park Program and that grantees shall use grants for the purposes specified in section 122.24 of the Revised Code. All grant-supported projects are subject to Chapter 4115. of the Revised Code as specified in division (E) of section 166.02 of the Revised Code. Grants are subject to program guidelines developed by the Director of Development and Controlling Board approval.

This section earmarks up to \$3 million in cash each fiscal year on an as-needed basis for transfer from the Facilities Establishment Fund to the Rural Development Initiative Fund at the request of the Director of Development.

***Economic Development Contingency Transfer (Section 263.20.30).*** Temporary language in this section earmarks up to \$19,400,000 from GSF appropriation item 195-677, Economic Development Contingency, in FY 2009 for the Third Frontier Commission for biomedical research and technology transfer purposes.

***Job Ready Site Development Debt Service (Section 263.20.20).*** Temporary language in this section specifies that GRF appropriation item 195-912, Job Ready Site Development General Obligation Debt Service, shall be used to pay all debt service and related financing costs on obligations issued for Job Ready Site Development purposes under sections 151.01 and 151.10 of the Revised Code during the 2008-2009 fiscal biennium.

## **Financial Incentives – Loans**

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

There are five loan programs supported by the funding recommended by the Governor for the 2008-2009 biennium. These are the Innovation Ohio Loan Program, the Research and Development Loan Program, the 166 Direct Loan Program, the Urban Redevelopment Loan Program, and the Rural Industrial Park Loan Program. Administration for these programs is provided for through the Office of Financial Incentives, supported by the line items under the Business Development program above.

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

***Line Items:*** 009, 195-664, Innovation Ohio; 010, 195-665, Research and Development Investment Loan Fund; 037, 195-615, Facilities Establishment; 4Z6, 195-647, Rural Industrial Park Loan; 5D2, 195-650, Urban Redevelopment Loans

***Implication of Executive Recommendations:*** Loans will be extended to businesses, communities, and nonprofits for a variety of projects with the intention of generating new high-paying jobs or retaining existing at-risk jobs. Funding for these loans under the executive recommendations is \$218,475,000 in each of FYs 2008 and 2009.

## Temporary Law Provisions

**Facilities Establishment Fund (Section 263.20.80).** Temporary law under this section requires Facilities Establishment Fund appropriation item 195-615, Facilities Establishment, to be used according to the purposes of the Facilities Establishment Fund under Chapter 166. of the Revised Code, and designates certain appropriations to be spent as follows:

- Earmarks \$1.8 million in cash in each fiscal year to be transferred from the Facilities Establishment Fund (Fund 037) to the Economic Development Financing Operating Fund (Fund 451), subject to Controlling Board approval.
- Earmarks \$5,475,000 in cash in each fiscal year to be transferred from the Facilities Establishment Fund (Fund 037) to the Urban Redevelopment Loans Fund (Fund 5D2) for the purpose of removing barriers to urban core redevelopment, and requires the Director of Development to establish guidelines for the transfer and release of funds, including, but not limited to, environmental assessment completion.
- Earmarks up to \$3 million in cash in each fiscal year to be transferred from the Facilities Establishment Fund (Fund 037) to the Rural Industrial Park Loan Fund (Fund 4Z6), subject to Controlling Board approval.

**Innovation Ohio Loan Fund (Section 263.20.70).** Temporary law under this section requires Facilities Establishment Fund appropriation item 195-664, Innovation Ohio, to be used to provide for loan guarantees and loans under Chapter 166. and, particularly, sections 166.12 to 166.16 of the Revised Code.

**Research and Development (Section 263.20.70).** Temporary law under this section requires Facilities Establishment Fund appropriation item 195-665, Research and Development Investment Loan Fund, 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.

## Workforce Development

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

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

The Workforce Guarantee Program is designed to guarantee employers the skilled workers they need to fill new job openings and grow their businesses in Ohio. Eligible companies includes those who create at least 20 high-paying, full-time jobs over a one-year period and who demonstrate, prior to the commitment of state funds, that the availability of those skilled workers is a major factor in the employer's decision to locate or expand in Ohio. Activities eligible for funding through the 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.

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

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

**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 \$21,801,909 in FY 2008 and \$18,822,009 in FY 2009. The Workforce Guarantee Program and Investment in Training Expansion line items are continued through FY 2008, with appropriations of \$1 million and \$2 million, respectively. However, both of these line items receive zero funding in FY 2009. Funding for the support of the Governor's Workforce Policy Board is provided through line item 195-643, Workforce Development Initiatives. Funding also supports approximately nine employees who administer these programs.

## Temporary Law Provisions

**Job Development Initiatives Fund (Section 263.30.10).** Temporary language in this section requires, upon the request of the Director of Budget and Management, the Director of Commerce to transfer up to \$9,275,000 in unclaimed funds to the Job Development Initiatives Fund (Fund 5AD) prior to June 30, 2008, and up to \$28,675,000 in unclaimed funds to Fund 5AD prior to June 30, 2009.

**Workforce Development (Section 263.30.20).** Temporary language in this section permits the Director of Development and the Director of Job and Family Services to enter into one or more interagency agreements between the two departments; hire, transfer, and assign duties to staff; enter into contracts and take other actions the directors consider necessary to provide services and assistance to integrate workforce development into a larger economic strategy; implement the recommendations of the Governor's Workforce Policy Board; and perform activities related to the transition of the administration of employment programs identified by the Board. Both the Department of Development and Department of Job and Family Services may expend funds, subject to approval by the Director of Budget and Management, to support the Workforce Policy Board's recommendations in the area of integration of employment functions and to provide implementation and transition activities from the appropriations to those departments.

**Investment in Training Program (Section 263.10.80).** Temporary language under this section specifies that GRF appropriation item 195-434, Investment in Training Grants, and GSF appropriation item 195-667, Investment in Training Expansion, shall be used to promote training through grants for reimbursement of eligible training expenses.

**Workforce Guarantee Program (Section 263.20.30).** Temporary law under this section specifies that GSF appropriation item 195-668, Workforce Guarantee Program, shall be used for the program of the same name, requires that benefited employers under the program create at least 20 high-paying, full-time jobs over a one-year period and demonstrate prior to funding that those jobs will be a major factor in the employer's decision to locate or expand in Ohio, and specifies that funding may be used for customized training activities. It also specifies that the Director of Development shall adopt (and may amend or rescind) rules for the implementation and operation of the program.

## Small and Developing Business

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

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

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

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

**Line Items:** GRF, 195-404, Small Business Development; GRF, 195-436, Labor/Management Cooperation; 308, 195-609, Small Business Administration; 4F2, 195-639, State Special Projects

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program totals \$6,861,543 in FY 2008 and \$6,708,893 in FY 2009. In addition to supporting the Small Business Development Center Program, funding also supports the Governor's Small Business Advisory Council in soliciting the concerns and priorities of small business owners. Funding also supports 15 employees who administer these programs.

## Temporary and Permanent Law Provisions

**Small Business Development (Section 263.10.20).** Temporary language in this section specifies that funds under appropriation item 195-404, Small Business Development, may be used for grants to local organizations to support the operation of Small Business Development Centers (SBDCs), other local economic development activity promoting small business including the 1st Stop Business Connection,

and for the cost of administrating the SBDC program. It also specifies that funds shall be used as matching funds for grants from the United States Small Business Administration and other federal agencies.

## Minority Business Development

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

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

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

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

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

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

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program totals \$7,914,564 in FY 2008 and \$8,014,564 in FY 2009. Funding will support activities to assist targeted businesses, including the Capital Access Program and EDGE Program, and continues programs that provide loans, bond guarantees, and loan guarantees to assist minority and small businesses with growth and development. Funding will also support ten employees in FY 2008 and 11 employees in FY 2009 who will administer these programs.

## Temporary and Permanent Law Provisions

**Capital Access Loan Program.** This program is affected by one permanent law provision and one temporary law provision:

- **R.C. section 122.602.** Current law prevents the Director of Development from approving any Capital Access Loan made after June 30, 2007. H.B. 119 removes that prohibition, permitting appropriations for the FY 2008-2009 biennium and effectively making the program permanent.
- **Section 263.20.80.** Temporary language specifies that Facilities Establishment Fund appropriation item 195-628, Capital Access Loan Program, shall be used for operating, program, and administrative expenses of the program, and to assist participating financial institutions in making program loans to eligible businesses that face barriers in accessing working capital and obtaining fixed-asset financing. It also earmarks up to \$3,000,000 in cash each fiscal year to be transferred on an as needed basis from the Facilities Establishment Fund (Fund 037) to the Capital Access Loan Program Fund (Fund 5S9) at the request of the Director of Development and subject to Controlling Board approval.

**Minority Business Development Division (Section 263.10.20).** Temporary law requires up to \$1,060,000, but not less than \$954,000 in each fiscal year from GRF line item 195-405, Minority Business Development Division, be designated in order to fund minority contractors and business assistance organizations, directs the Minority Business Development Division to determine which cities need minority contractors, and specifies the data and methodology to be used in making such determinations.

**Minority Business Enterprise Loans (Section 263.20.60).** Temporary law under this section specifies that all repayments from the Minority Development Financing Advisory Board Loan Program and the Ohio Mini-Loan Guarantee Program shall be deposited in the State Treasury to the credit of the Minority Business Enterprise Loan Fund (Fund 4W1), and that the fund shall pay its own operating costs.

**Minority Business Bonding Fund (Section 263.20.60).** Temporary law under this section authorizes the Director of Development, upon the recommendation of the Minority Development Financing Advisory Board, to pledge up to \$10 million in unclaimed funds over the course of the FY 2008-2009 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 have 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 Revised Code, including local income tax incentives, real and personal property exemptions, and state franchise/income tax incentives. The programs include the Enterprise Zone, Community Reinvestment Area, and Tax Increment Financing programs, the Job Creation Tax Credit and Job Retention Tax Credit programs, and the Machinery and Equipment Investment Tax Credit program. The state's role in these programs is to:

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

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

**Line Items:** Fund 4S0, line item 195-630, Tax Incentive Programs; as mentioned previously in the Overview, this program was supported by an additional line item, 195-634, Job Creation Tax Credit Operating (Fund 4S1); however, in the proposed FY 2008-2009 budget, the operations of the Office of Tax Incentives are to be consolidated under a single line item with no overall change in funding

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program totals \$650,800 in each of FYs 2008 and 2009. Funding will support administration of the Job Creation Tax Credit (JCTC) and the Job Retention Tax Credit (JRTC) programs, which are available to companies with proposed projects that meet statutory and administrative requirements regarding job creation and retention. Funding also supports the Ohio Tax Credit Authority, an independent board that approves JCTC and JRTC projects and oversees the execution of existing tax credit agreements. There are six employees funded under this program.

## Temporary and Permanent Law Provisions

**Tax Incentive Programs Operating Fund.** This fund is affected by one temporary and one permanent law provision:

- **R.C. section 122.174.** The Tax Incentive Programs Operating Fund is created, which will be funded by existing fees charged under the Job Creation Tax Credit, Job Retention Tax Credit, Community Reinvestment Area, and Enterprise Zone programs. The fund will be used to cover the costs of administering these programs. This fund will be supported through the combined single line item 195-630, Tax Incentive Programs.
- **Section 263.20.50.** Temporary law provides for the creation of the fund by requiring the Director of Budget and Management to transfer the cash balance in the Job Creation Tax Credit Operating Fund (Fund 4S1) to the Tax Incentive Programs Operating Fund (Fund 4S0) and cancel any existing encumbrances against the former in order to re-establish them against the latter in line item 195-630, Tax Incentive Programs Operating.

## Regionalization of Economic Development

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

**Funding Source:** General Revenue Fund

**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 \$4,198,785 in each of FYs 2008 and 2009. Funding will support the operation of 12 regional offices, located in Akron, Cambridge, Chillicothe, Cincinnati, Cleveland, Columbus, Dayton, Lima, Mansfield, Marietta, Toledo, and Youngstown. The budget will support approximately 32 employees.

### Temporary Law Provisions

**Economic Development Division and Regional Offices (Section 263.10.40).** Temporary language specifies that 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.

**Program Series****2: Appalachian Development**

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

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

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

The Appalachian Development program series contains the following programs:

■ **Program 2.01: Appalachian Development**

### Appalachian Development

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

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

**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 \$5,866,733 in each of FYs 2008 and 2009. Funding will provide continued support of Appalachian development activities, including participation in federal Appalachian Regional Commission efforts.

## Temporary Law Provisions

*Governor's Office of Appalachia (Section 263.10.50).* Temporary law specifies that 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 \$4,246,043 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**

**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 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	195-401	Thomas Edison Program	\$18,578,483	\$18,578,483
GRF	195-422	Third Frontier Action Fund	\$16,790,000	\$16,790,000
GRF	195-905	Third Frontier Research & Development General Obligation Debt Service	\$14,349,500	\$24,523,400
<b>General Revenue Fund Subtotal</b>			<b>\$49,717,983</b>	<b>\$59,891,883</b>
<b>Federal Special Revenue Fund</b>				
308	195-605	Federal Projects	\$5,000,000	\$5,000,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$5,000,000</b>	<b>\$5,000,000</b>
<b>Third Frontier Research and Development Fund</b>				
011	195-686	Third Frontier Operating	\$1,932,056	\$1,932,056
011	195-687	Third Frontier Research & Development Projects	\$94,000,000	\$72,000,000
014	195-692	Research & Development Taxable Bond Projects	\$28,000,000	\$28,000,000
<b>Third Frontier Research and Development Fund Subtotal</b>			<b>\$123,932,056</b>	<b>\$101,932,056</b>
<b>Total Funding: Technology Development</b>			<b>\$178,650,039</b>	<b>\$166,823,939</b>

The Technology Development program series contains the following programs:

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

**Thomas Edison Program**

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

Edison Technology 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. The Edison Technology Centers are MAGNET, Edison Materials Technology Center, Edison Welding Institute, EISC, Ohio's IT Alliance, OMERIS, and TechSolve.

Edison Technology 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. The Edison Technology Incubators are the Akron Industrial Incubator (AII), TechColumbus, Bio/START, The Entrepreneurs Center, Hamilton County Business Center (HCBC), Braintree, BioEnterprise, Regional Growth Partnership, MAGNET Innovation Center, Youngstown Business Incubator (YBI), Jumpstart Inc., and Great Lakes Innovation and Development Enterprise (GLIDE).

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

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

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

**Funding Source:** General Revenue Fund

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

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$16,578,483 in each of FYs 2008 and 2009. Funding will provide continued support for seven Edison Centers, nine Edison Incubators, and one Edison Affiliate that assist new and existing businesses in product-based technology. Additionally, the program provides administrative support for the Governor's Fuel Cell Initiative and the Governor's Aerospace Defense Council. This program supports approximately four employees.

## Temporary Law Provisions

**Thomas Edison Program (Section 263.10.10).** Temporary language 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, 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 provide for the administration of the program by the Technology Division (not more than \$2 million in FY 2008 and not more than \$2.1 million in FY 2009 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, controls, and electronics. The Third Frontier Action Fund awards competitive grants to projects that contribute to technology-based economic development in Ohio. The Innovation Ohio Loan Program assists Ohio companies in developing next generation products and services. The Research and Development Loan Program targets large, private-sector research and development investments that create high-wage jobs.

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

**Line Items:** GRF, 195-422, Third Frontier Action Fund; GRF, 195-905, Third Frontier Research & Development General Obligation Debt Service; 011, 195-686, Third Frontier Operating; 011, 195-687, Third Frontier Research and Development Projects; 014, 195-692, Research and Development Taxable Bond Projects

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program total \$155,071,556 in FY 2008 and \$143,245,456 in FY 2009. Funding will provide continued support for Third Frontier Action awards, required payments on bonds projected to be issued for Third Frontier projects, and maintain funding for the Innovation Ohio Loan Program and the Research and Development Loan Program. In the FY 2008-2009 biennium, the Department intends to refocus Third Frontier bond funds to provide capital to small and medium-sized innovative businesses. This program supports approximately 16 employees.

## Temporary Law Provisions

**Third Frontier Action Fund (Section 263.10.60).** Temporary law under this section specifies that GRF line item 195-422, Third Frontier Action Fund, shall be used to make grants under sections 184.01 and 184.02 of the Revised Code, contingent upon favorable recommendation of awards from the Third Frontier Commission and Controlling Board approval, and earmarks a portion of the appropriation. It also specifies that not more than 6% of appropriations in each fiscal year shall be used for operating expenditures and earmarks up to \$1,500,000 for the biennium 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.

**Science and Technology Collaboration (Section 263.10.60).** Temporary law under this section 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.

**Economic Development Contingency Transfer (Section 263.20.30).** Temporary language in this section earmarks up to \$19,400,000 from GSF appropriation item 195-677, Economic Development Contingency, in FY 2009 for the Third Frontier Commission for biomedical research and technology transfer purposes.

**Third Frontier Operating (Section 263.20.90).** Temporary law under this section specifies that Third Frontier Research and Development Fund appropriation item 195-686, Third Frontier Operating, shall be used for operating expenses incurred by the Department of Development in administering sections 184.10 to 184.20 of the Revised Code.

**Ohio Public Facilities Commission Obligations (Section 263.20.90).** Temporary law under this section authorizes the Ohio Public Facilities Commission to issue and sell original obligations of the state of Ohio in an aggregate amount not to exceed \$150,000,000. The authorized obligations are to ensure sufficient moneys to the credit of the Third Frontier Research and Development Fund (Fund 011) or to pay costs of research and development projects.

**Third Frontier Research & Development Projects (Section 263.20.90):** Temporary law under this section specifies that Third Frontier Research and Development Fund appropriation item 195-687, Third Frontier Research & Development Projects, shall be used to fund selected projects pursuant to sections 184.10 to 184.20 of the Revised Code and designates certain appropriations to be spent as follows:

- Earmarks up to \$20,000,000 in FY 2008 from appropriation item 195-687, Third Frontier Research & Development Projects, to be used by the Office of Information Technology (under governance of the Office of Budget and Management) and the Ohio Supercomputer Center's OSCnet, to acquire equipment and services necessary to migrate state agencies' networks to the existing OSCnet backbone to create the NextGen Network.
- Earmarks up to \$18,000,000 in each fiscal year from appropriation items 195-687, Third Frontier Research & Development Projects, and 195-692, Research & Development Taxable Bond Projects, to fund the Research Incentive Program in the Board of Regents.
- Specifies that any unencumbered balance of appropriation item 195-687, Third Frontier Research & Development Projects, for FY 2008 is also appropriated for the same purpose for FY 2009.

**Third Frontier Research & Development Debt Service (Section 263.20.20).** Temporary law under this section specifies that GRF appropriation item 195-905, Third Frontier Research & Development General Obligation Debt Service, shall be used to pay all debt service and related financing costs on obligations issued for research and development programs under sections 151.01 and 151.10 of the Revised Code during the FY 2008-2009 fiscal biennium.

## Technology Programs – Other

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

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

**Line Items:** GRF, 195-401, Thomas Edison Program; 308, 195-605, Federal Projects

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program total \$7,000,000 in each of FYs 2008 and 2009. The program will distribute federal funds and provide the federally required cost share for the statewide MEP program through two Edison Technology Centers and support DCAP. This program supports two employees.

## Temporary and Permanent Law Provisions

None

## Program Series

## 4: Community Development

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

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

Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	195-497	CDBG Operating Match	\$889,909	\$889,909
GRF	195-498	State Match Energy	\$96,820	\$96,820
GRF	195-520	Ohio Main Street Program	\$250,000	\$250,000
<b>General Revenue Fund Subtotal</b>			<b>\$1,236,729</b>	<b>\$1,236,729</b>
<b>Federal Special Revenue Fund</b>				
308	195-605	Federal Projects	\$17,000,000	\$17,000,000
308	195-618	Energy Federal Grants	\$3,400,000	\$3,400,000
335	195-610	Energy Conservation and Emerging Technology	\$2,200,000	\$2,200,000
3BJ	195-685	TANF Heating Assistance	\$45,000,000	\$15,000,000
3K8	195-613	Community Development Block Grant	\$53,950,000	\$53,950,000
3K9	195-611	Home Energy Assistance Block Grant	\$110,000,000	\$110,000,000
3K9	195-614	HEAP Weatherization	\$22,000,000	\$22,000,000
3L0	195-612	Community Services Block Grant	\$25,235,000	\$25,235,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$278,785,000</b>	<b>\$248,785,000</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	\$82,400	\$82,400
5CG	195-679	Alternative Fuel Transportation	\$1,500,000	\$1,000,000
5DU	195-689	Energy Projects	\$840,000	\$840,000
5M4	195-659	Low Income Energy Assistance	\$245,000,000	\$245,000,000
5M5	195-660	Advanced Energy Programs	\$17,000,000	\$17,000,000
5X1	195-651	Exempt Facility Inspection	\$25,000	\$25,000
611	195-631	Water and Sewer Administration	\$15,713	\$15,713
<b>State Special Revenue Fund Subtotal</b>			<b>\$264,986,888</b>	<b>\$264,486,888</b>
<b>Total Funding: Community Development</b>			<b>\$545,008,617</b>	<b>\$514,508,617</b>

The Community Development program series contains the following programs:

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

## **Local Government Community and Economic Development**

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

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

**Line Items:** GRF, 195-497, CDBG Operating Match; GRF, 195-520, Ohio Main Street Program; 3K8, 195-613, Community Development Block Grant; 444, 195-607, Water and Sewer Commission Loans

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$12,146,765 in each of FYs 2008 and 2009. Funding will support efforts to stabilize communities by improving 103,000 linear feet of sidewalks, streets, water and sewer lines, public utility infrastructure, and flood and drainage infrastructure; rehabilitate, repair, or construct 140 commercial buildings; install, repair, or purchase 2,300 pieces of machinery and equipment; and acquire, rehabilitate, improve, or construct 2.25 million square feet of structure for business development. These investments are expected to result in the creation of 1,700 jobs and improve 250 central business district building facades. Funds for this program also support approximately three employees.

## **Temporary Law Provisions**

**CDBG Operating Match (Section 263.10.90):** Temporary language under this section specifies that GRF appropriation item 195-497, CDBG Operating Match, shall be used to provide matching funds as requested by the U.S. Department of Housing and Urban Development (HUD) to administer the Community Development Block Grant Program.

## **Services to Alleviate Poverty**

**Program Description:** The Office of Community Services (OCS) administers this program through federal funds provided through the Community Services Block Grant, Home Energy Assistance Block Grant, TANF Heating Assistance, and Universal Service Fund (Low Income Energy Assistance) programs. Community Services Block Grant supports activities that address unemployment and underemployment, inadequate education, inefficient and/or ineffective use of income, inadequate housing, inability to meet emergency needs, incomplete use of available programs and services, and starvation and

malnutrition. Funds are provided to 52 community action agencies serving all 88 Ohio counties. The Low-Income Energy Assistance Program (LIHEAP) contains both the Home Energy Assistance Program (HEAP) and Emergency HEAP, or E-HEAP, to reduce the energy burden on low-income, TANF-eligible households at or below 175% of the federal poverty guidelines to maintain service when threatened with disconnection, to re-connect, or to pay for bulk fuel delivery if they have less than a ten-day supply. The Universal Service Fund supports low-income electric customers at or below 150% of poverty who are enrolled in the Percentage of Income Payment Plan (PIPP).

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

**Line Items:** 3BJ, 195-685, TANF Heating Assistance; 3K9, 195-611, Home Energy Assistance Block Grant; 3L0, 195-612, Community Services Block Grant; 4F2, 195-639, State Special Projects; 5M4, 195-659, Low Income Energy Assistance

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$410,317,400 in FY 2008 and \$380,317,400 in FY 2009. The program will provide funding to Community Action Agencies to assist 400,000 low-income families to become more self-sufficient, improve their living conditions, and provide workforce development/displaced worker training to obtain a job. Funds will also support approximately 57 employees.

## Temporary Law Provisions

**State Special Projects (Section 263.20.40).** Temporary language in this section specifies that State Special Projects (Fund 452) shall consist of private-sector funds from utility companies, for the deposit of fees assessed for the Brownfield Revolving Loan Fund Program, and other miscellaneous state funds. Private-sector moneys shall be used for verifying HEAP applicant income eligibility, to market economic development opportunities in the state, and to leverage additional federal funds. State funds shall be used to match federal housing grants for the homeless and to market economic development opportunities in the state.

**Low Income Energy Assistance (Section 263.20.70).** Temporary language in this section requires State Special Revenue Fund appropriation item 195-659, Low Income Energy Assistance, to be used to provide payments to regulated electric utility companies for low-income customers enrolled in PIPP electric accounts, to fund targeted energy efficiency and customer education services to PIPP customers, and to cover administrative costs related to Universal Service Fund programs. Also allows for additional appropriations if necessary to provide payments to regulated utility companies for low-income customers enrolled in PIPP electric accounts.

## Energy Efficiency

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

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

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

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

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

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

**Line Items:** GRF, 195-498, State Match Energy; 3K9, 195-614, HEAP Weatherization; 308, 195-605, Federal Projects; 308, 195-618, Energy Federal Grants; 335, 195-610, Energy Conservation and Emerging Technology; 5CG, 195-679, Alternative Fuel Transportation; 5DU, 195-689, Energy Projects; 5M4, 195-659, Low Income Energy Assistance; 5M5, 195-660, Advanced Energy Programs; 5X1, 195-651, Exempt Facility Inspection

**Implication of Executive Recommendation:** The executive budget recommendation for all aspects of this program total \$79,061,820 in FY 2008 and \$78,561,820 in FY 2009. Funding will allow for 80 industrial energy assessments, 90 grants for renewable energy installations, weatherization of 14,000 homes for low-income households, energy efficiency retrofits or education on demand side energy management for 18,000 households, installation of 40 alternative fuel pumps, and financing for an additional 60 energy projects. Funding will also support 38 employees.

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

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

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

**State Operating Match (Section 263.10.90).** Temporary language under this section specifies that GRF appropriation item 195-498, State Match Energy, shall 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 (Section 263.20.40).** Temporary language in this section specifies that 15% of the federal funds received by the state for the Home Energy Assistance Block Grant shall be deposited in GSF appropriation item 195-614, HEAP Weatherization (Fund 3K9), and shall be used for home weatherization services.

**Low Income Energy Assistance (Section 263.20.70).** Temporary language in this section requires State Special Revenue Fund appropriation item 195-659, Low Income Energy Assistance, to be used to provide payments to regulated electric utility companies for low-income customers enrolled in Percentage of Income Payment Plan (PIPP) electric accounts, to fund targeted energy efficiency and customer education services to PIPP customers, and to cover administrative costs related to Universal Service Fund programs. It also allows for additional appropriations if necessary to provide payments to regulated utility companies for low-income customers enrolled in PIPP electric accounts.

**Advanced Energy Programs (Section 263.20.70).** This section requires SSR appropriation item 195-660, Advanced Energy Programs, to be used to provide financial assistance to customers for eligible advanced energy projects. Eligible customers may include residential, commercial, and industrial business, local governments, educational institutions, nonprofit organizations, and agricultural customers. Funds shall also pay for the program's administrative expenses. This section earmarks up to \$1 million over the biennium for methane digester projects. Overall, the executive proposes a \$5 million increase in this area over FY 2007 levels, recommending \$17 million in each fiscal year for such projects.

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

- **Section 263.20.70.** Temporary language in this section requires SSR appropriation item 195-679, Alternative Fuel Transportation, to be used by the Director of Development to make grants under the Alternative Fuel Transportation Grant Fund Program and earmarks up to \$1 million in each fiscal year to encourage gas stations to provide E85 and B20 (or higher) fuel to customers.
- **Section 263.20.80.** Temporary language in this section earmarks up to \$1 million in cash in each fiscal year to be transferred from the Facilities Establishment Fund (Fund 037) to the Alternative Fuel Transportation Grant Fund (Fund 5CG).

## Public Works/Infrastructure Development

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

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

**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 \$43,482,632 in each of FYs 2008 and 2009. Funding will support programs to counties and cities for infrastructure and public service improvements, and provide limited funding for some housing rehabilitation. Funding will also support water and sanitary sewer projects to ensure safe drinking water and proper disposal of sanitary waste. This program will also support 12 employees.

## Temporary Law Provisions

**CDBG Operating Match (Section 263.10.90).** Temporary language under this section specifies that GRF appropriation item 195-497, CDBG Operating Match, shall be used to provide matching funds as requested by the U.S. Department of Housing and Urban Development (HUD) to administer the Community Development Block Grant Program.

## Program Series

## 5: Housing Development

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

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

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

The Housing Development program series contains the following programs:

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

### Community Housing Improvement Program

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

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

**Line Items:** GRF, 195-497, CDBG Operating Match; 3K8, 195-613, Community Development Block Grant; 3V1, 195-601, HOME Program; 646, 195-638, Low and Moderate Income Housing Trust Fund

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$43,137,675 in each of FYs 2008 and 2009. Funds will support the programs described above as well as 18 employees.

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

None

### **Housing Development Assistance Program**

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

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

**Line Items:** 3V1, 195-601, HOME Program; 646, 195-638, Low and Moderate Income Housing Trust Fund

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$32,633,050 in each of FYs 2008 and 2009. Funds will support the programs described above as well as two employees.

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

None

### **Not-for-Profit Housing and Community Development**

**Program Description:** This program consists of several individual programs that target funding through nonprofit and community organizations to assist low and moderate-income persons. The Housing Assistance Grant Program provides funding to assist low and moderate-income persons with emergency home repair, accessibility modifications, down payment assistance, and homebuyer counseling. The Community Development Finance Fund (CDFF) provides nonprofit, community-based development organizations with access to long-term, low-interest financing for housing and economic development projects that revitalize low and moderate-income communities. The Microenterprise Business Development Program provides funds to eligible nonprofit organizations to assist with the development of small businesses and to create jobs. The Discretionary Grant Program provides funds to eligible applicants for target of opportunity investment in housing projects, special projects, and demonstration programs. The Resident Services Coordinator (RSC) Program provides funds to nonprofit

organizations to help elderly and disabled low-income renters identify and obtain services and benefits offered in the community. The Training and Technical Assistance (T&TA) Program provides funds to statewide or regional nonprofit organizations to build the capacity of other nonprofits.

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

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

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$10,101,800 in each of FYs 2008 and 2009. Program funding is expected to support the rehabilitation, repair, or construction of 3,600 owner-occupied homes and 200 rental units; provide assistance to 125 businesses; and provide 265 households with down payment assistance, 1,670 households with homebuyer education and counseling, and 1,750 persons with referrals to community-based services. This program also supports approximately three employees.

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

None

## **Housing and Supportive Assistance for the Homeless**

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

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

**Line Items:** 308, 195-603, Housing and Urban Development; 646, 195-638, Low and Moderate Income Housing Trust Fund

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$24,359,750 in each of FYs 2008 and 2009. Program funding will support the programs described above, as well as ten employees.

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

None

**Program Series**

**6: International Trade**

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

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

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

The International Trade program series contains the following program:

■ **Program 6.01: International Trade**

**International Trade**

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

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

**Line Items:** GRF, 195-432, International Trade; 5W6, 195-691, International Trade Cooperative Projects

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$4,950,501 in each of FYs 2008 and 2009. Funding will provide continued support in Ohio's efforts to strengthen Ohio's economy through international business and export promotion, foreign direct investment attraction, and international business missions; fund the planning and execution of business missions to key global markets; establish new trade offices in Australia and India via fee-for-services contracts with business consulting firms; and establish the International Trade Cooperative Projects Fund to allow the Department of Development to receive funds from outside entities to support international business development activities. Funds also support approximately 19 employees.

## Temporary and Permanent Law Provisions

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

*International Trade (Section 263.10.70).* This section specifies that 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**

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

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

Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	195-407	Travel and Tourism	\$7,612,845	\$7,612,845
GRF	195-507	Travel and Tourism Grants	\$850,000	\$850,000
<b>General Revenue Fund Subtotal</b>			<b>\$8,462,845</b>	<b>\$8,462,845</b>
<b>General Services Fund</b>				
5W5	195-690	Travel and Tourism Cooperative Projects	\$350,000	\$350,000
<b>General Services Fund Subtotal</b>			<b>\$350,000</b>	<b>\$350,000</b>
<b>Total Funding: Travel and Tourism Promotion</b>			<b>\$8,812,845</b>	<b>\$8,812,845</b>

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

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

**Travel and Tourism Promotion**

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

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

**Line Items:** GRF, 195-407, Travel and Tourism; GRF, 195-507, Travel and Tourism Grants; 5W5, 195-690, Travel and Tourism Cooperative Projects

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$8,812,845 in each of FYs 2008 and 2009. Funding will be directed toward television, print, radio, online, and public relations advertising; web site development; and the 1-800-BUCKEYE call center and fulfillment. Funding will support 14 employees.

## Temporary and Permanent Law Provisions

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

*Travel and Tourism Grants (Section 263.20.10).* Temporary language under this section specifies that GRF appropriation item 195-507, Travel and Tourism Grants, shall be used to provide grants to local organizations to support various local travel and tourism events, and earmarks funds for such use. This provision contains earmarks of \$250,000 in each fiscal year for the Freedom Center, \$400,000 in each fiscal year for the State Film Bureau, \$50,000 in each fiscal year for the Cleveland Film Bureau, \$50,000 in each fiscal year for the Cincinnati Film Bureau, and up to \$500,000 in each fiscal year for the International Center for the Preservation of Wild Animals.

## Program Series

## 8: Brownfield Redevelopment

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

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

Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	195-426	Clean Ohio Implementation	\$309,000	\$309,000
<b>General Revenue Fund Subtotal</b>			<b>\$309,000</b>	<b>\$309,000</b>
<b>Federal Special Revenue Fund</b>				
308	195-605	Federal Projects	\$5,000,000	\$5,000,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$5,000,000</b>	<b>\$5,000,000</b>
<b>Clean Ohio Revitalization Fund</b>				
003	195-663	Clean Ohio Operating	\$625,000	\$550,000
<b>Clean Ohio Revitalization Fund Subtotal</b>			<b>\$625,000</b>	<b>\$550,000</b>
<b>Total Funding: Brownfield Redevelopment</b>			<b>\$5,934,000</b>	<b>\$5,859,000</b>

The Brownfield Redevelopment program series contains the following programs:

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

### Clean Ohio

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

**Funding Source:** General Revenue Fund, bond proceeds

**Line Items:** GRF, 195-426, Clean Ohio Implementation; 003, 195-663, Clean Ohio Operating

**Implication of Executive Recommendation:** The executive budget recommendation for the Clean Ohio program is \$934,000 in FY 2008 and \$859,000 in FY 2009. Funds will support the Office of Urban Development's administration of the Clean Ohio Revitalization Fund on behalf of the Clean Ohio Council, providing \$43 million in grants to local entities for brownfield redevelopment activities; support the Office of Urban Development's implementation and administration of the Clean Ohio Assistance Fund Program including processing of disbursement requests, site visits, and provision of technical assistance

to grantees and stakeholders; and fund the development of a data management system and other tools that provide for improved financial and programmatic administration of the Clean Ohio program. Funds will also support approximately seven employees.

### **Temporary Law Provisions**

*Clean Ohio Operating Expenses (Section 263.20.90).* Temporary law in this section specifies that Clean Ohio Revitalization Fund appropriation item 195-663, Clean Ohio Operating, shall be used in administering sections 122.65 to 122.658 of the Revised Code.

### **Brownfield Revolving Loan Fund**

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

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

*Line Items:* Fund 308, line item 195-605, Federal Projects

*Implication of Executive Recommendation:* The executive budget recommendation for the Brownfield Revolving Loan Fund program is \$5 million in each of FYs 2008 and 2009. Funds will provide low-interest loans and subgrants to eligible entities for brownfield cleanup, as well as allow for implementation and administration of current projects, support the Clean Ohio brownfield initiatives by providing gap financing for projects in need of additional cleanup dollars, and support future requests for funding from USEPA based on the program's success.

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

*Brownfield Revolving Loan Fund Program Fees (R.C. section 122.011; Section 263.20.40).* The Department of Development is authorized to assess fees related to the federal Brownfield Revolving Loan Fund Program that is established under the federal Comprehensive Environmental Response, Compensation, and Liability Act and that is administered by the Department. Fees assessed related to the federal Brownfield Revolving Loan Fund Program are deposited into the State Special Projects Fund (Fund 4F2) and are required to be used to support the program.

**Program Series**

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

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

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

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

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

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

**Marketing, Promotion, and Advertising**

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

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

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

**Line Items:** 135, 195-684, Supportive Services; 4F2, 195-639, State Special Projects; 4F2, 195-676, Marketing Initiatives

**Implication of Executive Recommendation:** The executive budget recommendation for this program is \$6,232,537 in FY 2008 and \$2,269,768 in FY 2009. Funding will assist with the operation of the Ohio Business Development Coalition (through line item 195-676, Marketing Initiatives), and will support the operation of the Office of Communications and Marketing, including 14 employees.

**Temporary and Permanent Law Provisions**

None

**Program Series**

**10: Program Management**

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

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

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

The Program Management program series contains the following program:

■ **Program 10.01: Program Management**

**Program Management**

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

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

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

*Line Items:* 135, 195-684, Supportive Services; 685, 195-636, Direct Cost Recovery Expenditures

*Implication of Executive Recommendation:* The executive budget recommendation for this program is \$11,266,867 in FY 2008 and \$11,004,326 in FY 2009. Funding will provide continued support for centralized services to ensure efficient operation of the Department of Development, supporting approximately 58 employees.

## Temporary Law Provisions

***Supportive Services (Section 263.20.30).*** Temporary law in this section specifies that the Director of Development may assess divisions of the Department for the cost of central service operations, with assessments based on plans submitted to and approved by the Office of Budget and Management no later than August 1, 2007. Also requires that a division's assessment payments be credited to the Supportive Services Fund (Fund 135) via intrastate transfer voucher.

***Direct Cost Recovery Expenditures (Section 263.20.30).*** Temporary law in this section specifies that GSF appropriation item 195-636, Direct Cost Recovery Expenditures, shall be used for conference and subscription fees and other reimbursable costs, and that revenues to the General Reimbursement Fund (Fund 685) shall consist of fees and other moneys charged for conferences, subscriptions, and other noncentral service administrative 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. The dollar figures for the Department's original request reflect the proposal submitted by the Department under the previous administration in the fall of 2006, prior to any changes in policy objectives under the Strickland Administration.

Economic Development						
Fund Line Item	FY 2008 Requested	FY 2008 Recommended	Difference	FY 2009 Requested	FY 2009 Recommended	Difference
195-667	\$7,000,000	\$2,000,000	(\$5,000,000)	\$7,000,000	\$0	(\$7,000,000)
195-668	\$1,000,000	\$1,000,000	\$0	\$1,000,000	\$0	(\$1,000,000)
195-674	\$7,500,000	\$4,500,000	(\$3,000,000)	\$7,500,000	\$4,500,000	(\$3,000,000)
<b>TOTALS</b>	<b>\$15,500,000</b>	<b>\$7,500,000</b>	<b>(\$8,000,000)</b>	<b>\$15,500,000</b>	<b>\$4,500,000</b>	<b>(\$11,000,000)</b>

**195-667, Investment in Training Expansion.** This line 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. Funding is provided via transfer from unclaimed funds.

**195-668, Workforce Guarantee Program.** This appropriation item funds the Workforce Guarantee Program, which provides financial assistance to employers who, under the program, are required to create at least 20 high-paying, full-time jobs over a one-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. Funding is provided via transfer from unclaimed funds.

**195-674, Industrial Site Improvements.** Moneys in this appropriation item are used to make grants to eligible counties for the improvement of commercial or industrial areas when these improvements created new jobs or preserved existing jobs. Under the program, eligible counties are defined under section 122.95 of the Revised Code. Funding in the FY 2008-2009 biennium is provided via transfer from the Advanced Energy Fund (Fund 5M5).

Technology Development						
Fund Line Item	FY 2008 Requested	FY 2008 Recommended	Difference	FY 2009 Requested	FY 2009 Recommended	Difference
195-422	\$17,293,700	\$16,790,000	(\$503,700)	\$17,293,700	\$16,790,000	(\$503,700)
195-687	\$100,000,000	\$94,000,000	(\$6,000,000)	\$100,000,000	\$72,000,000	(\$28,000,000)
<b>TOTALS</b>	<b>\$117,293,700</b>	<b>\$110,790,000</b>	<b>(\$6,503,700)</b>	<b>\$117,293,700</b>	<b>\$88,790,000</b>	<b>(\$28,503,700)</b>

**195-422, Third Frontier Action Fund.** This line item is used for the Third Frontier Commission to 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. Funding is provided through the General Revenue Fund.

**195-687, Third Frontier Research and Development Projects.** This line item provides funding for a competitive awards process to support research and development projects selected by the Third Frontier Commission, with release of grants subject to approval by the Controlling Board. Funding is provided through proceeds from non-taxable bonds issued through the Ohio Public Facilities Commission.

<b>Community Development</b>						
Fund Line Item	FY 2008 Requested	FY 2008 Recommended	Difference	FY 2009 Requested	FY 2009 Recommended	Difference
195-685	\$45,000,000	\$45,000,000	\$0	\$45,000,000	\$15,000,000	(\$30,000,000)
<b>TOTALS</b>	<b>\$45,000,000</b>	<b>\$45,000,000</b>	<b>\$0</b>	<b>\$45,000,000</b>	<b>\$15,000,000</b>	<b>(\$30,000,000)</b>

**195-685, TANF Heating Assistance.** This line item provides assistance with home energy costs to needy families with children as a supplement to funding for the low-income Home Energy Assistance Program (HEAP). Funds will be used to assist eligible families whose income is at or below 175% of the federal poverty level. The source of funding is the state's federal Temporary Assistance to Needy Families (TANF) allocation.

<b>Travel and Tourism Promotion</b>						
Fund Line Item	FY 2008 Requested	FY 2008 Recommended	Difference	FY 2009 Requested	FY 2009 Recommended	Difference
195-507	\$1,213,500	\$850,000	(\$363,500)	\$1,213,500	\$850,000	(\$363,500)
<b>TOTALS</b>	<b>\$1,213,500</b>	<b>\$850,000</b>	<b>(\$363,500)</b>	<b>\$1,213,500</b>	<b>\$850,000</b>	<b>(\$363,500)</b>

**195-507, Travel and Tourism Grant.** This line item is used to 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. Source of funding is the General Revenue Fund.

<b>Marketing, Promotion, and Advertising</b>						
Fund Line Item	FY 2008 Requested	FY 2008 Recommended	Difference	FY 2009 Requested	FY 2009 Recommended	Difference
195-676	\$5,000,000	\$5,000,000	\$0	\$5,000,000	\$1,000,000	(\$4,000,000)
<b>TOTALS</b>	<b>\$5,000,000</b>	<b>\$5,000,000</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>\$1,000,000</b>	<b>(\$4,000,000)</b>

**195-676, Marketing Initiatives.** Moneys in this appropriation item will be used to supplement private funding for the Ohio Business Development Coalition (OBDC). The OBDC is a nonprofit organization charged with developing and executing a targeted, proactive sales and marketing strategy to position Ohio for aggressive competition for business investment and expansion opportunities. Funding is provided via transfer from unclaimed funds.

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## General Revenue Fund

### GRF 195-100 Personal Service

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$9,964	\$0	\$0	\$0	\$0	\$0

**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's 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$58,973	\$0	\$0	\$0	\$0	\$0

**Source:** GRF

**Legal Basis:** Discontinued line item

**Purpose:** This line item provided funds for a portion of the Department of Development's 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 195-321 Operating Expenses

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$2,182,544	\$2,811,226	\$2,861,989	\$2,723,908	\$0	\$0
	28.8%	1.8%	-4.8%		

**Source:** GRF

**Legal Basis:** Discontinued line item

**Purpose:** This line item funded a portion of payroll, fringe benefits, maintenance, and equipment costs for the Department of Development. Prior budgets funded three line items: 195-100, Personal Services, 195-200, Maintenance, and 195-300, Equipment, which were transferred to this line item in FY 2004. This line item is eliminated beginning in FY 2008 and its functions are now funded through line item 195-684, Supportive Services (Fund 135).

**GRF 195-401 Thomas Edison Program**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$13,786,526	\$15,824,797	\$16,116,789	\$17,454,838	<b>\$18,578,483</b>	<b>\$18,578,483</b>
	14.8%	1.8%	8.3%	<b>6.4%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 122.33(C); Sections 263.10 and 263.10.10 of H.B. 119 of the 127th 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 Edison Technology Centers, Edison Technology Incubators, and Edison Partners -- assistance is provided to all types of companies, be they 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.

**GRF 195-404 Small Business Development**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,561,957	\$1,945,190	\$1,805,267	\$1,740,722	<b>\$1,792,944</b>	<b>\$1,792,944</b>
	24.5%	-7.2%	-3.6%	<b>3.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 122.08; Sections 263.10 and 263.10.20 of H.B. 119 of the 127th G.A. (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 35 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,553,124	\$1,580,220	\$1,534,913	\$1,580,291	<b>\$1,780,000</b>	<b>\$1,780,000</b>
	1.7%	-2.9%	3.0%	<b>12.6%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 122.92 through 122.94; Sections 263.10 and 263.10.20 of H.B. 119 of the 127th G.A. (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, a facilitator of services offered by ODOD, and 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.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$681,381	\$75,400	\$0	\$0	<b>\$0</b>	<b>\$0</b>
	-88.9%				

**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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$4,431,422	\$5,746,172	\$7,658,407	\$6,712,845	\$7,612,845	\$7,612,845
	29.7%	33.3%	-12.3%	13.4%	0.0%

**Source:** GRF

**Legal Basis:** ORC 122.07, Section 263.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 155 of the 111th G.A.)

**Purpose:** The line item supports the operating expenses of the Division of Travel and Tourism and funds the marketing of Ohio as a tourism destination. Funding is provided to statewide constituents through a cooperative marketing program and a research-based marketing program undertaken by the Division of Travel and Tourism. Activities include the state's travel and tourism website, www.DiscoverOhio.com (previously 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 Assistance Program that provides funding to statewide travel partners to supplement advertising opportunities.

**GRF 195-408 Coal Research Development**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$195	\$0	\$0	\$0	\$0	\$0

**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 195-410 Defense Conversion Assistance**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$478,882	\$904,441	\$269,746	\$200,000	\$0	\$0
	88.9%	-70.2%	-25.9%		

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established in ORC 122.12 but subsequently repealed)

**Purpose:** This line item supported grants to local communities for costs associated with the preparation and redevelopment of military installations in Ohio that were slated for realignment or closure under the U.S. Department of Defense's Base Realignment and Closure (BRAC) program. Future funding will be reviewed in the context of the next round of decisions of the U.S. Dept. of Defense's Base Realignment and Closure (BRAC) program. The Department will continue to work with communities to identify resources to aid communities that may be impacted by future decisions of the BRAC program.

**GRF 195-412 Rapid Outreach Grants**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$6,983,133	\$10,235,643	\$6,881,988	\$11,750,000	\$16,102,500	\$16,102,500
	46.6%	-32.8%	70.7%	37.0%	0.0%

**Source:** GRF

**Legal Basis:** Sections 263.10 and 263.10.30 of H.B. 119 of the 127th 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) a project's 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$192,417	\$173,150	\$20,608	\$0	\$0	\$0
	-10.0%	-88.1%			

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established by Controlling Board on August 3, 1992)

**Purpose:** The First Frontier program provided matching funds (1:1) to Ohio's rural and Appalachian counties for business marketing efforts (typically national and international advertising campaigns) directed at attracting economic development opportunities to the region. Funding for the line item was discontinued in FY 2006.

**GRF 195-415 Economic Development Division & Regional Offices**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$5,425,617	\$5,302,432	\$5,565,717	\$5,894,975	\$7,306,824	\$7,286,824
	-2.3%	5.0%	5.9%	24.0%	-0.3%

**Source:** GRF

**Legal Basis:** Sections 263.10 and 263.10.40 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

**Purpose:** This line item supports operating costs for the Department's Economic Development Division and the agency's 12 regional economic development offices. The offices' 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 ODOD'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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$5,053,684	\$3,917,573	\$3,967,931	\$4,122,372	\$4,746,043	\$4,746,043
	-22.5%	1.3%	3.9%	15.1%	0.0%

**Source:** GRF

**Legal Basis:** ORC 107.21; Sections 263.10 and 263.10.50 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

**Purpose:** Funds in the line item provide matching funds (1:1) to support two federal projects: the ARC Technical Assistance Program and the Appalachian Investment Training Program (AITP). 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,061,875	\$1,467,716	\$364,513	\$0	\$0	\$0
	38.2%	-75.2%			

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established in ORC 122.20 and 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 were used for land acquisition, infrastructure improvements, voluntary actions, and renovation of existing structures.

**GRF 195-422 Third Frontier Action Fund**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$16,696,859	\$14,350,532	\$16,080,767	\$16,790,000	\$16,790,000	\$16,790,000
	-14.1%	12.1%	4.4%	0.0%	0.0%

**Source:** GRF

**Legal Basis:** ORC 184.01; Sections 263.10 and 263.10.60 of H.B. 119 of the 127th 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. Today, the Third Frontier Commission oversees program activities and approves 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$315,143	\$372,038	\$303,005	\$300,000	<b>\$309,000</b>	<b>\$309,000</b>
	18.1%	-18.6%	-1.0%	<b>3.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th G.A. (originally established by 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.

**GRF 195-431 Community Development Corporation Grants**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$254,375	\$5,139	\$0	\$0	<b>\$0</b>	<b>\$0</b>
	-98.0%				

**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. Until FY 1990, this line item also included funding for the Community Development Finance Fund (CDFF), which helps local, nonprofit organizations create affordable housing by matching local funds with state funds used to leverage below market-rate loans for 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$3,691,349	\$4,058,440	\$4,161,739	\$4,223,787	<b>\$4,650,501</b>	<b>\$4,650,501</b>
	9.9%	2.5%	1.5%	<b>10.1%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 122.04(E) and 122.05; Sections 263.10 and 263.10.70 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

**Purpose:** These moneys support the International Trade Division's activities to promote Ohio by assisting 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. The Division operates seven full-service trade offices located in Columbus, Brussels, Hong Kong, Mexico City, Tel Aviv, Tokyo, and Toronto and jointly administers offices with the Council of Great Lakes Governors in Buenos Aires, Santiago, Johannesburg, and Sao Paulo. Each office is responsible for the specific city and country in which it is located, and for the surrounding region. Plans include new offices in India and Australia and an expansion for the China office.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$10,612,580	\$13,105,071	\$8,350,493	\$12,227,500	<b>\$12,594,325</b>	<b>\$12,594,325</b>
	23.5%	-36.3%	46.4%	<b>3.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Sections 263.10 and 263.10.80 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

**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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$861,240	\$772,248	\$624,195	\$811,869	<b>\$836,225</b>	<b>\$836,225</b>
	-10.3%	-19.2%	30.1%	<b>3.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th 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.

**GRF 195-440 Emergency Shelter Housing Grants**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$327,056	\$0	\$0	\$0	<b>\$0</b>	<b>\$0</b>

**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 195-497 CDBG Operating Match**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,107,400	\$1,040,956	\$1,040,956	\$1,040,956	\$1,072,184	\$1,072,184
	-6.0%	0.0%	0.0%	3.0%	0.0%

**Source:** GRF

**Legal Basis:** Sections 263.10 and 263.10.90 of H.B. 119 of the 127th 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 U.S. Department of Housing and Urban Development (HUD); for smaller cities and jurisdictions, the Department of Development distributes the balance of the funding that is received through line item 195-613, Community Development Block Grant.

**GRF 195-498 State Match Energy**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$100,000	\$83,203	\$97,580	\$94,000	\$96,820	\$96,820
	-16.8%	17.3%	-3.7%	3.0%	0.0%

**Source:** GRF

**Legal Basis:** Sections 263.10 and 263.10.90 of H.B. 119 of the 127th 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$393,856	\$380,079	\$380,080	\$380,080	\$391,482	\$391,482
	-3.5%	0.0%	0.0%	3.0%	0.0%

**Source:** GRF

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th 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 Commission (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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$238,274	\$246,803	\$119,385	\$246,803	<b>\$254,208</b>	<b>\$254,208</b>
	3.6%	-51.6%	106.7%	<b>3.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 107.21, Section 263.10 of H.B. 119 of the 127th G.A. (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 195-507 Travel and Tourism Grants**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,015,000	\$922,100	\$1,251,875	\$1,162,500	<b>\$850,000</b>	<b>\$850,000</b>
	-9.2%	35.8%	-7.1%	<b>-26.9%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Sections 263.10 and 263.20.10 of H.B. 119 of the 127th 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, promotional efforts, and operational costs. State funds are matched with local funds at a minimum ratio of one to one.

Under H.B. 119 of the 127th G.A., appropriations to this line item have been earmarked for the following: \$250,000 in each FY for the Freedom Center, \$400,000 in each FY for the State Film Bureau, \$50,000 in each FY for the Cleveland Film Bureau, \$50,000 in each FY for the Cincinnati Film Bureau, and up to \$500,000 in each FY for the International Center for the Preservation of Wild Animals.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$170,268	\$0	\$0	\$0	\$0	\$0

**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 million 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$7,600,000	\$12,148,709	\$10,471,972	\$0	\$0	\$0
	59.9%	-13.8%			

**Source:** GRF

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

**Purpose:** This appropriation item provided grants similar in nature to the Business Development Grant program (GRF 195-412, Business Development Grants). Beginning with FY 2007, the line item was replaced with GSF 195-677, Economic Development Contingency (Fund 5AD). Revenue to the GSF line item originates from a transfer of unclaimed funds.

**GRF 195-516 Shovel Ready Sites**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$1,680,000	\$2,365,000	\$0	\$0	\$0
		40.8%			

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 95 of the 125th G.A.)

**Purpose:** This line item funded the Shovel Ready Sites Program, created in the FY06 and FY07 budget to prepare communities for new development projects. Programs to assist communities to prepare sites and build capacity for economic development are now funded through Fund 5AR (Industrial Site Improvements - ALI 195-674) and capital funds (Job Ready Site – CAP-003).

**GRF 195-520 Ohio Main Street Program**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$0	\$250,000	\$250,000
				N/A	0.0%

**Source:** GRF

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th G.A.

**Purpose:** Funds will be used as a grant to Heritage Ohio, a statewide nonprofit organization, in order to provide assistance to designated Main Street Communities and further the efforts of the Ohio Main Street Program, which works to revitalize central business districts.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$13,910,000	\$14,349,500	\$24,523,400
			N/A	3.2%	70.9%

**Source:** GRF

**Legal Basis:** Sections 263.10 and 263.20.20 of Am. Sub. H.B. 66 of the 126th G.A.

**Purpose:** In November 2006, Ohio voters approved State Issue 1, a constitutional amendment that directs state officials to borrow and spend \$2 billion to improve infrastructure, support high-tech business, and enhance business site development. Moneys appropriated to this line item will be used to pay all debt service and related financing costs during the period from July 1, 2007, to June 30, 2009, on obligations issued specifically for research and development purposes under the Third Frontier Program.

**GRF 195-912 Job Ready Site Development-GO Debt**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$4,124,400	\$4,359,400	\$8,232,500
			N/A	5.7%	88.8%

**Source:** GRF

**Legal Basis:** ORC 151.11; Section 263.10 and 263.20.20 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. S.B. 236 of the 126th G.A.)

**Purpose:** This line item pays debt service on bonds issued to provide moneys for obligations issued under the Job Ready Site Program for site development purposes established in sections 151.01 and 151.11 of the Revised Code.

## General Services Fund Group

**135 195-605 Supportive Services**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$7,032,597	\$6,884,882	\$6,878,791	\$0	\$0	\$0
	-2.1%	-0.1%			

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

**Legal Basis:** Discontinued line item (originally established by Controlling Board on September 30, 1971)

**Purpose:** This line item paid for 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. In H.B. 119, this line item has been changed to 195-684, Supportive Services, with the same function and funding source.

**135 195-684 Supportive Services**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$7,539,686	\$11,699,404	\$11,321,444
			N/A	55.2%	-3.2%

**Source:** GSF: Assessments on divisions of the Department for central service operations

**Legal Basis:** Section 263.20.30 of H.B. 119 of the 127th G.A.

**Purpose:** This line item funds administrative and program management operations of the Department of Development, including executive leadership, legal support, human resources, fiscal management, auditing, information technology, maintenance and development, facilities management, legislative affairs, communications and marketing, and research.

**136 195-621 International Trade**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$7,702	\$0	\$0	\$0	\$0	\$0

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

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

**Purpose:** This line item formerly supported activities of the Division of International Trade.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$45,856	\$7,164,354	\$5,000,000	\$2,000,000	\$0
		15523.6%	-30.2%	-60.0%	

**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 263.10 of H.B. 119 of the 127th G.A. (originally established by Sub. H.B. 427 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 Workforce Guarantee Program**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$76,593	\$3,000,000	\$1,000,000	\$0
		N/A	3816.8%	-66.7%	

**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:** Sections 263.10 and 263.20.30 of H.B. 119 of the 127th G.A. (originally established by Sub. H.B. 427 of the 125th G.A.)

**Purpose:** This appropriation item funds the Workforce Guarantee Program, which provides financial assistance to employers who, under the program, are required to create at least 20 high-paying, full-time jobs over a one-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 Workforce 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-half of a project's cost. The employer must provide one-half of a project's cost as well.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$1,085,165	\$0	\$0	\$0
		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:** Discontinued line item (originally established by Sub. H.B. 427 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.

Funding to this line item was eliminated starting in FY 2006. However, following Ohio voters' approval of State Issue 1 -- a constitutional amendment that allows the state to issue \$2 billion in bonds to improve infrastructure, support high-tech business and enhance business site development -- it is expected that a majority of the funding for the Wright Operating program will be replaced by grants under the Third Frontier Program.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$10,000,000	\$9,275,000	\$28,675,000
			N/A	-7.3%	209.2%

**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:** Sections 263.10 and 263.20.30 of H.B. 119 of the 127th G.A.

**Purpose:** This line item was established in FY 2006 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.

FY 2009 also includes a \$19.4 million appropriation for funding for the Biomedical Research and Commercialization Program. Currently, a portion of the revenue from the Tobacco Master Settlement Agreement goes into Fund M87, the Biomedical Research and Technology Transfer Trust Fund, overseen by the Third Frontier Commission and ODOD's Technology Division. Moneys are appropriated to this fund through FY 2008. Under the Governor's proposed Tobacco Securitization Plan, tobacco revenues will no longer be able to support Fund M87 after FY 2008. As a transitional measure, the Biomedical Research and Commercialization Program is being shifted to this line item.

**5W5 195-690 Travel and Tourism Cooperative Projects**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$0	\$350,000	\$350,000
					0.0%

**Source:** GSF: Outside funding from the private sector or state and local governments

**Legal Basis:** ORC 122.04 and 122.07

**Purpose:** This line item supports the creation in the state treasury of the Travel and Tourism Cooperative Projects Fund. The fund consists of moneys received from the private sector or any other financial aid from any state or local government to provide partnership dollars for the marketing and promotion of travel and tourism within the state. All investment earnings on the cash balance in the fund will remain in the fund.

**5W6 195-691 International Trade Cooperative Projects**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$75,000	\$300,000	\$300,000
			N/A	300.0%	0.0%

**Source:** GSF: Outside funding from the private sector or state and local governments

**Legal Basis:** ORC 122.05

**Purpose:** This line item allows ODOD to receive funds from outside entities to support international trade business development initiatives. Funds identified to date include grant funds from the Ohio Soybean Council to provide half the budget for Ohio's foreign trade office in China (\$100,000 per year).

**685 195-636 Direct Cost Recovery Expenditures**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$295,475	\$353,335	\$464,067	\$800,000	\$800,000	\$800,000
	19.6%	31.3%	72.4%	0.0%	0.0%

**Source:** GSF: Assessments on various Department of Development line items

**Legal Basis:** Sections 263.10 and 263.20.30 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

**Purpose:** This fund pays for departmental pool car operations, including 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. This line item also 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.

## Federal Special Revenue Fund Group

### 308 195-602 Appalachian Regional Commission

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$298,272	\$484,613	\$469,301	\$600,659	<b>\$475,000</b>	<b>\$475,000</b>
	62.5%	-3.2%	28.0%	<b>-20.9%</b>	<b>0.0%</b>

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

**Legal Basis:** ORC 107.21, Section 263.10 of H.B. 119 of the 127th G.A. (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 GRF 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$4,669,493	\$4,409,837	\$4,534,009	\$5,000,000	<b>\$6,000,000</b>	<b>\$6,000,000</b>
	-5.6%	2.8%	10.3%	<b>20.0%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th 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 Opportunities for Persons with AIDS (HOPWA) program provides grants for the creation of rental housing, supportive services, housing counseling, and other services for persons with Acquired Immune Deficiency Syndrome (AIDS) or other HIV-related diseases. The McKinney Emergency Shelter Grants (ESG) program provides grants to local governments and nonprofit organizations that operate homeless shelters and provide supportive services for the homeless.

**308 195-605 Federal Projects**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$19,000,209	\$17,465,986	\$21,089,484	\$24,671,479	<b>\$27,000,000</b>	<b>\$27,000,000</b>
	-8.1%	20.7%	17.0%	<b>9.4%</b>	<b>0.0%</b>

**Source:** FED: CFDA 81.042, Weatherization Assistance for Low-Income Persons; CFDA 11.611, Manufacturing Extension Partnership; CFDA 66.818, Brownfields Assessment and Cleanup Cooperative Agreements

**Legal Basis:** ORC 122.02; Section 263.10 of H.B. 119 of the 127th 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.

Moneys under the Manufacturing Extension Partnership (MEP) program support technical assistance programs and services provided by manufacturing extension centers to U.S.-based manufacturing firms (especially smaller companies). The objective of the program is to improve the competitiveness of firms and accelerate the usage of appropriate manufacturing technology. The MEP requires a 2:1 ratio of state costshare funds to federal funds.

This line item also includes an allocation of federal Brownfield Revolving Loan Fund dollars.

**308 195-609 Small Business Administration**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$3,763,821	\$4,692,185	\$3,735,204	\$4,296,381	<b>\$4,296,381</b>	<b>\$4,396,381</b>
	24.7%	-20.4%	15.0%	<b>0.0%</b>	<b>2.3%</b>

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

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 298 of the 119th G.A.)

**Purpose:** Moneys in this line item are used to provide management counseling, training, and technical assistance to the small business community through Small Business Development Centers. 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.

**308 195-618 Energy Federal Grants**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$2,956,923	\$2,551,201	\$2,114,809	\$3,397,659	<b>\$3,400,000</b>	<b>\$3,400,000</b>
	-13.7%	-17.1%	60.7%	<b>0.1%</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 263.10 of H.B. 119 of the 127th 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.

**335 195-610 Energy Conservation and Emerging Technology**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,718,021	\$3,131,509	\$2,141,012	\$3,000,000	<b>\$2,200,000</b>	<b>\$2,200,000</b>
	82.3%	-31.6%	40.1%	<b>-26.7%</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; Section 263.10 of H.B. 119 of the 127th G.A. (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.

**380 195-622 Housing Development Operating**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$4,233,775	\$4,044,872	\$0	\$0	\$0	\$0
	-4.5%				

**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:** Discontinued line item (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 (OHFA) oversees Ohio's Section 8 rental assistance program. The program, funded by the U.S. Department of Housing and Urban Development (HUD), provides rental assistance for low-income individuals and families including the elderly and handicapped. As contract administrator, OHFA monitors tenant income eligibility and disburses subsidy payments on a monthly basis to private owners of Section 8 project-based subsidized housing on behalf of low-income residents. Fair market rents are determined by HUD.

In accordance with Am. Sub. H.B. 431 of the 125th G.A. (under which OHFA became an independent agency), Fund 380 was eliminated under Am. Sub. H.B. 66 of the 126th G.A.. Any remaining cash balance in this fund at the end of FY 2005 was transferred to OHFA's operating fund, (GSF) Fund 5AZ, Housing Finance Agency Personal Services.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$357,664	\$2,590,187	\$3,932,678	\$6,175,000	\$5,839,900	\$5,860,000
	624.2%	51.8%	57.0%	-5.4%	0.3%

**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:** Section 263.10 of H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 21, 2003)

**Purpose:** The Governor's Ohio Workforce Policy Board is 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.

**3BJ 195-685 TANF Heating Assistance**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$60,199,406	\$59,800,594	<b>\$45,000,000</b>	<b>\$15,000,000</b>
		N/A	-0.7%	<b>-24.7%</b>	<b>-66.7%</b>

**Source:** FED: Federal Temporary Assistance for Needy Families (TANF) funds

**Legal Basis:** ORC 5101.80 and 5101.801; section 263.10 of H.B. 119 of the 127th G.A.; Title IV-A of the federal Social Security Act (originally authorized under Executive Order 2006.10T)

**Purpose:** Funds in this line item will assist with home energy costs to needy families with children as a supplement to additional funding for the low-income Home Energy Assistance Program (HEAP). Funds will be used to assist eligible families whose income is at or below 175% of the federal poverty level.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$57,845,224	\$58,661,270	\$62,445,608	\$65,000,000	<b>\$65,000,000</b>	<b>\$65,000,000</b>
	1.4%	6.5%	4.1%	<b>0.0%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th G.A.

**Purpose:** The purpose of the Community Development Block Grant program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income. Moneys in this line item provide block grants for non-entitlement communities and programs that do not directly receive their funding from the U.S. Department of Housing and Urban Development (HUD). 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$84,125,862	\$98,861,482	\$114,211,138	\$90,500,399	<b>\$110,000,000</b>	<b>\$110,000,000</b>
	17.5%	15.5%	-20.8%	<b>21.5%</b>	<b>0.0%</b>

**Source:** FED: CFDA 93.568, Low-Income Energy Assistance

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$14,684,322	\$14,948,185	\$15,985,255	\$16,219,478	<b>\$22,000,000</b>	<b>\$22,000,000</b>
	1.8%	6.9%	1.5%	<b>35.6%</b>	<b>0.0%</b>

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

**Legal Basis:** Sections 263.10 and 263.20.40 of H.B. 119 of the 127th 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:** HEAP (Home Energy Assistance Program) moneys in this line item fund home weatherization projects for low-income households throughout the state.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$25,990,324	\$24,919,442	\$24,283,402	\$25,234,999	<b>\$25,235,000</b>	<b>\$25,235,000</b>
	-4.1%	-2.6%	3.9%	<b>0.0%</b>	<b>0.0%</b>

**Source:** FED: CFDA 93.569, Community Services Block Grant; CFDA 93.571, CSBG

**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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$29,778,715	\$32,287,648	\$29,734,567	\$40,000,001	<b>\$40,000,000</b>	<b>\$40,000,000</b>
	8.4%	-7.9%	34.5%	<b>0.0%</b>	<b>0.0%</b>

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

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th 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, and demolition. 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$3,797,971	\$1,120,162	\$0	\$13,900	<b>\$0</b>	<b>\$0</b>
	-70.5%		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.

## State Special Revenue Fund Group

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$343,176	\$324,036	\$1,598,180	\$523,775	\$523,775	\$523,775
	-5.6%	393.2%	-67.2%	0.0%	0.0%

**Source:** SSR: Seed moneys from the General Assembly and loan repayments from local governments

**Legal Basis:** ORC 1525.11; Section 263.10 of H.B. 119 of the 127th G.A. (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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$3,717,284	\$4,261,289	\$0	\$0	\$0	\$0
	14.6%				

**Source:** SSR: Agency-generated revenues

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

**Purpose:** Moneys in this line item formerly supported the administration of Ohio Housing Finance Agency programs such as First-time Homebuyer, Down Payment Assistance, Mortgage Credit Certificate, Federal Housing Tax Credit, Affordable Housing Loan, and Multifamily Housing Loan.

In accordance with Am. Sub. H.B. 431 of the 125th G.A. (under which OHFA became an independent agency), Fund 445 was eliminated under Am. Sub. H.B. 66 of the 126th G.A.. Any remaining cash balance in this fund at the end of FY 2005 was transferred to OHFA's operating fund, (GSF) Fund 5AZ, Housing Finance Agency Personal Services.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$43,081	\$48,615	\$53,967	\$53,967	\$53,967
		12.8%	11.0%	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 and 122.90.

**451 195-625 Economic Development Financing Operating**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,602,122	\$1,790,497	\$2,555,525	\$2,358,311	\$2,483,311	\$2,483,311
	11.8%	42.7%	-7.7%	5.3%	0.0%

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

**Legal Basis:** Sections 263.10 and 263.20.70 of H.B. 119 of the 127th 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$151,573	\$956,276	\$1,388,596	\$290,183	\$518,393	\$518,393
	530.9%	45.2%	-79.1%	78.6%	0.0%

**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:** Sections 263.10 and 263.20.40 of H.B. 119 of the 127th 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 utility's Percent of Income Payment Plan. 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 Marketing Initiatives**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$7,654,388	\$8,823,707	\$5,000,000	\$1,000,000
		N/A	15.3%	-43.3%	-80.0%

**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:** Section 263.10 of H.B. 119 of the 127th G.A.

**Purpose:** Moneys in this appropriation item will be used to supplement private funding for the Ohio Business Development Coalition (OBDC). The OBDC is a private nonprofit organization charged with developing and executing a targeted, proactive sales and marketing strategy to position Ohio for aggressive competition for business investment and expansion opportunities.

**4H4 195-641 First Frontier**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$201,950	\$173,154	\$20,608	\$0	\$0	\$0
	-14.3%	-88.1%			

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

**Legal Basis:** Discontinued line item (originally established by Controlling Board on August 3, 1992)

**Purpose:** The First Frontier program supported partnerships to develop and execute marketing programs for economic development purposes. The program paid for national and international advertising and promotional activities pertaining to local economic development opportunities, intended to benefit both the region and the state. Funds deposited to this line item by local governments or local economic development organizations were matched with GRF dollars appropriated to line item 195-414, First Frontier. Funding for the First Frontier program was discontinued in FY 2006.

**4S0 195-630 Tax Incentive Programs**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$207,103	\$198,689	\$182,995	\$275,000	<b>\$650,800</b>	<b>\$650,800</b>
	-4.1%	-7.9%	50.3%	<b>136.7%</b>	<b>0.0%</b>

**Source:** SSR: Application fees and penalties collected as required by the Ohio Enterprise Zone and Community Reinvestment Area Programs; application fees from the Job Creation Tax Credit Program

**Legal Basis:** ORC 122.174, 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.

H.B. 119 of the 127th G.A. combines this line item with 195-634, Job Creation Tax Credit Operating (Fund 4S1), to create a single line item for administering the Department's tax incentive programs. Moneys in the JCTC account pay the administrative costs of operating and monitoring the program, including professional and technical staff necessary to carry out program provisions. Under current law, the program allows qualifying companies to receive a credit against the following state taxes: individual income tax, corporate franchise tax, dealers in intangibles tax, domestic insurance tax, foreign insurance tax, and commercial activity tax.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$290,664	\$330,805	\$386,241	\$375,800	<b>\$0</b>	<b>\$0</b>
	13.8%	16.8%	-2.7%		

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

**Legal Basis:** Discontinued line item (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. Under current law, the program allows qualifying companies to receive a credit against the following state taxes: individual income tax, corporate franchise tax, dealers in intangibles tax, domestic insurance tax, foreign insurance tax, and commercial activity tax.

This line item is absorbed by line item 195-630, Tax Incentive Programs (Fund 4S0) in H.B. 119 of the 127th G.A.

**4W1 195-646 Minority Business Enterprise Loan**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$720,794	\$427,895	\$712,120	\$2,580,597	\$2,580,597	\$2,580,597
	-40.6%	66.4%	262.4%	0.0%	0.0%

**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:** This line item provides funding for loans processed by the Minority Development Financing Advisory Board (formerly the Minority Development Financing Commission, or MDFC).

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$1,528,560	\$2,500,000	\$4,500,000	\$4,500,000
		N/A	63.6%	80.0%	0.0%

**Source:** SSR: Transfer of \$4.5 million in each fiscal year from the Advanced Energy Fund (Fund 5M5)

**Legal Basis:** ORC 122.95 to 122.952; Section 101.01 of Am. Sub. H.B. 66 of the 126th G.A. (originally established by Sub. H.B. 427 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 created new jobs or preserved existing jobs. Under the program, 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.

**5CA 195-678 Shovel Ready Sites**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$5,000,000	\$5,000,000	\$0	\$0
		N/A	0.0%		

**Source:** SSR: Transfer from the Facilities Establishment Fund (Fund 037)

**Legal Basis:** ORC 122.083; Section 203.99.45 of Am. Sub. H.B. 66 of the 126th G.A.

**Purpose:** This line item supports the Shovel Ready Sites Program by providing grants for projects to port authorities and development entities approved by the Director of Development. Grants will be used toward the acquisition of property, the preparation of sites, construction of road, water, telecommunication, and utility infrastructure, and the payment of professional fees. The program was originally established as a pilot program in Am. Sub. H.B. 95 of the 125th G.A. and was funded with former GRF line item 195-516, Shovel Ready Sites.

**5CG 195-679 Alternative Fuel Transportation**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$77,325	\$650,000	\$1,500,000	\$1,000,000
		N/A	740.6%	130.8%	-33.3%

**Source:** SSR: Transfer from the Advanced Energy Fund (Fund 5M5)

**Legal Basis:** ORC 122.075; Section 263.20.80 of H.B. 119 of the 127th G.A.

**Purpose:** This line item supports the Alternative Fuel Transportation Grant Program, under which the Director of Development may make grants to businesses, nonprofit organizations, public school systems, or local governments for the purchase and installation of alternative fuel refueling facilities and for the purchase of alternative fuel. Under the program, maximum grants for the purchase and installation of an alternative fuel refueling facility may not exceed 50% of the cost of the facility. Similarly, maximum grants for the purchase of alternative fuel may not exceed 50% of the incremental cost of the fuel.

**5CV 195-680 Defense Conversion Assistance**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$215,000	\$0	\$0	\$0
		N/A			

**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:** Discontinued line item (Originally established by section 203.99 and 203.99.45 of Am. Sub. H.B. 66 of the 126th G.A.)

**Purpose:** This line item was one-time funding for communities preparing for the U.S. Department of Defense's 2005 Base Realignment and Closure (BRAC) program. The funding was only for state FY 2006.

**5CY 195-682 Lung Cancer and Lung Disease Research**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$30,000	\$9,970,000	\$0	\$0
		N/A	33133.3%		

**Source:** SSR: Transfer from the Tobacco Master Settlement Agreement Fund (Fund 087)

**Legal Basis:** Discontinued line item (originally established by section 203.99.45 and 312.24 of Am. Sub. H.B. 66 of the 126th G.A.)

**Purpose:** This line item was a one-time legislative earmark and appropriation from the 126th General Assembly only for state FY 2006. Moneys in this line item were used to promote lung cancer and lung disease research.

**5DU 195-689 Energy Projects Fund**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$840,000	\$840,000	\$840,000
			N/A	0.0%	0.0%

**Source:** SSR: Grant from American Electric Power

**Legal Basis:** Section 263.10 of H.B. 119 of the 127th G.A.; original authority came from Public Utilities Commission of Ohio (PUCO) order case number 04-169-EL-UNC, Jan. 26, 2005. The appropriation authority and fund creation is based on Controlling Board approval DEV 568-06 as passed on May 22, 2006.

**Purpose:** This line item will be used to operate programs for the benefit of low-income electric customers, specifically a conservation program for emergency homeless shelters, an affordable housing contractor/builder/developer training program, and an expansion of the base load Electric Partnerships Program (EPP) to serve households with incomes between 151% and 175% of the federal poverty level. These programs will serve populations and projects in the AEP Ohio service territory.

**5M4 195-659 Low Income Energy Assistance**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$195,141,707	\$198,153,583	\$230,179,458	\$245,000,000	\$245,000,000	\$245,000,000
	1.5%	16.2%	6.4%	0.0%	0.0%

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

**Legal Basis:** ORC 4928.55; Section 263.20.70 of H.B. 119 of the 127th G.A. (originally established 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 replaced funding in GRF appropriation item 195-505, Utility Bill Credits.

**5M5 195-660 Advanced Energy Programs**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,112,059	\$1,355,433	\$3,380,041	\$12,000,000	\$17,000,000	\$17,000,000
	21.9%	149.4%	255.0%	41.7%	0.0%

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

**Legal Basis:** ORC 4928.55; Section 203.99.45 of Am. Sub. H.B. 66 of the 126th G.A. (originally established by Sub. S.B. 3 of the 123rd G.A.; name changed in Am. Sub. H.B. 251 of the 126th G.A.)

**Purpose:** Moneys in this account support investments in advanced energy products, technologies, or services for residential, small business, local government, non-profit, agricultural, and other such entities that facilitate the generation or use of electricity, and that reduce or support the reduction of energy consumption or support the production of clean, renewable energy for industrial, distribution, commercial, institutional, governmental, research, nonprofit, or residential users.

The fund collects revenue, in the form of a rider on electric distribution rates, from customers of investor-owned electric utility companies. The collection rate was designed to generate \$15 million each year for the first five years (January 2001 to December 2005), and then to drop to \$5 million for the last five years (January 2006 to December 2010), allowing for a maximum collection of \$100 million over 10 years.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$2,000	\$0	\$25,000	\$25,000	\$25,000
			N/A	0.0%	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:** ORC 5709.212

**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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$415,683	\$530,343	\$250,000	\$0	\$0
	N/A	27.6%	-52.9%		

**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. The Controlling Board must approve any appropriation to and spending from this line item on a per-request basis and all requests must provide a detailed explanation of the planned use of the funds.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$13,065	\$11,837	\$13,319	\$15,713	\$15,713	\$15,713
	-9.4%	12.5%	18.0%	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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$78,072	\$109,850	\$98,731	\$200,000	\$200,000	\$200,000
	40.7%	-10.1%	102.6%	0.0%	0.0%

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

**Legal Basis:** ORC 133.021; Section 263.20.70 of H.B. 119 of the 127th 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$26,750,033	\$36,969,118	\$40,572,071	\$53,000,000	<b>\$53,000,000</b>	<b>\$53,000,000</b>
	38.2%	9.7%	30.6%	<b>0.0%</b>	<b>0.0%</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 174.02 (formerly ORC 175.21; line item 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, via intrastate transfer voucher. Since FY 2004, revenues for the Housing Trust Fund have been generated from fees collected by county recorders. 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.

## Facilities Establishment Fund

**009 195-664 Innovation Ohio**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$53,029	\$2,083,038	\$6,914,446	\$50,000,000	<b>\$50,000,000</b>	<b>\$50,000,000</b>
	3828.1%	231.9%	623.1%	<b>0.0%</b>	<b>0.0%</b>

**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 263.20.70 of H.B. 119 of the 127th G.A.

**Purpose:** The Innovation Ohio Loan Fund was created to assist existing Ohio companies in developing next generation products and services within certain "targeted industry sectors" by financing the acquisition, construction, and related costs of technology, facilities, and equipment. Moneys in the line item support loans and loan guarantees. Allowable costs include research and development; software or computer hardware purchases; testing and marketing of products and services; and costs associated with creating and protecting intellectual property rights. Targeted industry sectors include those involving the production or use of advanced materials, instruments, controls and electronics, power and propulsion, biosciences, and information technology.

**010 195-665 Research and Development**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$4,500,000	\$28,989,064	\$50,000,000	\$50,000,000	\$50,000,000
		544.2%	72.5%	0.0%	0.0%

**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 263.20.70 of H.B. 119 of the 127th G.A. (originally established by 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 \$1.0 million to \$25 million for up to 50% of eligible capital costs to companies investing a minimum of \$2 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$37,453,944	\$35,038,911	\$40,900,858	\$103,631,149	\$110,000,000	\$110,000,000
	-6.4%	16.7%	153.4%	6.1%	0.0%

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

**Legal Basis:** ORC 166.03; Section 263.20.80 of H.B. 119 of the 127th 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 Urban Redevelopment Loan program, the Rural Industrial Park Loan program, the Rural Development Initiative Fund program, the Capital Access Loan program, and the Alternative Fuel Transportation Program.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,364,924	\$1,000,000	\$3,276,000	\$3,000,000	<b>\$3,000,000</b>	<b>\$3,000,000</b>
	-26.7%	227.6%	-8.4%	<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 122.26; Section 263.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 440 of the 121st G.A.)

**Purpose:** Funding in this line item is used to assist eligible applicants in financing the development and improvement of industrial parks by providing financial assistance in the form of loans and loan guarantees for land acquisition; constructing, reconstructing, rehabilitating, remodeling, renovating, enlarging, or improving industrial park buildings; and infrastructure improvements (ORC 122.23 through 122.26). Principal and interest of loans can be deferred for up to five years until facilities acquire tenants.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,309,668	\$0	\$1,076,832	\$5,475,000	<b>\$5,475,000</b>	<b>\$5,475,000</b>
		N/A	408.4%	<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 263.10 of H.B. 119 of the 127th 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 require, 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**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$152,000	\$50,000	\$68,344	\$1,000,000	\$0	\$0
	-67.1%	36.7%	1363.2%		

**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:** Discontinued line item (originally established by Am. Sub. H.B. 621 of the 122nd G.A.)

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

This line item was discontinued for FY 2008 and 2009 due to low utilization.

**5S8 195-627 Rural Development Initiative**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$1,359,412	\$1,000,000	\$2,452,625	\$3,000,000	\$3,000,000	\$3,000,000
	-26.4%	145.3%	22.3%	0.0%	0.0%

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

**Legal Basis:** Section 263.10 and 263.20.80 of H.B. 119 of the 127th 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.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$590,614	\$650,904	\$1,366,677	\$3,000,000	\$3,000,000	\$3,000,000
	10.2%	110.0%	119.5%	0.0%	0.0%

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

**Legal Basis:** ORC 122.601 and 122.602; Section 263.20.80 of H.B. 119 of the 127th 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 historically underserved by other programs, such as small and minority-owned businesses. The Capital Access Loan 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.

This program is made permanent in H.B. 119 of the 127th G.A.

**Clean Ohio Fund**

**003 195-663 Clean Ohio Operating**

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$90,885	\$86,219	\$207,808	\$350,000	\$625,000	\$550,000
	-5.1%	141.0%	68.4%	78.6%	-12.0%

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

**Legal Basis:** Section 263.20.90 of H.B. 119 of the 127th 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.

## Third Frontier Research and Development

### 011 195-686 Third Frontier Operating

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$1,932,056	\$1,932,056	\$1,932,056
			N/A	0.0%	0.0%

**Source:** 011: Proceeds from non-taxable bonds issued by the Ohio Public Facilities Commission

**Legal Basis:** ORC 184.19; Section 263.10 and 263.20.90 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. S.B. 236 of the 126th G.A.)

**Purpose:** This line item provides funding for the administrative costs associated with operating the competitive awards process that will support research and development projects selected by the Third Frontier Commission.

### 011 195-687 Third Frontier Research and Development Project

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$100,000,000	\$94,000,000	\$72,000,000
			N/A	-6.0%	-23.4%

**Source:** 011: Proceeds from non-taxable bonds issued through the Ohio Public Facilities Commission.

**Legal Basis:** ORC 184.19; Am. Sub. S.B. 236 of the 126th General Assembly

**Purpose:** This line item provides funding for a competitive awards process that will support research and development projects selected by the Third Frontier Commission. Release of grants is subject to approval by the Controlling Board.

### 014 195-692 Research and Development Taxable Bond Projects

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$0	\$28,000,000	\$28,000,000
				N/A	0.0%

**Source:** 011: Proceeds from taxable bonds issued by the Ohio Public Facilities Commission

**Legal Basis:** ORC 184.19; Section 263.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 699 of the 126th G.A.)

**Purpose:** This line item provides funding for grants under a competitive awards process that will support research and development projects selected by the Third Frontier Commission. Release of grants is subject to approval by the Controlling Board.

## Job Ready Site Development

### 012 195-688 Job Ready Site Operating

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$746,155	\$1,246,155	\$1,246,155
			N/A	67.0%	0.0%

**Source:** 012: Net proceeds and investment earnings of obligations issued to make grants for eligible projects

**Legal Basis:** ORC 122.085 to 122.0820; Section 263.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. S.B. 236 of the 126th G.A.)

**Purpose:** This line item pays the administrative expenses associated with the Job Ready Site Program. Grants under this program are provided to public entities (e.g., cities, townships, community improvement corporations) or private, for-profit entities to make infrastructure improvements to sites that offer the best opportunities to attract statewide economy-shifting projects to Ohio. Eligible infrastructure improvements include roadway upgrades, water and sanitary sewer extensions, land acquisition, environmental remediation, and gas and electric utility service upgrades.

## LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

Fund	ALI	ALI Title	2006	Estimated 2007	Executive 2008	% Change 2007 to 2008	Executive 2009	% Change 2008 to 2009
<b>DEV Development, Department of</b>								
GRF	195-321	Operating Expenses	\$ 2,861,989	\$2,723,908	\$ 0	-100.0%	\$ 0	N/A
GRF	195-401	Thomas Edison Program	\$ 16,116,789	\$17,454,838	\$ 18,578,483	6.4%	\$ 18,578,483	0.0%
GRF	195-404	Small Business Development	\$ 1,805,267	\$1,740,722	\$ 1,792,944	3.0%	\$ 1,792,944	0.0%
GRF	195-405	Minority Business Development Division	\$ 1,534,913	\$1,580,291	\$ 1,780,000	12.6%	\$ 1,780,000	0.0%
GRF	195-407	Travel and Tourism	\$ 7,658,407	\$6,712,845	\$ 7,612,845	13.4%	\$ 7,612,845	0.0%
GRF	195-410	Defense Conversion Assistance	\$ 269,746	\$200,000	\$ 0	-100.0%	\$ 0	N/A
GRF	195-412	Rapid Outreach Grants	\$ 6,881,988	\$11,750,000	\$ 16,102,500	37.0%	\$ 16,102,500	0.0%
GRF	195-414	First Frontier Match	\$ 20,608	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-415	Economic Development Division & Regional Offices	\$ 5,565,717	\$5,894,975	\$ 7,306,824	24.0%	\$ 7,286,824	-0.3%
GRF	195-416	Governor's Office of Appalachia	\$ 3,967,931	\$4,122,372	\$ 4,746,043	15.1%	\$ 4,746,043	0.0%
GRF	195-417	Urban/Rural Initiative	\$ 364,513	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-422	Third Frontier Action Fund	\$ 16,080,767	\$16,790,000	\$ 16,790,000	0.0%	\$ 16,790,000	0.0%
GRF	195-426	Clean Ohio Implementation	\$ 303,005	\$300,000	\$ 309,000	3.0%	\$ 309,000	0.0%
GRF	195-432	International Trade	\$ 4,161,739	\$4,223,787	\$ 4,650,501	10.1%	\$ 4,650,501	0.0%
GRF	195-434	Investment in Training Grants	\$ 8,350,493	\$12,227,500	\$ 12,594,325	3.0%	\$ 12,594,325	0.0%
GRF	195-436	Labor/Management Cooperation	\$ 624,195	\$811,869	\$ 836,225	3.0%	\$ 836,225	0.0%
GRF	195-497	CDBG Operating Match	\$ 1,040,956	\$1,040,956	\$ 1,072,184	3.0%	\$ 1,072,184	0.0%
GRF	195-498	State Match Energy	\$ 97,580	\$94,000	\$ 96,820	3.0%	\$ 96,820	0.0%
GRF	195-501	Appalachian Local Development Districts	\$ 380,080	\$380,080	\$ 391,482	3.0%	\$ 391,482	0.0%
GRF	195-502	Appalachian Regional Commission Dues	\$ 119,385	\$246,803	\$ 254,208	3.0%	\$ 254,208	0.0%
GRF	195-507	Travel and Tourism Grants	\$ 1,251,875	\$1,162,500	\$ 850,000	-26.9%	\$ 850,000	0.0%
GRF	195-515	Economic Development Contingency	\$ 10,471,972	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-516	Shovel Ready Sites	\$ 2,365,000	\$0	\$ 0	N/A	\$ 0	N/A
GRF	195-520	Ohio Main Street Program	----	----	\$ 250,000	N/A	\$ 250,000	0.0%
GRF	195-905	Third Frontier Research & Development General Obligation Debt Service	----	\$13,910,000	\$ 14,349,500	3.2%	\$ 24,523,400	70.9%
GRF	195-912	Job Ready Site Development-GO Debt	----	\$4,124,400	\$ 4,359,400	5.7%	\$ 8,232,500	88.8%
<b>General Revenue Fund Total</b>			<b>\$ 92,294,913</b>	<b>\$ 107,491,846</b>	<b>\$ 114,723,284</b>	<b>6.7%</b>	<b>\$ 128,750,284</b>	<b>12.2%</b>

## LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

Fund	ALI	ALI Title	2006	Estimated 2007	Executive 2008	% Change 2007 to 2008	Executive 2009	% Change 2008 to 2009
<b>DEV Development, Department of</b>								
135	195-605	Supportive Services	\$ 6,878,791	\$0	\$ 0	N/A	\$ 0	N/A
135	195-684	Supportive Services	----	\$7,539,686	\$ 11,699,404	55.2%	\$ 11,321,444	-3.2%
5AD	195-667	Investment in Training Expansion	\$ 7,164,354	\$5,000,000	\$ 2,000,000	-60.0%	\$ 0	-100.0%
5AD	195-668	Workforce Guarantee Program	\$ 76,593	\$3,000,000	\$ 1,000,000	-66.7%	\$ 0	-100.0%
5AD	195-669	Wright Operating Grants	\$ 1,085,165	\$0	\$ 0	N/A	\$ 0	N/A
5AD	195-677	Economic Development Contingency	----	\$10,000,000	\$ 9,275,000	-7.3%	\$ 28,675,000	209.2%
5W5	195-690	Travel and Tourism Cooperative Projects	----	\$0	\$ 350,000	N/A	\$ 350,000	0.0%
5W6	195-691	International Trade Cooperative Projects	----	\$75,000	\$ 300,000	300.0%	\$ 300,000	0.0%
685	195-636	Direct Cost Recovery Expenditures	\$ 464,067	\$800,000	\$ 800,000	0.0%	\$ 800,000	0.0%
<b>General Services Fund Group Total</b>			<b>\$ 15,668,971</b>	<b>\$ 26,414,686</b>	<b>\$ 25,424,404</b>	<b>-3.7%</b>	<b>\$ 41,446,444</b>	<b>63.0%</b>
308	195-602	Appalachian Regional Commission	\$ 469,301	\$600,659	\$ 475,000	-20.9%	\$ 475,000	0.0%
308	195-603	Housing & Urban Development	\$ 4,534,009	\$5,000,000	\$ 6,000,000	20.0%	\$ 6,000,000	0.0%
308	195-605	Federal Projects	\$ 21,089,484	\$24,671,479	\$ 27,000,000	9.4%	\$ 27,000,000	0.0%
308	195-609	Small Business Administration	\$ 3,735,204	\$4,296,381	\$ 4,296,381	0.0%	\$ 4,396,381	2.3%
308	195-618	Energy Federal Grants	\$ 2,114,809	\$3,397,659	\$ 3,400,000	0.1%	\$ 3,400,000	0.0%
335	195-610	Energy Conservation and Emerging Technology	\$ 2,141,012	\$3,000,000	\$ 2,200,000	-26.7%	\$ 2,200,000	0.0%
3AE	195-643	Workforce Development Initiatives	\$ 3,932,678	\$6,175,000	\$ 5,839,900	-5.4%	\$ 5,860,000	0.3%
3BJ	195-685	TANF Heating Assistance	\$ 60,199,406	\$59,800,594	\$ 45,000,000	-24.7%	\$ 15,000,000	-66.7%
3K8	195-613	Community Development Block Grant	\$ 62,445,608	\$65,000,000	\$ 65,000,000	0.0%	\$ 65,000,000	0.0%
3K9	195-611	Home Energy Assistance Block Grant	\$ 114,211,138	\$90,500,399	\$ 110,000,000	21.5%	\$ 110,000,000	0.0%
3K9	195-614	HEAP Weatherization	\$ 15,985,255	\$16,219,478	\$ 22,000,000	35.6%	\$ 22,000,000	0.0%
3L0	195-612	Community Services Block Grant	\$ 24,283,402	\$25,234,999	\$ 25,235,000	0.0%	\$ 25,235,000	0.0%
3V1	195-601	HOME Program	\$ 29,734,567	\$40,000,001	\$ 40,000,000	0.0%	\$ 40,000,000	0.0%
3X3	195-619	TANF Housing Program	----	\$13,900	\$ 0	-100.0%	\$ 0	N/A
<b>Federal Special Revenue Fund Group Total</b>			<b>\$ 344,875,871</b>	<b>\$ 343,910,549</b>	<b>\$ 356,446,281</b>	<b>3.6%</b>	<b>\$ 326,566,381</b>	<b>-8.4%</b>
444	195-607	Water & Sewer Commission Loans	\$ 1,598,180	\$523,775	\$ 523,775	0.0%	\$ 523,775	0.0%
450	195-624	Minority Business Bonding Program Administration	\$ 48,615	\$53,967	\$ 53,967	0.0%	\$ 53,967	0.0%

## LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

Fund	ALI	ALI Title	2006	Estimated 2007	Executive 2008	% Change 2007 to 2008	Executive 2009	% Change 2008 to 2009
<b>DEV Development, Department of</b>								
451	195-625	Economic Development Financing Operating	\$ 2,555,525	\$2,358,311	\$ 2,483,311	5.3%	\$ 2,483,311	0.0%
4F2	195-639	State Special Projects	\$ 1,388,596	\$290,183	\$ 518,393	78.6%	\$ 518,393	0.0%
4F2	195-676	Marketing Initiatives	\$ 7,654,388	\$8,823,707	\$ 5,000,000	-43.3%	\$ 1,000,000	-80.0%
4H4	195-641	First Frontier	\$ 20,608	\$0	\$ 0	N/A	\$ 0	N/A
4S0	195-630	Tax Incentive Programs	\$ 182,995	\$275,000	\$ 650,800	136.7%	\$ 650,800	0.0%
4S1	195-634	Job Creation Tax Credit Operating	\$ 386,241	\$375,800	\$ 0	-100.0%	\$ 0	N/A
4W1	195-646	Minority Business Enterprise Loan	\$ 712,120	\$2,580,597	\$ 2,580,597	0.0%	\$ 2,580,597	0.0%
5AR	195-674	Industrial Site Improvements	\$ 1,528,560	\$2,500,000	\$ 4,500,000	80.0%	\$ 4,500,000	0.0%
5CA	195-678	Shovel Ready Sites	\$ 5,000,000	\$5,000,000	\$ 0	-100.0%	\$ 0	N/A
5CG	195-679	Alternative Fuel Transportation	\$ 77,325	\$650,000	\$ 1,500,000	130.8%	\$ 1,000,000	-33.3%
5CV	195-680	Defense Conversion Assistance	\$ 215,000	\$0	\$ 0	N/A	\$ 0	N/A
5CY	195-682	Lung Cancer and Lung Disease Research	\$ 30,000	\$9,970,000	\$ 0	-100.0%	\$ 0	N/A
5DU	195-689	Energy Projects Fund	---	\$840,000	\$ 840,000	0.0%	\$ 840,000	0.0%
5M4	195-659	Low Income Energy Assistance	\$ 230,179,458	\$245,000,000	\$ 245,000,000	0.0%	\$ 245,000,000	0.0%
5M5	195-660	Advanced Energy Programs	\$ 3,380,041	\$12,000,000	\$ 17,000,000	41.7%	\$ 17,000,000	0.0%
5X1	195-651	Exempt Facility Inspection	---	\$25,000	\$ 25,000	0.0%	\$ 25,000	0.0%
5Y6	195-648	Economic Development Contingency	\$ 530,343	\$250,000	\$ 0	-100.0%	\$ 0	N/A
611	195-631	Water & Sewer Administration	\$ 13,319	\$15,713	\$ 15,713	0.0%	\$ 15,713	0.0%
617	195-654	Volume Cap Administration	\$ 98,731	\$200,000	\$ 200,000	0.0%	\$ 200,000	0.0%
646	195-638	Low & Moderate Income Housing Trust Fund	\$ 40,572,071	\$53,000,000	\$ 53,000,000	0.0%	\$ 53,000,000	0.0%
<b>State Special Revenue Fund Group Total</b>			<b>\$ 296,172,117</b>	<b>\$ 344,732,053</b>	<b>\$ 333,891,556</b>	<b>-3.1%</b>	<b>\$ 329,391,556</b>	<b>-1.3%</b>
009	195-664	Innovation Ohio	\$ 6,914,446	\$50,000,000	\$ 50,000,000	0.0%	\$ 50,000,000	0.0%
010	195-665	Research and Development	\$ 28,989,064	\$50,000,000	\$ 50,000,000	0.0%	\$ 50,000,000	0.0%
037	195-615	Facilities Establishment	\$ 40,900,858	\$103,631,149	\$ 110,000,000	6.1%	\$ 110,000,000	0.0%
4Z6	195-647	Rural Industrial Park Loan	\$ 3,276,000	\$3,000,000	\$ 3,000,000	0.0%	\$ 3,000,000	0.0%
5D2	195-650	Urban Redevelopment Loans	\$ 1,076,832	\$5,475,000	\$ 5,475,000	0.0%	\$ 5,475,000	0.0%
5H1	195-652	Family Farm Loan Guarantee	\$ 68,344	\$1,000,000	\$ 0	-100.0%	\$ 0	N/A

## LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

Fund	ALI	ALI Title	2006	Estimated 2007	Executive 2008	% Change 2007 to 2008	Executive 2009	% Change 2008 to 2009
<b>DEV Development, Department of</b>								
5S8	195-627	Rural Development Initiative	\$ 2,452,625	\$3,000,000	\$ 3,000,000	0.0%	\$ 3,000,000	0.0%
5S9	195-628	Capital Access Loan Program	\$ 1,366,677	\$3,000,000	\$ 3,000,000	0.0%	\$ 3,000,000	0.0%
<b>Facilities Establishment Fund Total</b>			<b>\$ 85,044,846</b>	<b>\$ 219,106,149</b>	<b>\$ 224,475,000</b>	<b>2.5%</b>	<b>\$ 224,475,000</b>	<b>0.0%</b>
003	195-663	Clean Ohio Operating	\$ 207,808	\$350,000	\$ 625,000	78.6%	\$ 550,000	-12.0%
<b>Clean Ohio Fund Total</b>			<b>\$ 207,808</b>	<b>\$ 350,000</b>	<b>\$ 625,000</b>	<b>78.6%</b>	<b>\$ 550,000</b>	<b>-12.0%</b>
011	195-686	Third Frontier Operating	----	\$1,932,056	\$ 1,932,056	0.0%	\$ 1,932,056	0.0%
011	195-687	Third Frontier Research and Development Project	----	\$100,000,000	\$ 94,000,000	-6.0%	\$ 72,000,000	-23.4%
014	195-692	Research and Development Taxable Bond Projects	----		\$ 28,000,000	N/A	\$ 28,000,000	0.0%
<b>Third Frontier Research and Development Total</b>			<b>----</b>	<b>\$ 101,932,056</b>	<b>\$ 123,932,056</b>	<b>21.6%</b>	<b>\$ 101,932,056</b>	<b>-17.8%</b>
012	195-688	Job Ready Site Operating	----	\$746,155	\$ 1,246,155	67.0%	\$ 1,246,155	0.0%
<b>Job Ready Site Development Total</b>			<b>----</b>	<b>\$ 746,155</b>	<b>\$ 1,246,155</b>	<b>67.0%</b>	<b>\$ 1,246,155</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 834,264,527</b>	<b>\$ 1,144,683,494</b>	<b>\$ 1,180,763,736</b>	<b>3.2%</b>	<b>\$ 1,154,357,876</b>	<b>-2.2%</b>